

REPORT  
on social responsibility and  
corporate sustainability  
of OJSC «BSW —  
management company  
of «BMC» holding»

2014

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OPEN JOINT STOCK COMPANY  
«BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF  
«BYELORUSSIAN METALLURGICAL COMPANY» HOLDING»

REPORT  
on social responsibility and  
corporate sustainability of OAO «BSW - management company of  
«BMC» holding» for 2014

## CONTENT

<b>General Director's Appeal</b>	<b>6</b>
<b>Preface to the seventh report</b>	<b>8</b>
<b>Participation of the republican scientific potential in the development of the metallurgical complex</b>	<b>10</b>
<b>Metallurgy of Belarus</b>	<b>12</b>
Tasks & goals of the sector reformation	12
Development strategy	13
<b>Description of key impacts, risks and possibilities</b>	<b>16</b>
History of sustainable development	16
Strategy and mission	24
Principles of strategy implementation	25
Strategy and goals in the area of sustainable development	26
Plant objectives for medium-term outlook	27
History of mastering of new types of products	28
Stages of the production output growth	29
Investment project development approach	30
Plant's impact on social-economic development of the region of its economic activity	31
Investment projects tasks and goals	33
Risk management	34
<b>Description of the plant</b>	<b>36</b>
Basic information	36
Description of the key departments	36
Organizational structure of management	37
Competitive advantages of OAO «BSW – management company of «BMC» holding»	38
Approaches to provision of sustainable development	38
Main strategic targets of development	38
Logistics scheme of steel export of OAO «BSW – management company of «BMC» holding»	39
Promising directions of marketing	40
Global markets tendencies	43
Dates and events of 2014	46
General information about achievements and awards	47

<b>Management, obligations, interaction with interested parties</b>	<b>48</b>
Corporate management	48
Communication	50
Approaches in the field of communication formation	50
Approach implementation	51
Participation in external initiatives	56
Interaction with stakeholders	57
Social safety and discipline	59
<b>Indicators of effectiveness in the area of social responsibility</b>	<b>62</b>
Corporate social responsibility	62
<b>Economic activity</b>	<b>63</b>
Financial-economic activity	63
Economic effectiveness	64
Key indicators	64
Profit	64
Payment to the owner	65
Taxes and compulsory payments	65
Enterprise's risks	66
Investment risks	66
Industry risks	66
Country and regional risks	67
Legal risks	68
Industrial safety, labor protection and ecological risks	69
Financial support by the government	69
Presence in the markets	70
Medium-term targets of the plant	71
<b>Environmental activity</b>	<b>72</b>
Environmental policy	72
Key principles and approaches	72
Implementation of ecological strategy	73
Minimizing the plant's impact on the region's vital activity	73
Minimizing of the plant's impact on flora and fauna	74
Efficient use of natural resources	78



<i>Efficient use of energy resources</i>	<b>78</b>
<i>Air basin protection</i>	<b>80</b>
<i>Water basin protection</i>	<b>84</b>
<i>Utilization of industrial wastes</i>	<b>86</b>
<i>Training</i>	<b>88</b>
<i>Improvement of ecological culture of the personnel</i>	<b>88</b>
<i>Development and implementation of resource-saving, low-waste and environmentally safe technologies</i>	<b>89</b>
<i>Expenses for environment protection and monitoring. Ecological payments</i>	<b>90</b>
<i>Medium-term targets of the Company</i>	<b>90</b>
<b><i>Social activity</i></b>	<b>92</b>
<i>Labor relations and adequate labor</i>	<b>92</b>
<i>Personnel management policy</i>	<b>92</b>
<i>Key principles and approaches</i>	<b>93</b>
<i>Description of the personnel</i>	<b>94</b>
<i>Professional and career development</i>	<b>97</b>
<i>Training and education</i>	<b>98</b>
<i>Motivation system</i>	<b>102</b>
<i>Financial incentives</i>	<b>102</b>
<i>Non-financial incentives</i>	<b>107</b>
<i>Short-term targets in the area of social responsibility</i>	<b>108</b>
<i>Labor protection and ensuring of industrial safety</i>	<b>108</b>
<i>Improvement of labor conditions</i>	<b>110</b>
<i>Training and competence evaluation</i>	<b>111</b>
<i>Social control of observance of human rights in the area of labor protection</i>	<b>111</b>
<i>Social programs</i>	<b>112</b>
<i>Social package of benefits and guarantees for the employees</i>	<b>113</b>
<i>Health protection</i>	<b>114</b>
<i>Effectiveness of medical and health promotion programs</i>	<b>116</b>
<i>Health promotion and rest time of the employees and their families</i>	<b>118</b>
<i>Physical culture and sport development</i>	<b>118</b>
<i>Cultural life of the plant employees</i>	<b>120</b>
<i>Solving of employees housing problems</i>	<b>122</b>
<i>Support for large families</i>	<b>123</b>

<i>Social support of unemployed pensioners, invalids and other categories of people not sufficiently provided for</i>	<b>124</b>
<i>Monitoring of public opinion concerning social programs effectiveness</i>	<b>124</b>
<i>Employees' rights</i>	<b>125</b>
<i>Social partnership</i>	<b>126</b>
<i>The trade union organization of OAO «BSW – management company of «BMC» holding»</i>	<b>127</b>
<i>Primary organization of BRYU</i>	<b>130</b>
<i>Veterans' union</i>	<b>131</b>
<i>Women's union</i>	<b>132</b>
<i>Union of soldiers-internationalists</i>	<b>132</b>
<i>Union of young specialists</i>	<b>133</b>
<i>Union of foremen</i>	<b>133</b>
<i>Union of physical training team</i>	<b>134</b>
<b><i>Responsibility for the goods produced</i></b>	<b>136</b>
<i>General provisions</i>	<b>136</b>
<i>Product life cycle</i>	<b>137</b>
<i>Customer's health and safety</i>	<b>139</b>
<i>Product marking with appropriate information</i>	<b>140</b>
<i>Marketing communications</i>	<b>141</b>
<i>Mutually beneficial cooperation with consumers of the plant's products</i>	<b>142</b>
<i>Mutually beneficial cooperation with suppliers</i>	<b>144</b>
<b><i>Interaction of the parties</i></b>	<b>146</b>
<i>Interaction with the civil society</i>	<b>146</b>
<i>Charity and sponsorship</i>	<b>147</b>
<i>Interaction with mass media</i>	<b>150</b>
<i>Interaction with authorities</i>	<b>151</b>
<i>Interaction with science</i>	<b>152</b>
<b><i>Annexes</i></b>	
<i>1. Medium-term targets of the enterprise</i>	<b>154</b>
<i>2. List of abbreviations</i>	<b>155</b>
<i>3. Table of standard reporting components of GRI (G3)</i>	<b>157</b>
<i>Notes</i>	<b>171</b>
<i>Feedback questionnaire</i>	<b>172</b>

## General Director's Appeal



DEAR FRIENDS!

A CORPORATE SOCIAL REPORT 2014 OF BYELORUSSIAN STEEL WORKS IS IN FRONT OF YOU. THIS DOCUMENT PROVES OPENNESS AND TRANSPARENCY OF OUR ACTIVITIES. NOWADAYS IT IS IMPOSSIBLE TO BUILD SUCCESSFUL RELATIONSHIP WITH BUSINESS PARTNERS WITHOUT THEM. THE REPORT IS COMPOSED OF COMPLETE AND COMPREHENSIVE INFORMATION ON OUR PERFORMANCE. IT SHOWS OUR PLANS AND PROSPECTS.

2014 WAS A SIGNIFICANT YEAR FOR OUR PLANT. IT IS VERY SYMBOLIC THAT THE YEAR OF BMZ 30<sup>TH</sup> ANNIVERSARY – FROM THE DAY WHEN THE FIRST BYELORUSSIAN STEEL WAS PRODUCED - COINCIDED WITH COMPLETION OF MAJOR INVESTMENT PROJECTS OPENING NEW POSSIBILITIES FOR THE ENTERPRISE IN THE FUTURE. HAVING BEEN UPGRADED FOUR IMPORTANT FACILITIES WERE PUT INTO OPERATION

SO THAT TO INCREASE THE CAPACITY OF EQUIPMENT, DECREASE THE AMOUNT OF POLLUTANTS RELEASED INTO THE ATMOSPHERE, AVOID IMPORT OF RAW MATERIALS IN 2014, NAMELY: ELECTRIC ARC FURNACE № 1 AND FUME-TREATMENT PLANT № 1, CONTINUOUS CASTER № 2 AND NEW LIME KILN № 3. THE BIGGEST PROJECT, I.E. CONSTRUCTION OF ROLLING SHOP № 2, WAS AT THE FINISHING STAGE.

IT IS IMPORTANT TO UNDERSTAND THAT THE MAIN TARGET OF THE UPGRADING PROGRAMME IMPLEMENTED AT BMZ IS NOT SO MUCH TO INCREASE OUTPUT, BUT ENHANCE EMPLOYEES' WORKING CONDITIONS, IMPROVE THEIR WELFARE, DEVELOP ZHLOBIN DISTRICT. THIS IS WHAT HAS ALWAYS BEEN OUR TOP PRIORITY, AS THE MAIN ASSET ENSURING THE POTENTIAL AND MAKING THE IMAGE OF THE PLANT IN THE GLOBAL SCALE IS PEOPLE. THANKS TO THE PROFESSIONALISM OF OUR EMPLOYEES METAL PRODUCTS PRODUCED IN ZHLOBIN ARE WELL-KNOWN ON ALL CONTINENTS OF THE GLOBE. OUR COMPANY IS REGULARLY A PRIZE WINNER IN PRESTIGIOUS COMPETITIONS. THUS, SUMMARIZING THE RESULTS OF 2014 BMZ WAS AWARDED A SECTORIAL PRIZE BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS IN THE FIELD OF SCIENCE AND ENGINEERING, BECAME THE WINNER IN SUCH REPUBLICAN COMPETITIONS AS «THE BEST EXPORTER 2014», «COMPETENCE 2014», «THE BEST CONSTRUCTION PRODUCT 2014».

THE VICTORIES DO NOT CONSTITUTE ALL ACHIEVEMENTS AND HIGHLIGHTS OF 2014. THE EMPLOYEES SET MANY PRODUCTION RECORDS AND ADVANCED A LOT WITHIN THE YEAR. PROMOTION OF OUR PRODUCTS WAS ALSO SUCCESSFUL. FOR EXAMPLE, BMZ OBTAINED TWO «CERTIFICATES OF RECOGNITION» FROM RUSSIAN MARITIME REGISTER OF SHIPPING AS THE PRODUCER OF SEAMLESS HOT-WORKED PIPES FOR SHIP SYSTEMS AND PIPELINES, HOT-ROLLED ROUNDS, HOT-ROLLED SQUARE BILLETS MEANT FOR PRODUCTION OF BULB PROFILES. THIS PROVES THAT BMZ MANAGEMENT SYSTEMS ARE IN PLACE, THE PRODUCT IS RELIABLE AND SAFE. ADVANCED





TECHNOLOGIES ARE USED TO PRODUCE IT. SPECIAL ATTENTION SHOULD BE PAID TO BELMETSTEELDMCC COMPANY ADDED TO COMMODITY DISTRIBUTION NETWORK. THEY HAVE AN OFFICE IN DUBAI (UAE), WHICH WILL EXTEND OUR PRESENCE IN THE MARKETS OF MIDDLE EAST AND NORTHERN AFRICA.

DEVELOPING AND STRENGTHENING OUR POSITIONS IN THE GLOBAL MARKET, THE TEAM OF BYELORUSSIAN STEEL WORKS IS ALWAYS AWARE THAT THIS SCALE OF BUSINESS DETERMINES ALSO HIGH RESPONSIBILITY IN FRONT OF PARTNERS, EMPLOYEES AND THE STATE. THAT IS WHY STARTING FROM 2008 BMZ TRY TO SHOW IN

A COMPREHENSIVE WAY ITS PERFORMANCE AND THE CONCEPT OF SOCIAL RESPONSIBILITY IN THE SOCIAL REPORT. MY HOPE IS THAT THIS DOCUMENT WILL ALSO HELP INTERESTED PARTIES TO GET A FULL PICTURE OF OUR ACTIVITIES IN 2014.

BEST REGARDS,  
GENERAL DIRECTOR  
A.N. SAVENOK.

## Preface to the seventh report

MAINTAINING THE TRADITION OF SUSTAINABILITY REPORTING, OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING», CONFIRMS ITS READINESS FOR AN OPEN DIALOGUE WITH THE STAKEHOLDERS. THE PLANT DOES NOT REFUSE FROM THE OBLIGATIONS UNDERTAKEN AND FOLLOWS THE CHOSEN COURSE OF IMPROVEMENT AND TRANSFORMATIONS IN ALL DIRECTIONS: MANAGEMENT OF SUSTAINABLE DEVELOPMENT, ECONOMIC ACTIVITY, WORK WITH THE STAFF, SOCIAL ACTIVITY OF THE ENTERPRISE IN THE REGIONS AND COOPERATION WITH SUPPLIERS AND CUSTOMERS, AND POLICY OF ENVIRONMENTAL AND INDUSTRIAL SAFETY.

SLOWDOWN OF GLOBAL ECONOMY GROWTH RATES, DECLINE IN METAL CONSUMPTION GROWTH RATES, COMMISSIONING OF NEW METALLURGICAL FACILITIES IN CHINA, PRICE REDUCTION FOR IRON ORE, DEVALUATION OF RUSSIAN RUBLE — ALL THESE NEGATIVE FACTORS AFFECTED BSW PERFORMANCE. NEVERTHELESS, 2014 BECAME HISTORY FOR BSW FOR OTHER REASONS. THIS WAS THE YEAR WHEN NEW AND UPGRADED FACILITIES WERE COMMISSIONED. COMMISSIONED FACILITIES - EAF-1, FUME TREATMENT PLANT-1, CONTINUOUS CASTER-2, LIME KILN-3 AND OTHER IMPLEMENTED ACTIVITIES HAVE ALREADY PRODUCED RESULTS. IN PARTICULAR, MELTING SHOPS SET PRODUCTION RECORDS (PER DAY AND PER MONTH), ENERGY SAVING FIGURES IMPROVED. ALL STRUCTURAL DEPARTMENTS MADE IMPORTANT ACHIEVEMENTS.

THE FRAMEWORK OF THE ANNUAL REPORT INCLUDES ALL ASPECTS OF THE ENTERPRISE'S ACTIVITY IN THE AREA OF SOCIAL RESPONSIBILITY.

OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING» PRESENTS THE SEVENTH CORPORATE SOCIAL REPORT, EXECUTED IN G3 FORMAT OF THE GRI REPORTING MANUAL IN THE AREA OF SOCIAL RESPONSIBILITY AND IN COMPLIANCE WITH THE BASIC PRINCIPLES OF THE UN GLOBAL COMPACT. THE REPORT INCLUDES DATA ON THE PLANT'S ACTIVITY IN 2014, AND PLANS, TASKS AND COMMITMENTS FOR FUTURE.

STRATEGIC TASKS SET FORTH FOR THE PLANT IN 2014 REMAIN IMPORTANT FOR 2015 MAINTAINING CONTINUITY AND SUSTAINABILITY OF BSW DEVELOPMENT: INCREASE OF PRODUCTION, PRODUCT SALE, SMALL-SECTION MILL CONSTRUCTION, AND THE SECOND STAGE OF STEELMAKING

PRODUCTION RECONSTRUCTION INCLUDING EXPANSION OF SECONDARY METALLURGY AND MODERNIZATION OF FUME TREATMENT PLANT № 3.

ASSESSMENT OF 2014 ACTIVITY RESULTS IS PRESENTED AS COMPARED TO THE PERFORMANCE OF THE 2013 REPORTING PERIOD OR THE DEGREE OF ACHIEVEMENT OF THE TARGET PERFORMANCE.

THIS REPORT WAS PREPARED WITH THE USE OF THE STAKEHOLDERS' FEEDBACK REGARDING OUR REPORT FOR 2013.

THE REPORT IS BASED ON THE DOCUMENTS DEVELOPED BY THE PLANT IN ACCORDANCE WITH THE REQUIREMENTS OF THE LAW OF THE REPUBLIC OF BELARUS AND INTERNATIONAL STANDARDS.

REPORT ON SOCIAL RESPONSIBILITY AND CORPORATE SUSTAINABILITY INFORMS THE STAKEHOLDERS ABOUT THE STRATEGIC PRIORITIES AND POTENTIAL OF OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING», ABOUT SPECIFIC FEATURES AND LEVEL OF THE MANAGEMENT COMPETENCE, EFFICIENCY OF RISK MANAGEMENT AND ENGAGEMENT WITH THE STAKEHOLDERS. THE REPORT DISCLOSES EFFECTIVENESS OF THE PLANT'S WORK AIMED AT GAINING PROFIT, INTRODUCTION OF NEW METHODS AND TECHNIQUES AND REFLECTS ITS ACTIVITY AIMED AT FORMATION OF HUMAN CAPITAL, PROVISION OF ENVIRONMENTAL SAFETY AND CREATION OF FAVORABLE CONDITIONS FOR DYNAMIC SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION OF BSW PRODUCTION ACTIVITY.

MATERIALS GIVEN IN REPORT ARE DIRECTED TOWARDS INFORMING THE COMMUNITY AND ALL STAKEHOLDERS: OWNER, INVESTORS, EMPLOYEES, REPRESENTATIVES OF THE DISTRICT, REGION, AND REPUBLICAN AUTHORITIES, POPULATION AND CUSTOMERS.

THE INFORMATION IN THIS REPORT HAS NOT CHANGED MUCH AS COMPARED TO THE PREVIOUS REPORTS OF THE PLANT. ECONOMIC INDICATORS ARE GIVEN IN USD ACCORDING TO THE ANNUAL AVERAGE RATE OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS EXISTING IN 2014 EQUALED TO Br 10215,53.

THE REPORT DOES NOT CONTAIN THE INFORMATION ON JOINT-





## БЕЛОРУССКИЙ МЕТАЛЛУРГИЧЕСКИЙ ЗАВОД BYELORUSSIAN STEEL WORKS

VENTURES AND ENTERPRISES LOCATED OUTSIDE THE REPUBLIC OF BELARUS.

AN ELECTRONIC VERSION OF THE REPORT FOR 2014 WILL BE AVAILABLE ON BSW CORPORATE WEB-SITE ([WWW.BELSTEEL.COM](http://WWW.BELSTEEL.COM)).

SO AS TO MAINTAIN A CONSTRUCTIVE DIALOGUE WITH ALL INTERESTED PARTIES, THE PLANT VALUES EVERY OPINION ABOUT ITS ACTIVITY IN THE AREA OF SUSTAINABLE DEVELOPMENT. THAT IS WHY CONTACT INFORMATION AND A FEEDBACK FORM ARE GIVEN IN THE REPORT.

YOUR OPINION AND PROPOSALS REGARDING THE FORM AND CONTENT OF THE REPORT AS WELL AS QUESTIONS MAY BE SENT TO:

OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS — MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING» (OAO «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING»), 37 PROMYSHLENNAYA STR., ZHLOBIN, GOMEL REGION, 247210, REPUBLIC OF BELARUS.

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## Participation of the republican scientific potential in the development of the metallurgical complex

ОАО «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING» (ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING») IS ONE OF THE LARGEST SUPPLIERS OF SCIENCE-INTENSIVE COMPETITIVE HIGH QUALITY STEEL PRODUCTS IN THE REPUBLIC OF BELARUS (HOT-ROLLED ROUNDS OF QUALITY CARBON AND LOW-ALLOY STEEL GRADES, HOT-ROLLED AND COLD-DEFORMED REINFORCING BARS, HOT-ROLLED SEAMLESS PIPES, BRONZE-PLATED BEAD WIRE, TIRE CORD, ETC.) PRODUCED ON THE BASIS OF RESOURCE-SAVING, ADVANCED AND INNOVATIVE TECHNOLOGICAL PROCESSES MEETING WORLD CRITERIA OF NOVELTY.

PRODUCTION ACTIVITY OF ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS DIRECTED TOWARDS IMPROVEMENT OF PRODUCT COMPETITIVENESS AND ACHIEVEMENT OF EFFECTIVE RESULTS OF INNOVATIVE ACTIVITY DUE TO NEW TYPES OF PRODUCTS, PROMISING TECHNOLOGIES AND DEVELOPMENTS, AND PRODUCTION PROCESSES.

FOR COORDINATION OF SCIENTIFIC RESEARCH ACTIVITY OF ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND NAS OF BELARUS, A SCIENTIFIC & PRODUCTION CENTER (SPC) WAS ESTABLISHED IN 2013. REPRESENTATIVES OF THE MINISTRY OF INDUSTRY OF THE RB, GOMEL REGIONAL EXECUTIVE COMMITTEE, ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING», ОАО «RMZ», ОАО «MMZ», ОАО «LEGMAШ» PLANT, ОАО «MPZ», ОАО «POLESIE ELECTROMASH», NATIONAL ACADEMY OF SCIENCE OF THE REPUBLIC OF BELARUS ARE MEMBERS OF THE BOARD OF THE SPC; CO-CHAIRMAN OF THE BOARD ARE: ACADEMICIAN P.A. VITYAZ – HEAD OF THE OFFICE OF THE NAS OF THE RB AND A.N. SAVIANOK, GENERAL DIRECTOR OF ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING».

MAIN GOALS OF THE SPC ARE:

- COORDINATION OF JOINT INVESTIGATIONS AND DEVELOPMENTS OF SCIENTIFIC ESTABLISHMENTS, UNIVERSITIES OF THE COUNTRY AND ENTERPRISES OF «BMC» HOLDING;
- TRAINING OF ENGINEERS AND HIGHLY-QUALIFIED SPECIALISTS (CANDIDATES AND DOCTORS OF SCIENCE) IN

THE AREA OF FOUNDRY ENGINEERING AND STEELMAKING AND ENGINEERING;

- ACCELERATION OF DEVELOPMENT OF THE MATERIAL AND TECHNICAL BASE FOR SCIENTIFIC RESEARCH WORK, TESTING OF NEW MATERIALS, UNITS AND PARTS OF EQUIPMENT, JOINT USE OF UNIQUE EQUIPMENT, INSTRUMENTS, TESTING DEVICES, AND INDUSTRIAL EQUIPMENT;

- ARRANGEMENT OF SUBJECT TECHNICAL CONFERENCES AND SEMINARS, EXHIBITIONS AND OTHER ACTIONS; EXPERTISE OF EQUIPMENT PURCHASING AND NEW TECHNICAL SOLUTIONS;

- CONSIDERATION OF PUBLICATIONS AND THESES.

THE BOARD OF THE SCIENTIFIC AND PRODUCTION CENTER ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» – NATIONAL ACADEMY OF SCIENCE OF BELARUS» DISCUSSED THE PROGRAM OF DEVELOPMENT OF ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FOR 2016-2020 WHICH WAS DEVELOPED BY BSW SPECIALISTS DURING 2013 IN COOPERATION WITH LEADING SCIENTISTS OF THE NAS OF BELARUS, BNTU AND GSTU NAMED AFTER P.O. SUKHOI. A PRIORITY DIRECTION OF DEVELOPMENT OF ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» HOLDING AND NATIONAL METALLURGY IN GENERAL IS CONSTRUCTION OF A FACILITY FOR SPECIAL STEELS PRODUCTION WITH THE CAPACITY OF UP TO 300 000 TONS PER YEAR. MEMBERS OF THE BOARD SCORED THIS PROJECT VERY HIGH AND SUPPORTED THE NECESSITY OF ITS IMPLEMENTATION.

SCIENTIFIC ACTIVITY OF THE PLANT IS CONCENTRATED MAINLY AROUND THE RESEARCH CENTER. THERE ARE 3 CANDIDATES OF TECHNICAL SCIENCES AND 10 MASTERS OF TECHNICAL SCIENCES AMONG THE RC MEMBERS, A NUMBER OF SPECIALISTS CONTINUE THEIR EDUCATION AT POST-GRADUATE COURSES OF DIFFERENT HEE AND WORK ON THEIR CANDIDATE THESES. THE CENTER INCLUDES A STEELMAKING LAB, A ROLLING LAB, A STEEL CORD AND STEEL WIRE LAB, A MECHANICAL LAB AND A RESEARCH LAB. THE RESEARCH CENTER ACTIVITY MAY BE DIVIDED IN 4 MAIN DIRECTIONS: ALLOWANCE FOR PRODUCTION AND APPROVAL OF NEW MATERIALS AND ITEMS USED IN THE PRODUCTION AND MAY INFLUENCE THE QUALITY OF FINISHED PRODUCTS;



MASTERING AND INTRODUCTION INTO PRODUCTION OF NEW TYPES OF PRODUCTS; WORK WITH SCIENTIFIC AND EDUCATIONAL ESTABLISHMENTS; IMPROVEMENT OF THE EXISTING PRODUCTION METHODS.

IN 2014 RS SPECIALISTS ACTIVELY TOOK UP THE QUESTION OF SUPPLIERS' LIST EXTENSION. FOR EXAMPLE, TRIAL BATCH OF DRI WAS TESTED. THIS MATERIAL IS NECESSARY TO PRODUCE CORD STEEL GRADES. TRIAL BATCH OF DRI WAS SUPPLIED TO THE COMPANY (1000 T.). FOLLOWING THE IMPROVEMENT OF THE TECHNOLOGY, THIS MATERIAL WAS USED WHEN PRODUCING CORD STEEL GRADE. USAGE OF SUCH TRIAL BATCH GAVE A CONSIDERABLE BENEFIT (APPROX. \$70 000).

IN ORDER TO REDUCE THE COST PRICE, MOLYBDENUM-CONTAINING ALLOY WAS ALSO TESTED, WHICH CAN BE USED INSTEAD OF FERROMOLYBDENUM. APPLICATION OF MOLYBDENUM-CONTAINING ALLOY WILL MAKE IT POSSIBLE TO REDUCE THE COST OF ALLOYING BY MOLYBDENUM BY APPROX. 5 PER CENT.

THE RESEARCH CENTER IS TRYING TO INCREASE THE LINING OF REFRACTORY IN ELECTRIC ARCH FURNACE. IN 2012 IT WAS NOT MORE THAN 450 HEATS. DUE TO THE IMPLEMENTED TECHNIQUE OF MELTING WITH HIGH-MAGNESIA FLUX, TESTS OF NEW PERICLASE-CARBONACEOUS ARTICLES FOR LINING AND DUE TO OTHER ACTIONS, THE LIFETIME IN 2014 BECAME MORE THAN 800 HEATS. PRESENTLY, THE DEVELOPMENTS TO REACH LINING LIFE OF 1000 HEATS ARE FURTHER IN PROGRESS.

A LOT HAS BEEN DONE BY RS SPECIALISTS TO SUBSTITUTE IMPORTS. DURING LAST TWO YEARS RC SPECIALISTS DEVELOPED THE TECHNOLOGY OF PRODUCTION OF HIGH-CARBON WIRE ROD OF 96K+Cr STEEL GRADE WITH 0,92-0,96 % CARBON CONTENT ALLOYED WITH CHROMIUM USED TO PRODUCE ULTRA-HIGH-TENSILE STEEL CORD CONSTRUCTIONS. PREVIOUSLY, THIS WIRE ROD USED TO BE IMPORTED FROM WEST EUROPE. AT PRESENT, TOTAL AMOUNT OF ULTRA-HIGH-TENSILE TIRE CORD USED BY LEADING TIRE PRODUCERS OF THE WORLD IS PRODUCED OF OWN WIRE ROD. FOR THAT OUR SPECIALISTS WORKED OUT A MODE AND OPTIMIZED THE TECHNOLOGY OF OUT-OF-FURNACE STEEL PROCESSING, CASTING, COOLING OF ROLLED STOCK IN MILL 150, ETC.



«...TODAY BSW IS NATIONAL BRAND ENTERPRISE, AND THEIR PRODUCTS ARE WELL KNOWN OUTSIDE OF OUR COUNTRY AND DELIVERED TO MANY COUNTRIES IN THE WORLD. THANKS TO TECHNICAL POLICY BUILT-UP BY THE MANAGEMENT OF THE ENTERPRISE AT PRESENT SUCH ISSUES AS RE-EQUIPPING AND MODERNIZATION OF THE COMPANY ARE BEING SOLVED, AS WELL AS VOLUME EXTENSION, NEW COMPETITIVE TYPES OF PRODUCTS ARE BEING DEVELOPED, THE QUALITY OF PRODUCTS IS ENHANCING...»

FIRST DEPUTY PRIME-MINISTER OF BELARUS  
V.I. SEMASHKO

PRESENTLY, THE SPECIALISTS OF THE RESEARCH CENTER ARE WORKING ON IMPLEMENTATION OF PRODUCTION PROCESSES FOR THE STEEL GRADES WITH RATED NITROGEN CONTENT, WHICH ARE ASKED FOR BY EUROPEAN CAR MAKERS. THIS WORK IS IMPORTANT FOR HOMOLOGATION OF BSW AS A SUPPLIER OF THESE PRODUCTS. AND THIS WILL HELP TO ARRANGE THE DELIVERY OF THE ROLLED PRODUCTS PRODUCED IN THE NEW SMALL SECTION MILL. THE PRODUCT LINE OF THIS MILL ALSO COVERS AUTOMOTIVE INDUSTRY.

IN 2015 TESTING OF CHIP SCRAP USAGE IN BULK WILL CARRY ON, WHICH — AFTER CALCULATION OF TECHNICAL-ECONOMIC INDICATORS — CAN BE USED WHEN PRODUCING STEEL IN MELTING SHOPS -1,2. WHEN USING THIS RAW MATERIAL IT IS NECESSARY TO EVALUATE SUCH PARAMETERS AS CAPACITY OF EAF, MELTING TIME, SPECIFIC CONSUMPTION OF ELECTRIC ENERGY AND METAL CHARGE, ETC. THAT IS WHY TO EVALUATE HOW EFFECTIVE CHIP SCRAP IN BULK WAS, ADDITIONAL TESTING AND DETAILED ANALYSIS OF ITS RESULTS TAKING INTO ACCOUNT ALL MENTIONED FACTORS ARE NEEDED.

THE RESEARCH CENTER IS ALSO WORKING ON NEW CONSTRUCTIONS OF STEEL CORD USED TO PRODUCE LARGE-SIZE AND SUPER LARGE SIZE TIRES FOR OAO «BELSHINA».



# Metallurgy of Belarus

THE STEELMAKING FACILITY INCLUDES 8 ENTERPRISES WHICH MAIN PRODUCTION IS CERTIFIED IN MANY COUNTRIES WORLDWIDE AND CORRESPONDS TO INTERNATIONAL STANDARDS. ENTERPRISES OF THIS SECTOR PRODUCE STEEL ELECTRICALLY WELDED ROUND AND SHAPED PIPES, STEEL CONCAST BILLET, BARS, DIFFERENT TYPES OF WIRE, STEEL CORD, BOLTS, SCREWS, NUTS, NAILS, MOULDING MATERIAL, HEATING EQUIPMENT.

«...IT IS NOT POSSIBLE TO IMAGINE DEVELOPMENT OF METALLURGY IN THE COUNTRY WITHOUT YOUR ENTERPRISE. NOW BYELORUSSIAN STEEL WORKS IS ONE OF THE MAJOR TECHNICALLY EQUIPPED ENTERPRISES NOT ONLY IN GOMEL REGION, BUT IN THE COUNTRY, COMMITTED TO HIGH RELIABILITY, QUALITY AND CONTINUOUS PURSUIT OF EXCELLENCE».



CHAIRMAN OF GOMEL REGIONAL EXECUTIVE COMMITTEE  
V.A. DVORNIK

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS ONE OF THE MAJOR ENTERPRISES NOT ONLY IN THE REPUBLIC OF BELARUS. IT IS THE CORE COMPANY FOR DOMESTIC METALLURGY. MORE THAN THIRTY YEARS THE COMPANY IS AMONG THE REPUTABLE PRODUCERS OF METAL PRODUCTS. DESIGN, CONSTRUCTION, UP-TO-DATE EQUIPMENT AND ADVANCED TECHNOLOGY WITH FOLLOWING COMMISSIONING OF THE FACILITIES UNDER GUARANTEE WERE OUTSOURCED FROM EUROPEAN FIRMS AND THEN THE FACILITY AND TECHNOLOGY GET ACCEPTED ON THE 'TURN KEY' BASIS. BRINGING ADVANCED WORLD EXPERIENCE AND LATEST TECHNOLOGIES WHEN CONSTRUCTING THE PLANT AND DURING ITS FURTHER DEVELOPMENT MADE IT POSSIBLE TO CREATE A UNIQUE INDUSTRIAL COMPLEX IN THE REPUBLIC OF BELARUS. PRESENTLY 20% OF THE TOTAL OUTPUT OF THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS COMES FROM BSW.

## TASKS AND GOALS OF THE SECTOR REFORMATION

FERROUS METALLURGY HAS RE-ORIENTED ITS EFFORTS FROM INCREASE OF FERROUS RAW MATERIALS PROCESSING TOWARDS DOWN-STREAM PROCESSING AND IMPROVEMENT OF MANUFACTURING EFFECTIVENESS (IMPROVEMENT OF PRODUCT

QUALITY AND MASTERING OF NEW TYPES OF PRODUCTS). IN THE FOLLOWING TWO YEARS A PRIORITY DIRECTION OF THE DEVELOPMENT WILL BE GROWTH OF PRODUCTION OF HIGH-TECH GOODS WITH A LARGE DEGREE OF PROCESSING, IMPROVEMENT OF THE STRUCTURE OF PRODUCTION AND SALES OF QUALITY STEEL GRADES, ROLLED MATERIAL, TIRE CORD AND STEEL WIRE, DEVELOPMENT OF ENERGY-SAVING METHODS, MODERNIZATION OF PRODUCTION AND BUILDING AND COMMISSIONING OF NEW PRODUCTION FACILITIES.

METALLURGY IS ONE OF THE BASIC INDUSTRIES IN THE REPUBLIC OF BELARUS AND THE LEVEL OF ITS DEVELOPMENT SHALL CONFORM TO THE STRATEGIC TASKS OF PROVIDING BELARUSIAN ECONOMY WITH QUALITY PRODUCTS AND SUSTAINABLE POSITION ON EXTERNAL MARKETS.

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

- MARKET-APPROPRIATE GROWTH OF PRODUCTION;
- STRENGTHENING OF ITS POSITIONS ON THE EXISTING OUTLETS AND CONQUERING OF NEW MARKETS;
- INCREASE OF SALES OF PRODUCTS WITH A HIGH ADDED VALUE.

THEREFORE, THE STRATEGY WORKED OUT FOR THE DEVELOPMENT OF THE INDUSTRY SHALL STRENGTHEN THE EXISTING COMPETITIVE EDGES AND CREATE NEW ONES.

IT IS NECESSARY TO CONSIDER THE FOLLOWING MAIN DIRECTIONS OF FURTHER DEVELOPMENT OF THE NATIONAL STEELMAKING SECTOR:

- FURTHER DEVELOPMENT OF THE EXISTING ROLLING PRODUCTION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND IN A MIDDLE-TERM OUTLOOK A COMPLETE REFUSAL FROM PRODUCTION AND SALE OF SUCH TYPE OF PRODUCT AS MARKETABLE SEMIS (CAST BILLETS AND BLOOMS) WHICH MAKE UP ABOUT 25% OF THE EXISTING SHIPMENT STRUCTURE OF THE ENTERPRISE;
- MAJOR TRANSFORMATION OF PIPES DUE TO ARRANGEMENT OF THE FINISHING LINE FOR OCTG PIPES AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»;
- RESOLUTION OF PROBLEMS RELATED WITH RAW MATERIAL PROVISION OF THE METALLURGICAL SECTOR OF BELARUS.



## DEVELOPMENT STRATEGY

TILL RECENT TIME, STRATEGY OF METALLURGICAL ENTERPRISES DEVELOPMENT WAS AIMED AT STEEL OUTPUT INCREASE. BUT A HIGH RATE OF DEVELOPMENT OF THE CHINESE STEEL SECTOR, STRENGTHENING OF COMPETITION ON ALL TRADITIONAL EXPORT MARKETS, RESULTED IN HIGH RISKS IN THIS EXTENSIVE WAY OF DEVELOPMENT.

MAIN GOAL OF DEVELOPMENT OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN 2011-2015 ARE TECHNICAL AND TECHNOLOGICAL MEASURES TAKEN TO ELIMINATE THE IMBALANCE OF THE PRODUCTION CAPACITIES AND CREATE CONDITIONS FOR INCREASE OF STEEL MELTING AND CASTING UP TO THE LEVEL OF 3 MILLION TONS PER YEAR (NOW, TAKING INTO ACCOUNT INTERRUPTION OF PRODUCTION FOR UPGRADE, WE HAVE PRODUCED 2 495 701 T.). THE MAIN TASK OF MASTERING OF NEW CAPACITIES IS A COMPLETE PROCESSING OF CAST BILLETS INTO FINISHED MARKETABLE PRODUCTS WITH A HIGH ADDED VALUE, ESTABLISHMENT OF NEW PRODUCTIONS FINALLY ALLOWING REDUCTION OF THE FINISHED PRODUCT PRIME COST. SO AS TO FULFILL THE TASKS SET FORTH, IT IS NECESSARY TO MODERNIZE THE EXISTING FACILITIES OF THE MAIN AND AUXILIARY PRODUCTION, ERECT AND COMMISSION A NUMBER OF NEW FACILITIES.

BASED ON THE ABOVE GOAL, THE PLANT DETERMINED THE FOLLOWING DIRECTIONS OF DEVELOPMENT:

- INCREASE OF THE TECHNICAL AND ECONOMIC LEVEL OF PRODUCTION DUE TO RECONSTRUCTION, MODERNIZATION AND NEW CONSTRUCTION;
- EXPANSION OF PRODUCTION OF STEEL WITH A HIGH ADDED VALUE;
- IMPROVEMENT OF THE STRUCTURE OF EXPORT DELIVERIES TOWARDS INCREASE OF DOWNSTREAM PRODUCTS, DEVELOPMENT OF IMPORT SUBSTITUTING PRODUCTIONS;
- FURTHER DECREASE OF THE SPECIFIC CONSUMPTION OF RAW MATERIALS, FUEL AND ENERGY AND LABOUR RESOURCES FOR STEEL PRODUCTION;
- IMPROVEMENT OF ENVIRONMENTAL CHARACTERISTICS OF THE EXISTING PRODUCTIONS (INTRODUCTION OF ENVIRONMENT-FRIENDLY TECHNOLOGIES, DECREASE

OF WASTES AND SPECIFIC EMISSIONS OF HAZARDOUS MATERIALS INTO AIR AND WATER BASINS, GROWTH OF VOLUMES AND EFFICIENCY OF PRODUCTION WASTES PROCESSING);

- IMPROVEMENT OF THE EMPLOYEES' LIFE LEVEL.

THE REQUIRED PRECONDITIONS FOR IMPLEMENTATION OF THE STRATEGY ARE AS FOLLOWS:

- PROVISION OF RAW MATERIAL RESOURCES. AVAILABILITY OF RAW MATERIAL SOURCES IS A POWERFUL LEVER OF PRODUCT SELF-COST CONTROL;
- UNIFIED STEEL PRODUCTS HIGHLY LIQUID ON EXTERNAL MARKETS AND BEING THE BASIS FOR THE PRODUCTION PROGRAM;
- GROWING COMPETITION AND COSTS INCREASE DICTATE THE NECESSITY OF A QUICK INTRODUCTION OF RESOURCE-SAVING AND ENERGY-SAVING TECHNOLOGY AND EQUIPMENT, OPTIMIZATION OF THE SELF-COST STRUCTURE (DECREASE OF THE SHARE OF EXPENSES FOR RAW MATERIAL AND ENERGY, INCREASE OF DEPRECIATION COST). AN ALTERNATIVE: GRADUAL LOSS OF COMPETITIVENESS ON THE EXTERNAL AND THEN ON THE INTERNAL MARKET;
- EFFECTIVE MANAGEMENT;
- STABLE ECONOMIC STATUS OF ENTERPRISES PERMITTING TO DEVELOP THE LEVEL OF BORROWINGS FOR IMPLEMENTATION OF LARGE-SCALE PROJECTS.

ANALYSIS OF THE PRESENT SITUATION AND OUTLOOK FOR DEVELOPMENT OF THE NATIONAL STEELMAKING SECTOR ALLOWS US TO FOCUS ON THREE PROBLEMS:

1. IN A SHORT-TERM OUTLOOK: KEEP EXPORT MARKETS AND PREDOMINATE ON THE DOMESTIC MARKET, MAINTAIN A RATHER HIGH LEVEL OF PROFITABILITY OF THE STEELMAKING SECTOR. THE AIM: MAINTAIN AND GRADUALLY DEVELOP PRODUCTION OUTPUT ON THE EXISTING BASIS, GRADUAL GROWTH OF THE SHARE OF DELIVERIES TO THE INTERNAL MARKET IN ACCORDANCE WITH THE GROWTH OF CONSUMPTION, SUCCESSFUL COMPETITION WITH CIS PRODUCERS AND FURTHER MODERNIZATION OF EQUIPMENT.
2. IN A MEDIUM-TERM OUTLOOK: INCREASE OF STEEL MELTING



## Metallurgy of Belarus



OUTPUT, ERECTION OF NEW PRODUCTION FACILITIES AND MASTERING OF NEW PRODUCTIONS.

3. IN A LONG-TERM OUTLOOK: RESOLVING OF RAW MATERIAL PROBLEMS, DEVELOPMENT OF IRON ORE RAW MATERIAL, PRODUCTION OF SPONGE IRON WITH THE USE OF GREEN TECHNOLOGIES OF DIRECT REDUCTION OF IRON.

IMPLEMENTATION OF THIS STRATEGY WILL HELP TO FULFILL THE TASKS DETERMINED BY THE PROGRAM OF THE DEVELOPMENT OF THE INDUSTRIAL COMPLEX OF THE REPUBLIC OF BELARUS FOR 1998–2015 AND THE NATIONAL STRATEGY OF SUSTAINABLE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REPUBLIC OF BELARUS FOR THE PERIOD TILL 2020 WHICH DETERMINE PROVISIONS OF A SUSTAINABLE HIGH GROWTH RATE ON THE BASIS OF MODERNIZATION, IMPROVEMENT OF THE INDUSTRIAL AND TECHNOLOGICAL STRUCTURE OF PRODUCTIONS AND INCREASE OF THE COMPETITIVE LEVEL OF THE PRODUCT MANUFACTURED AS THE MAIN AIM OF ITS DEVELOPMENT.

ADVANCE DEVELOPMENT OF SCIENCE INTENSIVE EXPORT-ORIENTED PRODUCTIONS WITH THE STATE SUPPORT OF ENTERPRISES PLAYING A VERY IMPORTANT ROLE IN THE NATIONAL ECONOMY AND INCREASE OF RESPONSIBILITY FOR ITS EFFICIENT USE IS FORESEEN.

IN FERROUS METALLURGY, EFFORTS WILL BE RE-ORIENTED FROM THE GROWTH OF VOLUMES OF METALLURGICAL RAW MATERIAL PROCESSING TO THE INCREASE OF THE DEPTH OF ITS PROCESSING AND IMPROVEMENT OF THE PRODUCTION PROCESSABILITY (IMPROVEMENT OF PRODUCT QUALITY AND MASTERING OF NEW TYPES OF PRODUCTS). IN THE NEAREST TWO-THREE YEARS THE PRIORITY DIRECTIONS OF DEVELOPMENT WILL BE GROWTH OF PRODUCTION OF HIGH-TECH DOWNSTREAM PRODUCTS, IMPROVEMENT OF THE PRODUCTION STRUCTURE AND SALES OF QUALITY STEEL GRADES, ROLLED MATERIALS, STEEL CORD AND STEEL WIRE, DEVELOPMENT OF ENERGY-SAVING METHODS, UPGRADING, AS WELL AS CONSTRUCTION AND COMMISSIONING OF NEW PRODUCTION FACILITIES.







БЕЛОРУССКИЙ МЕТАЛЛУРГИЧЕСКИЙ ЗАВОД  
BYELORUSSIAN STEEL WORKS



## Description of key impacts, risks and possibilities

### HISTORY OF SUSTAINABLE DEVELOPMENT

**MARCH 19, 1982** – SIGNATURE OF THE PLANT ERECTION CONTRACT.

**OCTOBER 15, 1984** – BEGINNING OF OPERATION OF THE MELT SHOP PRODUCTION FACILITIES, FIRST STEEL MELTED AND CAST.

**NOVEMBER 4, 1984** – BEGINNING OF OPERATION OF THE ROLLING MILL – FIRST ROLLED SECTION PRODUCED IN MILL 320/150.

**NOVEMBER 21, 1987** – BEGINNING OF OPERATION OF:

- THE SECONDARY METALLURGY UNIT AND CONTINUOUS CASTING MACHINE No.3 (CCM No.3) IN MELT SHOP №2;
- LARGE-SECTION MILL 850;
- PRODUCTION FACILITIES OF STEEL WIRE SHOP №1 AND PRODUCTION OF THE FIRST LOT OF BELARUSIAN TIRE CORD.

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

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

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

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

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

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

**FEBRUARY 24, 2006** COMMISSIONING OF THE NEW BRASS COATING UNIT №6 AFTER UPGRADING IN STEEL WIRE SHOP №2.

**OCTOBER 2006** – NEW SIX-BLOCK AND TEN-BLOCK DRAWING MACHINES WERE INSTALLED IN STEEL WIRE SHOP № 3 WITHIN THE FRAMEWORK OF THE DNEPR PROJECT IMPLEMENTATION.

**DECEMBER 28, 2006** – COMMISSIONING OF BEAD BRONZING LINE No. 2 IN STEEL WIRE SHOP №1.

**DECEMBER 30, 2006** – COMMISSIONING OF AN ION-EXCHANGE PLANT IN STEEL WIRE SHOP №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** – CEREMONIAL OPENING OF A WATER-AND-HEALTH-IMPROVING BLOCK OF THE HOCKEY AND SWIMMING CENTRE OF THE OLYMPIC RESERVE. IT CONSISTS OF MODERN WATER ATTRACTIONS, A SAUNA, A SOLARIUM, A CAFÉ, AND OTHER FACILITIES. HONOR TO CUT THE RED RIBBON WAS FAVORED TO THE CHAIRMAN OF THE REGIONAL EXECUTIVE COMMITTEE A.S. YAKOBSON, THE CHAIRMAN OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE L.N. APANASYUK, GENERAL DIRECTOR OF RUE «BMZ» N.V. ANDRIANOV, AND DIRECTOR OF BUILDING AND CONSTRUCTION TRUST No.27 A.M. RYABKOV.

**MARCH 6, 2008** – 62ND MEETING OF THE COUNCIL OF FERROUS METALS PRODUCERS AND EXPORTERS OF CIS COUNTRIES WAS HELD ON THE BASIS OF BMZ. MEMBERS OF THE COUNCIL DISCUSSED THE CONDITIONS OF THE FERROUS METALS MARKET, ASSESSED THE PERSPECTIVES OF ITS DEVELOPMENT AND DEVELOPED THE MIDDLE-TERM OUTLOOK FOR EXPORT PRICES FOR THE KEY TYPES OF FERROUS METALS.

**JUNE 18, 2008** – BELARUSIAN METALLURGICAL FORUM «INTEGRATION OF SCIENCE, PRODUCTION AND EDUCATION IN THE DEVELOPMENT OF STEELMAKING IN THE REPUBLIC OF BELARUS TILL 2020» WAS HELD ON THE BASIS OF BMZ. THE EVENT HELPED TO DETERMINE THE CONCEPT OF DEVELOPMENT OF THE NATIONAL STEEL SECTOR FOR THE NEAREST PERIOD.

**JUNE 30, 2008** – RECONSTRUCTION OF THE SULFURIC ACID REGENERATION PLANT OF THE CHEMICAL BLOCK OF STEEL WIRE SHOP №2.



**AUGUST 8, 2008** — MODERNIZATION OF FUME TREATMENT PLANTS OF ELECTRIC-ARC FURNACE №2 (EAF-2) IN MELTING SHOP №1.

**DECEMBER 2008** — THE PIPE MILL REACHED ITS DESIGNED CAPACITY.

**MARCH 2009** — MODERNIZATION OF THE FINISHING LINE OF ROLLING MILL 320.

**JULY 9, 2009** — PRESENTATION OF BMZ NEW PRODUCT — STEEL FIBER.

**OCTOBER 9, 2009** — OUR PLANT WAS THE FIRST IN THE COUNTRY TO SUBMIT ITS CORPORATE SOCIAL REPORT TO THE COMMUNITY AND PARTICIPANTS OF THE UN GLOBAL COMPACT.

**DECEMBER 6, 2009** — MAJOR INVESTMENT PROJECT COMPLETED, NAMELY RECONSTRUCTION OF CONTINUOUS CASTER №3 (CCM-3).

**DECEMBER 14, 2009** — GENERAL DIRECTOR OF RUE «BMZ» ANATOLY SAVIANOK WAS APPOINTED VICE PRESIDENT OF THE INTERNATIONAL UNION OF STEELMAKERS.

**2009** — PRODUCT DELIVERIES GREW BY MORE THAN 17 COUNTRIES IN THE YEAR OF CRISIS.

**FEBRUARY 2010** — BLADES AND MANDREL BARS PREPARATION AREA (FOR PIPE SHOP) WAS LAUNCHED. THE DEPARTMENT IS PROVIDED WITH THE EQUIPMENT UNIQUE FOR OUR COUNTRY

**MARCH 2010** — STEEL WIRE SHOP — 2 LEARNT THE TECHNOLOGY OF PRODUCTION OF SHAPED (SQUARE) WIRE FOR HIGH-PRESSURE HOSES.

**APRIL 2010** — PIPE SHOP STARTED MASTERING PIPE ROLLING FROM ROUND BILLET DIAMETER 200 MM, A TRIAL LOT OF WHICH WAS CAST IN CCM-3.

**MARCH 29, 2010** — A CONTRACT FOR THE ERECTION OF LIME KILN No.3 WAS SIGNED WITH TECHCOM (GERMANY).

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

**JULY 2010** — THE RESULT OF NEGOTIATION BETWEEN BMZ AND TECHCOM WAS A CONTRACT FOR DELIVERY

OF EQUIPMENT FOR THE LIME KILN BY MAERZ, AUSTRIA.

**JULY 2010** — JUBILEE 10TH INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE «METAL-2010» WAS HELD AT BMZ. THE CONFERENCE UNITED 80 REPRESENTATIVES OF THE PLANT AND 45 REPRESENTATIVES OF ENTERPRISES AND EDUCATIONAL ESTABLISHMENTS OF BELARUS, RUSSIA, UKRAINE, LITHUANIA AND KAZAKHSTAN.



«...ANY CRISIS IS A TEST FOR THE TEAM. TODAY THE MAIN TASK FOR THE ENTIRE TEAM OF BMZ AND ITS MANAGEMENT IS TO JOIN THE EFFORTS SO THAT TO RISE TO A CHALLENGE AND FIND THE WAY OUT FROM THE MOST DIFFICULT SITUATION...»

GENERAL DIRECTOR  
OF OAO «BSW» - MANAGEMENT COMPANY  
OF «BMC» HOLDING» **A.N. SAVANOK**

**AUGUST 2010** — NEW TECHNOLOGY OF PRODUCTION OF FLAT WIRE FOR HIGH-PRESSURE HOSES WAS MASTERED.

**SEPTEMBER 2010** — A CONTRACT WAS SIGNED WITH WATER GROUP FOR RECONSTRUCTION OF THE SYSTEM OF TRAPPING AND CLEANING OF THE EXHAUST GASES OF EAFs No.1 AND No.3. THE PROJECT WAS DEVELOPED SPECIFICALLY FOR BSW STEEL FURNACES.

**OCTOBER 2010** — MEMBERS OF TEAM No. 4 OF ROLLING MILL 150 SET A RECORD: THEY PRODUCED 1200 TONS OF WIRE ROD DURING A SHIFT. PRIOR MAX. FIGURE OF PRODUCTION REACHED 1070 TONS.

**NOVEMBER 2010** — 20 YEARS AGO, FIRST TONS OF STEEL WERE PRODUCED IN ELECTRIC-ARC FURNACE No.3. NOW EAF-3 PRODUCES NOT 4 AS PREVIOUSLY, BUT 12 HEATS PER SHIFT.

**NOVEMBER 2010** — SWS-2 PRODUCED A JUBILEE TON OF TIRE CORD — 500 THOU. T.

**DECEMBER 2010** — STEEL WIRE SHOP No.2 CROSSED THE BOUNDARY OF ONE MILLION TONS. THIS IS THE AMOUNT PRODUCED IN THE SHOP IN THE PERIOD FROM 1991 TO 2010 INCLUSIVE.





## Description of key impacts, risks and possibilities



**DECEMBER 2010** – THE TEAM OF ROLLING MILL 320 PRODUCED ONE MILLIONTH TON OF REINFORCING BARS IN 2010.

**FROM FEBRUARY 1 TO MARCH 7, 2011** 80 SPECIALISTS FROM THE REPUBLIC OF SLOVAKIA WERE TRAINED IN ROLLING AND MELTING SHOPS WITHIN THE FRAMEWORK OF THE INTERNATIONAL COOPERATION OF STEELMAKERS.

«...SO THAT TO ASSURE THE PRESTIGE OF THE COMPANY ENHANCE FURTHER ON, IT IS NECESSARY TO REVIEW THE SITUATION NOW, AND ORGANIZE THE DEVELOPMENT PLAN CORRECTLY FOR FUTURE ...»



DIRECTOR FOR PRODUCTION OF OAO  
«BSW - MANAGEMENT COMPANY OF «BMC» HOLDING»  
V.V. STARKOV

**FEBRUARY 2011** – TWO UNIVERSAL WINDING UNITS PRODUCED BY GCR EURODRAW (ITALY) WERE COMMISSIONED AT THE THERMAL ETCHING-GALVANIZING DEPARTMENT OF STEEL WIRE SHOP №1.

**MARCH 17, 2011** – THE 1ST INTERNATIONAL CONFERENCE OF SUPPLIERS TOOK PLACE. IT GATHERED ABOUT 90 REPRESENTATIVES OF DIFFERENT COMPANIES COOPERATING WITH BMZ IN THE AREA OF MATERIAL, RAW MATERIAL AND EQUIPMENT DELIVERY

**MARCH 23, 2011** – THE STAFF OF ROLLING MILL 320 STARTED TO ROLL REINFORCING BARS NO.14 WITH THE HELP OF 4-STRAND SLITTING. IT TOOK THEM A LITTLE MORE THAN ONE MONTH TO REACH THE LEVEL OF INDUSTRIAL PRODUCTION OF THIS SECTION.

**MARCH 24, 2011** – IX MEETING OF MEMBERS OF THE LEADERS' CLUB OF THE CENTRAL AND EASTERN EUROPE (CEE) TOOK PLACE AT THE PLANT. REPRESENTATIVES OF MORE THAN 10 COUNTRIES TOOK PART IN THE MEETING.

**APRIL 6, 2011** – 1ST CONSIDERABLE MARK IN THE HISTORY OF THE PIPE MILL: 250-THOUSANDTH TON OF PRODUCTS WAS MANUFACTURED.

**APRIL 2011** – A FLAME CUTTING MACHINE IS INSTALLED IN THE REPAIR-MECHANICAL SHOP. THIS NEW EQUIPMENT PRODUCED BY THE TURKISH COMPANY AKYAPAK GIVES NEW OPTIONS FOR THE REPAIR MECHANICS IN RECOVERY AND PRODUCTION OF LARGE-SIZE PARTS.

**APRIL 21, 2011** – 10-MILLIONTH TON OF STEEL SINCE COMMISSIONING OF CCM-3 OF EMS No.2 WAS CAST.

**JUNE 2011** – THE PLANT BOUGHT THE TERRITORY OF AGROTECHSERVICE WITH THE TOTAL AREA OF 11 HECTARES AT THE AUCTION SO AS TO INCREASE ITS SCRAP YARD. THE ADDITIONAL LAND WILL ALLOW US TO INCREASE THE WINTER SCRAP STOCK STORAGE AREA.

**JUNE 20, 2011** – THE PLANT PRODUCED 35-MILLIONTH TON OF STEEL.

**JULY 2, 2011** – THE FIRST IN THE PLANT'S HISTORY OPEN DOOR DAY WAS HELD.

**JULY 7, 2011** – THE OPENING CEREMONY OF THE 11TH INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE OF YOUNG WORKERS «METAL-2011» TOOK PLACE AT ZHLOBIN METALLURGICAL TECHNICAL SCHOOL. EXCEPT BELARUSIAN PARTICIPANTS, REPRESENTATIVES OF RUSSIA, UKRAINE, LATVIA, GREAT BRITAIN AND AUSTRIA PARTICIPATED IN THE CONFERENCE.

**JULY 2011** – NEW EQUIPMENT FOR AIR DRYING PRODUCED BY BELGIAN COMPANY ATLAS COPCO WAS COMMISSIONED AT THE COMPRESSOR STATION OF THE REPAIR SHOP BLOCK.

**AUGUST 18, 2011** – MINISTRY OF INDUSTRY ISSUED AN ORDER FOR PA BMZ TO TAKE OVER GA «BELVTORMET» INCLUDING SIX REGIONAL ENTERPRISES ENGAGED IN COLLECTING AND PROCESSION OF FERROUS SCRAP, AND UE «BELTSVETMET» TOGETHER WITH ITS DAUGHTER UNITARY ENTERPRISE «TSVETMET» (ZHODINO). DURING LAST THREE YEARS «BELVTORMET» TOOK OVER THREE MORE ENTERPRISES: OAO «TEKHNOPIBOR» (MOGILYOV), OAO «POLESIE'ELECTROMASH» (LUNINETS), OAO «KOBRIIN TOOLMAKING PLANT «SITOMO».

**AUGUST 26, 2011** – STEEL WIRE SHOP NO.3 CROSSED THE BORDERLINE OF 1 MILLION TON OF PRODUCTION.

**AUGUST 31, 2011** – A CONTRACT ON ERECTION OF A NEW



SECTION ROLLING MILL CAPACITY 700 THOU. TPY WITH AN OPTION TO REACH THE PRODUCTION OF 1 MILLION TPY WAS SIGNED WITH DANIELI (ITALY).

**SEPTEMBER 22, 2011** – ELECTRIC MELT SHOP №2 PRODUCED 10 000 000 TONS OF STEEL SINCE ITS COMMISSIONING.

**OCTOBER 20, 2011** – THE 1ST SCIENTIFIC-PRACTICAL SEMINAR «MAIN DIRECTIONS OF INNOVATIVE-TECHNOLOGICAL DEVELOPMENT OF THE PRODUCTION ASSOCIATION «BYELORUSSIAN STEEL WORKS» PARTICIPATED BY RECTORS OF THE LEADING HIGHER EDUCATIONAL ESTABLISHMENTS OF GOMEL REGION TOOK PLACE AT THE PLANT.

**OCTOBER 2011** – THE STAFF OF ELECTRIC MELT SHOPS №1 AND №2 SET UP A RECORD IN PRODUCTION OF CONCAST BILLET: 229 673 TONS.

**NOVEMBER 2011** – A DECISION TO REORGANIZE OUR REPUBLICAN UNITARY ENTERPRISE INTO AN OPEN JOINT-STOCK COMPANY WAS TAKEN BY THE CONFERENCE OF THE PLANT'S EMPLOYEES.

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

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

**DECEMBER 2011** – FIRST SQUARE BILLET 140x140MM CAST IN CCM-2 EMS-1.

**DECEMBER 20, 2011** – CONSTITUENT ASSEMBLY OF BYELORUSSIAN STEEL WORKS, «DUFERCO S.A.» (SWITZERLAND), PISEC GROUP GMBH (AUSTRIA) TOOK PLACE TO ESTABLISH A JOINT VENTURE «BMZ-TUBULARS LTD.» FOR PROCESSING OF OCTG PIPES.

**JANUARY 1, 2012** – TARE AND DIE SHOP (T&DS) WAS ESTABLISHED TO UNITE THE TARE SHOP AND THE POWDER METALLURGY AND DIE SHOP.

**JANUARY 2, 2012** – STATE REGISTRY OF OPEN JOINT-STOCK COMPANY «BYELORUSSIAN STEEL WORKS» (OAO «BMZ») IN THE UNIFIED REGISTRY OF LEGAL ENTITIES AND INDIVIDUAL ENTREPRENEURS UNDER THE NUMBER 400074854.

**MARCH 7, 2012** – FOUNDATION FOR LIME-KILN №3 WAS LAID DOWN AND A CAPSULE WITH AN APPEAL TO OUR DESCENDANTS WAS EMBEDDED BY THE GENERAL DIRECTOR A.N. SAVIANOK.

**MARCH 11, 2012** – A MUSEUM OF METALLURGY FOR CHILDREN WAS OPENED IN KINDERGARTEN No. 34 OF BYELORUSSIAN STEEL WORKS FOR THE FIRST TIME IN THE REPUBLIC OF BELARUS.

**MARCH 2012** – ACCORDING TO THE RESULTS OF MARCH, ELECTRIC MELT SHOPS DEMONSTRATED THE BEST IN THE PLANT'S HISTORY PERFORMANCE AND PRODUCED 233 THOU. 880 TONS EXCEEDING THE RECORD-BREAKING PRODUCTION OF OCTOBER 2011 BY MORE THAN 4 THOUSAND TONS.

**APRIL 1, 2012** – HOCKEY TEAM «METALLURG» BECAME THE CHAMPION WINNING THE MATCH WITH GRODNO TEAM «NYOMAN» IN THE FINAL SERIES OF PLAY-OFFS OF THE EXTRA-LEAGUE OF THE OPEN CHAMPIONSHIP OF BELARUS.

**APRIL 4-5, 2012** – THE SECOND INTERNATIONAL CONFERENCE OF SUPPLIERS WAS HELD AT THE PLANT.

**APRIL 22, 2012** – CEREMONIAL AWARDING OF THE CHAMPIONS OF BELARUS, WINNERS OF THE 20TH OPEN CHAMPIONSHIP OF THE REPUBLIC OF BELARUS 2011/2012 – PLAYERS OF THE «METALLURG» TEAM.

**MAY 15, 2012** – A CAPSULE WITH AN APPEAL TO OUR DESCENDANTS WAS EMBEDDED IN THE FOUNDATION OF THE SMALL-SECTION MILL.

**MAY 16, 2012** – VISIT OF THE HEAD OF THE ADMINISTRATION OF THE PRESIDENT OF THE REPUBLIC OF BELARUS V.V. MAKEI TO BMZ.

**MAY 17, 2012** – BUSINESS CONFERENCE «BELARUS – RUSSIA: COOPERATION OF THE STEEL MARKET PLAYERS». OVER 50 LEADERS OF STEELMAKING ENTERPRISES MET AT BMZ.

**MAY 24-25, 2012** – PLANT SCIENTIFIC CONFERENCE OF YOUNG SPECIALISTS OF OAO «BMZ» «METALL-2012» WAS HELD.

**MAY 25, 2012** – 20 YEARS SINCE COMMISSIONING OF THE NETWORK, SUBSTATIONS AND TECHNICAL MAINTENANCE SHOP (NS&TMS).





## Description of key impacts, risks and possibilities



**JUNE 11, 2012** – OAO «BMZ» TOOK THE FIRST PLACE IN THE NOMINATION «EXPORT SALES LEADER» AMONG CLIENTS OF PRIORBANK. THIS HIGH APPRAISAL OF OUR WORK WAS MADE BY THE COUNCIL OF EXPERTS OF ONE OF THE LEADING BANKS OF THE COUNTRY. ON JUNE 11, A SPECIAL BADGE WAS PRESENTED THE GENERAL DIRECTOR A.N. SAVIANOK.

**JUNE 20, 2012** – BMZ BECAME A LAUREATE OF THE CONTEST FOR A PRIZE OF THE COMMONWEALTH OF INDEPENDENT STATES IN 2011 IN THE CATEGORY «MANUFACTURE OF GOODS FOR PRODUCTION PURPOSES» (IN ORGANIZATIONS WITH MORE THAN 250 EMPLOYEES).

**JULY 4-6, 2012** – 12TH INTERNATIONAL SCIENTIFIC-TECHNICAL CONFERENCE OF YOUNG WORKERS «METAL-2012» WAS HELD. REPRESENTATIVES OF RUSSIA, UKRAINE, KAZAKHSTAN AND BELARUS TOOK PART IN IT.

**JULY 7, 2012** – THE SECOND DAY OF OPEN DOORS TRADITIONALLY HELD ON THE EVE OF THE METALLURGISTS' DAY TOOK PLACE AT THE PLANT.

**JULY 13, 2012** – 5 YEARS SINCE COMMISSIONING OF THE PIPE MILL.

**JULY 18, 2012** – 20TH BIRTHDAY OF THE PALACE OF CULTURE OF METALLURGISTS.

**JULY 20, 2012** – OAO «BMZ» JOINED THE WORLD STEEL ASSOCIATION (WSA), A PRESTIGIOUS PROFESSIONAL INDUSTRIAL ASSOCIATION NUMBERING OVER 170 WORLD STEELMAKERS AND RESEARCH INSTITUTES WORKING IN THIS FIELD.

**AUGUST 17, 2012** – 5 MILLION TONS PRODUCED IN MILL 150 SINCE MILL 320/150 WAS DIVIDED IN TWO INDEPENDENT MILLS (SEPTEMBER 15, 2000).

**AUGUST 24, 2012** – OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING» (BSW – MANAGEMENT COMPANY OF «BMC» HOLDING») WAS REGISTERED IN THE UNIFIED REGISTRY OF LEGAL ENTITIES AND INDIVIDUAL ENTREPRENEURS UNDER THE NUMBER 400074854.

**AUGUST 31, 2012** – CEREMONIAL COMMISSIONING OF THE

FIRST STAGE OF PIPE FINISHING LINE No.3 (PFL-3) OF THE PIPE MILL.

**SEPTEMBER 3, 2012** – THE PLANT BECAME THE WINNER OF THE REPUBLICAN PROFESSIONAL CONTEST «BEST CONSTRUCTION PRODUCT OF 2012». STEEL FIBER FOR CONCRETE REINFORCEMENT (ANCHOR, WAVY, MICROFIBER).

**SEPTEMBER 10, 2012** – 20TH BIRTHDAY OF THE METALLURGICAL EQUIPMENT REPAIR SHOP (MERS).

**SEPTEMBER 14, 2012** – 30 YEARS SINCE THE FOUNDATION OF BMZ WAS LAID DOWN. DIRECTOR DEROZHANT AKOPOV AND CHIEF ENGINEER OF VOEST-ALPINE ALFRED PROBST LAID AN APPEAL TO OUR DESCENDANTS IN TWO LANGUAGES IN A CAPSULE EMBEDDED IN THE FOUNDATION OF ELECTRIC MELT SHOP No.1.

**OCTOBER 11, 2012** – PLANT HOSTEL No.3 WAS OPENED AFTER CAPITAL REPAIRS AND MODERNIZATION.

**OCTOBER 31, 2012** – PUBLIC HEARING OF THE CORPORATE SOCIAL REPORT FOR 2011.

**NOVEMBER 6, 2012** – UNOFFICIAL HOCKEY MATCH WAS HELD BETWEEN THE CHAMPIONS OF 2011/2012 OF TWO COUNTRIES: BELARUS AND AUSTRIA. THE MATCH BETWEEN METALLURG (ZHLOBIN) AND «BLACK WINGS» (LINZ, AUSTRIA) WAS TIMED TO 30-YEAR ANNIVERSARY OF THE BEGINNING OF THE PLANT ERECTION.

**NOVEMBER 20, 2012** – THE FIRST COLUMN INSTALLED ON THE SITE OF THE SMALL-SECTION MIL.

**NOVEMBER 21, 2012** – 25 YEARS SINCE COMMISSIONING OF STEEL WIRE SHOP No.1.

**NOVEMBER 21, 2012** – 25TH ANNIVERSARY OF ELECTRIC MELT SHOP No. (EMS-2) AND ROLLING MILL 850 OF THE ROLLING PRODUCTION SHOP (RPS).

**DECEMBER 2, 2012** – 30 YEARS SINCE BMZ PERSONNEL SERVICE WAS ARRANGED.

**DECEMBER 2012** – AT NIGHT DECEMBER 6 – 7, ONE MILLIONTH TON OF ROLLED STOCK WAS PRODUCED IN MILL 320. STARTING POINT: JANUARY 2012.



**JANUARY 1, 2013** – TWO AUXILIARY SHOPS MERGED: THE UTILITY SERVICE SHOP AND THE OXYGEN PLANT. A NEW STRUCTURAL SUBDIVISION WAS FORMED – THE UTILITY SERVICE DPT.

**JANUARY 13, 2013** – «METALLURG» HOCKEY TEAM SUCCESSFULLY PLAYED IN THE SUPER-FINAL OF THE CONTINENTAL CUP AND TOOK THE SECOND PLACE IN THE PRESTIGE EUROPEAN TOURNAMENT.

**JANUARY 24, 2013** – ACCORDING TO THE RESULTS OF AN EXPERT ASSESSMENT OF EcoVadis (MICHELIN), BSW ACHIEVEMENTS IN THE SOCIAL AREA IN 2012 AND IN THE AREA OF ENVIRONMENT PROTECTION EXCEEDED THE LEVEL DETERMINED BY MICHELIN FOR SUPPLIERS IN THE PURCHASING CHAIN.

THE ACHIEVED RESULTS SHOW THE LEVEL OF A SIGNIFICANT MATURITY OF BSW IN THE AREA OF SOCIAL RESPONSIBILITY AND ENVIRONMENT AND ARE AN INTEGRAL PART OF MICHELIN CRITERIA FOR CHOOSING SUPPLIERS.

**FEBRUARY 2013** – BYELORUSSIAN STEEL WORKS BECAME A LAUREATE OF THE AWARD OF THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS IN THE AREA OF SCIENCE AND ENGINEERING IN 2012. THIS PRIZE IS AWARDED EVERY YEAR FOR DEVELOPMENT AND INTRODUCTION OF NEW TYPES OF MATERIALS AND TECHNOLOGIES ENABLING THE NATIONAL SCIENCE TO REACH THE INTERNATIONAL LEVEL AND INCREASE EFFICIENCY OF THE INDUSTRIAL FACILITY.

**FEBRUARY 11, 2013** – A NEW EIGHTH AMBULANCE ROOM WAS OPENED ON THE BASIS OF THE ADMINISTRATIVE BUILDING OF ELECTRIC MELT SHOP No.1 (EMS-1) OF BYELORUSSIAN STEEL WORKS. HERE PLANT'S EMPLOYEES MAY RECEIVE THE REQUIRED MEDICAL ASSISTANCE, INCLUDING FIRST AID.

**MARCH 1, 2013** – BASED ON THE WORK RESULTS OF 2012 BYELORUSSIAN STEEL WORKS BECAME THE WINNER IN THE NOMINATION «BEST INVESTOR AND EXPORTER» AMONG ENTERPRISES OF ZHLOBIN AND ZHLOBIN DISTRICT.

**MARCH 28, 2013** – 10 YEARS SINCE ESTABLISHMENT OF THE UNITARY ENTERPRISE «METALLURGTORG».

**APRIL 1, 2013** – 20 YEARS SINCE COMMISSIONING OF THE FOURTH STAGE OF BSW: PUMP STATION.

**APRIL 1, 2013** – «METALLURG» HOCKEY TEAM BECAME THE SILVER PRIZE WINNER OF THE 21ST OPEN CHAMPIONSHIP OF THE REPUBLIC OF BELARUS.

**APRIL 5, 2013** – GOMEL REGIONAL EXECUTIVE COMMITTEE EXPRESSED GRATITUDE TO THE WORK COLLECTIVE OF BSW FOR A CONSIDERABLE INVESTMENT IN SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION.

**APRIL 16, 2013** – SO AS TO IMPLEMENT INVESTMENT PROJECT «ORGANIZATION OF A SECTION BAR PRODUCTION WITH CONSTRUCTION OF A SMALL-SECTION MILL» GENERAL DIRECTOR A.N. SAVIANOK ISSUED ORDER No.340 TO ESTABLISH ROLLING SHOP No.2 (BRM-2).

