



OJSC «BSW – MANAGEMENT COMPANY OF «BMC» HOLDING»



Report on the operating results
in the area of sustainable development

2018

Table of contents

1 Message from the General Director.....	6
2 Company Presentation	9
General information	10
Description of the key structural subdivisions	11
“Byelorussian Metallurgical Company” holding	12
Key steps of development over the past 10 years.....	12
Geography and range of activity	14
Market presence	14
Specification of sales geography	15
Primary competitive advantages on the international market	16
Business approach	17
3 Strategy and Management Approach to Sustainable Development	19
Sustainable development policy	20
Code of ethics	21
Code of ethics for business reconnaissance	22
Enterprise’s approach to sustainable development	22
Directions of the strategy implementation	24
Management of sustainable development	26
Business ethics and anti-corruption management	27
2018 Chronicle of key dates and events	29
Participation in external initiatives	33
Cooperation with interested parties	34
Interaction with the civil society	35
Interaction with mass media	36
Interaction with authorities	37
Scientific and technological potential and interaction with science	38
4 Economic Activity	43
Financial-economic activity	44
Economic efficiency	45
Innovative updating	46
Enterprise’s risks	48
Financial support provided by the Government	52
Indirect economic impacts	52
Short-term Targets of the Plant	53
5 Environment-related Activity	55
Environmental policy	56
Key principles and approaches	57
Implementation of ecological strategy	58



Minimizing the plant's impact on the region's vital activities	58
Minimization of plant's impact on flora and fauna	58
Efficient use of natural resources	61
Efficient use of energy resources	62
Air basin protection	64
Water basin protection	68
Industrial waste utilization	71
Training	72
Improvement of ecological culture of the personnel	73
Development and implementation of resource-saving, low-waste and environment-friendly technologies	73
Expenses on environment protection and monitoring	74
Environmental payments	75
Medium-term targets	75
6 Social Activity	77
Personnel management policy	78
Key principles and approaches	79
Personnel profile	79
The Employees' rights	82
Professional and career development	83
Training and education	84
Motivation system	90
Material stimulation	90
Non-financial incentives	94
Short-term targets in the area of social responsibility	96
Information and Communication	98
Labour protection and ensuring of industrial safety	100
Improvement of labour conditions	102
Training and competence evaluation	102
Social control for observance of human rights in the area of labour protection	103
Health protection	105
Effectiveness of medical and health promotion programs	109
Social benefits and guarantees for the staff	113
Rest and recreation of the employees and their families	114
Physical culture and sport development	115
Cultural life of the factory employees	116
Solving of the living conditions issues of the employees	120
Support of families with many children	120
Social support of retirees, disabled people and other categories of financially disadvantaged citizens	121
Social partnership	122
The Trade Union Organization of OJSC «BSW – management company of «BMC» holding»...	122

The Primary organization of ROO «Belaya Rus»	125
The Primary organization of the public association «Belarusian Republican Youth Union» ...	126
Council of Veterans	128
Women's Union	129
Union of soldiers-internationalists	129
Young Professionals Board	130
Union of foremen	131
Union of physical training and sports	132
Monitoring of public opinion on social program performance	132

7 Product Responsibility	137
General provisions	139
Customer health and safety	139
Product marking with appropriate information	140
Marketing communications	141
Product life cycle	142
Mutually beneficial cooperation with suppliers	142
Production	144
Mutually beneficial cooperation with customers	146
Net promoter score	149
Processing	149

8 Preface to the Report	151
Scope of the report	152
Essential changes in the report	152
Content and significance of the report	153

9 Annexes.....	155
List of used abbreviations	156
General standard disclosures of the Guidance GRI (G4)	158
Specific standard disclosures	162
Feedback questionnaire	170
Notes	171

MESSAGE FROM THE GENERAL DIRECTOR OF OJSC «BSW — MANAGEMENT COMPANY OF «BMC» HOLDING»

Dear friends!

For the eleventh time, the Byelorussian Steel Works will publish a full report on its activities in the field of sustainable development. This document, containing comprehensive information about the work of our company for 2018, is a confirmation of our openness to the public, business partners and even competitors.



The year of 2018 entered the history of BSW as a year of outstanding events, important achievements and significant milestones. The plant team launched new facilities, shipped off anniversary tons, successfully passed audits, utilized new types of products, expanded the geography of exports. Behind each of these words there are concrete numbers, facts, indicators.

So, last year, a new section of out-of-furnace steel processing began to work at the plant; overhaul was successfully carried out in a pipe-rolling workshop. The plant, working in difficult conditions, was able to increase exports by more than 25 percent. We forged ahead and significantly increased our presence in Israel, England. In 2018, BSW products were delivered to 66 countries, which is the best result in the last 8 years. At the same time, the general geography of exports expanded to 118 countries. It is noteworthy that out of 2.36 million tons of metal products sold in 2018, more than 26% are innovative.

These examples are the result of the coordinated work of our team consisting of almost 12,000 people. Manufacturers and repairmen who carried out the plan; quality service, which was actually involved in audits almost every second day of 2018; suppliers and marketers who have found solutions to difficult problems dictated by the markets for raw materials and steel.

The past year brought BSW not only labour victories, but also recognition at prestigious competitions. The plant confirmed its title of Laureate of the competition for the prize of

the Government of Belarus for achievements in the field of quality, and was also awarded a special award in the nomination “Leadership” for the leadership’s contribution to achieving sustainable success of the organization. The winners of such competitions as “The Best Exporter”, “The Best Building Product”, “The Best Products of the Republic of Belarus”, and “The Leader of Energy Efficiency” also added some trophies to the bank of factory awards. It is impossible not to say about the dozens of personal achievements of our employees — in professional excellence, sports, creativity and social activities.

For BSW, the team is the main value. That is why all the tasks that the company sets for itself in the short- and long-term are connected with it. It is important for the plant to remain a company that provides safe working conditions and a decent level of pay, creates an environment for the professional and personal growth of its employees. The tasks we are solving already follow from this: strengthening our position in the world market, developing new types of products, reducing the energy intensity of production, etc. I am sure that our team can handle it. I hope that you will make a similar conclusion by reading our report on activities in the field of sustainable development.

**Best wishes,
D. A. Korchik
General Director
OJSC «BSW — management company
of «BMC» holding»**



COMPANY PRESENTATION

Open Joint-Stock Company “Byelorussian Steel Works – Management Company of “Byelorussian Metallurgical Company” Holding” (hereinafter referred to as the BSW, enterprise, plant) is the largest enterprise not only in the Republic of Belarus, but also in Europe. It is a basic enterprise for the national steel-making. It has been among competent steelmakers for almost three decades already.

Adherence to the principles of sustainable development and implementation of the strategy focused on customers helps the enterprise to disclose new possibilities and prospects for further development in the conditions of the unstable economic situation.

General Information

The BSW is situated in Zhlobin, 220 km away from Minsk, the capital of the Republic of Belarus. The BSW is a modern mini-plant of the European level. 100% of the BSW shares belong to the state, namely to the Ministry of Industry of the Republic of Belarus.

Ministry of Industry:

- defines a set of annual objectives;
- makes compulsory one-time decisions;
- coordinate the strategy of the plant’s development and investment projects.

The BSW:

- determines strategic growth priorities and approaches to achieve the objectives;
- makes administrative decisions;
- set the financial budget in its sole discretion.

The total staff of the BSW is 11,749 people



Description of the Key Structural Subdivisions

From the structural point of view, the plant consists of three main productions such as steelmaking, rolling and metalware shops, as well as subdivisions responsible for infrastructure and administrative issues of the enterprise.

Steelmaking production includes: drop-hammer plant, two electric-furnace melting shops and process vehicle shop.

The rolling production consists of rolling shop No.1 having three cross-sectional rolling mills, long product rolling mill No.2 and pipe rolling plant.

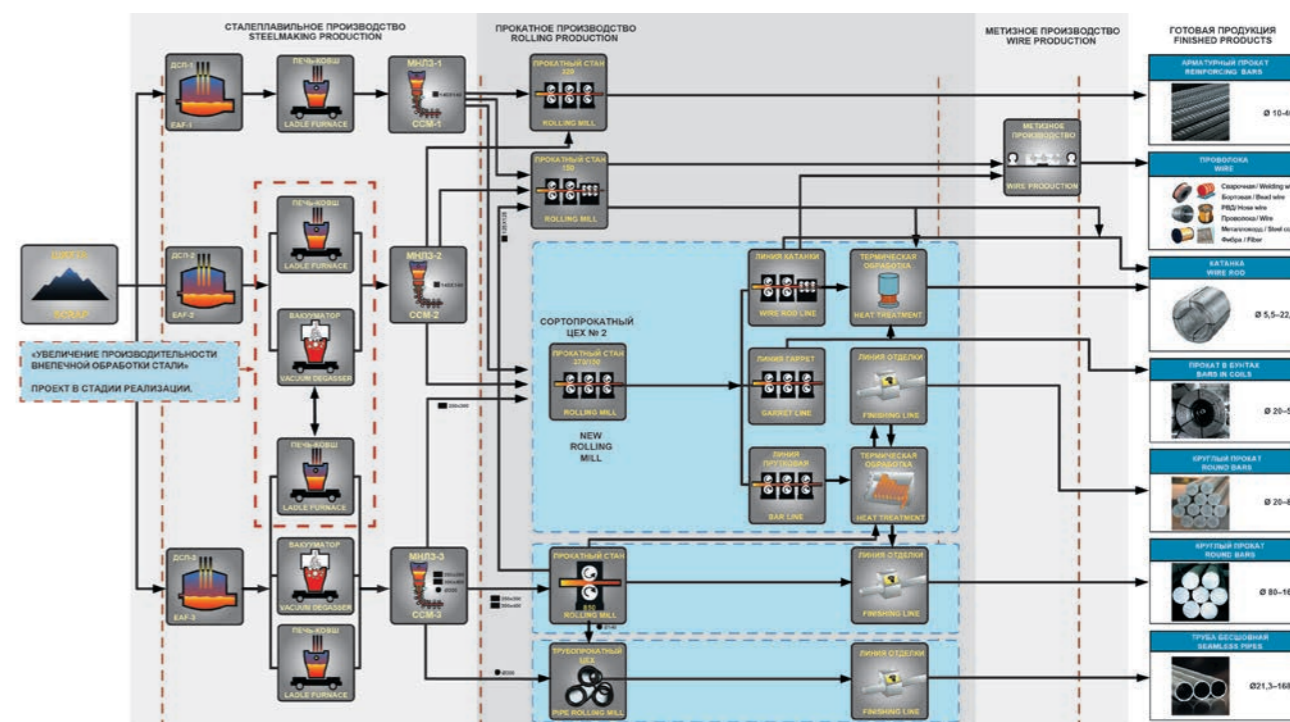
Metalware production includes three steel wire shops and packing and draw die shop.

The plant’s infrastructure is represented by

shops responsible for repairing the steelmaking, power and mechanical equipment, shops providing the production process with media and electric power, and other subdivisions.

The field of the enterprise’s activity includes production of continuously cast and hot-rolled billets; shaped bar, rolled steel bar, concrete reinforcing rolled products for RCC structures; tubular products; steel wire rod; metal cord; steel wire of various purpose, hot-wrought seamless pipes, and steel fibre.

In terms of marketable products, the BSW is among five largest enterprises of the country.



Legal address of the enterprise (postal address), headquarters address:

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

“Byelorussian Metallurgical Company” Holding

22,600
people
the total
staff of
BMC
holding

The BSW is the parent company of the “Byelorussian Metallurgical Company” holding. The holding includes 22 enterprises (steelmaking, engineering, agricultural productions, and etc.).

The main objectives of foundation of the holding are: use of the BSW possibilities for development of lame-duck enterprises, formation of a competitive innovative production, strengthening of financial and economic condition, improvement of management structure of the enterprises in the holding, reduction of non-production expenditures, modernization and technical revamping of the existing productions of the holding, enhancement of the export capacity, as well as the asset capitalization growth.

Key Steps of Development Over the Past 10 Years

Date	Event
2007	<ul style="list-style-type: none"> - commissioning of the pipe rolling shop; - participation in the 3rd International quality tournament of Central and East-European countries (the BSW was awarded with a laureate diploma and certificate 5*)
2008	<ul style="list-style-type: none"> - opening of a water recreational unit at the Ice Hockey and Swimming Centre of the Olympic Reserve; - reconstruction of sulphuric acid regeneration unit in the steel wire shop No. 2; - modernization of dust and gas catchers in EAF-2 of the electric-furnace melting shop; - achievement of the designed capacity of the pipe rolling shop; - start of introduction of the Enterprise Management System based on the earlier-implemented systems of quality management, environmental management, occupational health and safety assessment, including the social responsibility system; - participation in the 4rd International quality tournament of Central and East-European countries (the BSW was awarded with a winner’s diploma and certificate 5*); - joining the quality leader club of CEE countries; - accession to the United Nations Global Compact and support of its 10 principles concerning protection of human rights, environment, anticorruption efforts, and etc.
2009	<ul style="list-style-type: none"> - modernization of the adjustage of rolling mill 320 in the long product rolling shop; - installation of a new steel billet continuous casting machine (CCM-3); - participation in the competition for awarding the European Quality Award (EQA) by the European Foundation for Quality Management (EFQM). The BSW was granted with a degree «5 stars excellence recognition”; - preparation of the first Corporate Social Responsibility Report for 2008 according to the international standard GRI; this Report was presented to the government officials, representatives of GosStandart Comittee, consumers, suppliers, non-governmental organizations, and etc.
2010	<ul style="list-style-type: none"> - casting of the first batch of round billets 200 mm in diameter using the third steel billet continuous casting machine (CCM-3) in AFMS-2; - conclusion of contract with Techcom company (Germany) for construction of the third lime burning furnace intended for lime burning; - organization of a seminar on a new type of products «Perspectives to use steel fibre produced by the BSW in the construction industry»; - conduction of the public hearings of the Corporate Social Responsibility Report for 2009; - in Frankfurt am Main, the third Belarusian investment forum took place, at which the «Memorandum on construction of the facilities for production of plate- and flat-rolled products» was signed by the BSW and Danieli; - completion of development and implementation in the management system of subsections «Energy Efficiency» according to SRB 1777, «Information protection management systems» according to ISO 27001.

2011	<ul style="list-style-type: none"> - the first International conference of the BSW suppliers was held; - arrangement of the 9th meeting of the Quality Leader Club of CEE countries; conduction of the public hearings of the Corporate Social Responsibility Report for 2010; - start of introduction of new management tools on rolling mill 850 in the long product rolling shop according to the international standard ISO/TS 16949; - membership in the EFQM
2012	<ul style="list-style-type: none"> - the second International conference of the BSW suppliers was held; - reconstruction of bead bronze-coated wire unit in SWM-1
2014	<ul style="list-style-type: none"> - construction of the ion exchange unit IEU-3; - reconstruction of electric arc furnace EAF-1 and dust and gas catcher DGC-1; - reconstruction of the rolled section machine for billet casting (CCM-2)
2015	<ul style="list-style-type: none"> - commissioning of long product rolling shop No.2, a light-section mill for production of wire rod and concrete reinforcement in bundles (in September).
2016	<ul style="list-style-type: none"> - achievement of the designed capacity of the light-section mill according to the results of monthly production (in November)
2017	<ul style="list-style-type: none"> - the BSW received the Accreditation Certificate to act as a scientific institution based on the conclusion of the State Committee on Science and Technology of the Republic of Belarus and National Academy of Sciences of Belarus. - the applied research laboratory for metallurgical and steel wire production technologies was established on the basis of the research center.
2018	<p>the BSW:</p> <ul style="list-style-type: none"> - won the 15th anniversary contest «Best Construction Product of the Year - 2018» and the contest «Best Goods of the Republic of Belarus - 2018»; - received the diploma «Stable Quality»; - submitted an application and entered the 2nd stage of the competition for the Government Award for Achievements in the Field of Quality of Products and Services (13.12.2018 the expert evaluation of the BSW took place (2nd stage of the competition), and the results of the competition will be summed up in 2019); - became the winner of the Republican Competition for the Award for Achievements in the Field of Energy Efficient Products and Technologies «Leader of Energy Efficiency - 2018» in the nomination «Energy Efficient Technology of the Year»; - became the winner of the contest «Best Exporter of the Year» in the nomination «Metallurgy» - according to the results of the assessment on social responsibility on the EcoVadis platform in 2018 and 2017, the BSW is one of the top 5 best companies according to the results obtained: (General assessment. Environment. Professional experience and human rights. Honest business. Ecological stability).



Geography and Range of Activity

The BSW is an export-oriented enterprise. Along with other industrial enterprises of Belarus, it forms the basis of national economic strength and security.

The marketing policy of OJSC «BSW – management company of «BMC» holding» is aimed at keeping and active expansion of its presence on the existing markets, as well as at searching for new economically advantageous regions.

The export geography is vast; the metal products of the BSW are supplied to 118 countries. The BSW trademark is well-recognized on the metal market.

In 2018, the product diversification on the

markets of Greece, Denmark, Jordan, Ukraine was performed. The product delivery has become to such new countries as Guatemala, Costa Rica, Malaysia, Mali, Panama and Sudan.

In 2018, the main export regions were Europe and Russia (49.1% and 17.9% on the total volume of exported metal products).

Such countries as Russia (specific weight in exports is 17.9%), Germany (11.3%), Lithuania (6.6%), Israel (6.5%), Ukraine (6.1%), the Netherlands (5.7%), Poland (5.6%), Egypt (5.2%), Italy and the USA (3.3%) became the largest countries importing the products of the BSW in 2018.

Geography and sales pattern of the BSW products in 2018

Name of products	Product supply region in 2018
Cast billet	Middle East and Africa
Rolled metal products	Asia, America, Africa, Middle East, Europe, CIS, the Republic of Belarus
Seamless pipe	Asia, America, Africa, Middle East, Europe, CIS, the Republic of Belarus
Metal cord	America, Middle East, Europe, CIS, the Republic of Belarus
Brass-based wire rod	Asia, America, Middle East, Europe, CIS, the Republic of Belarus
Bead wire	Europe, CIS, the Republic of Belarus
Steel wire	Middle East, Europe, CIS, the Republic of Belarus

Market Presence

In 2018, the product mix included: cast and round billet, blooms; reinforcing bars, including those in coils; wire rod; rolled structural, including those in coils; seamless pipes; metal cord; bead wire; brass-based wire rod; other steel wires and products made of wire. The main branches of industry requiring the BSW products are as follows: construction, car- and motor-building, gas and oil producing, oil refining, tire and industrial-rubber branches.

Product shipment for export, U.S. dollars, (%)

Region	2018	2017
Europe	49,1	49,9
EU countries	45,1	46,6
Countries not being the EU members	4,0	3,3
Russia	17,9	22,7
Middle East	11,7	11,8
Africa	8,7	7,9
CIS (Ukraine, the Republic of Moldova)	6,3	3,2
America	6,1	4,2
SEA	0,2	0,2

Specification of Sales Geography



EUROPE

During 2018, metal products were supplied to 30 European countries. 24 of them are the members of the EU (during 2017 – 29 countries, 23 of them are the members of the EU). The main scope of delivery, i.e. 47.4% (293,601 thousand \$) of the total European export (619,933 thousand \$), belongs to Germany, Poland and Lithuania.

AFRICA

During 2018, metal products were supplied to 14 African countries (during 2017 – 10 countries). More than a half of products delivered, i.e. 55.1% (63,748 thousand \$) of the total African export (115,696 thousand \$), belongs to Egypt.

MIDDLE EAST

During 2018, metal products were supplied to 5 countries of the Middle East such as Turkey, Iraq, Jordan, Lebanon and Israel (during 2017 – to 4 countries). More than a half of products delivered, i.e. 56.0% (86,302 thousand \$) of the total Middle East export (154,200 thousand \$) belongs to Israel.

SEA

During 2018, metal products were supplied to 5 countries of the Southeast Asia such as India, Malaysia, Japan, the Republic of Korea and Singapore (during 2017 – to 4 countries). The main scope of delivery, i.e. 63.0% (1,499 thousand \$) of the total Southeast export (2,381 thousand \$) belongs to Singapore and India.

AMERICA

During 2018, metal products were supplied to 9 American countries (during 2017 – to 5 countries). The main volume of products was supplied to the USA - 53.5% (42,122 thousand \$) of the total American export (78,727 thousand \$) to this region.

THE RUSSIAN FEDERATION

The volume of sales of metal products for 2018 amounted to 224,885 thousand US dollars (by 2017 – 99.4% in value terms). 37.9% (of Russian exports) of the supplied products is represented by reinforcing steel, 23.4% - by steel cord supplies, 19.3% - by seamless pipe supplies.

UKRAINE

In 2018, the volume of sales of metal products amounted to 76,760 thousand US dollars (by 2017 - 239.5% in value terms).

77.2% (of Ukrainian exports) of the supplied products is represented by reinforcing steel.

In 2018, the BSW products were exported to 66 countries

Primary Competitive Advantages of OJSC «BSW – Management Company of «BMC» Holding» on the International Market

1. The enterprise is included in TOP-50 «Major Steel-Producing Countries» according to Worldsteel Association, occupying 41th place leaving behind Luxembourg, Portugal, Oman, Algeria, Hungary, Serbia, Switzerland, Philippines, Greece.
2. Registration of the BSW trademark in 71 countries.
3. The integrated metallurgical enterprise working for output of products the greatest added value.
4. Cost-efficient mini-plant with modern equipment and machinery. High equipment utilization ratio.
5. Strong managing team. Highly skilled technical staff. Stability of labour collective. Increased intensity of labour use.
6. Certified quality management system. Availability of conformance certificates for products are the evidence of the fact that the enterprise supplies its products meeting the consumer's requirements and provides additional benefits on the international market.
7. Efficient quality control system at all stages of production.
8. Availability of corporate educational institutions – «Zhlobin State Metallurgical College» and the training center for training and skill improvement of the personnel.
9. Own research center.
10. Branched commodity distribution network all over the world.
11. Close bond between the transport logistics and production.
12. The BSW is the largest European producer of bead wire, a monopolist on the CIS market.
13. The enterprise has the leading position in tire cord production in the world.
14. Leading position in production of the wire for high-pressure hoses.
15. Increase in the efficiency of the optical transfer function use.
16. Innovation activity, investments in R & D.
17. Intense advertising and exhibition activities.

Characteristics of Primary Consumers

The primary consumers of the BSW products are machine-building enterprises, automakers, metalware, tire and pipe works, concrete product plants of the countries of near and far abroad and the Republic of Belarus. So, according to the results of 2018, 46.2% of metal products were used in the construction industry, 45.0% – in the metallurgical and engineering industry, 2.0% – in oil and gas industry, and 6.8% – in industrial-rubber industry.

Due to metal product market specifics, constant fluctuation of prices, high competition from the global metallurgic corporations, protectionist measures, the BSW establishes its sales policy proceeding from the market conditions and supplying products to those regions, which ensure the possibility to sell goods at the maximum price.