**APRIL 18, 2013** – 10 YEARS SINCE BYELORUSSIAN STEEL WORKS RECEIVE THE FIRST ECOLOGICAL CERTIFICATE IN GOMEL REGION. THIS EVENT REQUIRED A TWO-YEAR WORK OF THE EMPLOYEES. BSW GOT TWO ENVIRONMENT MANAGEMENT CERTIFICATES AT A TIME TO EVIDENCE CORRESPONDENCE OF THE PLANT TO THE REQUIREMENTS OF THE INTERNATIONAL STANDARD ISO 14001-1996 AND NATIONAL STANDARD STB ISO 14001-2000.

**APRIL 17-18, 2013** – THE FOURTH SCIENTIFIC CONFERENCE OF YOUNG EMPLOYEES WAS HELD AT BSW. THIS FORUM GATHERED OVER 170 REPRESENTATIVES OF VARIOUS STRUCTURAL SUBDIVISIONS AND STUDENTS OF LEADING HIGHER INSTITUTIONS OF THE COUNTRY.

**APRIL 20, 2013** – A NATIONAL SUBBOTNIK WAS HELD AT THE PLANT.

**APRIL 25-28, 2013** – THE SECOND INTERNATIONAL CHILDREN HOCKEY TOURNAMENT «STEEL CUP» FOR THE AWARDS OF GENERAL DIRECTOR OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» A. N. SAVIANOK WAS HELD IN ZHLOBIN.

**MAY 18, 2013** – AT BELARUSIAN INDUSTRIAL FORUM-2013 BSW WAS AWARDED A 1ST DEGREE DIPLOMA FOR THE PROJECT «DEVELOPMENT AND INTRODUCTION OF ENERGOTECHNOLOGICAL MODES OF ELECTRIC-ARC FURNACE OPERATION AIMED AT INCREASE OF PRODUCTIVITY OF EAF-3 AND REDUCTION OF POWER CONSUMPTION FOR STEEL MELTING».



## Description of key impacts, risks and possibilities



**MAY 18, 2013** – BYELORUSSIAN STEEL WORKS WAS AWARDED A DIPLOMA FOR ACTIVE PARTICIPATION IN THE XIV INTERNATIONAL EXHIBITION «SPRING IN GOMEL-2013» WITHIN THE FRAMEWORK OF THE X GOMEL ECONOMIC FORUM.

**MAY 25, 2013** – BASED ON THE RESULTS OF COMPETITIONS HELD BY GOMEL REGIONAL TRADE UNION ORGANIZATION, PRIMARY TRADE UNION ORGANIZATION OF BSW WAS DECLARED THE BEST AMONG 31 INDUSTRIAL ENTERPRISES OF GOMEL REGION IN 2012.

**JUNE 5, 2013** – COACH OF ZHLOBIN «METALLURG» WAS PRONOUNCED THE BEST COACH OF THE SEASON 2012-2013 OF THE OPEN HOCKEY CHAMPIONSHIP OF BELARUS.

**JUNE 15, 2013** – BASED ON THE RESULTS OF 2012 PRIVATE JOINT-STOCK COMPANY «ROSAVA» – THE LARGEST TIRE PRODUCER IN THE UKRAINE – AWARDED THE «EXCELLENT SUPPLIER» RATING BYELORUSSIAN STEEL WORKS.

**JUNE 21, 2013** – BASED ON THE RESULTS OF 2012 THE UNION OF VETERANS OF BYELORUSSIAN STEEL WORKS BECAME THE WINNER IN THE COMPLETION FOR THE BEST PRIMARY ORGANIZATION OF ZHLOBIN DISTRICT.

**JULY 06, 2013** – THE THIRD TRADITIONAL OPEN DAY WAS HELD AT BSW.

**JULY 10, 2013** – 50TH BIRTHDAY OF THE GENERAL DIRECTOR OF OAO «BYELORUSSIAN STEEL WORKS-MANAGEMENT COMPANY OF «BMC» HOLDING A.N. SAVIANOK.

**JULY 18, 2013** – BRM (MILL 850, TEAM No.1) PRODUCED 10-MILLIONTH TON OF ROLLED STEEL SINCE ITS COMMISSIONING IN 1987.

**JULY 18, 2013** – AN AGREEMENT WAS REACHED AND CORRESPONDING DOCUMENTS SIGNED WITH EURASIAN BANK OF DEVELOPMENT REGARDING JOINT FINANCING OF THE CONSTRUCTION OF THE SMALL SECTION MILL AT BSW BY EBD AND OAO BELARUSBANK.

**JULY 19, 2013** – A CAPSULE WITH A MESSAGE TO OUR DESCENDANTS WAS LAID DOWN IN THE FOUNDATION OF AIR-HEATING UNIT No. 3 OF THE LIMITED LIABILITY JOINT-VENTURE «BSW-OP». COST OF THE PROJECT – OVER USD33,8 MILLION, COST OF EQUIPMENT – USD19,4 MILLION, COST OF CIVIL AND ERECTION WORK – USD7,9 MILLION.

**AUGUST 2013** – BASED ON THE RESULTS OF THE ANNUAL REPUBLICAN PROFESSIONAL CONTEST «BEST CONSTRUCTION PRODUCT (ARTICLE) OF THE YEAR» WELDING REINFORCING BAR CLASS B500C FOR CONCRETE REINFORCEMENT PRODUCED BY BSW WAS ANNOUNCED THE BEST CONSTRUCTION PRODUCT OF 2013.

**AUGUST 29, 2013** – FIRST AUDIT OF CORRESPONDENCE WITH THE CODE OF ETHICS OF PIRELLI'S SUPPLIER WAS HELD AT THE PLANT. REQUIREMENTS OF THE INTERNATIONAL STANDARD OF SOCIAL RESPONSIBILITY SA8000 WERE MET.

**SEPTEMBER 6, 2013** – BSW PRIMARY ORGANIZATION WITH THE RIGHTS OF A DISTRICT COMMITTEE OF THE PUBLIC ASSOCIATION «BELARUSIAN REPUBLICAN YOUTH UNION» BECAME THE WINNER OF THE REPUBLICAN CONTEST FOR THE BEST PRIMARY ORGANIZATION OF THE PA «BRYU».

**SEPTEMBER 20, 2013** – 30 YEARS SINCE ESTABLISHMENT OF THE REPAIR-MECHANICAL SHOP (RMS).

**DECEMBER 12, 2013** – A PARKING LOT FOR OUR 410 EMPLOYEE'S PRIVATE CARS WAS PUT INTO OPERATION AT BSW.

**JANUARY 4, 2014** – MELTING SHOP-2 PRODUCED 9 MLN T. OF STEEL SINCE THE DAY IT HAD BEEN ESTABLISHED. ANNIVERSARY HEAT WAS PRODUCED BY TEAM No 3 MANAGED BY CHIEF OF THE SHIFT N.E.ROZHKOV, FOREMAN OF EAF -3 AND SECONDARY METALLURGY PLANT P.E.ROZHKOV.

**JANUARY 16, 2014** – 30TH ANNIVERSARY SINCE CREATION OF REPAIRING SHOP.

**JANUARY 17, 2014** – OFFICIAL START UP OF UPGRADED FACILITIES IN METALLURGICAL PRODUCTION: MELTING SHOP-1, EAF-1 AND FUME TREATMENT -1.

**JANUARY 28, 2014** – STEEL WIRE SHOP-1 PRODUCED 750 THOUSANDTH TON OF STEEL CORD. AN-NIVERSARY BOX WAS SENT TO CONTINENTAL PLANT IN ECUADOR.

**FEBRUARY 1, 2014** – 20TH ANNIVERSARY SINCE REPAIR-CONSTRUCTION SHOP WAS ESTABLISHED.

**FEBRUARY 3, 2014** – 30TH ANNIVERSARY SINCE ESTABLISHMENT OF ELECTRICAL EQUIPMENT (FROM MELTING SHOPS) REPAIR SHOP.



**FEBRUARY 14, 2014** – OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» BECAME THE WINNER IN CONTEST «THE BEST GOODS OF THE REPUBLIC OF BELARUS» 2013 BY THE DECISION OF GOSSTANDART No4 IN NOMINATION 'TECHNICAL & INDUSTRIAL GOODS' REFERRING TO:

ROUNDS FROM ALLOYED CONSTRUCTION STEEL 40X AS PER GOST 4543-71;

COLD-WORKED PLAIN NONPRESTRESSED REBAR FOR CONCRETE STRUCTURES Ø 5,0 MM CLASS S AS PER СТБ1341-2009.

**FEBRUARY 21, 2014** – TWO IMPORTANT FACILITIES WERE LAUNCHED: NEW LIME KILN-3 AND UP-GRADED CCM №2

**APRIL 24, 2014** – THE 3RD INTERNATIONAL CONFERENCE OF SUPPLIERS TOOK PLACE, 100 DELEGATES FROM 11 COUNTRIES.

**MAY 3, 2014** – 30TH ANNIVERSARY SINCE CENTRAL PLANT LAB WAS ESTABLISHED

**MAY 3, 2014** – 20TH ANNIVERSARY SINCE OPENING OF HOTEL «SLAVYANSKAYA», LOCATED IN THE CENTRAL STREET OF THE TOWN, NAMELY PERVOMAISKAYA, 13.

**JUNE 5, 2014** – OFFICIAL START OF STATIC THIRISTOR COMPENSATOR OF REACTIVE POWER AT «STAL» SUBSTATION. IT WILL ENSURE MORE STABLE OPERATION OF THE FURNACE TRANSFORMERS.

**JUNE 11, 2014** – 15 YEARS SINCE CAPSULE ADDRESSED TO THE PROGENIES WAS LAID DOWN ON ONE OF THE MAIN NEW CONSTRUCTIONS OF THE LATE TENTH ANNIVERSARY, WIRE ROLLING MILL «150».

**JUNE 12, 2014** – FOR THE FIRST TIME IN THE HISTORY OF THE PLANT FOOTBALL MATCH WAS PLAYED IN LOKOMOTIV STADIUM. MANAGERS OF THE COMPANY VS. THE YOUTH OF BMZ.

**JULY 26, 2014** – 30TH ANNIVERSARY SINCE TECHNICAL CONTROL DPT. WAS ORGANIZED.

**OCTOBER 1, 2014** – 20TH ANNIVERSARY SINCE CREATION OF «ZHLOBINMETALLURGSTROI».

**OCTOBER 8, 2014** – GENERAL DIRECTOR OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» A.N. SAVENOK WAS ELECTED TO BE A CHAIRMAN OF FOUNDRYMEN & STEELMAKERS ASSOCIATION OF THE REPUBLIC OF BELARUS.

**OCTOBER 14, 2014** – OFFICIAL OPENING OF RENEWED TRAINING CENTER.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF BYELORUSSIAN STEEL WORKS.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF MELTING SHOP No1.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF AUTOMATION DPT.

**OCTOBER 15, 2014** – THE BUST OF THE FIRST DIRECTOR D.L.AKOPOV WAS OPENED IN FRONT OF ADMINISTRATION BUILDING No2 ON THE DAY OF BSW 30TH ANNIVERSARY.

**NOVEMBER 5, 2014** – 30TH ANNIVERSARY OF ROLLING MILL.

**NOVEMBER 6, 2014** – RENEWED METALLURGIST PALACE OF CULTURE WAS OPENED AFTER RECONSTRUCTION. V.A.DVORNIK (CHAIRMAN OF GOMEL REGIONAL EXECUTIVE COMMITTEE, MEMBER OF COUNCIL OF THE REPUBLIC OF THE NATIONAL ASSEMBLY) PARTICIPATED IN THE CEREMONY.

**NOVEMBER 20, 2014** – DURING THE BUSINESS VISIT OF THE FIRST DEPUTY PRIME MINISTER OF THE REPUBLIC OF BELARUS V.I.SEMASHKO TO BSW, THE DECISION OF THE COMPANY'S TEAM AND ADMINISTRATION WAS TO WRITE THE NAME OF VLADIMIR ILICH SEMASHKO ON THE COMPANY'S HONOUR'S BOOK FOR INVALUABLE CONTRIBUTION, ASSISTANCE AND SUPPORT TO BYELORUSSIAN STEEL WORKS IN THE ONGO-ING ACTIVITIES, IMPLEMENTATION OF THE INVESTMENT PROGRAMME, AS WELL AS HE WAS AWARDED A BADGE «HONOURABLE EMPLOYEE OF BSW».

**NOVEMBER 25, 2014** – 30TH ANNIVERSARY AFTER ACCEPTANCE CERTIFICATE FOR THE FIRST STAGE OF BYELORUSSIAN STEEL WORKS WAS SIGNED.

**DECEMBER 18, 2014** – EMPLOYEES OF BYELORUSSIAN STEEL WORKS V.N.ZUEV, Y.G. NICKOLAENKO, M.Y. TERESCHENKO WERE AWARDED MEDALS «FOR ACHIEVEMENTS IN LABOUR».



## Description of key impacts, risks and possibilities



### STRATEGY AND MISSION

SINCE COMMISSIONING OF THE PLANT IN 1984, IT HAS SUCCESSFULLY FULFILLED ITS INFRASTRUCTURAL FUNCTION BEING AN INTEGRAL PART OF A COMPLICATED SYSTEM OF SOCIAL AND ECONOMIC RELATIONS IN THE REGION OF ITS ACTIVITY. OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» IS AMONG THE LARGEST NATIONAL COMPANIES IN TERMS OF THE AMOUNT OF PRODUCT SOLD AND SCALE OF PURCHASING AND IS ONE OF THE LARGEST EMPLOYERS AND TAX PAYERS.

BSW MAKES A CONSIDERABLE CONTRIBUTION INTO THE DEVELOPMENT OF THE ECONOMY OF THE REPUBLIC OF BELARUS. IN 2014 SIMILAR TO PREVIOUS PERIODS, THE PANT TRADITIONALLY INVESTED ITS PROFIT TO SUPPORT AND DEVELOP SUSTAINABLE PRODUCTION ACTIVITY, EFFICIENT USE OF RESOURCES, CREATION OF NEW WORKPLACES AND PAYMENT OF SALARY AND WAGES TO THE EMPLOYEES. THE CREATED COST WAS ALSO DISTRIBUTED TO PAYMENT OF NATIONAL AND REGIONAL TAXES, FINANCING OF SOCIAL AND ECONOMIC PARTNERSHIP PROGRAMS AND CHARITABLE PROJECTS IN THE REGION OF ITS PRESENCE. TIMELY DEDUCTIONS TO BUDGETS OF ALL LEVELS IS CONSIDERED BY THE PLANT AS PART OF ITS SOCIAL RESPONSIBILITY AND BASIS FOR DEVELOPMENT OF SOCIAL PROJECTS (SEE SECTION «ECONOMY»). SHARE OF THE PANT IN THE GROSS DOMESTIC PRODUCT (GDP) OF THE REPUBLIC OF BELARUS IS ABOUT 2% FOR 2014, THE EXPORT PORTION OF THE TOTAL COUNTRY VOLUME IS ABOUT 3%.

THE PLANT STRICTLY ADHERES TO THE CHOSEN COURSE OF IMPROVEMENT AND REFORMS IN ALL DIRECTIONS: MANAGEMENT OF SUSTAINABLE DEVELOPMENT, ECONOMIC ACTIVITY, WORK WITH EMPLOYEES, PLANT'S ACTIVITY IN THE REGION AND COOPERATION WITH SUPPLIERS AND CUSTOMERS, ENVIRONMENTAL POLICY AND INDUSTRIAL SAFETY.

IN 2014 WE CONTINUED FORMATION OF A NEW TEAM OF TOP MANAGEMENT AND IMPROVEMENT OF THE MANAGEMENT STRUCTURE OF OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING».

ORIENTING TOWARDS EFFICIENCY, THE TOP MANAGEMENT ATTACHES MUCH IMPORTANCE TO INTRODUCTION OF PRINCIPLES AND PRACTICES OF SUSTAINABLE DEVELOPMENT IN THE WHOLE PLANT. BSW STRATEGIC

AIM IS TO OCCUPY A LEADING POSITION AMONG STEEL ENTERPRISES OF THE WORLD IN THE AREA OF SUSTAINABLE DEVELOPMENT. ASPECTS OF SUPPORT OF THE EMPLOYEES, ENVIRONMENT, INTERACTION WITH THE REGION ARE CLOSELY INTERRELATED WITH PRODUCTION AND ECONOMIC PRIORITIES.

THE TOP MANAGEMENT OF OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING» UNDERTOOK OBLIGATIONS, DETERMINED A UNIFIED CORPORATE POLICY. BASED ON FORECAST FIGURES OF DEVELOPMENT, SET BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS, BASED ON POLICY OF PROGRAMME-TARGET ORDERS AND RESULTS OF ANALYSIS BY THE MANAGEMENT, TARGET FIGURES ARE SET ANNUALLY. BASED ON TARGET FIGURES OF THE PLANT, POLICY, PROGRAMME-TARGET ORDERS THE MANAGERS OF THE DEPARTMENTS SET THE TARGETS FOR THE DEPARTMENTS. TARGET FIGURES OF THE PLANT AND DEPARTMENTS ARE COMMUNICATED TO ALL EMPLOYEES OF THE DEPARTMENTS. TOP MANAGEMENT, MANAGERS OF THE ORGANIZATION'S DEPARTMENTS REVIEW THE TARGET PERFORMANCE OVER HALF A YEAR, A YEAR AND, IF NEEDED, THEY CORRECT THEM. EFFECTIVENESS OF TARGET PERFORMANCE GETS CHECKED BY INTERNAL AUDITS AND REVIEWED BY THE MANAGEMENT. THIS PROCEDURE IS REGULATED BY CTP 840-KCM-5.6 AND CTP 840-KCM-8.2.2.

OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS-MANAGEMENT COMPANY OF «BYELO-RUSSIAN METALLURGICAL COMPANY» HOLDING' IS A SUSTAINABLY DEVELOPING AND CONTINUOUSLY REPLENISHING ORGANIZATION WHICH TAKES INTO CONSIDERATION TENDENCIES AND RISKS EXISTING IN THE EXTER-NAL ENVIRONMENT.

MISSION OF THE PLANT: PRODUCTION OF HIGH TECH PRODUCTS (INCLUDING THOSE FOR AUTOMOTIVE INDUSTRY) TO IMPROVE PROFITABILITY OF THE ENTERPRISE TAKING CARE OF THE ENVIRONMENT AND PEOPLE'S HEALTH, AND PROVIDING A HIGH LEVEL OF THE EMPLOYEES' LIFE AND SATISFACTION OF ALL PARTIES CONCERNED.

BSW VISION: BE THE BEST SUPPLIER OF PRODUCTS (INCLUDING THOSE FOR AUTOMOTIVE INDUSTRY) MEETING THE NEEDS OF NATIONAL AND FOREIGN CUSTOMERS ON ALL DEVELOPED STEEL MARKET SEGMENTS DUE TO USAGE OF PROGRESSIVE AND ENVIRONMENT-FRIENDLY METHODS,





EFFICIENT USE OF RESOURCES AND OPTIMAL ORGANIZATION OF PRODUCTION PROCESSES AND MANAGEMENT.

**BSW** VALUES: EMPLOYEES, ENVIRONMENT AND EFFICIENT USE OF NATURAL AND OTHER RESOURCES, PARTNERS, QUALITY, KNOWLEDGE, AND COMMUNITY.

THE STRATEGY OF THE PLANT IS DIRECTED TOWARDS SATISFACTION OF INTERESTS OF ALL STAKEHOLDERS IN:

- MANUFACTURING OF PRODUCTS OF THE REQUIRED QUALITY, AMOUNT AND RANGE;
- PROVISION OF SUSTAINABLE DEVELOPMENT, INCLUDING THE PERSONNEL;
- MAINTENANCE AND STRENGTHENING OF POSITIONS ON THE DEVELOPED MARKETS;
- IMPROVEMENT OF THE EMPLOYEES' WELFARE;
- MAINTENANCE OF HEALTH AND LIFE OF EVERY MEMBER OF THE LABOUR COLLECTIVE;
- CONTINUOUS DECREASE OF THE ENVIRONMENTAL IMPACT IN THE COURSE OF PRODUCTION ACTIVITY;
- SUPPORT AND FURTHER DEVELOPMENT OF STANDARDS OF CORPORATE MANAGEMENT.

## PRINCIPLES OF STRATEGY IMPLEMENTATION

THE PLANT SETS FORTH MEASURABLE, FEASIBLE AND CONSISTENT ECONOMIC, SOCIAL AND ENVIRONMENTAL GOALS, UNDERSTANDING ITS ROLE AND UNDERTAKING RESPONSIBILITY FOR THE CONSEQUENCES OF ITS DECISIONS AND ACTIONS.

IMPLEMENTATION OF THE MISSION AND STRATEGY INCLUDES:

- ACHIEVEMENT OF THE PLANT PERFORMANCE GOALS SET FORTH;
- TIMELY RESPONSE TO CONTINUOUSLY CHANGING EXTERNAL CONDITIONS WITH THE USE OF P-D-C-A CYCLE (PLANNING – DISPOSAL – CONTROL – ACTION);
- INTRODUCTION OF ADVANCED TECHNOLOGIES DURING DESIGNING, DEVELOPMENT OF EPY PRODUCTION PROCESSES

OF NEW COMPETITIVE TYPES OF PRODUCTS SO AS TO IMPROVE PRODUCT QUALITY, DECREASE DANGERS AND RISKS IN PRODUCTION PROCESSES, PREVENT HARMFUL IMPACT OF THE PRODUCTION FACTORS ON THE EMPLOYEES, REDUCTION OF EMISSIONS OF CONTAMINATING SUBSTANCES IN THE AIR, WATER BASIN, WASTES GENERATION, AND NATURAL RESOURCE CONSUMPTION;



«...TOGETHER WE HAVE CREATED THE HISTORY WE CAN BE PROUD OF, BUT ACHIEVED HEIGHT IS NOT THE LIMIT. WE HAVE AIMS TO GO FOR, WE HAVE INVALUABLE EXPERIENCE AND FRESH IDEAS. FUTURE OF BYELORUSSIAN METALLURGY IS OURS!»

GENERAL DIRECTOR OF OAO «BSW-  
MANAGEMENT COMPANY OF «BMC» HOLDING»  
**A.N. SAVENOK**

- CONTINUOUS IMPROVEMENT OF THE EFFECTIVENESS AND EFFICIENCY OF THE FUNCTIONING OF THE MANAGEMENT SYSTEMS CORRESPONDING TO THE REQUIREMENTS OF INTERNATIONAL STANDARDS ISO 9001, ISO 14001, OHSAS 18001, 26000 AND INDUSTRIAL REQUIREMENTS OF AUTOMOTIVE AND OIL AND GAS INDUSTRY ISO/TS 16949, (API SPEC Q1), DEVELOPMENT AND INCLUSION IN THE MANAGEMENT SYSTEM THE SUBSECTIONS «MANAGEMENT OF ENERGY SAVING» IN ACCORDANCE WITH ISO 50001, «FINANCIAL MANAGEMENT» ACCORDING TO ISO 10014, «SYSTEMS OF INFORMATION PROTECTION» IN CONFORMITY WITH ISO 27001;
- PREDICTION OF RISKS CONNECTED WITH THE PLANT OPERATION;
- CONTINUOUS CONTROL OF RISKS RELATED TO THE PRODUCTION PROCESSES, PREVENTIVE AND CORRECTIVE ACTIONS DIRECTED TOWARDS PREVENTION OF GENERATION OF OCCUPATIONAL DISEASES AND PRODUCTION ACCIDENTS;
- PREVENTION OF ENVIRONMENT CONTAMINATION, DAMAGES AND WORSENING OF THE EMPLOYEES' HEALTH DURING PRODUCTION ACTIVITY;
- ACTIVITY IN THE AREA OF QUALITY, SOCIAL RESPONSIBILITY,



## Description of key impacts, risks and possibilities



INFORMATION PROTECTION, FINANCES, ENERGY SAVING IN ACCORDANCE WITH THE REQUIREMENTS OF THE INTERNATIONAL STANDARDS, EXISTING LAW, AND OTHER REQUIREMENTS;

- ACTIVITY IN THE AREA OF LABOUR PROTECTION AND INDUSTRIAL SAFETY, AND ENVIRONMENT IN ACCORDANCE WITH THE REQUIREMENTS OF THE INTERNATIONAL STANDARDS, EXISTING LAW AND OTHER REQUIREMENTS RELATED TO ENVIRONMENTAL ASPECTS, PRODUCTS OR SERVICES, DANGERS IN THE AREA OF OCCUPATIONAL HEALTH AND LABOUR SAFETY;

- REGULAR MONITORING OF THE PRODUCTION PROCESSES AND MANAGEMENT;

- IMPROVEMENT OF PRODUCT QUALITY, ENSURING LABOUR SAFETY AND HEALTH PROTECTION, PROTECTION OF ENVIRONMENT, ENERGY SAVING INCLUDING BSW SUPPLIERS, CONTRACTORS AND CUSTOMERS;

- PURPOSEFUL PROFESSIONAL TRAINING OF EMPLOYEES, CREATION OF OPTIMAL CONDITIONS FOR HIGH QUALITY LABOUR, SHOWING OWN ABILITIES AND INITIATIVE OF EACH EMPLOYEE AND THEIR INTEREST IN GUARANTEEING HIGH QUALITY OF PRODUCTS, EFFICIENT USE OF RAW MATERIALS, MATERIALS AND ENERGY RESOURCES;

- IMPROVEMENT OF PRODUCTION CULTURE AND ENSURING OF PERSONAL MORAL AND MATERIAL RESPONSIBILITY FOR QUALITY OF LABOUR.

THE PLANT MANAGEMENT AND EMPLOYEES CARRY OUT THEIR ACTIVITY IN ACCORDANCE WITH THE CODE OF ETHICS WITH WHICH THE PLANT PERSONNEL AND EXTERNAL PARTNERS ARE ACQUAINTED. BSW CODE OF ETHICS IS DEVELOPED WITH CONSIDERATION OF KEY VALUES, SUCH AS TRUTHFULNESS, STRAIGHTFORWARDNESS AND RESPECT FOR MUTUAL INTERESTS, AND THEIR OBLIGATORY FULFILLMENT LEADS TO MUTUAL TRUST, OPENNESS AND TRANSPARENCY OF RELATIONS. TRUST OF THE STAKEHOLDERS IS ONE OF THE KEY VALUES OF OUR PLANT.

### STRATEGY AND GOALS IN THE AREA OF SUSTAINABLE DEVELOPMENT

IN ACCORDANCE WITH THE CORPORATE POLICY,

MANAGEMENT OF THE PLANT ENSURES DEVELOPMENT AND IMPLEMENTATION OF TECHNICAL, PRODUCTION AND INVESTMENT PROGRAMS AIMED AT IMPROVEMENT OF PRODUCT QUALITY AND DIRECTLY CONTRIBUTING TO SUSTAINABLE DEVELOPMENT OF THE PLANT.

A SET OF MEASURES DIRECTED TOWARDS ENSURING HIGH CUSTOMER PROPERTIES OF THE GOODS MANUFACTURED ARE INCLUDED IN AN ANNUAL BUSINESS-PLAN THE DEVELOPMENT PROCEDURE OF WHICH IS REGULATED BY STP 840-SMK-4.1.2.

SO AS TO IMPROVE PRODUCT QUALITY AND PROVIDE FOR ITS COMPETITIVENESS AND IMPROVE TECHNICAL LEVEL OF THE PRODUCTION PROCESS, THE PLANT DEVELOPED A LONG-TERM PROGRAM OF BSW DEVELOPMENT FOR 2011-2015, AND APPROVED PLANS OF SCIENTIFIC-RESEARCH AND DEVELOPMENT (TECHNOLOGICAL) WORK FULFILLED ON A CONTRACTUAL BASIS AND WITH OWN FORCE.

KEY ACTIVITIES FOR PRODUCT QUALITY AND PRODUCTION EFFICIENCY IMPROVEMENT ARE INCLUDED IN ANNUAL SPECIAL-PURPOSE ORDERS OF THE GENERAL DIRECTOR SPECIFYING TIME AND RESPONSIBLE EXECUTORS:

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

- №2 «ABOUT MEASURES TO IMPROVE QUALITY AND COMPETITIVENESS OF MARKETABLE PRODUCTS»;

- №3 «ABOUT MEASURES TO PROVIDE FOR SAFE LABOUR CONDITIONS»;;

- №4 «ABOUT MEASURES OF PROVISION OF FIRE SAFETY OF THE PLANT FACILITIES»;

- №5 «ABOUT PERSONNEL DEVELOPMENT»;

- №6 «ABOUT PROGRESSIVE TECHNOLOGIES, MASTERING OF NEW TYPES OF PRODUCTS, INNOVATORY AND INNOVATIVE ACTIVITY»;

- №7 «ABOUT MEASURES FOR ENVIRONMENT PROTECTION»;

- №8 «ABOUT MEASURES TO DECREASE PRODUCTIONS COSTS».



## PLANT OBJECTIVES FOR MEDIUM-TERM OUTLOOK

THE FOLLOWING KEY TARGETS OF SOCIAL AND ECONOMIC DEVELOPMENT OF THE PLANT ARE PLANNED FOR 2015:

1. PRODUCTION, FINANCES AND ECONOMY:		
- EFFICIENCY OF SALES, NOT LESS THAN, %		7,0
- STEEL EXPORT COMPARED TO THE LEVEL OF 2014, NOT LESS THAN, %		104,5
PRODUCT, WORK AND SERVICES SALE EARNINGS CALCULATED PER ONE AVERAGE PAYROLL EMPLOYEE, NOT LESS THAN, MLN. RUB.		1509,7
- RELATION OF STEEL EXPORT AND PRODUCTION OUTPUT NOT LESS THAN, %		85,0
ENERGY-SAVING FIGURE, %		-5,9
FINISHED PRODUCT STOCK RATE, %, NOT ABOVE		30,0
2. QUALITY:		
- LEVEL OF REJECTS DUE TO PRODUCTION SHOPS, NOT ABOVE, %	SET BY ORDER № 2	
- LEVEL OF NON-CONFORMING PRODUCTS, NOT ABOVE, %	SET BY ORDER № 2	
- LEVEL OF EXPENSES DUE TO DEFECTS PER Br1000. OF MARKETABLE PRODUCTS, MAX, %		3,69
- RATING OF CUSTOMER'S SATISFACTION, MIN, %		
	STEELMAKING PRODUCTION	91,5
	ROLLING PRODUCTION	93,7
	PIPE PRODUCTION	91,5
	TIRE CORD AND STEEL WIRE PRODUCTION	95,0
- TOTAL PLANT AMOUNT OF CLAIMED PRODUCTS, MAX, PPM	SET BY ORDER № 2	
3. ENVIRONMENT:		
- SPECIFIC EMISSION OF CONTAMINANTS IN THE AIR BY EAF -1 EMS-1 AS COMPARED TO THE LEVEL OF 2014, %		REDUCE BY 20%
4. LABOUR PROTECTION AND INDUSTRIAL SAFETY:		
- NOT TO ALLOW ON-THE -JOB INJURY GROWTH AS COMPARED TO 2014		
- IMPROVEMENT OF CONDITIONS AND ENSURING OF LABOUR SAFETY FOR THE SHOP WORKERS, PERSONS.		237
- IMPROVEMENT OF PRODUCTION ENVIRONMENT OF SHOP EMPLOYEES, PERS.		343
- IMPROVEMENT OF SANITARY CONDITIONS FOR THE SHOP WORKERS, PERS.		20
- IMPROVEMENT OF DRINKING CONDITION FOR SHOP EMPLOYEES, PERS.		134
5. SOCIAL RESPONSIBILITY:		
- TRAINING OF MANAGERS AND SPECIALISTS, PERS.		1257
- PROFESSIONAL TRAINING OF WORKERS, PERS.		3456
- GENERAL SATISFACTION OF THE PERSONNEL, MIN, %		72,0
- WAGES AND SALARIES GROWTH RATE, MIN, %		105,0
- EMPLOYEE TURNOVER, MAX, %		5,0





## Description of key impacts, risks and possibilities



### HISTORY OF MASTERING OF MAIN TYPES OF PRODUCTS

ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS ONE OF A FEW ENTERPRISES OF THE REPUBLIC OF BELARUS WHICH INCREASES ITS VOLUME OF PRODUCTION FROM YEAR TO YEAR INVESTING CONSIDERABLE FUNDS INTO RECONSTRUCTION AND MODERNIZATION AND TECHNICAL REVAMPING. STARTING FROM THE PLANT COMMISSIONING IN 1984, VOLUME OF A STEEL HEAT GREW FROM THE DESIGNED 700 THOU. TONS PER YEAR BY MORE THAN 3 TIMES.

BESIDES, INCREASE OF THE OUTPUT IN NATURAL TERMS GOES PARALLEL TO THE GROWTH OF THE SPECIFIC WEIGHT OF NEW TYPES OF PRODUCTS IN THE TOTAL PRODUCTION OUTPUT. CLOSE COOPERATION WITH NATIONAL SCIENCE, FIRST OF ALL WITH ESTABLISHMENTS OF THE NAS OF BELARUS AND EDUCATIONAL ESTABLISHMENTS, ALLOW MASTERING OF A NUMBER OF NEW TYPES OF HIGH QUALITY STEEL PRODUCTS EVERY YEAR.

THE MOST SIGNIFICANT TYPES OF PRODUCTS MASTERED BY THE PLANT DURING LAST THREE YEARS INCLUDE THE FOLLOWING:

#### 2012

- DIE-ROLLED REINFORCING STEEL STRAIGHT BARS, NOMINAL Ø 10, 12, 14, 16, 20, 22, 25, 32 GRADE K500C-T ACCORDING TO SWEDISH STANDARD SS 212540:2011 (E)
- CARBON AND ALLOY STEEL PIPES;
- QUALITY CARBON STEEL BARE PIPE;
- ALLOYED STEEL BARE PIPE;
- NICKEL-MOLYBDENUM STEEL PIPE;
- ROUNDS Ø 22,0 MM IN COILS FROM LOW-CARBON AND LOW ALLOY STEEL GRADES;
- WIRE ROD Ø 12,5 MM FROM LOW-CARBON AND LOW ALLOY STEEL GRADE Cт1сп, 25Г2Р;
- MICROFIBER OF STEEL WIRE SIZE 0,35/13 MM AS PER SPEC. 1018-0/CC-2010;
- ANCHOR FIBER OF STEEL WIRE SIZE 0,60/30 MM AS PER ТУ 14-1-5564-2008;

- COPPER-COATED WELDING SPOOLED WIRE ON METAL CASSETTES K300 STEEL GRADE 08Г2С;
- BRONZED BEAD WIRE 1,26 MM FOR «BRIDGESTONE»;
- STEEL CORD CONSTRUCTION 3+8x0,35 HT;
- STEEL CORD CONSTRUCTION 3x0,22+9x0,20 HT;
- ROUNDS Ø 90 MM STEEL GRADE 16 MnCrS5 Hay5 AS PER CONTRACT REQUIREMENTS (STANDARD SPEC. № 1139-0/CC-2011);
- STEEL CORD CONSTRUCTION 3x7x0,175 HE;
- ROUNDS Ø 90-140 MM FROM STEEL GRADE 42CrMo4X1.

#### 2013

THE FOLLOWING INNOVATIVE TYPES OF PRODUCTS WERE MASTERED:

- BORON-ALLOY RIBBED STRAIGHT STEEL (B=0,0009÷0,0020 %), GRADE B500-B AS PER DIN 488:2009 FOR CONCRETE REINFORCEMENT №№ 10÷32;
- HOT-ROLLED REINFORCEMENT RIBBED STRAIGHT BARS, RING TYPE, CLASS A400, NOMINAL Ø 10÷40 MM AS PER ГОСТ 5781-82 FROM SILICON-MANGANESE STEEL GRADE 25Г2С FOR CONCRETE REINFORCEMENT;
- STEEL CORD CONSTRUCTION 3+2x0,35 UT AS PER SPEC. № 1106-0/00-2012 AND ТК 840-СП2-24-2012;
- STEEL CORD CONSTRUCTION 1+5x0,40 HT AS PER БТК 840-СП1-119-2013;
- SAW WIRE Ø 0,14 MM AS PER SPEC. № 1074/CC-2010, БТК 840-СП1-121-2013;
- REINFORCING RIBBED STEEL, B550A Ø 5,0; 6,0; 8,0; 10,0; 12,0 MM AS PER STANDARD ONORM B4707:2010;
- STEEL CARBON QUALITY PIPE – 125 DIMENSION-TYPES;
- STEEL ALLOYED PIPE – 10 DIMENSION-TYPES;
- QUALITY CARBON STEEL BARE PIPE – 29 DIMENSION-TYPES;



- ALLOYED STEEL BARE PIPE — 2 DIMENSION-TYPES;
- NICKEL-MOLYBDENUM STEEL PIPE — 12 DIMENSION-TYPES;
- BALL BEARING STEEL PIPE — 1 DIMENSION-TYPE.

## 2014

- CARBON PLAIN STEEL FOR REINFORCEMENT OF CONCRETE STRUCTURES NOMINAL Ø 12,0 AND 16,0 MM CLASS A240 BARS AS PER GOST 5781-82 IN HOLDING «BYELORUSSIAN METALLURGICAL COMPANY»;
- NAIL WIRE Ø 2,05; 2,23; 2,50 MM AS PER SPEC. № 1269-0/CC-2010;
- REINFORCEMENT STEEL CLASS 500 MPa Ø 8,0 AND 10,0 MM FROM WIRE ROD MICRO-ALLOYED BY BORON SO THAT TO OBTAIN NEGATIVE TOLERANCE OF LINEAR DENSITY WITHIN +1/-4% OF NOMINAL;
- ROUNDS Ø 90-140 MM FROM STEEL GRADE C45X10 AS PER REQUIREMENTS OF THE CONTRACT (STANDARD SPEC. № 1141-0/CC-2011);
- ADOPTION OF STEEL CASTING PROCESS AT CCM -2 AFTER UPGRADING;
- STEEL CORD CONSTRUCTION 3x0,20+9x0,175 CC HT AS PER SPEC. № TC 21.1.19-02;
- QUALITY CARBON STEEL PIPE — 34 SIZES;
- STEEL ALLOYED PIPE — 19 SIZES;
- QUALITY CARBON STEEL BARE PIPE — 16 SIZES;
- ALLOYED STEEL BARE PIPE — 1 SIZE;
- STEEL NICKEL-MOLYBDENUM CONTAINING PIPE — 10 SIZES.

## STAGES OF THE PRODUCTION OUTPUT GROWTH

GLOBAL CRISIS BECAME A REAL TEST FOR OUR PLANT. BSW IS VERY MUCH INTEGRATED IN THE WORLD MARKET AND EXPERIENCED THE IMPACT OF ALL NEGATIVE FACTORS OF FINANCE-ECONOMIC CRISIS. THE SHARE OF EXPORT IN SALES VOLUME IS MORE THAN 80%. IN 2014 PRODUCTS

OF BSW WERE SUPPLIED TO 54 COUNTRIES WORLDWIDE.

DESPITE THE CRISIS, THE MAIN TARGET OF OAO 'BSW' DEVELOPMENT IN 2011-2015 IS TO TAKE ACTIONS OF TECHNICAL AND TECHNOLOGICAL NATURE SO THAT TO RAMP UP PRODUCTION, PRODUCE 3 MLN. TPY OF STEEL, REDUCE COSTS AND REDUCE IMPORT COMPONENT BEING A PART OF THE PRODUCT MANUFACTURED.



DEPUTY GENERAL DIRECTOR FOR COMMERCIAL MATTERS  
(OAO «BSW - MANAGEMENT COMPANY  
OF «BMC» HOLDING») V.K. CHERNEL

«...TODAY IT IS IMPOSSIBLE TO HAVE DYNAMIC ECONOMIC PERFORMANCE WITHOUT HIGH RATE OF UPGRADING. IT IS NECESSARY TO KEEP ON IMPROVING, IMPLEMENT UP-TO-DATE TECHNOLOGIES, UPGRADE EQUIPMENT SO THAT TO KEEP AFLOAT, WHICH MAKES IT POSSIBLE TO PRODUCE A COMPETITIVE PRODUCT ...»

'COMPLEX PROGRAMME FOR MODERNIZATION OF EXISTING AND CREATION OF NEW HIGH PERFORMANCE JOBS FOR 2012 – 2015' WAS DEVELOPED AND IS BEING IMPLEMENTED IN ORDER TO FULFILL THE SET TASKS.

NEGATIVE SITUATION IN THE GLOBAL ECONOMY CAUSED CONCENTRATION OF THE FUNDS AND EFFORTS OF THE ENTERPRISE TO IMPLEMENT THE ACTIONS IN 2014 WITH THE BIGGEST ECONOMIC EFFECT:

- COMPLEX RECONSTRUCTION OF EAF-1 AND INTRODUCTION OF NEW OXYGEN TECHNOLOGY, RECONSTRUCTION OF FUME-TREATMENT PLANT-1. OVER 2014 THIS ACTION GAVE THE ECONOMIC EFFECT WHICH AMOUNTS TO USD 10,8 MLN. BY SAVING ELECTRIC POWER AND INCREASED EFFICIENCY OF EAF -1.
- RECONSTRUCTION OF THE BILLET CASTER 140MM x140MM (CCM-2). ECONOMIC EFFECT GAINED WAS USD 1,5 MLN. OVER 2014 BY RAMPED UP PRODUCTION.
- CONSTRUCTION OF LIME KILN № 3. ECONOMIC EFFECT OVER 2014 WAS USD 291,9 THOU. BY THE DIFFERENCE IN COST OF PURCHASED BUILDING LIME AND IN-HOUSE LIME



## Description of key impacts, risks and possibilities



TO KEEP THE EXISTING PRODUCTION ON A HIGH LEVEL THE FOLLOWING ACTIONS WERE TAKEN AS PART OF RECONSTRUCTION AND MODERNIZATION OF THE MAIN AND AUXILIARY PRODUCTION IN 2014:

- REPLACEMENT OF CRANE №17,18;
- UPGRADING OF THE ROTARY TURRET OF CCM -2;
- INSTALLATION OF HYDRAULIC STATION FOR LIFTING THE TURRET OF CCM -1;
- UPGRADING THE DIVIDING SHEARS OF THE COOLING BED (MILL 320);
- THE UNIT TO MEASURE GEOMETRY OF PIPES (OD) IN THE HOT AREA OF THE PIPE SHOP;
- UPGRADING CABLING MACHINE RI-10 IN RI WITH ROTATING UNWINDING FOR PRODUCTION OF COMPACT CONSTRUCTIONS OF STEEL CORD;
- UPGRADING WATER COOLING SYSTEM AT EAF -3;
- PURCHASING HEAVY-LOAD CARRIER 'BELAZ';
- INTRODUCTION OF DYNAMIC COMPENSATION AT SUBSTATION «STAL»;
- REPLACEMENT OF SCREW COMPRESSOR ZR500 BY ENERGY EFFICIENT TURBOCOMPRESSOR.

IN 2014 OUR COMPANY CONTINUED IMPLEMENTATION OF A NUMBER OF STRATEGIC INVESTMENT PROJECTS AIMED TO INCREASE PRODUCTION OF METAL PRODUCTS IN ORDER TO INCREASE AND KEEP THE MARKET SHARE BY LAUNCHING NEW CAPACITIES, LONGER PRODUCT LINE AND BETTER PRODUCT MIX PRODUCED. THE MOST SIGNIFICANT ONES ARE:

- ARRANGEMENT OF PRODUCTION OF ROLLED SECTIONS AND ERECTION OF A SMALL-SECTION MILL;
- INCREASE OF THE OUTPUT OF SECONDARY METALLURGY IN MELTING SHOP № 2

USD 272,1 MLN. WAS SPENT TO FINANCE THE INVESTMENT ACTIVITY OF THE ENTERPRISE IN 2014. SOURCE OF FINANCING, SUPPLIERS OF THE EQUIPMENT AND TECHNOLOGIES

WERE SCRUTINIZED FOR EVERY FACILITY IN THE INVESTMENT PROGRAMME.

IT IS FORECASTED TO IMPROVE STEELMAKING INDUSTRY PRODUCTION STRUCTURE IN THE RESULT OF INNOVATIONS. FIRST OF ALL, DUE TO INCREASE OF THE SHARE OF COMPETITIVE CAPACITIES (AT ALL PRODUCTION STAGES) AS WELL AS DUE TO GROWTH OF THE SHARE OF CAPACITIES FOR PRODUCTION OF DOWNSTREAM PRODUCTS, SHARE OF IMPORT SUBSTITUTION AND NEW PRODUCTIONS.

### INVESTMENT PROJECT DEVELOPMENT APPROACHES

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING», BEING THE BASIC ENTERPRISE IN THE METALLURGICAL COMPLEX OF THE REPUBLIC, MAKES A MAJOR CONTRIBUTION INTO THE ECONOMY OF THE COUNTRY AND IS AMONG REPUTABLE PRODUCERS OF METAL PRODUCTS. DESIGN, CONSTRUCTION, UP-TO-DATE EQUIPMENT AND ADVANCED TECHNOLOGIES AT THE PLANT AND THEIR SUBSEQUENT COMMISSIONING WAS PERFORMED (ON A CONTRACT BASIS) BY EUROPEAN FIRMS ON A TURN-KEY BASIS. USAGE OF ADVANCED WORLD EXPERIENCE AND LATEST TECHNOLOGIES WHEN CONSTRUCTING THE PLANT AND ITS FURTHER DEVELOPMENT CREATED A UNIQUE INDUSTRIAL COMPLEX IN THE REPUBLIC OF BELARUS.

SO AS TO ACHIEVE THE SET GOALS (PRODUCTION OF STEEL UP TO 3 MLN. T. PER YEAR) AND TO STOP SELLING SEMIS, BMZ SPECIALISTS DEVELOPED BUSINESS PLAN INNOVATIVE DEVELOPMENT OF THE REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS» FOR 2010 – 2015» WHICH DETERMINES FURTHER DEVELOPMENT OF THE MAIN BUSINESS WITH CONSIDERATION OF ALL ASPECTS OF RESPONSIBILITY.

THE BUSINESS-PLAN INCLUDES:

- COMPLEX BALANCED DEVELOPMENT OF THE PRODUCTION CAPACITY;
- ENSURING OF INDUSTRIAL, FIRE AND ENVIRONMENTAL SAFETY AND LABOR PROTECTION;
- INTRODUCTION OF ADVANCED ENERGY- AND RESOURCE- SAVING TECHNOLOGIES;
- RECONSTRUCTION OF THE EXISTING PRODUCTION FACILITIES;



— IMPROVEMENT OF COMPETITIVENESS ON STEEL MARKETS.

IN ACCORDANCE WITH THE REGULATION OF PRIME-MINISTER OF THE REPUBLIC OF BELARUS DTD 30.12.2012 №1262 AIMING TO MODERNIZE AND TECHNICALLY UPGRADE THE ENTERPRISE, DIVERSIFY PRODUCT LINE, INTRODUCE NEW TECHNOLOGIES AND NEW TYPES OF PRODUCTS, IMPROVE COMPETITIVENESS OF THE PRODUCTS EXPORTED TO EXTERNAL MARKETS, AND, AS A CONSEQUENCE— INCREASE THE MARKET VALUE OF THE ORGANIZATION, «A COMPLEX PROGRAM OF MODERNIZATION OF THE EXISTING AND CREATION OF NEW HIGH-PERFORMANCE WORKING PLACES AT OAO «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING» WAS DEVELOPED FOR 2012-2015 (HEREINAFTER REFERRED TO AS THE PROGRAMME).

THE PROGRAM WAS WORKED OUT WITH CONSIDERATION OF RECONSTRUCTION OF THE KEY STEELMAKING EQUIPMENT TO BE CARRIED OUT WITHIN THE FRAMEWORK OF THE BUSINESS-PLAN «INNOVATIVE DEVELOPMENT OF THE REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS» FOR 2010-2015» AND WITHIN THE FRAMEWORK OF THE UPDATED BUSINESS-PLAN OF THE INVESTMENT PROJECT «ERECTION OF A SMALL-SECTION MILL AT THE REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS». THIS PROGRAM DETERMINES GOALS AND TASKS, PRIORITIES AND THE MOST IMPORTANT PARAMETERS OF SOCIAL-ECONOMIC DEVELOPMENT OF THE ENTERPRISE AND A SYSTEM OF MEASURES OF PRODUCTION, ORGANIZATIONAL, ECONOMIC AND ENVIRONMENTAL CHARACTER. PROPOSALS REGARDING IMPROVEMENT OF THE MECHANISMS OF THEIR IMPLEMENTATION, REQUIRED RESOURCES AND MEASURES ENSURING ACHIEVEMENT OF THE PARAMETERS OF THE DEVELOPMENT IN THE MIDDLE-TERM OUTLOOK WERE DEVELOPED.

DEVELOPMENT PROGRAMME OF OAO «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING» AIMS TO RAMP UP OUTPUT OF STEEL UP TO 3 MLN. TPY. A NUMBER OF FACILITIES WERE COMMISSIONED IN 2014 SO THAT TO FULFILL THE SET GOALS: MODERNIZATION OF EAF №1, COMPLEX RECONSTRUCTION OF DE-DUSTING SYSTEMS AT EAF-1, RECONSTRUCTION OF CCM №2, LIME KILN №-3 WAS CONSTRUCTED. NEW FACILITIES ARE STILL DUE TO CONSTRUCT AND PUT INTO OPERATION: LADLE-FURNACE, VACUUM DEGASSER, SMALL-SECTION ROLLING MILL, PIPE SHOP RELATED FACILITIES TO FINISH OCTG PIPES AND APPLY ANTI-CORROSION COATING.

CONSTRUCTION OF A NUMBER OF FACILITIES WILL BE MADE BY CREATION OF JOINT VENTURES:

- CONSTRUCTION OF THE AIR SEPARATION PLANT;
- PRODUCTION OF HIGH-PRESSURE HOSES AT OAO «LEGMAH PLANT» IN THE TOWN OF ORSHA.

REALIZATION OF THE PLANS WILL ALLOW US TO RECEIVE SALES PROCEEDS OF USD 141,8 THOU. IN 2015 PER ONE EMPLOYEE AS PER BUSINESS PLAN OF SOCIAL-ECONOMIC DEVELOPMENT OF THE ENTERPRISE FOR 2015 AND ADDED VALUE OF USD 27,9 THOU.

ALONG WITH IMPLEMENTATION OF THE INVESTMENT PROJECTS, IT IS PLANNED TO SOLVE THE QUESTION OF PERSONNEL SELECTION, TRAINING AND RETRAINING, IMPROVEMENT OF THE PRODUCT QUALITY MANAGEMENT SYSTEM, CERTIFICATION AND ATTESTATION OF THE PRODUCTION AT ALL STAGES OF DEVELOPMENT.

DURING PROGRAM IMPLEMENTATION IT IS PLANNED TO SPEND 5 475 683 MLN. RUB. FOR CAPITAL INVESTMENTS. FINANCING WILL BE CARRIED OUT AT THE EXPENSE OF LONG-TERM BANK LOANS, AND ON ACCOUNT OF OWN FUNDS OF THE PLANT AND THE INNOVATION FUND.

#### IMPACT OF THE PLANT'S PRODUCTION ON SOCIAL-ECONOMIC DEVELOPMENT OF THE REGION

TO ENSURE BALANCED DEVELOPMENT OF THE REGION AND STEADY IMPROVEMENT OF THE LEVEL OF LIFE, AN IMPORTANT ROLE IS PLAYED NOT ONLY BY AUTHORITIES, BUT BY BUSINESS INITIATIVE CAPABLE OF SIGNIFICANT INFLUENCE ON SOCIAL-ECONOMIC SITUATION OF THE TERRITORY OF ITS PRODUCTION ACTIVITY. OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING IS ONE OF THE ENTERPRISES OF THE REPUBLIC OF BELARUS WHICH DEMONSTRATES A SYSTEMATIC APPROACH TO THIS QUESTION.

IMPLEMENTING MEASURES OF THE INVESTMENT PROGRAM AND MAKING INVESTMENTS, BYELORUSSIAN STEEL WORKS DOES NOT ONLY INCREASE THE CAPACITY OF ITS PRODUCTION FACILITIES AND IMPROVE EFFICIENCY OF THEIR WORK, BUT FULFILLS ONE OF THE MAIN TASKS IN THE AREA OF SOCIAL RESPONSIBILITY — CREATES FAVORABLE CONDITIONS FOR THE DEVELOPMENT OF ECONOMY AND SOCIAL SECTOR OF THE



## Description of key impacts, risks and possibilities



TERRITORY OF ITS PRODUCTION ACTIVITY. INFLUENCE ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION IN THE AREA OF ENVIRONMENTAL AND SOCIAL ACTIVITY OF THE PLANT IS DESCRIBED IN DETAIL IN CORRESPONDING SECTIONS OF THE REPORT.

ONE OF THE PRIORITY DIRECTIONS OF IMPACT WITHIN THE FRAMEWORK OF SOCIAL RESPONSIBILITY IS IMPROVEMENT OF A MAN'S POTENTIAL WHICH INCLUDES NOT ONLY PROVISION OF FAVORABLE CONDITIONS FOR REALIZATION OF EVERY MAN'S ABILITIES, IMPROVEMENT OF LIVING CONDITIONS OF THE POPULATION AND QUALITY OF THE SOCIAL ENVIRONMENT, BUT IMPROVEMENT OF COMPETITIVENESS OF HUMAN CAPITAL.

«...IF IT WERE NOT FOR **BSW**, THEN THERE WOULD BE NO MODERN **ZHLOBIN**. WHAT OUR TOWN BE LIKE TOMORROW DEPENDS, FIRST OF ALL, ON ECONOMIC SUCCESS OF **BSW**, HOW STRONG THE TEAM IS, MUTUAL UNDERSTANDING INSIDE THE COMPANY. 11,5 THOU. OF EMPLOYEES AT THE PLANT IN THE DISTRICT WITH POPULATION OF 105 THOU. IS A VERY IMPORTANT AND WEIGHTY FACTOR...»



CHAIRMAN OF **ZHLOBIN** DISTRICT EXECUTIVE COMMITTEE  
**I.A. NAUMENKO**

GRANTING SOCIAL GUARANTEES, IMPLEMENTING PROGRAMS OF ENVIRONMENT SAFETY IMPROVEMENT OF PRODUCTION FACILITIES, LABOR PROTECTION AND PREVENTING PRODUCTION INJURY, OAO «**BSW**-MANAGEMENT COMPANY OF «**BMC**» HOLDING' MAKES ITS INVESTMENT IN STABILIZATION OF POPULATION SIZE AND CREATION OF CONDITIONS FOR ITS GROWTH. THE PLANT ENSURES JOB PLACEMENT FOR ABOUT 30% OF THE SIZE OF ABLE-BODIED POPULATION PARTICIPATING IN THE ECONOMY OF **ZHLOBIN** DISTRICT. EVERY SECOND CITIZEN IS SOMEHOW CONNECTED WITH THE PLANT'S ACTIVITY. ACTUAL NUMBER OF THE PLANT'S EMPLOYEES EQUALS TO 11 747 PEOPLE.

BEING THE LARGEST EMPLOYER IN THE REGION, THE PLANT EXERTS DIRECT IMPACT ON THE DEVELOPMENT OF THE LABOR MARKET. IMPLEMENTING THE INVESTMENT PROGRAM THE PLANT CREATES ADDITIONAL WORKPLACES FOR THE INHABITANTS OF THE REGION. **BYELORUSSIAN STEEL WORKS** PROVIDES FOR ADEQUATE SALARY AND WAGES AND SOCIAL

GUARANTEES, THUS IT PROMOTES FORMATION OF A HIGHER LIVING STANDARD AND SOCIAL STABILITY IN THE COMMUNITY.

THE PLANT SYSTEM OF DEVELOPMENT OF LABOR FORCE POTENTIAL IN THE REGION PROPOSES NOT ONLY CONTINUOUS PROFESSIONAL TRAINING OF ITS WORKERS DURING THEIR LABOR ACTIVITY, BUT ALSO:

- IMPLEMENTATION OF THE PROGRAM OF PROFESSIONAL TRAINING OF YOUNG CITIZENS DESIRING TO WORK AT THE PLANT OR OTHER ENTERPRISES OF THE REGION WITH THE HELP OF EVENING STUDIES ARRANGED BY THE EVENING DEPARTMENT OF THE CORPORATE TRAINING CENTER;
- TRAINING OF SECONDARY SCHOOL GRADUATES OF THE REPUBLIC OF **BELARUS** AT **ZHLOBIN STATE METALLURGICAL COLLEGE** CARRYING ITS EDUCATIONAL ACTIVITY DUE TO COMPLETE FINANCING BY **BYELORUSSIAN STEEL WORKS**;
- COOPERATION WITH EDUCATIONAL ESTABLISHMENTS OF THE COUNTRY WHICH HELPS TO IMPROVE THE LEVEL OF TRAINING OF FUTURE SPECIALISTS WITH CONSIDERATION OF OWN REQUIREMENTS AND DUE TO ORGANIZATION OF PRACTICAL TRAINING OF STUDENTS AT WORKPLACES EQUIPPED WITH ADVANCED TECHNOLOGIES AND EQUIPMENT;
- TRAINING OF THE RISING GENERATION CARRIED OUT BY A TEAM OF TEACHERS OF A RAMIFIED SYSTEM OF PRESCHOOL ESTABLISHMENTS;
- FORMATION OF A HEALTHY WAY OF LIVING AND DEVELOPMENT OF A CREATIVE POTENTIAL OF THE INHABITANTS OF THE REGION WHICH IS A PRIORITY DIRECTION OF THE ACTIVITY OF THE «**METALLURG**» PALACE OF CULTURE AND THE SPORT AND HEALTH FACILITY OF THE PLANT.

ACTIVE PARTICIPATION OF THE PLANT IN INTERNATIONAL EXHIBITIONS AND FORUMS, EFFECTIVE PROMOTION OF ITS PRODUCTS ON GLOBAL MARKETS, CREATION OF THE IMAGE OF A RELIABLE BUSINESS PARTNER HAVE A POSITIVE IMPACT ON THE DEVELOPMENT OF THE REGION OF ITS ACTIVITY. THIS DIRECTION SUGGESTS EXPANSION OF POSSIBILITIES FOR REALIZATION OF COMPETITIVE ADVANTAGES ON MARKETS AND STRENGTHENING OF FOREIGN ECONOMIC POSITIONS OF THE PLANT AND THE COUNTRY IN GENERAL, DEVELOPMENT OF STEADY DIVERSIFIED RELATIONS WITH INTERNATIONAL PARTNERS TO ENSURE SUSTAINABLE DEVELOPMENT OF ECONOMY IN THE LONG-TERM OUTLOOK.





DEVELOPING NON-FINANCIAL REPORTING IN ACCORDANCE WITH INTERNATIONAL STANDARDS, COOPERATING WITH ORGANIZATIONS IN THE AREA OF SOCIAL RESPONSIBILITY, PARTICIPATING IN AND WINNING NATIONAL AND INTERNATIONAL COMPETITIONS, OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» ACTIVELY PROMOTES FORMATION OF A FAVORABLE IMAGE OF THE REPUBLIC OF BELARUS.

### INVESTMENT PROJECTS TASKS AND GOALS

THE PLANT IS AT THE STAGE OF ITS TECHNICAL RENOVATION. WE SET FORTH AN AMBITIOUS TASK TO INCREASE OUR PRODUCTION CAPACITY TO 3 MILLION TONS PER YEAR BY 2016 AND COMPLETELY REFUSE FROM SELLING SEMIS AND KEEP ONLY HIGH ADDED-VALUE PRODUCTS IN THE PLANT RANGE.

STRATEGY OF THE PLANT FURTHER DEVELOPMENT IS BASED ON THE FOLLOWING PRINCIPAL APPROACH: THE NECESSITY TO MAKE STEEL PROCESSING DEEPER SO AS TO MINIMIZE THE RISK OF RAW MATERIAL PROCUREMENT AND PROVIDE FOR THE PRODUCTION GROWTH DUE TO INCREASE OF THE ADDED VALUE OF THE PRODUCTS MANUFACTURED. REALIZATION OF THE TASKS SET FORTH SUGGESTS A SCALED MODERNIZATION OF EQUIPMENT AND INTRODUCTION OF NEW PRODUCTION FACILITIES INCLUDING RECONSTRUCTION (MODERNIZATION) OF STEELMAKING, ROLLING AND AUXILIARY PRODUCTIONS.

#### 1. CREATION OF THE REQUIRED INFRASTRUCTURE AND GROWTH OF PRODUCTION OUTPUT OF STEELMAKING TO REACH THE PRODUCTION CAPACITY OF 3 MILLION TONS PER YEAR OF FINISHED PRODUCTS:

- EXTENSION OF THE OVERHEAD PASSING FOR SLAG DISCHARGE. INCREASE OF THE SLAG POURING POINTS AND ITS COOLING SYSTEM CAPACITY IS PLANNED. IMPLEMENTATION OF THIS PROJECT WILL HELP TO PROCESS SLAG AND ITS FURTHER PROCESSING WITH THE HELP OF THE EXISTING HIGHLY-EFFICIENT CRUSHING PLANTS;
- RECONSTRUCTION OF THE FERROALLOY AND RAW MATERIAL AND AUXILIARY MATERIAL STORE AND TRANSPORTATION SYSTEMS SO AS TO PROVIDE STEELMAKING PRODUCTION WITH THE REQUIRED RAW MATERIALS;
- INCREASE OF SECONDARY METALLURGY CAPACITY. THE PROJECT SUPPOSES TO UNITE FRAMES OF THE BUILDINGS

OF ELECTRIC MELT SHOP No.1 AND No.2 AND ORGANIZATION OF A SECONDARY METALLURGY AND A LADLE DEPARTMENT IN THIS BAY. 2 LADLE-FURNACES AND AN RH DEGASSER WILL BE INSTALLED THERE. AIM OF THE PROJECT IS BRINGING INTO LINE OF STEEL BALANCE (PROVISION OF PRODUCTIVITY OF THE ELECTRIC-ARC FURNACES AND THE CONTINUOUS CASTING MACHINE) AND IMPROVEMENT OF FINISHED PRODUCT QUALITY;

- MODERNIZATION OF MILL 320 INCLUDING RECONSTRUCTION OF THE PRODUCTION PROCESS CONTROL SYSTEM AND THE SYSTEM OF MAIN DRIVE SPEED REGULATION. USAGE OF CAST BILLET 140×140 MM IN MILL 150;



«...THE ENTERPRISE IS VERY ACTIVE INVESTMENT-WISE. THE PROJECTS AIMED TO RAMP UP PRODUCTION OF MELTED STEEL, INCREASE PRODUCTION VOLUMES AND MARKETING OF FINISHED PRODUCTS ARE BEING IMPLEMENTED. THIS IS THE EVIDENCE OF CONFIDENCE WHILE FULFILLING THE SET PLANS AND ACTIONS, EVIDENCE OF POSITIVE DYNAMICS OF THE DEVELOPMENT OF THE COMPANY ...»

HEAD OF DEPARTMENT FOR METALLURGY & TOOL-MAKING  
INDUSTRY IN THE MINISTRY OF INDUSTRY OF THE REPUBLIC  
OF BELARUS O.E. LASHKEVICH

- CONSTRUCTION OF AN AIR-SEPARATION PLANT WITH THE CAPACITY OF APPROXIMATELY 10 000 m<sup>3</sup>/H OF OXYGEN. SO AS TO IMPLEMENT THIS PROJECT JOINT-VENTURE «BMZ-GKS LTD. WAS ESTABLISHED TOGETHER WITH A STRATEGIC PARTNERS OF THE PLANT. THE PROJECT IS BEING ACTIVELY IMPLEMENTED. PROVISION OF THE PLANT WITH PRODUCTS OF AIR SEPARATION WILL BE CARRIED OUT ON THE BASIS OF A LONG-TERM CONTRACT.

THE FACILITIES, COMMISSIONED IN 2014, ARE EFFECTING ACTUAL SAVINGS AND RUN A PROFIT FOR THE ENTERPRISE.

RECONSTRUCTION OF EAF-1 WITH FUME-TREATMENT PLANT-1. OBTAINED EFFECT IN 2014 VS. 2013:

- EMISSION OF DUST INTO THE SHOP ROOM REDUCED;
- UNORGANIZED EMISSIONS OF RAW GAS INTO THE ATMOSPHERE ARE EXCLUDED;



## Description of key impacts, risks and possibilities



- ANNUAL AVERAGE PRODUCTIVITY OF THE FURNACE INCREASED FROM 114 T/HOUR TO 122 T/HOUR (BY 7%);

- SPECIFIC CONSUMPTION OF ELECTRIC POWER REDUCED (BY 15 % OR BY 70 kWh /T) AND ELECTRODES (BY 35% OR BY 0,8 KG/T);

RECONSTRUCTION OF CCM-2. OBTAINED EFFECT IN 2014 VS. 2013:

- IT IS POSSIBLE TO CAST QUALITY AND CORD STEEL GRADES;
- ANNUAL AVERAGE PRODUCTIVITY INCREASED BY 17% (FROM 114 TO 133 T/HOUR).

CONSTRUCTION OF NEW LIME KILN -3.

- DEFICIT (DUE TO CONSIDERABLE GROWTH OF MELTED STEEL AMOUNTS) OF FRESHLY BURNT LIME ELIMINATED;
- COSTS TO PURCHASE 12,5 THOU. T. OF MISSING SLAG-FORMING MATERIALS WERE REDUCED.

### 2. ERECTION OF NEW FACILITIES AND MASTERING OF THE PRODUCTION OF GOODS WITH A HIGH ADDED-VALUE:

2.1. CONSTRUCTION OF A SMALL-SECTION MILL CAPABLE TO PRODUCE 700 THOU. TPY WITH AN OPTION TO INCREASE ANNUAL AMOUNT PRODUCTION UP TO 1 MILLION TONS. THE PROJECT TASKS:

- FULL PROCESSING OF THE RESIDUES OF BLOOMS AND CAST BILLETS, STOP SELLING SEMIS. GROWTH OF PROCEEDS OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING BY USD 140 MILLION PER YEAR AFTER IMPLEMENTATION OF THE PROJECT DUE TO PRODUCTION OF GOODS WITH A HIGHER ADDED VALUE;
- PROVISION OF STEEL CORD AND WIRE PRODUCTION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND OAO «RECHITSA HARDWARE PLANT» WITH WIRE ROD AND CREATION OF CONDITIONS FOR THEIR FURTHER DEVELOPMENT;
- PRODUCTION OF ROUNDS WITH A SMALL DIAMETER FOR THE ENGINEERING SECTOR OF THE REPUBLIC OF BELARUS AND WEST EUROPE.

2.2. INCREASE OF OCTG PIPE PRODUCTION:

- GROWTH OF THE PRODUCTION VOLUME OF CAST BILLET Ø200 MM IN CONTINUOUS CASTING MACHINE No.3;
- REALIZATION OF MEASURES OF MODIFICATION OF THE PIPE MILL EQUIPMENT SO AS TO OPTIMIZE THE FLOW DIAGRAM AND MEET THE REQUIREMENTS OF INTERNATIONAL STANDARDS IN PIPE PRODUCTION;
- CONSTRUCTION OF FINISHING LINE No.3. IMPLEMENTATION OF THE PROJECT WILL HELP TO OPTIMIZE THE WORK AND INCREASE THE PRODUCTIVITY OF THE PIPE PRE-FINISHING AND FINISHING LINE OF THE EXISTING PRODUCTION.

2.3. ORGANIZATION OF PRODUCTION OF HIGH-PRESSURE HOSES AT OAO «LEGMAŠ PLANT» IN THE TOWN OF ORSHA. JOINT-VENTURE MANULI HYDRAULICS MANUFACTURING BEL. LTD. WAS ESTABLISHED FOR IMPLEMENTATION OF THIS PROJECT. THE PROJECT IS BEING ACTIVELY IMPLEMENTED. PRODUCTION OF REIN-FORCED HIGH-PRESSURE HOSES WITH INTERNAL DIAMETER OF 4,8 TO 12 MM WILL BE ARRANGED AT THE JV. ANNUAL OUTPUT OF THE PRODUCTION WILL EQUAL TO 8 MILLION RM/Y.

### 3. GROWTH OF PRODUCT SALES PROCEEDS AND DEVELOPMENT OF THE COMMODITY DISTRIBUTION NETWORK (CDN):

- GROWTH OF SALES VOLUME VIA COMPUTER BID SYSTEM SO AS TO RECEIVE MAXIMUM PROFIT;
- ARRANGEMENT OF STEEL SERVICE CENTRES IN THE REPUBLIC OF BELARUS, THE RUSSIAN FEDERATION AND BALTIC STATES SO AS TO PROVIDE CUSTOMERS WITH ORDERS WITH MINIMAL SHIPMENTS;
- EXPANSION OF PRODUCT MARKETS, SEARCH FOR NEW PARTNERS;
- SIGNING OF FINISHED PRODUCT SUPPLY CONTRACTS.

### RISK MANAGEMENT

HIGH LEVEL OF IMPACT ON SUSTAINABLE DEVELOPMENT IS EXERTED BY POTENTIAL THREATS. THEIR DETECTION, ANALYSIS, SYSTEMATIZATION AND CONTROL ARE A PART OF



THE PLANT ACTIVITY IN ACHIEVING PROGRESS IN THE AREA OF SUSTAINABLE DEVELOPMENT. THE TOP MANAGEMENT FORMS STRATEGY OF THE PLANT AND CARRIES OUT ITS ACTIVITY ON THE BASIS OF ANALYSIS OF EXTERNAL ENVIRONMENT RISKS AND RISKS CONNECTED WITH THE PLANT ACTIVITY. MANAGEMENT OF FINANCIAL AND NON-FINANCIAL RISKS HELPS TO REDUCE POTENTIAL DAMAGE AND ENSURE ADDITIONAL GUARANTEES OF REACHING THE STRATEGIC GOALS. SUSTAINABLE DEVELOPMENT OF THE PLANT IS EXPOSED TO THE FOLLOWING RISKS:

- DROP OF DEMAND AND STEEL PRICES;
- GROWTH OF PRICES ON RAW MATERIAL MARKETS;
- DEPENDENCE ON THE RAW MATERIAL BASE;
- CHANGE OF POLITICAL AND ECONOMIC CONDITIONS IN RB;
- CHANGES IN BELARUSIAN LAW;
- GROWTH OF TARIFFS OF NATURAL MONOPOLIES OF ELECTRIC POWER, GAS, RAILWAY TRANSPORT;
- CURRENCY RATE AND INTEREST RATE FLUCTUATIONS;
- PRODUCTION BREAKDOWN;
- ACCIDENTS;
- PERSONNEL.

RISK MANAGEMENT MEASURES ARE INTEGRATED IN THE SYSTEM OF CORPORATE MANAGEMENT OF THE PLANT. OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING TAKES A NUMBER OF MEASURES TO DECREASE RISKS:

- REALIZATION OF A SYSTEM OF COSTS ACCOUNTING AT THE PLACE OF THEIR GENERATION;
- IMPROVEMENT OF THE MATERIAL LOGISTICS;
- DEVELOPMENT OF THE SYSTEM OF INTERNAL AUDITS AND CONTROL;
- DECREASE OF PRODUCTION EXPENSES;
- IMPROVEMENT OF THE ENVIRONMENT MANAGEMENT SYSTEM;
- EXPANSION OF THE PRODUCT RANGE;

- IMPROVEMENT OF THE PRODUCT QUALITY;
- DEVELOPMENT OF THE SALES NETWORK;
- REORIENTATION OF PRODUCTION TO TYPES OF PRODUCTS WHICH ARE MUCH IN DEMAND;
- DEVELOPMENT AND INTRODUCTION OF NEW TECHNOLOGIES AND PRODUCTS;
- MONITORING OF THE RAW MATERIAL MARKET;
- DEVELOPMENT OF LONG-TERM CONTRACTUAL RELATIONS WITH SUPPLIERS AND CUSTOMERS;
- MONITORING OF TARIFF AND QUOTA LIMITATIONS FOR KEY AND PERSPECTIVE PRODUCT MARKETS;
- COOPERATION WITH STATE AUTHORITIES IN DRAWING UP A BALANCED POLICY OF DEVELOPMENT AND SUPPORT OF BYELORUSSIAN STEEL WORKS.

INTRODUCTION OF THE SYSTEM OF CORPORATE STANDARDS, PROVISIONS, REGULATIONS, PROCEDURES AND UNIFIED APPROACHES TO THEIR IMPLEMENTATION WAS AN IMPORTANT SOLUTION IN RISK MANAGEMENT.