The plant has extensive business dealings with many enterprises and companies in the CIS-countries and countries outside the CIS, as well as in the Republic of Belarus. The quality of metal products enjoys the international acclaim. This tremendous success is a merit of the whole staff of the enterprise. The plant supports active partnership relations with machine-building enterprises, automakers, metalware, tire and pipe works, concrete product plants in the CIS and in the Republic of Belarus, including KAMAZ, MAZ, Minsk Tractor Works, etc. The tire plants of Yaroslavl, Nizhnekamsk, Omsk, Voronezh, Kirov and Ukraine are among the firm consumers of metal cord. The BSW has long lasting relationships with such metal

cord consumers as Pirelli, Michelin, Continental. Among independent producers, the BSW occupies 2% in the world-wide metal cord production, 2% in the production of bear wire for the tire industry (about 12% across the European region), and about 3% in the production of wire for reinforcing the high-pressure hoses. The BSW has been one of leaders among the suppliers of wire for reinforcing the high-pressure hoses on the European market since 1998. The international cooperation allows the plant to learn and adopt the practices of the best foreign enterprises.

Michelin Group (France) is one of the most active partners of the enterprise. The first supplies of metal cord to this company began in 2001. Like other suppliers, the BSW was recommended to apply:

- Michelin quality manual;
- data acquisition system which allows to assess the level of products and supplies;
- mutual commercial and technical purposes;
- annual meetings and audits;

Thanks to the experience gained in cooperation with Michelin Group, the plant was introduced new forms of interaction with its suppliers. The work is carried out taking into account the specific requirements of consumers.

The export of marketable products was 86.5% for 2018

Business Approach

At a time when the Belarusian macroeconomy is experiencing hard times, the integrity of strategy, efficiency of its implementation and team cohesiveness play an important role in the plant's achievement of positive results of its activity and business growth. For the purpose to determine weak points and to overcome them, the plant carries out a regular assessment of its activity and efficiency in achieving its financial and non-financial objectives.

Values, strategic principles and commitments for implementation of the Mission and Strategy of the enterprise are expressed in the BSW's corporate policy, which is available to all stakeholders.





**STRATEGY AND MANAGEMENT
APPROACH TO SUSTAINABLE
DEVELOPMENT**

Sustainable Development Policy

The goal of OJSC «BSW — management company of «BMC» holding» is safe, efficient and high-tech manufacturing of metal products. Our business approach due to its openness, transparency, partnership, mutual respect for the interests of everybody concerned, is characterized by sustainable development, efficiency and responsible attitude to people and environment to preserve it for the next generations.

Our values are focused on organizing the activities of the enterprise taking into account the approaches to the environment protection, energy efficiency, occupational safety and health, as well as maintenance of respectful and trust relations with all interested parties.

OJSC «BSW — management company of «BMC» holding» is aimed at establishment, support and recognition of principles of sustainable social and environmental responsibility for the enterprise staff, supply chain and interested parties.

Fundamental values:

Staff

Sustainable approach of OJSC «BSW — management company of «BMC» holding» involves management, protection and development of human capital assets by means of:

- continuous improvement

of Occupational Health and Safety Assessment Systems according to standard OHSAS 18001 aimed at prevention of injuries, occupational diseases and accidents in the process of production activities which can adversely impact on health and safety of the enterprise personnel and contractors;

- compliance with legal obligations and ensuring the equal possibilities without any discrimination;

- enabling environment for improvement of the professional degree, employee engagement to enhance the contribution to achieving goals of the enterprise.

Partners

OJSC «BSW — management company of «BMC» holding» is committed to:

- offer our business partners to adhere to the ethic social and environmental principles and introduce the business practice according to the Ethics Code, anti-corruption rules of OJSC «BSW — management company of «BMC» holding».

Communities

OJSC «BSW — management company of «BMC» holding» keeps an open dialog with local communities and with all interested parties and assumes an obligation to:

- assess economic, environmental and social effects of its production activity;
- inform local communities and interested parties on the measures taken and results achieved based on its economic, environmental and social goals.

Environment, Natural and Related Resources

OJSC «BSW — management

company of «BMC» holding» is committed to ensure:

- constant reduction of impact on the environment in the process of production activity;

- taking into account the impact of transport on environment during transportation of the products, raw materials and materials;

- support of the environment protection management systems certified according to Standard ISO 14001 and energy management systems certified according to Standard ISO 50001.

Intellectual Property

OJSC «BSW — management company of «BMC» holding» complies with the current national and international laws and protects exclusive rights for intellectual property (industrial properties: patent for inventions and utility models, trademark, research and development deliverables, know-how).

Reputation and Fight Against Corruption

OJSC «BSW — management company of «BMC» holding» believes that preservation and protection of reputation of an honest and reliable partner has great importance, therefore:

- does not accept corruption in any form, as it is a risk to the sustainable development of the enterprise;

- undertakes to carry out training of personnel and to inform on the facts of violation of the anti-corruption legislation of the Republic of Belarus and implemented measures for prevention of cases of corruption crimes and acts of illegal character.

Code of Ethics

Open Joint Stock Company “Byelorussian Steel Works – management company of “Byelorussian Metallurgical Company” holding” is an export-oriented and socially responsible enterprise carrying out its business on the basis of generally recognized principles and norms of international law, the United Nations Global Compact, standards and conventions of International labour organization and legislation of the Republic of Belarus.

1. In the field of human rights:

1.1 supports and respects protection of internationally proclaimed human rights;

1.2 recognizes the inviolability of human rights and takes all necessary measures to ensure and protect them;

1.3 maintains a constant escalation process for timely response by means of systems «Direct telephone line», «One window», «Attention to a person», «Reception on personal questions», «Electronic reception of the General Director», etc.

2. In the field of labour relations:

2.1 supports freedom of integration and real acceptance of the right to conclude collective agreements;

2.2 supports liquidation of all forms of forced and obligatory labour;

2.3 supports complete extermination of child labour;

2.4 supports liquidation of discrimination in labour and employment sector;

2.5 supports elimination of any form of harassment, exploitation, abuse or violence;

2.6 aspires to provide competitive wages;

2.7 ensures compliance with working conditions, including working hours and overtime hours;

2.8 creates healthy and safe working conditions.

3. In the field of environment protection:

3.1 comply with environmental regulations and requirements during product development and manufacture, construction, reconstruction and expansion of production facilities;

3.2 contributes to the improvement of environmental culture of the staff and education of environmental awareness;

3.3 develops and implements resource-saving, low-waste, environmentally friendly technologies.

4. In the field of anti-corruption fight:

4.1 Withstand to all forms of corruption, including extortion and bribery.

The company establishes its relationships with consumers, suppliers, state and public organizations and other interested parties on the basis of the current legislation, as well as the rules of business conduct developed by the world community, taking into account the universal values.

Basic ethic principles are as follows:

1. Business is based on confidence and respect as the basis of constructive interrelation and assistance aimed at gaining of mutual benefit.

2. The parties involved in the business strive to minimize the costs and environmental impact arising in the course of joint business and to avoid conflicts of interest.

3. Business partners honestly and consistently fulfill the contractual obligations, openly and responsibly carry out the corporate management.

4. All commercial and technical information and operational data received during business relations are confidential and should not be advised to the third parties without a business partner's consent.

5. The company contributes to the social stability and development of the region in the construction of educational, medical, sports institutions, cultural centers, infrastructure development, improvement of the city, takes care of environmental protection, pays taxes and wages in a timely manner.

6. Punctuality, clear and timely implementation of commitments.

7. Rational use of own working time and time of interested parties.

8. Business style of clothing, corresponding to the main purpose of activity to maintain the image of a serious, reliable, stable company and respect for partners and colleagues.

Code of Ethics for Business Reconnaissance

The Code of Ethics for Business Reconnaissance is an integral part of the Code of Ethics of OJSC «BSW — management company of «BMC» holding».

Business reconnaissance means collection and analysis of information about the competitors (competition reconnaissance), protection of own information (industrial reconnaissance), as well as conduct of special operations (for example, protection of the public image of the enterprise and director, action against «black» PR, etc.).

The company employees shall not:

- share any information (whether information is commercially sensitive or not) obtained by a trick or force with the competitor.
- Reveal in any form the compromising material on competitors.
- Intentionally reduce the significance of the competitor's business in the third party's eyes.
 - Offer and take bribes.
 - Make dictaphone recording of conversation with an interlocutor without his permission.
 - Use listening devices.
 - Deliberately mislead an interlocutor during negotiations.
 - Act in contravention of an official position of the company.
 - Distribute deliberately false and unconfirmed information.

- Seek for commercially sensitive information.

The company employees shall:

- Follow the Ethical code while working on the Internet. Not represent falsely oneself to be another person or organization during collection of business information.
- When gathering information, not use illegal means infringing the rights of the other party (for example, phone eavesdropping or e-mail message wiretapping).
- Return confidential and private information obtained unintentionally and casually to its owner.
- Diligently perform daily functions, maintain the high level of professional skills, arrange work according to ethical norms and legislation in force.
- Cling to the corporate policy and its mission. Perform the imposed obligations to the full extent.
- During business meetings present only trustworthy and objective information including his affiliation to the organization.
- Follow the rules for dealing with confidential information.
- Act in full accordance with the norms prescribed by this Code of Ethics when working inside the company, conducting the negotiations and in all other situations.

Enterprise's Approach to Sustainable Development

Byelorussian Steel Works actively introduces principles of sustainable development into its business practice. The main aim of the plant development is development of economy of the enterprise based on innovative renewal, increase of economic effectiveness, environmental safety, resource saving and improvement of product competitiveness, achievement of an adequate level of living of the BSW employees. The management and the employees of the plant carry out their activity in accordance with the Code of Ethics which is brought to the notice of the staff and external partners. The Code of Ethics of the BSW is developed considering the key values such as truthfulness, sincerity and respect for mutual interests, and their obligatory fulfillment leads to mutual confidence, openness and transparency of relations. Confidence of interested parties is one of the key values for our plant.

Taking into consideration the specific character of production, the priority directions of the enterprise in the area of sustainable development include:

- increase of the technical and economic level of production due to reconstruction, modernization and new construction, further decrease of specific consumption of raw material, fuel, energy, and labour resources for steel product manufacturing;
 - introduction of progressive technologies ensuring energy and material resource saving;
 - expansion of production of steel having a high added value;
 - improvement of the export supplies structure in the direction of growth of the share of advanced refining products;

- improvement of environmental characteristics of the existing productions (introduction of environmentally-friendly technologies, reduction of waste generation and specific emission of contaminants into the air and water basins, increase of volumes and improvement of effectiveness of production waste processing).

To retain its position in the international markets, OJSC “BSW-management company of “BMC” holding» carries out modernization and reconstruction of its production, implements investment projects including commissioning of new production facilities. The result of the complex modernization of the existing and establishment of new innovative production of the enterprise will be growth of steel production and casting, ensuring manufacture of products with a high added value due to a deeper degree of processing and provision of production growth due to innovative products manufactured.

Modernization of the plant is an integral part of the policy pursued by the enterprise aimed at further development, reconstruction and establishment of new productions. Introduction of state-of-the-art technologies and equipment considering the latest technical and technological achievements is the key to the plant's operation effectiveness.

Outlook for social and economic development of the enterprise anticipates provision of a continuous growth of financial and economic indicators for expanded production and improvement of the employees' welfare. Increase of industrial production, as in previous years, is supposed to be carried out with a relative reduction of the volume of material and fuel and power resources consumption based on the usage of resource- and energy-saving technologies as well as structural shifts in production. Along with realization of investment projects, a complex solving of issues of selection, training and retraining of employees is provided.



Directions of the Strategy Implementation

Directions of realization of the plant development strategy suppose achievement of an adequate level of living of the BSW employees, set conditions for the growth of industrial product output and determine the key parameters of social and economic development.

The enterprise continuously develops new types of products. During 2018, 18 types of innovative products were developed at the plant and documentation for production was agreed (56 types of innovative products were developed in 2017). 777,193.805 thousand rubles (381,348.989 thousand US dollars) were spent for manufacturing of innovative products in 2018. Specific weight of the innovative products

in the total amount of shipments in 2018 equaled to 26.7% (compared to 22% planned).

Qualified employees having appropriate facilities, required knowledge, experience and professional training participate in development of new production processes and new types of products.

The BSW maintains a high standard and keeps in step with the times which is confirmed by multiple awards and achievements:

During 2018, 18 types of innovative products were developed at the plant and documentation for production was agreed.

Year	The winner of the following awards:
2001, 2004, 2007, 2015, 2018	"Award of the Government of the Republic of Belarus for achievements in the area of production and services quality"
2001, 2004, 2007, 2011, 2016	"Award of the Ministry of Industry of the Republic of Belarus for achievements in the area of quality"
2007, 2011	"Award of the CIS for achievements in the area of production and services quality"
2010-2018	"The best construction product of the year"
2002-2018	"Best goods of the Republic of Belarus"
2001, 2003-2015	"Best goods of the Republic of Belarus in the market of the Russian Federation"
2007, 2008, 2009	"Best quality manager"
2008	"The 4th International quality tournament of Central and East-European countries in the nomination "Production of industrial engineering application"
2009, 2010, 2017, 2018	- "Brand of the Year" in the nomination "Socially responsible brand" in the nominations "The best employer", "Active social position"; and "Professional nomination, goods and services B2B" in the category "Brand-Export") - honorary diploma in the nomination «Active social position»
2015-2018	"Power efficiency leader"
2010, 2014-2018	"The best exporter" in the nomination "Metallurgy"
2016	"Award of the Ministry of Industry of the Republic of Belarus in the area of science and technology"
2016, 2017	Award of the Association of Foundrymen and Metallurgists of Belarus in the nomination «The best innovative project introduced in the foundry and metallurgical productions, aimed at the improvement of product quality, energy- and resource-saving («Arrangement of rolled section steel production with construction of wire-rod mill», («Construction of the facility for production of rough forged axles in Mogilev»)

Laureate of the international Honor Mark "Commonwealth Star" in the nomination "Best CIS company"
2009, 2013 — European quality award (EQA) established by the European Foundation of Quality Management (EFQM), the level of "5 stars excellence recognition"
2012z. — "Award for the high level of competence" within the framework of the International conference «Development of accreditation in the technical regulation»
2014z. — OGMetr was recognized the best in the Republic of Belarus in the area of instrument calibration following the results of annual contest «Competence-2014»
2016z. — presentation film «BMC. Holding as an orchestra» was a winner in the nomination «The best musical and sound accompaniment» at the fifth Moscow International Festival of Corporate Video-2016.
2017z. — OGMetr quality system was commended by the Commission of European Cooperation for Accreditation within the framework of parity assessment of the National System for Accreditation of the Republic of Belarus; compliance of the plant's metrological provision procedures with requirements was confirmed.
2017z. — - the second-class honor obtained in the 14th international contest of energy-efficient and resource-saving technologies and equipment.
2018z. — The Deputy Director General for technology and quality E.A. Peretiagina was awarded the highest award by the All-Russian Quality Organization (VOK), namely I.A. Ilyin medal.

Participation of the plant in quality contests contributes to improvement of the plant's image and competitiveness of the product manufactured and allows assessment of the enterprise's activity and making comparison to the best enterprises of different countries for further improvement.



Management of Sustainable Development

In accordance with the Corporate Policy, the plant management ensures development and realization of technical, production, and investment programs aimed at improvement of product quality making an actual contribution to sustainable development of the plant.

A set of measures aimed at provision of high consumer characteristics of the product manufactured is included in a business-plan which development procedure is regulated by STP 840-SMK-4.1.2.

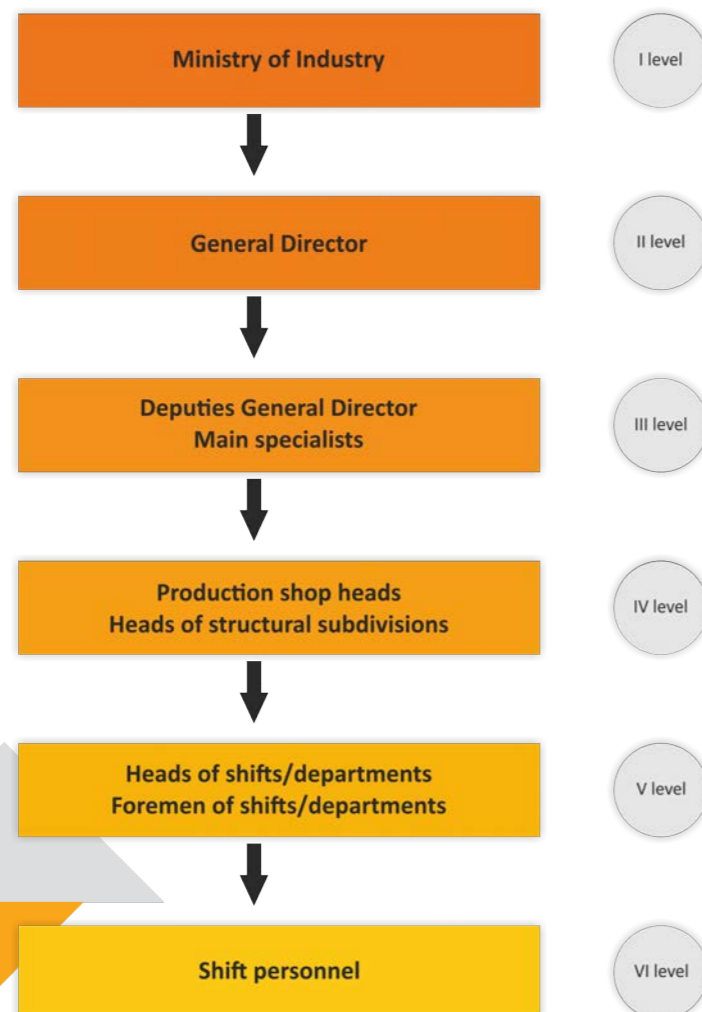
To improve product quality and ensure its competitiveness and improve the production technical level, the plant developed a long-term program of The BSW development for 2017-2021; plans of research work, development (technological) activity are approved and fulfilled based on contracts and by the plant's own force.

Main measures for product quality improvement and production effectiveness growth are included

in annual special-purpose orders approved by the General Director and specifying the terms and responsible persons:

- No.1 "About improvement of business activity and investment programs";
- No.2 "About measures for improvement of quality and competitiveness of products (services rendered)";
- No.3 "About measures insuring safe labour conditions";
- No.4 "About measures ensuring fire safety of the plant, dormitory, social and cultural facilities";
- No.5 "About personnel development";
- No.6 "About progressive technologies, mastering of new types of products, rationalization and inventive work";
- No.7 "About measures for environmental protection";
- No.8 "About measures to decrease production costs".

Organizational Structure of Sustainable Development Management



Business Ethics and Anti-corruption Management

In 2008 the BSW joined the local network of the UN Global Compact which is based on the principles of ethic and fair business. Such principles include respect for the employee's right to join trade unions and prohibition of discrimination of the employees, struggle against corruption in any occurrence.

The enterprise doesn't admit corruption, bribery, and fraud. To ensure economic safety and prevent corruption occurrence, the plant carries out its production and economic activity openly and responsibly.

According to the generally accepted international principles of a free economic activity specified in the UN Global Compact, OJSC "BSW – management company of "BMC" holding" considers fair competition to be a guarantee of realization of the right for free business activity. No legal actions were undertaken regarding the Organization in connection with resistance to competition.

In 2018 the plant continued to implement the requirements of Directive No.1 dd. 11.03.2004 "About measures of strengthening of public safety and discipline". Many times questions of labour discipline, compliance standards, and labour protection have been considered at the meetings of executive organs of the community, and personnel meetings; reports of the subdivision heads were heard. To meet the requirements of Directive No.1, indicators of labour discipline and compliance standards, provision of labour protection and industrial safety are included in the list of criteria of manager work assessment: contract termination is foreseen in case of their breach.

Following the Directive "About measures for strengthening of public safety and discipline", the law of the Republic of Belarus "About struggle against corruption" and supporting the principles of the UN Global Compact, the plant established a service responsible for prevention of corruption display and abuse in this area, optimization of risks when selecting raw material suppliers and users of the product manufactured in the conditions of a strong market competition, provision of

safety of the state property managed by the enterprise.

Legal support and economic safety board excludes any possibility of unlawful acts occurrence at the enterprise including acts of corruption in respect of new employees and those working at OJSC "BSW – management company of "BMC" holding. All employees of the security service have special higher education.

The BSW has developed and implemented the Plan of anti-corruption measures in accordance with which continuous monitoring of the results of financial and economic activity of the Organization is carried out and normative acts regulating the order of preparation and execution of tender documents and supplier selection are updated. To minimize business risks and to fulfill functions of the economic safety control, a pre-contract check is performed to control legitimacy of potential contractors and agreements supplied for examination from structural subdivisions of the enterprise. All structural subdivisions implement a number of measures to prevent corruption and law infringement: control of purposeful and rational consumption of tangible property is strengthened, unplanned random check of assets is carried out, rotation of the employees of commercial services of the Organization is fulfilled, presentations of the internal affairs bodies and Committee of Inquiry of the Republic of Belarus regarding the facts of corruption crimes committed by the employees of the

In 2018, 56 employees of the BSW completed training regarding anti-corruption management.



organizations under the Ministry of Industry, financial investigations are studied.

The progress of the anti-corruption plan implementation is controlled by the anti-corruption commission which held 4 meetings in 2018.

Due to openness, transparency, partnership, mutual respect of interests of all stakeholders and according to the information of the law machinery of the Republic of Belarus, 2 corruption crimes committed by employees of OJSC “BSW – management company of “BMC” holding” inside the Organization were registered in 2018.

The Community takes unprecedented measures to prevent corruption crimes and unlawful actions. All employees of the enterprise are acquainted with the content of the articles of the law of the Republic of Belarus “About struggle against corruption” and corresponding articles of the Criminal Code of the Republic of Belarus related to them and managers bear personal responsibility for that. Commemorative booklet containing main concepts and articles of the anticorruption law is placed on the internal site “info-BMZ” continuous access to which have more than 3,500 employees.

In 2018, 56 executives and specialists were trained in legal and organizational aspects of the struggle against corruption delinquency at special courses on the basis of different educational establishments. During training of foremen and their reserve at the course “Linear manager” studying of legal and organizational aspects of struggle against corruption delinquency is organized; 56 people studied at the course in 2018. When human resource decisions are taken regarding persons occupying leading positions in the Organization, an obligatory assessment of effectiveness of the measures taken by them to ensure adherence to the anticorruption law is carried out.

No penalties and fines were imposed to the Organization for breach of the law and order in 2018.

Fulfilling its obligations to investors, employees, business partners, and community in general, Byelorussian Steel Works strictly follows the existing law, civil laws, the Code of Ethics of business activity and is guided by the principles of effective management, information openness, financial discipline, lawfulness, and ethics.

2018 Chronicle of Key Dates and Events

On **January 1**, OJSC “BSW – management company of “BMC” holding”, was one of the first organizations in the CIS to receive a certificate of compliance with the Standard of the International Automotive Industry Target Group — IATF 16949: 2016. This document was issued on January 10, 2018 by the international concern for the provision of independent audit services to the TUV Rheinland Group (Cologne, Germany) based on the results of an audit conducted at BSW in December 2017.