PROVIDING TRANSPARENCY AND AVAILABILITY OF RISK INFORMATION, BSW OPERATIVELY DETERMINES A RESPONSE STRATEGY, DEVELOPS MEASURES FOR RISK MANAGEMENT AND PERFORMS MONITORING OF THEIR IMPLEMENTATION EFFICIENCY.





## Description of the plant

### BASIC INFORMATION

THE CONTRACT TO DESIGN AND CONSTRUCT THE PLANT AND ALL REQUIRED INFRASTRUCTURE WAS MADE ON MARCH 19, 1982 WITH AUSTRIAN FIRM VOEST-ALPINE AG AND ITALIAN FIRM DANIELI. DEVELOPMENT OF THE PROJECT, SUPPLY OF EQUIPMENT, CONSTRUCTION AND DEVELOPMENT OF TECHNOLOGIES WERE DONE WITH PARTICIPATION OF 30 COMPANIES FROM GERMANY, ITALY, SWEDEN, HUNGARY AND OTHER COUNTRIES ON THE BASIS OF LATEST GLOBAL ACHIEVEMENTS IN SCIENCE AND ENGINEERING. BIRTHDAY OF THE PLANT IS ON OCTOBER 15, 1984— THIS WAS THE DAY WHEN THE FIRST STEEL WAS MELTED.

OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS' IN THE LATE AUGUST 2012 WAS RENAMED TO OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS - MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING» (HEREINAFTER REFERRED TO AS BSW), CLASSIFIED AS MINI-PLANT. BSW IS A COMPACT ENTERPRISE TERRITORY-WISE, LOCATED ON THE SAME INDUSTRIAL SITE (245,0165 HA) IN ZHLOBIN (POPULATION: APPROX. 100 THOU. PEOPLE), 220 AWAY FROM MINSK — CAPITAL OF BELARUS.

LEGAL ADDRESS OF THE ENTERPRISE (POSTAL ADDRESS), ADDRESS OF THE HEADQUARTERS:

37 PROMYSHLENNAYA STR., ZHLOBIN, GOMEL REGION 247210, THE REPUBLIC OF BELARUS.

100% OF BSW SHARES BELONG TO THE STATE REPRESENTED BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS WHICH SETS THE TARGETS ANNUALLY; IDENTIFIES SINGLE DECISIONS TO BE FULFILLED OBLIGATORILY, APPROVES PLANT DEVELOPMENT STRATEGY AND INVESTMENT PROJECTS. THE PLANT DETERMINES STRATEGIC DIRECTIONS OF DEVELOPMENT AND APPROACHES SO THAT TO ACHIEVE THE SET TARGETS, TAKES URGENT DECISIONS, FORMS FISCAL BUDGET INDEPENDENTLY.

BSW IS AMONG FIVE MAJOR ENTERPRISES OF THE COUNTRY IN TERMS OF MARKETABLE PRODUCTS VOLUME.

BSW IS THE LARGEST ENTERPRISE NOT ONLY IN THE REPUBLIC OF BELARUS, BUT ALSO IN EUROPE, AND IS A

BASIC ENTERPRISE FOR THE NATIONAL STEELMAKING. IT HAS BEEN AMONG COMPETENT STEEL MAKERS FOR ALMOST THREE DECADES ALREADY. ITS DESIGN, ERECTION AND PROVISION WITH ADVANCED EQUIPMENT AND UP-TO-DATE TECHNOLOGY AND SUBSEQUENT COMMISSIONING AND WARRANTY OPERATION WAS CARRIED OUT ON THE PRINCIPLES OF CONTRACTING EUROPEAN COMPANIES ON A TURN-KEY BASIS. GETTING ADVANCE EXPERIENCE AND STATE-OF-THE-ART TECHNOLOGIES INVOLVED FOR THE PLANT ERECTION AND ITS FURTHER DEVELOPMENT ALLOWED US TO ESTABLISH A UNIQUE INDUSTRIAL ENTERPRISE IN THE REPUBLIC OF BELARUS.

### DESCRIPTION OF THE KEY PRODUCTION DIVISIONS

ALL PRODUCTION IS CARRIED OUT ON A SINGLE PRODUCTION SITE IN THE REPUBLIC OF BELARUS WHICH ALLOWS SAVING DUE TO THE SCALE OF PRODUCTION AND MANUFACTURE PRODUCTS WITH LOW EXPENSES. A LARGE SET OF PRODUCTION FACILITIES MAKES IT POSSIBLE TO FORM PRODUCTION FLOWS EASILY TAKING INTO CONSIDERATION MARKET CONDITION AND MAINTAIN STABLE AMOUNT OF SALES DURING A LONG PERIOD OF TIME.

FROM THE POINT OF VIEW OF ITS STRUCTURE THE PLAN CONSISTS OF TWO MAIN PRODUCTIONS -METALLURGICAL (STEELMAKING AND ROLLING) AND STEEL CORD & WIRE PRODUCTION, INFRASTRUCTURAL SHOPS AND DIVISIONS CONTROLLING VITAL ACTIVITY OF THE ENTERPRISE.

#### **OJSC «BSW – management company of «BMC» holding»**

is located in the centre of Europe, in the town of Zhlobin, Gomel region, 220 kilometers away from Minsk –capital of Belarus.

Total area of the plant production site is 249,06 hectares.

Legal (postal) address of the headquarters:

**37 Promyshlennaya str., Zhlobin, Gomel region 247210, the Republic of Belarus.**

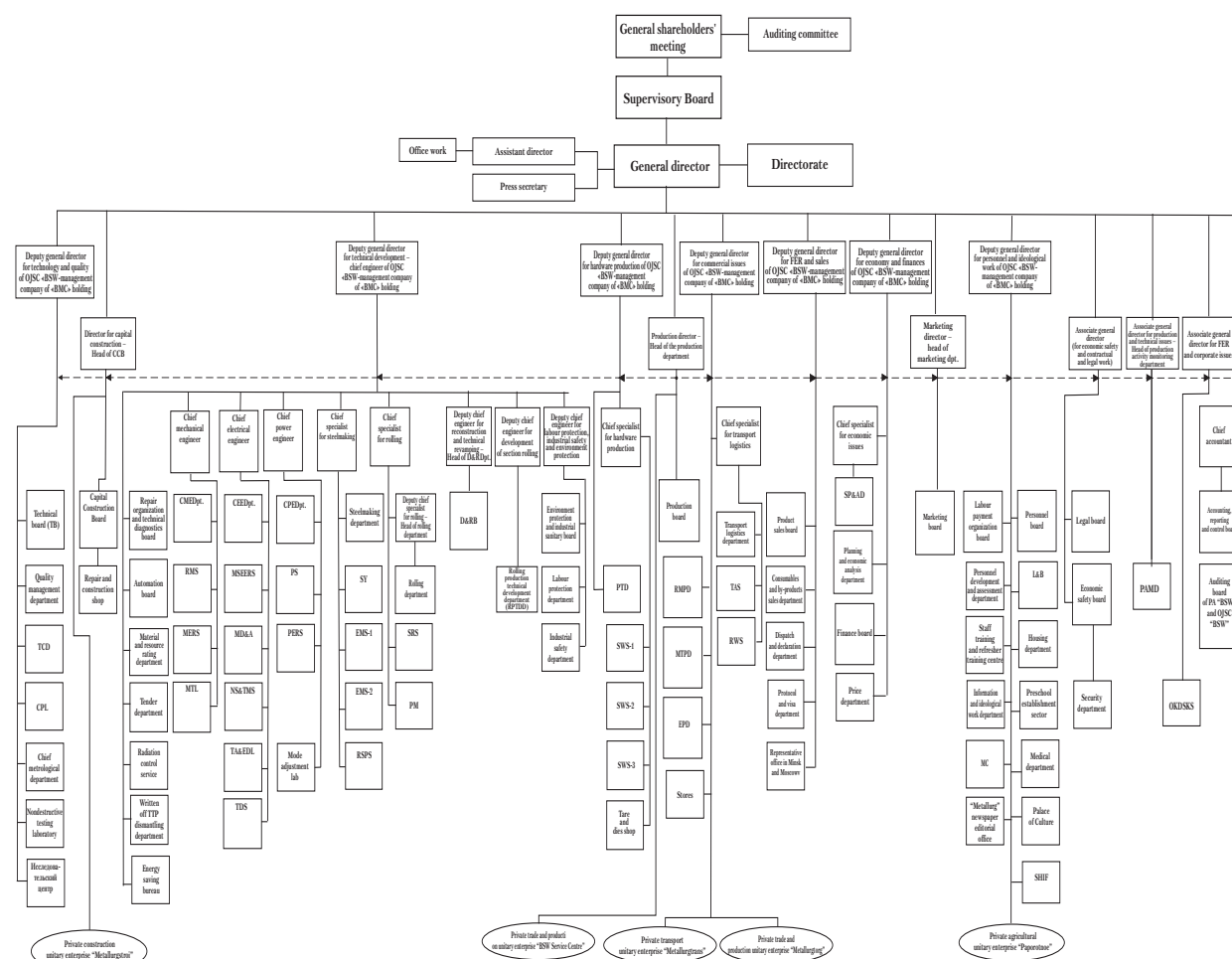


STEELMAKING INCLUDES A SCRAP YARD, TWO ELECTRIC MELT SHOPS, AND A TECHNOLOGICAL TRANSPORT SHOP. THE ROLLING PRODUCTION CONSISTS OF ROLLING SHOP, COMPOSED OF THREE ROLLING MILLS PRODUCING DIFFERENT SECTIONS, AND A PIPE MILL. STEEL CORD & WIRE PRODUCTION INCLUDES THREE STEEL WIRE SHOPS AND A TARE AND DIE SHOP. CONFIGURATION OF THE PLANT INFRASTRUCTURE IS REPRESENTED BY THE SHOPS REPAIRING METALLURGICAL, POWER, ELECTRICAL, MECHANICAL EQUIPMENT, SHOPS PROVIDING THE PRODUCTION PROCESS WITH UTILITIES, ELECTRIC POWER AND OTHER DIVISIONS. PLANT PRODUCTION CATALOGUE INCLUDES: CONCAST AND HOT-ROLLED BILLET, SHAPED ROLLED PRODUCTS, ROLLED SECTIONS, REINFORCING MATERIAL FOR CONCRETE STRUCTURES, PIPE BILLET, WIRE

ROD, TIRE CORD, HOT-DEFORMED SEAMLESS PIPE, STEEL ANCHOR AND WAVY FIBER, MICROFIBER AND STEEL WIRE FOR VARIOUS APPLICATIONS.

## ORGANIZATIONAL STRUCTURE OF MANAGEMENT

THE ORGANIZATIONAL STRUCTURE IS BASED ON A HIERARCHICAL PRINCIPLE. THE PLANT IS HEADED BY THE GENERAL DIRECTOR WHO ACTS IN ACCORDANCE WITH THE NATIONAL LAW AND ARTICLES OF ASSOCIATION OF THE ENTERPRISE, DETERMINES POLICY AND OBJECTIVES, DISTRIBUTES RESPONSIBILITIES AND AUTHORITY AMONG HEADS OF THE PLANT DIVISIONS. AS ON DECEMBER 31, 2014 TOTAL NUMBER OF EMPLOYEES EQUALS TO 11 747 PEOPLE.



## Description of the plant



MANAGEMENT STRUCTURE OF BSW IS REPRESENTED BY THE FOLLOWING LEVELS OF MANAGEMENT

MINISTRY OF INDUSTRY	LEVEL I
↓	
GENERAL DIRECTOR	LEVEL II
↓	
DEPUTIES GENERAL DIRECTOR, CHIEF SPECIALISTS	LEVEL III
↓	
HEADS OF PRODUCTION SHOPS, HEADS OF STRUCTURAL DEPARTMENTS	LEVEL IV
↓	
HEADS OF SHIFTS/ AREAS FOREMEN OF SHIFTS/ AREAS	LEVEL V
↓	
SHIFT PERSONNEL	LEVEL VI

### COMPETITIVE EDGES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»

MAIN COMPETITIVE EDGES:

- STRONG POSITION ON GLOBAL STEEL MARKETS;
- FAVORABLE GEOGRAPHIC POSITION OF THE PLANT;
- EMPLOYEES' PROFESSIONALISM;
- HIGH COMPETITIVENESS OF PRODUCTS;
- INNOVATIVE PRODUCTION;
- HIGH REPUTATION AMONG CUSTOMERS DUE TO PRODUCT QUALITY LEVEL;
- FLEXIBILITY OF PRODUCTION.

### APPROACHES TO PROVISION OF SUSTAINABLE DEVELOPMENT

THE MAIN TARGET OF THE PLANT DEVELOPMENT IS DEVELOPMENT OF THE ENTERPRISE'S ECONOMY ON THE BASIS OF INNOVATIONS, HIGHER ECONOMIC EFFICIENCY, ENVIRONMENTAL SAFETY, RESOURCE SAVING AND HIGHER

COMPETITIVENESS OF PRODUCTS, WORTHY LIVING STANDARDS OF BSW EMPLOYEES.

### MAIN STRATEGIC TARGETS OF DEVELOPMENT

- TO INCREASE TECHNICAL AND ECONOMIC LEVEL OF PRODUCTION BY MEANS OF RECONSTRUCTION, UPGRADING AND NEW CONSTRUCTIONS, FURTHER REDUCTION OF SPECIFIC CONSUMPTION OF RAW MATERIALS, FUEL-ENERGY RESOURCES, HUMAN RESOURCES TO PRODUCE METAL PRODUCTS;
- INTRODUCTION OF UP-TO-DATE TECHNOLOGIES, MAKING IT POSSIBLE TO SAVE ENERGY AND MATERIAL RESOURCES;
- EXPANSION OF PRODUCTION OF METAL PRODUCTS WITH HIGH ADDED VALUE;
- ENHANCEMENT OF EXPORT DELIVERY STRUCTURE SO THAT TO INCREASE THE SHARE OF DOWNSTREAM PRODUCTS;
- IMPROVEMENT OF ENVIRONMENTAL CHARACTERISTICS OF THE EXISTING PRODUCTION (INTRODUCTION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES, REDUCTION OF WASTES AND SPECIFIC EMISSIONS OF POLLUTING AGENTS INTO THE AIR AND WATER, INCREASED AMOUNTS AND BETTER EFFICIENCY OF PROCESSING PRODUCTION WASTES).



PRESENTLY PRODUCTION CAPACITY IS UTILIZED IN FULL. INCREASE IN OUTPUT IS POSSIBLE ONLY WHEN LARGE-SCALE MODERNIZATION OF MELTING, ROLLING AND STEEL CORD & WIRE PRODUCTIONS CARRIES ON BY INTRODUCING ADVANCED TECHNOLOGIES AND EQUIPMENT, COMMISSIONING OF NEW PRODUCTION FACILITIES. THESE ACTIVITIES ARE SCHEDULED UP TO 2015 IN THE PROGRAMME «INNOVATIVE DEVELOPMENT OF BYELORUSSIAN STEEL WORKS FOR 2010-2015». BSW DEVELOPMENT PROGRAMME FOR 2011-2015 FIXED THE TARGETS AND OBJECTIVES, PRIORITIES AND IMPORTANT PARAMETERS OF SOCIAL-ECONOMIC DEVELOPMENT OF THE ENTERPRISE, THE SYSTEM OF ACTIVITIES OF PRODUCTION, OF ORGANIZATION-ECONOMIC AND ECOLOGICAL NATURE IS JUSTIFIED. THE PROPOSALS REGARDING ENHANCEMENT OF IMPLEMENTATION ARRANGEMENTS ARE FIXED. REQUIRED RESOURCES AND MEASURES, MAKING IT POSSIBLE TO REACH THE PARAMETERS OF DEVELOPMENT IN THE MEDIUM TERM, ARE FIXED.

THE PECULIARITY OF THE BSW INVESTMENT PROJECTS, BEING IMPLEMENTED IN ACCORDANCE WITH DEVELOPMENT PROGRAMME, IS THAT THEY IMPLY STAGE-BY-STAGE COMPREHENSIVE LARGE-SCALE RECONSTRUCTION AND MODERNIZATION OF PRODUCTION IN ALL PROCESS STEPS. THE PROGRAMME INVOLVES INTRODUCTION OF TECHNOLOGIES AND EQUIPMENT BASED ON THE LATEST ENGINEERING AND TECHNOLOGICAL ACHIEVEMENTS IN METALLURGY, BEING IMPLEMENTED WITH PARTICIPATION OF LEADING COMPANIES FROM AUSTRIA, ITALY, GERMANY, THE USA. THIS BEING SAID, PRODUCTION OF A NEW QUALITY AND CONSUMER PROPERTIES STARTS, MEETING THE BEST WORLD EQUIVALENTS, REDUCTION OF SPECIFIC ENERGY INTENSITY OF PRODUCTION, ECOLOGICAL CLEANNESNESS OF THE TECHNOLOGY AND PRODUCTION ON THE WHOLE IMPROVES.

IMPLEMENTATION OF THE COMPANY'S DEVELOPMENT STRATEGY IMPLIES ACHIEVEMENT OF WORTHY LIVING STANDARDS FOR BSW EMPLOYEES, INCREASE IN PRODUCTION AND SET THE BASIC PARAMETERS OF SOCIAL AND ECONOMIC DEVELOPMENT.

INCREASE IN PRODUCTION, SAME AS BEFORE, IS SUPPOSED TO BE MADE WHILE RELATIVELY REDUCING CONSUMPTION OF MATERIAL AND FUEL-POWER RESOURCES BY USING RESOURCE & POWER SAVING TECHNOLOGIES, AS WELL AS STRUCTURAL CHANGES IN PRODUCTION.

ALONGSIDE WITH IMPLEMENTATION OF INVESTMENT PROJECTS

IT IS FORESEEN TO SOLVE THE ISSUES OF SELECTION, TRAINING AND RE-TRAINING OF THE PERSONNEL COMPREHENSIVELY.

IN ORDER TO MAKE THE STANDING OF THE COMPANY IN THE AVAILABLE MARKETS STABLE AND TO HAVE A SHARE IN NEW MARKETS THE FOLLOWING ACTIVITIES ARE SCHEDULED FOR 2012-2016: CONFIRMATION OF AVAILABLE CONFORMITY CERTIFICATES FOR QUALITY MANAGEMENT SYSTEM AND PRODUCTION; HOMOLOGATION (APPROVAL) FROM CUSTOMERS FOR STEEL CORD AND WIRE PRODUCTS; NEW CERTIFICATES FOR THE PRODUCTS BASED ON PROPOSALS MADE BY MARKETING DPT. (BY REFERENCE TO REVIEW AND STUDY OF THE MARKET SITUATION AND PRICES) AND TRADERS.



«...ACTIVITIES OF BSW IN MODERNIZATION AND CREATION OF NEW PRODUCTION WILL NOT ONLY IMPROVE WELL-BEING OF THE PEOPLE FROM THE PLANT. NEW ROLLING MILL WILL MAKE IT POSSIBLE TO SUBSTITUTE IMPORT OF SMALL SECTIONS OF ROLLED PRODUCT FOR OUR BASIC MACHINE-BUILDING COMPANIES. COMPLETION OF THIS FACILITY IS VERY IMPORTANT, AS IT WILL HAVE ITS GOOD INFLUENCE ON SUCH HOLDINGS OF THE COUNTRY AS MTZ, BELAZ, AMKODOR, GOMSELMASH...»

HEAD OF METALLURGY & TOOL-MAKING INDUSTRY (MINISTRY OF INDUSTRY) OF THE REPUBLIC OF BELARUS O.E. LASHKEVICH

PARTICIPATION OF THE PLANT IN QUALITY CONTESTS FACILITATES BETTER REPUTATION OF THE PLANT AND COMPETITIVENESS OF THE PRODUCTS PRODUCED, AS WELL AS IT MAKES IT POSSIBLE TO EVALUATE THE PERFORMANCE OF THE COMPANY AND COMPARE OURSELVES WITH THE BEST COMPANIES IN THE WORLD FOR FURTHER PERFECTION AND IMPROVEMENT. BSW PARTICIPATES AND PLANS TO PARTICIPATE MORE IN NATIONAL QUALITY CONTESTS, NOMINATING FOR CIS AWARD IN THE FIELD OF QUALITY OF PRODUCTS AND SERVICES, EFQM EXCELLENCE AWARD, ETC.

#### LOGISTICS SCHEME OF STEEL EXPORT OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»

BYELORUSSIAN STEEL WORKS MARKETS ITS PRODUCTS VIA A NETWORK OF JOINT VENTURES, TRADE HOUSES, DISTRIBUTORS, BIG TRADERS AND END USERS, REPRESENTING COMMODITY DISTRIBUTION NETWORK OF OUR COMPANY





## Description of the plant



(HEREINAFTER REFERRED TO AS **CDN**). 17 COMPANIES ARE IN **CDN**.

THE BASIC TASK OF **CDN** IS TO COVER AS MUCH AS POSSIBLE THE MARKETS IN THE BASIC GEOGRAPHICAL REGIONS OF THE WORLD, MAKE OUR PLANT CLOSER TO END USERS, TAKE INTO ACCOUNT AS MUCH AS POSSIBLE LOCAL PECULIARITIES OF THE MARKETS AND CUSTOMERS' PREFERENCES, AS WELL AS RESPOND TIMELY TO CHANGES OF POLITICAL AND ECONOMIC SITUATION.

«...I AM VERY PROUD OF OUR 30 YEARS COOPERATION. MY HOPE IS THAT IT WILL GO ON DEVELOPING, AND WE WILL IMPLEMENT A LOT OF UNCOMMON AND SERIOUS PROJECTS ...»



VICE PRESIDENT OF SIEMENS VAI  
KARL BAUMGARTNER

ONE OF THE MAIN FUNCTIONS OF **CDN** IS TO PROVIDE FOR LOGISTICS OF EXPORT-IMPORT OPERATIONS, INSURANCE OF EXPORT-IMPORT SHIPMENTS, ORGANIZATION AND TRANSPORTATION ITSELF OF SHIPMENTS AND RETURNABLE TARE FROM THE CLIENT TO THE COMPANY, CUSTOMS FORMALITIES FOR EXPORT-IMPORT SHIPMENTS AND RETURNABLE TARE, ORGANIZATION AND PROVISION OF SERVICE FOR BUFFER AND CONSIGNMENT STOCKS, TEMPORARY STORAGE STOCKS, COORDINATION OF DELIVERIES BETWEEN BUYER AND SELLER, CONTROL OVER SETTLEMENTS FOR DELIVERIES.

GOODS TRANSPORTATION IS CARRIED OUT BASED ON TRANSPORT, FORWARDING SERVICE CONTRACTS, SIGNED DURING THREE PARTY NEGOTIATIONS BETWEEN JOINT VENTURES AND THE COMPANY WITH TRANSPORT COMPANIES, BASED ON THE AGREEMENT AND CONFIRMATION OF TRANSPORTATION RATE BY **BYELORUSSIAN STEEL WORKS**.

MAIN CONDITION FOR **OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING** PRESENCE ON THE EXTERNAL MARKET IS PROVISION FOR END CUSTOMERS WITH DELIVERY AND PAYMENT TERMS EQUIVALENT TO THOSE OF KEY COMPETITORS.

THE COMPANY USES VARIOUS MEANS OF TRANSPORT SO AS

TO DELIVER GOODS TO ITS CUSTOMERS: AUTOMOTIVE AND COMBINED (CONTAINER) TRANSPORTATION, RAILWAY AND SEA TRANSPORTATION.

MANY YEARS OF WORK ON EXTERNAL MARKETS, AVAILABILITY OF OWN COMMODITY DISTRIBUTION NETWORK IN DIFFERENT REGIONS OF THE WORLD HELPED THE PLANT TO WIN THE REPUTATION OF A RELIABLE PARTNER DELIVERING HIGH TECH PRODUCTS AND A DISTINGUISHED INTERNATIONAL AUTHORITY AND COOPERATION WITH INTERNATIONAL FINANCIAL ESTABLISHMENTS OPENED VAST PROSPECTS FOR THE ENTERPRISE TO RECEIVE BENEFICIAL CREDIT LINES FROM FIRST-CLASS EUROPEAN BANKS.

BELONGING AND HIGH QUALITY OF PRODUCTS DELIVERED TO COUNTRIES OF FIVE CONTINENTS OF THE WORLD IS CONFIRMED BY THE TRADE MARK OF **OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»** WHICH IS REGISTERED IN 63 COUNTRIES WORLDWIDE. EFFORTS OF THE MANAGEMENT AND THE WHOLE TEAM OF EMPLOYEES TO INCREASE PRODUCT COMPETITIVENESS AND CREATE A POSITIVE IMAGE OF THE ENTERPRISE ARE MARKED WITH AWARDS OF NATIONAL COMPETITIONS IN THE NOMINATIONS:

- «BEST CONSTRUCTION PRODUCT OF 2014»;
- «BEST GOODS OF THE REPUBLIC OF BELARUS 2014»;
- «BEST GOODS OF THE REPUBLIC OF BELARUS ON MARKETS OF THE RUSSIAN FEDERATION IN 2014».

ALL COMPANY ACTIVITY NATURALLY FITS INTO THE PLANT'S CORPORATE POLICY: PRODUCTION OF HIGH TECH PRODUCTS WITH A HIGH ADDED VALUE MEETING THE REQUIREMENTS OF NATIONAL AND INTERNATIONAL CUSTOMERS, INCREASE OF PROFITABILITY OF THE PLANT DUE TO EFFICIENT USE OF RESOURCES, PRESERVATION OF ENVIRONMENT AND PROVISION OF A HIGH LEVEL OF LIVING OF THE EMPLOYEES OF THE PLANT. RESULTS OF 2014 CLEARLY DEMONSTRATE THAT IT IS NOT JUST A DECLARATION.

### PROMISING DIRECTIONS OF MARKETING

IN 2014 EXPORT OF MARKETABLE PRODUCTS OF **OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING** EQUALED TO 82,7 %. GEOGRAPHY OF EXPORT DELIVERIES NUMBERS 58 COUNTRIES WORLDWIDE. **BYELORUSSIAN**



STEEL WORKS SUPPLIED ITS PRODUCTS TO THE FOLLOWING REGIONS: EUROPE (EXPORT SHARE – 44,0%), MIDDLE EAST (10,3%), AFRICA (10,0%), SEA (0,4%), AMERICA (4,9%), THE RUSSIAN FEDERATION (26,9%), THE UKRAINE (2,2%). KEY PRODUCT MARKETS ARE EUROPE AND THE RUSSIAN FEDERATION. THESE REGIONS ACCOUNT FOR 70,9% OF THE TOTAL STEEL EXPORT.

MARKETING STRATEGY OF THE COMPANY IS DIRECTED TOWARDS MAINTENANCE AND ACTIVE INCREASE OF ITS PRESENCE ON THE EXISTING SALES MARKETS AND SEARCH FOR NEW ECONOMICALLY PROFITABLE REGIONS ACCOMPANIED BY GROWTH OF SALES VOLUMES VIA OWN COMMODITY DISTRIBUTION NETWORK. IN 2014 GROWTH OF STEEL CONSUMPTION IS FORECASTED AS COMPARED TO 2013. THE BIGGEST GROWTH RATE IS EXPECTED IN ENGINEERING AND CONSTRUCTION. IN 2013 A LITTLE RECOVERY OF STEEL CONSUMPTION WAS SEEN. CONSUMPTION OF STEEL IN ENGINEERING AND CONSTRUCTION SEGMENTS IS MAINLY SUPPORTED BY STATE INJECTIONS AND INVESTMENTS. IN 2014 THEY FORECAST A GRADUAL STABILIZATION AND GROWTH ON THE GLOBAL STEEL MARKET, FOR EXAMPLE, STEEL DEMAND IN EUROPE IN 2014 WILL SHOW IMPROVEMENT FOR THE FIRST TIME DURING 3 YEARS. BESIDES, GLOBAL STEEL MARKET STILL FACES THE PROBLEM OF OVERPRODUCTION WHICH HAS NOT BEEN SOLVED AFTER DEMAND IMPROVEMENT. AT PRESENT EXCESSIVE STEEL PRODUCTION IN EUROPE EQUALS TO 30-50 MILLION TONS AND IN THE WORLD 300-500 MILLION TONS.

FORECAST OF EXPORT OF PRODUCTS OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING IN 2014 IS SHOWN IN THE TABLE BELOW:

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AS FERROUS METALS PRODUCER OCCUPIES A NICHE OF GLOBAL STEEL CONSUMPTION EQUAL TO SIXTEEN HUNDREDTH PER CENT. THIS IS 280 KG PER ONE CITIZEN OF THE REPUBLIC OF BELARUS PER YEAR, WHILE 210 KG OF GLOBAL STEEL CONSUMPTION FALLS ON ONE CITIZEN OF THE GLOBE. CHANGED MACROECONOMIC SITUATION IN THE WORLD FORCED THE PLANT TO GET ENGAGED IN DIVERSIFICATION OF PRODUCT DELIVERY. AS A RESULT NEW STEEL MARKETS WERE DEVELOPED IN 2014: CYPRUS, ALGERIA, TADJIKISTAN, ARMENIA, AND DELIVERIES TO BULGARIA, GREAT BRITAIN, GERMANY, GREECE, FRANCE, CZECHIA, SWITZERLAND, MOROCCO WERE DIVERSIFIED.

WE MANAGED TO DO THIS MAINLY DUE TO AVAILABILITY OF OUR OWN COMMODITY DISTRIBUTION NETWORK (CDN). STEEL DELIVERIES VIA OWN CDN MEMBERS WERE CARRIED OUT TO CIS, EUROPE, AMERICA, ASIA, MIDDLE EAST AND AFRICA.

IN PARTICULAR, IN 2014 785 668 TONS OF GOODS IN THE AMOUNT OF USD 543 529 WERE DELIVERED TO EUROPE (EXPORT SHARE EQUALED TO 44,0), MIDDLE EAST – 260 341 TONS IN THE AMOUNT OF USD 127 356 THOUSAND (EXPORT SHARE – 10,3 %), AFRICA – 259 197 TONS IN THE AMOUNT OF USD 123 830 THOU. (EXPORT SHARE – 10,0 %), SEA – 6 798 TONS IN THE AMOUNT OF USD 4 904 THOUSAND (EXPORT SHARE – 0,4%), AMERICA – 73 653 TONS IN THE AMOUNT OF USD 72 155 THOUSAND (EXPORT SHARE – 4,9 %), THE RUSSIAN FEDERATION – 578 818 TONS IN THE AMOUNT OF USD 332 523 THOUSAND (EXPORT SHARE – 26,9%), THE UKRAINE – 48

PRODUCT TYPE	2014		
	VOLUME OF SALES, T	AVERAGE ANNUAL SALES PRICE, USD/T	EXPORT, USD THOU.
CAST BILLET AND BLOOM	450 530	525,1	236 588
ROLLED METAL, MILLS 150, 320, 850	1 078 545	584,0	629 879
SEAMLESS PIPES	148 295	1059,4	157 108
TIRE CORD	750 005	190,7	142 998
BEAD WIRE	33 333	1067,3	35 575
HOSE WIRE	37 906	1289,0	48 862
OTHER STEEL WIRE	147 005	633,9	93 191
TOTAL	2 645 619	508,1	1 344 201

## Description of the plant



### DIRECTIONS AND STRUCTURE OF SALES OF OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING» PRODUCTS IN 2014

PRODUCT DESCRIPTION	REGION OF DELIVERY
CAST BILLET	EUROPE, MIDDLE EAST AND AFRICA
BLOOM	EUROPE, CIS, RB
ROLLED METAL	MIDDLE EAST AND AFRICA, CIS, EUROPE, USA, RB
SEAMLESS PIPE	EUROPE, MIDDLE EAST AND AFRICA, SEA, CIS, AMERICA, RB
TIRE CORD	CIS, EUROPE, AMERICA, SEA, RB
HOSE WIRE	EUROPE, MIDDLE EAST, SEA, CIS, USA, RB
BEAD WIRE	EUROPE, CIS, RB
STEEL WIRE	EUROPE, CIS, RB

537 TONS IN THE AMOUNT OF USD 26 839 THOUSAND (EXPORT SHARE 2,2%).

TOTAL SALES VIA CDN MEMBERS WERE 1 328 351 853 THOUSAND TONS OF STEEL IN THE AMOUNT OF USD 880 395 THOUSAND. TO A GREAT EXTENT, BSW IMAGE AS AN ENTERPRISE SELLING ONLY HIGH QUALITY PRODUCTS HELPED TO SUCCESSFULLY PROMOTE OUR PRODUCTS ON NEW OUTLETS.

IN ADDITION TO JOINT-VENTURES AND TRADE FIRMS, STEEL SUPPLIES WERE CARRIED OUT UNDER AGREEMENTS WITH END USERS VIA COMPANIES HAVING OWN MULTIBRANCH NETWORK OF STEEL DEPOTS IN DIFFERENT COUNTRIES OF THE WORLD: DUFERCO, ARKAS TRADING LIMITED, DISMAS TRADING S.R.L, RMZ VERTRIEBSGESELLSCHAFT M.B.H., PISEC GROUP GmbH.

MAIN DIRECTION OF PROMOTION OF PRODUCTS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING TO EXTERNAL MARKETS IS MAINTENANCE AND ACTIVE GROWTH OF ITS PRESENCE ON THE EXISTING SALES MARKETS AND SEARCH FOR NEW ECONOMICALLY EFFICIENT REGIONS ACCOMPANIED BY INCREASE OF SALES VOLUME VIA OWN COMMODITY DISTRIBUTION NETWORK.

OUTSIDE THE REPUBLIC OF BELARUS, AS ON 31.12.2014 INTERESTS OF BYELORUSSIAN STEEL WORKS WERE REPRESENTED BY 7 JOINT-VENTURES AND TRADING FIRMS WITH BSW CAPITAL IN GERMANY, AUSTRIA, THE USA, CHINA, LITHUANIA AND THE RUSSIAN FEDERATION WHICH SELL MORE THAN HALF OF BSW PRODUCTS.

1. BELASTAHL AUSSENHANDEL GMBH, BERLIN, GERMANY, ESTABLISHED IN 1994, SELLS STEEL CORD, BRONZED WIRE, ROUNDS, AND HOT-DEFORMED SEAMLESS PIPES TO THE NORTH AND NORTH-WEST EUROPEAN REGION.

2. BELMET HANDELGESELLSCHAFT M.B.H., LINZ, AUSTRIA, ESTABLISHED IN 1996, SELLS ROUNDS, STEEL CORD, BEAD WIRE, HOSE WIRE, HOT-DEFORMED SEAMLESS PIPES TO SOUTH-WEST EUROPEAN REGION.

3. BEL-KAP-STEEL, LLC., MIAMI, USA, ESTABLISHED IN 1998, SELLS STEEL CORD, REINFORCING BARS, BLOOMS, ROUNDS AND HOT-DEFORMED SEAMLESS PIPE TO NORTH AND SOUTH AMERICA, SCANDINAVIAN COUNTRIES, THE NETHERLANDS, GERMANY, POLAND, LITHUANIA, ECUADOR AND SINGAPORE.

4. BELMET (SHANGHAI) TRADING Co., LTD., SHANGHAI, PRC, ESTABLISHED IN 2004, DELIVERS HOSE WIRE, STEEL CORD AND HOT-DEFORMED SEAMLESS PIPES TO SOUTH-EAST REGION.

5. 3AO TOGOVYI DOM BMZ-BALTIJA, SHAULYAI, LITHUANIA, ESTABLISHED IN 2008, SELLS REINFORCING BARS, WIRE ROD, ROUNDS, WIRE, HOT-DEFORMED SEAMLESS PIPES, FIBER TO BALTIC COUNTRIES.

6. OOO TOGOVYI DOM BMZ, ST. PETERSBURG, RUSSIAN FEDERATION, WAS ESTABLISHED IN 2003. THIS FIRM WAS ORGANIZED SO AS TO ENSURE RAW MATERIAL SAFETY OF BYELORUSSIAN STEEL WORKS, DELIVERIES OF SCRAP AND MATERIALS.



7. ООО Тоговыи Дом BMZ, Moscow, Russian Federation, was established in 2007 so as to arrange sales of finished products (reinforcing bars, steel wire and hot-deformed seamless pipes) of OAO «BSW – management company of «BMC» holding» in the Russian Federation.

So as to increase the share of the plant export via the commodity distribution network, first of all we focus on expansion of the number of joint-ventures, distributors and improvement of the efficiency of their activity. So as to diversify steel sales and ensure the required level of sales, we plan to improve operation of the commodity distribution network cardinally by 2015 and gradually stop working with independent traders.

Tasks set for the joint-ventures regarding promotion of high-tech products of Byelorussian Steel Works and expansion of product markets have been successfully fulfilled. Among priority tasks for 2015 is provision of export shipments of marketable products in the amount of 104,5%. Optimization of money flows by joint-ventures helps to improve reliability of proceeds from customers and considerable reduction of settlement term.

So, having analyzed the key steel markets of the company, we may say that the plant has strong positions and large prospects.

## GLOBAL MARKETS TENDENCIES

According to World Bank, global economy shows signs of recovery, although still stability of this recovery is still uncertain in the countries with high level of income. Growth of world economy in 2014 was, according to World Bank 2,6 %, and will 3,0% in 2015.

According to forecast from IMF growth of global economy will be 3,5% in 2015. With this 'fragile and irregular recovery' still there are risk factors: «potential corrections in financial markets, including as a result of normalization of monetary policy', as well as potential low growth and low inflation or even deflation in Euro zone.

IMF forecasts growth of developed countries economies in 2015 by 2,4% (in 2014 growth was 1,8%).

Forecast for economic growth in Eurozone in 2015 is 1,2% (in 2014 the growth was 0,8%). Despite expectations that Eurozone will gradually recover, record-low interest rates in major economies of EU will be hampering this process. Growth of GDP in Germany in 2015 was 1,3%, Italy 0,4%, Spain 2,0%, the UK 2,7%. In 2014 Italian economy reduced by 0,4%, other countries show increase.

Forecast for growth of American economy in 2015 is by 3,6% (in 2014 growth was 2,4%). Japanese economy in 2015 is expected to grow by 0,6%, in 2014 Japanese economy growth rates were 0,1%.

As for the countries with emerging markets and developing countries the forecast promises growth by 4,3% in 2015 (in 2014 growth was 4,4%).

Chinese economy is expected to grow by 6,8% in 2015, while in 2014 growth was by 7,4%.

IMF forecasts that in 2015 GDP of Belarus will grow by 1,5% vs. 2014. Forecast from Byelorussian government for 2015 is more optimistic, namely 2-2,5%.

IMF anticipates decline in Russian economy in 2015 by 3%, though before growth forecast was by 0,5% (in 2014 growth was 0,6%). «Forecast shows economic affect from drastic decline of prices for oil and intensification of geo-political tension», - explained IMF. Fund noted that drastic slowdown of growth





## Description of the plant



GLOBAL GDP GROWTH FORECAST FOR 2015

ПРОГНОЗ	2012	2013	2014	2015
МВФ	3.4	3.3	3.3	3.5
ББ	2.5	2.5	2.6	3.0

SOURCE: IMF - *WORLD ECONOMIC OUTLOOK: LEGACIES, CLOUDS, UNCERTAINTIES (JAN. 2015)*

WORLD BANK – *GLOBAL ECONOMIC PROSPECTS (JAN 2015)*

IN RUSSIA AND DROP IN RATE OF RUBLE CONSIDERABLY WEAKENED PERSPECTIVES OF OTHER CIS COUNTRIES.

WB WORSENE THREE-FOLD THE FORECAST CONCERNING DYNAMICS OF GDP IN RUSSIA FOR 2015: DECLINE INSTEAD OF BY 0,7% IS EXPECTED TO BE BY 2,9%. EUROPEAN BANK OF RECONSTRUCTION & DEVELOPMENT ALSO WORSENE FORECAST OF RUSSIAN GDP REDUCTION IN THE CURRENT YEAR TO 4,8% FOLLOWING THE SEPTEMBER FORECAST OF 0,2%.

CB OF RF WORSENE GDP GROWTH FORECAST FOR 2015-2016. ACCORDING TO NEW ASSESSMENT OF THE REGULATOR THEY WILL BE CLOSE TO ZERO, AND KIND OF ECONOMIC RECOVERY IS EXPECTED ONLY IN 2017. MINISTRY OF ECONOMIC DEVELOPMENT IN THEIR REVISED FORECAST ANTICIPATE GDP DECLINE IN 2015 BY 0,8%.

ACCORDING TO WSA, AFTER GROWTH BY 3,8% IN 2013 APPARENT STEEL CONSUMPTION ON THE GLOBAL SCALE IN 2014 WILL INCREASE BY 2% TO 1,527 BLN. T, AND IN 2015 IT WILL GROW BY 2% MORE, UP TO 1,576 BLN. T

DEMAND FOR STEEL IN EU COUNTRIES, ACCORDING TO FORECAST FROM WORLD STEEL ASSOCIATION (WSA) WILL BE CHARACTERIZED BY POSITIVE DYNAMICS IN 2014-2015.

THE RECOVERY IN STEEL CONSUMPTION WAS CONSIDERABLE IN THE EU IN 2014. BY THE END OF THE YEAR THIS FIGURE, ACCORDING TO IMF, WILL GROW BY 4% VS. THE RESULT OF 2013. THE IMPROVEMENT REFLECTS A PICKUP IN STEEL USING SECTORS IN MOST EU COUNTRIES, NOTABLY THE UK AND POLAND. STEEL USE IN 2015 IS PROJECTED TO GROW IN EU BY 2.9%.

HOWEVER, EU COUNTRIES ARE STILL FACING NEGATIVE AFFECT OF DISINFLATION. GEOPOLITICAL TENSIONS THREATENING THE CONTINUED RECOVERY.

BESIDES, RECOVERY OF DEMAND FOR STEEL PRODUCTS IN EU COUNTRIES IS STILL HAMPERED BY REDUCTION OF SHARE OF BORROWED FUNDS, BOTH BY THE STATE AND PRIVATE SECTOR.

ACCORDING TO WSA, IN CHINA IN 2014 DEMAND IS EXPECTED TO GROW BY ONLY 1%, BECAUSE THE EFFORTS OF CHINESE GOVERNMENT TO BALANCE NATIONAL ECONOMY CURTAILED INVESTMENTS. IN 2015, ACCORDING TO WSA, STEEL USE WILL GROW BY 0,8%.

INDIA'S OUTLOOK IN 2014, IS EXPECTED TO GROW BY 3,4% DUE TO RECOVERY OF CONSTRUCTION AND PROCESSING SECTORS, THOUGH IT WILL BE HELD BACK BY HIGH INFLATION AND STRUCTURAL PROBLEMS IN NATIONAL ECONOMY. DESPITE UNCERTAINTY, RELATED TO PARLIAMENT ELECTIONS IN APRIL OF THIS YEAR, WSA EXPERTS SEE THAT STEEL CONSUMPTION GROWTH IN 2015 WILL BE 6%, PROVIDED THAT STRUCTURAL REFORMS IN NATIONAL ECONOMY WILL HAVE BEEN COMPLETED BY THAT TIME.

IN JAPAN FOLLOWING A 2,1% INCREASE IN STEEL USE IN 2013 2,1% STEEL DEMAND IN 2014 WAS REVISED UPWARD BY 2,3%. IN 2015 STEEL DEMAND IN THE COUNTRY IS EXPECTED TO DECLINE BY -1,5%. PESSIMISTIC FORECAST FOR 2015 RELATES TO IMPLEMENTATION OF «ABENOMICS» POLITICS (FAMILY NAME OF PRIME MINISTER OF JAPAN ABE SHINZO), AIMED TO TAKE THE COUNTRY OUT OF DISINFLATION, AFFECTING THE ECONOMY OF JAPAN DURING THE LAST 20 YEARS; IT IS GOING TOO SLOW. ANOTHER REASON IS INCREASE OF CONSUMER TAX FROM 5 TO 8% FROM APRIL 2014, WHICH WILL AFFECT THE MAIN CONSUMERS OF METAL IN JAPAN: CONSTRUCTION SECTOR AND AUTOMOTIVE INDUSTRY.

WSA FORECASTS NOTICEABLE GROWTH OF STEEL CONSUMPTION IN THE USA AND MEXICO SUMMARIZING THE RESULTS OF THE YEAR. AT THE SAME TIME WSA STEEL



FIGURE 1. ACTUAL AND FORECAST CONSUMPTION OF STEEL IN THE WORLD. CHANGE YEAR TO YEAR %.

SOURCE: WORLD STEEL ASSOCIATION

USE FORECASTS HAVE BEEN REVISED DOWN WITH MOST COUNTRIES IN CENTRAL AND SOUTH AMERICA.

TAKING INTO ACCOUNT FAST DEVELOPMENT OF SUCH BASIC CONSUMING SECTORS AS AUTOMOTIVE INDUSTRY AND ENERGY SECTOR IN THE USA, WSA FORECASTS FOR STEEL USE HAVE BEEN UPWARD REVISED FROM 4% TO 6,7% IN 2014. IN 2015 INCREASE BY 1,9% IS EXPECTED 1,9%.

MEXICO, THE SECOND BIG METALLURGICAL MARKET IN THE NORTHERN AMERICA IS NOW SHOWING LARGE POTENTIAL FOR STEEL DEMAND GROWTH AGAINST RECENT REFORM OF ENERGY SECTOR, AND INCREASE OF CARS PRODUCTION. AS A RESULT, ACCORDING TO WSA, IN 2014 STEEL USE WILL GROW BY 6,9%, IN 2015 BY 3,5%.

AT THE SAME TIME ECONOMIC SITUATION IN CENTRAL AND SOUTH AMERICA IS NOT FAVOURABLE: PRICES FOR RAW MATERIALS DROPPED AND NECESSITY TO MAKE SERIOUS STRUCTURAL REFORMS MADE WSA CONSIDERABLY REVISE DOWN THE FORECAST FOR STEEL USE IN THESE REGIONS. IN ITS APRIL REPORT THE ASSOCIATION EXPECTED GROWTH OF DEMAND BY 3,4% IN 2014, THEN NOW THE FORECAST SAYS DECLINE BY 2,4%. AND IN 2015 GROWTH IS EXPECTED BY 3,4%.

ACCORDING TO WSA, THE MAJOR MARKET OF SOUTH AMERICA, IN BRAZIL, REDUCTION OF STEEL USE IN 2014 WILL

BE 4,1% DUE TO HIGH LEVEL OF INFLATION, OVERVALUED RATE OF REAL, HIGH PRODUCTION COSTS AND WEAK INFRASTRUCTURE. HOWEVER IN 2015 IN BRAZIL RECOVERY OF DEMAND IS EXPECTED BY 1,5%, THOUGH.

THE OUTLOOK FOR STEEL USE IN CIS HAS BEEN REVISED DOWN SIGNIFICANTLY IN 2014 (DUE TO CRISIS IN UKRAINE) TO -3,8%, VS. 2,8% GROWTH IN 2013. IN UKRAINE STEEL USE IS EXPECTED TO REDUCE BY 19% IN 2014. IN RUSSIA STEEL USE IS EXPECTED TO REDUCE IN 2014 BY 0,5%, IN 2015 RECOVERY OF DEMAND IS POSSIBLE BY 1,1%. IN 2015, IN CASE POLITICAL SITUATION IN CIS BECOMES STABLE, DEMAND FOR STEEL MAY INCREASE BY 1,9%.

IN MENA REGION, STEEL DEMAND AFTER THE GROWTH IN 2013 BY 0,9% IS EXPECTED TO GROW IN 2014 BY 3,3%. AS FAR AS POLITICAL SITUATION GETS STABLE IN THE REGION, AND WHEN ECONOMIES OF PERSIAN GULF COUNTRIES (NOT RELATED TO OIL) DEVELOP FURTHER ON, AS FAR AS POLITICAL AND ECONOMIC SITUATION IN EGYPT BECOMES BETTER, STEEL DEMAND IN MENA CAN INCREASE BY 6,6% IN 2015.

STEEL USE IN DEVELOPED COUNTRIES WILL INCREASE, ACCORDING TO FORECAST, TO 4,3% IN 2014 AND THEN SLOWS TO 1,7% IN 2015, ON THE OTHER HAND THE EMERGING AND DEVELOPING ECONOMIES, EXCLUDING CHINA, WILL GROW BY 1,7% IN 2014 AND BY 4,7% IN 2015.



## Description of the plant



### DATES AND EVENTS OF 2014

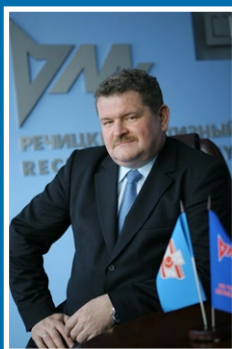
**JANUARY 4, 2014** – MELTING SHOP-2 PRODUCED 9 MLN T. OF STEEL SINCE THE DAY WHEN THE SHOP WAS ORGANIZED.

**JANUARY 16–30, 2014** – ANNIVERSARY OF UTILITIES-REPAIR SHOP

**JANUARY 17, 2014** – START-UP CEREMONY OF UPGRADED FACILITIES: MELTING SHOP-1, EAF-1 AND FUME TREATMENT PLANT-1.

**JANUARY 28, 2014** – 750 THOUSANDTH TON OF STEEL CORD WAS PRODUCED IN SW SHOP – 1. JUBILEE BOX WAS SENT TO CONTINENTAL PLANT IN ECUADOR.

«... ONE CAN INSTALL ANY UP-TO-DATE EQUIPMENT, BRING MODERN MACHINES INTO THE SHOPS, BUT NOTHING WILL RUN WITHOUT PEOPLE, WITHOUT SPECIALISTS. BESIDES, EVERYBODY IS IMPORTANT: THOSE WORKING ON PRODUCTION SITES, THOSE IN AUXILIARY SHOPS, THOSE IN MANAGEMENT, SALES TEAM; NO EXCLUSIONS HERE ...»



GENERAL DIRECTOR (OAO BYELORUSSIAN STEEL WORKS) A.N. SAVENOK

**FEBRUARY 1, 2014** – 20TH ANNIVERSARY OF REPAIR-CONSTRUCTION SHOP

**FEBRUARY 3, 2014** – 30TH ANNIVERSARY SINCE ESTABLISHMENT OF ELECTRICAL EQUIPMENT (FROM MELTING SHOPS) REPAIR SHOP

**FEBRUARY 14, 2014** – OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING» BECAME THE WINNER IN CONTEST «THE BEST GOODS OF THE REPUBLIC OF BELARUS» 2013 BY THE DECISION OF GOSSTANDART No4 IN NOMINATION «TECHNICAL & INDUSTRIAL GOODS» REFERRING TO:

ROUNDS FROM ALLOYED CONSTRUCTION STEEL 40X AS PER GOST 4543-71;

COLD-WORKED PLAIN NONPRESTRESSED REBAR FOR CONCRETE STRUCTURES Ø 5,0 MM CLASS S AS PER CTB1341-2009.

**FEBRUARY 21, 2014** – TWO IMPORTANT FACILITIES WERE LAUNCHED: NEW LIME KILN-3 AND UPGRADED CCM №2.

**APRIL 24, 2014** – THE 3RD INTERNATIONAL CONFERENCE OF SUPPLIERS TOOK PLACE, 100 DELEGATES FROM 11 COUNTRIES.

**MAY 3, 2014** – 30TH ANNIVERSARY SINCE CENTRAL PLANT LAB WAS ESTABLISHED

**MAY 3, 2014** – 20TH ANNIVERSARY SINCE OPENING OF HOTEL «SLAVYANSKAYA», LOCATED IN THE CENTRAL STREET OF THE TOWN, NAMELY PERVOMAIKAYA, 13.

**JUNE 5, 2014** – OFFICIAL START OF STATIC THIRISTOR COMPENSATOR OF REACTIVE POWER AT «STAL» SUBSTATION. IT WILL ENSURE MORE STABLE OPERATION OF THE FURNACE TRANSFORMERS.

**JUNE 11, 2014** – 15 YEARS SINCE CAPSULE ADDRESSED TO THE PROGENIES WAS LAID DOWN ON ONE OF THE MAIN NEW CONSTRUCTIONS OF THE LATE TENTH ANNIVERSARY, WIRE ROLLING MILL «150».

**JUNE 12, 2014** – FOR THE FIRST TIME IN THE HISTORY OF THE PLANT FOOTBALL MATCH WAS PLAYED IN LOKOMOTIV STADIUM. MANAGERS OF THE COMPANY VS. THE YOUTH OF BSW.

**JULY 26, 2014** – 30TH ANNIVERSARY SINCE TECHNICAL CONTROL DPT. WAS ORGANIZED.

**OCTOBER 1, 2014** – 20TH ANNIVERSARY SINCE CREATION OF 'ZHLOBINMETALLURGSTROI'.

**OCTOBER 8, 2014** – GENERAL DIRECTOR OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» A.N. SAVENOK WAS ELECTED TO BE A CHAIRMAN OF FOUNDRYMEN & STEELMAKERS ASSOCIATION OF THE REPUBLIC OF BELARUS.

**OCTOBER 14, 2014** – OFFICIAL OPENING OF RENEWED TRAINING CENTER.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF BYELORUSSIAN STEEL WORKS.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF MELTING SHOP No1.

**OCTOBER 15, 2014** – 30TH ANNIVERSARY OF AUTOMATION DPT.

**OCTOBER 15, 2014** – THE BUST OF THE FIRST DIRECTOR D.L.AKOPOV WAS OPENED IN FRONT OF ADMINISTRATION BUILDING No2 ON THE DAY OF BSW 30TH ANNIVERSARY.

**NOVEMBER 5, 2014** – 30TH ANNIVERSARY OF ROLLING MILL.

**NOVEMBER 6, 2014** – RENEWED METALLURGIST PALACE OF CULTURE WAS OPENED AFTER RECONSTRUCTION. V.A.DVORNIK (CHAIRMAN OF GOMEL REGIONAL EXECUTIVE COMMITTEE, MEMBER OF COUNCIL OF THE REPUBLIC OF THE NATIONAL ASSEMBLY) PARTICIPATED IN THE CEREMONY.



**NOVEMBER 20, 2014** – DURING THE BUSINESS VISIT OF THE FIRST DEPUTY PRIME MINISTER OF THE REPUBLIC OF BELARUS V.I.SEMASHKO TO BSW, THE DECISION OF THE COMPANY'S TEAM AND ADMINISTRATION WAS TO WRITE THE NAME OF VLADIMIR ILIICH SEMASHKO ON THE COMPANY'S HONOUR'S BOOK FOR INVALUABLE CONTRIBUTION, ASSISTANCE AND SUPPORT TO BYELORUSSIAN STEEL WORKS IN THE ONGOING ACTIVITIES, IMPLEMENTATION OF THE INVESTMENT PROGRAMME, AS WELL AS HE WAS AWARDED A BADGE «HONOURABLE EMPLOYEE OF BSW».

**NOVEMBER 25, 2014** – 30TH ANNIVERSARY AFTER ACCEPTANCE CERTIFICATE FOR THE FIRST STAGE OF BYELORUSSIAN STEEL WORKS WAS SIGNED.

**DECEMBER 18, 2014** – EMPLOYEES OF BYELORUSSIAN STEEL WORKS V.N.ZUEV, Y.G. NICKOLAENKO, M.Y. TERESCHENKO WERE AWARDED MEDALS «FOR ACHIEVEMENTS IN LABOUR».

## 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» (2002-2012, 2014);
- WINNER OF THE COMPETITION «BEST PRODUCTS OF THE REPUBLIC OF BELARUS ON THE MARKET OF THE RUSSIAN FEDERATION» IN THE NOMINATION «TECHNICAL INDUSTRIAL PRODUCTS» (2001, 2003-2012, 2014);
- LAUREATE OF THE INTERNATIONAL BADGE OF HONOR AWARD «COMMONWEALTH STAR» IN THE NOMINATION «BEST CIS COMPANY» (2006);
- LAUREATE 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 COMPETITION «BEST EXPORTER-2007» IN THE NOMINATION «MACHINE BUILDING, METALLURGY AND METAL WORKING»;
- WINNER OF THE COMPETITION «BEST QUALITY MANAGER» (2007-2009);
- 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» (2010-2012, 2014);
- 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 YOUTH ARTISTIC-SPORT JAMBOREE OF BYELORUSSIAN PROFESSIONAL UNION OF EMPLOYEES IN THE INDUSTRY;
- 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 BSW 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);
- SINCE 2013 AWARD FOR EXCELLENCE FROM EUROPEAN FUND OF QUALITY MANAGEMENT (EFQM) LEVEL «RECOGNIZED FOR EXCELLENCE 5 STARS» (2013);
- SINCE 2013 – WINNER IN THE COMPETITION «THE BEST PRODUCTS OF BELARUS IN THE MARKET OF RUSSIA (СТБ)»;
- SINCE 2013 – EFQM EXCELLENCE MODEL.



# Management, obligations, interaction with interested parties

## CORPORATE MANAGEMENT

CORPORATE MANAGEMENT OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS A PACKAGE OF PROCESSES ENSURING MANAGEMENT AND CONTROL OF THE COMPANY ACTIVITY INCLUDING RELATIONSHIP BETWEEN OWNER, MANAGEMENT AND PERSONNEL SO THAT TO ACHIEVE STRATEGIC TARGETS OF THE ENTERPRISE. CORPORATE MANAGEMENT OF BSW IS MEANT TO IMPROVE EFFICIENCY OF THE PLANT ACTIVITIES AND TO STRENGTHEN ITS REPUTATION. CORPORATE POLICY IS BUILT ON CONTINUOUS PERFECTION OF THE PLANT'S MANAGEMENT SYSTEM, EFFICIENCY OF WHICH IS AN IMPORTANT FACTOR SO THAT TO MAKE THE PLANT MORE ATTRACTIVE FOR INVESTORS.

INCREASE OF EFFECTIVENESS IN THE FIELD OF SUSTAINABLE DEVELOPMENT IS ENSURED BY EFFICIENT SYSTEM OF CORPORATE MANAGEMENT. TOP MANAGEMENT IN THEIR ACTIVITIES ADHERES TO THE FOLLOWING APPROACHES IN THE FIELD OF 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;
- INVOLVEMENT 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;
- EXPANSION OF PRODUCTION FACILITIES WITH MINIMIZATION OF ENERGY AND RAW MATERIAL CONSUMPTION LEVELS;
- DISCLOSURE OF COMPLETE AND RELIABLE INFORMATION REGARDING THE COMPANY PERFORMANCE;
- MAKING THE PLANT ATTRACTIVE FOR INVESTMENT;
- ENHANCING OF RESPONSIBILITIES;

- KEEPING UP AN OPEN DIALOGUE WITH THE STAKEHOLDERS;
- 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 OBLIGATIONS.

IN ITS ACTIVITIES OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ASPIRES TO ENSURE COMPLIANCE WITH INTERNATIONAL STANDARDS OF BUSINESS ACTIVITIES. THE COMPANY 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 TO GENERAL PUBLIC ON THE PLANT'S WEBSITE [WWW.BELSTEEL.COM](http://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 BSW PRODUCTION ACTIVITIES, ENVIRONMENT AND HUMAN RIGHTS PROTECTION.

TO ACHIEVE HIGH INDICATORS OF LONG-TERM SOCIAL AND ECONOMIC EFFICIENCY BSW 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 6), THE ARTICLES OF ASSOCIATION OF OAO «BSW



— MANAGEMENT COMPANY OF «BMC» HOLDING» (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 THE COMPANY 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, RECORDED IN CORRESPONDING DOCUMENTS — BUSINESS PLAN OF THE COMPANY, «CORPORATE POLICY», «TARGET FIGURES, «TARGETS OF THE DEPARTMENTS»;
- IDENTIFYING RESOURCES (LABOUR, INFRASTRUCTURE AND PRODUCTION ENVIRONMENT) AS REQUIRED FOR PLANNING AND CARRYING OUT ACTIVITIES TO ACHIEVE THE GOALS SET FORTH;
- DETERMINING PROCESSES OF THE CMS AND PROVIDING FOR THEIR EFFICIENT FUNCTIONING.

QUALIFICATIONS, COMPETENCE AND ACTIVITIES OF THE PLANT'S TOP MANAGEMENT ARE EVALUATED BY THE OWNER OF THE PLANT, NAMELY MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS. INCENTIVE PAYMENTS TO THE TOP MANAGEMENT ARE MADE DEPENDING ON THE EFFICIENCY OF PLANT'S PERFORMANCE AND COMPLIANCE WITH THE INDICATORS OF SOCIAL AND ECONOMIC DEVELOPMENT OF THE COMPANY.

INTERNAL CONTROL SYSTEM FOR SUPERVISION OF FINANCIAL AND ECONOMIC ACTIVITIES OF THE COMPANY COMPRISES THE AUDIT COMMITTEE 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 THE

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 THE REQUIREMENTS OF ISO 9001, ISO 14001, OHSAS 18001 AND ISO 26000.

COMPLIANCE OF THE PLANT'S MANAGEMENT SYSTEMS WITH THE REQUIREMENTS OF INTERNATIONAL STANDARDS ISO 9001, ISO 14001, OHSAS 18001, API Q1 IS AUDITED BY «TUV RHEINLAND» (GERMANY), BUREAU VERITAS CERTIFICATION (GREAT BRITAIN), AMERICAN PETROLEUM INSTITUTE AND OTHERS. BSW PERFORMANCE 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 CORPORATE MANAGEMENT SYSTEM, THE TOP MANAGEMENT CARRIES OUT AN ANALYSIS OF ITS PERFORMANCE. THE PERFORMANCE ANALYSIS IS CARRIED OUT ONCE A YEAR AND ONCE A HALF-YEAR BASED ON THE REQUIREMENTS IDENTIFIED IN THE ENTERPRISE STANDARD СТП 840-KCM-5.6 «MANAGEMENT REVIEW. 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 IS GOVERNED BY СТП 840-KCM-8.5 «PERFORMANCE OF MULTIFUNCTIONAL TEAM. CONTINUOUS IMPROVEMENT. DATA REVIEW. PREVENTIVE AND CORRECTIVE ACTIONS».

THE CORPORATE MANAGEMENT SYSTEM EXISTING AT THE PLANT COMPRISES DOCUMENTATION REGULATING PROCESSES, RIGHTS AND OBLIGATIONS WITHIN THE STAFF, INTERACTION OF EXECUTORS 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:



## Management, obligations, interaction with interested parties



- A11 «MARKETING»;
- A12 «PLANNING, REVIEW AND IMPROVEMENT»;
- A21 «PERSONNEL MANAGEMENT»;
- A22 «MAINTENANCE AND REPAIR»;
- 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 TECHNOLOGIES»;
- A32/2 «DESIGN AND DEVELOPMENT OF EQUIPMENT»;
- A33 «PURCHASING»;
- A34 «PLANNING AND PREPARATION OF PRODUCTION»;
- A35 «PRODUCTION AND SUPPLY OF CONCAST BILLET»;
- A36 «PRODUCTION AND SUPPLY OF ROLLED PRODUCT»;
- A37 «PRODUCTION AND SUPPLY OF PIPES»;
- A38 «PRODUCTION AND SUPPLY OF STEEL CORD, WIRE AND FIBER»;
- A41 «INTERNAL AUDIT»;
- A42 «MONITORING OF PROCESSES AND PRODUCTS».

### 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 MEMBERS OF THE EXECUTIVE AUTHORITIES OF THE COMPANY AND HEADS OF STRUCTURAL DIVISIONS;
- MEETINGS AND GATHERINGS OF THE GENERAL DIRECTOR, MEMBERS OF THE DIRECTORATE, HEADS OF BOARDS WITH EMPLOYEES IN ACCORDANCE WITH THE APPROVED SCHEDULE OF INFORMATION ACTIVITIES;
- NEGOTIATIONS AND CONSULTATIONS;
- DISCUSSIONS AND «ROUND TABLES»;
- SOCIOLOGICAL POLLS;
- CORRESPONDENCE;
- PROVIDING INFORMATION PLACED 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 OF AWARENESS;
- ENGAGING IN EFFICIENCY IMPROVEMENT ACTIVITIES;
- ILLUSTRATING OF MANAGEMENT'S OBLIGATIONS;
- SAVING OF ENERGY AND MATERIAL RESOURCES;
- ENSURING OF PROPER INTERACTION OF ALL MANAGEMENT LEVELS;
- ARRANGING OF REPORTING ACTIVITIES;
- OPERATIONAL DECISION-MAKING ON CURRENT ISSUES.

### APPROACH IMPLEMENTATION

THE EXECUTIVE AUTHORITIES OF THE COMPANY DEVELOP INTERNAL COMMUNICATIONS USING THEM AS ONE OF ITS MAJOR TOOLS TO ENCOURAGE SOCIAL PARTNERSHIP, MAINTAIN FAVORABLE SOCIAL CLIMATE AMONG THE 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 FOR 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 EMPLOYEES, PRESS CONFERENCES, «FREE MICROPHONE» EVENTS, ETC.) AND POLLS, INTERVIEWS, «DIRECT LINES», WHEN EVERY SINGLE EMPLOYEE CAN ASK THE MANAGEMENT QUESTIONS AND WOULD BE GIVEN IRREFRAGABLE ANSWERS TO THEM. 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 HIS/HER REQUEST, MAKE A COMMENT, A PROPOSAL, AND THOSE ARE 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 ALLOW THE CORPORATE INFORMATION ACTIVITY FACTOR USERS NOT ONLY TO INCREASE USE OF THE INFORMATION, BUT HAVE A POSSIBILITY TO COMMENT, GET FEEDBACK, CREATE AN EDUCATIONAL SOCIAL NETWORK WHERE SPECIALISTS DISCUSS IMPORTANT ISSUES, COUNCIL, AND TRAIN RECRUITS, CREATE DOCUMENTS, AND SUGGEST IDEAS.

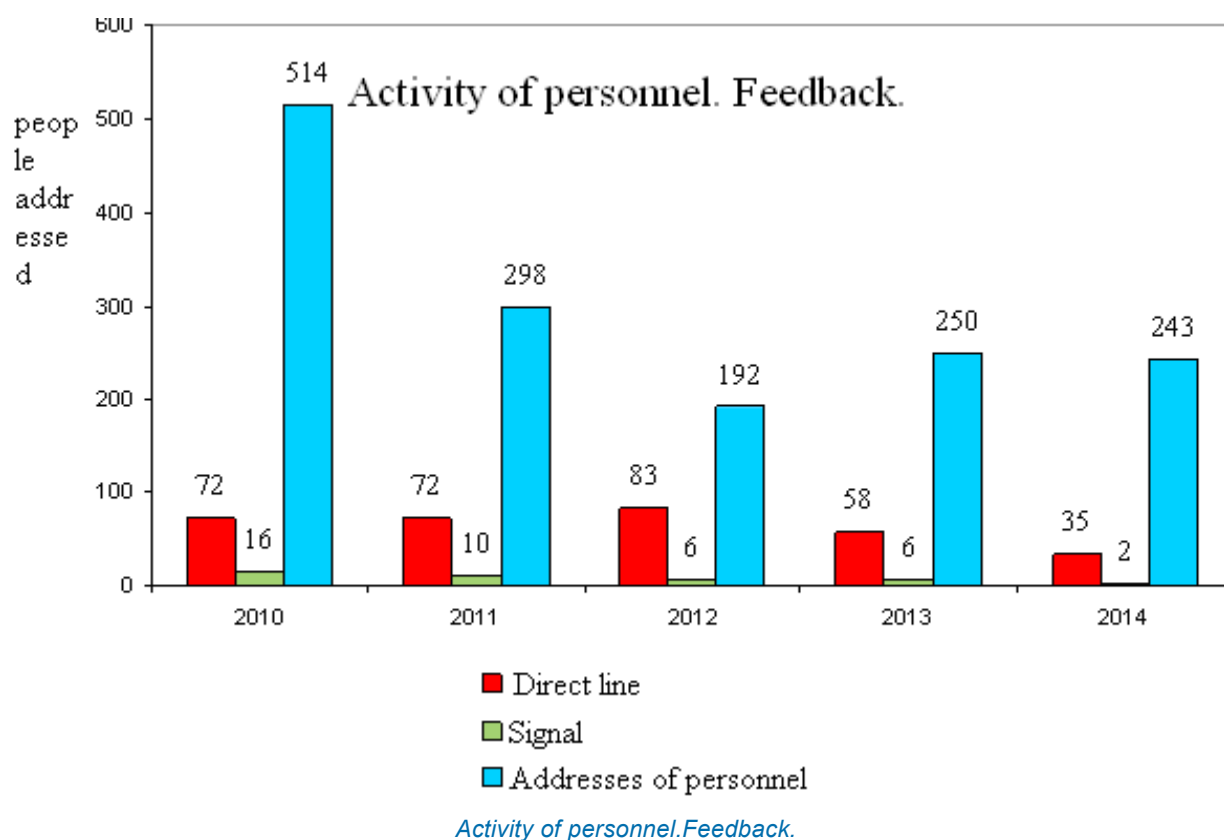
OWING TO THE ACTIVITY OF THE STAFF, THE SO CALLED INFORMATION RESOURCE (CONTENT) IS FORMED ON THE CORPORATE WEB-SITE WHICH IS THE BASIC ELEMENT OF THE CORPORATE SOCIAL NETWORK AND OF THE KNOWLEDGE MANAGEMENT SYSTEM.

THE SITE REPRESENTS OVER 24 000 MATERIALS OF TECHNICAL, NORMATIVE, AND HOUSEKEEPING INFORMATION. ON THE AVERAGE, 3 500 PEOPLE VISIT THE SYSTEM EVERY DAY. «INFO-BMZ» IS A PLATFORM FOR CARRYING OUT





## Management, obligations, interaction with interested parties



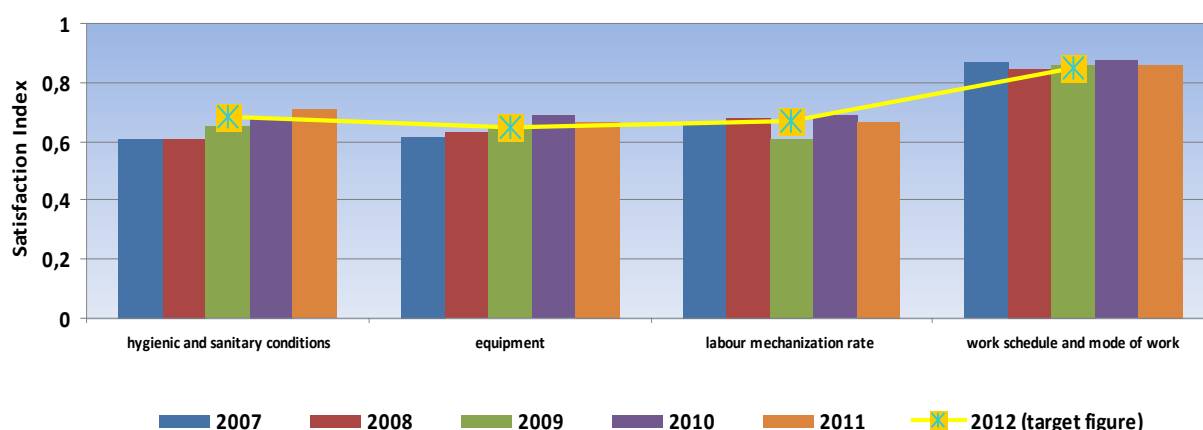
ON-LINE SOCIAL POLLS AMONG THE PLANT'S EMPLOYEES WHICH CONSIDERABLY ENHANCE THE EFFICIENCY OF THE INFORMATION ACQUISITION AND ITS RESULTS OUTPUT.

THE ENTERPRISE'S DEVELOPMENT LEVEL INCLUDES NOT ONLY ANALYSIS OF ITS FINANCIAL, ECONOMIC AND PRODUCTION INDICATORS, 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 PSYCHO-LOGICAL BACKGROUND EXISTING WITHIN THE ENTERPRISE IS OF ESSENTIAL SIGNIFICANCE WHEN IT COMES TO THE NEED FOR NO-CONFLICT UPGRADING ACTIVITIES.