In January, on the eve of the Old New Year, volunteers of the Belarusian Red Cross Society visited the “Zhlobin District Center for Corrective Development Education and Rehabilitation”. The guests brought gifts collected during the “Wishing Tree” campaign.

In January, BSW was awarded three awards following the results of the contest “Best Products of the Republic of Belarus” in 2017: OJSC “BSW – management company of “BMC” holding” became a laureate of the competition “Best Products of the Republic of Belarus” in the nomination “Industrial and Technical Products”; awarded with the “Stable Quality” Diploma, and products — carbon wire rod Ø 16.5 mm of steel grade 1010 mod — were given the status of “New Release of the Year”.

On **January 4-17**, Sochi hosted the traditional 29th International Festival of KVN Teams, following which the “All-in-Steel” plant team entered the KVN International Television League (Minsk).

In January, BSW received a certificate of compliance of the plant quality management system with the requirements of STB ISO 9001: 2015 with the distribution area of “QMS in the field of design and construction”.

On January 26, at the 17th annual Republican contest “Brand of the Year” BSW was recognized as the best employer of the country in the nomination “Socially Responsible Brand” and was awarded with the gold medal of the winner.

On January 26, at the solemn meeting dedicated to the Day of Belarusian Science, Anatoly Nikolaevich Savenok, General Director of OJSC “BSW – management company of “BMC” holding”, was awarded the Letter of Appreciation from the Prime Minister of the Republic of Belarus, and the Certificate of Honor of the Gomel Regional Council of Deputies was awarded to the Head of the Technical Department of BSW Sergey Terletsky.

In January, within the framework of the 15th working Spartakiad (sports and athletic contest), the championship in volleyball among the male teams of the first group was held, the winners of which were employees of the steel wire workshop No. 1.

On January 31, the staff of rolling section shop No. 2 overcame an important production line by shipping a millionth ton of rolled metal for export. Car circles with a 75 mm diameter were sent to the consumer in Germany.

On February 1, the BSW supply service celebrated its 35th anniversary.

On February 10, the production management team celebrated its 20th anniversary.

On February 10, a ski run was held as part of the 15th working Spartakiad. For the second year in a row, the automation management team became the owner of the everlasting Winner Cup and medals.

On February 15, plant workers took part in a rally dedicated to the Day of Remembrance of Warriors-Internationalists.

On February 18, elections to the local Councils of Deputies of the 28th convocation ended in Belarus. 11 employees of the plant became part of local self-government bodies at the district level, which is 27.5% of the deputy corps. Director General of BSW A.N. Savenok was elected to the Gomel Regional Council of Deputies.

On February 22, the Professional Olympus-2017 award ceremony was held. In total, 23 nominations were announced at the ceremony. By the Year of Science, a special nomination was established — “Recognition of the Year”. Elena Anatolyevna Peretyagina, Deputy General Director for Technology and Quality, was recognized as the winner for her work on helping BSW to obtain its status of a scientific organization.

On March 7, the “Woman of the Plant” graduation ceremony took place. This title was awarded to 10 people.

On March 16, a conference of the enterprise

collective on the conclusion of a collective agreement for 2018-2021 was held at the plant.

On March 17, the staff of the pay management and labour organization celebrated its 35th anniversary.

On March 22, the staff took part in a rally dedicated to the 75th anniversary of the Khatyn tragedy.

On April 13, the Sozvezdie regional youth prize laureates were the IT engineer at the IT Center Artem Tereshchenko (in the nomination "For success in the field of development and implementation of innovative projects"), the IT engineer at the IC Ivan Zuev (in the nomination "For an active life position in public work"), the storekeeper of the CC (in the nomination «For success in the field of sports»), and the primary organization of the NGO "Belarusian Republican Youth Union" was named the best among the working youth of the region in 2017.

On April 21, plant workers took part in the republican Saturday voluntary community work.

On April 21, representatives of public associations of the enterprise took part in the republican campaign "Forest Week -2018", planting 1.5 hectares of forest in the Priberezensky forestry.

In early May, the KVN "All-In-Steel" plant team entered the semifinals of the KVN television international league.

On May 10, the equipment management department celebrated its 30th anniversary.

On May 11, plant workers took part in a patriotic rally — a bicycle race in honor of the 74th anniversary of the Victory over the Nazi invaders.

On May 14, the Office of Planning and Economic Analysis celebrated its 35th anniversary.

On May 15, BSW hosted Family Day.

On May 18, plant's all-around championship was held as part of the annual year-round sports day at the Lokomotiv stadium. 19 teams took part in the competition.

From May 15 to 22, a national exhibition of the Republic of Belarus was held in Dushanbe

as part of the visit of Belarusian President Alexander Lukashenko to Tajikistan. The forum also featured products of the Belarusian Metallurgical Company holding.

In May, BSW took part in the WIRE-2018 exhibition in Düsseldorf.

In May, the seventh plant competition of professional skills among electric and gas welders of the enterprises of the BMC holding was held. This year the competition received international status thanks to the participation of a representative of the Russian company OEMK OJSC.

On May 25, the BSW team took first place in the district competitions of civilian civil defense units among the medical squads.

On May 31, the awarding ceremony of the contest "Best Exporter of 2017", held by the Belarusian Chamber of Commerce and Industry, took place. The plant was recognized as the leader in the Metallurgy nomination.

On May 31-June 1, plant workers took part in the 14th republican competition of welders.

On June 1, Children's Day at BSW congratulated the participants of the children's drawing contest "I want to be a metallurgist".

June 10 marks the 10th anniversary of the standardization of material and raw materials resources department.

In early June, BSW joined the marathon of good deeds and held a charity event for children from the Zhlobin social and pedagogical center.

In June, BSW took an active part in two exhibitions at once — in the 21st specialized exhibition "Belarusian Industrial Forum-2018" and the XIX International Exhibition "Spring in Gomel".

From June 15 to June 17, the seventh youth tourist rally was held by teams of enterprises of the Belarusian Metallurgical Company holding.

On June 23 BSW held the Open Day.

July 2 marks the 35th anniversary of the founding of the energy department.

July 3 – 15 years since the foundation of the energy conservation bureau.

On July 6 the plant hosted an evening honoring labour veterans and labour dynasty -2018.

In July, as part of the delegation's visit to the Gomel region, BSW was visited by a group of the TEMP-2018 International Youth Trade Union Educational Forum.

From July 6 to July 7, the 18th international

scientific and technical conference "Metal-2018" was held at BSW.

On July 8 the plant hosted the XXIX international athletics race dedicated to Metallurgist Day.

On July 13, a ceremonial commissioning of a vacuum degassing unit for an out-of-furnace steel processing section of steelmaking took place.

On July 14-15, festive events dedicated to the Day of the Metallurgist took place.

In July, a delegation of the Sino-Belarusian Industrial Park visited BSW.

From July 20 to 22, the BSW Zubry team took part in the republican tourist rally of the BELPROFMASH trade union and PSC Volat and entered the top ten.

At the end of July, the action "Heat" took place in the electric steel-smelting shop No. 1, during which the volunteers of the Red Cross plant primary unit measured the pressure of almost a hundred workers in the hot profession and distributed more than 30 liters of water.

On July 29, Dmitry Shashkov, rolling mill of the hot rolling mill LPRM-2, became the absolute champion of the Republic of Belarus in powerlifting in the bench press, setting a record in his weight category up to 93 kg — 340 kg!

On August 8, as part of a workshop on the exchange of experience, the trade union asset of the enterprise visited OJSC "Gomel Plant of Casting and Normals".

In August, the BSW team became the soccer champion among the physical culture teams of enterprises and organizations in Zhlobin.

In August, at the initiative of specialists from the BSW labour protection department, a social advertisement on labour protection was placed on city route No. 7.

On August 24, the contest and exhibition of gifts of the summer season "Golden Sunflower" was held for the 11th time.

At the end of August, plant workers took part in the republican campaign "Kind First of September", handing over sports equipment to schoolchildren in the villages of Paporotnoye and the village of Malevichi, the State Educational Institution "Zhlobin Social and Pedagogical Center", as well as 10 backpacks for families with financial difficulties.

From August 29 to August 31, the BSW team became the bronze medalist of the regional "Unity" tour rally.



On August 31 “Youth Ball -2018” was held.

On September 5, the first test batch of reinforcement No. 8 profile, new for BSW, was produced at mill 320 of the section rolling shop No. 1.

On September 5, BSW was recognized as the absolute winner of the XV republican contest “The Best Building Product of the Year”: reinforcement manufactured at BSW was recognized as the winner, and BSW itself won the Grand Prix.

September 6 marks the 35th anniversary of the founding of the Railway Shop.

On September 9, 42 BSW employees took part in the 2018 Minsk Half Marathon.

From September 14 to 19, BSW took part in the exhibition “Made in Belarus”, which was held as part of the visit of the President of the Republic of Belarus A.G. Lukashenko to Uzbekistan.

On September 21 the Day of the young specialist was held.

On October 1, the shipment of 1 million 800 thousandth tonnes of steel cord produced by the steel-wire workshops No. 1 and No. 2 from the moment of the start of hardware production at BSW took place.

On October 1, events were held to honor labour veterans in connection with the Day of Respect for Age.

In October, BSW became the Laureate of the IV Republican competition for the award for achievements in the field of energy efficiency “The Leader of Energy Efficiency of the Republic of Belarus - 2018”.

In October BSW took part in the International specialized exhibition “Energy. Ecology. Energy saving. Electro” of the XXIII Belarusian Energy and Environmental Forum.

In October, on the eve of BSW’s birthday, the plant workers went on a community work day organized in honor of the Year of the Small Homeland.

On October 15 BSW team celebrated its 34th anniversary.

On October 13, an on-site seminar of the

youth activist and newly appointed owners of OJSC “BSW — management company of “BMC” holding”, was held at the MPZ OJSC on the exchange of work experience in improving the social and living conditions of enterprise employees, staff motivation and increasing satisfaction with working conditions.

On October 17, at the 26th International Scientific and Technical Conference “Foundry and Metallurgy 2018. Belarus” BSW was awarded with the “Best Scientific and Production Work of a Young Scientist or Engineer” and “Best Innovative Project”.

On October 17-18, the 4th international conference of BSW suppliers was held.

On November 1, shipment of three millionth ton of wire for various purposes took place in steel-wire workshop No. 3. That is how many of these products have been produced at the enterprise since the start of hardware production.

In October, following the results of 10 months of 2018, BSW export exceeded one billion US dollars.

In October, BSW employees successfully performed at the Open Eurasian Championship as part of WorldSkills Hi-Tech 2018: BSW labour protection engineer Mikhail Zhigunov won silver medal, and chemical analysis laboratory assistant Irina Domantsevich won a bronze medal.

In November, Deputy General Director for Technology and Quality E. Peretyagina was awarded with the highest award of the All-Russian Organization for Quality (ROQ) — I.A. Ilyin medal.

In November, the “Metallurg” newspaper was recognized as the winner of the contest “The Best Corporate Media in the Metallurgical Industry of Russia and the CIS Countries-2018” in the nomination “The Best Edition of the Metallurgical Companies of the CIS Countries”. The competition was held as part of the main forum of metallurgists – the 24th Metal-Expo’2018 International Industrial Exhibition.

On December 14, the presentation of the corporate calendar for 2019 was carried out.

On December 20, the presentation of the children’s corporate calendar 2019 was held.

In December, BSW overcame a milestone in the shipment of products — \$ 1.5 billion. A symbolic “jubilee” dollar was brought to the budget of the enterprise by a batch of reinforcing bars of profile No. 25.

Participation in External Initiatives



OJSC “BSW – management company of “BMC” holding” has its representatives in different national organizations including the bodies of legislative power of all levels; this allows the plant to participate in law-making activity, have influence on decision making in the area of economic development of the region, carry out an open dialog with authorities and thus steadily decrease its activity risks.

To cooperate with the international professional community and represent its interest, the plant became a member of the following associations:

- Belarusian Chamber of Commerce;
- Council of Business Cooperation Belarus EU;
- Belarusian Union of Casters and Metallurgists;
- International Union of Steelmakers;
- International Union of Rollers;
- Belarusian-German Non-governmental Union of Business Cooperation;
- World Steel Association (WSA);
- European Foundation for Quality Management (EFQM);

Membership in these organizations allows the plant to champion its interests in the world community more effectively and develop its business considering general tendencies and strategic tasks.

Cooperation with Interested Parties

List of interested parties		
Interested party	Sphere of interest	Exchange of information
Ministry of Industry of the Republic of Belarus (owner)	Transparent management; achievement of the target indicators in the field of production, finance and economy; corporate responsibility; health and safety	Interested party
Foreign and leading banks of Republic of Belarus	An increase in the number of financial resources circulating through the bank; guarantee of return of allocated financial resources.	Reports and other documents confirming the solvency of the enterprise.
Control authorities	Compliance with legislation; monitoring of activities; permission; coordination of documents by types of activities; taxes to the budget.	Requirements; checks; consultation; meetings; reports; data on requests.
Body of state and local authority	Compliance with legislation; the coordination of projects; permission to operate hazardous facilities; regulation of land, social, labor relations	State registration of objects, agreements on social partnership, verification, data on requests.
Clients, consumers	Quality of products; practice of ethical business; ecological compatibility of products.	Meetings, visits to the enterprise, audits, forums, exhibitions, conferences.
Labour unions and social associations	Implementation of the current collective agreement, respect for human rights.	Trade Union conference of the labor collective, the Commission on labour disputes, meetings
Employees and their families	Safe working conditions, career growth, vocational training, social guarantees and benefits	Surveys, meetings, web site "belsteel.com", direct phone line, the newspaper "Metallurg"
Mass media	Reliable information about the activities of the company (compliance with legislation, relationships with suppliers, consumers, workers and residents of the region, local communities, authorities and supervisory bodies)	Press releases, website "belsteel.com", official groups on the Internet, interviews, press conferences, visits, responses to inquiries
Subcontractors, suppliers	Procedures for selecting suppliers, guidance for suppliers, compliance with corporate standards.	The procurement system of the enterprise, public tenders, meetings, instructing contractors, joint meetings
Non-industrial organization	Participation in joint projects, impact on the environment	Requests, claims, seminars, focus groups, social reports
Educational and academic institutions	Providing job placement for young specialists, the possibility of conducting research and development projects, practical training.	Meetings, reports
Local community	Ecological situation in the region, social investment.	Meetings, social projects, website "belsteel.com", social networks.
Holding companies and subsidiaries	Allocation of financial resources, implementation of methodological assistance in solving production issues	Meetings, written requests

The long-term successful development of the enterprise is based on construction of confidential relations with the interested parties. The BSW strives for active engagement of different groups of interested parties into its activity in the area of sustainable development guided by the principles of social partnership, mutually advantageous cooperation, respect, openness, and trust.

OJSC "BSW – management company of "BMC" holding" cooperates with an extensive number of the interested parties, 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 economic, 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, OJSC "BSW – management company of "BMC" holding" cooperates with the interested parties 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;
- engagement of all elements and participants of cooperation;
- disclosure of a complete and reliable information about the results in the field of economic, ecological and social activity;
- promotion of responsibility for the assumed obligations and their fulfillment;
- observance of universal norms and values;
- formation of favorable internal and external environment;
- maintaining of reasonable balance of interests of the plant and the community.

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 operation, preserving cultural heritage, national originality, environmental protection, health care 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 the BSW was the boiler house "Severnaya" commissioned in 1983.

Due to the BSW, Zhlobin takes advantage of 5 educational schools, 9 nursery schools, 7 stores, a restaurant, a hotel, children's department for 120 people and a surgical building for 240 patients of the regional hospital. For a convenient highroad service, overhead crossing over the rail track was build connecting two parts of the town.

There was time when we had no stable reception of the republican 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 a sport center with a skating rink and an aqua -park. With the help of

the 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 operation 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 operation, the plant defines the priority directions and forms of social activity. Besides fulfilling tax obligations, OJSC «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.

OJSC «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. As for its practical activity, the plant creates relationship with the civil society with due consideration of the results of the comprehensive research «External impact

Interaction With Mass Media

The mass media shape the social and political worldview of the plant workers being a two-way channel of communication between the state and community. The mass media serve as a source of information about the events happening in the world, situations of nationwide importance and state of affairs at the local levels. Each year the departmental subscription to newspapers and magazines is organized and arranged in all departments of the enterprise to promptly inform the workers.

The BSW pays much attention to interaction with the mass media. The enterprise's full

of the enterprise on the community, the plant's image in the town". Annual multi-dimensional research is carried out with the purpose to study the opinion of the towns people within the region of the plant's operation as concerns the degree of the BSW influence on the vital activity of the region.

Steady development of the region of operation is an important component of the plant development strategy aimed at solving the priority tasks within the field:

- assistance to steady development of the territory of operation;
- 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;
- establishing and maintaining the image of conscientious and attractive employer.

presence in the information space allows to strengthen the BSW image in the eyes of the outside audience and its employees. That's why the plant pursues an information policy, working closely with the mass media of different level and direction. Forming its informational policy, the BSW aims at maximum coverage of the interested target groups and uses all possible communication channels: newspapers, journals, television, news tapes of information agencies, Internet-resources. This comprehensive approach allows the plant to achieve maximum effectiveness of this work.

The enterprise's press service prepares and distributes among the journalists the press-releases about all significant events in the life of the enterprise, actively assist in preparation of comments and interviews

with chief executive officers of the BSW which are published in the republican and foreign newspapers and magazines.

Speaking about effective communication with target audiences it is important to underline that the BSW pays much attention to introduction of the enterprise in the Internet environment. They have an operational efficiency, wide coverage of the audience, high reproducibility and availability.

During 2018, more than 200 materials about the BSW activity were published in the mass media. This has included both the printed publications (newspapers – «Sovetskaya Belorussiya», «Respublika», «Belorusians and the Market», «Gomelskaya Pravda», «Novy Den» and journals – «Economy of Belarus», «Quality Mark», «Standards and Quality», «Refractory Market») and the Internet-resources (tut.

by, metalinfo.ru, steelland.ru, advis.ru, Sputnik Belarus, Office Life) and the leading informational agencies (BELTA, PIME-TASS, Ecopress). Main topics of materials are the following: results and effect of modernization, operation of the enterprise in difficult economic conditions, expansion of sales markets, achievements

in specialized competitions. The heroes of publications were also the employees of the BSW, who achieved the best results in work and public life of the enterprise, etc. The most significant and important materials published in 2018 about the BSW were posted on its external website in the section «Press-center.»

Key information topics:

scientific activities, enterprise performance in difficult external-economic environment, marketing development, achievements in the specialized contests. The heroes of publications were employees of the BSW who achieved the best results in labour and public life of the enterprise.

Interaction With Authorities

OJSC «BSW – management company of «BMC» holding» builds up cooperation with all interested parties 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, lifestyle 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 for the plant employees. Constructive interaction with the governmental bodies helps OJSC «BSW – management company of «BMC» holding» to find a solution of this 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, and reconstruction of the steel-making production were regularly discussed by the general director at his meetings with the representatives of Administration of the President of the Republic of Belarus, Minister of Industry, Chairman of Gomel Regional Executive Committee, etc.

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. Alongside with that, OJSC «BSW – management company of «BMC» holding» has not provided donations in favor of any political party or individual politicians.

Scientific and Technological Potential

OJSC «BSW — management company of «BMC» holding» is a supplier of competitive metal products of high quality which are manufactured on the basis of resource-saving, advanced and innovative process technologies meeting the world criteria of technological novelty.

3 main subdivisions of OJSC «BSW — management company of «BMC» holding» are involved in creation of advanced and innovative process technologies, as well as new types of competitive metal products.

The Research Centre – the applied research laboratory for metallurgical and steel wire production technologies (RC-ARLM&SWPT)

– established in July 2017 on the basis of the research center of the OJSC «BSW — management company of «BMC» holding».

This structural division of the plant is responsible for carrying out scientific and research and development (technological) works

in the production work, testing of new materials, service tools and new equipment. It organizes and performs Research, Development and Engineering using the plant's own resources with involvement of engineering and technical personnel of production shops, technical management, design and reconstruction management, central plant laboratory. It is responsible for development, implementation and production of the new types of products and technologies for serial production. It participates in the reconstruction and modernization of the main and auxiliary equipment, is responsible for the development of technology at the plant in order to meet the demand of the market and production, provides technical support of the current technology, continuous improvement of technological processes, improvement of quality of the produced products.

RC-ARLM&SWPT studies and summarizes the achievements of science and technology in the field of metallurgical and metalware production, promotes their practical use, establishes and implements promising plans for the development

During 2018, 30 types of innovative products were put into serial production



and deployment of the science-based types of products, high-efficiency technological processes, develops recommendations and organizational and technical measures for the performance of Research, Development and Engineering conducted by the research institutes and universities for the plant.

RC-ARLM&SWPT consists of 4 research laboratories:

- Steelmaking laboratory;
- Rolling production laboratory;
- Metalware production laboratory;
- Research laboratory.

The RC-ARLM&SWPT has 28 employees with higher education, including 1 Candidate of Technical Sciences and 13 Masters of Technical Sciences.

The Technical Board (TB) is a division determining scientific and technical policy of the enterprise. Decisions made by this division play a very important role for the level of engineering and technical support and product quality. 1 candidate and 4 masters of technical science work here. The main TB structure includes: steelmaking, rolling and hardware services, scientific and technical department Scientific and Technical department

includes a rationalization, invention and new technics bureau, a standardization bureau, and a scientific-technical information department. The TB functions are as follows: planning, development and introduction of up-to-date technologies; implementation of programs of technical and technological upgrade of the capabilities of the plant; determination of the reasons of defects and breaches of production modes.

The Design and Reconstruction Board (D&RB). 1 candidate and 1 master of technical science work in D&RB. The design and reconstruction board (D&RB) is a division fulfilling the development of design documentation and supporting projects to provide operation, maintenance, and reconstruction of the plant's

facilities and equipment. In 2017, OJSC «BSW – management company of «BMC» holding» was accredited by the State Committee on Science and Technology and National Academy of Sciences of Belarus as a scientific organization (certificate No.239 dated January 11, 2017).

According to the results of 2018, the BSW products have high competitive strength on the worldwide market outlets and are on one level with the best similar commodities. In 2018, the BSW mastered a number of innovative types of products in the following directions:

- in steelmaking production: blooms from carbon qualitative steel grades for further production of rough forged axles in OJSC “Minsk Motor Plant”; continuous cast ingot from steel grades which are new for OJSC «BSW – management company of «BMC» holding», for further production of seamless hot-rolled pipes for oil and gas industry, hot-rolled round bars in rods and in bundles for car manufacturing, hot-rolled rods of general and special purpose, etc.;

- in long product rolling production: hot-rolled and cold-rolled reinforcement according to newly adopted standards; rods from low-carbon, carbon qualitative and alloy steel grades of different purpose, hot-rolled round bars in rods and in bundles (including with turning and thermal treatment) for car manufacturing, precision machinery industry, bearing production, etc.;

- in pipe-rolling production: seamless hot-rolled pipes for oil and gas industry for further production of drill boring, pumping and casing pipes, perforating guns, etc.;

- in hardware production: new ultrahigh-strength and ultra-strength constructions of metal cord and monochord (single filaments), multi-stranded constructions of metal cord for production of large-dimensioned and superlarge overall dimensional tires, mega-strong metal cord constructions for the world tyre manufacturers, modified brass coated metal cord, bead bronze-coated wire, wire for high-pressure hoses.