REGULAR ENQUIRIES CONDUCTED IN PLANT'S DIVISIONS

### Satisfaction in labour conditions



Satisfaction in labour conditions

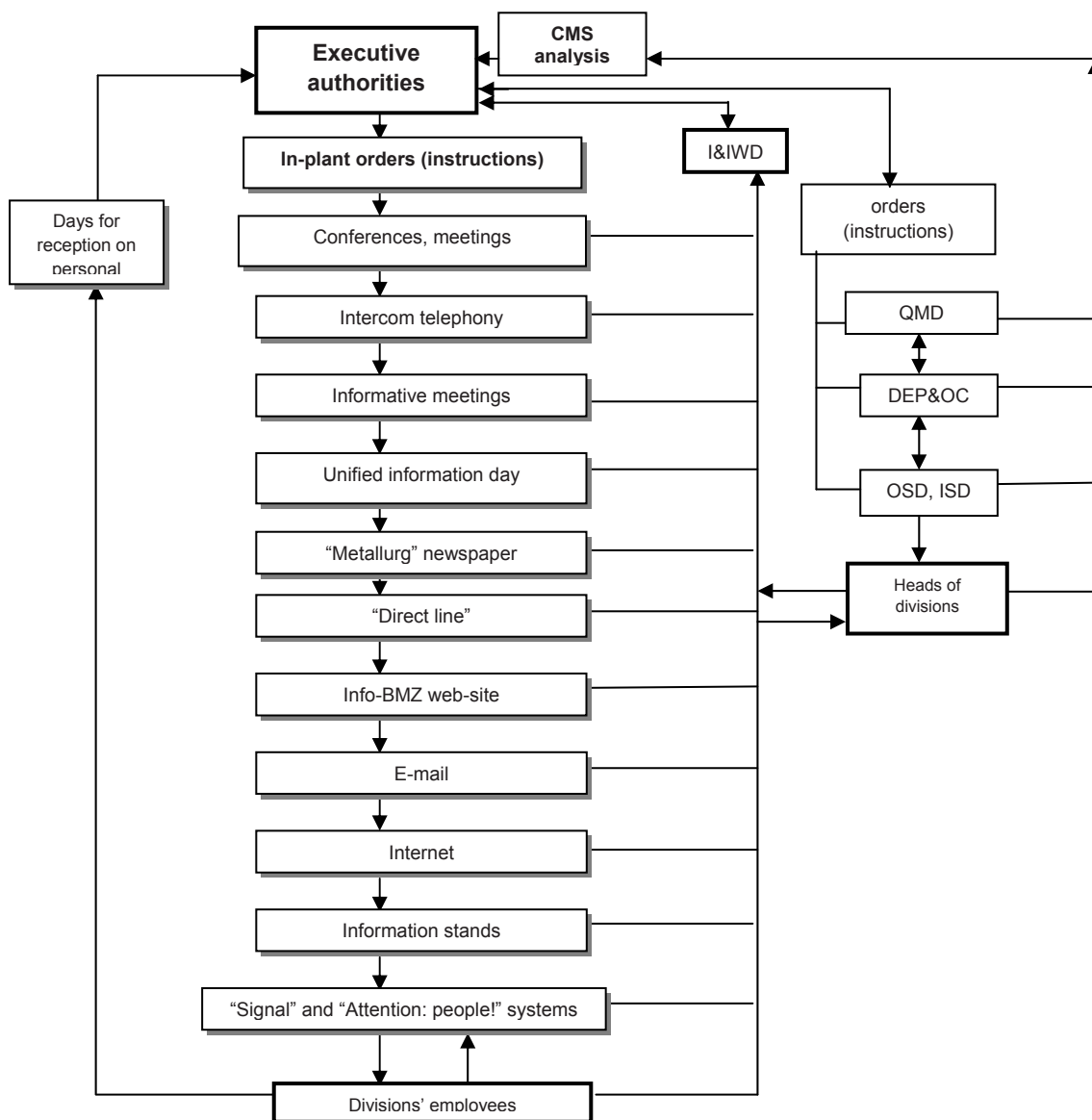


MAKE IT POSSIBLE TO OBTAIN DATA ON SO-CIAL WELL-BEING OF ITS EMPLOYEES, LEVELS OF SATISFACTION WITH THE WORKING ENVIRONMENT AND UTILI-TIES WITHIN THE FRAMES OF THE PRODUCTION PROCESS AS WELL AS INFORMATION ON THE SOCIAL AND PSY-CHOLOGICAL CLIMATE. RESULTS OF THE ABOVE ENQUIRIES ARE TAKEN INTO CONSIDERATION WHEN DEVELOP-ING SOCIAL PROGRAMS, PROJECTS AND IDENTIFYING ACTIONS TO IMPROVE EMPLOYEES' WORKING ENVIRON-MENT 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 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

### Internal communication structure



## Management, obligations, interaction with interested parties



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 DYNAMICS OF SATISFACTION OF BSW EMPLOYEES WITH HEALTHCARE SERVICES PROVIDED BY THE PLANT AND IMPROVEMENT OF BSW MEDICAL DEPARTMENT WORK. SO AS TO IMPROVE THE SYSTEM OF RELATIONS WITH THE STOCKHOLDERS MONITORING OF THE IMAGE OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING AMONG CITIZENS OF THE REGION, EFFECTIVENESS OF ITS ACTIVITY IN THE AREA OF SOCIAL RESPONSIBILITY, INFLUENCE ON THE COMMUNITY.

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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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: IN THE COUNTRY, EXPORT POTENTIAL, '2014 IS THE YEAR OF HOSPITALITY', AT IMPORTANT PROJECTS, PRODUCTION RENOVATION, PLANT'S BOARD OF HONOR, INTERNATIONAL EXHIBITIONS, FIRSTHAND, TOWARDS CUSTOMERS, FOR SUCCESSFUL BUSINESS, TOMORROW STARTS TODAY, IDEA GENERATORS, LABOR PROTECTION, DIRECT LINE, LIVE HONESTLY, FOLLOWING THE LETTER OF THE LAW, VISUAL ANGLE, UP THE CAREER LADDER, IN PUBLIC ORGANIZATIONS, ETC.. EVERY QUARTER THEY PREPARE A SUBJECT PAGE «WE CHOSE LIFE» WHICH INFORMS ABOUT HARM OF DRUGS AND POPULARIZING HEALTHY WAY OF LIVING. THE FIRST ISSUE OF «METALLURG» WAS PUBLISHED IN 1985 WITH CIRCULATION OF 2000 COPIES. AT PRESENT, ITS PRINTING OFFICE INCREASED THE CIRCULATION TO OVER 8 500 COPIES, WHICH MEANS THAT ALMOST EVERY SINGLE FAMILY OF SPECIALISTS EMPLOYED AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 RO-GACHYOV AND SVETLOGORSK DISTRICTS. AMONG ITS READERS ONE CAN MENTION THE PLANT'S OLD-TIMERS. FOR THEIR BENEFIT, THE PLANT'S TRADE UNION COMMITTEE TAKES OUT, AT ITS OWN COST, AN ANNUAL SUBSCRIPTION FOR THE NEWSPAPER.

THE EDITORIAL STAFF INCLUDES A TV-NEWS TEAM. EVERY WEEK, LOCAL TOWN TV CHANNEL «NYU-ANS» BROADCASTS «BMZ NEWS» PROGRAM. THE MAIN ADVANTAGE OF THE COMPANY'S TELEVISION IS THE POSSIBILITY TO PROVIDE UNBIASED INFORMATION TO THE PUBLIC. VISUALIZATION OF THE INFORMATION IS ALSO VERY IMPORTANT. THIS MAKES IT POSSIBLE NOT ONLY TO INFORM, BUT VISUALIZE IT. FOR THE COMPANY THAT BIG AS BSW THIS IS VERY IMPORTANT. THE THING IS THAT NOT ALL EMPLOYEES CAN PICTURE CLEARLY FOR EXAMPLE HOW STEEL IS MELTED OR HOW BEAD WIRE IS PRODUCED. TELEVISION HELPS TO ELIMINATE THESE GAPS.

TODAY BSW IS REPRESENTED BY 3 DIFFERENT INTERNET-RESOURCES: CORPORATE SITE — [WWW.BELSTEEL.COM](http://WWW.BELSTEEL.COM), INTERNAL SITE — INFOBMZ, AND SUBJECT GROUP «BMZ: COMPANY'S NEWS». EACH OF THEM IS ORIENTED TO A CERTAIN TARGET AUDIENCE AND SERVES DIFFERENT FUNCTIONS.

**CORPORATE SITE** [WWW.BELSTEEL.COM](http://WWW.BELSTEEL.COM) HAS BEEN AVAILABLE FROM 2003. THIS IS A MODERN RESOURCE OF THE INTERNATIONAL LEVEL FOR WIDE AUDIENCE OF USERS. IT CONTAINS NOT ONLY USEFUL INFORMATION, BEING A CHANNEL FOR COMMUNICATION, BUT IT ALSO STRENGTHENS THE IMAGE OF THE PLANT. CONSIDERING THAT MOST OF THE PARTNERS OF BSW ARE FOREIGN COMPANIES, THE SITE IS AVAILABLE IN RUSSIAN AND ENGLISH.

ALONG WITH EXTERNAL SITE THERE IS **INTERNAL SITE INFOBMZ** AVAILABLE AT BYELORUSSIAN STEEL WORKS, USED ONLY BY THE EMPLOYEES OF THE COMPANY.

THIS RESOURCE IS COMPOSED OF NEWS OF THE COMPANY AND METALLURGICAL SECTOR ON THE WHOLE. THERE IS AN ACCESS TO THE ARCHIVE OF THE PLANT'S NEWSPAPER 'METALLURG' ON THIS SITE, LEADING NATIONAL PUBLICATIONS, AS WELL AS SPECIFIC PERIODICALS. THERE IS A LINK TO THE PLANT'S ELECTRONIC LIBRARY. DAILY INTERNAL SITE IS VISITED BY APPROX. 2,5 THOU. EMPLOYEES.



THE MAIN FUNCTION OF INFOBMZ IS TO PROVIDE BUSINESS-RELATED INFO PROMPTLY TO BSW EMPLOYEES WHO HAVE PCs IN THEIR WORKING PLACES. IN THE SECTIONS AVAILABLE ON THIS RESOURCE ANY SPECIALIST CAN FIND THE REQUIRED DOCUMENT IN AN ELECTRONIC FORM, CLEARLY SORTED OUT BY SECTIONS: QUALITY, LABOUR SAFETY, ECOLOGY, ECONOMY, PERSONNEL.

BYELORUSSIAN STEEL WORKS IS AVAILABLE IN SOCIAL NETWORKS AS WELL. NOW **OFFICIAL GROUP OF THE PLANT** IS AVAILABLE IN «VKONTAKTE». MORE THAN 400 PEOPLE ARE IN THE GROUP. IN MOST OF THE CASES THEY ARE YOUNG EMPLOYEES NOT OLDER THAN 25. INITIALLY THIS WAS THE VERY AGE-GROUP THE FOCUS WAS MADE ON WHEN THE COMMUNITY IN THE SOCIAL NETWORK WAS BEING CREATED, AS IT IS THE YOUTH WHO HAVE THE BIGGEST FALL OF INTEREST TO CORPORATE NEWSPAPER AND THE PLANT'S TELEVISION. TAKING INTO ACCOUNT THAT YOUNG EMPLOYEES ARE ACTIVE USERS OF INTERNET, THIS GROUP IN THE SOCIAL NETWORK IS A CONVENIENT CHANNEL FOR THEM TO GET THE INFORMATION ABOUT THE PLANT. SHORT BRIEF NEWS SYSTEMATICALLY BECOME AVAILABLE IN THE GROUP AND THE AUTOMATICALLY POP UP IN THE NEWS LINE OF THE GROUP PARTICIPANTS. THUS, THE INFO IS CERTAINLY REACHES THE RECIPIENT. MORE-OVER, THIS INFO IS PERCEIVED IN A FREE & EASY CONDITIONS, WHEN A USER COMMUNICATES WITH FRIENDS AND, NORMALLY, IN A GOOD MOOD. THIS GROUP ALSO POPULARIZES THE PLANT NEWSPAPER «METALLURG» AS AT THE END OF EACH PIECE OF NEWS THERE IS A PROPOSAL TO GET THE DETAILS IN THE PRINTED PUBLICATION.

EVENTS AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND 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», «RESPUBLIKA», 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 LABOR TRADITIONS OF THE PLANT.

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 LABOR 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 BSW 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 CENTER OF THE PLANT AND THE TOWN WHERE SCIENTIFIC-ENLIGHTENING WORK IS CARRIED OUT: EXCURSIONS, EXHIBITIONS AND SHOWS OF FILMS ABOUT THE PLANT. IN 2014 THE MUSEUM WAS VISITED BY 2643 PEOPLE, INCLUDING THE REPRESENTATIVES OF EURASIAN DEVELOPMENT BANK AND BANKS OF EUROPE, DEPUTIES OF GOMEL REGIONAL EXECUTIVE COMMITTEE, OSIPOVICH DISTRICT COUNCIL OF DEPUTIES, DELEGATION OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE, BYELORUSSIAN TRADE UNION OF BANK AND FINANCE EMPLOYEES, MASS MEDIA OF BELARUS, RUSSIA, UKRAINE, KOREA, STUDENTS OF ZHLOBIN STATE METALLURGICAL COLLEGE, PUBLIC SCHOOLS OF ZHLOBIN, STUDENTS OF HIGHER INSTITUTIONS, ECT. ON THE WHOLE OVER 2014 75 DELEGATIONS ARRIVED, INCLUDING THOSE FROM GERMANY, ITALY, RUSSIA, UKRAINE.

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.

PRIORITY DIRECTIONS IN THE WORK OF THE LIBRARY ARE:

- ACCESS OF THE PLANT'S EMPLOYEES TO ALL KINDS OF INFORMATION OF PUBLIC SIGNIFICANCE (LEGAL, SCIENTIFIC, TECHNICAL, AND CULTURAL, SOCIAL-POLITICAL);
- RENDERING INFORMATION SERVICES TO THE PLANT'S EMPLOYEES, COMMUNITIES, AND INDIVIDUAL INFORMING ON DIFFERENT REQUESTS AND INTERESTS;





## Management, obligations, interaction with interested parties



– SUPPORT OF THE ENTERPRISE'S RESEARCH ACTIVITIES, SUPPORT OF THE PLANT'S INNOVATIVE ACTIVITY, PROVIDING WITH INFORMATION RESOURCES.

THE SCIENTIFIC AND TECHNICAL LIBRARY OF THE COMPANY HAS A READING AND INTERNET HALLS. IN 2014 THE TOTAL LIBRARY STOCK WAS 35 934 COPIES. BOOK STOCK – 22 656 COPIES, TECHNICAL DOCUMENTATION FUND FOR OPERATION OF EQUIPMENT AFTER RECONSTRUCTION – 1032 ISSUES, ELECTRONIC DOCUMENTS – 126 ISSUES.

MAIN FORM OF THE LIBRARY WORK IS DISSEMINATION OF ADVANCED POLITICAL, PHILOSOPHIC, SCIENTIFIC, INTELLECTUAL AND CULTURAL VIEWS SO AS TO INTRODUCE THEM INTO PUBLIC MIND AND IMPROVE SOCIAL ACTIVITY OF THE CITIZENS. WORK OF THE LIBRARY IS CLOSELY CONNECTED WITH THE NEEDS OF THE PLANT AND IN GENERAL IS DETERMINED BY THE TASKS FOR FUTURE AND PROSPECTS OF THE COUNTRY AND PLANT DEVELOPMENT UP TO 2015.

SO AS TO ACQUAINT THE EMPLOYEES WITH NEW ARRIVALS, THE PLANT'S LIBRARY ORGANIZES EXHIBITIONS, VIEWINGS, «ENGINEER HOURS». FOR QUICK INFORMATION RETRIEVAL AN ELECTRONIC LIBRARY «ELBI» IS USED WHICH HELPS TO ANY EMPLOYEE HAVING ACCESS TO THE INTERNAL SITE «INFO-BMZ» TO ADDRESS TO THE DATA BASE COVERING OVER 85 THOUSAND ARTICLES FROM VARIOUS NATIONAL AND FOREIGN EDITIONS. ELBI PROVIDES OVER 670 ACTUAL TECHNICAL BOOKS, MATERIALS OF INTERNATIONAL AND SPECIALIZED TECHNICAL CONFERENCES, BULLETINS OF NEW ARRIVALS TO THE SCIENTIFIC-TECHNICAL LIBRARY, NATIONAL AND FOREIGN TECHNICAL NOVELTIES FOR THE PLANT EMPLOYEES. IN 2012 A NEW VERSION OF ELBI STARTED TO OPERATE: NOW IT IS REALIZED AS AN INDEPENDENT INFORMATION SYSTEM. A UNIVERSAL SUBJECT HEADING LIST IS DEVELOPED WHICH HELPS TO FIND THE REQUIRED MATERIAL QUICKLY. THE MAIN PAGE ANNOUNCES NEW ARRIVALS OF THE TECHNICAL INFORMATION, THERE ARE SECTIONS INCLUDING VARIOUS SUBHEADINGS. BASED ON THE MATERIALS OF SPECIALIZED JOURNALS, BULLETIN OF SCIENTIFIC-TECHNICAL INFORMATION IS ISSUED (BSTI) WHERE EMPLOYEES OF THE PLANT CAN FIND INFORMATION ABOUT NEW PUBLICATIONS ON STEELMAKING, ECONOMY, LABOR PROTECTION, ENVIRONMENTAL SAFETY, ETC AND READ COMPLETE ARTICLES THEY GET INTERESTED IN WHICH ARE LOCATED ON THE BASE OF ELBI. IN 2014 THE

PLANT SUBSCRIBED TO 197 (195 – IN 2012) TECHNICAL EDITIONS FOR ITS DIVISIONS, ABOUT 60 OF WHICH ARE COMPUTERIZED AND ARE LOCATED IN ELBI. DURING 2014 THE NUMBER OF ELECTRONIC LIBRARY USERS EXCEEDED 670 PEOPLE, AND THE NUMBER OF VISITS TO ELBI PAGES AMOUNTED TO 76 240 (75160 – IN 2013).

A LIST OF NEW TECHNICAL LITERATURE IS PUBLISHED IN METALLURG NEWSPAPER AND INFO-BMZ, AND IS ELECTRONICALLY MAILED TO THE HEADS OF STRUCTURAL DIVISIONS, LEADING SPECIALISTS OF THE COMPANY WITH THE HELP OF NETWORK TECHNOLOGIES.

THE LIBRARY OF BYELORUSSIA STEEL WORKS CLOSELY COOPERATES WITH THE REGIONAL AND NATIONAL TECHNICAL LIBRARIES.

FROM THE VERY BEGINNING OF ITS ACTIVITY THE PLANT PAYS MUCH 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 INDICATORS 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. APPROX 1350 PARTICIPANTS OF THIS STUDY ORGANIZED IN 2014, HIGHLY ESTIMATED THE LEVEL OF AWARENESS OF THE PERSONNEL (SATISFACTION INDEX EQUALED TO 0,72).

### PARTICIPATION IN EXTERNAL INITIATIVES

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 THE INTERNATIONAL PROFESSIONAL COMMUNITY AND PROPER REPRESENTATION OF ITS INTEREST, THE PLANT BECAME A MEMBER OF THE FOLLOWING ASSOCIATIONS:

- BELARUSIAN CHAMBER OF COMMERCE;
- COUNCIL OF BUSINESS COOPERATION BELARUS EC;
- BELARUSIAN ASSOCIATION OF FOUNDERS AND STEELMAKERS;
- INTERNATIONAL UNION OF STEELMAKERS;
- INTERNATIONAL UNION OF ROLLERMEN;
- BELARUSIAN – GERMAN NON-GOVERNMENTAL COUNCIL OF BUSINESS COOPERATION
- WORLD STEEL ASSOCIATION (WSA);
- EUROPEAN FUND OF QUALITY MANAGEMENT (EFQM);
- 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 OF ITS INTERESTS ON THE GLOBAL SCALE AND TO DEVELOP ITS BUSINESS ACTIVITIES BASED ON THE GLOBAL TRENDS AND STRATEGIC TASKS.

### INTERACTION WITH STAKEHOLDERS

STAKEHOLDERS 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.

BSW 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 STAKEHOLDERS.

BY PROVIDING FOR AN EFFICIENT MODEL OF INTERACTION

WITH INTERESTED PARTIES, IT IS POSSIBLE TO ENSURE A SUCCESSFUL IMPLEMENTATION OF PLANS, STRATEGIES AND TO ACHIEVE ANY OBJECTIVES SET. BYELORUSSIAN STEEL WORKS FORMS PROCESSES OF INTERACTION WITH INTERESTED PARTIES ACCORDING TO THE STAGES LISTED BELOW:

- SETTING OF A STRATEGIC INTERACTION TASK;
- IDENTIFICATION OF INTERACTION PARTIES;
- SETTING OF OBJECTIVES AND LIMITS OF INTERACTION;
- DESIGN OF PROCESSES AND INVOLVEMENT IN INTERACTION;



«...OPEN APPROACH AND FRIENDLY ATMOSPHERE HELP TO SETTLE THE ISSUES. EVERY TIME, WHEN IN ZHLOBIN AT BMZ, I FEEL MORE COMFORTABLE, THAN IN OTHER CITIES OF RUSSIAN SPEAKING COUNTRIES...»

CHIEF AUDITOR OF CZECH REPRESENTATIVE OFFICE OF CERTIFICATION BODY TÜV

INTERNATIONAL S.R.O. TÜV RHEINLAND GROUP (GERMANY)

TOMASH PALLAGI

- ANALYSIS AND PLANNING;
- INVOLVEMENT OF COMPETENCE TO ENCOURAGE INTERACTION;
- EVALUATION OF RESULTS, CORRECTIVE ACTIONS AND REPORTING;
- ENSURING OF AWARENESS OF THE INTERACTION PARTIES.

WHEN IDENTIFYING MAJOR INTERESTED PARTIES, THE PLANT ACCOUNTED FOR THEIR ABILITY TO INFLUENCE THE ACTIVITIES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». THE PLANT IS ENGAGED IN INTERACTION WITH AN EXTENSIVE NUMBER OF STAKEHOLDERS. AMONG THOSE, THE PARTIES LISTED BELOW ARE CONSIDERED TO BE OF MAJOR SIGNIFICANCE:

- PUBLIC AUTHORITIES;
- THE COMPANY EMPLOYEES;



## Management, obligations, interaction with interested parties



- THE TRADE UNION;
- PEOPLE LIVING IN THE DISTRICT OF BSW PRODUCTION ACTIVITIES;
- CUSTOMERS AND SUPPLIERS;
- EDUCATIONAL ESTABLISHMENTS.

BSW DEEMS IT ESPECIALLY IMPORTANT TO KEEP UP AN OPEN POSITIVE DIALOGUE WITH INTER-ESTED PARTIES AND, IN ITS RELATIONS WITH THOSE, IT IS GUIDED BY THE PRINCIPLES OF THE CODE OF ETH-ICS.

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

STRIVING FOR A MORE INFORMED DECISION-MAKING, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» RECEIVES FEEDBACK FROM ITS EMPLOYEES, THE GOVERNMENT, PUBLIC AUTHORITIES, PUBLIC ORGANIZATIONS AND CITIZENS. IN 2013 THE PLANT'S INFORMATION SERVICES

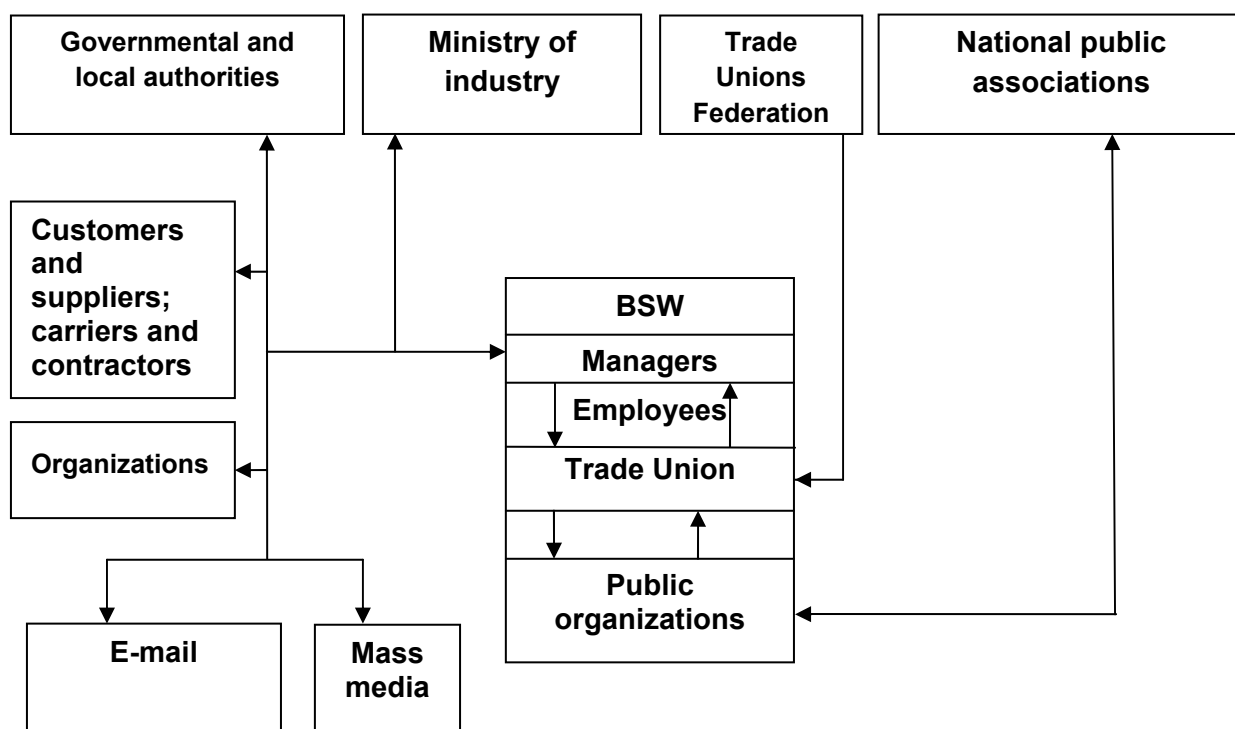
CONDUCTED A NUMBER OF SOCIAL STUDIES INVOLVING THE PLANT'S EMPLOYEES AND PEOPLE LIVING IN THE REGION OF THE PLANT'S PRODUCTION ACTIVITIES.

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).

### EXTERNAL COMMUNICATION STRUCTURE

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

### External communication structure





PUBLIC; TOWN-SCALE IMAGE OF THE ENTERPRISE.» In 2014 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 BSW 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. MOREOVER, THE RESPONSES OF THE PARTICIPANTS OF THE POLL SHOW THAT THE MOST ATTRACTIVE FACTOR OF WORKING AT BSW IS A HIGH SALARY, PROFESSIONAL GROWTH PERSPECTIVE AND A SOCIAL PACKAGE.

IT IS A GOOD TRADITION TO ARRANGE AN OPEN DAY ON THE EVE OF THE METALLURGISTS' DAY: ANY-ONE WHO WISHED TO VISIT THE PLANT GETS AN OPPORTUNITY TO BE ACQUAINTED WITH THE HISTORY AND THE PRODUCTION OF THE FLAGSHIP OF BELARUSIAN METALLURGY.

ONE MORE MAJOR EVENT OF 2014 IN TERMS OF ESTABLISHING INTERACTION WITH INTERESTED PARTIES WAS PREPARATION OF THE CORPORATE SOCIAL REPORT FOR THE YEAR 2013. THE PREPARATORY WORK IN CONNECTION WITH THE ABOVE REPORT HAS BECOME 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 ACTIVITIES OR DEVELOPMENT OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING, WHICH WAS AN IMPORTANT STEP TOWARDS ENHANCED INFORMATION OPENNESS AND 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 OF THE REPORT IN THE FORM OF PUBLIC CONSULTATIONS PROVIDES FOR FEEDBACK, 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 THE ORGANIZATION 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING CONSIDERS FAIR COMPETITION AS 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 2014 THE PLANT CONTINUED TO IMPLEMENT DIRECTIVE №1 DTD 11.03.2004 ON 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 2014 THE TOTAL NUMBER OF SUCH ISSUES CONSIDERED AMOUNTED TO 12. IN PURSUANCE OF DIRECTIVE No. 1, INDICATORS 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.

GUIDED BY THE DIRECTIVE ON MEASURES TO ENHANCE PUBLIC SAFETY AND DISCIPLINE, THE LAW OF THE REPUBLIC OF BELARUS ON CORRUPT PRACTICES COUNTERACTIONS





## Management, obligations, interaction with interested parties



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 ACTIONS AIMED TO FIGHT CORRUPTION ARE OF PREVENTIVE NATURE AND COVER A BIG RANGE OF THE PLANT'S LIFE, I.E. PERSONNEL, FINANCE, PRODUCTION, ECONOMIC AND INSPECTING ACTIVITIES, EDUCATION, EDUCATIONAL, INFORMATION-AGITATIONAL SPHERES...»



HEAD OF LEGAL SUPPORT & ECONOMIC SECURITY DPT. (OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING») O.P. PROKOPOV

THE EXISTING ECONOMIC SAFETY DEPARTMENT EXCLUDES ANY POSSIBILITY OF MALPRACTICE INCLUDING CORRUPTION AS REGARDS NEW RECRUITS AND PEOPLE WORKING AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». MORE THAN 90% THE SAFETY DEPARTMENT EMPLOYEES HAVE SPECIAL HIGHER EDUCATION. DURING 2014 OVER 70% OF THE EMPLOYEES OF THE SAFETY DPT. WERE TRAINED IN POLICIES AND PROCEDURES RELATED TO HUMAN RIGHTS.

CORRUPTION COUNTERACTION PROGRAM WAS ELABORATED AND IS FUNCTIONING AT BSW, ACCORDING TO WHICH CONTINUOUS MONITORING OF THE RESULTS OF FINANCIAL AND BUSINESS ACTIVITY OF THE ENTERPRISE IS FULFILLED, LOCAL NORMATIVE ACTS REGULATING THE PROCEDURE OF PREPARATION OF BID DOCUMENTS AND SELECTION OF SUPPLIERS ARE UPDATED. SO AS TO MINIMIZE BUSINESS RISKS AND FULFILL CONTROL FUNCTIONS RELATED TO ECONOMIC SAFETY, A PRE-CONTRACTUAL INSPECTION OF LEGITIMACY OF POTENTIAL CONTRACTORS AND STUDY OF AGREEMENTS BY THE STRUCTURAL SUBDIVISIONS OF THE PLANT IS ORGANIZED. 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, ROTATION OF THE EMPLOYEES OF COMMERCIAL SERVICES OF THE COMPANY TAKES PLACE, INFORMATION OF THE ORGANS OF DOMESTIC AFFAIRS REGARDING FINANCIAL INVESTIGATIONS AS WELL AS FACTS OF CORRUPTION CRIMES COMMITTED BY THE EMPLOYEES OF THE ORGANIZATIONS SUBORDINATED TO THE MINISTRY OF INDUSTRY 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 7 MEETINGS IN 2014.

DUE TO OPENNESS, TRANSPARENCY, PARTNERSHIP AND MUTUAL TAKING INTO ACCOUNT OF INTERESTS OF ALL STAKEHOLDERS, ACCORDING TO THE INFORMATION OF THE LAW MACHINERY OF THE REPUBLIC OF BELARUS IN 2014 NO COMMERCIAL CRIMES COMMITTED BY EMPLOYEES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN THE COMPANY WERE RECORDED.

IN THIS CONNECTION THE COMPANY TAKES UNPRECEDENTED MEASURES TO PREVENT FURTHER CORRUPTION CRIMES AND UNLAWFUL ACTIONS. ALL EMPLOYEES OF THE PLANT ARE ACQUAINTED WITH THE CONTENT OF ARTICLES 20, 21, 23, 24 OF THE LAW OF THE REPUBLIC OF BELARUS «ABOUT STRUGGLE AGAINST CORRUPTION» AND CORRESPONDING ARTICLES OF THE CRIMINAL CODE OF THE REPUBLIC OF BELARUS AND MANAGERS BEAR PERSONAL RESPONSIBILITY FOR THAT. A MEMO IS LOCATED ON THE INTERNAL SITE OF «INFO-BMZ» AND OVER 3500 EMPLOYEES HAVE A CONSTANT ACCESS TO IT; IN 2014 57 MANAGERS AND SPECIALISTS WERE TRAINED IN LEGAL AND ORGANIZATIONAL ISSUES OF PREVENTION OF CORRUPTION CRIMES ON THE BASIS OF EDUCATIONAL ESTABLISHMENT. IN THE COURSE OF TRAINING OF FOREMEN AND THEIR RESERVE, AT THE COURSE «LINEAR MANAGER», STUDY OF LEGAL AND ORGANIZATIONAL ASPECTS OF THE STRUGGLE AGAINST CORRUPTION IS FORESEEN. IN 2014 59 PEOPLE WERE TRAINED AT SUCH COURSES.

WHEN PERSONNEL DECISIONS ARE TAKEN AS REGARDS



PERSONS OCCUPYING LEADING POSITIONS, AN OBLIGATORY EVALUATION OF THE EFFICIENCY OF MEASURES TAKEN BY THEM SO AS TO ENSURE OBSERVATION OF THE ANTICORRUPTION LAW IS CARRIED OUT.

NO FINES OR SANCTIONS WERE IMPOSED ON THE PLANT IN CONNECTION WITH VIOLATION OF LAWS OR STATUTORY REQUIREMENTS IN 2014.

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.





## Indicators of effectiveness in the area of social responsibility

### CORPORATE SOCIAL RESPONSIBILITY

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 COMPANY 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. BYELORUSSIAN STEEL WORKS 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» RELIES ON IN ITS ACTIVITIES. MEASURES TAKEN BY THE COMPANY 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, BSW ACTIVITIES ARE BASED ON THE FOLLOWING APPROACHES:

- 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, OPENNESS AND TRANSPARENCY.

ACTIONS WHICH BYELORUSSIAN STEEL WORKS 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 COMPANY 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, ISO 26000 SERIES AND STIPULATE THE NEED FOR EVALUATION AND ANALYSIS OF THE PLANT'S EFFECTIVENESS.





## Economic activity

THE 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 TO ENSURE A REASONABLE BALANCE OF INTERESTS OF ALL PARTIES CONCERNED AND SATISFY SOCIAL AND ECONOMIC NEEDS OF CIVIL AND BUSINESS COMMUNITIES IN THE REGIONS OF ITS ACTIVE PRODUCTION.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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, THE COMPANY 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 OF INCREASED PROFITABILITY BY RAMPING UP MANUFACTURE OF HIGH-TECHNOLOGY PRODUCTS AS REQUIRED BY THE STRATEGY AND ENHANCED PRODUCTION EFFICIENCY.

IN ITS ECONOMIC ACTIVITY, BYELORUSSIAN STEEL WORKS 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 OF THE BEST POSSIBLE EXPENDITURE/ECONOMIC PERFORMANCE RATIO;

– MAINTAINING OF 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 ECONOMIC 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

MAIN TASKS OF THE PLANT IN 2014 WERE: MAINTENANCE OF PRODUCTION, SEARCH OF NEW CUSTOMERS, STRICT SAVING OF MEANS AT EACH WORK PLACE, STRONG SAVING OF ALL MATERIAL AND POWER RESOURCES, STRICT OBSERVATION OF FINANCIAL DISCIPLINE BY TOUGH CONTROL OF FULFILLMENT OF THE BUDGET OF CASH FLOW. 2014 IS CHARACTERIZED BY DIFFICULT CONDITIONS ON THE INTERNATIONAL MARKET, DROP OF BUSINESS ACTIVITY, DECREASE OF DEMAND OF THE ENGINEERING SECTOR AND AS A RESULT DROP OF STEEL PRICES. THIS LEAD TO SOME REDUCTION OF ECONOMIC INDICATORS AS COMPARED TO 2013. SO AS TO OPPOSE ALL NEGATIVE PROCESSES ON INTERNATIONAL MARKETS, THE PLANT WORKED OUT AN INTEGRATED PROGRAM OF MEASURES AIMED AT STABILIZATION AND DEVELOPMENT OF PRODUCTION AND REDUCTION OF PRODUCT PRIME COST.

STRICT CONTROL OF FULFILLMENT OF THE PROGRAM AT ALL LEVELS GAVE A POSITIVE RESULT. ECONOMIC EFFECT OF THE MEASURES DIRECTED TOWARDS DECREASE OF PRIME COST IN 2014 WAS USD 74,0 MLN, WHICH IS 5,0% OF THE PRODUCT PRIME COST. THE SAVING WAS ACHIEVED DUE TO PRODUCTION OUTPUT GROWTH AND IMPROVEMENT OF THE PRODUCTION PROCESSES AS WELL AS DUE TO FULFILLMENT OF ENERGY-SAVING MEASURES AND DECREASE OF GENERAL PRODUCTION AND BUSINESS EXPENSES.



## Economic activity



TO OBTAIN A SUBSTANTIATED EXPERT OPINION CONCERNING THE REPRESENTATION OF THE RESULTS OF FINANCIAL ACCOUNTABILITY, AN INTERNATIONAL INDEPENDENT AUDITING COMPANY ANNUALLY CARRIES OUT AUDITS AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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, OAO BSW 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 SUSTAINABLE PRODUCTION DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY.

### ECONOMIC EFFECTIVENESS

THERE WAS NO RECOVERY IN GLOBAL MARKETS IN 2014, STAGNATION OF THE WORLD METALLURGY WENT ON, DECLINE IN DEMAND AND PRICES, AND THE SITUATION BECAME WORSE DUE TO DOWNFALL OF RUSSIAN RUBLE RATE (SHARE OF SALES TO RUSSIA IS APPROX. 20%), WHICH AFFECTED SO MUCH THE ENTERPRISE'S PERFORMANCE.

THE PLANT EXPERIENCED CONSIDERABLE DIFFICULTIES IN SERVICING ACCOUNTS PAYABLE. IN THE CONDITIONS OF RECONSTRUCTION CARRIED OUT TO DEVELOP PRODUCTION TECHNOLOGY, SUPPORT PRODUCT QUALITY AND COMPETITIVENESS, DECREASE OF PRODUCTION OUTPUT AND

PRICES INEVITABLY LEAD TO THE PROGRESSING GROWTH OF ACCOUNTS PAYABLE, IMPAIRMENT OF LIQUIDITY INDICATORS, DEFICIT OF CIRCULATING ASSETS AND INSTABILITY OF PAYMENTS.

THIS PERIOD OF THE COMPANY'S DEVELOPMENT, DESPITE DIFFICULT FINANCIAL SITUATION, CAN BE DESCRIBED BY IMPLEMENTATION OF LARGE INVESTMENT PROJECTS, BEING A PART OF THE APPROVED 'COMPLEX PROGRAMME OF MODERNIZATION OF EXISTING AND CREATION OF NEW HIGH-PERFORMANCE WORKPLACES FOR 2012-2015'.

### KEY INDICATORS

IN SPITE OF ALL DIFFICULTIES, BASED ON THE RESULTS OF 2014 THE PLANT FULFILLED MOST OF THE INDICATORS SET. PRODUCTION RATE GROWTH – ACCORDING TO VOLUME INDEX - ON THE ANNUAL RESULTS WAS 109,3%. MARKETABLE PRODUCT SALES PROCEEDS MADE UP USD 1 543,5 MILLION. PRODUCTION OF STEEL AMOUNTED TO 2 495,7 THOUSAND TONS, INVESTMENTS IN THE FIXED ASSETS MADE UP MORE THAN USD 360 MLN., WHICH EXCEEDS THE TARGET SET. FOREIGN TRADE BALANCE WAS USD 441,9 MILLION., AND GENERAL OF THE HOLDING USD 559,2 MILLION. POWER SAVING INDICATOR WAS MINUS 6,4 % THE TARGET MINUS 5,8.

SELF-COST OF THE PRODUCTS, WORKS AND SERVICES SOLD INCREASED IN TERMS OF DOLLARS BY 1,7%, DUE TO INCREASED AMOUNTS OF SOLD PRODUCTS BY 10,2 % (IN PHYSICAL TERMS).

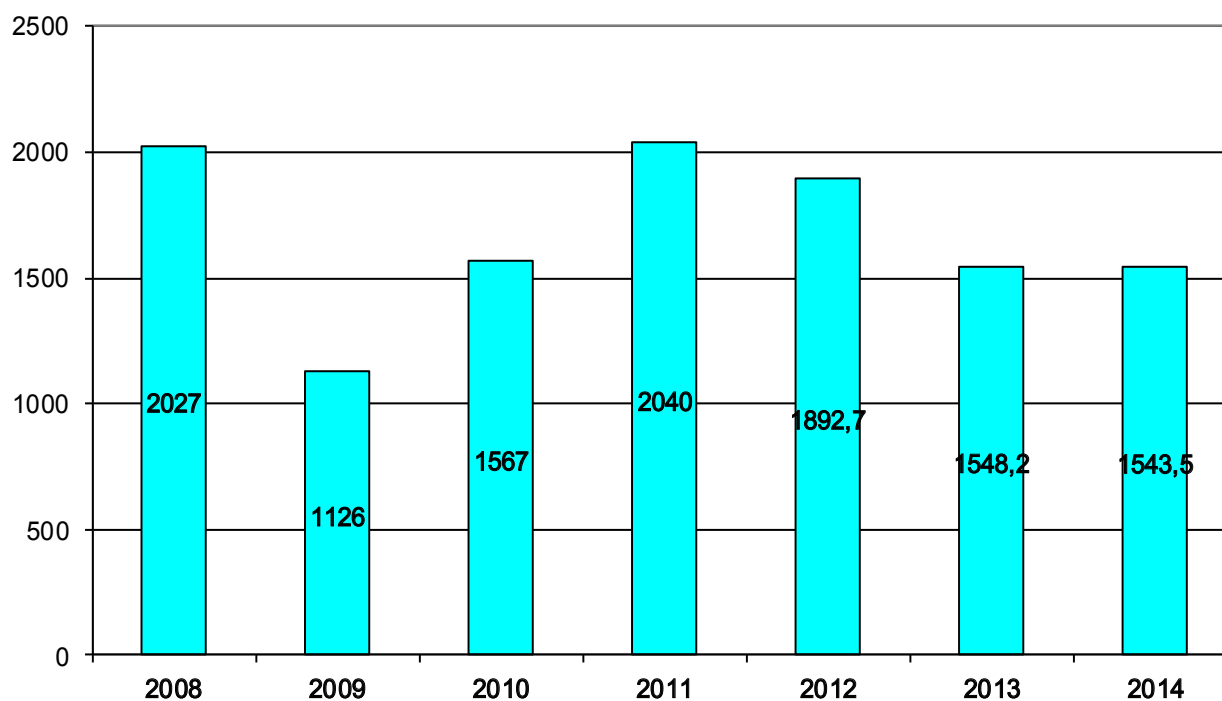
### PROFIT

SALES PROCEEDS IN 2014 MADE UP USD 14,0 MILLION. PROFITABILITY OF THE SOLD PRODUCTS EQUALED TO 0,7%. LOW PROFITABILITY LEVEL WAS CAUSED BY A PRICE SITUATION ON OUTLETS. IN 2014 CURRENCY PROCEEDS LOSS AND SUBSEQUENT PROFIT FROM PRICE REDUCTION WAS USD 65,4 MILLION WHICH IS PRACTICALLY COMMENSURABLE WITH EARNINGS FROM PRODUCT SALES OVER 20 DAYS.

NET LOSS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN 2014 EQUALED TO USD



### Dynamics of proceeds of products, works and services sale, USD, mln



63,5 MILLION. THIS RESULT IS CONDITIONED ON THE MACROECONOMIC SITUATION. TO MINIMIZE AFTER-EFFECTS OF THE NEGATIVE MACROECONOMIC FACTORS ON THE FINANCIAL RESULTS, THE ENTERPRISE PURSUES THE POLICY OF STRICT ASSETS SAVING, MEASURES FOR REDUCTION OF SELF-COST ARE DEVELOPED AND STRICTLY CONTROLLED. ECONOMIC EFFECT OF THE MEASURES INTRODUCED IN 2014 AMOUNTS TO USD 74,0 MILLION OR 5,0% OF THE PRODUCT SELF-COST. BUT THIS IS NOT ENOUGH FOR A COMPLETE COMPENSATION OF THE CONSEQUENCES OF EXTERNAL MARKET PRICE REDUCTION.

NET PROFIT DUE TO SALES PROFITABILITY DROPPED FROM 2,0% IN 2013 DOWN TO «MINUS» 0,7% IN 2014.

IN 2014 DESPITE WORSENERD FINANCIAL SITUATION, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SPONSORED AND RENDERED CHARITABLE ASSISTANCE TO THE ENTERPRISES OF ZHLOBIN DISTRICT, ASSOCIATION 'ICE HOCKEY FEDERATION OF THE REPUBLIC OF BELARUS'. TOTAL SPONSORSHIP AND CHARITABLE ASSISTANCE AMOUNTED TO USD 1,6 MLN.

IN 2014 THE ENTERPRISE PAID TO THE PERSONNEL TO THE AMOUNT OF USD 9,4 MLN, INCENTIVE AND COMPENSATING PAYMENTS, ADDITIONAL PAYMENTS TO UNEMPLOYED PENSIONERS, AS WELL AS MAINTENANCE OF SOCIAL FACILITIES TO THE AMOUNT OF USD 6,5 MLN.

#### PAYMENT TO THE OWNER

DUE TO THE LOSS FROM FINANCIAL-ECONOMIC ACTIVITIES BASED ON RESULTS OF 2014, A PART OF PROFIT WAS NOT TRANSFERRED.

#### TAXES AND COMPULSORY PAYMENTS

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 FAVOR OF THE STATE DETERMINES ECONOMIC STABILITY IN THE REGION OF ITS ACTIVE PRODUCTION ACTIVITY AND IN PARTICULAR OPPORTUNITIES OF INFRASTRUCTURE DEVELOPMENT BY REGIONAL AND LOCAL AUTHORITIES. IN



## Economic activity



2014 THE COMPANY TRANSFERRED INCOME TAX AMOUNTING TO USD 11,9 MLN (Br121,6 BILLION), USD 35,6 MLN (Br 363,6 BILLION.) TO THE POPULATION SOCIAL PROTECTION FUND, TAX ON EARNINGS IN THE AMOUNT OF USD 2,6 MILLION (Br 26,9 BILLION).

### ENTERPRISE'S RISKS

#### INVESTMENT RISKS

ANY PROJECT IMPLEMENTATION IS ASSOCIATED WITH CERTAIN ORGANIZATIONAL, TECHNOLOGICAL AND FINANCIAL RISKS HOWEVER, INVESTMENT PROJECTS LAUNCHED BY OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING' 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 COMPANY CARRIES OUT MULTI-VARIANT CALCULATIONS TO IDENTIFY PROJECTS' FINANCIAL PERFORMANCE AND EFFICIENCY INDICATORS AGAINST VARIOUS VARIABLE FACTORS (CAPITAL INPUT AMOUNTS, PRODUCT SELLING PRICE, 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 PREPARATION. HOWEVER, AS PROJECTS PROCEED TO SUBSEQUENT STAGES OF IMPLEMENTATION, THESE PRICING CONDITIONS COULD CHANGE 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 INDICATORS WERE CONSIDERED:

- SELLING PRICE AS A FACTOR WHICH IS MOST SUSCEPTIBLE TO CHANGES DUE TO METAL MARKET FLUCTUATIONS;
- 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.

#### INDUSTRY 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 RAW MATERIALS PRICES ARE OF SIGNIFICANT INFLUENCE ON THE FINANCIAL-ECONOMIC STATE OF BELARUSIAN STEELMAKING 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 OF RAW MATERIALS PRICES SIGNIFICANTLY AFFECTS THE ENTERPRISE'S OPERATIONAL ACTIVITIES AND ITS FINANCIAL PERFORMANCE.

ALONG WITH THE PRICE VARIATIONS, STEELMAKING, 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 IMPROVED QUALITY, SCRAP METAL ACQUIRES STILL MORE SIGNIFICANCE. ALONGSIDE WITH THAT, RESOURCE-SAVING TECHNOLOGIES INTRODUCED IN THE INDUSTRY, LONGER LIFE OF THE EQUIPMENT 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 STEELMAKING 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 DEPENDENT 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 STEELMAKING COMPANIES CAN RESULT IN AN ADDITIONAL INCREASE IN PRICES FOR RAW MATERIALS WITH RATHER LIMITED ALTERNATIVE OPPORTUNITIES FOR STEEL RAW MATERIAL SUPPLIES. LATELY, METALLURGIC ENTERPRISES ARE MORE AND MORE ACTIVELY BUYING UP-TO-DATE EQUIPMENT FOR THEIR SCRAP-COLLECTING COMPANIES, TAKE-OVER THE MOST EFFICIENT SCRAP PRODUCING COMPANIES.

DEVELOPMENT OF OWN SCRAP-COLLECTING BASE WILL MINIMIZE THESE RISKS. SECTOR-RELATED RISKS SHOULD BE CONTROLLED BY CREATION OF LONG-TERM MUTUALLY BENEFICIAL RELATIONS WITH KEY SUPPLIERS, OPTIMIZATION OF PURCHASING PROCESS AND STOCK MANAGEMENT.

THE FACT THAT METAL PRODUCTION IS PARTLY INTENDED FOR DOMESTIC MARKET, WHERE PRICES ARE CONTROLLED BY THE STATE, THERE IS A RISK OF THIS NEGATIVE INFLUENCE, IN THE SAME WAY AS FROM PRICE DROP AT THE EXTERNAL MARKET. 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ARE LARGELY DEPENDENT 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. CREATION OF A COMMON CUSTOMS SPACE AND FURTHER POSSIBLY ECONOMIC INTEGRATION WILL MAKE IT POSSIBLE TO CONSIDER SUCH RISKS AS NEGLIGIBLE.





## Economic activity



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 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 THE 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, STEELMAKING ENTERPRISES HAVE TO PROVIDE FOR STRICT COMPLIANCE WITH RATHER STRINGENT REGULATIONS WITH REGARD TO LABOUR 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.

#### **FINANCIAL SUPPORT PROVIDED BY THE GOVERNMENT**

WITHIN THE FRAMEWORK OF THE STATE PROGRAM OF INNOVATIVE DEVELOPMENT OF THE REPUBLIC OF BELARUS APPROVED BY RESOLUTION No. 669 «ABOUT THE STATE PROGRAM OF INNOVATIVE DEVELOPMENT OF THE REPUBLIC OF BELARUS FOR 2011-2015» DD. MAY 26, 2011 OF THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BELARUS, BSW STARTED TO IMPLEMENT THE INVESTMENT PROJECT «BUILDING OF A BAR & WIRE ROD MILL AT OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS» SINCE MAY 2012.

IN THE RESULT OF THE EXPERTISE A POSITIVE CONCLUSION OF THE MINISTRY OF ECONOMY OF THE REPUBLIC OF BELARUS No. 23-02-12/4902 DD. 30.06.2012 WAS MADE AND

IMPLEMENTATION OF THE ABOVE PROJECT WAS SUPPORTED BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS, STATE COUNCIL OF EXPERTS IN ENGINEERING AND METAL WORKING AND THE MINISTRY OF ECONOMY OF THE REPUBLIC OF BELARUS.

PLANNING OF THE REALIZATION PROCEDURE OF THIS PROJECT WAS CARRIED OUT WITH CONSIDERATION OF TAX AND CUSTOMS PRIVILEGES IN CONNECTION WITH ENTERING INTO AN AGREEMENT WITH GOMEL REGIONAL EXECUTIVE COMMITTEE IN ACCORDANCE WITH DECREE OF THE PRESIDENT OF THE REPUBLIC OF BELARUS No. 10 «ABOUT CREATION OF ADDITIONAL CONDITIONS FOR INVESTMENT ACTIVITY IN THE REPUBLIC OF BELARUS» DD. 06.08.2009.

IN ACCORDANCE WITH THE RESOLUTION No.1001 DD. NOVEMBER 21, 2013 OF THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BELARUS, OPEN JOINT-STOCK COMPANY «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» IS INCLUDED IN THE LIST OF LEGAL ENTITIES IMPLEMENTING INVESTMENT PROJECTS WHICH STARTING WITH JANUARY 1, 2011 RECEIVE COMPENSATION OF BANK CREDITS PURSUANT TO RESOLUTIONS OF THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BELARUS; THE LIST WAS APPROVED BY RESOLUTION No. 1262 DD. SEPTEMBER 20, 2011 «ABOUT SOME MEASURES FOR REALIZATION OF DECREE OF THE PRESIDENT No.231 DD. JUNE 6, 2011. IN 2014 THE COMPANY GOT INTEREST COMPENSATION FOR UTILIZATION OF BANK LOANS, GAINED TO IMPLEMENT THE INVESTMENT PROJECT (ORGANIZATION OF PRODUCTION OF ROLLED SECTION WITH CONSTRUCTION OF LIGHT SECTION AND WIRE ROD MILL) TO THE AMOUNT OF 66,6 BLN RUB. (EURO 4,8 MLN).

THE ABOVE AMOUNT OF STATE SUPPORT RECEIVED BY OPEN JOINT-STOCK COMPANY «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» REDUCED THE NET LOSS GENERATED DUE TO THE PLANT'S ACTIVITY IN JANUARY-DECEMBER 2014 AND ALLOWED THE COMPANY TO USE THIS SOURCE OF ASSETS FOR FINANCING OF THE COMPLEX PROGRAM OF MODERNIZATION OF THE EXISTING WORKING PLACE AND ARRANGEMENT OF



## Economic activity



NEW HIGHLY-EFFICIENT WORKING PLACE STARTED IN 2012 WITHOUT ATTRACTION OF ADDITIONAL CREDIT AMOUNTS IN 2014 AND NOT TO DISTRACT CIRCULATING ASSETS FROM THE CURRENT ACTIVITY AND TO DECREASE OWN FINANCIAL EXPENDITURES.

PURSUANT TO RESOLUTION No.583 DD. JULY 4, 2013 «ABOUT ATTRACTION OF A LOAN OF EURASIAN BANK OF DEVELOPMENT AND GRANTING A GUARANTEE OF ITS REPAYMENT OF THE GOVERNMENT OF THE REPUBLIC OF BELARUS» AND RESOLUTION No. 584 «ABOUT GRANTING A GUARANTEE OF THE GOVERNMENT OF THE REPUBLIC OF BELARUS», IN 2013 THE GOVERNMENT OF THE REPUBLIC OF BELARUS ISSUED GUARANTEES OF REPAYMENT OF 10-YEAR LOANS GRANTED BY THE ABOVE BANKS FOR FINANCING OF THE INVESTMENT PROJECT «ARRANGEMENT OF ROLLED SECTION PRODUCTION WITH CONSTRUCTION OF BAR & WIRE ROD MILL» TO EURASIAN BANK OF DEVELOPMENT AND OAO «SAVINGS BANK «BELARUSBANK».

### PRESENCE ON MARKETS

MARKETING STRATEGY OF BSW IS DIRECTED TOWARDS RETENTION AND ACTIVE GROWTH OF ITS PRESENCE ON THE EXISTING MARKET OUTLETS AS WELL AS SEARCH FOR NEW, ECONOMICALLY PROFITABLE REGIONS. TRADITIONALLY, KEY MARKETS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ARE EUROPEAN COUNTRIES AND CIS.

SIMILAR TO PREVIOUS YEARS, RANGE OF PRODUCTS SOLD IN 2014 WAS REPRESENTED BY THE FOLLOWING: CAST BILLET AND BLOOM, REINFORCING BAR, WIRE ROD, STRUCTURAL ROLLED SECTION, SEAMLESS PIPE, TIRE CORD, BEAD WIRE, HOSE WIRE, OTHER STEEL WIRE AND ITS PRODUCE. KEY SEGMENTS CONSUMING BSW PRODUCTS ARE STEELMAKING, CONSTRUCTION, ENGINEERING, OIL AND GAS INDUSTRY, TIRE MAKING, AND INDUSTRIAL RUBBER INDUSTRY.

IN 2014 STEEL CONSUMPTION IS EXPECTED TO GROW DUE

CHARACTERIZED BY AN INSIGNIFICANT RECOVERY. THE BIGGEST GROWTH RATE IS SUPPOSED IN ENGINEERING AND CONSTRUCTION. STEEL CONSUMPTION IN ENGINEERING AND CONSTRUCTION IS MAINTAINED MAINLY DUE TO STATE INJECTIONS AND INVESTMENTS.

CONTRACT CAMPAIGN FOR 2014 AT BSW DIRECTED TOWARDS MAINTAINING AND ACTIVE GROWTH OF ITS PRESENCE ON THE EXISTING OUTLETS AND SEARCH FOR NEW, ECONOMICALLY EFFECTIVE MARKETS. FROM THE POINT OF VIEW OF GEOGRAPHICAL POSITION AND TAKING INTO CONSIDERATION LOGISTICS AND PRODUCT SUPPLY, NEXT YEAR THE MOST INTERESTING MARKETS WILL BE EUROPEAN COUNTRIES, MIDDLE EAST AND CIS. CONSIDERING PROSPECTS OF DEVELOPMENT OF ONE OR ANOTHER REGION, THE PLANT CARRIES OUT CONSTANT MONITORING OF PRICES, PARTICIPATES IN EXHIBITIONS SO AS TO STRENGTHEN ITS POSITIONS AND INCREASE VOLUMES OF STEEL SUPPLIES TO THESE REGIONS.

TO ACHIEVE THE PLANNED PERFORMANCE AND TAKING INTO CONSIDERATION DYNAMICS OF DEVELOPMENT AND CHANGE OF THE SITUATION IN THE KEY CONSUMING INDUSTRIES, A NUMBER OF MECHANISMS OF PRODUCT SALE WILL BE USED IN 2014. IN ACCORDANCE WITH THE DEVELOPED SALE STRATEGY, THE EXISTING ELECTRONIC SITE WILL BE USED TO SELL A SPOT GROUP OF GOODS, LONG-TERM CONTRACTS WILL BE SIGNED AND DISTRIBUTED BY REGIONS AMONG THE SUBJECTS OF THE COMMODITY DISTRIBUTION NETWORK OF BSW IN TERMS OF ROLLED PRODUCTS, PIPES, TIRE CORD AND STEEL WIRE.

BASED ON BSW LONG-TERM WORK WITH CUSTOMERS, A CLIENTS' BASE FOR THE COMING CONTRACTUAL CAMPAIGN HAS BEEN FORMED CONSIDERING RELIABILITY OF A CONSUMER COMPANY, ITS ABILITY TO PAY AND FULFILL OBLIGATIONS UNDERTAKEN, POSSIBILITY TO WORK IN CASE OF A DECLINING MARKET AND POSITIVE DYNAMICS OF DEVELOPMENT. TAKING INTO ACCOUNT EXPERIENCE ACQUIRED IN STEEL SALES, A LIST OF PERMANENT CUSTOMERS IS FORMED AND APPROVED.



### MEDIUM-TERM TARGETS OF THE PLANT

IN ACCORDANCE WITH THE INVESTMENT PROGRAM FOR 2015  
AND THE BUSINESS-PAN FOR THE DEVELOPMENT OF THE

PLANT FOR 2015 TOTAL AMOUNT OF CAPITAL INVESTMENT  
(INVESTMENTS IN THE CAPITAL ASSETS) IN 2015 WILL MAKE UP  
USD 104,2 MILLION, DUE TO:

NATIONAL BUDGET	USD 4.0 MILLION
BANK LOANS	USD 90,9 MILLION

TAKING INTO CONSIDERATION THE INVESTMENTS PLANNED FOR  
2015 GROWTH OF INDUSTRIAL PRODUCTS OUTPUT BASED ON  
THE REPRESENTATIVE PRODUCTS SET (IFO) IS PLANNED AT

THE LEVEL OF 100,0 %. RATES OF OTHER MAIN INDICATORS  
OF SOCIAL AND ECONOMIC DEVELOPMENT ARE PLANNED TO BE  
AS FOLLOWS:

POWER SAVING PERFORMANCE	«MINUS» 5,9 %
EXPORT OF PRODUCTS AS COMPARED TO THE LEVEL OF USD 2014 THOU. MINIMUM	75,0%
EXPORT GROWTH RATE IN PHYSICAL TERMS VS. 2014	103,9%
RATION BETWEEN EXPORT OF PRODUCTS AND PRODUCTION OUTPUT, AT LEAST	86,2%
RATIO BETWEEN INVENTORIES AND AVERAGE MONTHLY PRODUCTION VOLUME	26,9%





## Environmental activity

### ENVIRONMENTAL POLICY

THE PLANT REALIZES THAT ITS PRODUCTION ACTIVITIES ARE ASSOCIATED WITH CERTAIN ENVIRONMENTAL HAZARDS AND TAKES ITS BEST EFFORTS SO AS TO MITIGATE NEGATIVE INFLUENCES ON VITAL ACTIVITY OF CITIZENS. OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

«...IN MY OPINION, HEALTH - IS THE MOST IMPORTANT CRITERION FOR EVALUATING THE PERFORMANCE OF ANY COMPANY. I AM GLAD THAT TO ADDRESS THE CONSERVATION AND ENVIRONMENT ACTIVITIES OF BMZ TODAY APPLY MODERN TECHNOLOGYS...»

THE HOUSE OF REPRESENTATIVES OF  
THE NATIONAL ASSEMBLY OF THE REPUBLIC OF BELARUS  
A .H. APANASYUK



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). 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING», THE ENTERPRISE ANNUALLY INTRODUCES NEW ENVIRONMENTAL PROTECTION MEASURES AIMED AT REDUCING DEVELOPMENT PRESSURES ON THE ENVIRONMENT.

EFFICIENCY OF THE ECOLOGICAL MANAGEMENT SYSTEM ADOPTED BY OAO «BSW – MANAGEMENT COMPANY OF «BMC» 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.

BSW 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.

### KEY PRINCIPLES AND APPROACHES

LONG-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;
- 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 THE ENTERPRISE WAS CERTIFIED FOR COMPLIANCE WITH THE REQUIREMENTS OF ISO 14001:2004, STB ISO 14001-2005 STANDARDS. REQUIREMENTS OF ISO 14001:2004 COVER DESIGN, DEVELOPMENT AND PRODUCTION OF CONCAST BILLET, ROLLED SECTIONS AND STRUCTURAL SHAPES, WIRE ROD, SEAMLESS PIPES, STEEL CORD, WIRE AND STEEL FIBRE. REQUIREMENTS OF STB ISO 14001:2005 COVER PRODUCTION OF CONCAST BILLET, ROLLED SECTIONS AND STRUCTURAL SHAPES, WIRE ROD, SEAMLESS PIPES, STEEL CORD, WIRE AND STEEL FIBRE. THIS IS THE EVIDENCE OF SYSTEM APPROACH TO ACTIVITIES REDUCING THE RISK OF ENVIRONMENTAL PROBLEMS, REDUCTION OF ENVIRONMENTAL PAYMENTS, CREATION OF REPUTATION OF OAO «BSW – MANAGEMENT



«...IN RECENT YEARS, BMZ HAS INVESTED SIGNIFICANT FUNDS IN THEIR OWN ENVIRONMENTAL PROJECTS AND RECEIVED MORE THAN 10 CERTIFICATES OF QUALITY MANAGEMENT SYSTEMS AND MANAGEMENT OF OCCUPATIONAL SAFETY, INDUSTRIAL SAFETY AND THE SECOND ENVIRONMENT...»

HEAD OF ENVIRONMENTAL PROTECTION AND INDUSTRIAL SANITATION OF OAO «BMZ - THE MANAGING COMPANY «BMC» HOLDING» S.V. MIROEVSKIY

COMPANY OF «BMC» HOLDING» AS ENVIRONMENTALLY-RESPONSIBLE ENTERPRISE AND IMPROVEMENT OF RELATIONS WITH CONCERNED PARTIES REGARDING COMPLIANCE WITH ECOLOGICAL NORMS AND REQUIREMENTS.

ALONG WITH AVAILABLE APPROVED MEDIUM-TERM ENVIRONMENTAL PROGRAMS, BSW DEVELOPS AND AGREES ENVIRONMENTAL CONTROL PROGRAMS AND ACTION PLANS ON ENVIRONMENTAL SAFETY WITH RELEVANT REGULATORY AUTHORITIES ANNUALLY, WHICH – INCLUDING BUT WITHOUT LIMITATION TO - FORESEE IMPLEMENTATION OF REGULAR ENVIRONMENTAL MONITORING AND CONTROL IN ACCORDANCE WITH INSTRUCTION ON ORGANIZATION OF PRODUCTION CONTROL IN THE AREA OF ENVIRONMENTAL SAFETY, EFFICIENT USE OF NATURE RESOURCES.

ENVIRONMENTAL SAFETY MANAGEMENT AT THE ENTERPRISE IS MADE BY ADMINISTRATIVE CONTROL AND ECONOMIC METHODS.

## IMPLEMENTATION OF ECOLOGICAL STRATEGY

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

IN ITS PRODUCTION ACTIVITIES, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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-





## Environmental activity



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 AREA 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 1.075 KM AWAY FROM THE ENTERPRISE'S TERRITORIAL BORDERS. RESIDENTIAL BUILDINGS AND BLOCKS OF ZHLOBIN ARE IN THE DISTANCE OF 3 – 3,5 KILOMETERS. INDUSTRIAL SITE IS ARRANGED ON THE FLAT TERRITORY, MAKING NO SMOKE AND STACK PLUME TOWARDS RESIDENTIAL COMMUNITY. EVERY YEAR THE COMPANY WORKS ON PROTECTION OF AIR, WATER BASIN, REDUCTION OF BURIED PRODUCTION WASTES.

### 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 MAKES UP 34,4%.

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 DNEIPER 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, DREPANOCLADUSADUNCUS, 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 MOTOR ROADS.

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 SOLONOYE 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 (*ERINACEUSCONCOLOR*), A PIGMY SHREW (*SOREXMINUTUS*), COMMON SHREW (*SOREXARANEUS*), A ROOT VOLE (*MICROTUSOECONOMUS*), A COMMON VOLE (*MICROTUSARVALIS*), AND A CAMPAGNOL (*APODEMUSAGRARIUS*).

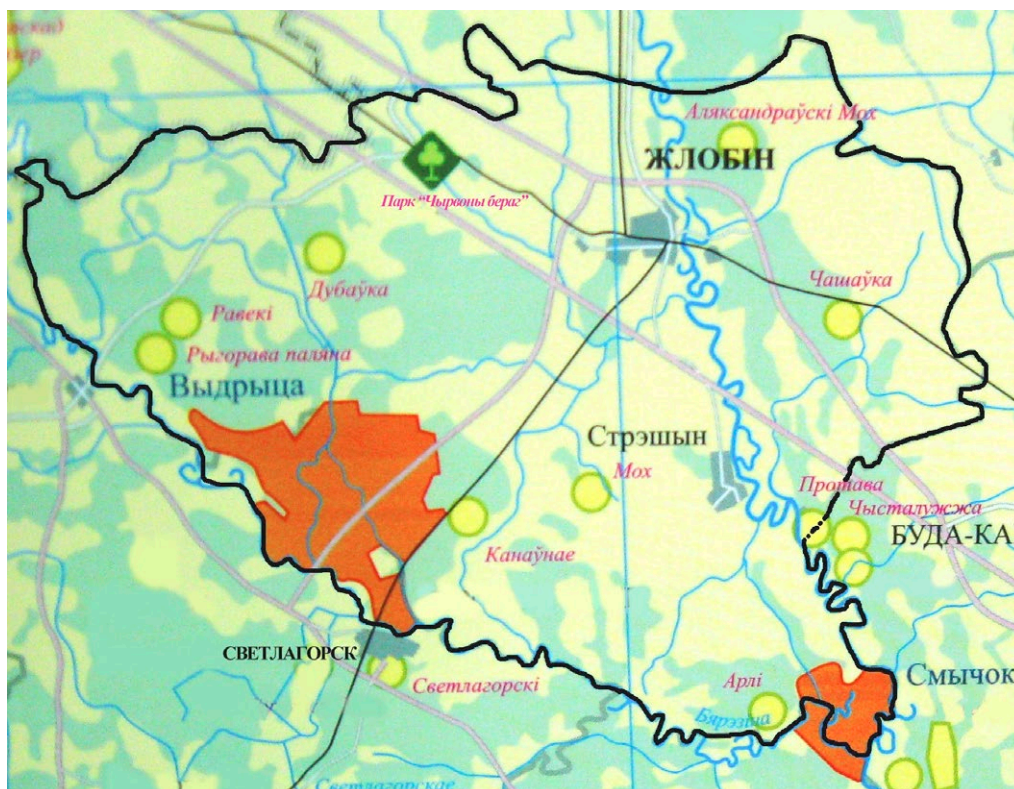
AVIFAUNA OF THE SURROUNDINGS OF THE TERRITORY UNDER STUDY IS CHARACTERIZED BY A SMALL VARIETY OF SPECIES DIVERSITY. MAIN BIOTYPES USED BY BIRDS ARE OPEN AGRICULTURAL LANDS. BACKGROUND TYPES ON AGRICULTURAL LANDS ARE: A FIELD LARK (*ALAUDA ARVENSIS*), A WHINCHAT (*SAXICOLA RUBETRA*), A WHITETHROAT (*SYLVIA*

COMMUNIS), A YELLOWHAMMER (*EMBERIZA CITRINELLA*). ON SWAMPY TERRITORIES ONE CAN RUN ACROSS A 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 BSW SITE (SEE THE FIGURE).



Natural areas of preferential protection in Zhlobin district



## Environmental activity



NAME	TOTAL AREA, LOCATION	ORGANIZATION CARRYING OPERATIVE ADMINISTRATION	DISTANCE FROM BSW, 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 OS STRESHIN FORESTRY OF THE MFE «ZHLOBIN FORESTRY»	MFE «ZHLOBIN FORESTRY»	34
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «RUGOROVA POLYANA»	54 HA, NORTH-WEST PART OF DVORISHCHANSKOYE FORESTRY OF THE MFE «ZHLOBIN FORESTRY»	MFE «ZHLOBIN FORESTRY»	35

*Reserves in Zhlobin district*



THERE ARE NO HUNTING GROUNDS IN ZHLOBIN FORESTRY.

THE PLANT'S PREMISES ARE A SORT OF A GREEN PARK. AT PRESENT, THE AREA FREE FROM BUILDINGS IS ALMOST COMPLETELY GREEN. 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 SITE AMOUNTS TO 53,07 HA.

WITHIN THE FRAMEWORK OF THE PROGRAM AIMED AT PRESERVATION OF NATURAL RESOURCES OF THE COUNTRY AND UPGRADING THE TERRITORY OF THE PLANT'S ACTIVITY FOR 2014 SPECIALISTS OF THE PLANT GREW AND PLANTED A LOT OF PLANTS AND FULFILLED A LARGE-SCALE AMOUNT OF WORKS TO IMPROVE LAND.

TOTAL AMOUNT SPENT FOR UPGRADING THE TERRITORY IN 2014 IS OVER USD 30 THOU. 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 PROGRAM, 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.

№	WORK DESCRIPTION	UNIT	QUANTITY
1	SEEDING, GROWING OF SEEDLINGS, COMPILING OF FLOWER COMPOSITIONS AND FLOWER PLANTING TO IMPROVE THE TERRITORY:		
	- ANNUAL	PCS.	106 900
	- BIENNIAL AND PERENNIAL	PCS.	9 700
	- BULBOUS, RHIZOMATOUS AND TUBEROUS	PCS.	3 750
2	GROWING OF PLANTING STOCK AT NURSERY GARDENS FOR IMPROVEMENT OF THE PLANT TERRITORY:		
	- TREES	PCS.	165
	- BUSHES	PCS. .	680
3	TREE SEEDLINGS PLANTED OUT ON THE PLANT'S TERRITORY AND AT THE HEADQUARTERS:		
	- CONIFER SEEDLINGS	PCS.	18
	- HARDWOOD SEEDLINGS	PCS.	207
4	REPAIR OF LAWNS ON THE PLANT'S TERRITORY WITH ALL TYPES OF AUXILIARY WORK:		
	- CURRENT	HA	0,17
	- OVERHAUL	HA	—
5	ARRANGEMENT OF LANDSCAPE FLOWER COMPOSITIONS	PCS.	8
6	FLOWER SEEDS HARVESTING	KG	3,15
7	PREPARATION OF SOIL COMPONENT MIXTURES FOR FLOWER SEEDLINGS GROWING	M <sup>3</sup>	7



## Environmental activity



### EFFICIENT USE OF NATURAL RESOURCES

PRODUCTION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS A COMPLETE METALLURGIC CYCLE WITH ANNUAL OUTPUTS AMOUNTING TO OVER 2,5 TONS OF MOLTEN STEEL.