According to the Presidential Decree No.31 of the Republic of Belarus dated January 31, 2017

«Concerning the state program of innovative development of the Republic of Belarus for 2016-2020» with the purpose of improvement of competitive strength of the national economics and taking into account its intensive innovative development, the state program of innovative development of the Republic of Belarus for 2016-2020 was adopted. Within this Program, OJSC «BSW – management company of «BMC» holding» reached 20.6% of the target indicator of «specific weight of the shipped innovative products in the total volume of the shipped products». For 2018 this indicator amounted to 26.7%.

Now the BSW actively cooperates with the NAS of Belarus and scientific-research establishments of the Academy of Science: NSU “Applied physics institute of the NAS of Belarus”, Metal technology institute of the NAS of Belarus”, NSU “Powder metallurgy institute of the NAS of Belarus”, Gomel branch of the NAS of Belarus”, NII of BNTU, EE “Bel GUT”, EE GSTU named after P.O. Sukhoi”, etc. which render a thorough assistance to the enterprise.

OJSC «BSW – management company of «BMC» holding» developed the partnership relations with scientific and research teams of NITU “MISIS”, FGUP CNII Chernet named after I.P. Bardin”, OJSC AC “VNIIMETMASH” named after A. I. Tselikov”, Ferrous metallurgy institute of the NAS of Ukraine, Czestochow polytechnic university, etc.

During last years, different joint technical projects were implemented with the above organizations:

- introduction of manufacture of copper shells with wear -resistant coating for continuous casting machine molds at electric furnace shop No.1,

- introduction of X-ray diffraction analysis methods for assessment of hardware products quality characteristics; development of power-saving technology of wire rods orbitizing in rolling mill 150,

- improvement of heat treatment technology of chromolibdenum containing steels in rolling mill 850, etc.

OJSC “BSW – management company of “BMC” holding” has joint programs of scientific and technical cooperation with such global concerns as Continental AG (Germany), Group Michelin (France), Bridgestone Corp. (Japan), Eaton Corporation (USA), Goodyear Tire & Rubber Co. (USA), NokianTyres P.L.C. (Finland), Yokohama Rubber Co., Ltd (Japan), and Manuli Rubber Industries (Italy). The latter company founded a joint-venture with the enterprise: SOOO “Manuli Hydraulics Manufacturing Bel” in Orsha.





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**ECONOMIC
PERFORMANCE**

A strategic goal of the plant in the economic area is achievement of the maximum sustainable and effective development of production, high financial results along with a reasonable balance of interests of all stakeholders, satisfaction of social and economic needs of the civil and business community of the region of the plant's operation.

OJSC "BSW — management company of "BMC" holding" considers social responsibility to be 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.

Economic development of the plant means an increase of its profitability through growth of output of high-tech products in compliance with the strategy, and growth of the production effectiveness. In this activity the enterprise is guided by the law of the Republic of Belarus, parameters of sustainability and development of the production activity, economic reasonability as well as its responsibility to the owner, investors, employees, and business partners, local communities, and other stakeholders.

Financial-economic Activity

In 2018, OJSC "BSW — management company of «BMC» holding" worked in difficult conditions of shortage of current assets, owing to the high loan exposure.

In 2018, the main objective of the enterprise was a search of additional financing sources, maximum utilization of capacity and a growth in volumes of production and sales.

The marketing work conducted, close interaction with state administration bodies and banking institutions, active work on mobilization of internal reserves and revival at foreign markets promoted an increase in overall performance of the BSW in 2018.

The comprehensive program of measures aimed at stabilization and development of production, reduction of production cost was prepared by the plant for counteraction to all negative processes happening at international markets. Strict control of fulfillment of the program at all levels gave a positive result. Economic effect of the measures directed towards production costs cutting was USD 118.6 million (USD 118.9 million in 2017). 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.

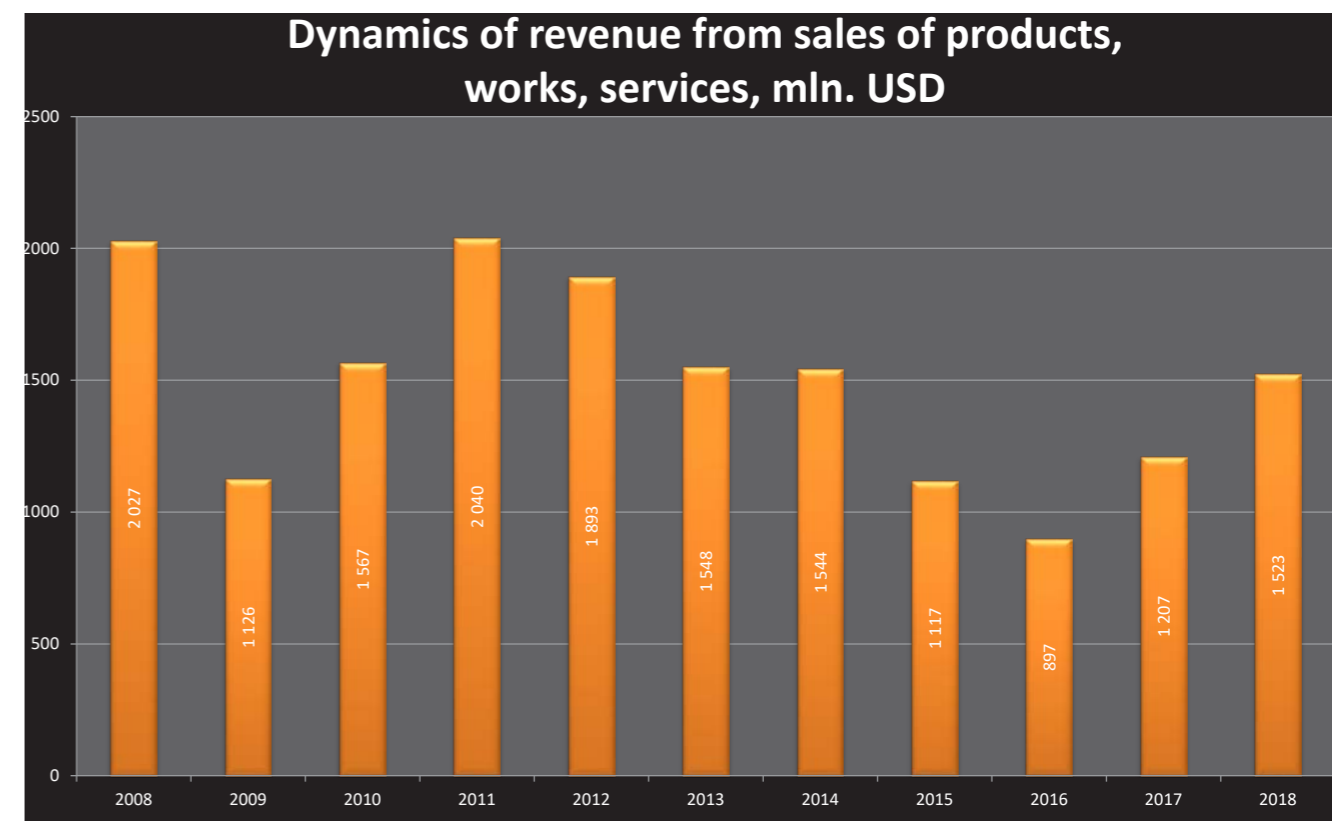
In order to obtain a reasonable expert opinion concerning the representation of the true results of financial accountability, an international independent auditing company carries out audits at the BSW in accordance with the requirements of the International finance reporting standards (IFRS).

Top management is informed on production and financial-economic activity by means of monthly summary reviews, economic councils, and analytical reporting.

In order to improve the communication system, expand opportunities of interaction between the interested parties, ensure employees' individual development and sharing experiences, the BSW annually holds international scientific and technical conference «Metal». In addition to guests from CIS countries, specialists of Financial, Economic and Marketing Departments take the stage at the conference in the section "Economy and Finance". During the conference, its participants present their reports on the 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 as well as in the field of corporate social responsibility.

Economic Efficiency. Main Indicators

In 2018, the company achieved significant results. Revenue from sales of products amounted to Br 3,082 million, which is 32.4 percent higher than the level of 2017. Products shipped to consumers – 2,364.8 thousand tons. 2,473.8 thousand tons of steel were smelted, which is 5.5% higher than in 2017. The return on sales was 8.0% compared to 6.0% in 2017. Break-even work was provided - net profit amounted to Br300 thousand. The balance of foreign trade reached USD 470 million. The energy saving indicator is "minus" 8.7% with the target "minus" 8.0%.



Revenue from sales of products, works, services in dollar equivalent for 2018 increased by USD 315.5 million compared to 2017, due to an increase in production by volume and an increase in prices on foreign markets.

Profit

Profit in the amount of USD 121.4 million was received from sales of products in 2018 compared to USD 72.1 million in 2017. The company made incentive and compensatory payments, additional payments to non-working pensioners, etc., as well as maintenance of social facilities and expenses for the rehabilitation of children in the amount of USD 6.3 million (in 2017 – in the amount of USD 5.9 million)

Payments to the owner

At the end of 2018, in the prescribed manner, a part of profit (dividends) was transferred to the owner in the amount of USD 1.38 million.

Taxes and mandatory payments

OJSC "BSW — management company of «BMC» holding" is a responsible taxpayer, ensuring the strengthening of the financial foundations of the state, and regularly pays taxes to budgets of all levels. The economic stability of the region of the company's activity and, in particular, the ability of regional and local authorities to develop the region's infrastructure depending on how timely and correctly the plant transfers taxes to the state. In 2018, BSW paid USD 11.6 million of income tax (USD 8.4 million in 2017), USD 30.2 million (USD 22 million) of social security funds, and real estate tax – USD 4.1 million (USD 10 million).

Innovative Updating

In 2018, the BSW invested USD 15 352 000 in modernization

The main objective of OJSC “BSW — management company of «BMC» holding” is to develop and enhance its position in the world markets. The tool for increase in overall performance of the plant is the innovative updating and measures on reconstruction and modernization aimed at providing technical and technology base for production development. This will in turn enhance the economic benefits and environmental security.

The BSW has a long experience of work in foreign markets, availability of dealer network in various regions of the world that allowed the enterprise to gain the reputation of a reliable partner supplying hi-tech products.

The main part of innovative products of the plant is made by section rolling and bar mill No. 2 which specific weight in the total volume of the shipped innovative products of the BSW was 53.6% in 2018.

Products		2016 год		2017 год		2018 г	
		Volume of shipped innovative products, tons	Cost of shipped innovative products	Volume of shipped innovative products, tons	Cost of shipped innovative products	Volume of shipped innovative products, tons	Cost of shipped innovative products
LPRM-2	Br, in thousands	195	120 015,272	347	282 212,569	350 772	402 955
	USD, in thousands	260,582	61 047,124	781,427	146 413,186		197 616
Including export of shipped innovative products of LPRM-2	Br, in thousands	189	114 451,83	324	256 842,580	270 339	312 357
	USD, in thousands	263,743	58 205,169	053,275	133 422,905		152 852
Including shipped innovative products of LPRM-2 for sales in the Republic of Belarus	Br, in thousands	5 996,839	5 563,443	23 728,152	25 369,988	80 433	90 598
The specific weight of EXPORT of shipped innovative products of LPRM-2 in the total volume of shipped innovative products of LPRM-2	Br, in thousands		95,4%		91,0%		77,5%
	USD, in thousands	96,929	95,3%	93,2%	91,1%	77,1	77,3%
The specific weight of shipped innovative products of LPRM-2 in the total volume of shipped innovative products of the plant		35,0%	34%	51,1%	51,3%	53,6%	51,8%

The products of the shop are high-quality rolled metal products made of structural, tool, roller-bearing and spring steels. These products are used in construction (reinforcement wire rod), metallurgy (production of metal cord, wire, fiber, and other metalware products), mechanical engineering (production of car components, bearings, electric motors and gear units, rods of fluid pressure cylinders and pneumocylinders).

The principal operating and financial indicators of work of LPRM-2

Name of the indicator	2016	2017	2018
Output of products, tons	484 270	638 987	624 520
Sold to consumers, in thousand tons	381	459	384
Sold to consumers, in millions of USD	133,0	216,0	239
Export share in numerical terms, %	83,2	75,9	77,6
Share of export in the Republic of Belarus in numerical terms, %	16,8	24,1	22,4

During 2018, the enterprise introduced a number of technical and technological solutions aimed to enhance the equipment performance and output quality, expand the range of products, decrease the air emissions, and maintain the operating production at a high level:

• **“Modernization of drawing mill No. 9 in LPRM-3”**

The project was implemented in August 2018.

As a result of the project, winding devices were modernized, which made it possible to increase the volume of production by increasing mill productivity.

Investments in the amount of Br 23,032 thousand have been utilized within the project.

• **“Construction of treatment facilities for saline wastewater treatment”**

The project was implemented in June 2018 in order to reduce the environmental burden on the environment, treatment facilities for the treatment of saline wastewater using AWAS technology were built, consisting of:

- industrial building evaporator;
- pumping station and reservoir with a volume of 2500 m3;
- pumping station of container type.

Investments in the amount of Br 33,475 thousand have been utilized within the project.

• **“Organization of the production of compact steel cord designs for all-metal cord tires”**

The project is included in the State Program for the Development of the Machine-Building Complex of the Republic of Belarus for 2017-2020 (Resolution of the Council of Ministers of the Republic of Belarus of August 7, 2017 No. 588).

The project “Organization of the production of compact steel cord designs for steel mill tires at OJSC “BSW — management company of «BMC» holding” was implemented with the introduction of two measures:

1. “Production of compact steel cord designs

for the steel rolling mill of tires LPRM-1” – was commissioned in July 2018. The cost of the facility according to the approved act of input is Br 790 thousand.

2. “Production of compact steel cord designs for the steel rolling mill of steel tires LPRM -2” – was commissioned in September 2018. The cost of the facility according to the approved act of input is Br 1,653 thousand.

The modernization of 14 cable cars was carried out, which ensured the production of a new beam design of steel cord 19L22/20 for truck tires. The modernization of cable machines was carried out in LPRM-1 (5 machines) and LPRM-2 (9 machines).

• “Modernization of fine wire-drawing machines KNT 30.8 with the installation of a winding device”;

• “Installation of a transformer with 75/125 power;

• “Modernization of the control system of the patenting unit No. 2”;

• “Installation of an automated control system for the dust collecting unit of ИОУ No. 3”;

• “Automation of the cooling system of molds CCM-3”.

• BSW is completing the implementation of a major investment project “Increasing the productivity of out-of-furnace steel processing at AFS-1.2”.

Two single-stage ladle-furnace plants and a vacuum degassing unit with associated infrastructure were built for the project. Investments that have been utilized since the start of the project – Br 192,037 thousand.

Project Efficiency:

- ensuring the necessary performance of furnaces and continuous casting machines;
- alignment of the balance of the metal;
- improving the quality of finished products.

The use of ladle-furnace plants provides for expanding the range of steel produced. Thus, the use of these units in the out-of-furnace processing scheme opens up new prospects for the possibility of optimizing steel production technology. At the same time, an aligned balance of metal in steelmaking, out-of-furnace processing and casting of billets by continuous casting machines will be ensured with an increase in the volume of out-of-furnace steel processing.

Enterprise's Risks

The enterprise uses risk oriented thinking in accordance with the ISO 9001:2015.

Investment Risks

Any project implementation is associated with certain organizational, technological and financial risks. However, the investment projects launched by OJSC «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 the 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

- Implementation of the project "Comprehensive reconstruction of boiler room No. 2"

In the existing boiler room No. 2, the boiler was replaced with a steam capacity of 10 t/h for 2 boilers with a steam capacity of 25 t/h (one of which is reserve), which will provide the need for an additional quantity of steam of the relevant parameters for the technological needs of new steel after furnace treatment equipment (RH vacuum degasser and evaporator).

The project provides for 2 launch complexes. In September 2018, 1 launch complex (working boiler) was commissioned. Investments that have been utilized since the start of the project – Br 3,356.4 thousand.

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-optional calculations to identify the projects' financial performance and efficiency indicators against various variable factors (capital input amounts, product sale price, input costs, debt-to-equity ratios).

Legal Risks

Like any other economic entity, the enterprise is a participant of tax legal relationships. Currently, the Tax Code and a number of the laws regulating various taxes and fees established at the republican and local level in Republic of Belarus, various tax laws and regulations are in effect and subject to frequent changes, additions, amendments. At that, the amendments are partly made 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 attempt 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.

Due to complex updating of the Tax Code, there is a number of novelties, which simplified tax administration and ensured stability of the tax law, simplicity and clearness of legal regulations promoting economic activity.

In order to minimize the risks, the enterprise performs monitoring and analysis of changes in the tax law, evaluates and predicts the scope of potential impact of such changes on its activity, thereby the probability of tax risk formation is estimated as low.

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 steel-making as most of raw materials consumed by steel works are imported.

Due to boom-and-bust economy in the next years (2019-21) potential risks of cyclic price reduction being typical of the metal industry are constantly increasing. At the same time, there is an increase in global market prices for primary raw materials and consumables used by the plant, namely for scrap metal, cast iron, ferroalloys and electrodes. Reduction of prices for metal products and raw materials significantly affects the enterprise's operational activities and its financial performance.

BSW, occupying 0.1% of the global steel market, depends on the processes that occur within it. The main risks and dangers come to us from the outside. Unfortunately, at present the world market of ferrous metallurgy is unstable and is subject to such negative factors as:

- risk of growth in exports from China. China occupies more than 50% of global steel production and is the largest exporter of metal products, and therefore the situation in the foreign market is dependent on the dynamics of steel production in China. The process of reducing metallurgical capacities in China, which began in 2016, is still ongoing, but despite this, steel production in China is growing, since when one enterprise closes, new ones are opened, including through mergers and acquisitions.

Liberalization of the Chinese real estate market brought new

investments into this sector and provided the Chinese metallurgists with temporary new orders, but it led to a speculative warming up of the market. Currently, the Chinese metallurgists are aimed at satisfaction of domestic demand. However, when the local market is full, there will be a problem with sale of finished products and then there will be a reorientation to the external consumer.

Also degradation of the situation was influenced by doubts of many market players concerning the reality of fulfillment by China its plans for achievement of 150 million tons of capacities. Decrease in domestic demand in the People's Republic of China at the existing production volumes will strongly press on other export markets in other regions that will also lead to negative scenario of market development.

- a high level of protectionism (protective measures in the EU in the form of quarterly quotas and duties, protective duties in the USA and other protective measures and duties in different countries of the world) leads to a redistribution of goods flows due to the limited number of export markets.

- high and unstable prices for raw materials. Despite the multidirectional price trends in the segment of raw materials, the main effect on marginality is provided by the price level. Thus, scrap's notional cost is USD240 per ton, and iron ore – USD90 per ton (depending on the region). Plants operating on iron ore raw materials have a rather high margin, while enterprises operating on scrap metal balance on the

verge of zero profitability, and sometimes are unprofitable, as it is currently.

- expansion of steelmaking capacities in various regions of the world. The launch of new steel production facilities is planned worldwide. Many of the new steel mills will be launched in regions where demand currently exceeds supply, for example, in Southeast Asia, Africa and the Middle East.

In general, global steel production capacities are currently in excess, with a gap between demand and supply of 561 million tons.

- a slowdown in economic growth in some countries and regions and a concurrent decline in demand in major metal-consuming industries. One of the symptoms of growing ill-being is a slowdown in economic growth. This problem has been distinctive recently not only for our eastern neighbor, Russia. In particular, Turkey has seen a weakening in construction activity as a result of a lack of liquidity and a decrease in consumer confidence. In the leading steel-consuming sectors of the EU – automotive and machine-building – there is a decrease in demand and according to forecasts for 2019, the apparent steel consumption in the EU will decrease by 0.4%.

There is no rise, the usual stimulating measures do not help too much. Because of this,



in most countries of the world there is practically no expansion of demand for steel products, while new capacities appear. A reaction to the growing imbalance is protectionism.

- protectionist practices. In 2018, there is a trend of introduction of various measures (duties, quotas, licenses, etc.) in the world steel industry with the purpose to protect domestic markets against “unfair exporters”. The WTO called this trend a “trade war”. The risk of closing of the markets from import belongs, first of all, to economic policy risks and is very significant since it has a direct negative impact on productive, marketing and financial activities of the metallurgical enterprises. In March 2018, duties on all steel (25%) and aluminum products (10%) were introduced in the United States in accordance with section 232 of the U.S. National Security Act. In response, restrictions were imposed on imports into the EU for 28 categories of steel products, which are sold in the form of tariff quotas. If the volume of imports is exceeded (calculated as average volumes for the last three years), a duty of 25% will be levied on the products. These measures have also been initiated by many countries of the world.

For minimization of this risk, OJSC “BSW — management company of «BMC» holding” carries out an active marketing and sales policy on expansion of market outlets (search for new markets and diversification of the existing ones).

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. In recent years, metallurgists began to actively buy modern equipment for their scrap companies, absorb the most promising procurement companies.

Country and Regional Risks

Production and business activities of OJSC “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. Common customs space and further economic integration allow us to consider such risks as negligible.

Besides, geographical position of the Republic of Belarus will contribute to minimization of regional economic risks and possible effects on the enterprise’s activities resulting from them. Priorities will include flexible supply geography, ensuring prompt response to the environment challenges and protection against possible regional crises.

Winter supplies of major raw materials can be affected by weather conditions. In order to minimize risks associated

with interrupted raw materials supplies, it is essential to provide for availability of “winter buffer” reserves of such raw materials.

Industrial Safety, Labour Protection and Ecological Risks

We admit that metallurgy is a potential hazard to the environment and to the people since such production activities involve high-temperature processes, aggressive chemical environments, 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 setting up 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 tightening of the environmental regulations and lowering of critical pollutant concentrations could result in increased amounts of obligatory payments and fines stipulated for violations of the law.

Financial Support Provided by the Government

According to resolutions of the Council of Ministers of the Republic of Belarus of June 2, 2018 No. 418 "Concerning reimbursement of bank loan interest to legal entities implementing investment projects in 2018" in 2018 OJSC "BSW – management company of "BMC" holding» was reimbursed the bank loan interest in the amount of Br 11.1 million (USD 5.4 million).

The above mentioned amount of state support received by the BSW reduced the deficiency of the circulating assets and allowed the enterprise to use this source of assets for replenishment of own circulating assets – payment for raw materials, payment of wages and freight forwarding by rail.

Indirect Economic Impacts

The 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 the BSW on the part of all interactive groups and the civil society.

The priority directions of corporate charity and sponsorship are determined as follows: environment, support of social facilities in the area of the plant location.

The BSW employees personally participate in charity actions. During the years of implementation of this objective, an effective mechanism of operative assistance to people has been developed.

In 2017, the plant's workers actively participated in the following charity actions: "All children are ours", "Do good", "They need your help", "Wishing tree" and others.

During the year, charity actions with participation of the BSW employees take place in educational and health care organizations of the city and the district. In 2017, the employees

of the plant collected Br11,400.00 for rendering charitable assistance. These funds were provided for surgical procedures and rehabilitation, purchase of expensive drugs to the needy including to children. A portion of the funds was transferred to Belarusian Peace Foundation, Belarusian Red Cross Society, Zhlobin social-pedagogical asylum and other organizations.

Factory workers do not stop helping the needy throughout the year. Thus, the trade-union committee and the management of the Belarusian steel works presents New Year and Christmas gifts not only to the workers and their children, but also to pupils of social asylums and patients of nursing care hospitals.

Participation of the factory workers in the action of fund raising on purchase of school supplies «Kind September 1» became traditional. It should be noted that within the fund raising inside the enterprise, the workers organized a fund-raising campaign on their own initiative for those colleagues who have children of school age. In 2018, the factory workers collected Br 1,124.6 in total within the framework of action "Kind September 1".

Realization of the scheduled activities had a favorable impact on the plant cooperation with the main groups of stakeholders: authorities, civil society, ecology community and employees. It helped to strengthen the BSW reputation as a socially responsible enterprise and achieve the highest social and economic efficiency from the money spent on charity and sponsorship purposes.

Short-term Targets of the Plant

In 2019, the global metal products market is unstable, there is a decrease in prices, and, moreover, product prices are falling at a faster pace than prices for basic metallurgical raw materials. According to the results of the first half of the year, the growth rate of production in actual prices amounted to 107.3%, the growth rate of industrial production in terms of representative goods basket (RGB) was 109.3%, and the export growth rate was 100.5%.

Proceeds from sales of products were Br 1.595 million which is higher by 8.2% than those of the first half of 2018.

The marketing service of the enterprise (taking into account information from world analytical sources) does not give a forecast for a cardinal change in the situation in foreign markets. With this in mind, revenue from sales of USD 1.48 billion is forecasted for 2019.





**ENVIRONMENT-
RELATED ACTIVITY**

Environmental Policy

The enterprise acknowledges that its production activity is related to a negative impact on the environment and takes all possible measures to minimize this influence on the livelihoods of the population. The chief executives of the BSW take 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 increasing ecological requirements, which enables the plant to reduce pollutant air emissions and waste quantities generated.

The Byelorussian Steel Works is an enterprise which is guided by one of the priorities of the state policy — ensuring

the environmental security. Implementation of the state policy is ensured by an efficient Environmental Management System (EMS). The EMS is a part of the unified enterprise management system which is responsible for working out a systematic approach to the environment protection within the 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 the ecological impacts associated with the production activities in the region of its location.

Within the framework of a functioning Environmental Management System, the enterprise identified a number of ecological factors of environmental influence

and evaluated them by their significance. To minimize the environmental impacts related to the production activities of the BSW and to reduce a man-caused load, the enterprise annually introduces new environmental protection measures.

Efficiency of the ecological management system is ensured with the assistance and under guidance of the top management. The chief executives' position on ecological and environmental issues is presented in the enterprise's Corporate Policy and other regulatory documentation of the corporate management system.

The 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 vital activity of the region;
- minimization of 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 environmental culture of the staff and education of environmental awareness;
- development and implementation of resource-saving, low-waste and environmentally safe technologies;
- monitoring of emissions, hazardous wastes and assessment of workplaces;
- compliance with the environmental regulations and requirements during product development and manufacture, construction, reconstruction and expansion of production facilities;
- emergency preparedness.

In its environmental protection activities, the enterprise adheres to the following approaches:

- compliance with the legislation of the Republic of Belarus;
- involvement of all units and participants of business processes;
- EMS upgrading;
- minimizing impacts in connection with expanding production activities;
- disclosure of full and precise information regarding the results of the enterprise activity;
- raising personal responsibility;
- providing for optimal expenditure/performance ratios;
- maintaining a reasonable balance between the plant's interests and those of the community.

The EMS system adopted by the OJSC "BSW – management company of "BMC" holding" was certified for compliance with the requirements of standards ISO 14001:2015 and STB ISO 14001-2017. The requirements of ISO 14001:2015 cover such activities as design and production of rolled sections and structural shapes, wire rod, seamless pipes, steel cord, wire and steel fiber. The requirements of STB ISO 14001-2017 cover design, development and production of concast billet, section and shaped materials, wire rod, seamless pipes, steel cord, steel wire and fiber. This is the evidence of the systematic approach implemented to reduce ecological risk probability, minimize ecological payments, represent the BSW as an ecologically responsible enterprise and improve interaction with the stakeholders on issues of ensuring compliance with ecological regulations and requirements.

In addition to the currently effective approved medium-term ecological programs, the BSW provides for annual development and approval by respective supervision authorities of ecological control programs and environmental protection plans, which, among other things, envisage regular ecological monitoring and control activities in accordance with the Instruction on Environmental Control of Production, rational use of natural resources.

Use of natural resources and environmental protection at the enterprise are managed by administrative control actions and economic methods.



Implementation of Ecological Strategy

Minimizing the plant's impact on the region's vital activities

Carrying out its production activities, the BSW takes into account its environmental impact and strives for minimization of its consequences as stipulated by international legal provisions on environmental protection and the environmental legislation of the Republic of Belarus. For the purposes of minimizing its impact on the region's population, the plant was located in the south-eastern part of the city with due account for wind rose diagram. The established sanitary zone has the radius of 1000 m. 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 districts of the town of Zhlobin are 3 – 3.5 kilometers away. The industrial site is located on plain surface lands, neutral in terms of smoke contents and spread of smoke jets towards the residential areas. Every year, the plant carries out certain actions to ensure air and water basin protection and reduction of land-buried industrial wastes.

Minimization of plant's impact on flora and fauna

The lignosa structure of the forest resources of the region includes around 70% of conifers, 27% of softwood, and 3% of hardwood. Dominating position belongs to the woodland of natural origin – 56.3%. Main forest forming species in the region is a pine-tree (68.5% of the forest-covered lands). As for the age structure, the medium-aged timber-stand prevail (49.2%). The young forest growth makes up 34.4%.

Resources of meadow vegetation are rather extensive. The region belongs to Polesko-

Berezinsky region which is rich in meadows, and a part of which is represented by undulating flatlands formed by a system of flat terrace above the flood-plains of the Berezina river and the Dnieper river. Cenosis is formed by sharp sedge which is often combined with manna grass (9.8%), more seldom with mire blobs (4.8 %). Sometimes it forms a pure thicket of a monodominant type.

Moor vegetation can be met on the topographic lows, on the lands with a constant excessive moistening. The miscellaneous herbs of the mesohydrophytic row prevail in the grass stand (such types as *Calliergongiganteum*, *Drepanocladusintermedius*, *Drepanocladusvernicosus*, *Drepanocladusaduncus*, *Aulacomniumpalustre*).

The following types of vegetation dominate in the radius of approximately 2 km 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 roadside tree planting.

Woodlands belong to the subzone of coniferous lichenaceous suffrutescent forests. Such species of wood as a Scots pine (*Pinus sylvestris*) and silver birch (*Betula verrucosa*) grow on the forest-covered territory located to the north-east of the plant. The Scots pine (*Pinus sylvestris*) and the black alder (*Alnus glutinosa*) grow in the north-west area and the Scotch pines (*Pinus sylvestris*) – in the south-west.;

– Segetal vegetation is developed on the agricultural lands, sowed hayfields to the south-east and to the east of the plant, in Solonoe area, and to the south-west of the plant between the wood land and the Dobysna river.

– Residential vegetation grows in settlements, and in the areas with the housing development and utility facilities;

– 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 motherwort (*Artemisiavulgaris*), white clover (*Trifoliumrepens*), and couch-grass (*Elytrigiarepens*) among the ruderal types.

Description of the fauna of the territory concerned is given based on the 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 striped field-mouse (*Apodemusagrarius*).

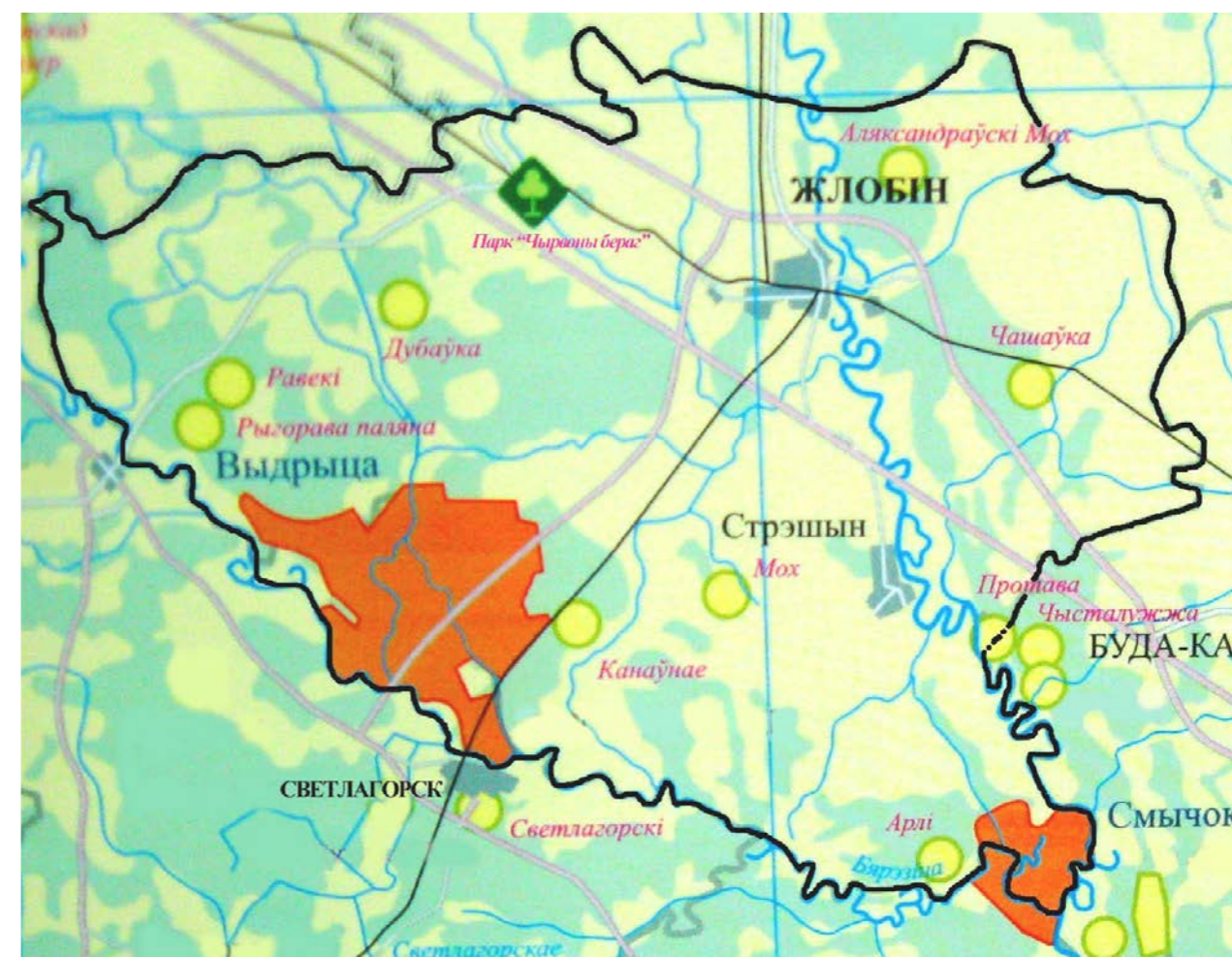
The ornithofauna of the territory under study is characterized by a small variety of species diversity. Main biotypes used by birds are open agricultural lands. Background types

on agricultural lands are: a sky lark (*Alauda arvensis*), a whinchat (*Saxicola rubetra*), a gray wren-babbler (*Sylvia communis*), yellow hammer (*Emberiza citrinella*). On swampy territories one can run across a common heron (*Ardea cinerea*). During spring migration, few migrating types of birds cross the territory in transit. Autumn migration is less expressed; the birds do not form large clusters.

The 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 Areas (SPNA) of Zhlobin district are represented by a hydrological and landscape protected areas of local significance (Table 4), and by natural monuments of local and republican significance.

There are no special protected natural areas 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.



Name of SPNA	Total area, location of SPNA	Organization in charge of operating management	Distance from the BSW, km
Landscape protected area of republican significance «Smychok»	2635 ha: 2060 – Zhlobin district 575- Rechitsa district	Zhlobin and Rechitsa District Executive Committees within its competence	32
Landscape protected area of republican significance «Vydritsa»	17560 ha: 7793 - Zhlobin district 9767- Svetlogorsk district	Zhlobin and Svetlogorsk District Executive Committees within its competence	20
Hydrologic reserved forest of local significance «Dubovka»	55 ha, the northern part of Radusha, Zhlobin district and borders with Volshedubsky canal	Krasnoberezhsky Collective Farming Unitary Enterprise	22
Hydrologic reserved forest of local significance «Alexandrovskiy mokh»	33 ha, located in the north-east part of Luvirnyansky forestry of Zhlobin forestry enterprise along the motor road Gomel-Zhlobin, 0.5 kilometers from Alexandrovka settlement	33 ha, located in the north-east part of Luvirnyansky forestry of Zhlobin forestry enterprise along the motor road Gomel-Zhlobin, 0.5 kilometers from Alexandrovka settlement	12
Hydrologic reserved forest of local significance «Mokh»	31 ha, north-west part of Kosakovsky agricultural cooperative	Kosakovsky agricultural cooperative	17
Hydrologic reserved forest of local significance «Roveki»	100 ha, north-west part of Dvorishchanskoe forestry of Zhlobin Forestry	Zhlobin Forestry	29
Hydrologic reserved forest of local significance «Kanavnoe»	223 ha, consists of two sector sand located in the north-west part of Priberezhinskoe forestry of Zhlobin Forestry and AEB «Vperyod»	MFE «Zhlobin Forestry» and DUE «Yznach»	22
Hydrologic reserved forest of local significance «Orly»	97 ha, the southern part of Streshin forestry of the MFE «ZhlobinForestry»	Zhlobin Forestry	34
Hydrologic reserved forest of local significance «Rygorava Polyana»	54 ha, north-west part of Dvorishchanskoe forestry of Zhlobin Forestry	Zhlobin Forestry	35

The plant's premises are a sort of a park with green planting. At present, the area free from buildings is 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. The total green space area within the industrial site amounts to 53.07 ha.

Within the framework of the State program «Environment protection and sustainable use of natural resources», as well as with the aim to preserve the natural resources of the country and upgrading the territory of the plant's activity, in 2016 the specialists performed work on accounting the species of wild fauna and flora on the plots of land near OJSC «BSW — management company of «BMC» holding». By results of this work, all

species of wild fauna and flora on the territory of the main production site and the territory which is in continuous use of the BSW are registered for environmental accounting.

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 announcement of results of the competition twice a year. The competition involves more than 75% of the employees.

Efficient use of natural resources

Major raw materials used for steel production in 2015-2018 were as follows:

Material	UoM	Quantity			
		2015	2016	2017	2018
Metal charge	t	2 855 885,6	2 512 142	2 678 616,54	2 858 263,8
Ferrous alloys	t	40 933,4	39 656	40 288,88	44 951
Electrodes	t	4784,2	4 278,1	4 973,15	4 969,8
Slag-forming, deoxidizing and purifying mixtures	t	145 113,8	151 069	138 995,4	147 519,5
Carbonizers	t	44 828,4	33 286	50 998,8	90 507,2
Heat insulating materials	t	675	715	770	651,9
Fire-resisting materials	t	27 615,2	27 555	28 005,23	31 129,5

The BSW used raw materials which were obtained from recycled or reclaimed wastes. The share of the recycled materials in the total amount of raw materials in 2015-2018 was as follows:

Material	Ед. изм.	Quantity			
		2015	2016	2017	2018
Ferrous scrap, scale	%	87,8	94,3	93,98	94
Refractory scrap	%	0,9	1,04	0,98	1
Electrodes	%	0,2	0,16	0,17	0,2
Lime stone and lime wastes	%	11,1	4,5	4,87	4,8

Efficient use of energy resources

The BSW takes managerial and investment decisions on the basis of multi-variant scenarios of development taking into consideration the 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 international (ISO 50001:2011) and national (STB ISO 50001-2013) standard «Energy Management System. Requirements with guidance for use.» The base for the development of the system approach to the energy saving is arranged on a clear documenting and control of interrelated processes significantly influencing on 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 includes:

- 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 the 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.

The following activities have been envisaged:

- arrangements for employees' training, retraining and advanced training on issues of energy saving and efficient use of resources;
- improvements in the energy management system.

Due to the introduction of automated electric power accounting system (AEPAS), real-time monitoring of fuel and power resources (FPR) is carried out with daily summing-up and corrective actions fulfillment. This form of monitoring allows the plant to control power intensity effectively and carry out system specification of technical actions. Actually, an innovative intellectual system is created. It uses ACS of PP, SAPR/3 and the plant's computer network. Information technologies became a scientific and technical resource for decrease in costs, and, as a result, the means of receiving additional income. In 2018, the plant managed to preserve positive dynamics of reduction in the specific consumption of FPR by the main power-consuming productions.

The total amount of power resources saved in 2018 was 589,930 GJ (355,228 GJ – in 2017).

To increase involvement of the staff in the processes of power and resource saving, the BSW 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 view point of power saving»;

- Regulations «About awarding of the employees for power saving»;
- active on-line window «Power saving proposals» in the Info-BMZ information system.

In 2018, the following projects related to power saving can be attributed to the most important ones:

1. Reconstruction of the technological process control system and the speed control system of the main drives of the mill 320 with increased production volumes and rational use of energy;

2. AFMS-1, reduction of technological pauses due to transfer of injectors, installation of panels and water-cooled units on the EAF cascade. Control of operating modes of working in order to minimize energy losses in the AFMS;

3. Increase in steel production due to implementation of the project «Increase in productivity of out-of-furnace steel processing in the AFMS-2, optimization of the production process in order to reduce energy consumption of energy carriers of the AFMS-2»;

4. Upgrade of the waste-heat boiler of EAF-1 (phase 1: segments 1, 2);

5. Optimization of KKC-1 operation mode (2),

reduction of electric power consumption due to reduction of oxygen losses;

6. Substitution of natural gas due to the use of renewable energy resources from utilization of EAF-1 for heating of river water during the heating period at water treatment system-1;

7. Optimization of the pipe production technology in the tube rolling shop, modernization of control circuit, reduction of operating pumps and modernization of the program control;

8. Savings in specific consumption of electricity for production of the main types of products of the steel wire workshop-1;

9. Change of operation modes of KU-1,2 equipment, UTV, TTGU, GSV in order to optimize the technological processes and increase the capacity of the steel wire workshop-2;

10. Improvement of production process of the cold-rolled reinforcement of the steel wire workshop-3.

Use of secondary thermal power resources in 2018 made up 51.7% in the balance of 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.

Direct use of power from the primary sources in 2015-2018

Source	Ед. изм.	Quantity			
		2015 г.	2016 г.	2017 г.	2018 г.
Natural gas, total	ton of fuel oil equivalent	184 076	190 382	185 240	201 338
new productions	ton of fuel oil equivalent	10 688	31 964	37 400	725
old productions	ton of fuel oil equivalent	173 388	158 418	147 840	200 613

Intermediate energy quantities obtained and consumed from non-renewable power sources in 2015-2018

Source	UoM	Quantity			
		2015	2016	2017	2018
Electric energy	Megawatt hour (GJ)	1 837 809 (6 616 112)	1 719 053 (6 188 591)	1 866 610 (6 719 796)	1 938 359 (6 978 092)
Heat energy	Gcal	-14 283	-13 848	-12 449	-13 648

Energy saved due to measures on energy usage reduction and efficiency improvement taken in 2015-2018

Power resource	UoM	Quantity			
		2015	2016	2017	2018
Electric energy	Megawatt-hour (GJ)	167 194 (601 898)	104 552 (376 387)	32 291 (116 248)	85 117 (306 421)
Natural gas	thous. cub. m (GJ)	945,1 (27 968,6)	4 625 (157 499)	11 160 (379 236)	8 343 (283 509)

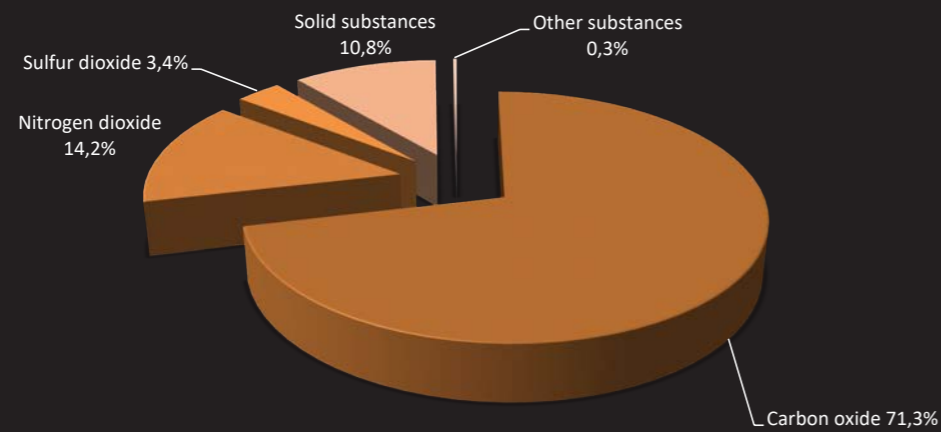
Air Basin Protection

Emissions of pollutants into the atmospheric air are sources of major negative environmental impacts at the BSW. The enterprise operates 503 sources with permitted gross emissions of 10,794.99 tons per year. To minimize negative impacts, major sources of emissions are equipped with gas treatment plants, with their total number amounting to 122 units.

Vehicles owned by the enterprise include 202 units using various types of fuel out of which 151 vehicles run on diesel fuel, 51 – on gasoline. Unleaded gasoline (92-95 RON) and diesel containing 0.005% of sulfur are used as a fuel for vehicles.

Railway transport includes 9 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.