MAJOR RAW MATERIALS USED FOR STEEL PRODUCTION IN 2011-2014 WERE AS FOLLOWS:

MATERIAL	UNIT	QUANTITY			
		2011	2012	2013	2014
METAL CHARGE	T	3 000 465	3 067 136	2 542 902	2 856 367
FERROALLOYS	T	38 072	40 269	35 822	41 534,9
ELECTRODES	T	5 133	5 647	4 741	4 698
SLAG-FORMING, DEOXIDIZING AND PURIFYING MIXTURES	T	171 276	171 372	146 733	163 284
CARBONIZERS	T	34 335	35 778	33 986	50 252
HEAT INSULATING MATERIALS	T	2 067	1 902	1 611	812
REFRACTORY MATERIALS	T	32 466	30 949	25 592	27 245

BSW USED RAW MATERIALS WHICH WERE OBTAINED FROM RECYCLED OR RECLAIMED WASTES. SHARE OF RECYCLED MATERIALS IN THE TOTAL AMOUNT OF RAW MATERIALS IN 2011-2014 WAS AS FOLLOWS:

MATERIAL	UNIT	QUANTITY			
		2011	2012	2013	2014
FERROUS SCRAP, SCALE	%	95,7	96,9	96,4	95,5
REFRACTORY SCRAP	%	17,4	14,2	17,1	3,6
ELECTRODES	%	0,2	0	0,5	0,7
LIME STONE AND LIME WASTES	%	0,7	0,6	0,4	3

### EFFICIENT USE OF NATURAL RESOURCES

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 SECTION OF THE CORPORATE MANAGEMENT SYSTEM «POWER CONSUMPTION CONTROL SYSTEM» (PCCS), DEVELOPED IN CONFORMITY WITH THE REQUIREMENTS OF THE NATIONAL (STB 1777-2010) AND EUROPEAN (EN:160001) STANDARDS, THE BASE FOR THE DEVELOPMENT OF THE SYSTEM APPROACH TO ENERGY SAVING 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 IN OPERATION. 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 2014 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 2014 WAS 617 580,1 GJ (756 110,2 GJ – IN 2013).

SO AS TO INCREASE INVOLVEMENT OF THE STAFF IN THE PROCESSES OF POWER AND RESOURCE SAVING, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» DEVELOPED AND USES THE FOLLOWING:

REGULATIONS «ABOUT STAFF COMPETITION FOR THE BEST IDEAS AIMED AT INCREASE OF POWER EFFECTIVENESS OF THE PRODUCTION»;

- REGULATIONS «ABOUT COMPETITION FOR THE BEST STRUCTURAL DIVISION OF THE PLANT FROM THE VIEWPOINT OF POWER SAVING»;

- REGULATIONS «ABOUT AWARDING OF THE EMPLOYEES FOR POWER SAVING»;

- ACTIVE ON-LINE «POWER SAVING PROPOSALS» WINDOW IN THE INFO-BMZ INFORMATION SYSTEM».

19 PROJECTS WERE IMPLEMENTED IN 2014. THE FOLLOWING PROJECTS CAN BE ATTRIBUTED TO THE MOST IMPORTANT ONES:

1. INTRODUCTION OF DYNAMIC COMPENSATION OF REACTIVE POWER AT SS «STAL»;

2. RECONSTRUCTION OF COOLING SYSTEM OF PROCESS EQUIPMENT OF MELTING SHOP;

3. REPLACEMENT OF SCREW-TYPE COMPRESSORS BY ENERGY-EFFICIENT TURBOCOMPRESSORS;

4. INTRODUCTION OF VARIABLE FREQUENCY DRIVE IN WIRE FINE DRAWING MACHINES;



## Environmental activity



5. RECOVERY OF WASTE GAS HEAT FROM EAF (PROJECT: COMPREHENSIVE RECONSTRUCTION OF FUME TREATMENT PLNAT-1);

USE OF SECONDARY THERMAL RESOURCES IN 2014 AMOUNTED TO 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.

SOURCE	UNIT	QUANTITY			
		2011	2012	2013	2014
NATURAL GAS	S.C.T.	157 915	161 060	160 901	168 354

*Direct use of power from the primary sources in 2011-2014*

SOURCE	UNIT	QUANTITY			
		2011	2012	2013	2014
ELECTRIC POWER	MWt*H	1 976 566	2 000 442	1 736 633	1 855 714
	GJ	7 115 637,6	7 201 591,2	6 251 879	6 680 570
THERMAL ENERGY	Gcal	231 443	244 555	240 507	242 888

*Intermediate energy quantities obtained and consumed from non-renewable power sources in 2011-2014*

POWER RESOURCE	UNIT	QUANTITY			
		2011	2012	2013	2014
ELECTRIC POWER	MWt*H	136 165	107 361	156 493	130 530
	GJ	490 194	386 501,1	563 374,8	469 911
NATURAL GAS	THOU. M <sup>3</sup>	6 189	1 833,7	5 720	4 392,3
	GJ	206 710,7	61 247	192 735,4	147 669,1

*Energy saved due to measures on consumption rates reduction and efficiency improvement taken in 2011-2014*

### AIR BASIN PROTECTION

SOURCES OF MAJOR NEGATIVE ENVIRONMENTAL IMPACTS AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ARE AIR EMISSIONS OF POLLUTANTS. THE ENTERPRISE OPERATES 599 SOURCES WITH PERMITTED GROSS EMISSIONS OF 9403,239 TPY. TO MINIMIZE NEGATIVE IMPACTS, MAJOR EMISSION SOURCES WITH LARGEST CONTRIBUTIONS

ARE EQUIPPED WITH GAS TREATMENT PLANTS, WITH THEIR TOTAL NUMBER AMOUNTING TO 180 UNITS.

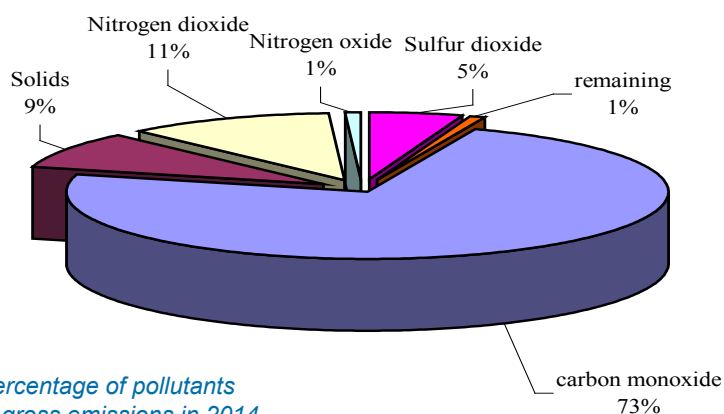
VEHICLES OWNED BY THE ENTERPRISE INCLUDE 251 UNITS, USING VARIOUS TYPES OF FUEL OUT OF WHICH 195 VEHICLES RUN ON DIESEL FUEL, 56 – GASOLINE.

RAILROAD TRANSPORT INCLUDES 7 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.

WHEN ANALYZING AIR EMISSIONS OF POLLUTANTS, IT SHOULD BE NOTED THAT GROSS AIR EMISSION RATES OF POLLUTANTS IN 2014 INCREASED VS. 2013 BY 7,4 % (560,517T.) DUE TO INCREASE IN PRODUCTION. HOWEVER, SPECIFIC EMISSION OF POLLUTANTS IN 2014 DECREASED BY 0,05 KG/T. OF MELTED STEEL, INCLUDING BY 0,03 KG/T. OF STEEL OF CARBON MONOXIDE. REDUCTION OF SPECIFIC EMISSION OF POLLUTANTS WAS CAUSED BY COMPLEX RECONSTRUCTION OF FUME TREATMENT PLANT WHERE POST COMBUSTION (OF CARBON MONOXIDE) SYSTEM WAS INTRODUCED. PRESENTLY, COMPLEX RECONSTRUCTION OF FUMES EXTRACTION AND CLEANING SYSTEM FROM EAF-3 IS IN PROGRESS.

STEEL MELTING PROCESS IN ELECTRIC-ARC FURNACES WAS INTENSIFIED, AN ADVANCED OXYGEN TECHNOLOGY WITH THE USE OF WALL-MOUNTED MODULE SYSTEM MULTI-NOZZLE DEVICE WAS INTRODUCED. CONSIDERING GROWING PRODUCTION OUTPUT, INTENSIFICATION AND CAPACITY GROWTH OF THE PRODUCTION EQUIPMENT, WE DEFINED



*Percentage of pollutants in gross emissions in 2014*



Substance	Actual emissions, [t/year]				Specific pollutant generation rates, [kg/t of melted steel]			
	2011	2012	2013	2014	2011	2012	2013	2014
Carbon monoxide	3755,731	5875,384	5049,332	5525,328	1,4	2,14	2,2	2,17
Nitrogen dioxide	701,962	1025,993	814,929	900,818	0,26	0,37	0,37	0,35
Sulfur dioxide	349,134	444,721	384,11	389,279	0,13	0,16	0,16	0,15
Solids	681,822	730,485	619,042	655,899	0,25	0,26	0,26	0,26
Total pollutants	5518,331	8094,502	6966,462	7526,979	2,07	2,95	3,0	2,95

*The proportion of pollutants in the gross output for the years 2011-2014*

Substance	Unit	2011	2012	2013	2014
Carbon monoxide	т	542,833	769,829	594,797	569,166
Nitrogen dioxide	т	131,195	184,968	142,262	140,954
Sulfur dioxide	т	72,413	101,868	78,255	78,242
Hydrocarbons	т	214,589	303,344	233,621	229,133
Soot	т	54,130	76,121	58,468	58,512
Benzpyrene	т	0,001	0,0016	0,001262	0,001250
Total	т	1015,161	1436,132	1107,404	1076,009

*Emissions of pollutants into the air from moving sources over 2011-2014*

MAXIMUM AND GROSS AIR EMISSION OF POLLUTANTS MORE EXACTLY.

LEAD-FREE GASOLINE **AI 92, AI 95**, LIQUETIED GAS, AS WELL AS DIESEL FUEL WITH SULFUR CONTENT **0,005 %** ARE USED AS FUEL FOR VEHICLES.

EMISSIONS OF POLLUTANTS FROM MOBILE SOURCES REDUCED BY **2,8%**, DUE TO REDUCED CARGO TRAFFICKING WITHIN COMPANY'S INDUSTRIAL AREA.

BEING A MAJOR GREENHOUSE GASES EMITTER, BYELORUSSIAN STEEL WORKS 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 THE USE OF SUBSTANCES LISTED IN ANNEX C OF THE PROTOCOL BY 2020. OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 THE ENTERPRISE 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.

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.

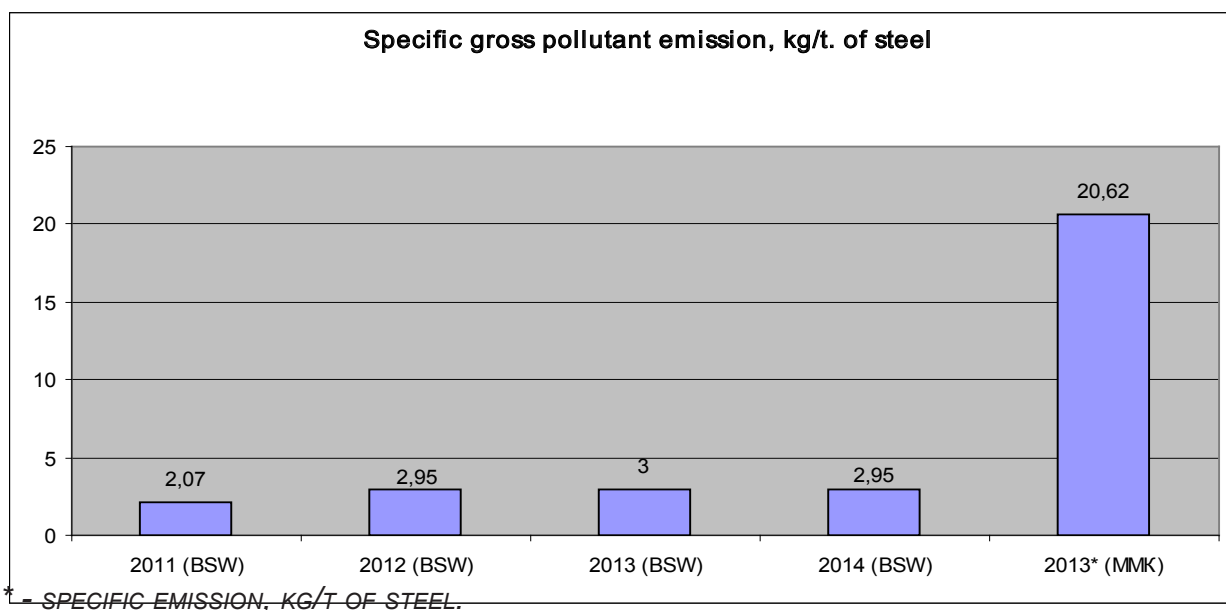
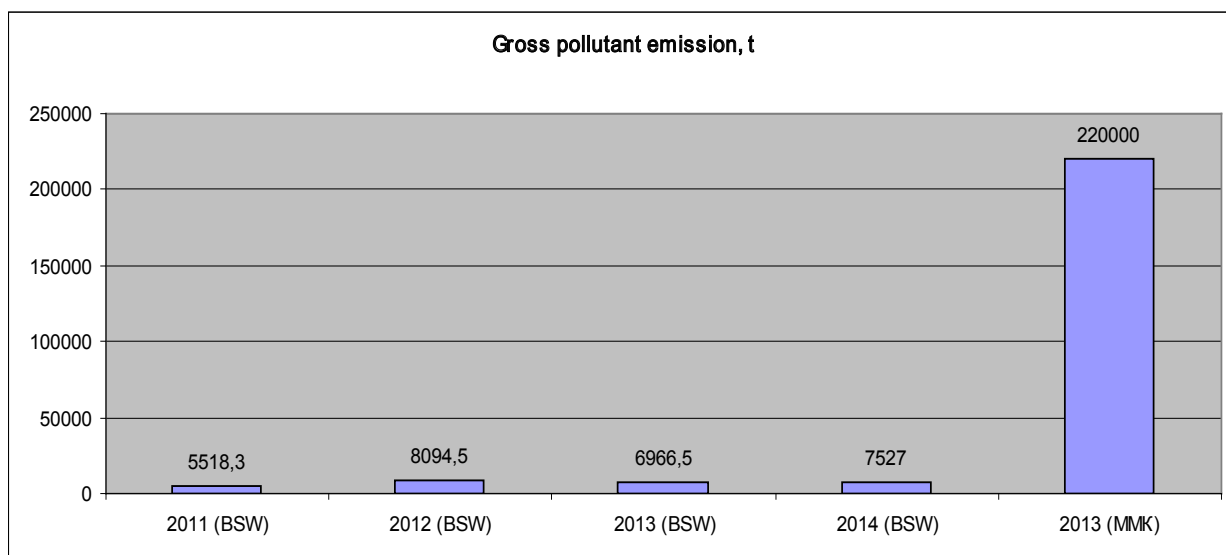
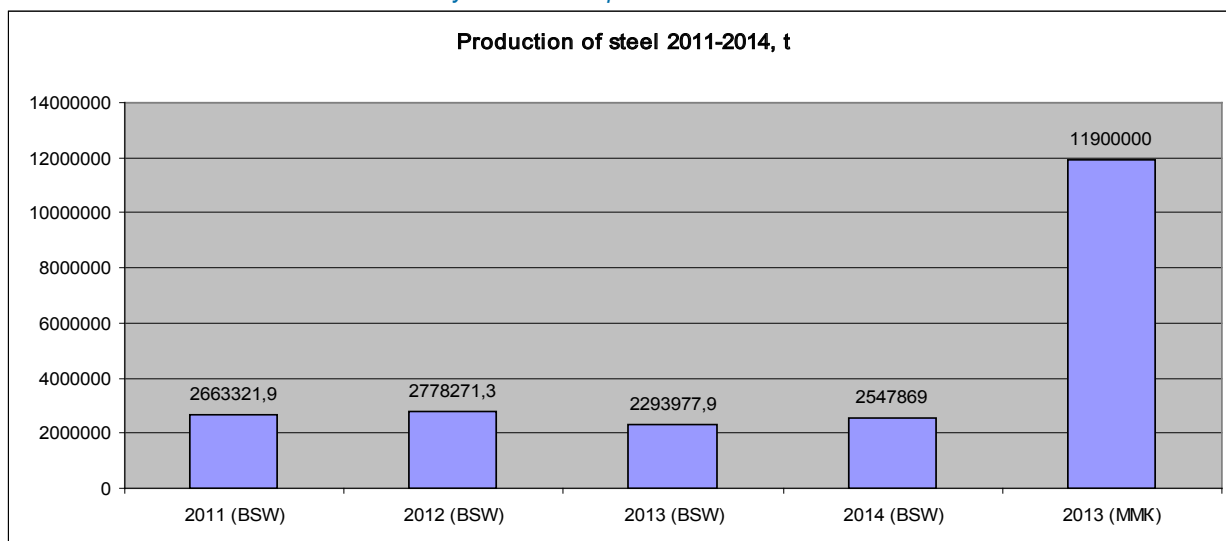
DECREASE OF HARMFUL EMISSIONS INTO THE AIR IS ENSURED DUE TO IMPLEMENTATION OF INVESTMENT PROJECTS DIRECTED TOWARDS MODERNIZATION AND TECHNICAL REVAMPING, INTRODUCTION OF HIGHLY EFFECTIVE STATE-OF-THE-ART EQUIPMENT AND METHODS.



## Environmental activity



### Dynamics of air pollutant emissions





ODS	Residuals in the beginning of the year, kg				Purchased, kg				Used volume, kg				Remains volume as of the end of the year, kg			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
R-22	42,5	68,3	27,2	176,8	108,8	108,8	163,2	0	83,0	149,9	13,6	27,2	68,3	27,2	176,8	149,6
R-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R-114B2	686,1	74,1	0	0	0	0	0	0	612	74,1	0	0	74,1	0	0	0

*Data on ODS handling activities in 2011-2014.*

Year	Description of ODS reduction methods	Fulfillment; results, reason for non-fulfillment
2011	Reduction of ODS in the operating equipment due to usage of ozone-safe coolants, R12 -4,5 kg, R22-82 kg	Ozone-safe cold carriers are used instead of R22 in equipment with the filling capacity of 232 kg, Instead of R12 – filling capacity 55 kg
	Decrease of ODS stock, R124 -12 kg	R124 residues as on 01.01.12 equal to 0,0 kg (included in the composition of multi-component cold carrier R401A), R124 stock reduced by 18,7 kg
2012	Decrease of ODS consumption due to transfer of refrigeration equipment to ozone-safe cold carriers	Ozone-safe cold carriers are used instead of R22 in equipment with the filling capacity of 231,6 kg, Instead of R12 – filling capacity of 6 kg
2013	Decrease of environmental impact. Refusal to use ODS (R 22) by 123 Purchasing of ITE coolants regeneration and filling station	ITE Blue-R-95 regeneration and filling station purchased
	Transfer of refrigeration equipment working on R 22, filling capacity 123 kg, to ozone-safe coolants	Transfer of refrigeration equipment working on R 22, total capacity: 129,5 kg
2014	Reduction of impact on environment. Exclude application of ozone depleters R 22 by 116 kg, R 12 by 4,5 kg, R 401 A by 6 kg. Cooling equipment using R22 with filling capacity 116 will start using ozone safe coolants	Moved to use ozone safe coolants in cooling equipment instead of R22 with filling capacity 317,8 kg, R12 with filling capacity 4,8 kg, R 401 A with filling capacity 12,4 kg
	Cooling equipment using R 12 with filling capacity 4,5 kg will start using ozone safe coolants	
	Cooling equipment using R 401 A with filling capacity 6 kg will start using ozone safe coolants	

*Data on introduction of measures aimed at reduction of ODS use in 2011-2014*





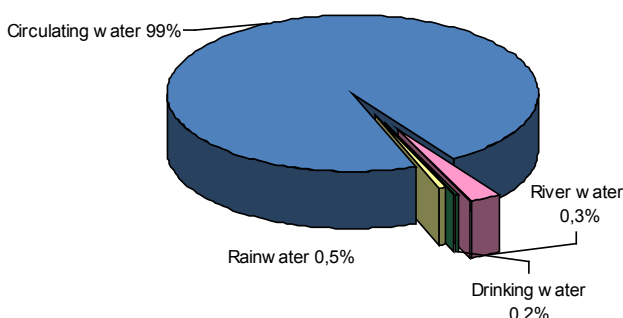
## Environmental activity



ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FOLLOWS THE EXISTING LAW AND NORMS OF THE INTERNATIONAL ENVIRONMENTAL LAW INCLUDING INTERNATIONAL AGREEMENTS AND CONTRACTS RATIFIED BY THE REPUBLIC OF BELARUS AND 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 COMPANY EMPLOYEES.

### WATER BASIN PROTECTION

ACTING IN THE AREA OF ENVIRONMENT, THE PLANT PROVIDES FOR EFFICIENT USE OF ENERGY AND WATER FOR ITS OWN NEEDS AND DOES ITS BEST TO DECREASE THEIR CONSUMPTION.



#### Plant water consumption system

WATER DIVERSION FLOW FOR PRODUCTION NEEDS IS CARRIED OUT FROM THE DNIEPER RIVER WHICH IS ONE OF THE MAIN RIVERS IN THE REPUBLIC OF BELARUS. ITS HEAD-TO-MOUTH LENGTH IS 1182 KILOMETERS. ANNUAL FLOW OF THE DNIEPER EQUALS TO 1 261 440 000 m<sup>3</sup>. ANNUAL WATER DIVERSION OF

ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AMOUNTS TO 0,06% OF THE RIVER FLOW.

THE PLANT INTRODUCED A CIRCULATING WATER SYSTEM TO SUPPLY KEY USERS – PRODUCTION EQUIPMENT. WATER FROM SURFACE SOURCES (THE DNIEPER) IS USED TO COMPENSATE THE IRREVOCABLE LOSSES IN THE EQUIPMENT COOLING SYSTEMS. FOR HOUSEHOLD AND DRINKING NEEDS WATER FROM ARTESIAN WELLS IS USED.

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

RESULTS OF THE MEASURES TAKEN TO REDUCE WATER RESOURCE CONSUMPTION IN 2014: INCREASED USAGE OF RECYCLING WATER BY 42789,6 THOU. M<sup>3</sup>/YEAR (15%) VS. 2013; CONSUMPTION OF INDUSTRIAL WATER REDUCED BY 454,4 THOU. M<sup>3</sup>/YEAR (37%) BECAUSE CONSUMPTION OF RAIN WATER INCREASED BY 329,1 THOU. M<sup>3</sup>/YEAR (26%).

PROCESS EFFLUENTS GENERATED BY THE PLANT ARE DISCHARGED INTO THE TREATMENT FACILITIES LOCATED AT THE PLANT'S TREATMENT DIVISIONS AND RETURNED INTO THE PRODUCTION FOR FURTHER RECYCLING.

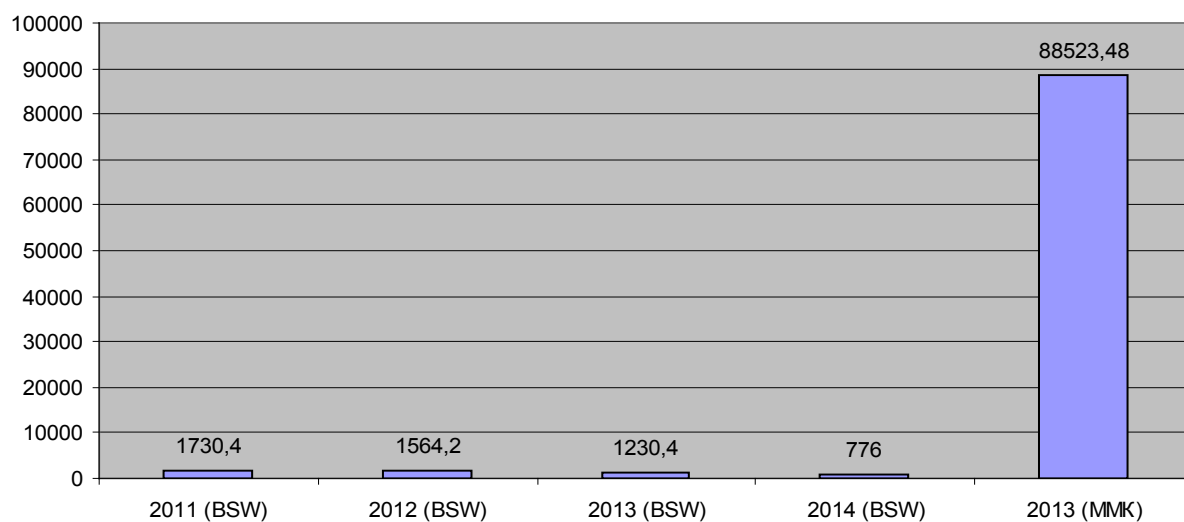
THE PLANT'S UTILITY FLUIDS ARE DRAINED OFF INTO THE TREATMENT FACILITIES MAINTAINED BY THE TOWN OF ZHLOBIN. POLLUTANT CONTENTS (HARD METALS, OIL PRODUCTS, SALT CONTENT) IN THE DISCHARGED FLUIDS WERE WITHIN THE ESTABLISHED LIMIT CONCENTRATIONS.

THERE ARE NO WATER BODIES SIGNIFICANTLY AFFECTED BY THE PRODUCTION ACTIVITIES OF THE PLANT.

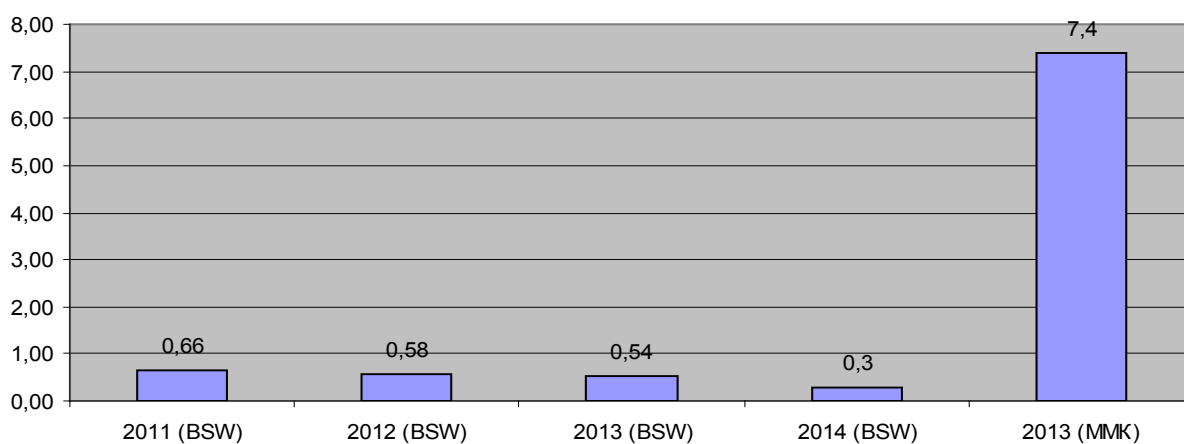
Description	2011	2012	2013	2014
Process water, [thou. m <sup>3</sup> /year]	1 730, 405	1 564,210	1230,4	776,0
Drinking water consumption, [thou. m <sup>3</sup> /year]	692,0	732,724	648,2	637,3
Circulating water, [thou. m <sup>3</sup> /year]	286 041, 191	297 215,651	277 043,3	319 832,9
Rainwater use, [thou. m <sup>3</sup> /year]	711,786	1 046	1259,7	1588,8



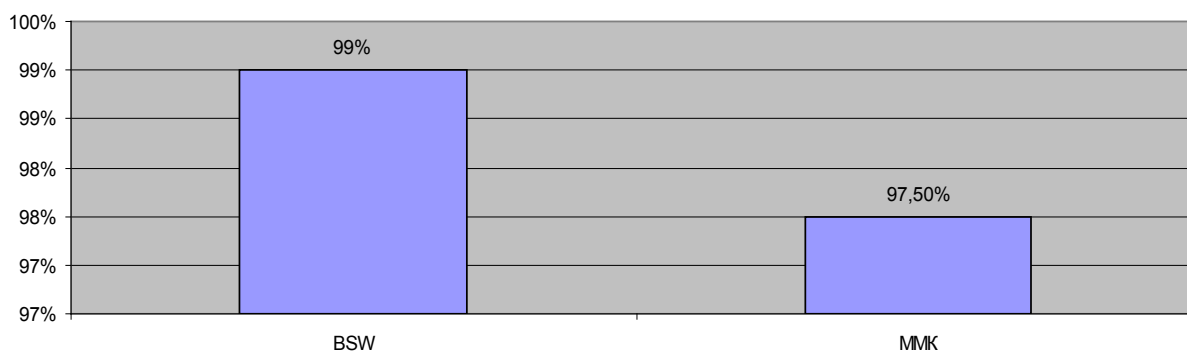
Consumption of industrial water, thou.m3



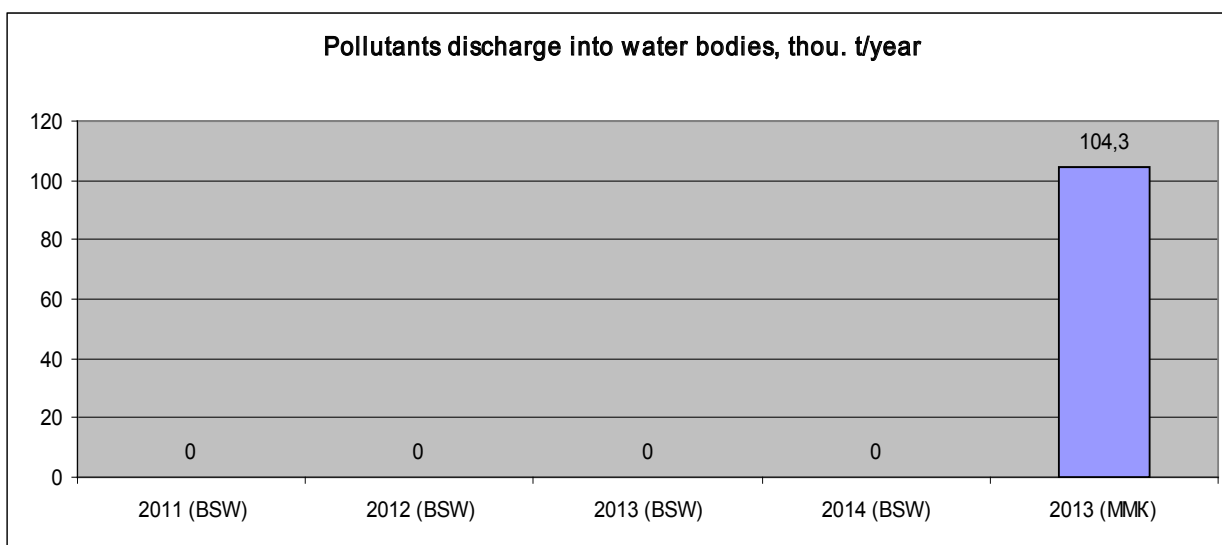
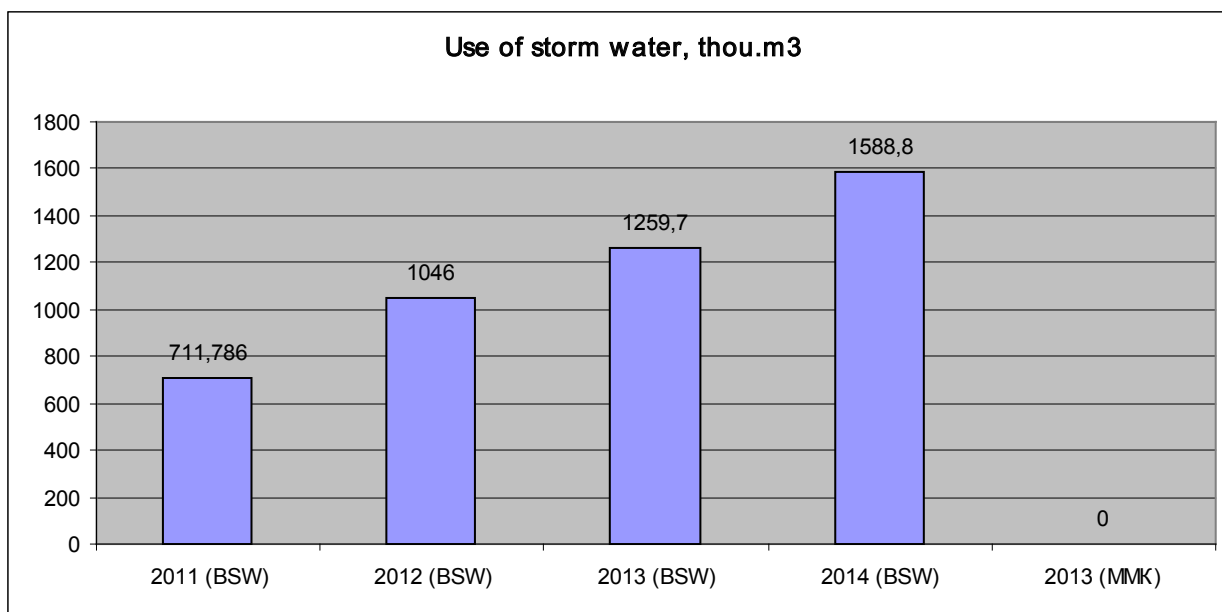
Specific annual consumption of industrial water per ton of steel, m3/t



Share of recirculating water supply and water recycling in water balance of the companies, %



## Environmental activity



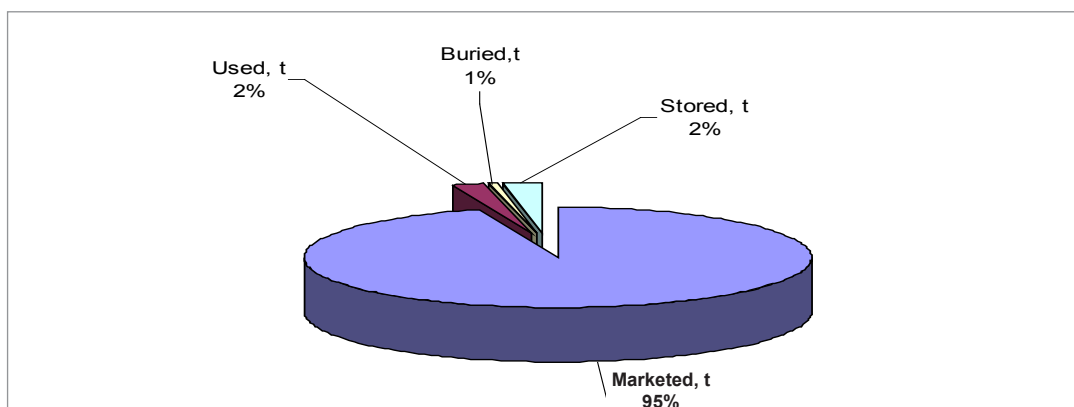
### UTILIZATION OF INDUSTRIAL WASTES

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 AT EACH OF THE INDUSTRIAL WASTES UTILIZATION STAGES

(GENERATION, COLLECTION, TRANSPORTATION, STORAGE, HANDLING AND NEUTRALIZATION), MINIMIZING POSSIBLE ENVIRONMENTAL IMPACTS.

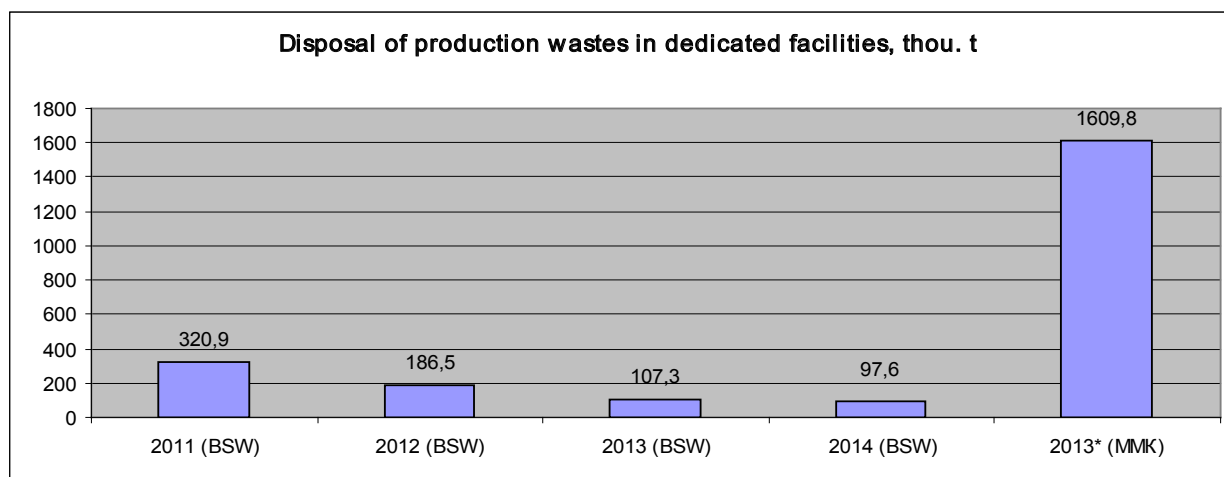
DURING 2014 THERE WERE REGISTERED NO SPILLAGES OF CHEMICALS, OILS AND FUELS WHICH COULD HAVE AN ADVERSE EFFECT ON THE ENVIRONMENT AND PRESENT A POTENTIAL HAZARD TO THE SOIL, WATER, AIR, BIODIVERSITY AND HUMAN HEALTH.

PRODUCTION ACTIVITIES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ARE ASSOCIATED WITH GENERATION OF THE FOLLOWING WASTES, CORRESPONDING TO WASTES GROUPS AS SET OUT IN BASEL CONVENTION:

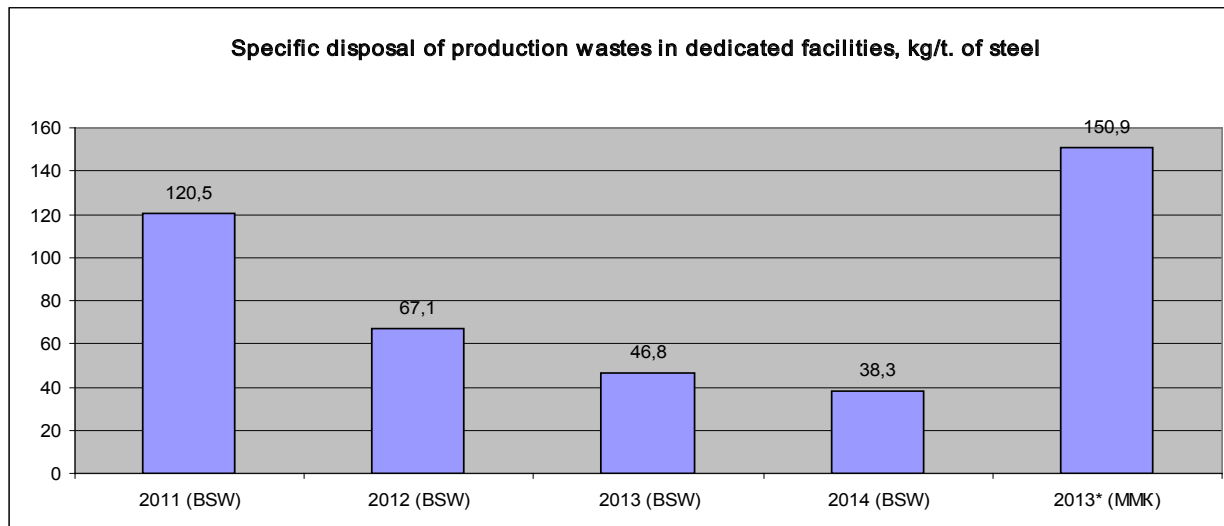


Utilization of industrial wastes in 2014

Year	Sold, t	Used, t	Buried, t	Stored, t
2013	1 118 351,394	52 595,492	36 765,039	70 536,515
2014	3 036 806,334	62 590,114	19 022,935	78 617,375
	+ 1 918 454,94	+9994,622	-17 742,104	+ 13551,475



\* - WITHOUT WASTE ROCK



\* - SPECIFIC ALLOCATION (WITHOUT WASTE ROCK), KG/T. OF METAL PRODUCT.

## Environmental activity

«...THE POSITIVE DYNAMICS CAN BE SEEN IN THE AREA OF WASTE DISPOSAL. IN 2014, THERE WERE 78,617 TONS STOCKPILED. AGAINST THE BACKGROUND OF THE PREVIOUS YEARS, WHEN THE FIGURE WAS 260 THOUSAND. TONNES (2011), THESE RESULTS INDICATE SERIOUS WORK IN THIS DIRECTION...»

HEAD OF ENVIRONMENTAL PROTECTION AND INDUSTRIAL SANITATION OF OAO «BMZ - THE MANAGING COMPANY «BMC» HOLDING» S.V. MIROEVSKIY



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 AND LEAD COMPOUNDS;

Y34 ACID SOLUTIONS AND SOLID ACIDS;

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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

FOR GUARANTEED OBSERVATION OF LEGAL AND OTHER REQUIREMENTS IN THE AREA OF ENVIRONMENT, THE PLANT ENSURES ACCESS TO THE EXISTING REFERENCE LEGAL SYSTEM «CONSULTANT PLUS BELARUS NETWORK» AND INFORMATION SEARCH SYSTEMS «STROIDOKUMENT» AND «STANDARD» FOR EACH EMPLOYEE.

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

### IMPROVEMENT OF ECOLOGICAL CULTURE OF THE PERSONNEL

BSW 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 COMPANY 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ANNUALLY HOLDS INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE «METAL». BESIDES, PARTICIPANTS FROM CIS COUNTRIES





THE «ENERGY AND ECOLOGY» SECTION COMPRISES SPECIALISTS OF THE COMPANY. 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 THE COMPANY 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 JOURNALS.

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 THE ABOVE DOCUMENTS.

#### 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 IMPLEMENT ENVIRONMENTALLY SAFE TECHNOLOGIES AS WELL. TO

Current environmental expenses	Total, Br mln (at own costs)			
	2011	2012	2013	2014
<b>Total including:</b>	111 995,5	196 458,6	224 910,1	294 069,7
- protection and efficient use of water resources, total, including	37 770,4	76 051,1	100 583,7	133 432,1
- paid to other organizations for receipt and treatment of waste waters	11 029,4	27 536,2	34 080,4	43 475,0
- air basin protection, ozone layer and climate preservation	57 965,0	94 172,8	93 302,6	119 710,1
- protection of the environment from pollution with industrial wastes – total, including	14 905,4	24 557,8	29 072,3	38 296,0
- paid to other organizations for collection, receipt, storing, burying and neutralization of wastes	3 868,4	5 336,0	6 519,1	11 365,0
- protection and rational use of lands – total, including	—	—	—	—
recultivation of lands	—	—	—	—
- ecological regulation, environmental expertise and ecological certification	376,3	136,9	243,2	234,5
- ecological certification	13,0	78,0	—	—
- ecological audits	9,5	17,0	94,1	59,6
- ecological insurance	—	—	—	—
- local monitoring	955,9	1 445,0	1 614,2	2 337,4
- other	—	—	—	—

*Current expenses*



## Environmental activity



Indicator description	Total, ruble mln	
	2013	2014
AMOUNT OF DISCOUNT SET FOR THE ORGANIZATION FOR ECOLOGICAL PAYMENTS SUBJECT TO DECREASE OF ENVIRONMENT POLLUTION DUE TO ENVIRONMENT PROTECTION MEASURES UNDERTAKEN	9 144,1	11 154,8
AMOUNTS PAID TO COMPENSATE THE DAMAGE CAUSED BY VIOLATION OF ENVIRONMENT LAW (PENALTIES, CLAIMS, DAMAGE, ETC.)	55,0	50,8

### Current expenses

Description	2011 payment, Br million	2012 payment, Br million	2013 payment, Br million	2014 payment, Br million
Drinking and service water consumption	196,962	482,449	520,981	509,8
Sewage discharges	0	0	7,585	10,3
Air emissions from stationary and mobile sources	2 659,542	5 693,198	2 467,494	0
Waste disposal	7 932,914	19 173,718	10 235,84	7 369,3
Waste storage	2 861,2	2 667,638	1 633,497	2 301,8
Packing materials production and import	0	0	0	0
Tax exemption to the amount of used funds so that to perform environmental safety activities	0	0	0	11 154,8

### Ecological payments in 2011-2014

MITIGATE ENVIRONMENTAL IMPACTS, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ANNUALLY INTRODUCES NEW ENVIRONMENTAL ACTIONS. UNDER THE ECOLOGICAL PROGRAM FOR 2014 THE PLANT PROVIDED FOR THE FOLLOWING:

- COMPREHENSIVE RECONSTRUCTION OF FUME TREATMENT PLANT IN EAF -1 WITH INSTALLATION OF A COVER TO REDUCE NON-ORGANIZED EMISSIONS INTO THE ATMOSPHERE THROUGH AERATION LANTERN.
- MODERNIZATION OF COOLING CIRCUITS OF RECIRCULATING WATER SUPPLY WITH INSTALLATION OF TREATMENT PLANT FOR INDUSTRIAL WASTE WATER.
- INTRODUCTION OF AUTOMATED SYSTEM MONITORING EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERE FROM LIME KILN-3.
- CONSTRUCTION OF LINE SEPARATING RESIDUAL SCRAP & WASTES AFTER CLEANING OF RAILWAY WAGONS IN THE SCRAP YARD, 2ND STAGE.

### EXPENSES FOR ENVIRONMENT 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 ENVIRONMENT-ORIENTED EQUIPMENT.

IN ITS ACTIVITIES, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» PLACES SPECIAL EMPHASIS ON THE INTERACTION WITH THE INTERESTED PARTIES – BOTH WITH SUPERVISING 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 COMPANY

IN ADDITION TO PRODUCTION FACILITIES EXPANSION, THE

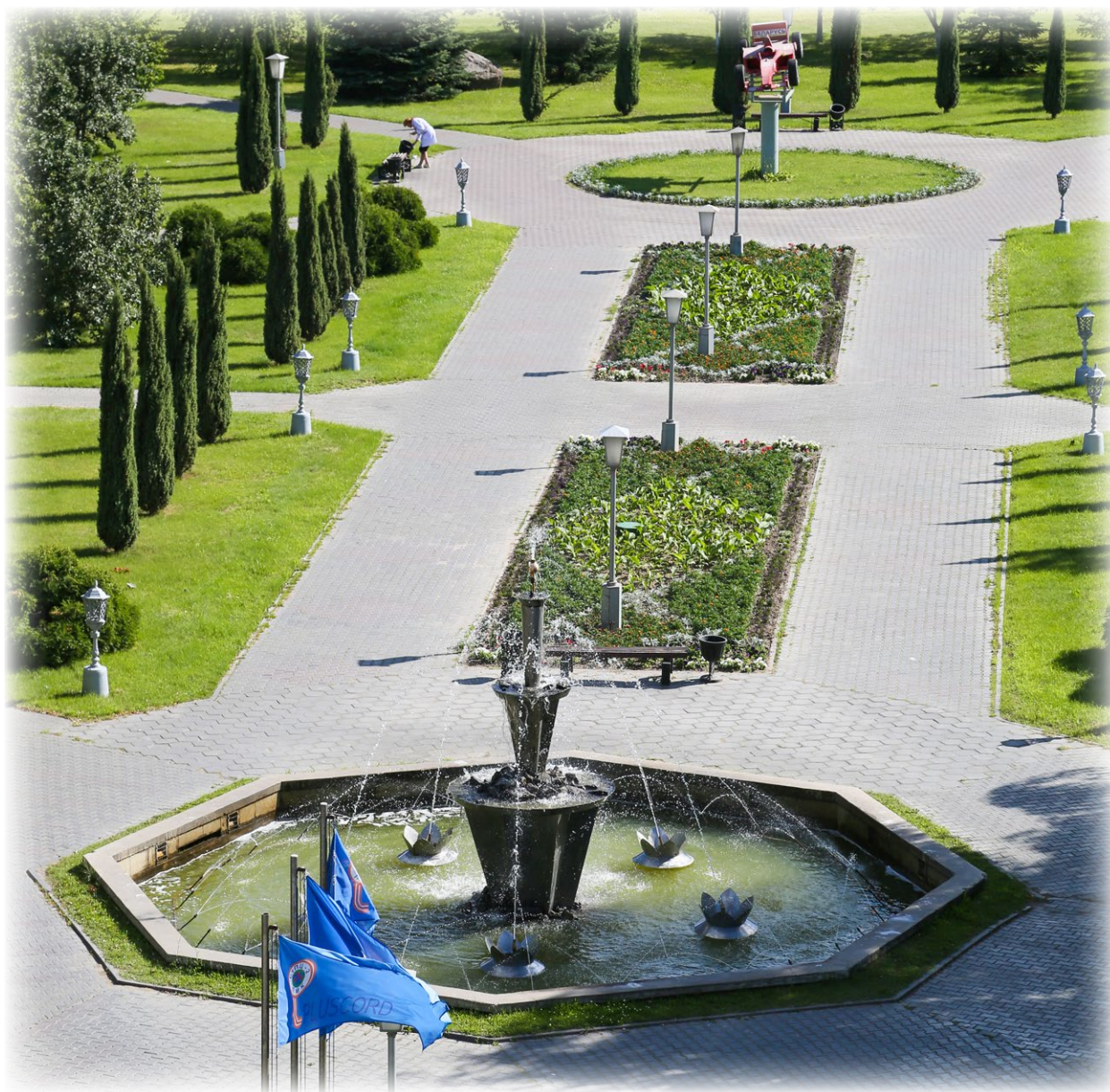


PLANT ALSO PLANS TO MODERNIZE ITS EQUIPMENT TO IMPROVE ENVIRONMENT SAFETY AND MITIGATE NEGATIVE ENVIRONMENTAL IMPACTS. INVESTMENT PROJECTS TO BE IMPLEMENTED BY OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» INCLUDE NOT ONLY NEW PRODUCTION FACILITIES BUT ALSO INTRODUCTION OF THE WORLD'S BEST PRACTICES IN THE FIELD OF ENVIRONMENT 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 BSW PRODUCTION ACTIVITIES.

MAJOR ACTIONS AIMED AT MITIGATION OF THE NEGATIVE ENVIRONMENTAL IMPACTS INCLUDE:

- INTRODUCTION OF AUTOMATED CONTROL SYSTEM FOLLOWED BY RECORDING OF POLLUTANT EMISSIONS INTO THE AIR FROM LIME KILN-1,2 (SCRAP YARD).
- COMPLEX RECONSTRUCTION OF DUST AND GAS COLLECTING UNIT OF ELECTRIC-ARC FURNACE No.3 AND INSTALLATION OF A HOOD TO REDUCE UNORGANIZED EMISSIONS IN THE AIR THROUGH AERATION LANTERNS.
- CONSTRUCTION OF FACILITIES TO TREAT SALTED WASTE WATERS.





## Social activity

STRATEGIC GOAL OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» IN THE SOCIAL SPHERE IS IMPROVEMENT OF CORPORATE SYSTEM OF SOCIAL RESPONSIBILITY, THE BASIC PRINCIPLES OF WHICH ARE: OBSERVATION OF SOCIAL EQUALITY AND RESPONSIBILITY, NO DISCRIMINATION, SAFE WORKING CONDITIONS, KEEPING EMPLOYEES FIT, CREATION OF POSITIVE SOCIAL-PSYCHOLOGICAL CLIMATE IN THE TEAM WHILE MAINTAINING REASONABLE BALANCE OF ECONOMIC INTERESTS OF THE COMPANY AND SOCIAL INTERESTS OF THE CIVIL SOCIETY, INCLUDING THOSE OF BSW EMPLOYEES.

«...EMPLOYEES OF BYELORUSSIAN STEEL WORKS KEEP THEIR HIGH LEVEL IN THE GLOBAL MARKETS THANKS TO THEIR CRAFTSMANSHIP AND DILIGENCE, RESPONSIBILITY, DEVOTION AND COMMITMENT TO THE BUSINESS, STRENGTHENING DOMESTIC ECONOMY AND REPUTATION OF THE REPUBLIC OF BELARUS...»

FIRST DEPUTY PRIME-MINISTER  
OF THE REPUBLIC OF BELARUS V.I. SEMASHKO



BSW 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 PLANT 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;
- DISCLOSURE 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;

– MAINTAINING REASONABLE BALANCE OF THE PLANT'S INTERESTS AND THE COMMUNITY INCLUDING THE EMPLOYEES.

PRESERVATION OF LIFE, HEALTH AND HUMAN RIGHTS IS CONSIDERED BY THE COMPANY OF A HIGHER PRIORITY THAN ECONOMIC RESULTS OF PRODUCTIVE ACTIVITY.

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

IT IS ESSENTIAL FOR THE PLANT'S EMPLOYEES TO FEEL THEMSELVES AS MEMBERS OF ONE FAMILY, REALIZE THEIR BELONGING TO ONE OF THE LARGEST ENTERPRISES OF THE REPUBLIC. SINCE 2009 ELEMENTS OF A SINGLE INTEGRATED CORPORATE CULTURE HAVE BEEN INTRODUCED AT THE PLANT. 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

ADHERING TO THE PRINCIPLES LAID IN THE FOUNDATION OF THE UN GLOBAL COMPACT, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» CONSIDERS ITS EMPLOYEES TO BE OF 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 THE COMPANY 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;



- IMPROVEMENT OF 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 COMPANY SUBDIVISIONS WITH THE EMPLOYEES HAVING THE REQUIRED PROFESSIONAL AND QUALIFICATION CHARACTERISTICS;
- IMPROVEMENT OF THE LABOR SAFETY LEVEL, IMPROVEMENT OF 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 OF SOCIAL STABILITY AND FAVORABLE MORAL AND PSYCHOLOGICAL CLIMATE IN THE WORKING TEAMS;
- DEVELOPMENT OF CORPORATE SOCIAL PROGRAMS.

### KEY PRINCIPLES AND APPROACHES

POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» 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 PLANT LINKS ITS SUCCESS TO THE WELL-CONSOLIDATED AND ACTIVE TEAM OF PROFESSIONALS. ONE OF THE MAIN TARGETS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING' IS CREATION OF A «PRIME CHOICE COMPANY» BASED ON HONESTY, DEDICATION, CREATIVE APPROACH, OPTIMISM AND SELF-IMPROVEMENT OF EACH EMPLOYEE. BUILDING UP OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» MANAGEMENT SYSTEM PRESUPPOSES INVOLVEMENT 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 PERSONNEL MANAGEMENT POLICY OF THE COMPANY 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 RECOUSES CONTRIBUTES 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. THE PLANT USES THE MOST ADVANCED METHODS OF WORKING WITH EMPLOYEES AND DEVELOPS NEW PROJECTS. «BSW STRATEGIC RESERVE» PROGRAM OF TRAINING A STAFF RESERVE TO SUBSTITUTE TOP MANAGEMENT HAS BEEN IMPLEMENTED. OF NO SMALL IMPORTANCE IS THAT THE PROJECT ALLOWS SELECTION OF TALENTED YOUNG PEOPLE AND ARRANGEMENT OF THEIR ROTATION IN KEY PRODUCTION & ECONOMIC DIRECTIONS.

HIGH EFFICIENCY OF THE PROCESS «PERSONNEL MANAGEMENT» IS EVIDENCED BY THE RESULTS OF 2014 AUDITS AIMED AT CONFIRMATION OF THE MANAGEMENT SYSTEM CONFORMITY WITH THE REQUIREMENTS OF IISO 9001:2008, СТБ ISO 9001-2009, ISO/TS 16949:2009, API Q1, BRL 0501-2010 AND NEN 6008-2008, DIN 488, STANDARDS CARRIED OUT BY AUDITORS OF SCIENCE-PRODUCTION REPUBLICAN UNITARY ENTERPRISE «BELGISS», ИООО «BUREAU VERITAS BEL LTD», API AMERICAN PETROLEUM INSTITUTE, TUV RHEINLAND CERT GMBH (CZECHIA), CARES (GREAT BRITAIN).





## Social activity



### DESCRIPTION OF THE PERSONNEL

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 LOCAL POPULATION ARE EMPLOYED BY THE COMPANY, 99,5% OF MANAGERS ARE FROM THE LIST OF SPECIALISTS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING».

«...WITHIN THE RECENT YEARS A LOT HAS BEEN DONE FOR DEVELOPMENT OF BSW, NEW TECHNOLOGIES ARE BEING IMPLEMENTED, NEW PRODUCTIONS ARE BEING CREATED, NEW PRODUCTS AND MARKETS ARE BEING OPENED UP. ALL ACHIEVEMENT IS BEING MADE THANKS TO HARD WORK, MANY YEARS OF EXPERIENCE, COMMITMENT TO THE BUSINESS. THE BEST PROFESSIONAL TRADITIONS ARE BEING PRESERVED AND INCREASED THANKS TO YOUR ACHIEVEMENTS, TALENT AND STRENGTH...»



DEPUTY OF HOUSE OF REPRESENTATIVES OF NATIONAL COUNCIL OF THE REPUBLIC OF BELARUS A.S. VASHKOV

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

OAO «BSW – MANAGEMENT COMPANY OF «BMC» 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, THE ENTERPRISE CREATES THE CONDITIONS FOR THEIR PROFESSIONAL AND CAREER PROGRESS.

TOTAL AMOUNT OF PERSONNEL AS OF 31.12.2014 EQUALS TO 11 747 PEOPLE AND REDUCED BY 149 PEOPLE AS COMPARED TO THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR.

REDUCTION OF THE NUMBER OF EMPLOYEES WAS CAUSED BY RESTRUCTURING OF THE STAFF IN RELATION TO A LARGE-SCALE RECONSTRUCTION CARRIED OUT AT THE PLANT IN THE 2ND HALF OF 2014. BESIDES, SUBJECT TO COMING INTO EFFECT OF CHANGES IN PENSION LAW SINCE 01.01.2014 DURING FIRST THREE QUARTERS OF 2013 A SIGNIFICANT GROWTH OF DISCHARGES OF HIGHLY-QUALIFIED PRODUCTION EMPLOYEES WHO REACHED THEIR PENSION AGE ACCORDING TO PENSION LISTS No.1 AND No.2. DUE TO THE EXISTING SITUATION AND SO AS TO PROTECT THE RIGHTS AND DEFEND LAWFUL INTERESTS OF THE WORKING PEOPLE, PLANT'S ADMINISTRATION APPLIED TO THE MINISTRY OF INDUSTRY AND MINISTRY OF LABOR AND SOCIAL PROTECTION OF THE REPUBLIC OF BELARUS TO REVISE THE CHANGES INTRODUCED IN THE LAW. IN THE RESULT, PRESIDENT OF THE REPUBLIC OF BELARUS SIGNED DECREE No.441 «ABOUT SOME ISSUES OF PROFESSIONAL PENSION INSURANCE AND PROVISION OF PENSIONS» DD. SEPTEMBER 25, 2013. AFTER THAT, NUMBER OF DISMISSAL REDUCED.

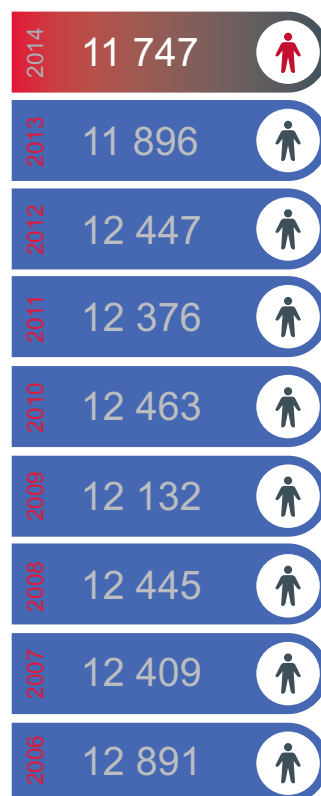
GENDER COMPOSITION OF THE WORKERS HASN'T CONSIDERABLY CHANGED AS COMPARED TO 2013. AS OF 31.12.2014 BSW EMPLOYED:

– 72,3 % MEN;

– 27,7 % WOMEN.

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

THE IMAGE OF A STRONG AND CONTINUOUSLY WORKING ENTERPRISE MAKES OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ATTRACTIVE FOR POTENTIAL WORKERS AND SOLVES THE ISSUE OF THE PROSPECTIVE HUMAN RESOURCE PROVISION.





ON THE WHOLE, THE EMPLOYEE STRUCTURE SUFFERED SMALL CHANGES IN THE NUMBER OF EMPLOYEES BY CATEGORIES:

CATEGORY	2007	2008	2009	2010	2011	2012	2013	Dev.	2014	Dev.
TOTAL NUMBER OF PEOPLE	12 409	12 445	12 132	12 463	12 373	12 447	11896	-551	11747	-149
MANAGERS, PERS.	1 153 (9,3%)	1127 (9,1%)	1126 (9,3%)	1159 (9,3%)	1190 (9,6%)	1 216 (9,8%)	1 226 (10,3%)	+9	1 214 (10,3%)	-12
SPECIALISTS, PERS.	1 784 (14,4%)	1773 (14,2%)	1717 (14,2%)	1793 (14,4%)	1790 (14,5%)	1 871 (15,0%)	1 883 (15,4%)	-37	1 593 (13,6%)	-240
OFFICE WORKERS, PERS.	167 (1,3%)	167 (1,3%)	164 (1,4%)	167 (1,3%)	158 (1,3%)	159 (1,3%)	164 (1,4%)	+5	40 (0,3%)	-124
WORKERS, PERS.	9305 (75,0%)	9378 (75,4%)	9125 (75,2%)	9 344 (75,0%)	9 235 (74,6%)	9 201 (73,9%)	8 673 (72,9%)	-528	8 900 (75,8%)	+227

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» HAS A WELL-BALANCED AGE COMPOSITION OF THE EMPLOYEES. THE MAIN CONTINGENT IS COMPOSED OF WORKERS AGED 40,1 TO 42,1 ГОДА, HAVING THE REQUIRED KNOWLEDGE AND PROFESSIONAL SKILLS.

CATEGORY	2007	2008	2009	2010	2011	2012	2013	2014
AVERAGE AGE OF THE EMPLOYEES, YEARS	39,30	39,34	39,8	39,7	39,9	40,0	40,4	39,6

MANPOWER TURNOVER IN 2014 EQUALED TO 4,8%.

YEAR	2007	2008	2009	2010	2011	2012	2013	2014
MANPOWER TURNOVER, %	1,87	1,92	1,63	2,4	2,7	2,59	4,78	4,8

MORE THAN HALF OF THE PLANT'S EMPLOYEES HAVE HIGHER AND SPECIALIZED SECONDARY EDUCATION. IN THE REPORTING YEAR NUMBER OF EMPLOYEES WITH A HIGHER EDUCATION GREW BY 116 PEOPLE, AS COMPARED TO 2013. THE NUMBER OF THE EMPLOYEES WITH SPECIALIZED SECONDARY EDUCATION DECREASED BY 112 PEOPLE. THERE IS A TENDENCY TOWARDS DECREASE OF THE SHARE OF THE EMPLOYEES WITH SECONDARY EDUCATION.

CATEGORY	UNIT	2007	2008	2009	2010	2011	2012	2013	Dev.	2014	Dev.
TOTAL NUMBER	PERS.	12 409	12 445	12 132	12 463	12 376	12 447	11 896	+71	11747	-149
HIGHER EDUCATION	%	23,5	24,2	25,1	25,1	25,5	27,0	28,5	1,5	29,9	1,4
	PERS.	2905	3016	3 045	3 132	3 150	3 360	3392	+32	3508	+116
SPECIALIZED SECONDARY EDUCATION	%	26,4	26,1	26,0	26,0	26,3	26,0	25,5	0,5	24,9	0,6
	PERS.	3284	3243	3 156	3 243	3 255	3 239	3036	-203	2924	-112
VOCATIONAL TECHNICAL TRAINING	%					17,6	17,5	17,5	0	18,5	1
	PERS.					2 174	2 179	2085	-94	2169	84
SECONDARY	%	50,1	49,7	48,9	48,9	30,6	29,5	28,5	1	26,8	-1,7
	PERS.	6220	6186	5 931	6 088	3 797	3 669	3383	-286	3143	-240
CANDIDATES OF SCIENCE	PERS.	9	9	9	8	9	8	8	0	7	-1
POSTGRADUATES	PERS.	4	5	6	6	7	5	11	+6	4	-7
CANDIDATES FOR A MASTER'S DEGREE	PERS.	8	14	15 (INCL.5 BEING) RAINED)	18 (INCL.8 BEING) RAINED)	16 (INCL.4 BEING) RAINED)	16 (INCL.3 BEING TRAINED)	19	+3	35	+16



## Social activity



In 2014 THE PLANT SELECTED CANDIDATES AND RECRUITED 1594 PEOPLE FROM THE RESIDENTS OF THE REGION TAKING INTO CONSIDERATION THE LEVEL OF COMPETENCE SO AS TO SATISFY ITS 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 251 YOUNG SPECIALISTS IN JOB IN 2014. IT IS PLANNED TO INCREASE THE NUMBER OF GRADUATES FROM HIGHER EDUCATIONAL ESTABLISHMENTS APPLYING FOR WORK AND THEIR RECRUITING BY BSW CONSIDERABLY IN 2015.

«...AMONG THE ACHIEVEMENTS OF BYELORUSSIAN STEEL WORKS ONE CAN FIND TOP QUALITY PRODUCTS, WHICH MADE IT POSSIBLE FOR BSW TO ENTER INTERNATIONAL MARKETS IN 1990s (DIFFICULT TIME FOR THE COUNTRY). ALL THIS WOULD HAVE BEEN IMPOSSIBLE BUT FOR STRONG AND SOLID TEAM. THERE IS A LOT OF WORK BEHIND EVERY ACHIEVEMENT...»



GENERAL DIRECTOR OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» A.N. SAVENOK

ORGANIZATION OF A METHODICAL WORK WITH YOUNG SPECIALISTS IS ONE OF THE PRIORITY DIRECTIONS OF THE ENTERPRISE PERSONNEL POLICY. AVAILABILITY OF CONSTANTLY DEVELOPING 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 PLANT. 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) – TO DETERMINE WINNERS AMONG THE COMPANY EMPLOYEES IN TWELVE 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. IN 2014 120 YOUNG SPECIALISTS BECAME PARTICIPANTS OF THE 14TH INTERNATIONAL CONFERENCE «METAL-2014», ORGANIZED ON THE BASE OF ZHLOBIN STATE METALLURGICAL COLLEGE.

THE PERSONNEL POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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, LOCAL REGULATIONS HAVE BEEN DEVELOPED AND ARE OPERATING; THEY REGULATE THE PROCEDURE OF ASSESSMENT AND CERTIFICATION OF THE COMPANY MANAGEMENT AND SPECIALISTS. THE ASSESSMENT PROCEDURE IS BASED ON THE CONSTRUCTIVE DIALOGUE BETWEEN A WORKER AND A MANAGER.

IN 2014 643 EMPLOYEES WERE CERTIFIED FOR COMPLIANCE WITH THE POSITION OCCUPIED ON THE BASIS OF THE «360 DEGREES» METHOD.

IN ITS PRACTICAL ACTIVITY BSW 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SEEKS TO PREVENT POSSIBLE CONFLICTS OF INTERESTS OF THE EMPLOYEES, MANAGERS AND THE COMPANY. PRINCIPLES OF NON-ADMISSION OF CONFLICTS OF INTERESTS AND THEIR SETTLEMENT ARE GIVEN IN THE PLANT'S CODE OF ETHICS. PREVENTING CONFLICTS OF INTERESTS THE COMPANY SEEKS IMPROVEMENT OF THE EFFICIENCY

YEAR	2007	2008	2009	2010	2011	2012	2013	2014
NUMBER OF YOUNG SPECIALISTS	107	188	85	111	113	166	143	251



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 ENTERPRISE 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 ENTERPRISE APPOINTED RESPONSIBLE PERSONS, WHO REVIEW THE EMPLOYEES' APPEALS CONCERNING VARIOUS ISSUES INCLUDING THE SAFETY AND LABOUR PROTECTION ISSUES, ENVIRONMENT AND PROFESSIONAL ETHICS. TRANSPARENCY AND OPENNESS OF BMZ BECOMES ONE OF THE LEADING MANAGEMENT PRINCIPLES THAT ALLOWS THE PLANT TO CREATE CONFIDENTIAL RELATIONS WITH ALL THE PARTIES CONCERNED INCLUDING THE COMPANY 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 (1212 PEOPLE). COMPLEX INDEX OF SATISFACTION IN 2014 INCREASED AND MADE UP 0,721 (IN 2012 IT WAS 0,710). AS PREVIOUSLY THIS INDICATOR REMAINS WITHIN THE HIGH RANGE OF SATISFACTION. INSIGNIFICANT REDUCTION WAS CAUSED BY DECREASE OF THE VALUES BY CRITERIA RELATED TO MATERIAL STIMULATION OF LABOR BUT THESE INDICATORS ARE ALSO WITHIN THE AREA OF AVERAGE SATISFACTION.

ON THE WHOLE, AS COMPARED TO THE PREVIOUS YEAR, THE PLANT MANAGED TO IMPROVE 19 INDICATORS ASSESSED. SUCH CATEGORIES AS SCHEDULE AND WORK PROCEDURE, RELATIONS WITH IMMEDIATE SUPERIORS, AWARENESS LEVEL HAVE THE HIGHEST SATISFACTION INDEX (0,83 AND MORE). PHYSICAL LOADING, CONTENT OF WORK FULFILLED, ASSESSMENT OF PROFESSIONALISM, PERSPECTIVE OF ADVANCED TRAINING, IMPROVEMENT OF PROFESSIONAL AND EDUCATIONAL LEVEL, PERSONAL INITIATIVE AT WORK, SELF DEPENDENCE, ETC ALSO HAVE A HIGH SATISFACTION INDEX 0,75-0,85.

THE RESULTS OBTAINED DURING THE RESEARCH ALLOW US TO SAY THAT IN 2014 GENERAL SOCIAL AND PSYCHOLOGICAL CLIMATE OF THE PLANT'S COLLECTIVE IN GENERAL IS CHARACTERIZED AS SATISFACTORY AND STABLE; EMPLOYEES

ARE SATISFIED WITH THEIR JOB AND THE ENTERPRISE ON THE WHOLE.

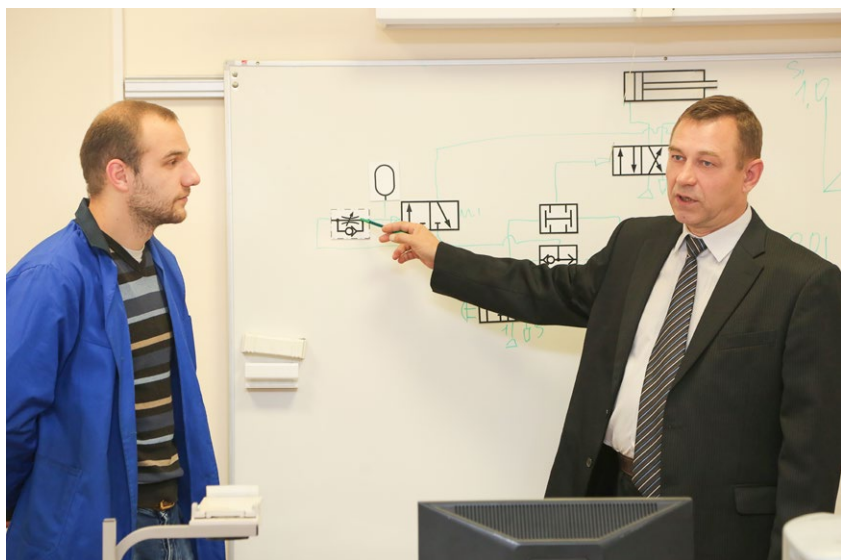
SO AS TO MAINTAIN THE HIGH LEVEL OF EMPLOYEES' SATISFACTION, A CORRESPONDING PROGRAM OF MEASURES WAS WORKED OUT FOR 2015.

## PROFESSIONAL AND CAREER DEVELOPMENT

REALIZATION 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 EXISTING LEGISLATION OF THE REPUBLIC OF BELARUS, UNIVERSALLY ACKNOWLEDGED NORMS AND PRINCIPLES OF THE INTERNATIONAL LAW INCLUDING THE UN GLOBAL COMPACT AND THE CONVENTION OF THE INTERNATIONAL LABOR ORGANIZATION.

«BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 COMPANY SCALE ALLOWS THE EMPLOYEES TO REALIZE THEIR PROFESSIONAL AMBITIONS, GAIN NEW EXPERIENCE AND ENHANCE THEIR QUALIFICATION DEGREE. REALIZING THE APPROACHES IN SOCIAL SPHERE, THE COMPANY PLACES



## Social activity



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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FORMED A MULTI-LEVEL PERSONNEL RESERVE OF THE MANAGEMENT. THE RESERVE IS MEANT FOR MEETING THE REQUIREMENT OF THE COMPANY 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 BILATERAL CONTRACTS SIGNED. FOR THE ACCOUNTING PERIOD APPROX. 70% OF MANAGEMENT APPOINTMENTS FROM AMONG THE EMPLOYEES INCLUDED INTO THE WORKS PERSONNEL REGISTER AND CERTIFIED AFTER PASSING SUCH TRAINING TOOK PLACE.

FULFILLING THE PERSONNEL POTENTIAL DEVELOPMENT PROGRAMS AND ENHANCING THE EFFICIENCY OF THE STRUCTURAL SUBDIVISIONS ACTIVITY, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 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 2014 TEMPORARY APPOINTMENTS TOOK PLACE IN ORDER TO INCREASE SPECIALISTS' QUALIFICATION, DETERMINE 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.

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 0,75 (IN 2013 IT WAS 0,65).

### TRAINING AND EDUCATION

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SEES ITS PERSONNEL AS ITS MAJOR ASSET AND TAKES CORRESPONDING MEASURES REGARDING ITS RETAINING AND DEVELOPMENT CREATING CONDITIONS FOR PROFESSIONAL GROWTH AND EDUCATION. BYELORUSSIAN STEEL WORKS GIVES ALL ITS EMPLOYEES THE RIGHT FOR PROFESSIONAL EDUCATION ON DIFFERENT STAGES OF LABOR ACTIVITY ORIENTATING AT LONG-TERM RELATIONS WITH THE PERSONNEL AND CONSIDERS EDUCATION TO BE AN INVESTMENT INTO THE HUMAN CAPITAL ASSETS.

IN THE PRESENT CONDITIONS OF SEVERE COMPETITION OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AIMS AT SEARCHING FOR CURRENT SALES MARKETS, TECHNOLOGIES OF THE FUTURE, COST-SAVING RESERVES AND OTHER OPTIMIZATION POSSIBILITIES.

FACTOR	2008	2009	2010	2011	2012	2013	2014
NUMBER OF THE ROTATION PROGRAM PARTICIPANTS	34	27	56	103	152	84	63
ROTATION RESULTS:							
PROMOTION TO A SPECIALIST POSITION	17	10	20	29	71	23	36
APPOINTMENT TO A MANAGER POSITION	3	4	2	11	15	13	3
QUALIFICATION IMPROVEMENT	14	13	34	63	66	48	24





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 AN 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 HAVING A DEVELOPED CORPORATE AND MANAGEMENT COMPETENCE;
- ORGANIZING TRAINING OF THE SPECIALISTS, MANAGEMENT STAFF AND THEIR RESERVE;

CREATING THE SYSTEM OF TUTORSHIP AND SHARING 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);
- FORMATION OF A 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 TRAININGS ARE MAXIMALLY EFFICIENT. AVAILABILITY OF THE TRAINING AIDS AND MULTIMEDIA APPLICATIONS DEVELOPED BY THE TEACHERS AND MASTERS OF THE TRAINING CENTER BASED 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 COMPANY.

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.

5299 EMPLOYEES (45% OF THE TOTAL NUMBER OF THE STAFF) TOOK VARIED TYPES OF EDUCATION AND ACQUIRED NEW KNOWLEDGE IN 2014.

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

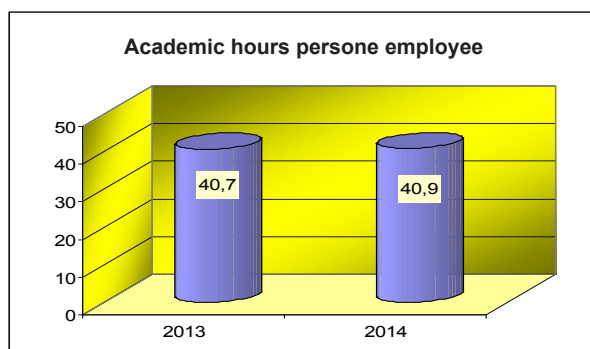


## Social activity



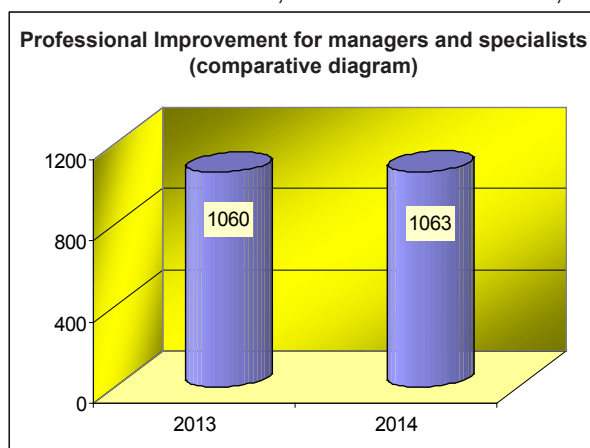
№	DESCRIPTION	PLAN, PERS.	FACT, PERS.	DEVIATION %
1	ADVANCED TRAINING FOR MANAGERS AND SPECIALISTS	468	546	116,7
2	ADVANCED TRAINING FOR MANAGERS AND SPECIALISTS, PROVIDING SERVICE FOR THE FACILITIES SUBORDINATED TO GOSPROMNADZOR	425	426	100,2
3	TRAINING FOR MANAGERS AND SPECIALISTS AND THEIR RESERVE	470	517	110,0
4	TRAINING FOR WORKERS	2917	3810	130,6
	TOTAL IN THE PLANT	4280	5299	123,8

IN RECENT YEARS EACH EMPLOYEE TOOK ONE TYPE OF EDUCATION. 469290 ACADEMIC HOURS WAS SPENT FOR THE PLANT EMPLOYEES IN 2014 FOR ALL TYPES OF PROFESSIONAL TRAINING, WHICH IS 40,9 HOURS PER ONE EMPLOYEE.



ADVANCED TRAINING FOR MANAGERS AND SPECIALISTS AIMS TO MAKE THEM ABLE TO USE NEW FORMS AND METHODS OF WORK, TO HAVE THE ABILITY TO ADOPT QUICKLY IN THE MODERN CONDITIONS AND SEEK FOR THE BEST WAYS OF HOW TO MAKE THE JOB.

IT WAS REQUIRED TO ENHANCE QUALIFICATION OF 938 PERS. IN THE CURRENT YEAR, QUALIFICATIONS WERE ENHANCED ACTUALLY FOR 1063 PERS, WHICH AMOUNTED TO 115,9.



WE HAVE ORGANIZED «PARTIALLY OFF-THE-JOB-COURSES» FOR MANAGERS AND SPECIALISTS AND THEIR RESERVE IN THE TRAINING CENTER FOR 517 PERS. WHICH IS 132,6% OF THE ANNUAL PLAN IN ORDER TO IMPROVE EFFICIENCY AND EFFECTIVENESS OF THE MANAGEMENT SYSTEMS, CONTINUOUS IMPROVEMENT OF QUALITY OF EDUCATION, REDUCTION OF LOSS OF WORKING HOURS, REDUCTION OF COSTS.

### TRAINING OF WORKERS AT THE ENTERPRISE

BASIC TARGETS OF CONTINUOUS PROFESSIONAL TRAINING FOR WORKERS (OFFICE WORKERS):

PROVISION WITH PROFESSIONAL PERSONNEL OF THE REQUIRED QUALIFICATION FOR STRUCTURAL DIVISIONS, PRESERVATION AND DEVELOPMENT OF PROFESSIONAL POTENTIAL AND COMPETITIVENESS OF THE PERSONNEL;

EXCLUDE THE RISK OF UNTRAINED PERSONNEL, CREATION OF PERSONNEL RESERVE OF REQUIRED QUALIFICATION.

THE BASIC TASKS OF CONTINUOUS PROFESSIONAL TRAINING FOR WORKERS (OFFICE WORKERS): ACHIEVEMENT OF TARGETS OF CONTINUOUS PROFESSIONAL TRAINING OF WORKERS (OFFICE WORKERS).

CONTINUOUS PROFESSIONAL TRAINING FOR WORKERS (OFFICE WORKERS) INCLUDES THE FOLLOWING TYPES: PROFESSIONAL TRAINING, RE-TRAINING, ADVANCED TRAINING, TRAINING COURSES.

DETECTION OF PROFESSIONAL COMPLIANCE (THEORETICAL KNOWLEDGE, JOB SKILLS, COMPETENCE) FOR WORKERS WHO ACHIEVED THE HIGHEST CATEGORIES OR HAVE NOT ENHANCED THEIR QUALIFICATIONS DUE TO SOME REASONS DURING 4 YEARS OF PRACTICAL WORK, ATTESTATION WAS ORGANIZED TO CONFIRM THE JOB CATEGORY. THUS, 409



RESULTS OF PROFESSIONAL TRAINING OF WORKERS IN 2014

YEAR	PLAN	ACTUAL VALUE	% OF THE PLAN
2013	3304	3745	113,3
2014	2917	3810	130,6

PERS. PASSED ATTESTATION IN 2014 CONFIRMING THEIR JOB CATEGORY.

TARGET FIGURES IN 2014 WERE ACHIEVED BY REDUCTION OF VOLUME OF EXPENSIVE TRAINING FOR THE PLANT'S SPECIALISTS IN STATE AND FOREIGN INSTITUTIONS; INTERNAL POTENTIAL OF THE COMPANY WAS HARNESSSED TO A GREATER EXTENT WHEN ORGANIZING ON THE JOB TRAINING.

AT THE SAME TIME OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» HAS BEEN DEVELOPING INTERNATIONAL COOPERATION IN THE AREA OF TRAINING AND ADVANCED TRAINING FOR ITS EMPLOYEES. IN THE CONTEXT OF BIG INVESTMENT PROGRAM OF THE COMPANY WE CARRY ON TRAINING PEOPLE SO THAT THEY ARE ABLE TO MAINTAIN UP-TO-DATE EQUIPMENT OF THE WORLD CLASS. TRAINING AND PROBATION WERE ORGANIZED IN TRAINING CENTERS AND ENTERPRISES IN ENGLAND, ITALY, GERMANY, CHINA, ETC IN ORDER TO GAIN THE ADVANCED EXPERIENCE.

IN 2014 INTERNATIONAL COOPERATION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» CARRIED ON, NAMELY IN SHARING OF GAINED EXPERTISE AND KNOWLEDGE IN METALLURGICAL PROCESSES WITH SPECIALISTS OF DEDICATED COMPANIES FROM NEAR AND FAR AWAY ABROAD: «DANIELI» (ITALY), «WATER GROUP LTD. OY» (FINLAND), «AUTUS CORPORATION» (USA), REPRESENTATIVE OFFICE OF OOO «SIEMENS» IN BELARUS, TRADE HOUSE «BMZ» MOSCOW (RUSSIA).

IN THE AREA OF PERSONNEL TRAINING THE COMPANY BUILDS LONG-TERM RELATIONS WITH A NUMBER OF LEADING EDUCATIONAL ESTABLISHMENTS, WITH GOODS RECOMMENDATIONS OF HOW THEY RENDER THEIR EDUCATIONAL SERVICES: EDUCATIONAL INSTITUTE «INSTITUTE OF ENHANCED TRAINING AND RETRAINING IN NEW DIRECTIONS OF DEVELOPMENT OF ENGINEERING, TECHNOLOGY AND ECONOMY OF BYELORUSSIAN NATIONAL TECHNICAL UNIVERSITY», STATE EDUCATIONAL INSTITUTE «INSTITUTE OF ENHANCED TRAINING AND RETRAINING FOR MANAGERS AND SPECIALISTS IN THE INDUSTRY «INDUSTRY PERSONNEL»,

EDUCATIONAL INSTITUTE «GOMEL STATE UNIVERSITY F.SKORINY» AND «BYELORUSSIAN STATE TRANSPORT UNIVERSITY», FEDERAL STATE EDUCATIONAL INSTITUTE OF HIGH PROFESSIONAL EDUCATION «NATIONAL RESEARCH TECHNOLOGICAL UNIVERSITY «MISIS» (NITU «MISIS») MOSCOW, STATE EDUCATIONAL INSTITUTE «ACADEMY OF POST-QUALIFYING EDUCATION», MOSCOW CHEMICAL INSTITUTE D.I.MENDELEEVA, CENTER OF INNOVATION MANAGEMENT OF BYELORUSSIAN STATE UNIVERSITY, STATE EDUCATIONAL INSTITUTE «REPUBLICAN INSTITUTE OF HIGH SCHOOL».

IN ORDER TO PROVIDE THE COMPANY WITH HIGHLY QUALIFIED PERSONNEL THE BRANCHES OF THE DEPARTMENTS «PROCESSING OF MATERIALS BY PRESSURE», «METALLURGY AND FOUNDRY» OF GOMEL STATE TECHNICAL UNIVERSITY P.O.SUHOGO ARE IN USE AT THE COMPANY. FROM 2012 THE ENTERPRISE IS IMPLEMENTING THREE STAGE PROJECT CONCERNING ACHIEVING THE 2ND DEGREE OF HIGH EDUCATION ON THE SUBJECTS INVOLVING THE SPECIFICS OF PRODUCTION OF ROLLED SECTIONS AND PIPES AT BYELORUSSIAN STEEL WORKS ENGAGING SCIENCE POTENTIAL OF GOMEL STATE TECHNICAL UNIVERSITY P.O.SUHOGO AND MISIS'.

ALONG WITH SOLVING THE ISSUES OF ENHANCED TRAINING FOR PERSONNEL, COOPERATION WITH HIGHER EDUCATION ESTABLISHMENTS AIMS ALSO ACHIEVEMENT OF LONG-TERM STRATEGIC TARGETS OF THE COMPANY. THIS COOPERATION IS BENEFICIAL BOTH FOR EDUCATIONAL ESTABLISHMENTS AND FOR OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». BYELORUSSIAN STEEL WORKS GIVES THE OPPORTUNITY FOR THE STUDENTS OF EDUCATIONAL ESTABLISHMENTS TO HAVE PRODUCTION PRACTICE AT THE COMPANY. IN THE REPORTING YEAR 888 STUDENTS HAD THIS PRACTICE AT BSW. WHILE HAVING PRACTICE THE STUDENTS ARE GUIDED BY EXPERIENCED WORKERS AND SPECIALISTS. DETAILED ACQUAINTANCE WITH PRODUCTION IS DONE AT WORKING PLACE, A STUDENT CAN FEEL HIMSELF A PART OF LABOUR TEAM, TRY HIS HAND AND ADOPT THE EXPERIENCE OF HIS TEACHERS, THUS OAO «BSW – MANAGEMENT



## Social activity



COMPANY OF «BMC» HOLDING» SHOWS THE POSSIBILITY TO GET INTERESTING JOB AND SELF-REALIZATION TO ITS POTENTIAL EMPLOYEES.

AS A PART OF JOINT COOPERATION 63 STUDENTS FROM THE 3RD AND THE 4TH COURSES (GOMEL STATE TECHNICAL UNIVERSITY P.O.SUHOGO) HAD PRODUCTION PRACTICE AIMING TO OBTAIN THE JOB, SPECIALTIES WERE 'ELECTRICAL METALLURGY FOR FERROUS AND NON-FERROUS METALS' AND 'METALS PRESSURE SHAPING'.

TWENTY-SIX STUDENTS OF THE 4TH COURSE, FOLLOWING SUCCESSFUL PRACTICE AND EXAMS CONTROLLED BY THE WORKS QUALIFICATION COMMITTEES, GOT THEIR CERTIFICATES FOR WORKING PROFESSIONS.

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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» INVESTMENTS. FOR ORGANIZING THE COLLEGE ACTIVITY IN 2014 THE COMPANY SPENT USD 1,19 MILLION OF ITS PROFIT. 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» MAKES ITS CONTRIBUTION IN THE DEVELOPMENT OF COMMUNITY HELPING WITH 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 OF CREATIVE, ACTIVE AND TECHNICALLY COMPETENT PERSONNEL IN THE PLANT OPERATION. BY RENDERING ASSISTANCE TO THE YOUNGER GENERATION IN RECEIVING MODERN EDUCATION AND STRENGTHENING THE MATERIAL AND TECHNICAL FOUNDATION OF THE REGION EDUCATIONAL ESTABLISHMENTS

BYELORUSSIAN STEEL WORKS CREATES OWN PROMISING PERSONNEL RESERVE.

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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SPECIALISTS. WITHIN THIS COURSE A RANGE OF THE FOLLOWING PROGRAMS IS IMPLEMENTED:

- PUPILS PARTICIPATION IN «OPEN DAY» FEAST AT BASIC EDUCATIONAL ESTABLISHMENTS;
- EXCURSIONS TO THE PLANT'S MUSEUM;
- ORGANIZING YOUTH COMPETITIONS, CULTURAL EVENTS ENGAGING STUDENTS OF SCHOOLS AND SPECIALIZED EDUCATIONAL ESTABLISHMENTS.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ENSURES THE RIGHT OF THE EMPLOYEES TO EDUCATION AND DEEMS INTELLECTUAL POTENTIAL AND PROFESSIONALISM OF ITS EMPLOYEES AN ESSENTIAL FACTOR REQUIRED FOR OWN DEVELOPMENT. IN 2014, 14 EMPLOYEES OF THE COMPANY TOOK EXTRA-MURAL COURSES IN HIGHER EDUCATIONAL ESTABLISHMENTS ON A CONTRACTUAL BASIS, 17 PEOPLE WERE TRAINED AT MA COURSES, 1 PERSON AT POST-GRADUATE COURSES, 1 PERSON WAS GETTING THE SECOND HIGHER EDUCATION. OVER FOUR HUNDRED WORKERS GOT HIGHER EDUCATION 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 HIGHLY ASSESSED 0,78 (SATISFACTION INDEX IN 2013 WAS 0,70).

### MOTIVATION SYSTEM

### MATERIAL STIMULATION

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 COMPANY 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.

ALL PAYMENTS AND PRIVILEGES PROVIDED FOR THE COMPANY EMPLOYEES APPLY TO THOSE WORKING FULL DAY AND HALF-TIME PRO RATA THEIR WORKING TIME.

ONE OF THE MOST PRECISE INDICATORS OF THE PLANT'S 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. COMPANY POLICY IN THE AREA OF REMUNERATION OF THE PERSONNEL INCLUDING TOP MANAGEMENT OF THE PLANT AND ITS DIVISIONS FORESEES ASSOCIATION OF LABOR 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 COMPANY PRODUCTION AND COMMERCIAL OPERATIONS IN GENERAL BASED ON ACCOUNTING AND ENCOURAGEMENT OF LABOR 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 LABOR PAYMENT FOR WEAKLY PROTECTED GROUPS OF WORKERS.

AVERAGE ANNUAL SALARY AT THE ENTERPRISE MADE UP 8166,3 THOU. RUB IN 2014 (USD 799, 4). AVERAGE SALARY OF WORKERS AND OFFICE EMPLOYEES MADE UP 6091,3 THOU. RUB IN 2014 (USD 596.3), WHICH IS 1,34 LOWER THAN BSW SALARY.

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 1841.5 THOU. RUB. (USD 180,3) IN 2014.

«...MAKING TECHNICAL UPGRADING AND IMPLEMENTING LARGE-SCALE INVESTMENT PROJECTS, BSW MAKES GOOD CONTRIBUTION INTO DEVELOPMENT OF BYELORUSSIAN INDUSTRY. PRODUCTS MANUFACTURED BY ZHLOBIN STEEL-MAKERS IS FAMOUS FOR ITS TOP QUALITY. THE PRODUCTS ARE APPRECIATED AND ASKED FOR IN THE DOMESTIC AND WORLD MARKET. THIS RECOGNITION IS AN ESSENTIAL CONDITION FOR PROSPERITY OF THE COMPANY'S PEOPLE AND STABILITY OF THE COUNTRY ...»



GENERAL DIRECTOR OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» A.N. SAVENOK

THE COMPANY ESTABLISHED THE PRINCIPLE OF EQUAL RENUMERATION FOR LABOUR OF EQUAL VALUE. TARIFF PART OF THE SALARY IS DETERMINED ON THE BASIS OF MONTHLY TARIFF RATES, SET BY UNIFIED RATE SCHEDULE FOR EMPLOYEES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND BY COLLECTIVE AGREEMENT IN ACCORDANCE WITH WORK RATES IN THE ORGANIZATION BY CATEGORIES:

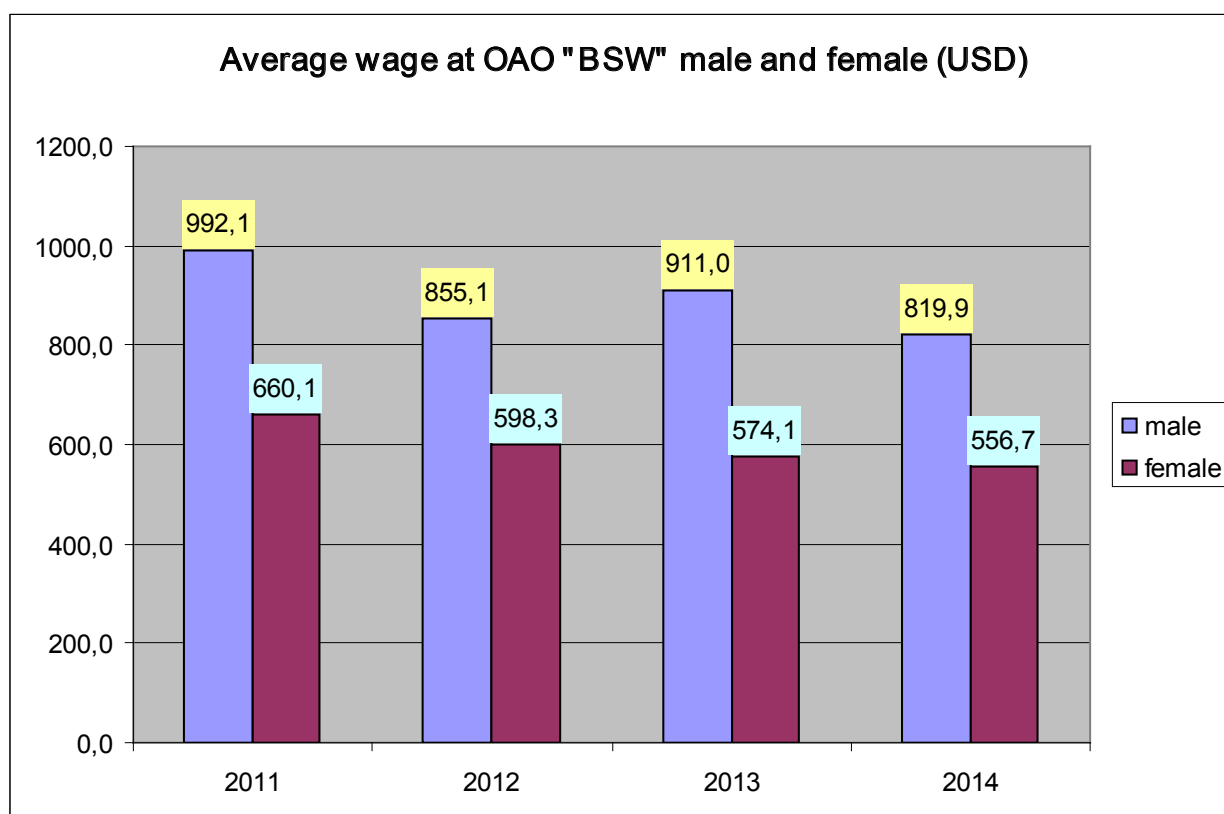
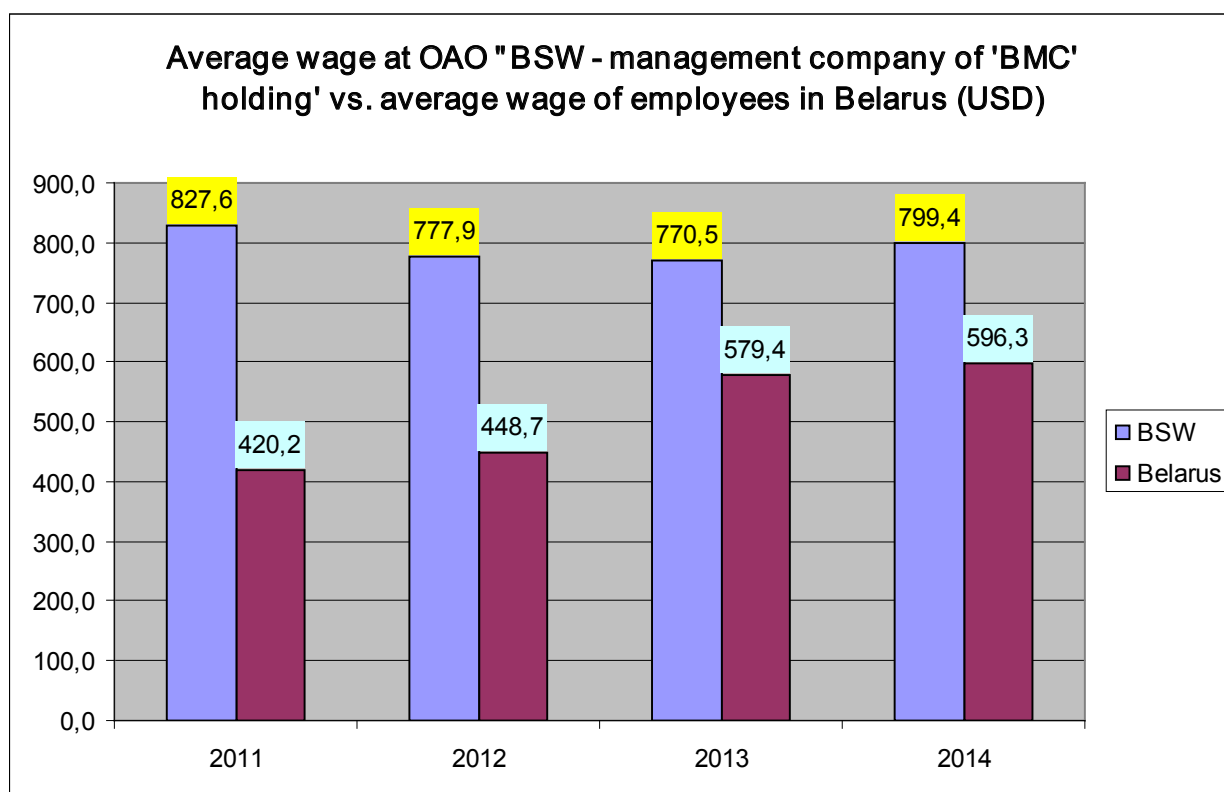
- FOR WORKERS IT IS CALCULATED BY MULTIPLYING THE RATE OF THE FIRST CATEGORY BY TARIFF FACTOR OF THE CORRESPONDING TARIFF CATEGORY, SET FOR THE WORKER IN ACCORDANCE WITH GENERAL PROVISIONS IN UNIFORM WAGE-RATES AND SKILLS HANDBOOK ON THE BASIS OF TARIFF-QUALIFICATION CHARACTERISTICS OF WORKERS' PROFESSIONS;
- FOR OFFICE WORKERS IT IS CALCULATED BY MULTIPLYING TARIFF RATE OF THE FIRST CATEGORY BY TARIFF FACTOR OF THE CORRESPONDING TARIFF CATEGORY IN UNIFIED TARIFF NET, SET FOR OFFICE WORKER FOR HIS/ HER POSITION;
- MEN AND WOMEN FOR PERFORMED JOB OR THEIR POSITION IN ACCORDANCE WITH UNIFIED RATE SCHEDULE AND COLLECTIVE AGREEMENT.

AVERAGE SALARY FOR THE ENTERPRISE'S OFFICE WORKERS



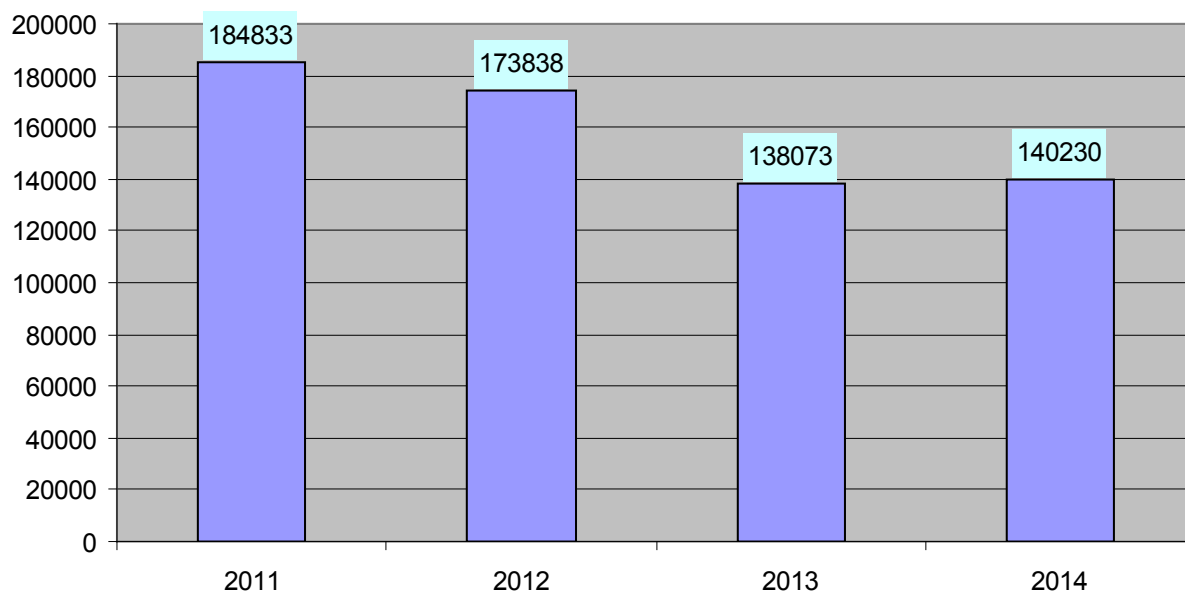


## Social activity

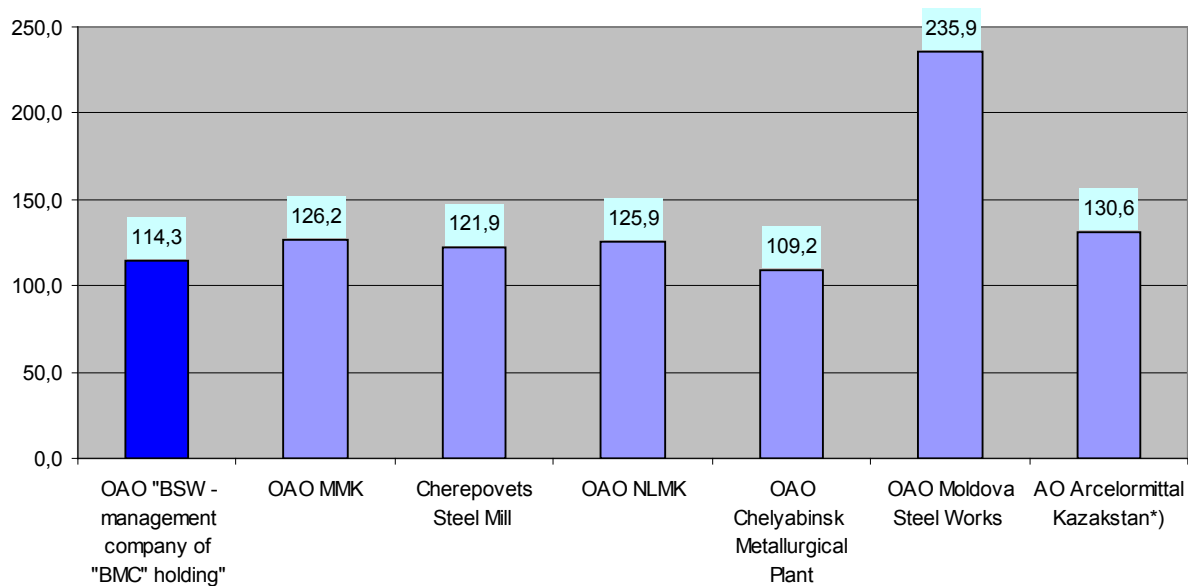




Labour efficiency of people at OAO "BSW - management company of 'BMC' holding' over 2011-2014 (USD)



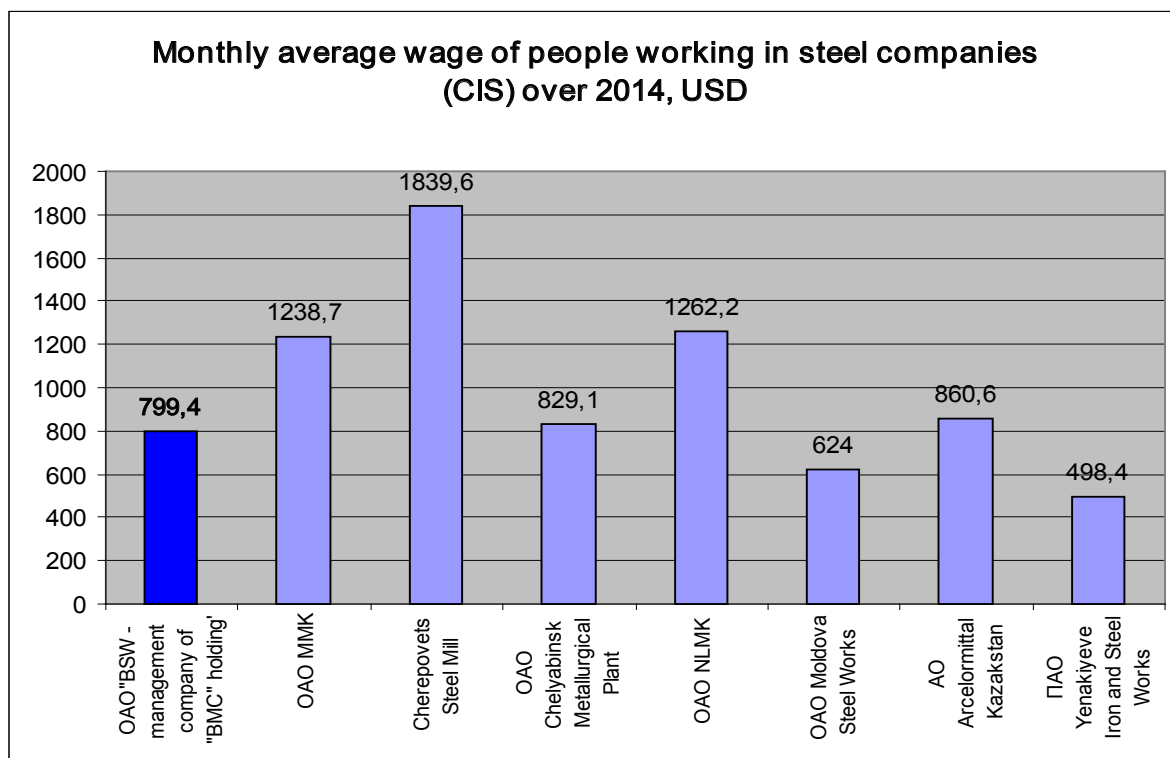
Labour efficiency growth rate of one core worker in steel companies in near abroad 2014 vs. 2013 %



NOTE: CALCULATION IN NATIONAL CURRENCY, \*) - USD



## Social activity



IS HIGHER THAN AVERAGE SALARY OF WORKERS BY 11,9%. AVERAGE SALARY OF MANAGERS IS HIGHER THAN AVERAGE SALARY OF WORKERS BY 44,5%. THIS RELATION IS EXPLAINED BY COMPLEXITY OF DUTIES PERFORMED, SET IN THE DUTIES DESCRIPTION DOCUMENTS, AS WELL AS BY EFFICIENCY OF THE COMPANY'S PERFORMANCE (INDIVIDUAL STRUCTURAL DIVISIONS), QUALITY OF WORK PERFORMED (SERVICES), EFFICIENCY OF FULFILLMENT OF GOALS AND TASKS SET.

INCENTIVES PAYMENTS TO THE TOP MANAGEMENT ARE SUBJECT TO EFFICIENCY OF THE COMPANY'S PERFORMANCE AND ACHIEVEMENT OF FIGURES OF SOCIAL-ECONOMIC DEVELOPMENT OF THE PLANT, SET BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS.

WOMEN HAVE THE SAME RATE OF PAY, TARIFF RATES AS THOSE OF MEN, IF THEY HAVE EQUAL POSITIONS (JOB). WOMEN ARE GIVEN NOT ONLY THE SAME RIGHTS AS MEN, BUT ALSO ADDITIONAL BENEFITS AND GUARANTEE WITH THE TARGET TO PROTECT HER HEALTH AND MATERNITY.

MOREOVER, WOMEN CAN NOT BE INVOLVED IN:

- HEAVY WORK AND WHEN THE LABOUR CONDITIONS ARE HAZARDOUS AND (OR) HARMFUL;
- WORK ASSOCIATED WITH MANUAL LIFTING AND HANDLING LOADS;

— CERTAIN JOBS AND PROFESSIONS LIKE STEEL MAKER, ASSISTANT TO STEEL MAKER, FORGER, BATTERY ASSEMBLER, ETC )

PREGNANT WOMEN ARE MOVED TO ANOTHER JOB, A LIGHTER ONE, EXCLUDING HARMFUL AND (OR) HAZARDOUS PRODUCTION FACTORS, KEEPING THE AVERAGE SALARY OF THE PREVIOUS JOB.

MOTHER (FATHER), UPBRINGING THREE AND MORE CHILDREN AGED TO 16 YEARS OLD (DISABLED CHILD AGED TO 18 YEARS OLD), BASED ON THE APPLICATION-REQUEST, GETS ONE ADDITIONAL DAY-OFF / WEEK WITH AVERAGE DAILY SALARY.

MOTHER, UPBRINGING TWO AND MORE CHILDREN AGED TO 16 YEARS OLD, BASED ON HER APPLICATION MADE, EVERY MONTH ONE ADDITIONAL DAY-OFF PER MONTH IS GIVEN WITH PAYMENT OF ONE BASIC VALUE.

MOTHER, UPBRINGING CHILDREN AGED TO 18 YEARS OLD, BASED ON HER APPLICATION MADE, EVERY MONTH GETS ONE UNPAID DAY-OFF PER MONTH.

AVERAGE SALARY OF MEN AT THE ENTERPRISE IS 47,3% PER CENT 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' LABOR IS PROHIBITED.

PLANNING OF LABOR 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 THE LABOR PRODUCTIVITY GROWTH RATE IN USD EQUAL TO 114,3% IN 2014, THE SALARY GROWTH RATE IN USD WAS -116,7%.

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 2014 IMPLEMENTATION OF THIS APPROACH LEAD TO THE DECREASE OF THE LABOR COEFFICIENT OF THE OPERATIONS FULFILLED IN BASIC AND AUXILIARY SHOPS BY 6,04 THOU. N/H.. THE ECONOMIC EFFICIENCY MADE UP OVER 184 MLN.RUB.

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.

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 «METALLURG».

### NON-FINANCIAL INCENTIVES

A SIGNIFICANT ELEMENT OF THE ENTERPRISE CORPORATE CULTURE IS THE SYSTEM OF NON-FINANCIAL INCENTIVES OF THE EMPLOYEES WHICH COMPRISES SOCIAL-PSYCHOLOGICAL, STAFF AND PROFESSIONAL ASPECTS.

BYELORUSSIAN STEEL WORKS PAYS SPECIAL ATTENTION TO STIMULATION AND PERSONNEL INTEREST IN SAVING OF MATERIAL AND ENERGY RESOURCES, GROWTH OF PRODUCTION EFFICIENCY, ENHANCEMENT OF RESPONSIBILITY

FOR THE QUALITY OF PRODUCTS MANUFACTURED, IMPROVEMENT OF THE PRODUCTION EFFECTIVENESS AS WELL AS DEVELOPMENT OF CREATIVE ACTIVITY WITH THE HELP OF PRODUCTION COMPETITIONS ORGANIZED AT THE PLANT. 34 TYPES OF THE PRODUCTION COMPETITIONS AND CONTESTS ARE HELD IN INDIVIDUAL AND COLLECTIVE FORMS («BEST IN 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 PLANT CONDUCTS FESTIVE EVENTS DEDICATED TO INITIATION INTO YOUNG METALLURGIST, CELEBRATION IN HONOR OF WORK DYNASTIES, ENTERING THE NAMES OF BEST EMPLOYEES IN THE COMPANY 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, ARE GRANTED THE HONOR TO HAVE THEIR PICTURES POSTED IN THE HALL OF FAME OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». ALL STRUCTURAL SUBDIVISIONS OF THE WORKS HAVE «ALLEYS OF GLORY», «FOREMOST WORKERS» STANDS WITH THE PICTURES OF THE BEST WORKERS.

328 EMPLOYEES OF OUR COMPANY WERE AWARDED CERTIFICATES OF HONOUR AND LETTERS OF GRATITUDE FROM OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» .

ACHIEVEMENTS OF THE COMPANY'S PEOPLE WERE RECOGNIZED BY DISTRICT, REGIONAL AND REPUBLICAN AUTHORITIES.



## Social activity



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 LABOR DYNASTIES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». ASSIGNMENT OF AN HONORABLE TITLE OF «A LABOR DYNASTY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS BASED ON THE PRINCIPLES OF SUCCESSION, CONTINUITY OF GENERATIONS FROM OLDER TO YOUNGER ONE, AND CONTINUITY OF LABOR 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 BSW: PRESENTATION OF A CORPORATE CALENDAR TAKES PLACE AT THE PALACE OF CULTURE OF METALLURGISTS IN THE FORM OF A BRILLIANT AND COLORFUL CELEBRATION. PAGES OF THE PLANT'S CALENDAR FOR 2014 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 (COMPANY COMPETITIVE ABILITY GROWTH, ENHANCEMENT OF 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 DEVELOPMENT).

BYELORUSSIAN STEEL 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 OF THE COMPANY.

### SHORT-TERM TARGETS IN THE AREA OF SOCIAL RESPONSIBILITY

ACHIEVEMENT OF THE FOLLOWING LEVEL OF THE MAIN TARGET VALUES RELATED WITH THE COMPANY SOCIAL-ECONOMIC DEVELOPMENT IS SCHEDULED FOR 2015:

- TRAINING OF THE EXECUTIVE EMPLOYEES AND SPECIALISTS, PERS. – 1257
- WORKERS PROFESSIONAL TRAINING, PERS. – 3456
- GENERAL SATISFACTION OF THE PERSONNEL, % MIN – 72
- SALARY GROWTH RATE, %, MIN, % – 105,0
- PERSONNEL TURNOVER, %, MAX – 5,0.

### LABOR PROTECTION AND ENSURING OF INDUSTRIAL SAFETY

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SEES A HUMAN LIFE AS ITS SUPREME VALUE. THE PLANT 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 COMPANY 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 PRACTICES.

LABOR PROTECTION SERVICE OF THE PLANT BASES ITS ACTIVITY ON THE PRIORITIES OF THE INTERNATIONAL NORMS. LABOR PROTECTION MANAGEMENT OF THE ENTERPRISE IS BASED ON THE KEY INTERNATIONAL STANDARD OF LABOR SAFETY OHSAS 18001 «OCCUPATIONAL HEALTH SAFETY ASSURANCE SYSTEMS» AND NATIONAL STANDARD STB 18001 «LABOR PROTECTION MANAGEMENT SYSTEMS. REQUIREMENTS.».

AS BEFORE, KEY STRATEGIC AIMS OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» IN THE AREA OF LABOR PROTECTION ARE:

- CONTINUOUS IMPROVEMENT OF EFFICIENCY OF LABOR PROTECTION IN ACCORDANCE WITH THE REQUIREMENTS OF OHSAS 18001:2007 AND STB 18001-2009;
- CONSTANT CONTROL OF RISKS RELATED TO PRODUCTION PROCESSES, IMPLEMENTATION OF PREVENTIVE AND CORRECTIVE ACTIONS DIRECTED TOWARDS PREVENTION OF OCCURRENCE OF OCCUPATIONAL DISEASES AND INJURIES IN PRODUCTION;
- LABOR PROTECTION AND INDUSTRIAL SAFETY ACTIVITY IN CONFORMITY WITH THE REQUIREMENTS OF INTERNATIONAL STANDARDS, THE EXISTING LAW, AND OTHER REQUIREMENTS RELATING TO DANGERS IN THE AREA OF OCCUPATIONAL HEALTH AND LABOR SAFETY;

PREVENTION OF EQUIPMENT FAILURES, INCIDENTS, EMERGENCY, PREVENTION OF INJURIES AND WORSENING OF THE EMPLOYEES' HEALTH DURING PRODUCTION ACTIVITY;

- PROVISION OF ALL PROCESSES WITH COMPETENT, HIGHLY-QUALIFIED PERSONNEL.

EVERY YEAR CERTIFICATION BODIES CARRY OUT EXTERNAL AUDITS TO CHECK CORRESPONDENCE OF THE ENTERPRISE SYSTEM OF LABOR PROTECTION AND INDUSTRIAL SAFETY TO THE REQUIREMENTS OF THE STANDARDS.

IN 2014 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SUCCESSFULLY PASSED A CERTIFICATION

AUDIT TO EVALUATE THE COMPLIANCE WITH THE REQUIREMENTS OF OHSAS 18001:2007 INTERNATIONAL STANDARD «OCCUPATIONAL HEALTH SAFETY ASSURANCE SYSTEMS» AND A RE-CERTIFICATION AUDIT OF THE LABOR PROTECTION AND INDUSTRIAL SAFETY MANAGEMENT SYSTEM FOR COMPLIANCE WITH THE REQUIREMENTS OF STB 18001-2009 NATIONAL STANDARD «LABOR PROTECTION MANAGEMENT SYSTEMS. REQUIREMENTS».

AUDITORS OF THE CERTIFICATION AGENCY BUREAU VERITAS BEL LTD, AND NATIONAL EDUCATIONAL ESTABLISHMENT «REPUBLICAN INSTITUTE OF HIGHER SCHOOL» CONFIRMED CORRESPONDENCE OF THE EXISTING PLANT'S MANAGEMENT SYSTEM TO THE INTERNATIONAL AND NATIONAL STANDARDS.

AFTER THE STANDARDS WERE IMPLEMENTED AT THE ENTERPRISE, WE ACCEPT CONTEMPORARY, UNIVERSALLY ACKNOWLEDGED INTERNATIONAL SAFETY TECHNOLOGIES. THIS ALLOWS OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 PLANT TO:

- DECREASE THE COSTS DUE TO A MORE EFFICIENT USE OF LABOR RECOURSES; DIMINISH THE EXPENSES RELATED WITH TRAUMATISM AND MORBIDITY;
- IMPROVE 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;



## Social 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;

– SIMPLIFY THE SYSTEM APPROACH TO PROBLEM-SOLVING, ACHIEVE GREATER RESPONSIBILITY, MORE DISTINCT RESPONSIBILITY DISTRIBUTION;

– INCREASE LABOR PRODUCTIVITY DUE TO IMPROVEMENT OF CONDITIONS AND REDUCTION OF UNPRODUCTIVE TIME AND LABOR WASTE.

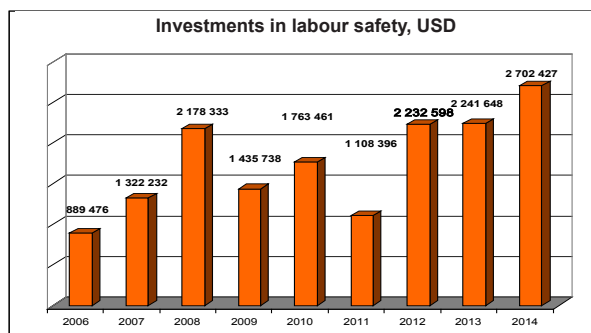
ОАО «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» CONTINUOUSLY IMPROVES THE SYSTEM OF LABOR PROTECTION AND INDUSTRIAL SAFETY MANAGEMENT AND ADJUST IT IN ACCORDANCE WITH THE REQUIREMENTS OF INTERNATIONAL STANDARDS. THIS ALLOWS CONSIDERABLE REDUCTION OF THE PRODUCTION COSTS DUE TO LOWERING THE SPECIALISTS INCAPACITATION RELATED WITH ACCIDENTS, OCCUPATIONAL ILLNESSES, EMERGENCIES AND FIRES.

IN 2014 INVESTMENTS INTO THE LABOR PROTECTION MADE UP USD 2 702,4 MILLION, WHICH IS USD 460,7 THOUSAND MORE THAN IN 2013.

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 2014.

THE ENTERPRISE DOES NOT ONLY INCREASES PRODUCTION CAPACITY AND INDUSTRIAL PRODUCT OUTPUT FROM YEAR TO YEAR, BUT CARRIES OUR CONTINUOUS AND PURPOSEFUL ACTIVITY TO CREATE AND IMPROVE SAFE WORKING CONDITIONS.



### IMPROVEMENT OF LABOR CONDITIONS

A LARGE AMOUNT OF WORK TO REMOVE OUTDATED EQUIPMENT FROM PRODUCTION AND INSTALLATION OF ADVANCED EQUIPMENT MEETING THE REQUIREMENTS OF LABOR SAFETY IS CARRIED OUT WITHIN THE PROGRAM OF TECHNICAL REVAMPING.

THESE MEASURES HELPED US TO IMPROVE LABOR CONDITIONS OF THE EMPLOYEES TO A CONSIDERABLE EXTENT AND DECREASE IMPACT OF DANGEROUS AND HAZARDOUS PRODUCTION FACTORS.

ITEM N.	INDICATOR	2011	2012	2013	2014
1	NUMBER OF RECORDED ACCIDENTS	7	7	6	7
2	NUMBER OF THE INJURED INCLUDING:	7	7	6	7
	MORTAL	2	1	0	0
	SEVERE	1	3	2	2
	GROUP	0	0	0	0
3	FREQUENCY COEFFICIENT, Fc	0,61	0,69	0,44	0,64
4	GRAVITY COEFFICIENT, Gc	51,7	34,5	35,8	57
5	WASTED DAYS OF WORKING ABILITY	362	276	179	399

### Occupational injuries



EVERY YEAR THE PLANT WORKS OUT MEASURES TO PROVIDE FOR LABOR SAFETY. In 2014 THE PLANT IMPLEMENTED 63 MEASURES OF THE PLAN AMOUNTING TO USD 712 193. DUE TO THE MEASURES TAKEN, WORKING CONDITIONS OF 596 (746 IN 2013) EMPLOYEES WERE IMPROVED.

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 LABOR SAFETY REQUIREMENTS.

OBLIGATIONS OF THE EMPLOYER IN PROVIDING FOR SAFE AND HEALTHY LABOR CONDITIONS ARE STIPULATED IN THE SECTION «LABOR PROTECTION» 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.

DYNAMIC DEVELOPMENT OF LABOR PROTECTION LAW, INTRODUCTION OF NEW TECHNOLOGIES AND TECHNIQUES, USE OF ADVANCED MATERIALS IN PRODUCTION STIPULATED THE NECESSITY TO IMPROVE TRAINING AND QUALIFICATION OF EMPLOYEES IN LABOR PROTECTION.

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 COMPANY AND OTHER ORGANIZATIONS.

### SOCIAL CONTROL FOR OBSERVANCE OF HUMAN RIGHTS IN THE AREA OF LABOR PROTECTION

ALL INTERESTED PARTIES INCLUDING THE EMPLOYEES ARE ACTIVELY INVOLVED IN THE PROCESS OF MANAGING THE LABOR PROTECTION AND INDUSTRIAL SAFETY SYSTEM. OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 CONSISTING OF 431 PERSONS INCLUDES REPUTABLE EMPLOYEES SELECTED BY THE WORKING TEAM MEMBERS BY 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 «ABOUT 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».



## Social activity



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 34 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.

DURING 2014 THE PUBLIC LABOR SAFETY FORMATIONS CARRIED-OUT 52815 INSPECTIONS OF LABOR SAFETY AND PRODUCTION CULTURE. 51337 NON-CONFORMITIES WERE DETECTED AND 2871 RECOMMENDATIONS WERE ISSUED TO THE MANAGEMENT.

«...NATIONAL CULTURE OF LABOUR PROTECTION MEANS TO RESPECT THE RIGHT FOR SAFE AND GOOD LABOUR CONDITIONS ON ALL LEVELS. WHEN GOVERNMENT, EMPLOYERS AND EMPLOYEES TAKE AN ACTIVE PART IN ARRANGEMENT OF SAFE AND HARMLESS PRODUCTION ENVIRONMENT, THEN TOP PRIORITY IS PREVENTIVE ACTIONS ...»



HEAD OF LABOUR PROTECTION DPT.  
I.V. PETRUSEVICH

FOR STIMULATION AND IMPROVEMENT OF PERSONAL RESPONSIBILITY OF THE EMPLOYEES FOR OBSERVATION OF SAFE LABOR RULES AND NORMS, A CORRESPONDING LOCAL NORMATIVE-LEGAL ACT STIPULATES MATERIAL INCENTIVES OF EMPLOYEE WHO HAVE NO VIOLATIONS OF THE REQUIREMENTS OF LABOR AND FIRE SAFETY, AND INDUSTRIAL SANITARY. IN 2014 THE AMOUNT OF SUCH PAYMENTS EQUALED TO USD 20,6 THOUSAND. BESIDES, LABOR SAFETY COLUMN FUNCTIONS IN THE PLANT'S INFORMATION-REFERENCE SYSTEM InfoBMZ (INTERNAL SITE). IT INCLUDES AND UPDATES NATIONAL AND LOCAL ACTS RELATED TO LABOR PROTECTION AND INDUSTRIAL SAFETY, THE FOLLOWING JOURNALS: LABOR PROTECTION, INDUSTRIAL SAFETY AND SOCIAL PROTECTION, RESCUE SERVICE, CIVIL PROTECTION, ETC.

FOLLOWING THE PRINCIPLES OF SOCIAL RESPONSIBILITY IN ADDITION TO OBLIGATORY INSURANCE, THE EMPLOYER

SIGNED AN AGREEMENT WITH PROMTRANSINVEST LTD. ON VOLUNTARY INSURANCE OF CIVIL RESPONSIBILITY OF THE EMPLOYER FOR ITS EMPLOYEES' HEALTH AND LIFE INJURY. ACCORDING TO THE AGREEMENT, BESIDE INSURANCE CASES ANTICIPATED BY OBLIGATORY INSURANCE EVERY EMPLOYEE OF THE COMPANY WAS ADDITIONALLY INSURED FROM NON-PRODUCTION ACCIDENTS OCCURRING WITHIN ONE HOUR DURING THE WAY TO AND FROM WORK.

DURING THE ANNUAL INTEGRATED RESEARCH OF SOCIAL-PSYCHOLOGICAL CLIMATE IN THE STRUCTURAL SUBDIVISIONS WORKING TEAMS THE RESPONDENTS GIVE A HIGH ESTIMATION OF THE EMPLOYEES' LABOR SAFETY LEVEL. SATISFACTION INDEX SLIGHTLY INCREASED AND AMOUNTED TO 0,78 (IN 2013 IT WAS 0,77). SIMILAR SITUATION APPLIES TO SANITARY CONDITIONS IN PRODUCTION (SATISFACTION INDEX IS 0,70 VS. 0,69 IN 2013).

ACHIEVEMENT OF THE FOLLOWING LEVEL OF THE BASIC TARGET VALUES REGARDING THE WORKS SOCIAL-ECONOMIC DEVELOPMENT (IN THE SPHERE OF LABOR PROTECTION AND INDUSTRIAL SAFETY) IS SCHEDULED FOR 2015:

- PREVENT THE OCCUPATIONAL TRAUMATISM GROWTH AS COMPARED TO THE LEVEL OF 2014;
- PROVIDE FOR ADDITIONAL SAFETY OF LABOR FOR WORKERS OF THE SHOPS, PERS. – 237
- IMPROVE PRODUCTION ENVIRONMENT OF WORKERS OF THE SHOPS, PERS. – 343
- IMPROVE SANITARY CONDITIONS FOR THE SHOP WORKERS, PERS. – 20
- IMPROVE DRINKING CONDITION OF WORKERS OF THE SHOPS, PERS. – 134.

### SOCIAL PROGRAMS

CONTRIBUTING TO THE SOCIAL DEVELOPMENT OF WORKERS AND LOCAL COMMUNITY BYELORUSSIAN STEEL WORKS FOLLOWS THE PRINCIPLES OF THE RESPONSIBLE BUSINESS PRACTICE FORMULATED IN THE



UN GLOBAL COMPACT AND OTHER INTERNATIONAL ACTS.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» UNDERSTANDS THAT IN THE EXISTING BUSINESS CONDITIONS AN ENTERPRISE STABILITY IS DETERMINED NOT ONLY BY ECONOMIC EFFECTIVENESS FACTORS, BUT BY THE PARAMETERS OF EFFICIENCY OF THE CORPORATE SOCIAL RESPONSIBILITY POLICY.

LONG-TERM BUSINESS 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.

EMPLOYEES 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 RETENTION OF COMPETITIVE ADVANTAGES OF THE PLANT, CREATION OF A HIGHLY QUALIFIED TEAM OF EMPLOYEES ABLE TO WORK EFFICIENTLY DESPITE A STRONG COMPETITION.

IN 2014 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. IN 2014 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FULFILLED ALL ITS OBLIGATIONS CONCERNING MAIN DIRECTIONS OF THE SOCIAL PROGRAMS AND IN SPITE OF THE FACT THAT 2014 WAS A DIFFICULT YEAR FROM THE ECONOMIC POINT OF VIEW THEIR FINANCING MADE UP USD 16,5 MILLION

PRIORITY DIRECTIONS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 COMPANY 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.

#### **SOCIAL PACKAGE OF BENEFITS AND GUARANTEES FOR THE EMPLOYEES**

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 IMPROVEMENT AND PERSONNEL MANAGEMENT COST OPTIMIZATION, IN ADDITION TO SALARY, BYELORUSSIAN STEEL WORKS USES A SOCIAL PACKAGE THAT MADE UP OVER USD 1 499 PER EMPLOYEE IN 2014.

THE COMPANY SOCIAL SPHERE EXPENDITURES AT THE EXPENSE OF PROFIT EQUALED TO USD 6,51 MILLION INCLUDING:

– PRE-SCHOOL ESTABLISHMENTS 1,77 MLN.\$;

– MEDICAL SERVICE 1,24 MLN.\$;

– METALLURGICAL COLLEGE 1,19 MLN.\$;





## Social activity



- HOSTELS 0,54 MLN.\$;
- PALACE OF CULTURE OF METALLURGISTS 0,24 MLN.\$;
- SPORT FACILITY 0,06 MLN.\$;
- HOLIDAY CAMP «DNEPROVSKIE ZORI» IN SETTLEMENT SHIKHOV 0,02 MLN.\$;
- OTHERS (MUSEUM, 8 CANTEENS) 1,45 MLN.\$.

BYELORUSSIAN STEEL 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.

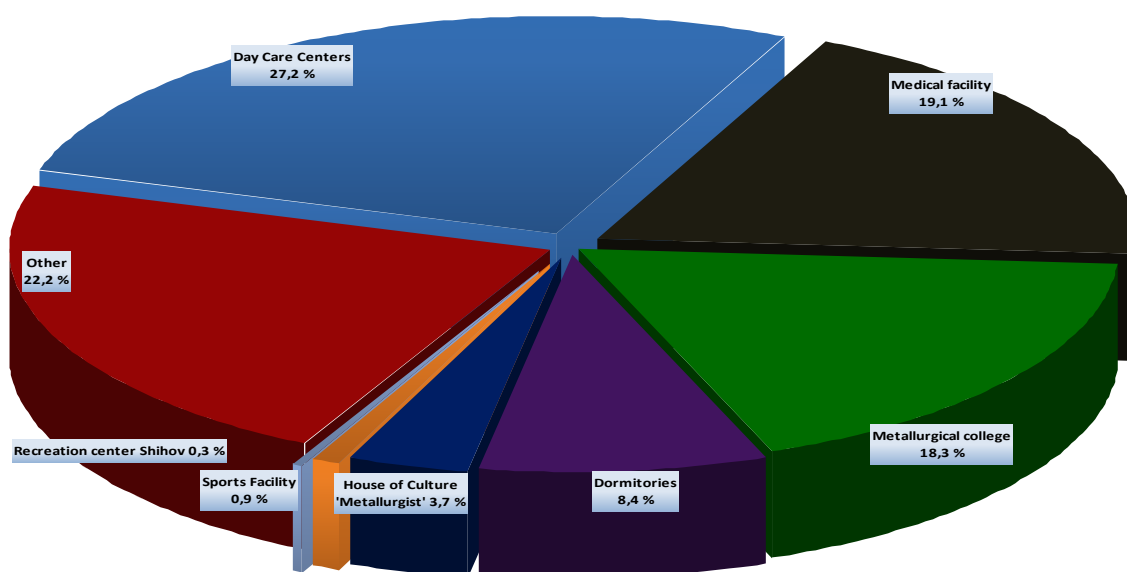
## HEALTH PROTECTION

PROTECTION OF THE PLANT'S EMPLOYEES IS THE MOST IMPORTANT CONSTITUENT PART OF THE SOCIAL POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING».

THE COMPANY MEDICAL PROPHYLACTIC 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 LABOR 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-2014» WHICH COORDINATES THE INTERACTION OF THE ADMINISTRATION, MEDICAL STAFF, INDUSTRIAL SAFETY BOARD, MEMBERS 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-2014» ARE: ENHANCEMENT OF THE PREVENTIVE MEDICAL AID LEVEL;



Расходы предприятия на социальную сферу



- ORIENTATION OF THE MEDICAL AID SYSTEM AT INCREASING THE AMBULATORY SEGMENT EFFICIENCY;
- COMPLIANCE OF THE ON-SITE WORK PLACES WITH THE TECHNOLOGICAL AND SANITARY-HYGIENIC NORMS;
- IMPROVEMENT OF ECOLOGICAL EVENTS AND ENVIRONMENTAL PROTECTION NORMS;
- DEVELOPMENT OF THE PLANT PERSONNEL'S STRONG ORIENTATION AT HEALTHY LIFESTYLE.

THE COMPANY 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.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» SPENT USD 1,6 MILLION FOR ITS MEDICAL CENTER FINANCING IN 2014.

THE CLINIC OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS COMPOSED OF: 8 FELDSHER'S STATIONS, 2 OF THEM ARE OPEN 24 HOURS; POLYCLINIC DEPARTMENT FOR 250 VISITS A SHIFT (TOTAL WORKING AREA WITHOUT CORRIDORS, BACK OFFICES AND OTHER ROOMS IS 2386,1 SQ.M.). IT INCLUDES: REGISTRATION OFFICE; THERAPEUTICS DEPARTMENT; DAY CARE DPT. FOR 20 BEDS; PHYSIOTHERAPEUTIC DPT. (WITH EXERCISE THERAPY ROOM, MECHANOTHERAPY, INHALATORIUM, MASSAGE ROOM, LASER THERAPY); CLINICODIAGNOSTIC LABORATORY (WITH CLINIC AND BIOCHEMICAL DPTS, WHERE CLINIC AND BIOCHEM INVESTIGATIONS ARE MADE); RADIODIAGNOSIS ROOM; ULTRASOUND DIAGNOSTICS ROOM; CENTRALIZED STERILIZATION DPT.; FUNCTIONAL DIAGNOSTICS ROOM (ELECTROCARDIOGRAPHY, SPIROGRAPHY, HOLTER MONITORING, SMAD CARDIOMD FOR MONITORING BLOOD PRESSURE, INVESTIGATION OF ENCEPHALIC HEMODYNAMICS); REGISTRATION OFFICE FOR SICKNESS CERTIFICATE; BEFORE-DOCTOR ROOM; DOCTORS' ROOMS: NEUROLOGIST, OPHTHALMOLOGIST, OTORHINOLARYNGOLOGY, UROLOGIST, SURGEON, GYNECOLOGIST, DENTIST, ENDOCRINOLOGIST, CARDIOLOGIST, TRAUMATOLOGIST, DERMATOLOGIST.

THE CLINIC IS THE MAIN FACILITY FOR MEDICAL TREATMENT FOR THE COMPANY'S PEOPLE. PRESENCE OF UP-TO-DATE MEDICAL EQUIPMENT AND HIGHLY PROFESSIONAL PERSONNEL MAKE IT POSSIBLE TO MAKE EXAMINATIONS IN LABORATORY, FUNCTIONAL AND INSTRUMENTAL DIAGNOSTICS. SPECIALTY DOCTORS PROVIDE A WIDE RANGE OF MEDICAL SERVICES.

THE CLINIC IS EQUIPPED WITH STATE-OF-THE-ART EQUIPMENT AND ITS MATERIAL – TECHNICAL BASE IS CONTINUOUSLY IMPROVED. TREATMENT CAN BE PROVIDED ON THE BASIS OF TEMPORARY GIVING UP WORK. IN 2014 MORE THAN 1500 PEOPLE USED THIS WAY TO GET MEDICAL TREATMENT, WHICH MADE IT POSSIBLE TO KEEP THE PERFORMANCE EFFICIENCY, AND SAVE THE MEANS OF SOCIAL PROTECTION FUND. PROVISION OF MEDICAL AND PHYSIOTHERAPEUTIC PROCEDURES IS CLOSE TO THE PRODUCTION AS MUCH AS POSSIBLE AND IS CARRIED OUT ON THE BASE OF REHABILITATION CENTERS, ARRANGED IN THE SHOPS.

MEDICAL DEPARTMENT PERSONNEL CONSISTS OF 145 PEOPLE, INCLUDING: 33 DOCTORS, 92 MEDICAL PERSONNEL WITH SECONDARY SPECIALIZED EDUCATION AND 19 PEOPLE AS PARAMEDICAL SPECIALISTS.

69,7% OF DOCTORS HAVE QUALIFICATION CATEGORY. 74,4% OF THE PARAMEDICAL PERSONNEL ARE ATTESTED FOR CATEGORIES.

THE CLINIC HAS 7 SHOP THERAPEUTIC STATIONS EACH SERVING APPROXIMATELY 2017 PEOPLE.

THERE WERE 215773 VISITS TO THE CLINIC IN 2014, WHICH IS 4442 VISITS LESS THAN IN 2013. 78,69% OF THE TOTAL VISITS IS SICKNESS-RELATED VISITS. POSITIVE THING IN PREVENTION OF SEASON-RELATED ILLNESSES IS THAT EMPLOYEES CAN GET FLU VACCINATION FREE OF CHARGE AND ON THEIR OWN VOLITION.

CONTINUOUS ATTENTION IS PAID TO DISEASE PREVENTION, THEIR TIMELY DETECTION AND MEDICAL TREATMENT. PERIODIC MEDICAL EXAMINATIONS REMAIN THE BASIC MECHANISM OF THE EMPLOYEES' HEALTH CONTROL. EXAMINATIONS GIVE A POSSIBILITY IMMEDIATELY TO DETECT



## Social activity



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 IN 2014, MORE THAN 10865 EMPLOYEES, INCLUDING 1840 WOMEN WERE THOROUGHLY EXAMINED. A SINGLE PROFESSIONAL DISEASE WAS DETECTED. DUE TO THE REVEALED HEALTH PROBLEMS 258 PEOPLE WERE RECOMMENDED A MORE ADEQUATE EMPLOYMENT.

SO AS TO MAKE TREATMENT OF PATIENTS AT THE MEDICAL 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 2014 PROCEEDS FROM MEDICAL SERVICES MADE UP USD 50,0 THOU.

### EFFECTIVENESS

#### OF MEDICAL AND HEALTH PROMOTION PROGRAMS

THE MEANS INVESTED IN THE COMPANY 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 US TO SUSTAIN THE POSITIVE DYNAMICS OF LOWERING THE EMPLOYEES DISEASE.

IN THE RESULT OF PREVENTION AND EARLY DETECTION OF DISEASES, INDICATORS OF THE EMPLOYEES' HEALTH IMPROVED AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AS WELL AS QUALITY OF THEIR LIFE. DISEASES WITH TEMPORARY DISABILITY MADE UP 863,93 DAYS PER 100 EMPLOYED IN 2014, WHICH IS 148,16 DAYS LESS THAN IN 2013. REDUCTION RATE IS 14,64%. SICKNESS RATE DECREASED BY 17,08% IN ABSOLUTE DAYS.

MEDICAL EXAMINATION OF THE POPULATION CARRIED ON IN 2014. DISPENSARY GROUP INCREASED BY 1833 PERS. VS. 2013.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» TAKES PART IN IMPLEMENTATION OF THE NATIONAL PROGRAM OF DEMOGRAPHIC SAFETY AIMED AT IMPROVEMENT OF THE CONDITION OF PREGNANT WOMEN AND THOSE WHO GAVE BIRTH TO CHILDREN, PREPARATION FOR CHILDBIRTH AND UPBRINGING.

SPECIALISTS OF THE MEDICAL CENTRE DIRECTLY PARTICIPATE IN A PURPOSEFUL SANITARY EDUCATIONAL WORK RELATED TO PREVENTION OF TUBERCULOSIS AND AIDS. SPECIAL ATTENTION IS PAID TO PREVENTION OF HIV/AIDS.

SINCE 2010 BELARUSIAN RED CROSS SOCIETY (BRCS) STARTED TO IMPLEMENT AN INNOVATIVE PROJECT «PREVENTION OF HIV IN THE AREA OF LABOUR» UNDER THE MOTTO «WE ARE FOR HEALTH @ WORK».

Description	Unit	2010	2011	2012	2013	2014
Temporary disability (diseases and injuries)	Cases	12 345	12 210	12 448	10 813	8463
	days	125 649	124 721	133 866	122 403	101 495



AIM OF THIS PROJECT IS TO IMPROVE MEASURES OF PREVENTION OF HIV-INFECTION IN THE AREA OF LABOUR AND IMPROVE EFFICIENCY OF THEIR IMPLEMENTATION, SOLVING OF THE EMPLOYEES' PROBLEMS RELATED TO PRESERVATION OF REPRODUCING HEALTH, ARRANGEMENT OF EVENTS AT THE ENTERPRISE AIMED AT DISEASES PREVENTION, FORMATION OF A RESPONSIBLE BEHAVIOR AND ADEQUATE ATTITUDE TO PEOPLE HAVING HIV.

THE PROGRAM «HEALTH @ WORK» HELPS THE EMPLOYEES TO UNDERSTAND SERIOUSNESS OF THE PROBLEMS RELATED TO HIV- INFECTION AND PROTECT THEIR HEALTH IN DUE TIME.

A POLICY AIMED AT PREVENTION OF DISTRIBUTION OF HIV-INFECTION WAS ADOPTED AND APPROVED BY THE GENERAL DIRECTOR OF THE ENTERPRISE. EVERY YEAR WE DEVELOP AN ANNUAL PLAN FOR HIV-INFECTION PREVENTIVE MEASURES. A SEPARATE PLAN FOR HIV/ AIDS PREVENTION IS DEVELOPED AT THE PLANT HOSTEL FOR SINGLE EMPLOYEES.

DURING 2014 BYELORUSSIAN STEEL WORKS ARRANGED A NUMBER OF EVENTS UNDER THE PROGRAM «HEALTH @ WORK» INCLUDING INFORMATION AND CONSULTATIVE MEETINGS WITH THE COMPANY PERSONNEL, PLACING OF INFORMATION AND EDUCATIONAL MATERIALS DEDICATED TO THE PROBLEM OF HIV-INFECTION DISSEMINATION AND PREVENTIVE MEASURES ON SPECIALIZED STANDS LOCATED AT HOSTELS, THE SPORT FACILITY, PALACE OF CULTURE, STRUCTURAL DIVISIONS AND MEDICAL CENTER, NATIONAL INFORMATION AND EDUCATION ACTION «YOUR TOPIC!» ATTRACTING YOUNG EMPLOYEES AS CONSULTANTS-VOLUNTEERS DEDICATED TO THE WORLDWIDE DAY OF AIDS PREVENTION (INTERACTIVE SITES TO ATTRACT ATTENTION OF THE COMPANY EMPLOYEES WERE ARRANGED IN THE ADMINISTRATIVE BUILDING OF THE PIPE MILL AND SWS-1), INFORMING OF THE PLANT'S EMPLOYEES WITH THE HELP OF MASS MEDIA.

WHEN HIRING NEW EMPLOYEES, THEY ARE INFORMED ABOUT THE «HEALTH @ WORK» PROGRAM. AT THE CORPORATE TRAINING CENTRE VOLUNTEERS-CONSULTANTS BEING



COMPANY EMPLOYEES (24 PEOPLE) CARRY OUT SEMINARS-TRAININGS IN HIV PREVENTION IN THE FIELD OF LABOR AMONG THE GROUPS OF THE STAFF RESERVE «LINEAR MANAGER». IN 2014 48 PEOPLE WERE TRAINED (IN 2010 60 PEOPLE, IN 2011 72 PEOPLE, IN 2012 47 PEOPLE, IN 2013 56 PEOPLE

MEDICAL CENTER SPECIALISTS TAKE PART IN THE WORK OF THE DISTRICT INTER-ORGANIZATION COMMITTEE OF HIV/ AIDS AND VENEREAL DISEASE PREVENTION.

WITHIN THE FRAMEWORK OF IMPLEMENTATION OF THE REGIONAL ACTION TIMED TO THE WORLDWIDE DAY OF AIDS PREVENTION A REPRESENTATIVE OF BYELORUSSIAN STEEL WORKS ORGANIZED A PRESENTATION-TRAINING IN ARRANGEMENT OF PUBLIC EVENTS DEDICATED TO HIV/AIDS PREVENTION FOR EMPLOYEES OF ZHLOBIN ENTERPRISES ON THE BASIS OF ZHLOBIN DISTRICT ORGANIZATION OF BELARUSIAN RED CROSS.

FOR MONITORING OF THE QUALITY OF MEDICAL-PREVENTIVE AID AND TARGET PROGRAMS WE USE THE PRACTICE OF INTERVIEWS WITH THE SPECIALISTS OF THE MEDICAL CENTER AND THE RECIPIENTS OF THE SERVICES. THE MANAGEMENT OF THE MEDICAL CENTER TAKES THEIR RECOMMENDATIONS INTO ACCOUNT.

RATING OF THE MEDICAL CENTER WORK VERSUS 2014 IMPROVED AND IT IS ON THE MEDIUM LEVEL (SATISFACTION INDEX IS 0,62 VERSUS 0,60 IN 2013).





## Social activity



### HEALTH PROMOTION AND REST TIME OF THE EMPLOYEES AND THEIR FAMILIES

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» STRIVES FOR IMPROVEMENT OF THE CONDITIONS FOR HEALTH PROMOTION AND REST OF ITS EMPLOYEES AS WELL AS ALL INTERESTED PERSONS IN THE TOWN OF ZHLOBIN AND REGION. AT PRESENT THE WORKS OFFERS 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 2014 1424 PEOPLE HAD REST THERE (1 184 PEOPLE IN 2013).

EVERY YEAR COMPANY EMPLOYEES AND MEMBERS OF THEIR FAMILIES SPEND HOLIDAYS IN SANATORIUMS AND VACATION HOUSES OF THE REPUBLIC OF BELARUS. FINANCING OF HEALTH PROMOTION PROGRAMS AND SANATORIUM-RESORT THERAPY IS FULFILLED ON THE PRINCIPLES OF A JOINT PARTICIPATION AT THE EXPENSE OF THE WORKS BUDGET, STATE SOCIAL INSURANCE AND EMPLOYEES' MEANS.

FOR ORGANIZING THE VACATIONS OF THE EMPLOYEES' CHILDREN, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» COMPENSATES THE MAJOR PART OF THE EXPENSES. IN 2014 1303 CHILDREN HAD REST IN THE CHILDREN'S HEALTH CENTERS OF THE REPUBLIC, 1300 CHILDREN ARE SCHEDULED FOR 2015.

BESIDES, IN 2014 THE PLANT 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 137 CHILDREN.

ACCORDING TO THE REGULATIONS OF HEALTH IMPROVEMENT, PLANT'S EMPLOYEES WERE GIVEN SOME PRIVILEGES IF THEY HAD EVIDENCING DOCUMENTS, 182 PEOPLE WERE PARTIALLY EXEMPT FROM PAYMENT FOR VOUCHES AND TRANSPORTATION TO AND FROM THE PLACE OF REST.

IN HEALTH RESORTS OF THE BELARUSIAN TRADE UNION FEDERATION (BTUF) 158 PEOPLE IMPROVED THEIR HEALTH WITH 25% DISCOUNT OF THE COST OF THE VOUCHERS IN 2014.

INFORMATION ABOUT AVAILABILITY OF VOUCHERS IN THE AREA OF SOCIAL INSURANCE IS REGULARLY BROUGHT TO THE ATTENTION OF CHAIRMEN OF THE TRADE UNION COMMITTEES OF THE SHOPS, IS ALLOCATED ON INFORMATION STANDS AND ISSUED IN THE NEWSPAPER «METALLURG».

### PHYSICAL CULTURE AND SPORT DEVELOPMENT

PHYSICAL CULTURE AND SPORT IS A CONSTITUENT PART OF HEALTHY LIFESTYLE, HENCE FORMING THE DEMAND IN REGULAR SPORT ACTIVITIES WITH WORKERS IS A PRIORITY DIRECTION OF THE SOCIAL POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». THIS TYPE OF ACTIVITY IS SPECIFIED BY THE CORRESPONDING PROVISIONS AND CLAUSES OF THE COLLECTIVE AGREEMENT WITH DIRECT PARTICIPATION OF AND FINANCIAL SUPPORT BY THE TRADE UNION COMMITTEE OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING».

AT PRESENT, THE PLANT OFFERS ITS SPORT AND RECREATION CENTER FOR THE EMPLOYEES AND THE TOWN RESIDENTS TO GO IN FOR SPORTS AND CONDUCT OUTDOOR ACTIVITIES. THE REALIZATION OF THE COMPANY SOCIAL MANDATE REGARDING THE DEVELOPMENT OF THE MASS PHYSICAL CULTURE AND SPORT AND FOLLOWING HEALTHY LIFESTYLE ARE ASSIGNED TO THIS FACILITY HAVING THREE GYMS: FOR EXERCISING, PLAYING GAMES AND TENNIS.

PRIORITY WORK DIRECTIONS OF THE SPORT AND RECREATION CENTER ARE:

– ORGANIZATION OF SPORT AND HEALTH PROMOTION AS WELL







AS MASS SPORT WORK AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»;

– STRENGTHENING THE COMPANY EMPLOYEES' HEALTH, ENHANCING THEIR WORKING EFFICIENCY, STRESS RESISTANCE, HEALTHY LIFESTYLE PROMOTION;

– SATISFACTION OF THE COMPANY EMPLOYEES' NEEDS FOR SYSTEMATIC SPORT AND PHYSICAL CULTURE ACTIVITIES, THE EMPLOYEES' HEALTH PROMOTION, FORMATION OF PHYSICALLY DEVELOPED AND HEALTHY CITIZENS;

– ENGAGING CHILDREN AND TEENAGERS IN REGULAR SPORT ACTIVITIES.

THE PLANT SPENT USD 0,06 MLN. FOR MAINTENANCE OF THE SPORT AND RECREATION CENTER IN 2013. THE ALLOCATED FUNDS WERE DIRECTED TO:

– CONDUCTING MASS SPORT ACTIVITIES: UNDER THE ANNUAL ALL-THE-YEAR-ROUND OLYMPICS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». COMPETITIONS WERE HELD IN 15 KINDS OF SPORT, 40 SPORT EVENTS WERE ORGANIZED WITH PARTICIPATION OF 26 TEAMS (1791 PEOPLE). TOTAL NUMBER OF PEOPLE PARTICIPATING IN SPORT EVENTS IN 2014 EQUALED TO 4000 PEOPLE;

– PHYSICAL TRAINING AND HEALTH PROMOTION WORK AMONG

THE PLANT EMPLOYEES AND MEMBERS OF THEIR FAMILIES: 8 AMATEUR CLUBS AND 9 SPORT SECTIONS IN DIFFERENT KINDS OF SPORT ARE SUCCESSFULLY FUNCTIONING AND INVOLVE OVER 1000 PEOPLE IN PHYSICAL TRAINING AND SPORT ACTIVITIES;

MORE THAN 52211 PEOPLE INCLUDING 18877 CHILDREN VISITED THE SPORT FACILITY IN 2014.

A TRADITIONAL NEW YEAR CHILDREN'S TOURNAMENT IN MINI-FOOTBALL GATHERED 7 TEAMS. THE TOURNAMENT 'DEFENDER OF THE FATHERLAND' TOOK PLACE. 6 KINDS OF SPORTS WHERE YOUTH TEAMS FROM THE COMPANIES OF BSW HOLDING, XXV INTERNATIONAL LIGHT-ATHLETICS RACE DEDICATED TO THE DAY OF METALLURGISTS PARTICIPATED BY MORE THAN 200 SPORTSMEN INCLUDING ATHLETES FROM RUSSIA AND THE UKRAINE.

THE COMPANY 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. THE WORKS BASKETBALL TEAM IS A MEMBER OF AMATEUR BASKETBALL LEAGUE OF THE REPUBLIC OF BELARUS, THE WORKS VOLLEYBALL PLAYERS ARE THE CORE OF THE VOLLEYBALL TEAM, PLAYING IN THE FIRST LEAGUE OF THE REPUBLIC OF BELARUS.



## Social activity



EFFICIENCY OF IMPLEMENTATION OF HEALTHY LIFE STYLE POLICY AT THE COMPANY IS PROVED BY SPORTS ACHIEVEMENTS MADE BY PICKED TEAMS COMPOSED OF EMPLOYEES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»:

EFFICIENCY OF HEALTHY LIFESTYLE POLICY IMPLEMENTATION IN THE COMPANY IS CONFIRMED BY SPORT ACHIEVEMENTS OF THE ASSEMBLY TEAMS CONSISTING OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»:

- FIRST TEAM PLACE BASED ON THE RESULTS OF THE ALL-YEAR-ROUND SPORTS EVENT IN 16 KINDS OF SPORT;
- FIRST PLACE IN THE FIFTH REGIONAL SPORTS DAY AMONG PRIMARY TRADE UNION ORGANIZATIONS OF INDUSTRIAL ENTERPRISES OF THE REPUBLIC OF BELARUS;
- SECOND PLACE IN THE SIXTH REPUBLICAN SPORTS EVENT OF THE BELARUSIAN TRADE UNION OF THE INDUSTRIAL WORKERS.;
- THE FOURTH PLACE IN THE FIRST REGIONAL SPORTS CONTEST AMONG DISTRICT PRIMARY ORGANIZATIONS OF THE REPUBLICAN PUBLIC ASSOCIATION 'BELAYA RUS'.

IN ORDER TO ORGANIZE THE WORKERS' LEISURE TIME AND PROMOTE HEALTHY LIFESTYLE, THE COMPANY IMPLEMENTED A PROGRAM OF COLLECTIVE VISITS TO THE TOWN SPORT AND RECREATION CENTER, ICE PALACE, SWIMMING POOL AND AQUA-PARK, SPORT FACILITIES OF THE REPUBLIC: SILICHI, LOGOISK, ETC.

ENGAGING THE COMPANY EMPLOYEES INTO SPORT ACTIVITIES CONTRIBUTES TO BOTH THEIR HEALTH-IMPROVEMENT AND FORMING SPECIFIC CORPORATE SPIRIT OF THE ENTERPRISE THAT HELPS TO SOLVE THE MOST CHALLENGING PRODUCTION PROBLEMS.

TRADE UNION COMMITTEE RENDERS BIG ASSISTANCE IN IMPLEMENTATION OF HEALTHY LIFE STYLE POLICY AT BYELORUSSIAN STEEL WORKS. THUS, FOR EXAMPLE, THE WORKS TRADE UNION ALLOCATED USD 34,73 THOU. TO ORGANIZE LARGE-SCALE SPORTS EVENTS FOR EMPLOYEES OF THE COMPANY, VISITS TO SPORTS CENTER, TRIPS OF FANS TO ICE HOCKEY MATCHES TO DIFFERENT CITIES IN THE COUNTRY IN 2014.

INVESTING IN SPORT INFRASTRUCTURE, THE PLANT SUPPORTS THE DEVELOPMENT OF THE SPORT OF HIGH ACHIEVEMENTS, SPORT POPULARIZATION IN PARTICULAR AMONG YOUNG PEOPLE.

### CULTURAL LIFE OF THE PLANT EMPLOYEES

AN IMPORTANT PART OF THE SOCIAL POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS CREATION OF CONDITIONS FOR PROMOTION AND SPREADING OF MODERN CULTURE OF EFFECTIVE CORPORATE SOCIAL PRACTICE AND DEVELOPMENT OF THE CREATIVE POTENTIAL OF THE EMPLOYEES. DURING 22 YEARS A KEY ROLE IN ORGANIZATION OF CULTURAL LIFE OF THE EMPLOYEES AND THE REGION HAS BEEN PLAYED BY THE PALACE OF CULTURE OF METALLURGISTS. THE PALACE OF CULTURE OF METALLURGISTS IS RIGHTLY CONSIDERED A CENTER OF CULTURAL AND MASS AND EDUCATIONAL WORK DIRECTED TOWARDS SATISFACTION OF SPIRITUAL AND CULTURAL NEEDS OF ALL CATEGORIES OF CITIZENS.

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 HOLIDAYS 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 FAVORITE HOBBY, MAKE THE LEISURE TIME OF STEEL MAKERS AND THE INHABITANTS OF THE TOWN SPIRITUALLY RICH, AND INTERESTING. APPROX. 400 PEOPLE ARE MEMBERS OF HOBBY GROUPS AND CREATIVE TEAMS, 300 OF THEM ARE CHILDREN.

13 CREATIVE TEAMS AND AMATEUR ASSOCIATIONS WORK AT THE PALACE OF CULTURE; 5 COLLECTIVES WERE GIVEN THE HONORABLE TITLE OF «PEOPLE'S» AND «EXEMPLARY» IN THE REPUBLIC OF BELARUS.

A GREAT EMPHASIS OF ITS ACTIVITY IS PLACED BY THE PALACE OF CULTURE ON THE PROFESSIONAL LEVEL IMPROVEMENT. GUEST PERFORMANCES, PARTICIPATION IN PRESTIGIOUS FESTIVALS AND CONTESTS SUPPORT



PROFESSIONAL SKILLS GROWTH. THE FOLLOWING AWARDS RECEIVED IN 2014 ARE THE RESULT OF A LABORIOUS WORK OF THE CREATIVE TEAM OF THE PALACE OF CULTURE:

— TEAM OF «DANCE SHOW «CHANCE» DIRECTED BY I.K. ARTAMONOVA TOOK PART IN VII REGIONAL FESTIVAL OF CHILD'S CREATIVE WORK «RUSSIAN PORTRAIT IN BYELORUSSIAN INTERIOR» IN ZHLOBIN AND WAS AWARDED II CATEGORY DIPLOMA;

— FOLK'S BRASS BAND FROM METALLURGIST PLACE OF CULTURE DIRECTED BY A.E. BREUS TOOK PART IN VIII REGIONAL SHOWCASE OF BRASS BANDS IN RECHITSA AND WAS AWARDED THE 1ST CATEGORY DIPLOMA;

— SOLOISTS FROM METALLURGIST PLACE OF CULTURE TOOK PART IN REGIONAL SELECTIVE TOUR OF THE REPUBLICAN TRADE UNION CONTEST OF LABOUR TEAMS «NEW NAMES OF BELARUS»;

— FOLK'S CHOIR «KRYNITSA» DIRECTED BY N.I. GORBABA BECAME A WINNER OF REGIONAL SHOWCASE OF CHOIR TEAMS NAMED AFTER T.K. LOPATINA, HONOURED FIGURE IN THE ARTS BSSR (RECHITSA);

— GRATITUDE FOR PARTICIPATION IN VIII REGIONAL INTER-INDUSTRY FESTIVAL ARTISTIC AMATEUR WORK OF TRADE UNIONS WAS GIVEN TO MUSICIANS FROM BRASS ORCHESTRA P.L. ANUFRIEV AND И A.G. KLIMOV.

FORMATION OF THE REPUTATION OF THE MOST ATTRACTIVE EMPLOYER IN THE REGION IS A PRECONDITION FOR ATTRACTING CREATIVE, 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.

IN JANUARY 2014, XVII FESTIVAL «CHRISTMAS MUSIC STAIRCASE» WAS TRADITIONALLY HELD WITH A BIG NUMBER OF PARTICIPANTS AND SPECTATORS. OVER 150 CHILDREN PARTICIPATED IN IT. THE EVENT WAS VISITED BY 480 PEOPLE.

COMPETITIVE SHOW PROGRAMS FOR CHILDREN, CONCERTS WITH PARTICIPATION OF MEMBERS OF CHILDREN'S GROUPS OF THE PALACE OF CULTURE ARE ALWAYS IN DEMAND WITH THE



CITIZENS: ENTERTAINING DANCE PROGRAMS, AN EXHIBITION OF CHILDREN'S DRAWINGS «I WANT TO BE A STEELMAKER». YOUTH THEME DISCOTHÈQUES, REST EVENINGS, FESTIVALS, PERFORMANCES, CONTEST PROGRAMS FOR DIFFERENT AGES «WHAT A BEAUTIFUL WORLD», «MEN'S SEASON», «CHOSE ME», «MISS ZHLOBIN», ETC ARE ON ON A REGULAR BASIS.

A FESTIVE CEREMONY OF MARRIAGE REGISTRATION HELD IN THE PARK «FIVE ELEMENTS» LOCATED NEAR THE PALACE OF CULTURE BECAME VERY POPULAR. FROM THE MOMENT THE RECONSTRUCTION STARTED, ART GROUPS OF THE PALACE OF CULTURE CONTINUED THEIR ACTIVITY AND PARTICIPATED IN PLANT'S REGIONAL, FIELD, AND DISTRICT ARRANGEMENTS. THEIR CREATIVE WORK WAS IN DEMAND ON STAGES OF GOMEL REGION AND MINSK. IN 2014 THE TEAM OF THE PALACE OF CULTURE ARRANGED MORE THAN 200 EVENTS WHICH WERE VISITED BY MORE THAN 25 THOUSAND PEOPLE. 4357 PEOPLE INCLUDING 1870 CHILDREN TOOK PART IN LARGE-SCALE CULTURAL ARRANGEMENTS.

ONE OF THE IMPORTANT ACTIVITIES OF THE PALACE OF CULTURE IS THE WORK DIRECTED TOWARDS PREVENTION OF THE YOUTH ASOCIAL BEHAVIOR, STRUGGLE AGAINST DRUGS, PROMOTION OF HEALTHY LIFESTYLE AND AIDS PREVENTION. DIFFERENT FORMS OF SUCH WORK THE MAIN IDEA OF WHICH IS: «CREATIVITY AS THE ALTERNATIVE TO DRUGS AND ALCOHOL» ARE USED.

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.



## Social activity



VETERANS' BOARD OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING», WOMEN'S COUNCIL AND OTHER PUBLIC ORGANIZATIONS OF THE PLANT'S TEAMS HOLD THEIR ACTIVITIES UNDER THE ROOF OF THE 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», «BSW 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 REGIONAL FESTIVE EVENTS, GALA CONCERTS DEDICATED TO THE VICTORY DAY, INDEPENDENCE DAY OF THE REPUBLIC OF BELARUS, LABOUR DAY, YOUTH DAY AND PROFESSIONAL FEASTS.

THE TEAMS OF THE PALACE OF CULTURE 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: AN IMPORTANT DIRECTION OF THE ACTIVITY OF THE PALACE OF CULTURE IS ORGANIZATION OF EVENTS STRENGTHENING THE RELATIONS WITH THE PRODUCTION AND CULTIVATE PRIDE FOR THE ENTERPRISE.

IN THE CENTER OF ALL ACTIVITIES IS THE MAN OF LABOR, DEMONSTRATION OF THE IMPORTANCE OF EVERY SINGLE TEAM MEMBER, ESTABLISHMENT AND SUPPORT OF THE CORPORATE SPIRIT FOR THE EFFICIENT ACTIVITY OF THE ENTIRE ENTERPRISE. ANNUAL CEREMONIAL PRESENTATION OF PROFESSIONAL PREMIUM «PROFESSIONAL OLYMPUS», «MISS BSW», «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 IS 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 THE TEAM OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND THE ENTIRE TOWN. AS FAR AS IMPORTANCE, ATTENDANCE, IMPRESSIONS BRIGHTNESS IMPRESSION ARE CONCERNED, IT IS EQUAL TO FESTIVE EVENTS OF THE NATIONAL 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 CENTER OF THE CULTURAL LIFE OF THE PLANT, TOWN AND REGION, THE PALACE OF CULTURE IS AN IMPORTANT CONSTITUENT PART OF THE CORPORATE STRATEGY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». IN 2014 THE PLANT SPENT USD 0,24 MILLION FOR THE RECONSTRUCTION OF THE PALACE OF CULTURE AND LARGE-SCALE CULTURAL EVENTS.

### SOLVING OF EMPLOYEES' HOUSING PROBLEMS

AN IMPORTANT PART OF THE SOCIAL POLICY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

THERE ARE FIVE DORMITORIES FOR THE WORKERS' FAMILY MEMBERS, WHERE 1919 PEOPLE LIVE (641 FAMILIES) AND ONE HOSTEL PROVIDING 340 BEDS FOR SINGLE EMPLOYEES (285 PEOPLE INCLUDING STUDENTS OF ZHLOBIN STATE METALLURGICAL COLLEGE) ON THE BALANCE OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». 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 2014 THE PLANT SPENT USD 0,93 MILLION FOR THESE PURPOSES.

DURING 2014, 18 FAMILIES IMPROVED THEIR LIVING CONDITIONS, 661 FAMILIES ARE WAITING FOR SUCH IMPROVEMENT AND 164 FAMILIES ARE WAITING FOR A ROOM IN THE HOSTEL.

### SUPPORT FOR LARGE FAMILIES

IMPLEMENTATION OF THE TARGET SOCIAL SUPPORT FOR

EMPLOYEES OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS CARRIED OUT BY WAY OF A FLEXIBLE SYSTEM OR BENEFITS AND COMPENSATIONS. BASED ON THE PRINCIPLES OF THE STATE POLICY DECLARING THAT CHILDREN HAVE THE RIGHT TO A SPECIAL CARE AND ASSISTANCE, THAT A FAMILY SHOULD BE PROVIDED WITH THE REQUIRED PROTECTION AND ENCOURAGEMENT AS THE MAIN SOCIAL UNIT AND NATURAL ENVIRONMENT FOR GROWTH AND WELLBEING OF ALL ITS MEMBERS, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ARRANGES EVENTS TO SUPPORT COMPLETE AND INCOMPLETE FAMILIES AND THOSE HAVING FOUR AND MORE CHILDREN UNDER 18 SO AS TO CONTINUE THE DEVELOPMENT OF THE MATERNITY AND CHILDHOOD SUPPORT. THE AIM OF THE ACTIVITIES IS INCREASING THE STATUS OF FAMILIES AND IMPROVING THEIR LIFE QUALITY. ACCORDING TO THE PROVISION REGARDING HEALTH-IMPROVEMENT AND SANATORIUM-RESORT THERAPY AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING», THE FAMILIES ARE PROVIDED PRIVILEGED AND PARTIALLY PAID VOUCHERS TO SANATORIUMS AND VACATION HOUSES. ONE OF THE EVENTS FOR THE WORKERS' FAMILIES SOCIAL SUPPORT ARE ANNUAL PAYMENTS FOR PURCHASING SCHOOL UNIFORMS AND MONTHLY PROVISION OF A PAID DAY-OFF FOR MOTHERS OF MORE THAN THREE CHILDREN.

Description	2010	2011	2012	2013	2014
Payments for birth of a child (lump sum allowance)	132 women 72,8 thou.\$	400 women 84,2 thou.\$	134 women 152,5 thou.\$	156 women 215,5 thou.\$	138 women 243,4 thou. \$
Payment for nursing a child under 3	509 women 490,6 thou.\$.	441 women 419,2 thou.\$	419 women 413,2 thou.\$	439 women 962,1 thou.\$	453 women 1,08 mln. \$
Payments for purchasing school uniform	11,9 thou.\$	23,2 thou.\$		14,9 thou.\$	19,2 thou.\$
Providing one day-off	20,3 thou.\$.	5,4 thou.\$	40,8 thou.\$	7,8 thou.\$	16,5 thou.\$
The means for children's health improvement	341,2 thou.\$	474,8 thou.\$		503,9 thou.\$	565,7 thou.\$
Payments for the families raising the disabled children under 18	97 children 5,1 thou.\$	96 children 8,6 thou.\$	66 children 49,8 thou.\$	91 children 74,9 thou.\$	98 children 79,5 thou.\$

*Arrangements for the workers' families support*





## Social activity



### **SOCIAL SUPPORT OF UNEMPLOYED PENSIONERS, INVALIDS AND OTHER CATEGORIES OF PEOPLE NOT SUFFICIENTLY PROVIDED FOR**

BUSINESS 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». IN 2013 THE AMOUNT OF THIS SUPPORT MADE UP OVER USD578,3 THOUSAND.

THERE ARE MORE THAN FIVE FORMS AND DIRECTIONS OF RENDERING SOCIAL SUPPORT WHICH WERE USED BY OVER 1500 PEOPLE.

AN IMPORTANT LINE IN THE SOCIAL SUPPORT POLICY IS A MONTHLY MATERIAL AID FOR UNEMPLOYED PENSIONERS. SINCE 01.11.2012 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 DEPENDING ON RECORD OF SERVICE AND AWARDS. IN 2014 THESE SUPPLEMENTS MADE UP USD 615,7 THOU.

THE FINANCIAL AID IS PROVIDED IN CONNECTION WITH RETIREMENT. IN 2014 THE AMOUNT OF THIS AID WAS OVER USD 986.

BESIDES, THERE IS AN ANNUAL FINANCIAL AID DEDICATED TO THE INTERNATIONAL DAY FOR THE ELDERLY. ITS AMOUNT EQUALED TO MORE THAN USD 55 THOU. IN 2015.

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.

A MATERIAL AID IS RENDERED TO THOSE EMPLOYEES WHO HAVE DISABLED CHILDREN. IN 2014 THIS AID AMOUNTED TO USD 2,3 THOU.

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.

### **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 2014 SPEAK OF THE POSITIVE ASSESSMENT OF BSW ACTIVITY IN THE AREA OF SOCIAL RESPONSIBILITY. OVER 10% 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 ALL-PLANT CULTURAL EVENTS. BASED ON THE ASSESSMENT CRITERIA, SATISFACTION INDEX IS FROM 0,55 TO 0,86 vs. 0,59 - 0,77 IN 2013.

TOTAL ENTERPRISE COMPLEX SATISFACTION INDEX EQUALED TO 0,72 IN 2014. THIS FIGURE A LITTLE HIGHER (BY 0,01)





vs. 2013 BUT DURING FOUR YEARS IT HAS BEEN WITHIN THE HIGH LEVEL RANGE OF SATISFACTION WHICH ALLOWS US TO SPEAK ABOUT A STABLE MORAL AND PSYCHOLOGICAL CLIMATE IN THE EMPLOYEE TEAM OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING».

### EMPLOYEES' RIGHTS

CARRYING-OUT ITS PRACTICAL ACTIVITY, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ACKNOWLEDGES THE IMMUNITY OF HUMAN RIGHTS AND TAKES ALL THE REQUIRED MEASURES FOR THEIR PROVISION AND PROTECTION.

BEING A SOCIALLY RESPONSIBLE ENTERPRISE, BYELORUSSIAN STEEL 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 2014 A TRADE UNION CONFERENCE OF THE TEAM OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» DEDICATED TO DISCUSSION OF FULFILLMENT OF THE COLLECTIVE AGREEMENT TOOK PLACE. THE PARTICIPANTS OF THE CONFERENCE VOTED FOR AMENDMENTS IN THE EXISTING AGREEMENT FOR 2013 – 2015: 30 ITEMS WERE REVISED.

AIMS OF THE COLLECTIVE AGREEMENT ARE:

- DEVELOPMENT OF CONTRACT RELATIONS BETWEEN THE ENTERPRISE AND ITS EMPLOYEES BEING THE SOCIAL PARTNERSHIP PARTIES;
- COORDINATION OF THE PLANT 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 COMPANY 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.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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. IN 2013 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 BSW 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 PLANT 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.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.



## Social activity



LEGAL REGULATION OF LABOR RELATIONSHIPS AT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

BYELORUSSIAN STEEL 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. 18 CLAIMS OF THE COMPANY EMPLOYEES WERE CONSIDERED IN 2014. THE RESULT OF COMMITTEE CONSIDERATION WAS THAT 5 CLAIMS WERE SATISFIED, 8 WERE REFUSED BECAUSE THEY WERE GROUNDLESS, 5 CLAIMS WERE WITHDRAWN FROM COMMITTEE BECAUSE THE ADMINISTRATION RESOLVED THE ISSUE.

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 2014 STUDIED THE FUNDAMENTAL PRINCIPLES OF THE LAW 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. OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» CREATES THE SOCIAL PARTNERSHIP SYSTEM THAT IS A FOUNDATION FOR MUTUALLY BENEFICIAL COOPERATION IN COLLABORATION WITH THE TRADE UNION ORGANIZATION AND OTHER SOCIAL ORGANIZATIONS.

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;
- 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 CLINIC OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»; LEGAL SERVICES OF THE COMPANY AND THE REGION.

#### THE TRADE UNION ORGANIZATION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»

BYELORUSSIAN STEEL 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.

THE TRADE UNION ORGANIZATION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» UNITES 16 669 PEOPLE WHICH IS 97,5% OF THE TOTAL NUMBER OF THE EMPLOYEES. IN ORDER TO OBSERVE THE RIGHTS AND LEGAL INTERESTS OF THE WORKERS THE EMPLOYEES REPRESENT THE COMPANY 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 FEDERATION COUNCIL.

IN 2014 BASED ON THE RESULTS OF THE CONTEST OF BYELORUSSIAN TRADE UNION OF INDUSTRIAL WORKERS, PRIMARY TRADE UNION ORGANIZATION OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» WAS PRONOUNCED THE BEST.

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





## Social activity



CONDITIONS AND PAYMENT, SOCIAL AND RESIDENTIAL PROVISION OF THE WORKERS, COMPENSATIONS AND OTHER PRIVILEGES. 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 OF THE EMPLOYEES' TEAM.

IN ORDER TO COMPLY WITH THE COLLECTIVE AGREEMENT, IN 2014 THE TRADE UNION COMMITTEE FINANCED THE FOLLOWING:

- ALLOWANCES TO PARENTS FOR THE BIRTH OF A CHILD – \$18,6 THOU.;
- NEW YEAR'S PRESENTS FOR CHILDREN AND EMPLOYEES – \$203,4 THOU.;

- CULTURAL EVENTS – \$119,4 THOU.
- SPORTS EVENTS – \$86,0 THOU.;
- PRESENTS FOR THE EMPLOYEES' JUBILEES – \$19,3 THOU.;
- PRESENTS FOR THE RETIRING EMPLOYEES – \$22,3 THOU.;
- SUPPORTING OF VETERANS – \$1,5 THOU.;
- MATERIAL SUPPORT – \$162,9 THOU.

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 HEALTHY AND SAFE LABOR CONDITIONS, IMPLEMENTING PRIVILEGES FOR THE EMPLOYEES THAT HAVE A DETERMINED SOCIAL TARGETING. MAINLY ALL SECTIONS OF THE COLLECTIVE AGREEMENT WERE FULFILLED IN 2014.







CHARITY AND SPONSORSHIP IS ONE OF THE ACTIVITIES OF THE WORKS. BEING AN ACTIVE MEMBER OF THE CHARITABLE CAMPAIGN «TRADE UNIONS – TO CHILDREN» IN 2014 IT GRANTED USD \$5,8 THOU TO.:

- ZHLOBIN EDUCATION, SPORTS AND TURISM DPT.;
- «TERRITORY CENTER OF SOCIAL SERVICE OF THE ZHLOBIN DISTRICT POPULATION» INSTITUTION;
- ZHLOBIN PRIMARY ORGANIZATION OF PUBLIC ASSOCIATION «BYELORUSSIAN ASSOCIATION FOR HELP TO DISABLED CHILDREN AND YOUNG DISABLED»;
- PUBLIC ASSOCIATION «BYELORUSSIAN PARTNERSHIP OF SIGHT-IMPAIRED PERSONS»;
- KHALCHANSKY PSYCHONEUROLOGICAL HOME FOR SENIOR OR DISABLED CITIZENS;
- OTHER ORGANIZATIONS.

ONE OF THE PRIORITY DIRECTIONS OF THE TRADE UNION ACTIVITY IS CREATING CONDITIONS FOR FULL-FLEDGED PHYSICAL AND MORAL DEVELOPMENT OF THE WORKS EMPLOYEES AND YOUNGER GENERATION. THE TRADE UNION COMMITTEE OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IS THE FOUNDER OF A SPORT SCHOOL FOR CHILDREN AND YOUNG PEOPLE AND THE CHILDREN'S CLUB «FAKEL» WHICH SECTIONS ARE ATTENDED BY OVER 500 CHILDREN. THE CHILDREN ARE TRAINED BY 11 COACHES.

PUPILS OF THE SPORT SCHOOL FOR CHILDREN AND YOUNG PEOPLE BECAME WINNERS AND AWARDEES OF CHAMPIONSHIPS AND COMPETITIONS OF THE REPUBLIC OF BELARUS. THIS YEAR 4 PUPILS BECAME CANDIDATES TO MASTERS OF SPORTS OF THE REPUBLIC OF BELARUS; 1 – «MASTER OF SPORTS OF THE REPUBLIC OF BELARUS»; 10 CHILDREN FULFILLED THE NORMS OF THE 1ST GRADE; 4 PUPILS OF THE SPORT SCHOOL JOINED THE OLYMPIC RESERVE SCHOOL.

THE TRADE UNION COMMITTEE SPENT USD \$9,8 THOUSAND TO FINANCE SPORT SCHOOL FOR CHILDREN AND YOUNG PEOPLE OF OLYMPIC RESERVE IN 2014.

IN COMPLIANCE WITH THE PROGRAM OF WORKING WITH YOUNGER GENERATION, FOR SUSTAINING AND IMPROVEMENT

OF RELATIONSHIPS BETWEEN THE FAMILY, SCHOOL AND LOCAL COMMUNITY, STRENGTHENING THE FAMILY, PROTECTION OF MATERNITY AND CHILDHOOD UNDER THE AUSPICES OF THE TRADE UNION COMMITTEE A COMMISSION FOR FAMILY AND SCHOOL ASSISTANCE HAS BEEN WORKING SINCE 2005.

UNDER THE AUSPICES OF THE TRADE UNION COMMITTEE OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» THE TRADE UNION LIBRARY OPERATES CONTAINING 36 498 BOOKS (36 066 BOOKS IN 2013). 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.

USD 21 THOUSAND FROM THE TRADE UNION BUDGET WAS SPENT FOR PURCHASING NEW LITERATURE AND FOR SUBSCRIPTION OF OVER 2000 VETERANS TO PERIODICALS. THE LIBRARY NUMBERS OVER 3198 REGULAR READERS. DURING PREVIOUS YEAR THE NUMBER OF VISITS TO THE LIBRARY EQUALED TO 35131 (34241 IN 2013), AND 105876 BOOKS WERE GIVEN OUT (120255 IN 2013).

SO AS TO INCREASE THE ROLE OF BOOKS AND READING IN A MODERN SOCIETY, BRING UP THE YOUNGER GENERATION IN LOVE FOR AN ARTISTIC WORD, ATTRACT ATTENTION TO LIBRARIES ACTIVITY, PROMOTE BELLES-LETTRES LITERATURE AND REPLENISHMENT OF THE BOOK STOCK DURING 2014 THE LIBRARY PREPARED AND CARRIED OUT 40 THEMATIC INFORMATION-EDUCATIONAL EVENTS: LITERATURE AND MUSIC PARTY «FLOWER ROUND DANCE» AND «I BELONG TO ANOTHER WORLD», BOOK FESTIVAL «TRIP TO BOOK-BURG», LIBRARY LESSONS «MASTERS OF SMILE», «ON THE UNFAMILIAR PATHS», «MAGIC DREAMS OF OLE LUKØJE», DISCUSSION «THE ADULTS AND CHILDREN ARE RESPONSIBLE FOR THE NATURE», «SMOKE, TAKING THE HEALTH AWAY», LITERATURE QUIZES «BE READY FOR ADVENTURE» AND «LEOPOLD, MATROSKIN AND CO», ACTIONS «BRING YOUR FRIEND» AND «SAY 'NO' TO DRUGS!», TOURS IN THE LIBRARY FOR PRESCHOOL CHILDREN AND JUNIOR SCHOOL PUPILS «HALLO, HALLO THE HOUSE OF A BOOK».

MORE THAN 50 THEMATIC BOOK EXHIBITIONS WERE ORGANIZED: «HELPING GRADUATES», «LET'S WORSHIP THOSE GREAT YEARS!», «BOOKS OF THREE GENERATIONS»,



## Social activity



AS WELL AS EXHIBITIONS OF NEW ARRIVALS, BOOKS, PERIODICALS AND ADVERTISEMENT REVIEWS. TWO CLUB ASSOCIATIONS WORK HERE: CLUB OF BOOK LOVERS «FOR ONE'S SOLE» AND FLOWER-FANCIER CLUB «FLORA».

IMPLEMENTATION OF A BOOK-CROSSING PROJECT «FROM HANDS TO HANDS» CONTINUES.

TRADE UNION ROLE AND INFLUENCE AT THE COMPANY IS BIG. THIS IS EVIDENCED BY A POSITIVE ASSESSMENT OF ITS ACTIVITY IN 2014 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 WORK OF THE TRADE UNION ORGANIZATION IN 2014 WAS 0,67 (0,63 IN 2013).

### 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». THE COMPANY 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 YOUTH AND REPRESENTATIVES OF:

- STATE AUTHORITIES;
- REGIONAL, TOWN VETERANS' UNIONS OF GOMEL REGION;
- YOUNG EMPLOYEES OF THE ENTERPRISES INCLUDED IN «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING';
- PRIMARY ORGANIZATIONS OF BELARUSIAN REPUBLICAN YOUTH UNION, ESTABLISHMENTS, ORGANIZATIONS AND ENTERPRISES OF THE REGION OF ACTIVITY OF BYELORUSSIAN STEEL WORKS;

– YOUTH OF THE INDUSTRIAL ENTERPRISES OF THE REPUBLIC OF BELARUS AND CIS COUNTRIES AS PART OF SCIENTIFIC AND TECHNICAL CONFERENCES.

INFORMING AND ENGAGING OF 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 REALIZATION OF THE STATE YOUTH POLICY.

AT PRESENT THE ORGANIZATION HAS 1670 MEMBERS OR 55% OF THE YOUTH AGED UNDER 31 (INCLUDED) WORKING AT THE PLANT.

THE MOST SIGNIFICANT ACTIVITIES CONDUCTED BY THE YOUTH ORGANIZATION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN 2014 WERE CHARITABLE CAMPAIGNS FOR COLLECTING OF VOLUNTARY CONTRIBUTIONS FOR:

– THE ACTION «DO GOOD» DEDICATED TO THE INTERNATIONAL DAY OF DISABLED PEOPLE;



Primary organization of the Belarusian Republican Youth Union (BRYU)	Number of the members				
	2010	2011	2012	2013	2014
	1368	1450	1545	1610	1670

— «ALL CHILDREN ARE OURS» FOR DISABLED CHILDREN AND TO SUPPORT FAMILIES WITH A LOW INCOME WITH PARTICIPATION OF THE REGIONAL CENTER OF SOCIAL SERVICE OF THE POPULATION.

THE FOLLOWING ACTIONS BECAME TRADITIONAL:

— «LET'S PACK A SCHOOLBAG FOR THE 1ST GRADER» FOR CHILDREN FROM LOW-INCOME FAMILIES WHEN PREPARING FOR THE BEGINNING OF THE SCHOOL YEAR;

— «BSW YOUTH — TO VETERANS». VETERANS AND PARTICIPANTS OF THE GREAT PATRIOTIC WAR RECEIVED CONGRATULATIONS AND PRESENTS, THEY WERE ASSISTED IN IMPROVING OF LIVING CONDITIONS;

— «WE — TO CHILDREN» — AID TO ZHLOBIN DISTRICT CENTER OF CORRECTIVE AND DEVELOPING TEACHING AND REHABILITATION (PURCHASING STATIONERY);

— «PURE NATURE». CLEANING OF THE TERRITORY ADJOINING THE «DNIPROVSKIE ZORI» (SHIHOV);

— «HELP FOR OUR NEIGHBORS» TO RENDER THE ASSISTANCE TO MIGRANTS FROM DONBAS REGION OF UKRAINE.

EFFECTIVENESS OF THE ORGANIZATION ACTIVITY IS EVIDENCED BY ITS ACHIEVEMENTS AND AWARDS WON IN 2014 BY THE COMPANY'S YOUTH:

— THE 3RD PLACE IN THE 5TH REGIONAL INTER-SECTOR TOURIST JAMBOREE OF TRADE UNION ASSOCIATION OF GOMEL REGION;

— THE 2ND PLACE IN THE 10TH REPUBLICAN COMPETITION OF WELDERS;

— THE 1ST PLACE IN REGIONAL COMPETITION OF MILLING MACHINE OPERATORS AMONG THE YOUTH;

MSC TEAM OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» NAMED «ALL UP!» IS A PARTICIPANT OF PRESTIGIOUS REGIONAL FESTIVALS AND TOURNAMENTS OF THE MSC: CHAMPION OF GOMEL

LEAGUE OF KVN (=RUSSIAN ABBREVIATION) SEASON 2013-2014, FINALISTS OF INTER-REGIONAL LEAGUE OF KVN (=RUSSIAN ABBREVIATION) «POLESIE», SEMI-FINALISTS OF MOGILEV REGIONAL LEAGUE OF KVN (=RUSSIAN ABBREVIATION), HOLDER OF CUPS «LIKED BY AUDIENCE», «MISTER KVN» AT THE CUP OF KVN -2014 OF BYELORUSSIAN TRADE UNION OF INDUSTRIAL WORKERS.

### VETERANS' UNION

THE ORGANIZATION UNITES 2263 EX-EMPLOYEES AND PRESENT-TIME PENSIONERS, WHO MADE THEIR CONTRIBUTION INTO ESTABLISHMENT AND DEVELOPMENT OF THE BELARUSIAN STEEL 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 ORGANIZATIONS OF THE PLANT DURING VARIOUS EVENTS: ADMISSION TO MEMBERSHIP IN BRYU, INITIATION INTO METALLURGIST, GIVING-OUT DIPLOMAS AND PREMIUMS TO THE BEST YOUNG SPECIALISTS PARTICIPATING IN SCIENTIFIC AND TECHNICAL CONFERENCES.

IT HAS BECOME A TRADITION TO RENDER MATERIAL SUPPORT TO VETERANS, VISITING THEM AT HOME, CONDUCTING THE GALA NIGHTS OF HONORING THE HEROES OF ANNIVERSARY, ORGANIZATION OF EXHIBITIONS OF GARDENING SEASON GIFTS «GOLDEN SUNFLOWER» AND WORK OF THE AMATEUR CLUBS: «NEEDLEWOMAN», «MUSIC SALOON», «CHESS AND DRAUGHTS», «VETERAN CHOIR», «SPORT CLUB». THE TRADE UNION COMMITTEE ASSIGNED MORE THAN USD 6,2 FROM ITS FUND TO THE VETERANS UNION FOR DIFFERENT ARRANGEMENTS.

THE ORGANIZATION MEMBERS DON'T STAND ASIDE OF MASS EVENTS, SUCH AS WORKS-WIDE OLYMPICS IN VARIOUS

## Social activity



KIND OF SPORT; AMATEUR TALENT GROUPS COMPETITION «SONG AND WORK GO SIDE BY SIDE»; CAMPAIGNS FOR PROVIDING MATERIAL SUPPORT TO LOWER-INCOME FAMILIES, HANDICAPPED CHILDREN, VISITING EVENING PARTIES, CONCERTS, HOCKEY MATCHES OF THE FAVORITE TEAM IN THE ICE PALACE.

### Women's Union

IN 2004 ON THE BASIS OF THE FREE UNION THE WORKS WOMEN ESTABLISHED A PRIMARY ORGANIZATION «BELARUSIAN WOMEN'S UNION» PUBLIC ASSOCIATION. THE ORGANIZATION UNITES 1405 PEOPLE OR 37% OF THE WOMEN WORKING AT THE ENTERPRISE. THE ORGANIZATION IS HEADED BY A PRESIDIUUM CONSISTING OF 17 WOMEN – EMPLOYEES OF DIFFERENT STRUCTURAL DIVISIONS. THE ASSOCIATION ACTS CONSIDERING THEIR WILL AND INTERESTS, COOPERATES WITH OTHER PUBLIC ORGANIZATIONS STANDING ON THE PLATFORM OF DEMOCRATIC REFORMS IN THE REPUBLIC AND CONTRIBUTING TO STRENGTHENING SOCIAL JUSTICE AND PROTECTION OF THE POPULATION, DEFENDING WOMEN'S INTERESTS AND RIGHTS, INCREASING A WOMAN'S ROLE IN SOCIAL, ECONOMIC, PUBLIC AND CULTURAL LIFE.

THE UNION PRIORITY ACTIVITIES ARE:

- «WOMAN AND PRODUCTION»;
- «WOMAN AND FAMILY»;
- «HEALTHY LIFESTYLE»;
- «ORGANIZATIONAL-INFORMATION WORK».

THE ORGANIZATION HAS A SIGNIFICANT WORK EXPERIENCE AND MANY GOOD AND USEFUL ACTIVITIES. THEY ARE: PROPOSALS TO THE COLLECTIVE AGREEMENT, SOLVING PROBLEMS TOGETHER WITH THE TOWN AUTHORITIES, MEETINGS WITH INTERESTING PEOPLE.

MEMBERS OF THE WOMEN'S UNION PARTICIPATE IN INSPECTING THE PRODUCTION CULTURE AND LABOR CONDITIONS; ACTIVITIES FOR MATERNITY AND CHILDHOOD PROTECTION, CHILDREN HEALTH IMPROVEMENT AND STRENGTHENING OF THE FAMILY, TAKE PART IN CHARITY CAMPAIGNS.

THE WOMEN' UNION WORKS IN CLOSELY COOPERATES WITH THE REGIONAL SOCIAL SERVICE CENTRE. WOMEN OF THE

WORKS RECEIVE QUALIFIED LEGAL AND PSYCHOLOGICAL ASSISTANCE; THERE ARE A TRUST TELEPHONE LINE AND YOUNG FAMILY CLUB; TEACHER EDITIONS, BOOKLETS AND BROCHURES REGARDING THE ISSUES OF CHILD UPBRINGING AND WOMEN'S ISSUES ARE DEVELOPED AND GIVEN OUT TO THE PLANT'S WOMEN. IN COLLABORATION WITH THE CENTER CAMPAIGNS «DO GOOD», « «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

SOLDIERS-INTERNATIONALISTS WORK IN STRUCTURAL DIVISIONS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING». ISSUES OF THEIR LABOR, 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 YOUTH ORGANIZATIONS REGARDING PATRIOTIC UPBRINGING OF THE YOUNGER GENERATION.

THE WORKS SOLDIERS-INTERNATIONALISTS ANNUALLY TAKE ACTIVE PARTICIPATION IN:

– IN REGIONAL FESTIVAL OF AFGHAN SONGS AND EVENTS DEDICATED TO THE DAY OF MEMORY OF SOLDIERS-INTERNATIONALISTS;





— ANNUAL REGIONAL COMPETITION OF AFGHAN SONGS «TIME CHOSE US»;

— INTRODUCTION OF PROPER ORDER IN THE BURIAL PLACES OF SOLDIERS-INTERNATIONALISTS;

— RENDER ASSISTANCE TO PARENTS OF SOLDIERS-INTERNATIONALISTS.

TREE YEARS IN SUCCESSION ON THE INITIATIVE AND WITH PARTICIPATION OF THE MEMBERS OF THE ORGANIZATION OAO «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING» ISSUES A CALENDAR DEDICATED TO SOLDIERS-INTERNATIONALISTS.

### UNION OF YOUNG SPECIALISTS

1203 YOUNG EMPLOYEES WERE EMPLOYED AT BYELORUSSIAN STEEL WORKS IN 2014, INCLUDING: SPECIALISTS — 100 PERS.(8,3%), WORKERS — 1103 PERS. (91,7%). COUNCIL OF YOUNG SPECIALISTS RESPONSIBILITY IS TO RESOLVE ALL THE ISSUES RELATED TO YOUNG EMPLOYEES: THEIR ADAPTATION TO PRODUCTION, CAREER PATH, SCIENCE-TECHNICAL ACTIVITY, RATIONALISATION ACTIVITY. AN IMPORTANT PART OF WORK IS TO INCREASE BUSINESS AND CREATIVE ACTIVITY OF THE YOUTH, ORGANIZATION OF SCIENCE-TECHNICAL CONFERENCES AND PARTICIPATION OF YOUNG EMPLOYEES IN SUCH FORUMS, HELD BY OTHER ENTERPRISES, SHARING EXPERIENCE. 4 YOUNG EMPLOYEES OF THE COMPANY PARTICIPATED IN SCIENCE-TECHNICAL CONFERENCES OF YOUNG SPECIALISTS OF METALLURGICAL SECTOR IN RUSSIA IN 2014. REPRESENTATIVE OF BSW TOOK PLACE 3 AT THE CONFERENCE IN NOVOKUZNETSK. 155 YOUNG EMPLOYEES PARTICIPATED IN 14TH INTERNATIONAL CONFERENCE «METAL-2014», HELD BY THE COMPANY, AND 30 PRIZES WERE WON BY THEM. IN ADDITION TO THE YOUTH OF BYELORUSSIAN STEEL WORKS, APPROX. 50 GUESTS PARTICIPATED IN THE FORUM: REPRESENTATIVES OF INTEGRATED WORKS, STEEL CORD AND WIRE PRODUCTION, TYRE COMPANIES, PIPE SHOPS AND MACHINE-TOOL PLANTS, LEADING UNIVERSITIES OF CIS AND BUSINESS PARTNERS OF BSW.

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 AND DEVELOPMENT OF BYELORUSSIAN STEEL WORKS.

### UNION OF FOREMEN

THE UNION ORGANIZES ITS WORK IN CLOSE CONTACT WITH THE PERSONNEL SERVICES AND SOLVES URGENT ISSUES OF 600 FOREMEN OF THE COMPANY. THE UNION HOLDS PUBLIC DISCUSSION AND DEVELOPS RECOMMENDATIONS REGARDING THE ENHANCEMENT OF THE FOREMEN ROLE; PARTICIPATES 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.

IMPLEMENTING HUMAN RECOURCES DEVELOPMENT PROGRAM AND PREPARATION OF MANAGERS RESERVE, COUNCIL OF FOREMEN PARTICIPATED IN THE MEETING, HELD BY OAO «MINSK BEARING PLANT» IN 2014 SO THAT TO SHARE THE EXPERIENCE AND ENHANCE QUALIFICATION OF LINE MANAGERS OF HOLDING «BYELORUSSIAN METALLURGICAL COMPANY», ALSO PARTICIPATED IN PROBATION OF YOUNG SPECIALISTS GRADUATED IN 2014, PARTICIPATED IN ANALYSIS OF PERSONNEL FROM THE FOREMEN (SENIOR FOREMEN) RESERVE LIST, IN ANALYSIS OF HOW LABOUR PROTECTION SYSTEM IS USED AT THE ENTERPRISE, AWARDING THE





## Social activity



TITLE «FOREMAN OF I, II CLASS» (109 PERS. HAVE THIS HONORED TITLE AT THE ENTERPRISE WHICH GIVES THEM CASH BONUSES TO THE CONTRACT (5% AND 10%): 50 AND 59, CORRESPONDINGLY), SUMMARIZING AND SHARING THE EXPERIENCE OF THE BEST FOREMEN, NOMINEES AND WINNERS OF CONTEST «PROFESSIONAL OLYMPUS ». THE 3RD CONFERENCE OF THE COMPANY'S FOREMEN WAS HELD ON NOVEMBER 2014 AT BSW, WHERE REPRESENTATIVES OF THE COMPANIES FROM THE HOLDING TOOK PART.

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

THE UNION SOLVES ISSUES OF PLANNING, ORGANIZATION AND CONDUCTING OF SPORT WORK IN THE ENTERPRISE WORK TEAM. THE UNION CONFIRMS THE SCHEDULE OF CONDUCTING SPORT CONTESTS, TOURNAMENTS, COMPETITIONS AND SPORTIVE HEALTH-IMPROVEMENT PROGRAMS; CONSIDERS THE ISSUES OF THEIR MATERIAL AND FINANCIAL PROVISION. THE UNION ORGANIZES ALL-YEAR-ROUND SPORT COMPETITION OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN 15 KINDS OF SPORT AND OTHER SPORT EVENTS AT THE PLANT. IN 2014 THE UNION ORGANIZED AND HELD 57 SPORT EVENTS AND HEALTH PROMOTING EVENTS. NUMBER OF PARTICIPANTS EQUALED TO 590 PEOPLE.







## Responsibility for the goods produced

IN PURSUIT TO BE ONE OF THE BEST SUPPLIERS OF METAL PRODUCTS SO THAT TO ENHANCE SATISFACTION OF THE CUSTOMER, TO PRODUCE QUALITY GOODS, PROVIDE GOOD SERVICE, REDUCE RISKS OF MALFUNCTIONS DURING OPERATION, BSW CONSTANTLY IMPROVES MANAGEMENT AND ENHANCE PRODUCTION PROCESSES.

DIFFERENT METHODS ARE USED IN THE SEARCH FOR IDEAS. FMEA IS AMONG THEM, BRAINSTORMING, 8D, «FIVE WHY», «BENCHMARKING», SWOT – ANALYSIS, ETC. THE FOLLOWING IS TAKEN INTO ACCOUNT WHEN EVALUATING THE RISKS: PRODUCT FEATURES (IN PARTICULAR, ITS CONTENTS, PACKAGING, STORAGE CONDITIONS, GET-UP OF GOODS, MARKING), USER'S MANUAL.

IN SOME CASES THE REQUIREMENTS FOR PRODUCTS ARE MORE SEVERE THAN TECHNICAL DOCUMENTATION OF NATIONAL AND INTERNATIONAL ASSOCIATIONS OF COMMODITY PRODUCERS AND STANDARDIZATION ORGANIZATIONS SETS. ALL THIS GUARANTEES RESPONSIBILITY FOR PRODUCTION OF SAFE AND QUALITY PRODUCTS, MEETING THE REQUIREMENTS AND EXPECTATIONS OF THE CUSTOMERS IN FULL.

AS A CONFIRMATION OF PRODUCT TOP QUALITY, BSW HOLDS CERTIFICATES CONFIRMING CONFORMITY OF QUALITY MANAGEMENT SYSTEM WITH SUCH RECOGNIZED INTERNATIONAL STANDARDS AS, AS ISO/TS 16949, API Q1.

MANUFACTURER AND SUPPLIER OF RAW AND OTHER MATERIALS ARE RESPONSIBLE FOR DEFICIENCIES (HAZARD) OF THE GOODS, THAT IS WHY BSW DEVELOPS ITS

SUPPLIERS. FOR EXAMPLE, FROM 2011 BSW AMENDED CONTRACTUAL REQUIREMENTS FOR SUPPLIERS. ONE OF THE OBLIGATORY REQUIREMENTS WHEN RESOLVING QUALITY ISSUES IS USAGE OF «8D, SOLUTION TO DELIVERY 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.

INTRODUCTION OF THE PROCESS OF PROBLEM SOLVING DEVELOPED ON THE BASIS OF 8D METHOD (SYSTEM EXCLUSION OF PROBLEMS) WILL ALLOW THE SUPPLIERS FULLY FULFILL BSW REQUIREMENTS FOR MANAGEMENT OF CORRECTIVE AND PREVENTIVE ACTIONS.

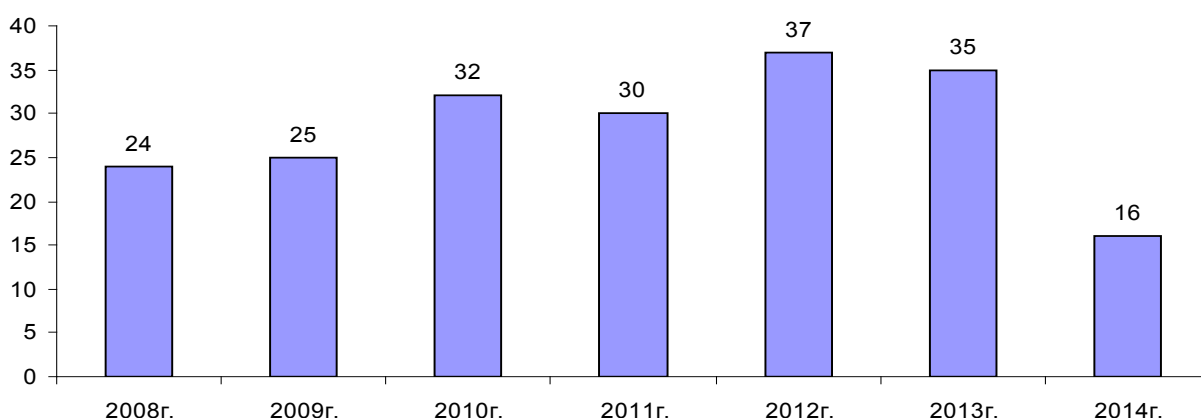
### GENERAL PROVISIONS

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 MARKING;
- MARKETING COMMUNICATION WITH CUSTOMERS AND SUPPLIERS;
- PRIVACY OF THE CUSTOMER'S EMPLOYEES;' LIFE;

### Number of external audits inspecting QMS (including customer audits) and products







– COMPLIANCE WITH THE ESTABLISHED REQUIREMENTS.

DURING PRODUCTION AND SALES, THE PLANT'S MANAGEMENT IMPLICITLY FOLLOWS PRINCIPLE 1 OF THE UN 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.

## PRODUCT LIFE CYCLE

OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» 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 AND ONE IS OF 4 STRANDS WITH BILLETS SIZE 250x300 AND 300x400 MM. THE HIGH TECH ROLLING PRODUCTION IS REPRESENTED BY A MODERNIZED SMALL-SECTION ROLLING



«...BYELORUSSIAN STEEL WORKS HAS ALWAYS BEEN A SUCCESSFUL, ADVANCED AND VERY PROGRESSING ENTERPRISE THROUGHOUT ALL ITS HISTORY. USING ITS BIG TECHNICAL POTENTIAL, EXPERIENCE OF PREVIOUS GENERATIONS AND LATEST DEVELOPMENTS, THE TEAM OF THE COMPANY EASILY TACKLES THE MOST CHALLENGING PROJECTS AND COMPLETES THEM PERFECTLY WELL...»

DIRECTOR OF OOO «TATNEFT-NEFTEKHIM»  
MANAGEMENT COMPANY A.F. VAHITOV

MILL 320, WIRE 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.

PIPE SHOP (PRODUCTION OF SEAMLESS PIPES) WAS COMMISSIONED IN JULY 2007. THE BASIC PROCESS EQUIPMENT OF THE SHOP IS PIPE ROLLING FACILITY, COMPOSED OF CONE TYPE PIERCER, 4-STAND PQF® (PREMIUM QUALITY FINISHING) AND STRETCH REDUCING MILL. IT IS POSSIBLE TO PROCESS THREE TYPES OF BILLETS OF OUTSIDE DIAMETER 140, 160 AND 200 MM.

PRODUCER OF THE MAIN PROCESS EQUIPMENT IS «SMS MEER» (GERMANY). CAPACITY OF THE COMPLEX IS TO 250 THOU. T. OF FINISHED PRODUCT SUBJECT TO PRODUCT MIX.

THE SHOP HOUSES ALSO FURNACES, ROLLING MILLS, BLADES FOR BILLETS AND BATCHES OF PIPES, FINISHING



## Responsibility for the goods produced



LINES, CONVEYOR SYSTEMS INSIDE THE SHOP, AS WELL AS AUXILIARY EQUIPMENT. SINCE THE PIPE SHOP WAS COMMISSIONED, WE HAVE LEARNED TO PRODUCE MORE THAN 250 ITEMS OF PIPES.

THE PIPES PRODUCED AT THE PLANT ARE USED IN MACHINE-BUILDING, OIL & GAS RECOVERY AND CONSTRUCTION INDUSTRY, COMMUNAL SERVICES.

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.

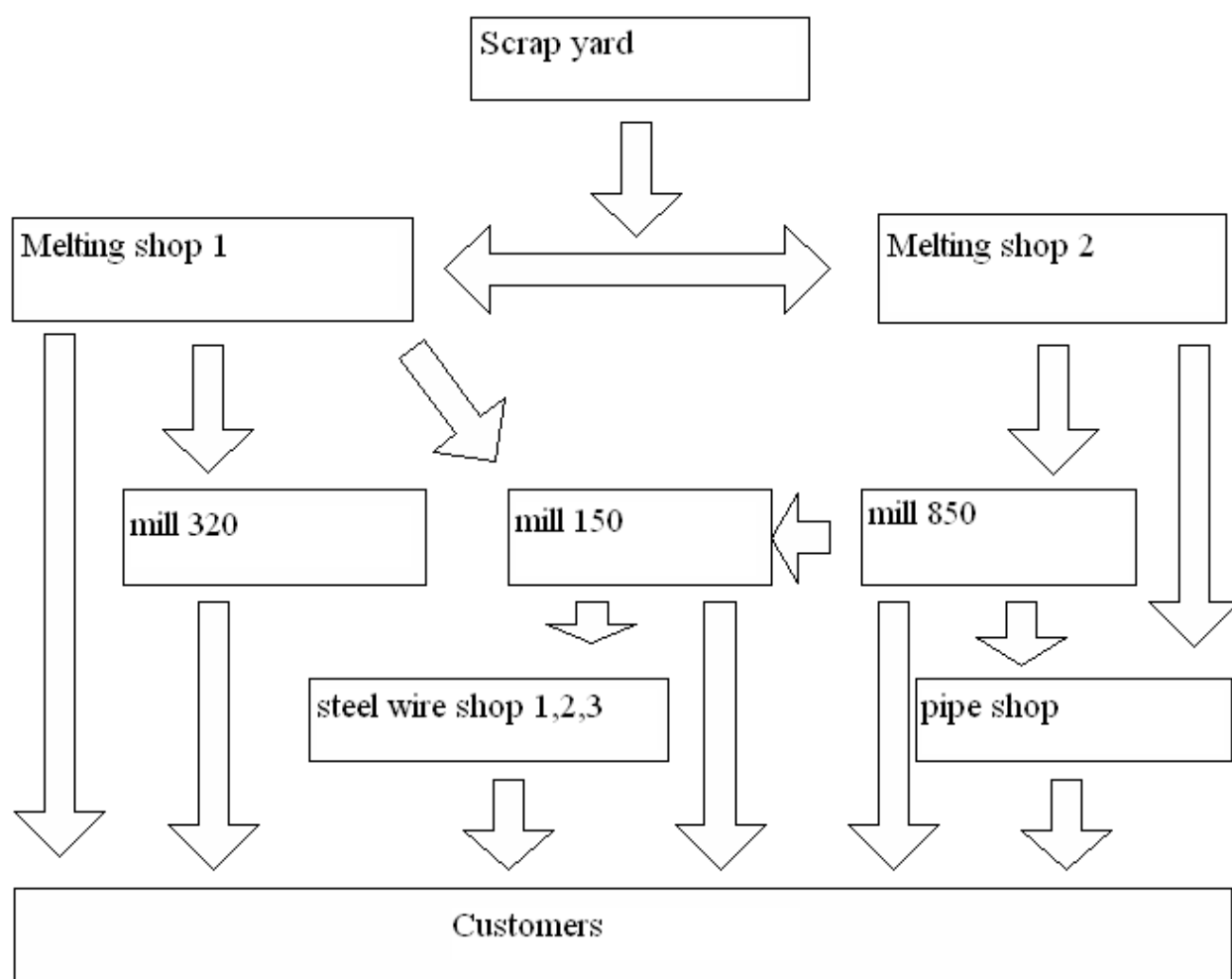
QUALITY OF PIPES AT DIFFERENT TRANSFORMATION STEPS IS UNDER CONTROL:

«LASUS» SYSTEM TO MEASURE WALL THICKNESS BY

LASOR, TWO EDDY CURRENT UNITS TO DETECT DEFECTS ON OUTER SURFACE, UT UNIT TO DETECT LONGITUDINAL DEFECTS ON THE SURFACE AND IN THE BODY OF A PIPE, LEAK-TIGHTNESS TEST BY HYDRO PRESS UNIT WITH PRESSURE TO 600 BAR.

STEEL CORD AND WIRE PRODUCTION IS COMPOSED OF THREE STEEL WIRE SHOPS, AND A DIE AND TARE SHOP.

STEEL CORD PRODUCTION IS A MOST COMPLICATED SCIENCE-INTENSIVE PROCESS, IN THE RESULT OF THIS PROCESS STEEL WIRE (DIAMETER TO 0,15 MM) WITH BRASS COATING IS PRODUCED FROM CONCAST BILLET 250x300 MM, CAPABLE OF SUSTAINING HIGH MECHANICAL LOADS. THE PLANT IS THE MAIN SUPPLIER OF SUCH WORLD-RECOGNIZED TIRE MANUFACTURES AS CONTINENTAL, MICHELIN, GOODYEAR, BRIDGESTONE, ETC.



Basic process cycles 1





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. IN ORDER TO SATISFY THE REQUIREMENTS OF CUSTOMERS, THE WORKS SPECIALISTS DEVELOPED A LONG LIST OF HOSE WIRE TYPES NOT FORESEEN IN THE PROJECT, INCLUDING HIGH TENSILE AND SUPER HIGH TENSILE. 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.

### CUSTOMERS' HEALTH AND SAFETY

MAIN CUSTOMERS OF OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» – 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.

BYELORUSSIAN STEEL WORKS IS AIMING AT PRODUCTION OF QUALITY GOODS AND SERVICES, ADVANTAGEOUS AND SAFE FOR THE CONSUMERS' HEALTH. THE BEST QUALITY ASSESSMENT 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.

PRODUCTION CERTIFICATION IN COMPLIANCE WITH THE REQUIREMENTS OF NATIONAL AND INTERNATIONAL STANDARDS WAS COMMENCED AT OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» IN 1991, AND HAS BEEN SUCCESSFULLY PERFORMED THEREAFTER. QUALITY AND SECURITY OF BYELORUSSIAN STEEL WORKS 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 2014 THE ENTERPRISE HOLDS 54 COMPLIANCE CERTIFICATES FOR VARIOUS TYPES OF PRODUCTS. QUALITY AND SECURITY OF THE COMPANY 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 MANAGEMENT SYSTEM EXISTING AT THE ENTERPRISE AND CERTIFIED FOR THE COMPLIANCE WITH STANDARD ISO/TS 16949:2009.

QUALITY MANAGEMENT SYSTEM IN THE HARDWARE PRODUCTION IS APPROVED BY THE REPRESENTATIVES OF WIRE CONSUMING COMPANIES: MICHELIN (FRANCE), CONTINENTAL (GERMANY), BRIDGESTONE (ITALY), GOODYEAR (LUXEMBOURG), EATON (USA, GERMANY), MANULI (ITALY), PARKER (ITALY), DIESSE (ITALY), ALFAGOMMA (ITALY), KNAPHEIDE (GERMANY), CORDIANT (RUSSIA), ETC., WHICH PERFORM THE COUNTERPARTY AUDITS.

THE CENTRAL PLANT LABORATORY IS ACCREDITED FOR THE COMPLIANCE WITH ISO/MEK 17025 REQUIREMENTS SINCE 2009 (BY DAKKS, GERMAN CERTIFICATION BODY).

IN 2011 OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING» TOGETHER WITH BELMET HANDELGESELLSCHAFT M.B.H. (LINZ, AUSTRIA), ITS REPRESENTATIVE IN EC COUNTRIES AND IN ACCORDANCE WITH REACH REGULATION No. EC 1907 ARRANGED



## Responsibility for the goods produced



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 BSW 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, THEREAT 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 SHEETS 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 TIRE CORD PACKAGE DAMAGE DURING TRANSPORTATION TO CUSTOMERS BY TRUCKS.

NOW WE TEST PROTECTIVE FRAMES OF CARDBOARD ANGLES TO PROVIDE FOR GOODS SAFETY DURING TRANSPORTATION BY TRUCKS.

### 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.

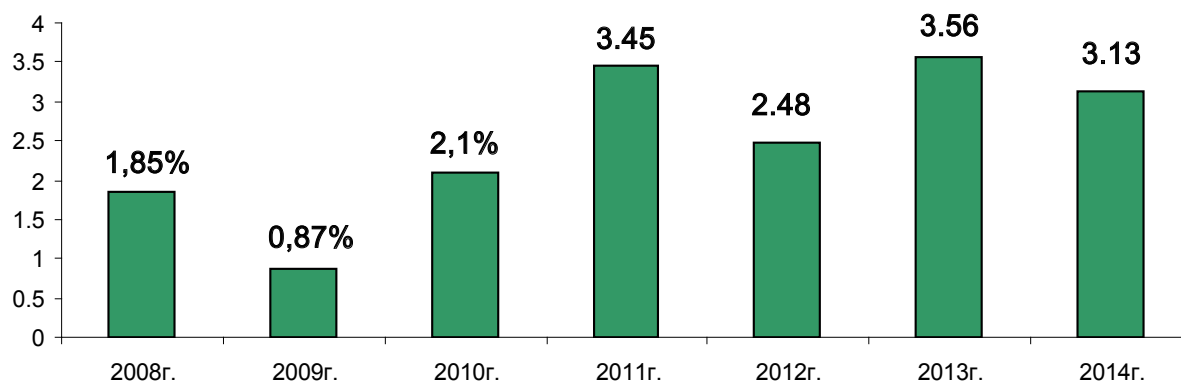
PACKING AND SHIPMENT ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE EXISTING PROCESS DOCUMENTATION WITH CONSIDERATION OF THE REQUESTS AND REQUIREMENTS OF THE CUSTOMERS STIPULATED IN THE CONTRACT.

FROM 2006 A PERMIT TO USE THE «CE» MARK ON STRUCTURAL STEEL ROLLED SECTION UNDER THE REQUIREMENTS OF DIRECTIVE 89/106/CE WAS RECEIVED FROM «CARES». IN 2013 THE PLANT HOLDS THE FOLLOWING CERTIFICATES OF CONFORMITY, ISSUED TO CONFIRM THE RIGHT TO APPLY CE MARK ON:

- HOT-ROLLED SEAMLESS HOLLOW PROFILES OF STRUCTURAL STEEL GRADES WITH STRENGTH GROUPS RANGING FROM S235 TO S460 IN COMPLIANCE WITH THE REQUIREMENTS OF ANNEXES A AND B OF DIN EN 10210-1:2006 AND DIRECTIVE № 305/2011 OF THE EC COUNCIL FOR CONSTRUCTION PRODUCTION AMENDED BY DIRECTIVE 93/68/EEC OF THE EUROPEAN COUNCIL (TUV NORD SYSTEMS (GERMANY));
- SEAMLESS PIPES, ROW H AND M, AND TYPES L, L1 AND L2 Ø 21,3-165,1 MM OF NON-ALLOY STEEL FOR WELDING AND THREADING IN ACCORDANCE WITH DIN EN 10255:2004+A1:2007 (TUV NORD SYSTEMS (GERMANY));



### Specific share of CE-marked products



— HOT-ROLLED STEEL BARS OF STRUCTURAL STEEL GROUPS S235 TO S450 IN ACCORDANCE WITH THE REQUIREMENTS OF DIN EN 10025-2:2005 AND DIRECTIVE № 305/2011 OF THE EC COUNCIL FOR BUILDING PRODUCTS AMENDED BY DIRECTIVE 93/68/ EEC OF THE EC COUNCIL (TUV NORD SYSTEMS (GERMANY));

— ANCHOR, WAVY AND STRAIGHT FIBER (MICROFIBER) IN ACCORDANCE WITH THE REQUIREMENTS OF DIN EN 14889-1:2006 AND DIRECTIVE № 305/2011 OF THE EC COUNCIL FOR BUILDING PRODUCTS AMENDED BY DIRECTIVE 93/68/ EEC OF THE EC COUNCIL (TUV NORD SYSTEMS (GERMANY)).