The proportion of pollutants in the gross output for 2018

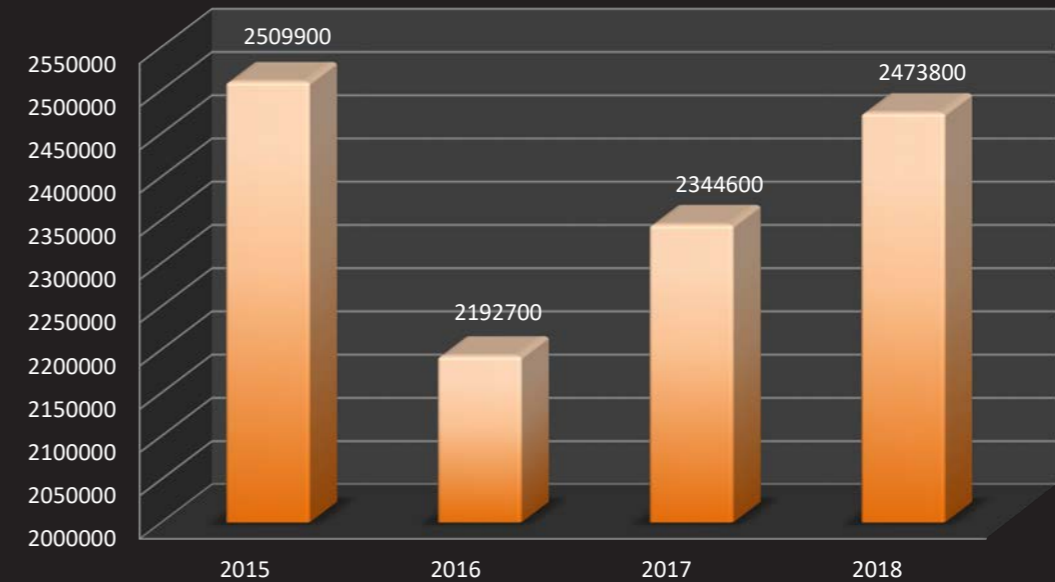


The proportion of pollutants in the gross output

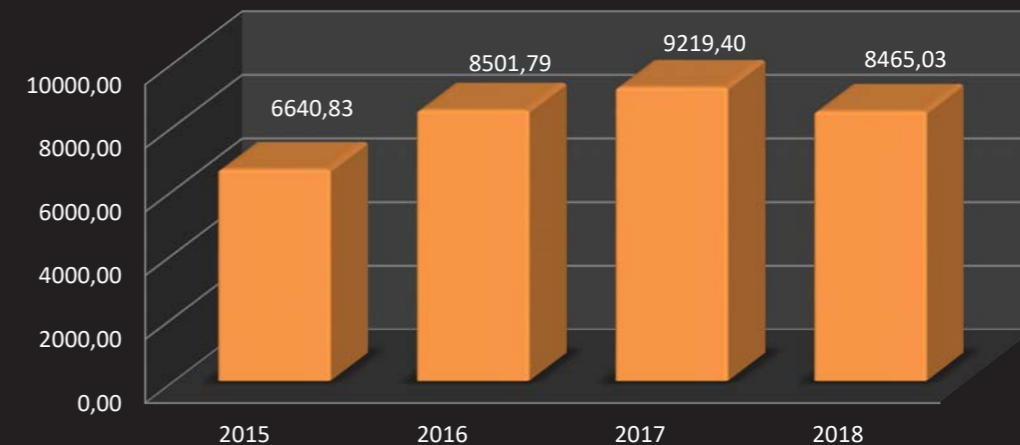
Name of Substance	Actual emissions, [t/year]				Specific pollutant generation rate, [kg/t of melted steel]			
	2015	2016	2017	2018	2015	2016	2017	2018
Carbon oxide	4 641,069	6 226,8	6 552,7	2,17	1,8	2,8	2,8	2,4
Nitrogen dioxide, nitrogen oxide	940,072	1 191,097	1 121,726	0,35	0,39	0,53	0,48	0,5
Sulfur dioxide	338,044	324,8	326,8	0,15	0,13	0,32	0,14	0,12
Solid substances	598,007	728,3	963,8	0,26	0,23	0,14	0,41	0,37
Total quantity of pollutants	6 640,831	8 501,789	9 219,39	2,95	2,6	3,9	3,9	3,4

Analyzing indicators of air pollutant emissions, it is necessary to point out that the gross emissions decreased by 8.2% (754.37 t) in 2018 as compared to 2017 that was due to the introduction of a number of measures to reduce emissions of pollutants into the atmospheric air.

Steel production in 2015-2018, t



Gross pollutant emissions into the atmospheric air in 2015-2018, t



Specific gross emission rate, kg per 1 ton of melted steel in 2015-2018



Being a major greenhouse gases emitter, the 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 this Protocol by 2020. The BSW 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 environmental impacts”, and, precisely, in the part of this license where “Rules for handling of ozone-depleting substances” are set out.

Data on ODS handling activities in 2015-2018

ODS name	Residuals at the beginning of year, kg				purchased, kg				the amount used, kg				Amount of residues at the end of year, kg			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
R-22	149,6	81,6	54,4	0	0	0	0	-	68	27,2	27,2	27,2	81,6	54,4	27,2	0
R-12	0	0	-	0	0	0	0	-	0	0	0	13,5	0	0	0	-
R-114B2	0	0	-	0	0	0	0	350	0	0	0	175	0	0	0	0

Data on introduction of measures aimed at reduction of ODS use in 2015-2018

Year	Measures aimed at reduction of ODS use	Completion status; results, reasons for non-completion of measures
2015	Transfer of refrigeration equipment operating on R 22 with filling capacity of 120 kg, to ozone-safe coolants	Transfer of refrigeration equipment operating on R 22 with filling capacity of 191 kg, on R 12 with filling capacity of 4.75 kg, on R 401 A with filling capacity of 24 kg to ozone-safe coolants.
	Transfer of refrigeration equipment operating on R 12 with filling capacity of 4.7 kg, to ozone-safe coolants	
	Transfer of refrigeration equipment operating on R 401 A with filling capacity of 12.4 kg, to ozone-safe coolants	
2016	Transfer of refrigeration equipment operating on R 22 with filling capacity of 160 kg, to ozone-safe coolants	Transfer of refrigeration equipment operating on R 22 with the total capacity of 160 kg to ozone-safe coolants
2017	Reduce the quantity of used ODS R22 by 4% to the level of 2016	The quantity of used ODS R22 was reduced by 7.99% (156.4 kg) to the level of 2016
2018	Reduce the quantity of used ODS R22 by 5.5% to the level of 2017	The quantity of used ODS R22 was reduced by 7.7%

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, as well as to enhance the efficiency of the production processes result in reduced air emissions of greenhouse gases.

Decrease of harmful emissions into the air is ensured by implementation of investment projects aimed at modernization and technical revamping, introduction of highly-efficient up-to-date equipment and methods.

OJSC «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 purpose of which is to protect health of people living in this area and employees of the BSW.



Water Basin Protection

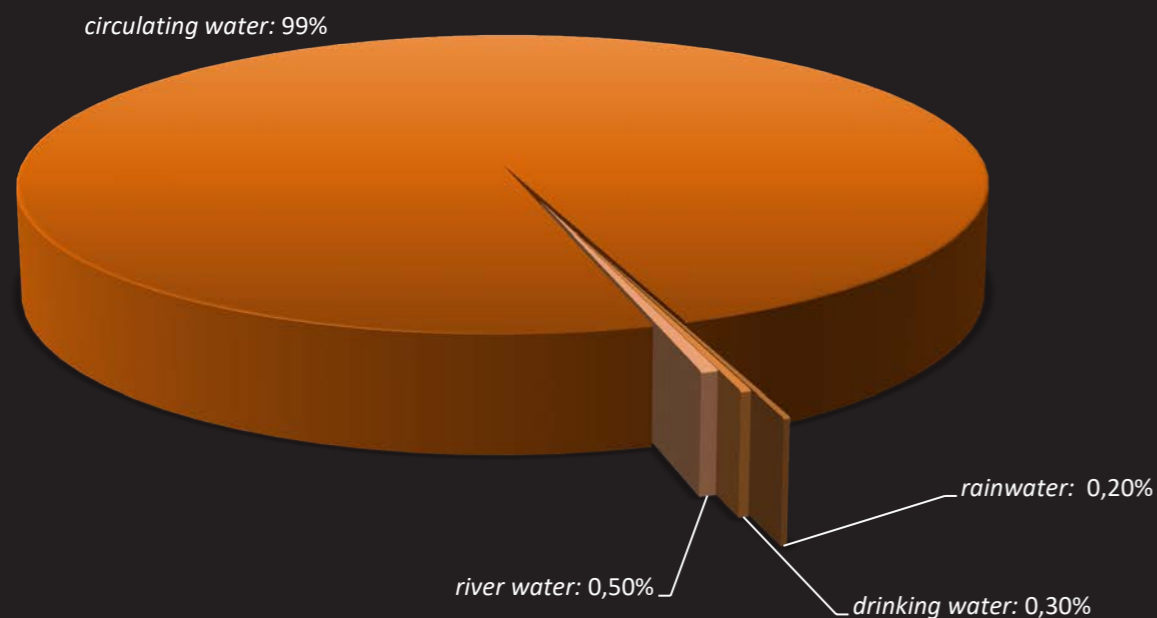
Acting in the area of environment, the plant provides for efficient use of energy and water for its own needs and does its best to decrease their consumption.

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 length from source to mouth is 1182 kilometers. The annual runoff of the Dnieper equals to

1,261,440,000 m³. The annual water intake by the BSW amounts to 0.12% of the river flow.

The plant introduced a circulating water system to supply its key users – process equipment. Water from the surface sources (the Dnieper) is used to compensate the irrevocable losses in the equipment cooling systems. Water from the artesian wells is used for the household and drinking needs.

Water consumption system of the enterprise in 2018



To reduce the consumption of water drawn off from the Dnieper, the enterprise uses rainwater collected and treated at special areas.

Name	2014	2015	2016	2017	2018
Process water consumption [thous. m ³ /year]	775,99	1 575,8	1 492,0	1 692,7	2 108,7
Drinking water consumption [thous. m ³ /year]	1 255,4	1 292,7	1 109,1	1 099,8	1 309,4
Circulating water [thous. m ³ /year]	319 831,9	377 374,1	365 927,9	369 808,1	378 522
Rainwater use, [thous. m ³ /year]	1 589,8	1 160,4	959,9	1 019,6	817

Results of the measures taken to reduce water resource consumption in 2018:

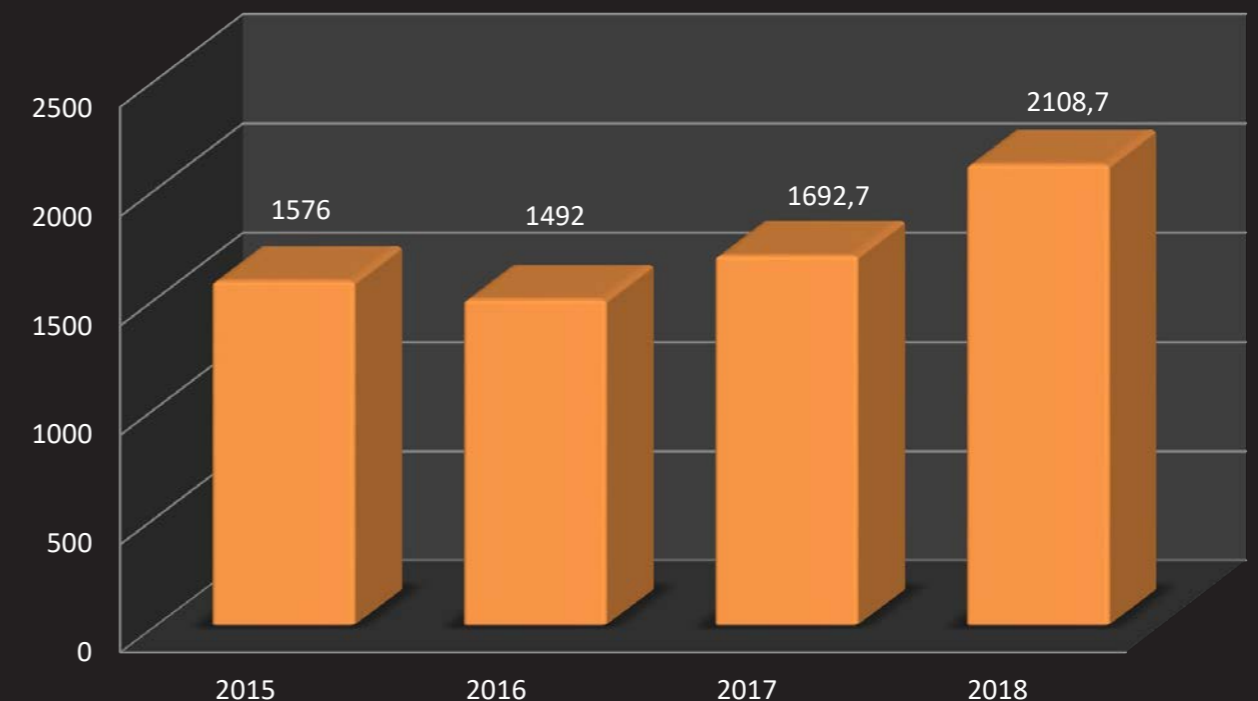
- reduction in rainwater use was 202.6 thous.m³ as compared with 2017;
- increase in process water consumption was 416 thous.m³ as compared with 2017;
- increase in drinking water consumption was 209.6 thous.m³ as compared with 2017;
- increase in circulating water was 8,714 thous.m³ as compared with 2017.

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 objects significantly affected by the production activities of the plant.

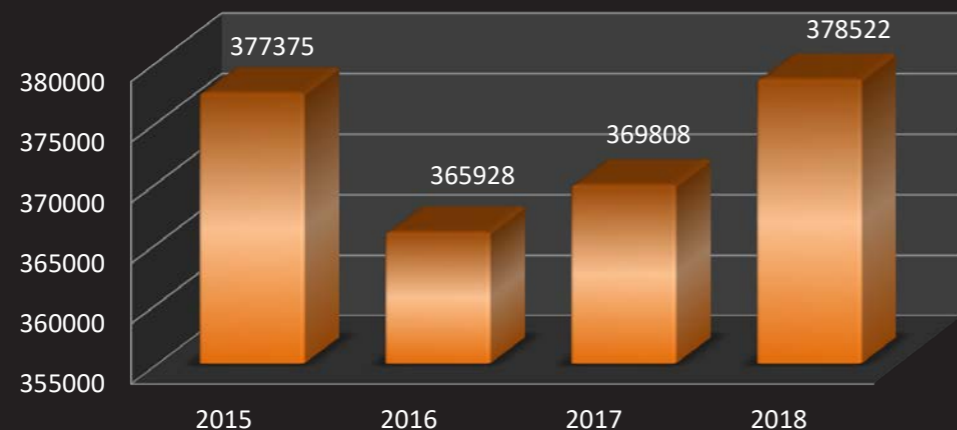
Process water consumption, thous. m³



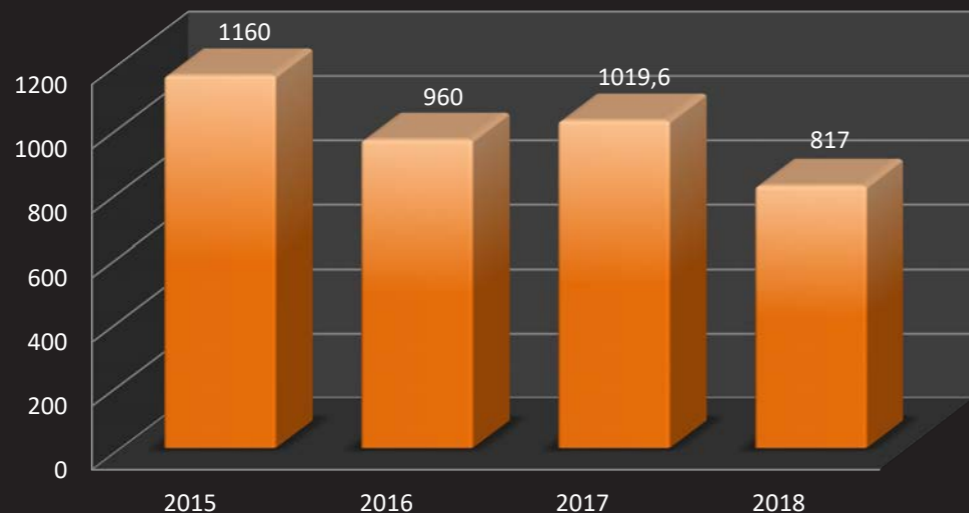
Specific process water consumption, m³ per 1 ton of melted steel



Circulating water volume, thousand m³



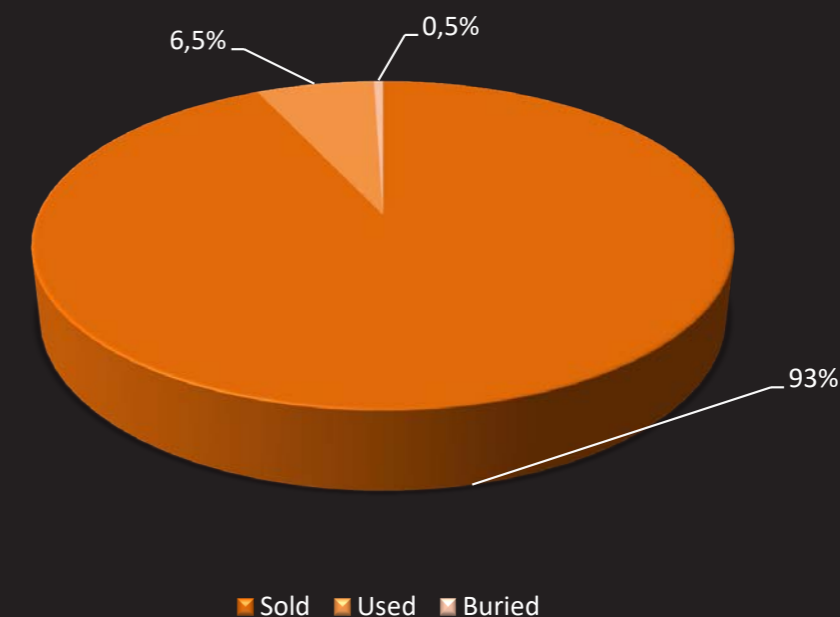
Rainwater use, thousand m³



Industrial Waste Utilization

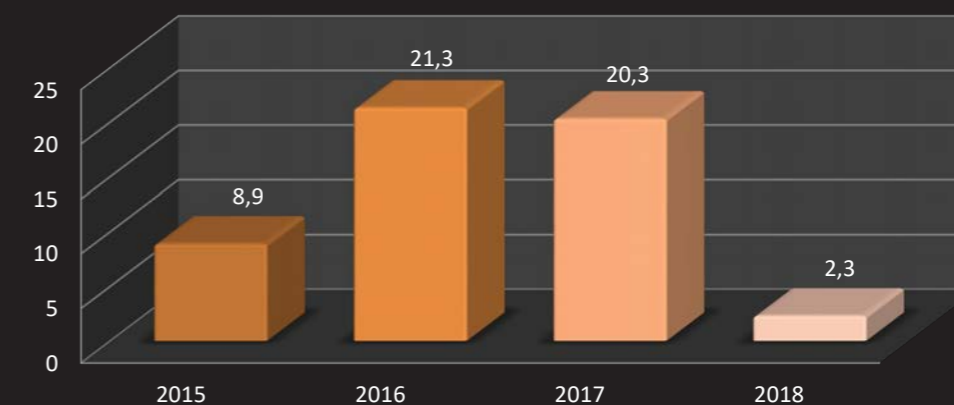
Current technologies of metal production are inevitably associated with the generation of various wastes, which belong to different hazard classes. This is a major aspect leading to the environmental pollution. The enterprise provides for strict compliance with all requirements associated with wastes 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 use), minimizing possible environmental impacts.

Industrial waste utilization in 2018



	2017	2018	
Sold, t	537 873,3	1 176 460	+638 586,7
Used, t	31 803	81 570	+49 767
Buried, t	8 426,3	6 253	-2 173,3

Specific allocation of wastes at dedicated facilities, kg/t of metal products



During 2018, 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 the BSW are associated with generation of the following wastes, corresponding to wastes groups as set out in the Basel Convention:

Y1 Medical wastes resulting from patients' care provided by hospitals, health centers and clinics;

Y8 Waste mineral oils unsuitable for preliminary 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 processing of photographic materials;

Y17 Wastes generated from metal and plastic surface machining;

Y31 Lead and lead compounds;

The listed wastes are utilized by the plant as stipulated by the environmental legislation of the Republic of Belarus. There was no export or import with these groups of wastes.

Within the framework of its production activities, OJSC «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

In order to improve efficiency of its ecological activities, the enterprise arranges training courses on issues of environmental protection at all administrative levels. The 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 the 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 are arranged for managers, technicians and operational personnel on issues of ecological safety and environmental protection. They are performed according to annual vocational training plans and programs.

To guarantee observance of legal and other requirements in the area of environment, the plant ensures access to the existing reference legal system «YUSIAS 7.0» and information search systems "Stroydokument" and "Standard" for each employee. For general data on the training activities refer to the section «Social responsibility».

Improvement of Ecological Culture of the Personnel

The 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 BSW employees arrange lectures for the youth and training activities on ecological requirements and aspects for subcontracted personnel, carrying out works on the enterprise's premises.

To improve the communication system, expand opportunities of interaction between the interested parties, ensure employees' individual development and sharing experiences, the BSW annually holds international scientific and technical conference «Metal». In addition to participants from CIS countries, the specialists of the BSW took the stage at the conference in the section «Energy and Ecology». During the conference, its participants present their reports on the 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 as well as in the field of corporate social responsibility.

Information about ecological activities of the enterprise and those concerned with improvement of the environmental management system is regularly published in the corporate and regional mass media and the republican trade journals «Casting and Metallurgy» and «Steel».

To evaluate the 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 developed 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, advisory 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 the 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-said documents.

Development and Implementation of Resource-saving, Low-waste, Environment-friendly Technologies

The BSW takes actual steps to provide for environmental protection and implement environment-friendly technologies as well. To mitigate environmental impacts, the BSW annually introduces new environmental actions.

The most significant activities introduced in 2018 aimed at reducing the adverse environmental impacts include the following:

- Transfer of refrigeration equipment operating at R22 with the filling capacity of 122 kg to ozone-safe refrigerants;

- Hydrological study of aquiferous strata located along the perimeter of the industrial site of OJSC «BSW – management company of «BMC» holding».



Expenses on Environment Protection and Monitoring. Environmental Payments

Annually, the plant provides considerable funds to environment protection activities. The funds are invested in repair, reconstruction, and modernization of environmental equipment.

Current environmental expenses	Total, thous. rubles (from own funds)				
	2014	2015	2016	2017	2018
Total, including:	294 069,7	384 701,1	38 146,4	39 000,5	29 781,6
- protection and efficient use of water resources - total	133 432,1	177 936,3	18 641,4	20 548,2	11 089,1
including payments to other organizations for acceptance and cleaning of waste water	43 475,0	70 440,8	5 902,1	8 355,6	8 809,7
- air basin protection, ozone layer and climate preservation	119 710,1	161 367,1	15 312,8	14 094,4	15 955,3
- protection of the environment from pollution with industrial wastes - total	38 296,0	42 863,9	9 971,0	4 177,3	2 415,8
including payments to other organizations for collection (stocking), acceptance, storage, burial, and neutralization of wastes	11 365,0	21 502,1	2 057,5	1 925,1	1 292,1
- for environmental regulation, environmental impact assessment and ecological certification	234,5	589,4	21,1	14,2	-
- for environmental regulation, environmental impact assessment and ecological certification	-	45,5	5,1	2,5	4,8
- for environment audit	59,6	-	-	4,9	-
- for local monitoring	2 337,4	1 898,9	194,7	158,6	321,4

Name of Indicator	total, rubles	
	2017	2018
Amount of discount set for the organization for ecological payments subject to decrease of environment pollution due to environment protection measures undertaken	2 053,009	2 146,9
Amounts paid to compensate damage caused by violation of the environment law (penalties, claims, damage, etc.)	2,208	0

In its activities, the BSW places a special emphasis on the interaction with the stakeholders such as supervising authorities, communities, consumers, suppliers, and contractors. Information sharing is performed according to the scheme included in the section «Management, responsibilities and interaction with the stakeholders».

Ecological payments in 2015-2018

Name of the aspect	2015 payment, rubles	2016 payment, rubles	2017 payment, rubles	2018 payment, rubles
Drinking and process water consumption	75,99	84,173	96,269	114,694
Sewage discharges	0	0	0	0
Air emissions from stationary and mobile sources	0	0	0	0
Burial of wastes	285,55	488,415	533,643	410,283
Waste storage	61,82	0,00085	0,00063	0,0005
Exemption from taxes to the amount of money spent on carrying out the environment protection activities	1 208,94	1 753,519	2 053,009	2 146,9

Medium-term Targets

In addition to production facilities expansion, the BSW plans to modernize its equipment to improve environment safety and mitigate negative environmental impacts. Investment projects to be implemented by OJSC «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 the

BSW production activities.

Major actions aimed at mitigation of the negative environmental impacts include:

- Introduction of the automated emission control system followed by organization of commercial measurement of atmospheric pollutant emissions from EAF-3 of AFMS-2 (emission sources No.14 and No.914).
- Comprehensive renovation of DGC-3 of EAF-3 with installation of a roof hood to reduce fugitive emissions through aeration skylights.
- Modernization of DGC-2 of EAF-2.
- Construction of saline waste water treatment facilities.





SOCIAL ACTIVITY

As far as the social sphere is concerned, the strategic target of the BSW activity is improvement of the corporate social responsibility system with the following basic principles: respect for social equality and responsibility, non-discrimination, ensuring safe working conditions, maintaining employees' health, creating positive social-psychological climate in the working team along with keeping reasonable balance of the plant's economic interests and social interests of the civil society including that of the employees of the Byelorussian Steel Works.

The BSW considers social responsibility to be 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 OJSC "BSW – management company of "BMC" holding" is guided by the following principles:

- compliance with the legislation of the Republic of Belarus;
- involvement of all units and participants of business processes;
- disclosure of full and precise information regarding the results of its social activity;
- enhancement of responsibility for 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 those of the community and the employees.

Preservation of life, health and human rights is considered by the BSW of a higher priority than economic results of production activity.

Employees' loyalty and satisfaction is a crucial factor that influences business stability. The personnel relations priorities are improvement of the employees' social well-being, building up clear communication channels, raising the degree of personnel awareness and the most important thing is creation of a strong corporate culture.

It is essential to give the plant's employees a sense of belonging to one family, 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 are respect and cooperation, efficiency and results, leadership and dynamic development, initiative and responsibility which are built on opinions of stakeholders, primarily employees.

Personnel Management Policy

Respect for human rights is key to ensuring the sustainable development of the BSW. The enterprise has based its activities on the universally recognized human rights and fundamental freedoms.

Adhering to the principles laid in the foundation of the UN Global Compact, OJSC "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 their mutual interests.

Long-term strategic targets of the Company corporate policy for personnel management prescribe the following:

- formation of a labour relationship regulating system and development of social partnership based on the balance of interests of the plant and its employees;
- improvement of worker motivation systems, ensuring the competitive level of the employees' compensation package connected with the labour efficiency increase, collective and individual results of working activity;
- personnel development (selection, recruitment, evaluation, training, promotion) to supply the BSW subdivisions with the employees having the required professional and qualification characteristics;
 - improvement of the labour safety level, improvement of social and living conditions on the production site and offering optional 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 OJSC "BSW – management company of "BMC" holding" in the personnel management sphere is formed and realized on the system basis according to the labour 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 OJSC "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 OJSC "BSW - management company of "BMC" holding" management system assumes 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 the organization is aimed at forming integrated corporate surroundings, preserving work places, sustaining decent salary level, optimum redistribution of labour recourses contributes to enhancement of the investment attractiveness and dynamic development of the enterprise. The plant's employees are the main element of success in reaching our goals, that's why we put particular emphasis on solving staff issues.

High efficiency of the "Personnel Management" process is confirmed by the results of recertification and supervisory audits of quality management system conformance to the requirements of ISO 9001, STB ISO 9001, IATF 16949, API Q1, conducted at BSW in 2018 by representatives of national and international certification organizations (Gosstandart of the RB, TUV Turingen (Germany), CARES (Great Britain), TUV International (Czech Republic), API (American Petroleum Institute).

Personnel Profile

OJSC "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 on it by ensuring the 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. 91.6% of the workers and 99.5% of managers working at OJSC "BSW – management company of "BMC" holding" are from local population.

plant employees in the region economically active population makes about 30 %. Portion of the top managers from the local population including members of the board of directors and leading specialists is 100%.

The BSW is responsible in its approach to solving employment issues, cooperates with state institutions, employee unions and other organizations in regulating labour and related relations. Contributing to disclosure of professional and personal capabilities of its employees, the enterprise creates conditions for their professional and career progress.

As of December 31, 2018, the total amount of the personnel equals

to 11 749 people and decreased as compared to the corresponding period of the previous year by 172 people.



year	2013	2014	2015	2016	2017	2018
number of employees	11 896	11 747	11 944	11 495	11 577	11 749

During the 2018 year, the number of employees was increased due to employment of additional staff to perform the production plans (implementation of the project «Increase in secondary steelmaking productivity of AFMS-2»).

Number of employees by categories, %

Name of category	2013	2014	2015	2016	2017	2018	Deviation
Overall number, persons	11 896	11 747	11 944	11 425	11 577	11 749	+172
Managers, persons	1 226 (10,3%)	1 214 (10,3%)	1 184 (9,9%)	1 184 (9,9%)	1 090 (9,4%)	1 074 (9,2%)	-16
Specialists, persons	1 833 (15,4%)	1 589 (13,6%)	1 589 (13,6%)	1 585 (13,3%)	1 489 (12,9%)	1 508 (12,8%)	+19
White collar workers, persons	164 (1,4%)	40 (0,3%)	40 (0,3%)	35 (0,3%)	29 (0,2%)	28 (0,2%)	-1
Workers, persons	8 673 (72,9%)	8 904 (75,8%)	8 904 (75,8%)	9 140 (76,5%)	8 969 (77,5%)	9 139 (77,8%)	+170

The main work force is composed of workers aged from 38.0 to 42.0 having the required knowledge and professional skills.

Name of category	2013	2014	2015	2016	2017	2018
Average age of the employees, years	40,4	39,6	39,3	39,3	39,6	39,7
Managers	42,1	41,9	41,9	42,3	42,5	42,9
Specialists	40,3	39,8	39,2	39,3	39,6	39,7
White collar workers	41,7	40,1	37,9	38,6	37,6	38,3
Workers	40,1	39,3	39,0	39,3	39,3	39,4

Gender composition of the workers hasn't considerably changed as compared to 2017. As of December 31, 2018, the BSW employed:

- 72.4% men;
- 27.6 women.

Prevalence of male employees is due to hard and very often dangerous labour conditions in the metallurgical industry.

Manpower turnover equaled to 2.5% in 2018.

Year:	2013	2014	2015	2016	2017	2018
Turnover of employees, %	4,78	4,08	3,41	4,2	3,2	2,5

More than half of the plant's employees have higher and specialized secondary education.

Name of category	UoM	2013	2014	2015	2016	2017	2018	Откл
Общая численность	persons	11 896	11 747	11 944	11 425	11 577	11749	+172
Higher education	%	28,5	29,2	30,1	30,7	31,1	31,6	
	persons	3392	3 430	3 597	3505	3596	3718	+122
Specialized secondary education	%	25,5	25,3	25,1	24,9	25,3	25,2	
	persons	3036	2 979	2 994	2843	2929	2957	+28
Professional-technical education	%	17,5	18,4	19,3	19,9	19,9	20,3	
	persons	2085	2 166	2 306	2273	2310	2386	+76
Secondary education	%	28,5	27,1	25,5	24,5	23,7	22,9	
	persons	3383	3 172	3 047	2804	2742	2688	-54
Candidates of Sciences	persons	8	7	7	6	6	4	-2
Ph.D. candidates	persons	11	4	3	4	4	5	+1
Candidates for a master's degree	persons	19	35	39	21	52	63	+11

The image of a strong and continuously working enterprise makes OJSC "BSW – management company of "BMC" holding" attractive for potential workers and solves the issue of the prospective human resource provision.

In 2018, the plant selected candidates and recruited 814 people from the residents of the region taking into consideration the level of their competence so as to satisfy its need in personnel.

The enterprise puts a great emphasis on recruitment and adaptation of young specialists. Taking into account the rates of productivity output growth, the plant employed 219 young specialists in 2018.

year	2013	2014	2015	2016	2017	2018
The number of young specialists	143	251	338	184	344	219

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 annually held in July.

The personnel policy of OJSC "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 the job competence of each employee and create conditions for discharge of 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 its practical activity, the BSW recognizes the inviolability of human rights and takes all necessary measures to ensure

219
219 young specialists were employed by the BSW in 2018

and protect them. Guided by the approaches of the UN Global Compact in the sphere of human rights, OJSC “BSW – management company of “BMC” holding” seeks to prevent possible conflicts of interests of the employees, managers and the plant. Principles of avoidance and settlement of competing interests are given in the plant’s Code of Ethics. By preventing conflicts of interests, the Company seeks to improve the efficiency of its activity, create the atmosphere of trust and openness in the relationships with the persons concerned, enhance the business image and reputation of the enterprise.

The working tools for preventing possible conflicts are as follows: a direct telephone line with the plant’s top management and representatives of the state authorities, “Signal” hotline and others, the work of which is performed on a 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 the BSW becomes the leading management principles that allows the plant to create confidential relations with all stakeholders including the plant employees.

The Employees’ Rights

Being a sustainable enterprise, the BSW respects the employees’ interests and rights based on the principles of social partnership. These principles are specified in the most important document of social partnership reflecting interests of all employees of the enterprise - the Collective Labour Agreement.

The purposes of the Collective Labour Agreement are as follows:

- development of contractual relations between the enterprise and its employees being the parties of social partnership;
- coordination of interests of the enterprise and its employees in developing general principles of regulation of social-labour relations;
- provision of the personnel with work places and work remuneration in compliance with the labour contracts signed, social and economic rights established by the existing law of the Republic of Belarus;
- observance of labour and production discipline, labour protection, industrial safety and production sanitation requirements;
- enhancement of social-legal protection of the employees of the Company;
- stabilization of the social-economic situation in the teams and subdivisions of the enterprise.

Being guided by the principles of the UN Global

Compact, the Byelorussian Steel Works considers promoting and protecting the human rights to be a priority relative to the economic performance and guarantees their fulfillment.

The BSW is against all forms of discrimination and builds up its activity on the basis of generally acknowledged principles and norms of the international law, standards and conventions of the International Labour Organization, and the law of the Republic of Belarus. In 2018 no discrimination was registered at the enterprise neither by gender and nationality, nor by religious beliefs and political views; there were no cases of forces or child labour either.

The BSW comprises production operations with an increased threat level. It is responsible for safety and security of production facilities for its workers and local population. The plant creates healthy and safe labour conditions by replacement of outdated equipment and technologies and is guided by the labour protection law, international standards in the area of production safety and prevention of occupational diseases, as well as internal regulations. The issues of employees’ health and safety are considered in the Collective Labour Agreement.

The BSW acknowledges that its production activity is related to a negative impact on the environment and takes all possible measures to minimize this influence on the livelihoods of the population.

The enterprise guarantees the right of trade unions to carry out their activity freely, without any limitations, within the framework prescribed by the law. The right of the employees and the trade union to participate in contractual regulation of labour relations is realized in the procedures

of preparation and signing of collective labour agreements, in the employees’ right to participate in establishment and improvement of labour conditions and production environment.

Legal regulation of labour relations at OJSC “BSW – management company of “BMC” holding” is fulfilled in accordance with the Code of Labour of the Republic of Belarus and the Collective Agreement of the enterprise:

- labour agreements and work contracts are concluded taking into account the production, organizational, and economic reasons;
- notification of an employee about change of work conditions is fulfilled at least a month prior to entering into the contract;
- notification of an employee about expiration of the contract, intention to extend the contract for a new period or terminate it, is performed not later than a month before this occurs.

Byelorussian Steel Works strives to prevent labour disputes and conflicts, but if they occur, the BSW participates in open discussions with employees admitting mutual responsibility of the parties of social partnership. To ensure the equal rights of the employees and comply with the law of the Republic of Belarus, the special committee was established to resolve labour disputes which unites equal number of representatives of the plant’s administration and labour collectives. The purpose of the committee is a qualified

examination of individual disputes arising between individual employees and the administration and concerning the labour relations. In the course of the year, the committee continuously worked as an arbitrator. During 2018 year, 2 applications of the BSW employees were examined. Based on the results of the examination, 1 application was declined and the request was not granted, the second application was not subject to review because it was outside the scope of competence of the commission.

For the implementation and enforcement of human rights, the Byelorussian Steel Works gives the highest priority to improvement of the level of information awareness and legal competence of all employees within the framework of the existing system of continuous training and professional development of the employees. 85.7% of the employees trained in 2018, studied the fundamentals of legislation in the area of economic, environmental, and social responsibility.

Accurate and rigorous compliance with the human rights and freedoms is the basis of the up-to-date socially responsible business aimed not only at gaining profit, but also at sustainable development of the plant and the region as a whole. The BSW remains committed to the law and international principles in the area of social responsibility.

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 Labour Organization.

The enterprise 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 BSW allows the employees to realize their professional ambitions, gain new experience and enhance their qualification degree. Realizing the approaches in social sphere, the enterprise focuses on internal human resources potential when selecting and appointing managers and specialists.

For implementing the long-term strategy of the enterprise’s development, the BSW formed a multi-level executive employee pool. The executive employee pool is intended for satisfying the enterprise’s need in executive employees with a range of basic administrative competence. In order to develop the competence required for a manager and create a real perspective for professional

and career promotion of the workers, the staged training of human resources was organized according to the existing System. The training programs stipulate education of the executive employee pool 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 employee pool as a preference 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. During the reporting period, over 70% of appointments to senior positions were made from the employees included into the Personnel Register and qualified after passing such training.

Fulfilling the personnel potential development programs and enhancing the efficiency of the structural subdivisions activity, the BSW annually organizes a job rotation. The staff rotation is used as a method of decreasing the labour monotony and routine, and enrichment of the work activity content due to a greater variety of functions and as one of the labour motivation factors. Besides, the rotation contributes to acquiring a more diverse practical experience required for being promoted to one or another management position.

Training and Education

OJSC “BSW – management company of “BMC” holding” considers its personnel as its major asset and takes the relevant measures regarding its preservation and development by creating conditions for professional growth and education. The Byelorussian Steel Works grants the right to professional education at different stages of labour activity to all its employees by aiming at long-term relations with the personnel, and considers the training to be an investment into the human capital assets.

The BSW aims at searching for current sales markets, futuristic technologies, cost-saving reserves and other possibilities for optimization within a highly competitive environment.

The quality of the staff became a determining factor for competitive capacity of the

enterprise. Ensuring the staff 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 labour and education legislation, the professional education system is controlled by the corporate Training Center.

The total area of the Training Center is 2600.4 sq. m. For training activities, the Training Center has equipped rooms and workshops 1663.8 sq. m. in area for personnel training for professions in electro-metallurgy, rolling and metal goods production, for professions under the jurisdiction of Gospromnadzor, and professions for maintenance of process equipment.

Ongoing professional training is carried out by the regular staff of the Training Center consisting of seven foremen of vocational training, one senior foremen, 12 engineers for staff training who are responsible for 22 business subdivisions, as well as by adjunct professors and

industrial training instructors.

The adjunct professors are appointed from among the executive employees and specialists of the plant who have higher or secondary specialized education relevant to work. The industrial training instructors are appointed from among the highly-skilled workers with work experience of at least 3 years.

By ensuring 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 human support of innovative processes;
- retaining and development of the professional potential and staff competitive ability;
- providing the subdivisions with an executive staff pool having a developed corporate and management competence;
- organizing the of the specialists, management staff and their pool;
- 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 remote electronic system of modular training “LearnBMZ” with the subsequent allocation on the internal plant’s site); about 200 training elements of the modular training system were developed; training elements in the plant’s automated system Learn are available from each PC. They provide practical assistance to teachers in preparation for lessons, and to trainees in preparation for current and final academic assessment;

- formation of an employee pool by trades among the residents of the region;

- arrangement of experience and knowledge sharing when rendering the educational services to organizations and enterprises of our republic, near and far-abroad countries.

In the education process both traditional forms and modern education technologies are applied.

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 focuses both on acquiring the 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 enterprise.

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, labour and industrial safety, energy saving issues.

The Training Center is constantly improving its methodological support

of continuous professional training of workers. It performs adaptation of the education program content to the priorities of social and economic development of the enterprise. Over 300 education programs were developed and updated by the staff of the Training Center and specialists of the enterprise.

The educational process involves simulators, one-on-one trainings with the use of process equipment, computer technologies, problem-based learning, professional skill competitions, business simulation games, educational video films about the main factory jobs, etc.

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 at work places.

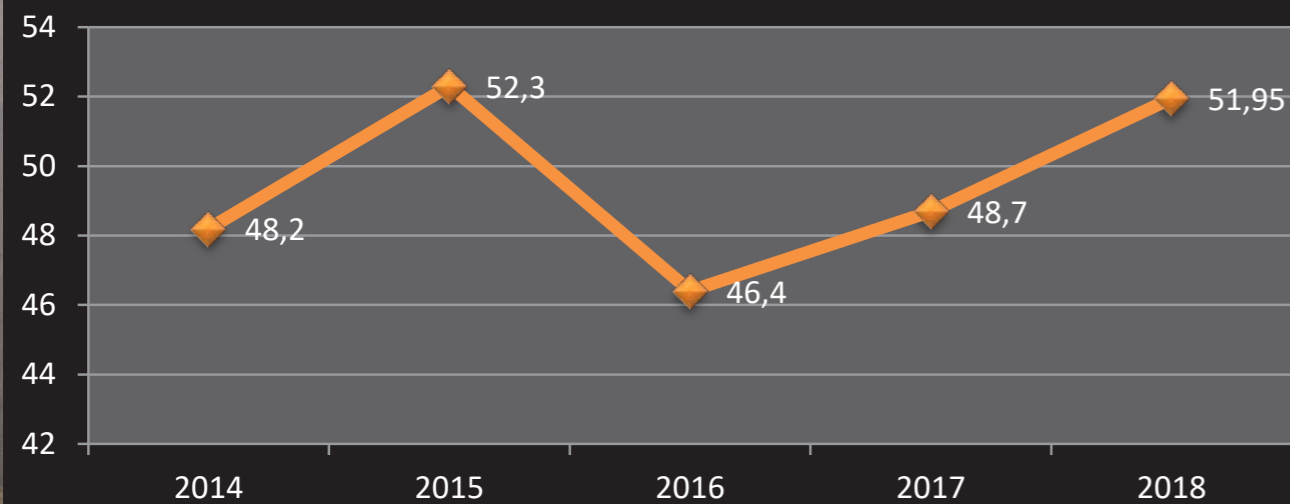
In 2018, 5,780 people were covered by continuous professional education, including the training of executive employees and specialists and professional training in working professions.



Results of staff training at OJSC "BSW – management company of "BMC" holding"



% of trained executive employees and specialists and workers to the total headcount of the staff



In 2018, 1,521 executive employees and specialists (58.3% of the total number of the staff) acquired new knowledge

In-enterprise training of workers

Continuous professional training of workers (white collar workers) includes professional training, retraining, advanced training, educational courses.

4,259 workers underwent continuous professional training in 2018. 46.6% of the total number of workers were provided with continuous professional training. Of the total number of workers who completed the training, 97.82 % of the staff was trained directly at the enterprise, and only 2.18 % – in educational institutions of the Republic of Belarus.

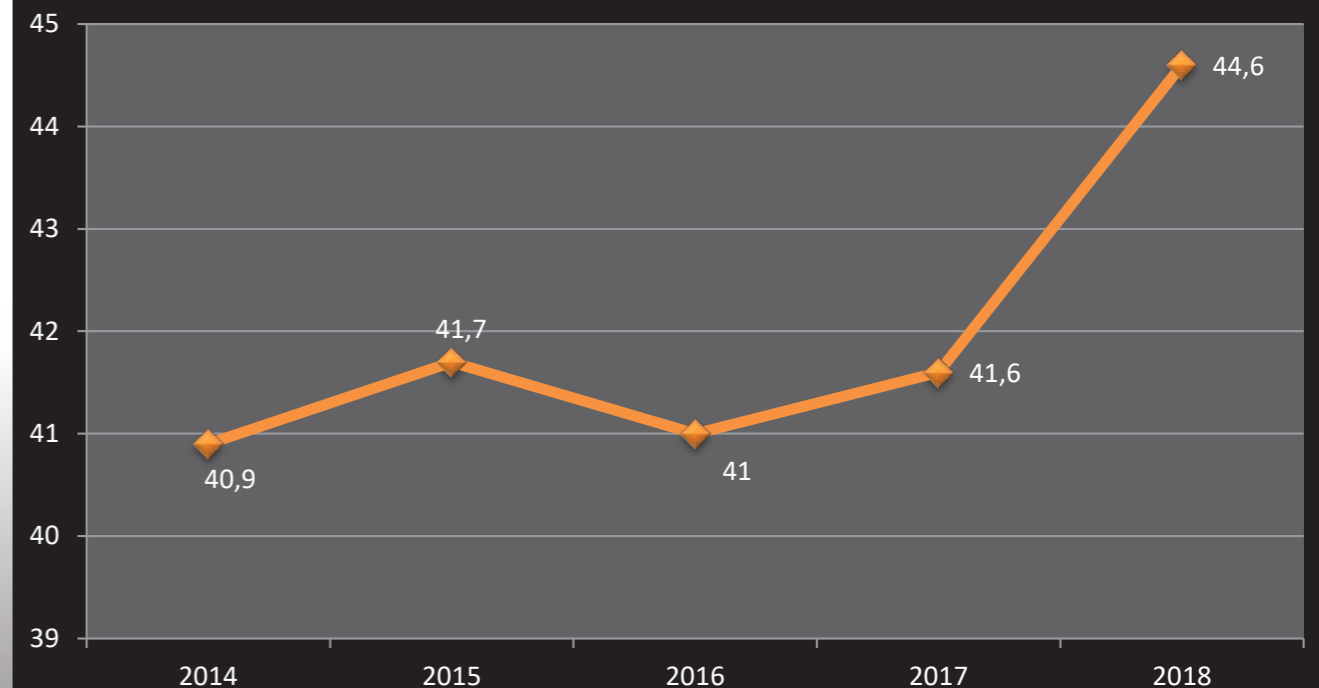
Determination of professional correspondence (theoretical knowledge, professional skills, and competence) for the workers who reached the highest grades or due to some reason had not

improved their qualification during 4 years of practical work, the BSW organized and carried out the certification of the professional level (grade). Thus, 1223 employees were certified in 2018 to confirm their professional level.