#### CE MARKING

IN 2014 WE RECEIVED SEVERAL MESSAGES FROM OUR CUSTOMERS REGARDING INCORRECT TIRE CORD BOX MARKING AND ONE REMARK REGARDING INCORRECT INDICATION OF BRONZE-PLATED BEAD WIRE DIAMETER. NOW BOXES WITH TIRE CORD ARE MARKED WITH LABELS OF DIFFERENT COLORS DEPENDING ON THE DIRECTION OF UNWINDING.

FOR BRONZE-PLATED BEAD WIRE A NEW LABEL WAS DEVELOPED INCLUDING LOT SHIPMENT DATA, AN ARROW INDICATING DIRECTION OF UNWINDING AND DESIGNATION OF THE DIAMETER.

#### MARKETING COMMUNICATIONS

MARKETING DONE BY BSW IS THE COMPETENCE OF MARKETING DPT.

THE TARGET OF ADVERTISING CAMPAIGN OF BSW IS TO MAKE A NAME, REPUTATION FOR THE COMPANY SO THAT LATER ON TAKE AND STRENGTHEN THE POSITION IN THE MARKET; PROMOTE SALES, ENHANCE EFFICIENCY AND VOLUME OF SALES.

#### MEANS OF PRODUCT PROMOTION PACKAGE:

1. ADVERTISEMENT IN MEDIA (PRESS, TV, RADIO, INTERNET, PRESS-CONFERENCES, PUBLIC SPEECHES).
2. EXHIBITIONS, FAIRS (ONE OF THE KEY ELEMENTS IN ADVERTISEMENT ACTIVITIES AND THEY SERVE AS A PLACE WHERE LOADS OF SELLERS AND BUYERS GET TOGETHER AT THE SAME TIME IN ONE SAME PLACE). BSW – ON A REGULAR BASIS – TAKE PART IN INTERNATIONAL EXHIBITIONS AND FAIRS IN BELARUS AND GERMANY.

BSW PUTS ADVERTISEMENTS IN THE MAGAZINES AND NEWSPAPERS OF BELARUS AND RUSSIA FOR REFERENCE ON A REGULAR BASIS: «KRUGOZOR SEGODNYA», «NOVY DZEN», «RESPUBLIKA», «ECONOMICS OF BELARUS», «GOMELSKAYA PRAVDA», «STROITELNAYA GAZETA», «ARCHITECTURE AND CONSTRUCTION», «STROIKA», «ZNAK KACHESTVA», «METALINFORM», «100 BEST PRODUCTS OF RUSSIA», «INFORMOBZOR», «STROITELSTVO I NEDVIZHIMOST», CATALOGUE «MADEN IN BELARUS», ETC.

3. PROMOTION OF PRODUCTS (SPECIAL CONDITIONS FOR REGULAR CUSTOMERS);
4. CATALOGUE BASED SALES;



## Responsibility for the goods produced



5. ELECTRONIC TRADING;
6. DIRECT MAIL ;
7. DIRECT SALES (PROMOTION OF PRODUCTS, INCLUDING VERBAL PRESENTATION OF THEM SO THAT TO SELL THEM TO POTENTIAL CUSTOMERS WHEN HAVING A DISCUSSION);
8. ANNUAL REPORTS OF THE COMPANY;
9. ADVERTISEMENTS STRUCTURES IN THE BUILDING OF NATIONAL AIRPORT (MINSK);
10. CREATION OF PRESENTATION VIDEO;
11. SHOWING ADVERTISEMENT VIDEO ON THE SCREEN IN FRONT OF METALLURGIST PALACE OF CULTURE.
12. ADVERTISEMENT OF BSW AT INTERNATIONAL AND NATIONAL SPORTS CONTESTS, NAMELY ICE HOCKEY, VOLLEYBALL, WEIGHTLIFTING, ETC.
13. EVERY YEAR BSW PARTICIPATES IN NATIONAL CONTEST 'THE BEST EXPORTER OF THE YEAR', THE RESULT OF 2014 IS THE WINNER'S CUP IN NOMINATION «METALLURGY».
14. SPONSORSHIP, CHARITY. BSW PARTICIPATED AS GENERAL PARTNER IN SUCH IMPORTANT EVENTS FOR GOMEL REGION AND THE COUNTRY IN GENERAL AS «GOMEL ECONOMIC FORUM» AND «FRIENDSHIP».

### MUTUALLY BENEFICIAL COOPERATION WITH CONSUMERS OF THE PLANT'S PRODUCTS

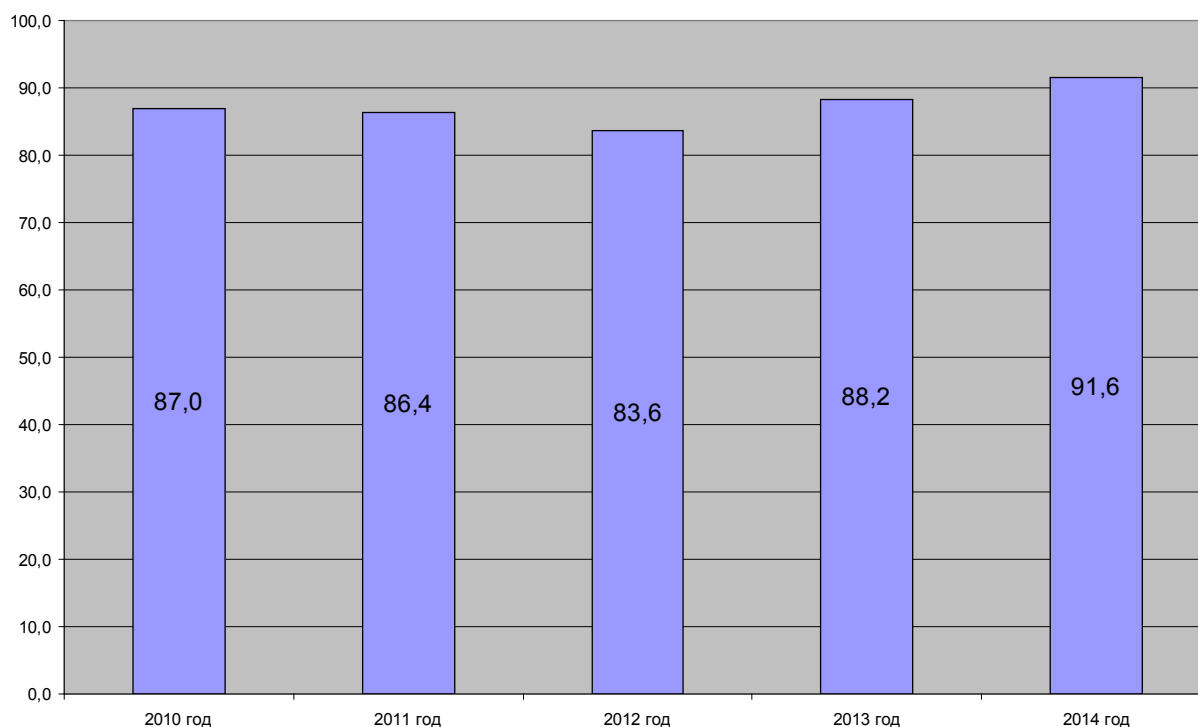
CLIENT BASE HAS BEEN FORMING BASED ON MANY YEARS OF COOPERATION BETWEEN BSW AND CUSTOMERS, TAKING INTO ACCOUNT RELIABILITY OF THE COMPANY (CHECKED BY ECONOMIC SECURITY DPT.), ITS SOLVENCY, ABILITY TO PERFORM OBLIGATIONS UNDERTAKEN, ABILITY TO DEAL IN THE MARKET IN DIFFERENT CONDITIONS (FALLING MARKET AND IMPROVING MARKET). TAKING INTO ACCOUNT THE GAINED EXPERIENCE IN PRODUCT OFF-TAKE, WE HAVE FORMED AND APPROVED THE LIST OF REGULAR CUSTOMERS, WHO GET THE NAME SUBJECT TO THE TASK SET FOR THEM AND SUBJECT TO ACHIEVED RESULTS: JOINT VENTURE, TRADE HOUSE, DISTRIBUTOR, TRADER, END USER.

WORK WITH CUSTOMERS IS ORGANIZED IN COMPLIANCE WITH THE CODE OF BUSINESS ETHICS OF OAO «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING».

COMPETITION HAS ITS CONSIDERABLE INFLUENCE ON ANY COMPANY. COMPETITION MAKES A COMPANY CLARIFY WHAT ARE THE REAL REQUIREMENTS OF SPECIFIC CUSTOMERS AND FORM A PRODUCT MIX, MEETING THE REQUIREMENTS OF CUSTOMERS IN FULL.

RELATIONS WITH COMPETITORS ARE DESCRIBED IN ETHICAL





*Customers' satisfaction in  
products of metallurgy, rolling, pipe and steel cord & wire production*

CODE OF BUSINESS CONDUCT, WHICH IS A COMPONENT PART OF «ETHICAL CODE» OF OAO «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING».

COMPETITION (BUSINESS) INTELLIGENCE IS A VERY IMPORTANT FUNCTION OF THE MODERN MANAGEMENT AND THE MAIN PRECONDITION FOR DYNAMIC DEVELOPMENT OF BUSINESS. TARGET OF COMPETITION INTELLIGENCE IS CONTRAPOSITION TO THE STRENGTHS OF COMPETITORS AND MAKING USE OF THEIR WEAKNESSES, TASK IS TO REVIEW COLLECTED INFO AND – ON THE BASIS IF IT – CREATE THE DATA, SUITABLE TO PRODUCE A MANAGEMENT DECISION.

MEETINGS, CONSUMER SURVEYS, DISCUSSING PROBLEMS WITH PARTNERS ALLOWS THE COMPANY TO FIND EFFICIENT WAYS TO RESOLVE EXISTING AND FUTURE PROBLEMS, IMPLEMENTATION OF POSSIBLE DIRECTIONS OF DEVELOPMENT AND ENHANCEMENT OF PRODUCTS.

ONE OF THE TASKS IS TO SURVEY THE CUSTOMERS. SURVEYING INCLUDES THE MOST IMPORTANT PARAMETERS FOR CUSTOMERS: TERMS OF PAYMENT, PRODUCT COST, PRODUCT DELIVERY, PLANNING PRODUCTION AND PRODUCT QUALITY. THE SURVEY SETS QUESTIONS FOR MEMBERS OF

COMMODITY DISTRIBUTION NETWORK AND END USERS OF PRODUCTS IN THE GLOBAL MARKET (EUROPE, AMERICA, MIDDLE EAST, AFRICA, SEA, CIS, RB).

REVIEW OF SURVEY RESULTS PROVES LOYAL ATTITUDE TO TRADE MARK «BMZ». PROPOSALS SENT BY CUSTOMERS ARE REVIEWED BY CORRESPONDING DEPARTMENTS OF THE PLANT, WHEN NEEDED, CORRECTIVE ACTIONS ARE DEVELOPED SO THAT TO EXCLUDE CUSTOMERS' CLAIMS IN THE ONGOING PERIOD OF TIME IN ORDER TO IMPROVE SATISFACTION OF CUSTOMERS IN FUTURE. MARKETING DPT. MAINTAINS FEEDBACK WITH CUSTOMERS. THE SURVEY SETS QUESTIONS FOR CLIENTS SO THAT TO SEE IF THE MARKET REQUIRES NEW TYPES OF PRODUCTS. TECHNICAL DPT. REVIEWS THE POSSIBILITY TO PRODUCE PRODUCTS, SPECIFIED BY CUSTOMERS. WHEN SURVEY TIME IS OVER, CUSTOMERS ARE NOTIFIED OF WHETHER OR NOT BSW CAN PRODUCE NEW TYPES OF PRODUCTS.

IN ORDER TO MARKET THE PRODUCTS BY MEMBERS OF COMMODITY DISTRIBUTION NETWORK, MEETINGS WITH END USERS ARE HELD, PARTICIPATION IN FAIRS, YEAR-LONG CONTRACTS ARE MADE, PARTICIPATION IN BONUS SYSTEM OF MAJOR CUSTOMERS. COMMERCIAL PROPOSALS ARE





## Responsibility for the goods produced

DISTRIBUTED, PARTICIPATION IN TENDERS. MORE FLEXIBLE AND ATTRACTIVE PAYMENT TERMS ARE CREATED. INDIVIDUAL APPROACH TO EVERY ORDER OF THE CUSTOMER, AS WELL AS PROFESSIONAL, QUALITY AND PROMPT RESPONSE TO THE INQUIRY OF EVERY CLIENT.

IN THE SURVEY ANSWERS THE CUSTOMERS SPECIFIED THE MOST IMPORTANT PROJECTS WHERE BSW PRODUCTS ARE USED: MOTORWAY S8 WALICHNOWY – LUBARTÓW, WALICHNOWY ŁÓDŹ, MOTORWAY S17 DĄBROWICA – LUBARTÓW. REINFORCEMENT OF MARINE PIER IN SWINOUŚCIE – SZCZECIN, IN ADMINISTRATION BUILDINGS: BUSINESS PARK A4, KATOWICE (STAGE 2), IMPRESSIO II WROCŁAW, DĘBOWE TARASY, KATOWICE (STAGE 3), RECONSTRUCTIONS, REPAIRS OF MANY BRIDGES IN BALTIC COUNTRIES AND SCANDINAVIA, NOVOVORONEZHSKAYA NUCLEAR POWER STATION, OLYMPIC GAMES FACILITIES IN SOCHI, MOSCOW-CITY AND BELARUSSIAN NUCLEAR POWER STATION, MINSK SUBWAY, AS WELL AS PRODUCTS FOR OIL COMPANIES OAO «LUKOIL», OAO «NK «ROSNEFT», OAO «TATNEFT», NFK «SALYM PETROLEUM», RUE PA «BELORUSNEFT», «KAZMUNAIGAZ», ETC.

AUGUST 2014: OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» WAS FOR THE FIRST TIME AUDITED FOR SOCIAL RESPONSIBILITY. AUDIT WAS MADE BY THE SECOND PARTY TO CHECK THE COMPLIANCE WITH CODE OF ETHICS OF SUPPLIER PIRELLI GROUP (ITALY) WITHIN THE REQUIREMENTS OF INTERNATIONAL STANDARD FOR SOCIAL RESPONSIBILITY SA 8000 BY REPRESENTATIVE OF BUREAU VERITAS (UKRAINE).

THE AUDIT EMBRACED EXISTING LABOUR PROTECTION ACTIVITY OF THE PLANT, ECOLOGY, INDUSTRIAL SAFETY, PERSONNEL-RELATED ACTIVITY, PRODUCTION AREAS WERE ASSESSED, WELFARE SPACES, CANTEENS AND HEALTH UNITS AT THE COMPANY, PERSONNEL WAS SURVEYED.

TODAY, GLOBAL CUSTOMERS OF OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» RAISE THE SUBJECT OF MEETING 10 PRINCIPLES OF GLOBAL COMPACT UNO MORE OFTEN (LIQUIDATION OF ALL FORMS OF FORCED LABOUR AND OBLIGATORY LABOUR, COMPLETE LIQUIDATION OF CHILD LABOUR AND LIQUIDATION OF DISCRIMINATION IN THE AREA OF LABOUR AND EMPLOYMENT, ETC).

### MUTUALLY BENEFICIAL COOPERATION WITH SUPPLIERS

ANOTHER EQUALLY IMPORTANT PARTY CONCERNED IS OUR SUPPLIERS PROVIDING THE PLANT WITH STOCK AND RAW MATERIALS FOR OUR PRODUCTION.

OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING» 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 OAO «BSW – MANAGEMENT COMPAY OF «BMC» HOLDING».

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.

SUPPLIES QUALITY ASSESSMENT IS REVIEWED AT THE PLANT QUALITY MEETINGS.

SO AS TO DEVELOP PARTNERSHIP RELATIONS AND IMPROVE QUALITY OF THE DELIVERED PRODUCT BY DEVELOPMENT OF THE MANAGEMENT SYSTEM WITH THE ACCEPTABLE SUPPLIERS ACCORDING

TO THE BULLETIN OF SUPPLIERS ASSESSMENT FOR THE PREVIOUS PERIOD SPECIALISTS OF THE COMPANY 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.

Supplier	Delivery quality index, %	Logistics, %	Loyalty to the plant, %	Actual data, %				
				2010	2011	2012	2013	2014
Excellent	IQL=95,1-100	100	100	37,20	32,05	55,22	52,43	60,23
Reliable	IQL=75,1-95	100	100	50,24	57,84	36,05	38,53	28,63
Acceptable	IQL=30,1-75,0	85-100	80-100	4,45	3,14	4,58	4,6	6,23
Unsatisfactory	IQL ≤ 30*	<85	<80	8,11*	6,97*	4,29*	4,43	4,9
* purchases from this supplier should be cancelled								

Criterion	2010	2011	2012	2013	2014
Percentage of certified suppliers (TCD supplier assessment bulletin data), %	44,2	49,4	36,48	43,4	56,1

## Interaction of the parties

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» COOPERATES WITH AN EXTENSIVE NUMBER OF THE PARTIES CONCERNED, WHICH GOES BEYOND THE FRAMEWORKS OF ITS PRODUCTION ACTIVITY. BYELORUSSIAN STEEL WORKS 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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

BYELORUSSIAN STEEL WORKS 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

BYELORUSSIAN STEEL WORKS IS A TOWN-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 BSW WAS THE BOILER HOUSE «SEVERNAYA» COMMISSIONED IN 1983.

DUE TO BSW 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 CENTER WITH A SKATING RINK AND AN AQUA-PARK. WITH THE HELP OF BSW FINANCING SPORTS GAME PALACE WAS BUILT.

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, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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.

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 «EXTERNAL IMPACT OF THE ENTERPRISE ON THE COMMUNITY, THE PLANT'S IMAGE IN THE TOWN». 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 BSW 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

BYELORUSSIAN STEEL WORKS' 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 BSW ON THE PART OF ALL INTERACTIVE GROUPS AND THE CIVIL SOCIETY.

2014 WAS AMBIGUOUS. SOME DIFFICULTIES WERE CONNECTED WITH THE GLOBAL ECONOMY TENDENCIES. STEELMAKING IS A RATHER LONG PRODUCTION CYCLE WHERE, AS A RULE, FINISHED PRODUCT PRICE DROPS QUICKER THAN IT COMPONENT PARTS PRICES: SCRAP, ALLOYING ELEMENTS. AT THE SAME TIME THE YEAR OF 2014 WAS A SPECIAL YEAR BECAUSE OF ABSOLUTELY ANOTHER REASON. THAT YEAR WE COMMISSIONED UPGRADED AND NEW FACILITIES. STARTED-UP FACILITIES (EAF-1, FUME TREATMENT PLANT-1, CCM-2, LIME KILN-3) AND OTHER IMPLEMENTED ACTIVITIES HAVE ALREADY BEEN FRUITFUL. IN PARTICULAR OUR MELTING SHOPS SET NEW PRODUCTION RECORDS (OF THE DAY, OF THE MONTH), ENERGY-SAVING FIGURES BECAME BETTER. ALL STRUCTURAL DIVISIONS MADE THEIR CONTRIBUTIONS INTO PLANT PERFORMANCE.

RECONSTRUCTION AND MODERNIZATION OF STEELMAKING REQUIRED LARGE INVESTMENTS (USD225,3 MILLION), THIS COULD NOT BUT TELL UPON THE AMOUNT OF CHARITY AND SPONSORSHIP. NEVERTHELESS, OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING» CONTINUED ITS PARTICIPATION IN SOLVING PUBLICLY IMPORTANT TASKS ON THE REGIONAL AND NATIONAL LEVEL. THE PLANT MANAGEMENT HAS A CLEAR UNDERSTANDING THAT CHARITY AND SPONSORSHIP CARRIED OUT BY THE PLANT DOES NOT ONLY HELP TO FORM THE IMAGE OF THE PLANT, BUT REALLY HELPS THOSE IN NEED TO IMPROVE THEIR LIVING STANDARD AND SOLVE IMPORTANT PROBLEMS.





## Interaction of the parties



IN 2014, THE PRIORITY DIRECTIONS OF CORPORATE CHARITY AND SPONSORSHIP WERE: ENVIRONMENT, SUPPORT OF SOCIAL FACILITIES IN THE AREA OF THE PLANT PRESENCE.

DISTRIBUTION OF FUNDS ALLOCATED BY THE PLANT FOR THIS PURPOSE IS GIVEN IN THE TABLE BELOW.

Category	2010	2011	2012	2013	2014
<b>Sponsorship, total (\$ thou.), including:</b>	9 485,9	16 400,6	15 814,3	1 228,3	1 644
<b>Financial aid to the development of physical culture and sports in the RB, total:</b>	7 168	9 589,5	8 581,8		
Aid to the «Hockey Club CJSC» «Metallurg-Zhlobin	3 978,0	7 922,6	7 322,2		
Aid to the SE «Gomel Volleyball Club, Ltd»	839,5	1 189,6	899,7		
Aid to football club «Zhlobin»		165,85			
Aid to UE «Belarusian biathlon club»		311,4	239,9		
Aid to the association «Hockey federation of RB»			120,0		97,8
<b>Financing of erection of a sport facility in Zhlobin</b>	2 350,5	5 049,5	4 738,6	788,7	
<b>Aid to third-party organizations, total:</b>	2 317,9	1761,6	2 493,9	227,3	
construction of the National Park «Prypiatsky	1 936,2				
ОАО «Автотремпроект»			239,9		
HE Kalinkovichy Central District Hospital				6,6	
ОАО «Legmash Plant»				216,0	
ОАО «Slutsky Plant «Emalposuda»				4,7	
ОАО «Sitomo»			250,7		
<b>Organizations of Zhlobin and Zhlobin district, including:</b>					
- district education department		21,4			
- repair of roads in Zhlobin		677			
- district organization «Belarusian union of Afghanistan war veterans»	4,7	4,5			
- making routine maintenance and major maintenance of housing facilities in Zhlobin					881
- making major maintenance with elements of modernization of «Rodina» cinema					323
- PE «Metallurgtorg»				1,1	
- PE «Paporotnoe»	377,0	1058,7	1 847,4	211,2	342,6
<b>Educational establishments, including</b>					
GSTU named after P.O. Sukhoi			89,8		
Zhlobin state metallurgical college			42,0		
SEE «Institute «Industrial Staff»			24,0		



BSW EMPLOYEES PERSONALLY PARTICIPATE IN CHARITY ACTIONS. DURING THE YEARS OF REALIZATION OF THIS DIRECTION, AN EFFECTIVE MECHANISM OF OPERATIVE ASSISTANCE TO PEOPLE HAS BEEN DEVELOPED. IN 2014 PLANT'S WORKERS ACTIVELY PARTICIPATED IN THE FOLLOWING CHARITY ACTIONS: «ALL CHILDREN ARE OURS», «DO GOOD», «WE TO CHILDREN», ETC. RESULTS OF PERSONAL PARTICIPATION OF THE EMPLOYEES IN CHARITY ACTIVITY ARE GIVEN IN THE TABLE BELOW.

Name of the action	Amount collected, USD				
	2010	2011	2012	2013	2014
Belarusian peace fund	3 533,8	437,8	343,7	259,1	
Red Cross Society	1 519,1	1452,6	1389,2	973,4	722
OSVOD	409,7	173	125,3		
National action "Our children"			414,5		
Republican public cultural action «Belarus is us!»	1 007,4				
«We to children» (children's district hospital, design and construction of children's hospice in Borovlyany, employee's assistance to medical treatment of children, assistance to the secondary school in Paporotnoe, State Educational Establishment «Zhlobin social- educational orphanage)	671,6	1369,0	964	1621,5	939,2
«Do good» (dedicated to disabled people day)	396,9	1412,3	6535,4	1114,7	1042
BSW youth to veterans		115,6	119,9		
"All children are ours" (collection of money for purchasing of school accessories together with the regional centre of social service )		674,1		1214,3	1348,4
For medical treatment and surgery of:					
– Elena Bliznyuk		640,6		30419,7	
– Yulia Reket		1178,9		3636,1	
– Aleksandr Furs		358			
«Kind hearts» (raising funds for companies employees and members of their families, who are in difficult situation)					12 395,5
«Giving a helping hand» (raising funds for outside individuals, who are in difficult situation)					1518,4
Donations to victims of the act of terrorism in Minsk underground		1010			
Issuing of the book "My pride – Zhlobin krai!"				292,9	
Minsk religious school		64,9			
The parish of St. Serafim Sarovsky church			159,5		
Reconstruction of the building of the local history museum in Zhlobin	1 800,0				
Construction of the church of St. John soldier-martyr in Zhlobin			796,5		
For construction of memorial, devoted to «Bagration» operation					2477,8
Total:	9 338,5	8 886,8	10 848,2	39 531,7	20 443,3



## Interaction of the parties



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 BSW REPUTATION AS A SOCIALLY RESPONSIBLE ENTERPRISE AND ACHIEVE THE HIGHEST SOCIAL AND ECONOMIC EFFICIENCY FROM THE MONEY SPENT ON CHARITY AND SPONSORSHIP PURPOSES.

### INTERACTION WITH MASS MEDIA

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING CLOSELY COOPERATES WITH THE REGIONAL MASS MEDIA BEING AN IMPORTANT CHANNEL OF APPLYING TO POTENTIAL AUDIENCE OF THE ENTERPRISE: PARTNERS, STATE STRUCTURES, CUSTOMERS, COMPETITORS, AND COMMUNITY. OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» REALIZES IMPORTANCE OF WORK IN THIS DIRECTION AND PAYS MUCH ATTENTION TO THE INFORMATION POLICY. THE ENTERPRISE CLOSELY COOPERATES WITH VARIOUS MASS MEDIA: NEWSPAPERS, JOURNALS INTERNET PORTAL AND INFORMS THE COMMUNITY ABOUT RESULTS OF ITS PRODUCTION ACTIVITY, IMPORTANT EVENTS AND ARRANGEMENTS, SUPPLIES ACTUAL AND RELIABLE INFORMATION.

FORMING ITS INFORMATIONAL POLICY, BSW AIMS AT OPENNESS AND TRANSPARENCY. ONLY SUCH APPROACH ALLOWS US TO BUILD UP EFFECTIVE RELATIONS WITH MASS-MEDIA AND AS A RESULT, TO ACHIEVE A HIGH LEVEL OF AWARENESS OF THE TARGET AUDIENCES.

DURING 2014 THE ACTIVITIES OF THE PLANT WERE COVERED BY NEWSPAPERS, 107 ARTICLES, 19 VIDEOS ON TV, 55 PUBLICATIONS ISSUED BY INFORMATION AGENCIES, 6 PUBLICATIONS IN LEADING INTERNET PORTAL, 64 INFORMATION MESSAGES AVAILABLE ON EXTERNAL SITE. MOREOVER, TWICE A YEAR «METALLURG» NEWSPAPER AND PLANT'S TELEVISION NEWS COME OUT. INFORMATION OF THE PLANT WAS GIVEN IN THE FOLLOWING NEWSPAPERS: «SOVETSKAYA BELARUSSIYA», «RESPUBLIKA», «NARODNAYA GAZETA», «ZVYAZDA», «BELARUSSKAYA STROITELNAYA GAZETA», «BELARUSSKAYA VOENNAYA GAZETA», «GOMELSKAYA PRAVDA», «ZNAMYA YUNOSTY», «BELORUSSKAYA NIVA», «NOVYI DEN» AND JOURNALS:

«ECONOMY OF BELARUS», «STATE CONTROL», «METAL – COURIER», «CASTING AND METALLURGY», «FERROUS METALLURGY», «STEEL» AND ON BELARUS 1, BELARUS 2, PUBLIC NATIONAL TELEVISION, CAPITAL TV, MIR TV CHANNELS AND GOMEL RADIO. REGULARLY, NOT LESS THAN TWO TIMES A MONTH, INFORMATION REPORTS ABOUT THE PLANT'S LIFE ARE PRINTED BY INFORMATION AGENCIES: «BELTA», «BELAPAN», «PRIME-TASS» AND ARE ALLOCATED ON OFFICIAL SITES OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE, GOMEL REGIONAL EXECUTIVE COMMITTEE, MINISTRY OF INDUSTRY, AND OTHER INTERNET RESOURCES.

KEY SUBJECTS COVERED BY EXTERNAL MASS MEDIA WAS MODERNIZATION OF THE PLANT. AND THIS IS JUSTIFIED BECAUSE ONGOING MODERNIZATION IS THE BIGGEST ONE IN THE HISTORY OF BSW: IT INCLUDES BOTH COMPREHENSIVE RECONSTRUCTION OF EXISTING FACILITIES AND CONSTRUCTION OF NEW FACILITIES. A LOT OF ATTENTION WAS PAID TO THE 30TH ANNIVERSARY OF BSW CELEBRATED ON OCTOBER 15. ENTERING NEW MARKETS, RECOGNITION OF 'BMZ' MARK AT PRESTIGIOUS CONTESTS, PUBLIC LIFE OF THE COMPANY.

SPECIALLY FOR OUR BUSINESS PARTNERS – SUPPLIERS, CUSTOMERS, FINANCIAL ORGANIZATIONS AND OTHER INTERESTED PARTIES A REVIEW OF BSW KEY NEWS HAS BEEN PREPARED SINCE NOVEMBER, 2013. IT IS PRINTED IN TWO LANGUAGES – ENGLISH AND RUSSIAN – AND EVERY QUARTER IT IS SUPPLIED VIA E-MAIL.

IN 2014 ON THE INITIATIVE OF BSW 4 PRESS-CONFERENCES WERE HELD WITH REPRESENTATIVES OF MASS-MEDIA TO DISCUSS THE FOLLOWING: «MODERNIZATION OF STEEL MELTING FACILITIES», «RECONSTRUCTION OF FUME TREATMENT PLANT-1», «PERFORMANCE OF THE COMPANY OVER THE 1ST HALF A YEAR AND PROSPECTS OF FURTHER DEVELOPMENT», «30TH ANNIVERSARY OF BYELORUSSIAN STEEL WORKS».

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» STRIVES FOR INFORMATIONAL OPENNESS AND TRANSPARENCY OF ITS ACTIVITY AS IT UNDERSTANDS THE IMPORTANCE OF INTERACTION AND EXCHANGE OF EXPERIENCE WITH ALL PARTIES CONCERNED. PRESS



RELEASES ARE PREPARED IN RELATION WITH ALL IMPORTANT EVENTS OF THE PLANT LIFE. ITS REGULAR DISTRIBUTION BASE INCLUDES 6 INFORMATION AGENCIES, 6 PERIODICALS, 5 TV CHANNELS, 4 INTERNET PORTALS.

SPEAKING ABOUT EFFECTIVE COMMUNICATION WITH TARGET AUDIENCES IT IS IMPORTANT TO UNDERLINE THAT BSW PAYS MUCH ATTENTION TO INTRODUCTION OF THE ENTERPRISE IN THE INTERNET ENVIRONMENT. MAIN NEWS OF THE COMPANY IS REGULARLY ALLOCATED ON ITS EXTERNAL SITE. IN 2014, OVER 60 NEWS WAS PUBLISHED THERE. RECENTLY, WORK WITH THE LARGEST AND MOST POPULAR BELARUSIAN INFORMATION PORTALS TUT.BY AND ONLINER HAS BEEN EXPANDED. SOME WORK IS CARRIED OUT IN SOCIAL NETWORKS. THANKS TO THE EXISTING SUBJECT GROUP «BSW: PLANT NEWS» ABOUT 1400 EMPLOYEES OF THE COMPANY RECEIVE KEY NEWS OF THE PLANT SIMPLY COMMUNICATING ON THE POPULAR WITH YOUNG PEOPLE RESOURCE «VKONTAKTE».

IN ACCORDANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» ENSURES FREE ACCESS TO THE INFORMATION, DEVELOPS EXTERNAL COMMUNICATION, AND ACKNOWLEDGES ITS READINESS FOR OPEN DIALOGUE WITH THE PARTIES CONCERNED.

### INTERACTION WITH AUTHORITIES

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» 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 A SMALL-SECTION MILL, AND RECONSTRUCTION OF THE STEELMAKING PRODUCTION WERE REGULARLY DISCUSSED BY THE GENERAL DIRECTOR AT HIS MEETINGS WITH DEPUTY PRIME MINISTER OF RB V.I. SEMASHKO, FIRST DEPUTY MINISTER OF INDUSTRY OF THE REPUBLIC OF BELARUS I.I. DEMIDOVICH, DEPUTY MINISTER OF INDUSTRY OF THE REPUBLIC OF BELARUS G.B. SVIDERSKI, DEPUTY CHAIRMAN OF GOMEL EXECUTIVE COMMITTEE B.K. PIRSHTUK DURING THEIR MULTIPLE VISITS TO BYELORUSSIAN STEEL WORKS.

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 11 PLANT EMPLOYEES BEING ELECTED TO LOCAL, REGIONAL AND REPUBLICAN REGULATORY BODIES:

- ZHLOBIN DISTRICT COUNCIL OF DEPUTIES – 10 PERS;
- GOMEL REGIONAL COUNCIL OF DEPUTIES – 1 PERS.

ALONGSIDE WITH THAT, OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» DID NOT PROVIDE DONATIONS IN FAVOR OF ANY POLITICAL PARTIES OR INDIVIDUAL POLITICIANS.





## Interaction of the parties



### 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. BY THE DECISION OF THE STATE COMMITTEE ON SCIENCE AND TECHNOLOGIES OF THE REPUBLIC OF BELARUS ADOPTED IN 2008 BSW WAS INCLUDED INTO THE REGISTER OF HIGH-TECH ENTERPRISES OF OUR COUNTRY.

SO AS TO STRENGTHEN ITS POSITIONS ON THE MARKET AND WITHSTAND TOUGH COMPETITION IT IS NOT ENOUGH FOR AN INDUSTRIAL ENTERPRISE TO SHOW GOOD PRODUCTION RESULTS. IT IS NECESSARY TO MANUFACTURE PRODUCTS CHARACTERIZED BY HIGH QUALITY AND OPTIMAL PRIME COST. BESIDES ONE SHOULD NOT FORGET ABOUT MEETING CUSTOMER REQUIREMENTS AND FILLING FREE MARKET NICHES WITH NEW TYPES OF PRODUCTS. ACHIEVEMENT OF ALL COMPONENTS OF SUCCESS IS IMPOSSIBLE WITHOUT SCIENTIFIC AND RESEARCH SUPPORT.

THE ENTERPRISE CLEARLY UNDERSTANDS THE IMPORTANCE OF INNOVATIVE ACTIVITY BEING A KEY TOOL OF THE PRODUCTION DEVELOPMENT AND PAYS MUCH ATTENTION TO IT. THERE ARE 7 CANDIDATES OF SCIENCE, 4 UNDERGRADUATES, 35 CANDIDATES FOR A MASTER'S DEGREE. THE COMPANY ESTABLISHED STRONG PARTNERSHIP RELATIONS WITH SUCH ESTABLISHMENTS AS BNTU, GSTU NAMED AFTER P.O. SUKHOI, FTI OF THE NAS OF UKRAINE, MISiS, FTI NAS OF BELARUS, OTHER DIVISIONS OF THE NAS OF BELARUS. THE PLANT COOPERATES WITH INSTITUTES OF POWDER METALLURGY, HOT-ROLLED METALS, METAL TECHNOLOGIES AND MECHANICS OF POLYMER SYSTEMS. SCIENTISTS DO A LOT FOR BSW, DEVELOPING SPECIAL TECHNOLOGIES. ECONOMIC EFFECT FROM THIS COOPERATION AMOUNTS TO HUNDREDS OF THOUSANDS USD. TO COORDINATE SCIENTIFIC RESEARCH ACTIVITY OF OAO «BSW-MANAGEMENT COMPANY OF «BMC» HOLDING AND NATIONAL ACADEMY OF SCIENCE OF BELARUS A SCIENTIFIC-PRODUCTION CENTER (SPC) WAS ESTABLISHED IN 2013 INCLUDING REPRESENTATIVES OF THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS, GOMEL REGIONAL EXECUTIVE

COMMITTEE, OAO RECHITSA HARDWARE PLANT, OAO «MOGILYOV METALLURGICAL PLANT», OAO «LEGMAH PLANT», OAO «MINSK BEARING PLANT», OAO «POLESIEELECTROMASH», NATIONAL ACADEMY OF SCIENCE OF BELARUS AND BYELORUSSIAN STEEL WORKS. CO-CHAIRMAN OF THE BOARD ARE: HEAD OF THE OFFICE OF NAS OF BELARUS ACADEMICIAN P.A. VITYAZ AND GENERAL DIRECTOR OF OAO «BSW - MANAGEMENT COMPANY OF «BMC» HOLDING» A.N. SAVIANOK.

A PARAMOUNT TASK THE SPC FACES IS INCREASE OF THE EFFICIENCY OF WORK OF THE ENTERPRISE DUE TO RECONSTRUCTION, MODERNIZATION AND IMPROVEMENT OF THE PRODUCTION PROCESSES SO AS TO IMPROVE QUALITY OF PRODUCTS AND INCREASE PRODUCTIVITY.

TO SOLVE THE ABOVE TASK, BSW RESEARCH CENTER CONTINUES TO DEVELOP A COMPLEX OF MEASURES AIMED AT EXPANSION OF DURATION OF STEEL FURNACES CAMPAIGN AND STEP-BY-STEP INCREASE OF THE REFRACTORY LIFE UP TO 1000 HEATS. SPECIALISTS OF RC DID A LOT TO SUBSTITUTE IMPORTS. DURING RECENT TWO YEARS THEY HAVE DEVELOPED THE TECHNOLOGY TO PRODUCE HIGH CARBON WIRE ROD WITH CARBON CONTENT 0,92-0,96 %, ALLOYED BY CHROMIUM FROM STEEL GRADE 96K+Cr, MEANT FOR PRODUCTION OF ULTRA HIGH STRENGTH CONSTRUCTIONS OF STEEL CORD. BEFORE THIS KIND OF WIRE ROD WAS IMPORTED FROM WEST EUROPE. AT PRESENT, ALL ULTRA HIGH TENSILE STEEL CORD, USED BY MAJOR GLOBAL TYRE MANUFACTURERS, IS PRODUCED FROM IN-HOUSE WIRE ROD. TO MAKE IT POSSIBLE, THE SPECIALISTS DEVELOPED REGIMES AND OPTIMIZED SECONDARY METALLURGY TECHNOLOGY, CASTING, COOLING OF ROLLED PRODUCT IN MILL 150, ETC. NOW RC SPECIALISTS ARE WORKING ON INTRODUCTION OF THE PROCESS TO PRODUCE STEEL GRADES WITH HOPMIPOBAHHIM NITROGEN CONTENTS, DEMANDED BY EUROPEAN CAR MAKERS. WORK IN THIS AREA IS NEEDED FOR BSW TO GET APPROVAL AS A SUPPLIER OF SUCH PRODUCT. AND THIS WILL HELP TO ARRANGE DELIVERIES OF ROLLED PRODUCT FROM NEW BAR & WIRE ROD MILL, BECAUSE THE PRODUCT FROM THIS MILL WILL BE USED BY AUTOMOTIVE SECTOR AS WELL.



COOPERATION OF BYELORUSSIAN STEEL WORKS AND SCIENCE HAS A MANY-SIDED CHARACTER. THE ENTERPRISE ACTS TOGETHER WITH LEADING HIGHER EDUCATIONAL ESTABLISHMENTS OF THE COUNTRY IN TRAINING PROGRESSIVE ENGINEERS. SEMINARS AND REFRESHER TRAINING OF MANAGERS AND SPECIALISTS OF THE COMPANY IS ORGANIZED ON THE BASIS OF HIGHER EDUCATIONAL ESTABLISHMENTS OF THE COUNTRY, PRACTICAL TRAINING AT BSW IS ORGANIZED FOR STUDENTS OF INSTITUTES AND UNIVERSITIES. BEING A PARTICIPANT OF THE STATE PROGRAM OF EDUCATING AND TRAINING OF SPECIALISTS IN FOREIGN ECONOMIC ACTIVITY, BYELORUSSIAN STEEL WORKS ARRANGED PRACTICAL TRAINING FOR STUDENTS OF THE CORRESPONDING DEPARTMENTS OF BELARUSIAN STATE UNIVERSITY, BELARUSIAN STATE ECONOMIC UNIVERSITY, GOMEL STATE UNIVERSITY NAMED AFTER F. SKARYNA 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 BSW SO AS TO 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.

PROGRAMS OF TRAINING COURSES FOR TEACHERS OF THE UNIVERSITY IN DIVISIONS OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» AND TEACHERS OF THE PLANT'S TRAINING CENTRE IN EE GSTU NAMED AFTER P.O. SUKHOI.



## Medium-term targets of the enterprise

THE FOLLOWING KEY TARGETS OF SOCIAL AND ECONOMIC DEVELOPMENT OF THE PLANT ARE PLANNED FOR 2015:

### 1. PRODUCTION, FINANCES AND ECONOMY:

1.1 PROFITABILITY OF SALES IN THE INDUSTRY, NOT LESS THAN, %	7,0
1.2 STEEL EXPORT COMPARED TO THE LEVEL OF 2014, NOT LESS THAN, %	104,5
1.3 PRODUCT, WORK AND SERVICES SALE EARNINGS CALCULATED PER ONE AVERAGE PAYROLL EMPLOYEE, NOT LESS THAN, MLN. RUB.	1509,7
1.4 RELATION OF STEEL EXPORT AND PRODUCTION OUTPUT NOT LESS THAN %	85,0
1.5 ENERGY-SAVING FIGURE, %	-5,9
1.6 FINISHED PRODUCT STOCK RATE, %, NOT ABOVE	30,0

### 2. QUALITY

2.1 LEVEL OF REJECTS DUE TO PRODUCTION SHOPS, NOT ABOVE, %	SET BY ORDER № 2
2.2 LEVEL OF NON-CONFORMING PRODUCTS, NOT ABOVE, %	SET BY ORDER № 2
2.3 LEVEL OF EXPENSES DUE TO DEFECTS PER Br1000. OF MARKETABLE PRODUCTS, MAX, %	3,69
2.4 RATING OF CUSTOMER'S SATISFACTION, MIN, %	
- STEELMAKING PRODUCTION	91,5
- ROLLING PRODUCTION	93,7
- PIPE PRODUCTION	91,5
- TIRE CORD AND STEEL WIRE PRODUCTION	95,0
2.5 TOTAL PLANT AMOUNT OF CLAIMED PRODUCTS, MAX, PPM	SET BY ORDER № 2

### 3. ENVIRONMENT

3.1 SPECIFIC EMISSION OF CONTAMINANTS IN THE AIR BY EAF -1 EMS-1 AS COMPARED TO THE LEVEL OF 2014, %	REDUCE BY 20%
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### 4. LABOUR PROTECTION AND INDUSTRIAL SAFETY

4.1 NOT TO ALLOW ON-THE -JOB INJURY GROWTH AS COMPARED TO 2014	
4.2 IMPROVEMENT OF CONDITIONS AND ENSURING OF LABOUR SAFETY FOR THE SHOP WORKERS, PERSONS	237
4.3 IMPROVEMENT OF PRODUCTION ENVIRONMENT OF SHOP EMPLOYEES, PERS.	343
4.4 IMPROVEMENT OF SANITARY CONDITIONS FOR THE SHOP WORKERS, PERS.	20
4.5 IMPROVEMENT OF DRINKING CONDITION FOR SHOP EMPLOYEES, PERS.	134

### 5. SOCIAL RESPONSIBILITY

5.1 TRAINING OF MANAGERS AND SPECIALISTS, PERS.	1257
5.2 PROFESSIONAL TRAINING OF WORKERS, PERS.	3456
5.3 GENERAL SATISFACTION OF THE PERSONNEL, MIN, %	72,0
5.4 WAGES AND SALARIES GROWTH RATE, MIN, %	105,0
5.5 EMPLOYEE TURNOVER, MAX, %	5,0



### List of acronyms used

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	European Fund of Quality Management
ISO	International Organization for Standardization
OHSAS	Professional health and labour safety management system
SA 8000	International standard «Social responsibility 8000»
BSW	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
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
mln	million
bn	billion
mm	millimeter
MSD	Clinic
MTZ	Minsk tractor plant
IFRS	International Finance Reporting System
NAS	National academy of science



## ПРИЛОЖЕНИЯ / ANNEX

NP	National park
IWD	Information and ideological work department
UNO	United Nations Organization
LPD	Labour protection department
ISD	Industrial safety department
ODS	Ozone depleting substances
QAD	Quality assurance department
DGCU	Dust and gas collecting unit
MPC	Maximum permissible concentration
PA	Production association
RB	Republic of Belarus
EW&S	Executive workers and specialists
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
ЦПОЛ	Цех переработки огнеупорного лома
EMS	Electric melt shop



**Table of standard reporting components of GRI (G3) manual**

GRI index	Description	Reference in the report, page
1	<b>Strategy and analysis</b>	
1.1	Declaration of the General Director, the Chairman of the Board of the directors	6, 7
1.2	Key impacts, risks and possibilities description	16, 30, 63, 65, 66, 71-73, 88, 90, 94, 101, 102, 108, 109, 112, 146, 150-152
2	<b>Description of the organization</b>	
2.1	Name of the organization	36
2.2	Main brands, types of products and (or) services	12, 36
2.3	Functional structure of the organization including the main subdivisions, operational companies, daughter companies and joint-ventures	37
2.4	Location of the central office	9, 36
2.5	Countries (regions) where organization is functioning and which are most significant from the point of view of the questions of sustainable development covered by the report.	36, 43
2.6	Nature of the ownership and legal and organizational form	36

**Table of standard reporting components of GRI (G3) manual**

2.7	Markets where the organization is working (including the geographical breakdown, the sectors serviced, the categories of the consumers and the beneficiaries)	40, 70
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	28, 32, 37, 42, 64, 94
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	40, 47, 107, 120, 129
3	<b>Report parameters</b>	
<b>GENERAL INFORMATION ABOUT THE REPORT</b>		
3.1	The reporting period (for example, financial/calendar year) to which the submitted information refers to	8
3.2	The date of publication of the latest previous report (if any)	8
3.3	Reporting cycle (annual, two-year etc.)	8
3.4	Contact information about the report and its contents	9, 59



SCOPE AND BOUNDARIES 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.	8, 51, 57, 126
3.6	Bounds of the report (countries/regions, subdivisions/units/joint-ventures / daughter companies)	9
3.7	Indicate any limits of the scope or the bounds of the report	9, 51
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 character and meaning of any fresh wording of information, not used in previous reports, as well as grounds for such fresh wording (for example, merger/takeover, change of reporting periods, nature of business, 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. If the confirmation is not attached to the report in the area	58, 59

**Table of standard reporting components of GRI (G3) manual**

4	<b>Control, obligations and interaction with the parties concerned</b>	
<b>MANAGEMENT</b>		
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	37
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	50, 51, 73, 89, 111, 126-129, 133
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)	103
4.6	The existing processes in the top managing body called upon to avoid conflicts of interests	57, 73, 92, 97, 126, 129
4.7	Processes to evaluate qualifications and competence of members of top managing body, required to determine the strategy of organization with regard to economic, environmental and social subjects	96
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	24, 54, 60, 63, 72, 73, 77, 79, 89, 92, 93, 96, 97, 103, 107-109, 113
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	8, 24, 25, 34, 51, 59, 60, 64, 66, 72, 73, 77, 79, 92, 96, 98, 102, 109, 130





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	12, 25, 28, 31, 51, 56, 57, 64, 66, 72, 73, 77, 79, 93, 96, 102, 109
<b>PARTICIPATION IN EXTERNAL INITIATIVES</b>		
4.11	Explain, if and how the organization uses principle of precaution	13, 30, 31, 34, 56, 59, 66, 72, 73, 77, 109, 146
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	77, 81, 86, 129, 146, 151
4.13	Membership in associations (for example, branch) and/or national and international organizations defending interests	57, 129, 130, 146, 151
4.14	List of the interested parties with which the organization cooperated	56, 101, 102, 126, 146, 151
4.15	Base for determination and selection of the interested parties for further cooperation with them	57, 70, 77, 94, 101, 102, 126, 146, 151
4.16	Approaches to cooperation with the interested parties including frequency of cooperation by forms and interested groups	31, 52, 57, 63, 77, 101, 102, 126, 146, 151
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	31, 52, 57, 77, 101, 126
<b>Indices of economical efficiency</b>		
<b>ECONOMICAL EFFICIENCY</b>		
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)	64, 65, 102, 103, 107, 123, 128, 129, 131, 146

**Table of standard reporting components of GRI (G3) manual**

EC2	Financial aspects and other risks and possibilities for organization's activity related to change of the climate ( basic)	24, 29, 67, 80, 81
EC3	Security of the obligations of the society linked to the pension plans (basic)	123, 128, 131
EC4	Financial assistance from the government (basic)	69
<b>PRESENCE ON MARKETS</b>		
EC5	Relation of the initial salary and the fixed minimum salary in the significant regions of the organization's activity (basic)	105
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)	32, 93, 94, 96, 97
<b>INDIRECT ECONOMICAL INFLUENCE</b>		
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)	24, 30, 65, 79, 102, 107, 113, 129, 131, 146, 153
EC9	Description of the significant indirect economical influences including the area of influence (additional)	24, 30, 32, 64, 65, 79, 94, 101, 102, 113, 131, 146, 153
<b>Indicators of ecological efficiency</b>		
<b>MATERIALS</b>		
EN1	Used materials with the specification of weight or volume (basic)	36, 78



EN2	Percentage of the materials representing processed or recycled wastes (basic)	78
<b>ENERGY</b>		
EN3	Direct use of energy with the indication of the primary sources (basic)	78, 80, 81
EN4	Indirect use of energy with the indication of the primary sources (basic)	78, 80, 81
EN5	Energy saved as a result of the measures taken to decrease consumption of power and to increase efficiency of energy (additional)	78, 80, 81
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	30, 78, 80, 81, 89
EN7	Initiatives to decrease indirect consumption of energy and the decrease achieved (additional)	30, 78, 80, 81, 89
<b>WATER</b>		
EN8	Total amount of taken water by sources (basic)	84, 102
EN9	Water sources, which are considerably influenced by water intake structure of organization (additional)	84
EN10	Per cent and total volume of water used many times or reusable water (additional)	84

**Table of standard reporting components of GRI (G3) manual**

<b>BIOVARIETY</b>		
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)	74, 75, 78
EN12	Description of important activity influences, products, services on biovariety on guarded territories with high value of biovariety outside its borders (basic)	74, 75, 78
EN13	Preserved or restored habitats (additional)	74, 75, 78, 89, 131
EN14	Strategies, actions and future control plans of impact on biovariety	74, 75, 78
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)	74, 75, 78
<b>EMISSIONS, DISCHARGE AND WASTES</b>		
EN16	Full direct and indirect emission of hothouse gases with the indication of the weight (basic)	80, 81
EN17	Other significant indirect emissions of hothouse gases with the indication of the weight (basic)	80, 81
EN18	Initiatives to decrease emissions of hothouse gases and the decrease achieved (additional)	31, 80, 81, 89
EN19	Emissions of ozone-depleting substances with the indication of the weight (basic)	83, 89



EN20	Emission of NO <sub>x</sub> , SO <sub>x</sub> and other significant polluting substances to the atmosphere with the indication of the weight (basic)	80
N21	Total amount of discharged wastes indicating the quality of the sewage water and the receiving unit (basic)	84
EN22	Total amount of the wastes with the breakdown by type and method of handling (basic)	84
EN23	Total amount and quantity of considerable spills (basic)	86
EN24	Amount of transported, imported, exported or processed wastes being «dangerous» according to Annexes I, II, III и VIII of Basel convention (additional)	86
EN25	Characteristics, size, status of protection and value from 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	
<b>PRODUCTION AND SERVICES</b>		
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)	31, 81, 86, 89
EN27	Portion of the products sold and its packing materials returned to the producer for processing with the breakdown by categories (basic)	86
<b>CONFORMITY TO THE REQUIREMENTS</b>		
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)	90



**Table of standard reporting components of GRI (G3) manual**

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)	90
GENERAL		
EN30.	Total costs and investments in protection of the environment with the breakdown by types (additional)	89, 90
<i>Indicators of the efficiency of the approaches to labor organization and worthy labor</i>		
EMPLOYMENT		
LA1	Total quantity of manpower by the type of employment, occupation agreement and region (basic)	94
LA2	Total number of the personnel and employee turnover by age group, sex and region (basic)	95
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)	103, 128
INTERRELATIONS BETWEEN THE EMPLOYEES AND THE MANAGING BODY		
LA4	Portion of the employees covered by the collective agreements (basic)	125, 127
LA5	Minimum period (periods) of notification concerning considerable changes in the organization's activity and its determination in the collective agreement (basic)	125
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)	110, 111, 132



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)	110
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)	54, 98, 111, 132
LA9	Reflection of health and safety problems in official agreements with the trade union (additional)	125, 127, 132
<b>TRAINING AND EDUCATION</b>		
LA10	Average number of hours per an employee in a year by categories of the employees (basic)	98
LA11	Programs for development of skills and education aimed to support employees capability to employment and support them when their career terminates	88, 94, 96-98, 111, 121
LA12	Percentage of employees for whom periodic assessment of career effectiveness and development are carried out	96
<b>VARIETY AND EQUAL POSSIBILITIES</b>		
LA13	Structure of the organization's top management and the staff by sex and age indicating the minorities and other indices of variety (basic)	95
LA14	Relation between the average salary of men and women by categories of the staff (additional)	103
<b>Efficiency indicators: human rights</b>		
<b>PRACTICE OF INVESTMENTS AND PURCHASES</b>		
HR1	Share of important investment agreements including clauses guaranteeing human rights or being assessed from the point of view of human rights (basic)	90

**Table of standard reporting components of GRI (G3) manual**

HR2	Portion of important suppliers and contractors from the point of view of human rights (basic)	
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)	111, 126
<b>BANNING OF DISCRIMINATION</b>		
HR4	Total number of cases of discrimination and taken measures (basic)	125
<b>FREEDOM OF ASSOCIATION AND HOLDING OF COLLECTIVE NEGOTIATIONS</b>		
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)	96, 125, 126
<b>CHILD LABOR</b>		
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)	125
<b>FORCED AND MANDATORY LABOUR</b>		
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)	125
<b>APPROACHES TO SECURITY</b>		
HR8	Portion of the security staff trained in the policies and procedures related with the human rights connected with the realized activity (additional)	88, 98, 111, 125
<b>RIGHTS OF NATIVE AND SMALL NATIONS</b>		
HR9	Total number of violations of the rights of native and small nations and taken measures (additional)	



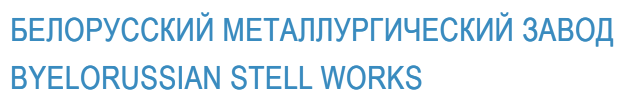
<i>Indicators of efficiency of interaction with the community</i>		
COMMUNITY		
SO1	Programs and actual approaches in the field of evaluation of the influence of the organization's activity on the local communities and control of this influence, covering the beginning of the activity, its implementation and completion (basic)	58, 72, 77-79, 86, 88, 89, 129, 131, 146, 147
CORRUPTION		
SO2	Portion and total number of business units analyzed from the point of view of risks connected with corruption	59
SO3	Portion of employers trained in the anticorruption policies and procedures of the organization (basic)	59, 99
SO4	Measures taken to prevent corruption (basic)	59, 96
STATE POLICY		
SO5	Position in respect of the state policy and participation in formation of the state policy and lobbying (basic)	10, 14, 65, 127, 151
SO6	Total amount (in natural and money terms) of donations to political parties, politicians and the organizations connected with them by countries (additional)	151
OBSTACLES TO COMPETITION		
SO7	Practical approaches to avoid monopolistic practice and the results of their application (additional)	59
CONFORMITY TO REQUIREMENTS		
SO8	Conformity to the law and standard requirements (basic)	60, 63, 69, 73, 77, 86, 88, 98, 109, 127, 146

**Table of standard reporting components of GRI (G3) manual**

<i>Indicators of efficiency: responsibility for production</i>		
<b>HEALTH AND SECURITY OF A CUSTOMER</b>		
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)	108
PR2	Correspondence with the standard norms and voluntary codes related to the influence of products and services on health and safety (additional)	108
<b>PRODUCTS AND SERVICES MARKING</b>		
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)	140
PR4	Standard requirements and voluntary codes related to the information about the properties of products and services and marking (additional)	140
PR5	Practices related to the satisfaction of a customer including the results of investigation of the level of a customer's satisfaction (additional)	139, 142
<b>MARKETING COMMUNICATIONS</b>		
PR6	Programs to ensure conformity with the legislation, standards and voluntary codes in the area of marketing communications including advertising, promotion of products and sponsorship (additional)	40, 65
PR7	Correspondence to the standard requirements and voluntary codes related to marketing communications including advertising, promotion of products and sponsorship (additional)	40, 102, 146, 150, 152
<b>INVIOABILITY OF THE PRIVATE LIFE OF A CUSTOMER</b>		
PR8	Total number of legitimate complaints regarding the violation of the private life of a customer and loss of customer's data (additional)	
<b>CORRESPONDENCE WITH REQUIREMENTS</b>		
PR9	Monetary value of considerable penalties for violation of the law and the standard requirements related to the delivery and use of products and services	

*Table of conformity to the GRI elements and indices is prepared with the help of the Manual of accounting in the area of sustainable development of the Global Reporting Initiative (revision 3)*





## DEAR READERS!



YOU HAVE JUST GOT ACQUAINTED WITH THE SOCIAL REPORT OF OPEN JOINT STOCK COMPANY «BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF «BYELORUSSIAN METALLURGICAL COMPANY» HOLDING». YOUR OPINION ON THIS DOCUMENT WILL BE HIGHLY APPRECIATED

AND YOUR COMMENTS AND PROPOSALS WILL BE TAKEN INTO CONSIDERATION IN FUTURE REPORTS AS MUCH AS POSSIBLE.

PLEASE, FILL IN THE FORM AND FAX IT TO: + 375-2334-5-54-26; OR SEND IT BY POST TO:

37 PROMYSHLENNAYA STR., 247210 ZHLOBIN, GOMEL REGION WITH THE MARK «SOCIAL REPORT 2014».

YOU MAY ALSO E-MAIL THE FILLED IN FORM TO: (SECR.DPIR@BMZ.GOMEL.BY)

### 1. TO WHICH GROUP OF STAKEHOLDERS DO YOU BELONG TO?

- REPRESENTATIVE OF AUTHORITIES ☐

- REPRESENTATIVE OF COMMUNITY ☐

- INVESTOR ☐

- PARTNER ☐

- CUSTOMER ☐

- EMPLOYEE ☐

- ANOTHER GROUP OF STAKEHOLDERS \_\_\_\_\_

### 2. WHAT IS YOUR APPRECIATION OF THE SOCIAL REPORT IN TERMS OF COMPLETENESS OF THE INFORMATION PRESENTED?

HIGH ☐ AVERAGE ☐ LOW ☐

### 3. WHAT IS YOUR APPRECIATION OF THE SOCIAL REPORT IN TERMS OF AND CREDIBILITY OF THE INFORMATION PRESENTED??

HIGH ☐ AVERAGE ☐ LOW ☐

### 4. WHAT IS YOUR APPRECIATION OF THE SOCIAL REPORT IN TERMS OF SEARCH OF THE INFORMATION REQUIRED?

HIGH ☐ AVERAGE ☐ LOW ☐

### 5. WHAT IS YOUR APPRECIATION OF THE DESIGN OF THE SOCIAL REPORT?

HIGH ☐ AVERAGE ☐ LOW ☐

### 6. HAS THE SOCIAL REPORT HELPED YOU TO UNDERSTAND THE ACTIVITY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN THE AREA OF SUSTAINABLE DEVELOPMENT?

YES, FULLY ☐ YES, PARTIALLY ☐ NO, NOT QUITE ☐ NO, NOT UNDERSTANDABLE AT ALL ☐

### 7. PLEASE, EVALUATE THE FOLLOWING SECTIONS OF THE SOCIAL REPORT OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FROM THE POINT OF VIEW OF INTEREST, RELEVANCE AND COMPLETENESS OF DISCLOSURE (FROM 1 (LOW) TO 5 (VERY HIGH))

STEELMAKING. REACHING A NEW LEVEL <input type="checkbox"/>	RESPONSIBILITY FOR THE PRODUCT MANUFACTURED <input type="checkbox"/>
PARTICIPATION OF THE REPUBLICAN SCIENTIFIC POTENTIAL	DESCRIPTION OF THE PLANT <input type="checkbox"/>
IN THE DEVELOPMENT OF THE METALLURGICAL COMPLEX <input type="checkbox"/>	ECONOMIC ACTIVITY <input type="checkbox"/>
DESCRIPTION OF KEY IMPACTS, RISKS AND POSSIBILITIES <input type="checkbox"/>	ENVIRONMENT ACTIVITY <input type="checkbox"/>
MANAGEMENT, OBLIGATIONS, INTERACTION WITH	SOCIAL ACTIVITY <input type="checkbox"/>
INTERESTED PARTIES <input type="checkbox"/>	INTERACTION OF PARTIES <input type="checkbox"/>

### 8. HAS THE SOCIAL REPORT INFLUENCED YOUR ATTITUDE TO THE ACTIVITY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»?

YES, MY ATTITUDE IMPROVED ☐ No ☐

MY ATTITUDE BECAME WORSE ☐

### 9. WHAT INFORMATION IN THE SOCIAL REPORT WAS THE MOST INTERESTING FOR YOU?

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### 10. WHAT DIRECTIONS OF THE ACTIVITY OF OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» IN YOUR OPINION REQUIRE IMPROVEMENT SO AS TO RAISE SOCIAL RESPONSIBILITY?

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### 11. WHAT INFORMATION WOULD YOU LIKE TO SEE IN FUTURE SOCIAL REPORTS OF OJSC «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»?

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THANK YOU FOR COOPERATION!

OAO «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»



## INDEPENDENT CONCLUSION ON CORPORATE SOCIAL REPORT FOR 2014 OF OJSC «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING»



**ELETSKIH TAI SIYA VLADIMIROVNA**

*CANDIDATE OF ECONOMICAL SCIENCE, LEADER OF A PROJECT OF UNO DEVELOPMENT PROGRAMS. EXPERT IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SOCIALLY RESPONSIBLE RESTRUCTURING OF ENTERPRISES. AUTHOR AND CO-AUTHOR OF NUMEROUS BOOKS AND ARTICLES RELATING TO CSR ISSUES. SHE PARTICIPATED IN THE DEVELOPMENT OF UNO INITIATIVE «GLOBAL COMPACT» IN BELARUS, PROMOTING PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY. CHAIRWOMAN OF A JURY IN THE NOMINATION «SOCIALLY RESPONSIBLE BRAND», COMPETITION «BRAND OF THE YEAR 2015». IN 2013 SHE RECEIVED THE TITLE «PERSON OF THE YEAR» FOR ACTIVE PARTICIPATION IN PROMOTION OF SUSTAINABLE DEVELOPMENT CONCEPT IN BELARUS IN A COMPETITION «CSR PREMIUM».*

IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY DEVELOPMENT IN ACTIVITY OF THE ENTERPRISES CAN SCARCELY BE OVERESTIMATED. CSR — IS NOT ONLY UP-TO-DATE NORM OF BUSINESS BEHAVIOR BUT ALSO RECOGNIZED

IN MOST OF THE COUNTRIES FACTOR OF COMPETITIVENESS. THAT STATEMENT WAS BASED ON A BELIEF CONFIRMED BY THE BEST DOMESTIC AND INTERNATIONAL PRACTICES. OPERATION OF COMPANY ON THE BASIS OF SUSTAINABLE DEVELOPMENT PRINCIPLES LEADS TO INCREASE OF LABOR EFFICIENCY, CUSTOMERS' LOYALTY, IMPROVES REPUTATION AND DECREASES BUSINESS RICKS. WITHOUT RESPONSIBLE BUSINESS REPUTATION IT IS IMPOSSIBLE NOWADAYS TO ENTER INTERNATIONAL MARKETS AND SIGN LONG-TERM CONTRACTS WITH FOREIGN PARTNERS.

OJSC «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING» ONCE AGAIN PROVED ITS COMMITMENT TO ETHICAL CODE IN BUSINESS MANAGEMENT AND PROVIDED FOR JURY OF PUBLIC OPINION ITS 7TH CORPORATE SOCIAL REPORT ISSUED IN ACCORDANCE WITH THE REQUIREMENTS OF GRI STANDARD, WIDELY ACKNOWLEDGED BY INVESTORS, UNO AND THE GENERAL PUBLIC IN THE WORLD. BSW WAS AMONG OF THE FIRST COMMERCIAL ENTERPRISES IN BELARUS WHO JOINED INITIATIVE UNO «GLOBAL COMPACT», AND WAS THE FIRST COMPANY IN THE COUNTRY WHICH PROVIDED CORPORATE SOCIAL REPORT ISSUED ACCORDING TO GRI REQUIREMENTS TO THE PARTIES CONCERNED.

SUSTAINABLE DEVELOPMENT REPORT INCLUDES 10 SECTIONS REFLECTING BALANCED ACTIVITY OF THE ENTERPRISE IN THE FIELDS OF ECONOMICAL, ECOLOGICAL AND SOCIAL ACTIVITIES. INFORMATION INCLUDED IN TO THE REPORT COVERS MAIN TOPICS AND INDICATORS WHICH COMPREHENSIVELY DEMONSTRATE SIGNIFICANT INFLUENCE OF THE ORGANIZATION ON THE ECONOMY, ENVIRONMENT AND SOCIETY. CONTENT OF THE REPORT COVERS MAIN TOPICS RAISED IN SIMILAR REPORTS OF INTERNATIONAL COMPANIES OPERATING IN THE SAME MARKET SECTOR.

THE REPORT DEMONSTRATES SYSTEM APPROACH TO ORGANIZATION AND IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES. SECTIONS DEDICATED TO THE ECONOMY, SOCIAL POLICY, INTERACTION WITH THE PARTIES CONCERNED, ECOLOGICAL PROJECTS BEGIN WITH THE PRESENTATION OF MANAGEMENT POLICY RELATING TO SUSTAINABLE DEVELOPMENT TASKS AND THAT FACT DEMONSTRATES MANAGEMENT APPROACH TO THE AREA AND CONFIRMS IMPLEMENTATION OF CSR PRINCIPLES

INTO MISSION AND STRATEGY OF THE COMPANY. LATER APPROVED STRATEGY IS REALIZED THROUGH SPECIFIC EXAMPLES, PROJECTS, AND ACTIONS CONFIRMING IN THAT WAY CONTRIBUTION OF THE COMPANY TO SUSTAINABLE DEVELOPMENT. CORPORATE POLICY AND CODE OF ETHICS WERE DEVELOPED AT THE ENTERPRISE.

THIS REPORT EXTENDS KEY TOPICS OF THE PREVIOUS SOCIAL REPORT ENSURING BY THAT CONTINUITY OF INFORMATION AND GIVES POSSIBILITY TO ANALYZE DYNAMICS OF CSR PRINCIPLES REALIZATION WITHIN THE ORGANIZATION. ACCURACY OF ACTUAL INFORMATION PROVIDED IN THE REPORT IS SUFFICIENT FOR THE PARTIES CONCERNED TO EVALUATE THE RESULTS OF THE ENTERPRISE ACTIVITY IN THE FIELD OF SUSTAINABLE DEVELOPMENT. CALCULATION OF EFFICIENCY INDEXES WERE MADE IN CONFORMITY WITH METHODS AND RECOMMENDATIONS GIVEN IN GRI STANDARD.

CONSIDERING SPECIFIC NEGATIVE INFLUENCE OF METALLURGICAL INDUSTRY ON ECOLOGY SPECIAL ATTENTION IN THE REPORT WAS PAID TO ACTIVITY OF THE ENTERPRISE IN ECOLOGICAL SPHERE. THE ENTERPRISE ACCOMPLISHED EXTENSIVE MODERNIZATION OF THE EQUIPMENT AND TECHNOLOGIES TAKING INTO CONSIDERATION CONTINUOUSLY INCREASING ECOLOGICAL REQUIREMENTS AND WAS ABLE TO REDUCE POLLUTION OF THE ATMOSPHERE AND DECREASE VOLUME OF PRODUCTION WASTES. 19 PROJECTS ON ENERGY SAVING WERE REALIZED AT THE ENTERPRISE. ACHIEVEMENT OF ECOLOGICAL RESULTS IS CONTINUOUSLY MONITORED.

COMPANY WIDELY INTERACTS WITH THE PARTIES CONCERNED, MAINTAINS OPEN DIALOGUE AND WORKS ON IMPROVEMENT OF MUTUAL UNDERSTANDING. VARIOUS FEEDBACK CHANNELS ARE USED AT THE ENTERPRISE INCLUDING TRADITIONAL FORMS OF COMMUNICATION WITH EMPLOYEES, SOCIOLOGICAL QUESTIONING, INTERVIEWING AND «DIRECT LINE». AT WEB-SITE OF THE COMPANY WAS ESTABLISHED A PLATFORM FOR SOCIOLOGICAL «ON-LINE» QUESTIONING OF EMPLOYEES, ANSWERS TO THE QUESTIONS. RESULTS OF COMPREHENSIVE ANALYSIS OF SOCIAL-PSYCHOLOGICAL CLIMATE CARRIED OUT IN 2014 DEMONSTRATED GROWTH OF PERSONNEL SATISFACTION LEVEL WITH SOCIAL OBJECTS OF THE ENTERPRISE.

OJSC «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» PAYS A LOT OF ATTENTION TO THE DEVELOPMENT OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY. AT THE ENTERPRISE WAS IMPLEMENTED SYSTEM FOR CONTINUOUS PROFESSIONAL TRAINING AND NEW TRAINING CENTER WAS OPENED. THROUGH DIFFERENT TYPES OF TRAINING IN 2014, 5299 EMPLOYEES (45% OF TOTAL NUMBER OF EMPLOYEES) GAINED NEW KNOWLEDGE. AVERAGE NUMBER OF TRAINING HOURS FOR ONE EMPLOYEE IN 2013 WAS 40,9 HOURS. THE ENTERPRISE HAS GOT ITS OWN HEALTH-CARE SYSTEM. A LOT OF ATTENTION IS PAID TO THE FAMILIES OF THE EMPLOYEES AND THEIR KIDS. THAT FACT IS PROVED BY NUMEROUS PROGRAMS, ACTIONS AIMING TO IMPROVE HEALTH AND ORGANIZE LEISURE OF THE EMPLOYEES AND THEIR FAMILIES, DEVELOPMENT OF PHYSICAL CULTURE AND SPORT, SUPPORT OF CULTURAL EVENTS, PENSIONERS OF THE ENTERPRISE.

CONTRIBUTION OF THE ENTERPRISE TO LOCAL COMMUNITY CAN SCARCELY BE OVERESTIMATED. THE ENTERPRISE PROVIDES WORK PLACE TO EVERY FIFTHS CITIZEN OF ZHLOBIN. A LOT OF SOCIAL OBJECTS WERE CONSTRUCTED WITH THE SUPPORT OF THE ENTERPRISE AND NONE OF THE IMPORTANT EVENTS IN THE TOWN AND REGION TAKES PLACE WITHOUT PARTICIPATION OF THE ENTERPRISE. REGARDLESS OF DIFFICULT FINANCIAL SITUATION IN THE REPORTING YEAR THE ENTERPRISE SUPPORTED SCHOOLS AND MEDICAL INSTITUTIONS, CULTURAL AND SPORT EVENTS, PARTICIPATED IN CHARITY ACTIONS IN ORDER TO ASSIST SOLVING OF SOCIAL PROBLEMS.

IN GENERAL I CAN STATE THAT CORPORATE SOCIAL REPORT OF OJSC «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING» FOR 2014 ADEQUATELY DEMONSTRATES CONTROL MECHANISMS AND EFFICIENCY INDEXES OF THE ENTERPRISE IN RESPECT OF ACTIVITY ON ECONOMICAL, SOCIAL AND ECOLOGICAL ASPECTS OF SUSTAINABLE DEVELOPMENT. THE REPORT MEETS THE REQUIREMENTS ON INTERNATIONAL STANDARD GRI ON SUCH CRITERIA AS INFORMATION COMPLETENESS, COVERAGE OF THE PARTIES CONCERNED; THE REPORT IS WELL-GROUNDED, BALANCED AND PREPARED IN ACCORDANCE WITH INTEGRATED REPORTING METHODOLOGY.

TRULY YOURS, ELETSKIY TAI SIYA