Work time losses due to repairs, product size change, equipment failures, product quality worsening lead to growth of production costs, decrease of labour productivity. The Training Centre develops training programs in cooperation with the division heads to eliminate and prevent such situations.

During 2018 year, 496,418 academic hours were spent on the professional training of the staff, that is 44.6 hours per one worker.

Number of academic hours per one employee



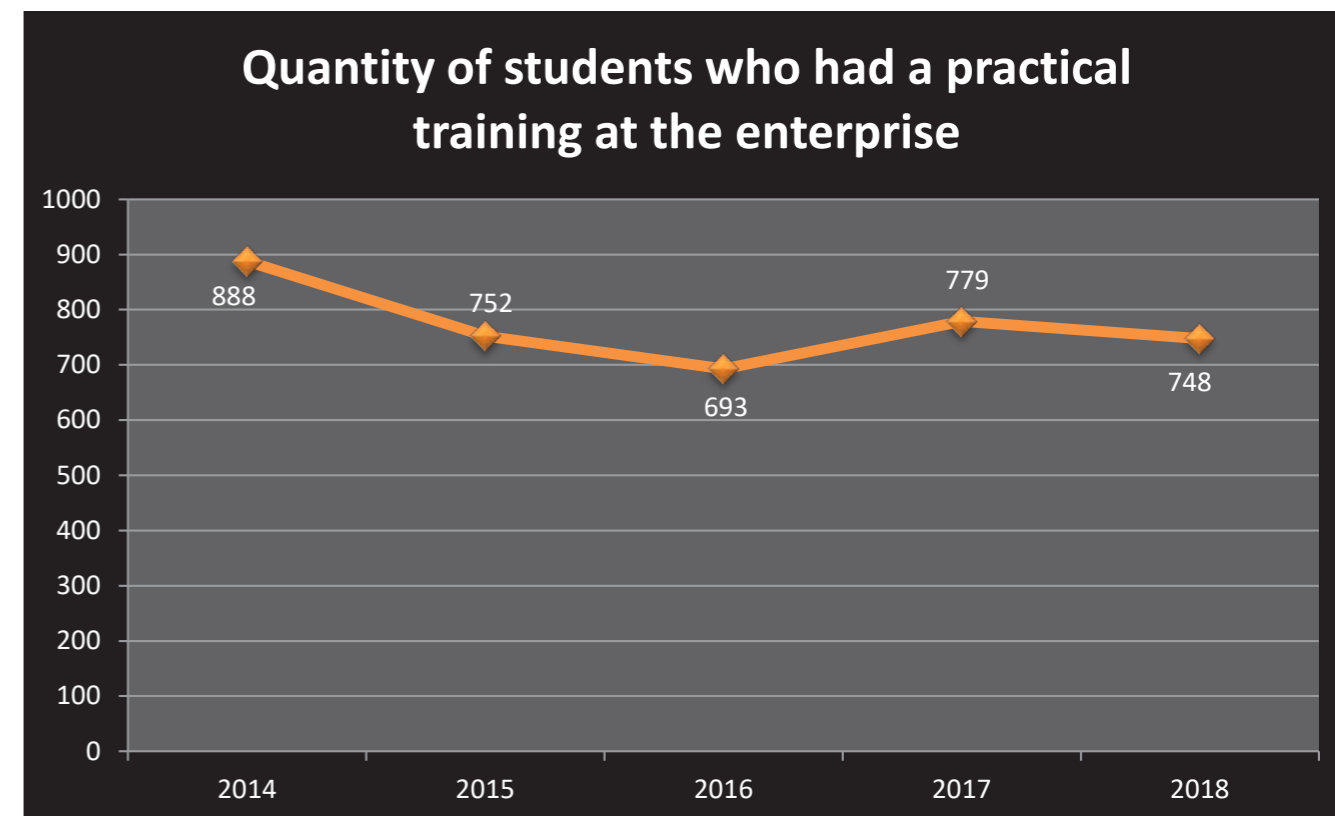
In 2018, the BSW continued its international cooperation in sharing with experience and knowledge about steelmaking processes with specialists of core enterprises and companies of countries near and far abroad: representative office of Siemens LLC in the Republic of Belarus, Chermet in Moscow (Russia), and Abiroy training company (Russia).

In the area of professional training, the BSW builds up long-term relations with a number of leading educational establishments having recommended themselves in rendering of educational services. Among them are educational establishment "Institute of qualification upgrading and retraining according to new directions of development of technology and economics of Belarusian National Technical University», State educational establishment "Institute of qualification upgrading and retraining of managers and industrial specialists «Industry Staff», educational establishment "Gomel state university named after F. Skorina" and Belarusian state university of transport, federal educational establishment of higher professional training "National research technological university "MISiS» (Moscow), Academy of post-graduate education, Moscow chemical institute named after D.I. Mendeleev, Centre of innovation management

of Belarusian State University, «Republican Higher School Institution».

Alongside with solving the issues of personnel qualification improvement, the cooperation with higher educational establishments is aimed at reaching long-term strategic objectives of the enterprise. The BSW offers students the opportunity to undertake manufacturing practice at the enterprise. During the manufacturing practice the students are guided by experienced workers and specialists. Detailed acquaintance with the production takes place at the working place. A student can feel being a member of the working team, try his skills and adopt the mentors' experience, thus the BSW openly demonstrates its potential employees the possibility of acquiring an interesting work and personal realization.

In 2018, the joint pilot education project of BSW, Francisk Skorina Gomel State University, and Belarusian National Technical University continued to be implemented. Within the framework of this project, the BSW workers and university professors study the labour preferences of students and select the potential workers of the enterprise, develop a 3-year individual training program, and choose the topics of term and thesis works taking into account the specifics of the BSW activity.



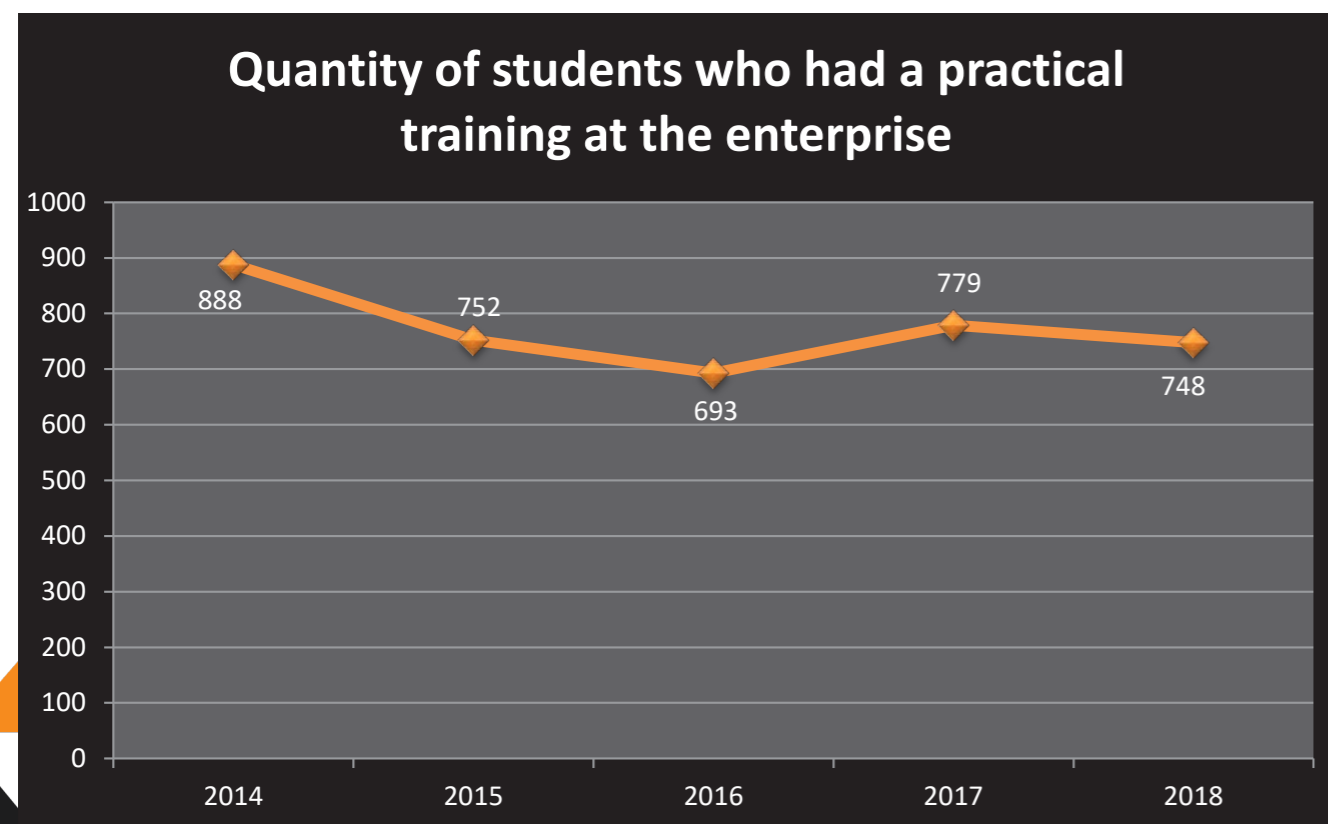
At all times, the corporate social development and social investments remain the sources of improving the works competitive abilities. Having a modern training facility and highly trained professionals, OJSC «BSW – management company of «BMC» holding» contributes to the society development by assisting in preparation of the trained staff for industrial enterprises of the city, region, 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, the BSW creates its own talent employee pool. Special importance attaches to work on the professional orientation of pupils and students. As part of this area of work, some programs are implemented:

- participation of pupils in "Open day" at the plant and educational institutions;
- excursions to the plant's museum;
- organization of youth competitions, cultural events engaging the students of industry-specific schools.

The BSW ensures the right of the employees to education and considers its employees' intellectual potential and professionalism to be an essential factor required for its own development.



Motivation System

Material stimulation

The main objective of one of the strategic lines of the enterprise policy is constant increase of productivity and quality of the personnel labour, 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 labour potential and enhancing personnel welfare gains.

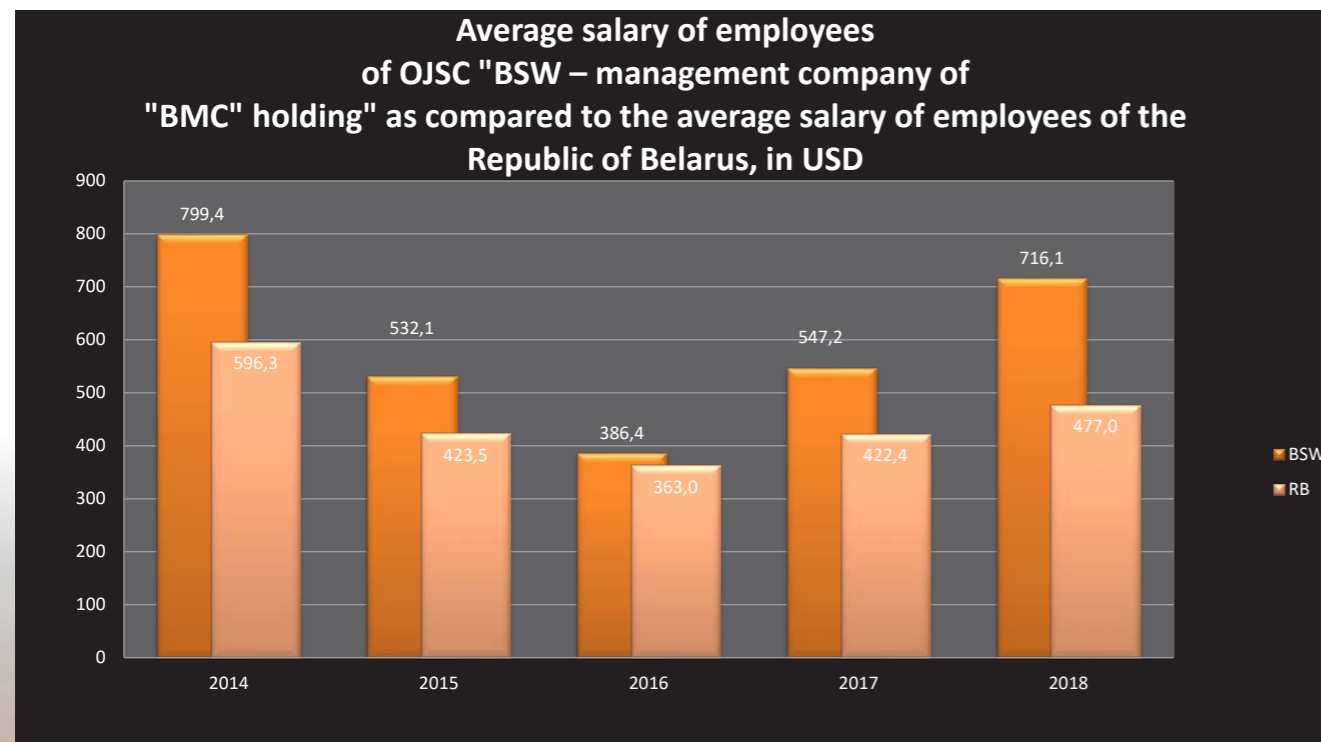
One of the most precise indicators of the plant's social policy effectiveness is a salary level. Salary is the major source of income of the workers and the main factor for ensuring a certain standard of well-being.

All payments and benefits granted to the plant's employees are distributed to all employees in proportion to the hours worked.

In order to achieve unity of interests of all categories of workers in insuring high final results of the enterprise production and commercial operations in general based on accounting and encouragement of labour contribution of every division and a single worker, the enterprise developed the bonus scheme for labour stimulation.

In the existing economic situation, this is of particular relevance to observe the lowest limit of labour payment for weakly protected groups of employees.

Average annual salary at the enterprise made up 1458.4 rubles (\$716.1) in 2018. The average salary of workers and office employees made up 971.4 rubles (\$477.0) in the Republic of Belarus that is by 1.5 times lower than the average salary at the BSW. In 2018, the average salary of the BSW staff was increased by 37.9% in comparison with the average salary in 2017.



Salary accounting is performed in conformity with the law of the Republic of Belarus. The enterprise realizes the following principle: the accrued salary of a worker, who fully completed the labour hours and working norms, cannot be lower than the established amount of the minimal salary in the Republic of Belarus that made up 305 rubles (\$143.1) in December of 2018.

The principle of equal remuneration of equally valued labour is used at the enterprise. The tariff part of the salary is determined based on the monthly tariff rates established by the unified workers wage tariff system of the employees of the BSW and the collective labour agreement in conformity with job evaluation in the organization according to the categories as follows:

- As far as workers are concerned, it is determined by multiplying the first tariff rate by the tariff multiplier of the corresponding tariff rate established for a worker in compliance with the general provisions of the Uniform Wage-Rates and Skills Handbook based on the tariff-qualifying characteristics of the professions;

- As far as office workers are concerned, it is calculated by multiplying the first tariff rate by the tariff multiplier of the corresponding tariff rate of the unified wage tariff system established for a worker with reference to its position;

- As far as men and women are concerned, according to the work done or position held in conformity with the unified wage tariff system and collective labour agreement.

Average salary of the office workers is by 34.7% higher than workers' salary. Average salary of the management is by 58.5% higher than workers' salary. This correlation is explained by the complexity of the performed obligations stipulated by the job descriptions as well as the organization (separate structural subdivisions) activity efficiency, quality of the performed works (services), efficiency of the set targets and objectives fulfillment.

Stimulating payments to the top management are effected depending on the efficiency of the enterprise performance and fulfillment of the social-economic development indicators set forth by the Ministry of Industry of the Republic of Belarus.

Women have the same salaries and tariff rates as men, if they occupy equal positions (have similar professions). Women are given and guaranteed the same rights as men and have additional benefits and guarantees aimed at their health and maternity protection.

Thus, the use of women's labour is prohibited in:

- heavy operations and operations with harmful and/or hazardous labour conditions;
- Jobs related with lifting and manual handling of weights;
- Some professions and positions (steelmaker, steelmaker's assistant, farrier, battery assembler, etc.).

Pregnant women are given easier jobs excluding the impact of harmful and/or hazardous labour factors but their salary remains equal to the average amount of their previous salary.

A mother (farther) of three or more children aged under 16 (or having a disabled child aged under 18) are given one extra day-off in a week at her/ his request which is paid for in the amount of the average daily payment.

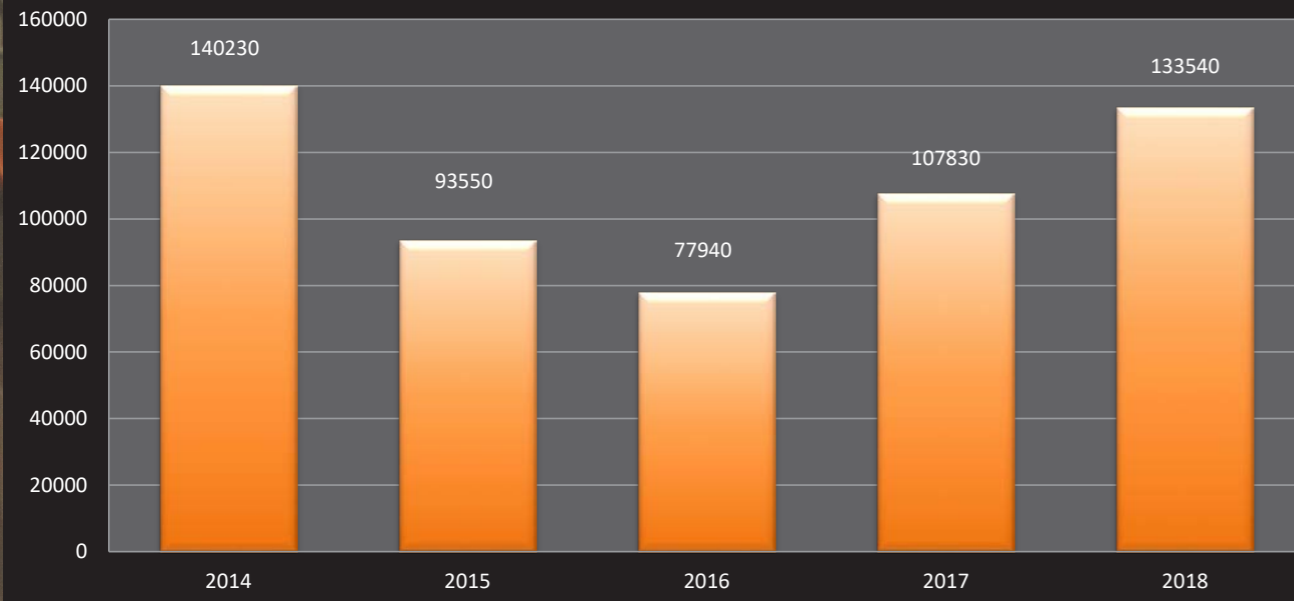
A mother bringing up two or more children under sixteen, is given an additional day-off a month at her request; this day is paid for in the amount of 0.1 of basic payment.

A mother bringing up children under eighteen, is given one extra day-off a month at her request; this day is not paid for.

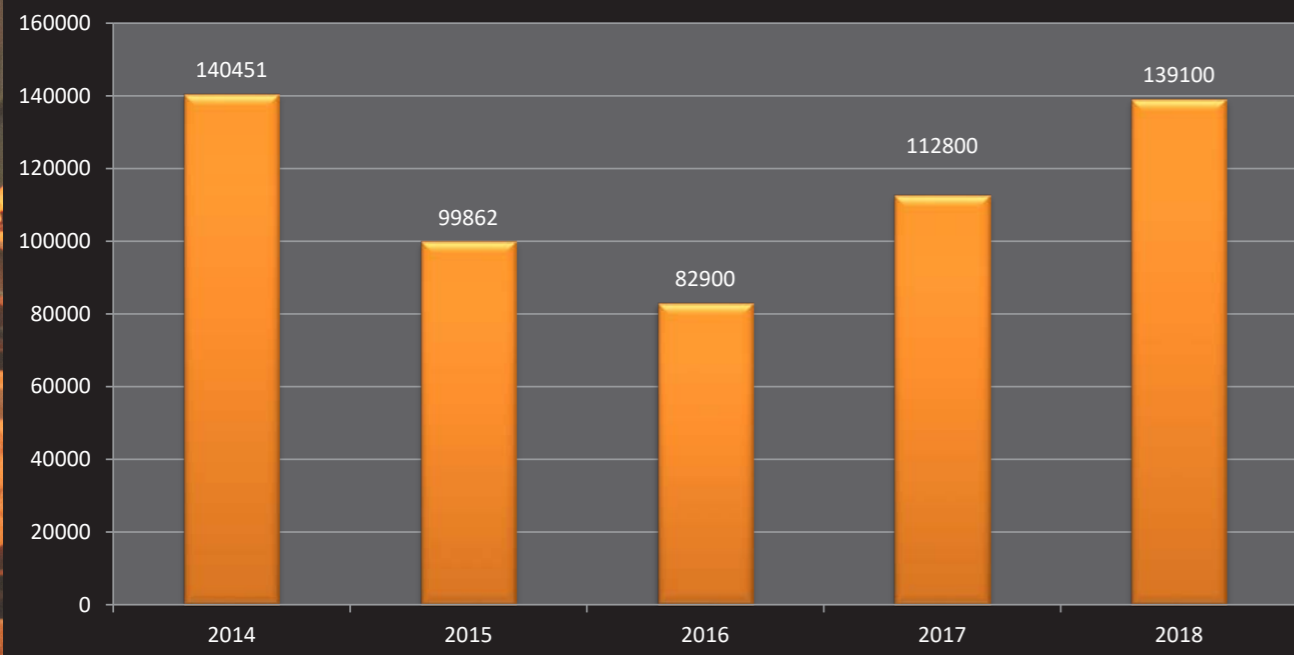
Average salary of men at the enterprise is by 29.1% higher than that of women. Difference between the average salary of women and the average salary of men is explained by the increased payment for the heavy service work, works with harmful and dangerous labour conditions, where women's labour is prohibited.

Planning of labour remuneration expenses is based on the salary level reached and the output per one employee. Alongside with the labour productivity growth, the average salary increase is planned accordingly.

Dynamics of revenues from sale of products (goods, works, services) per one average employee in 2014-2018 in USD



Dynamics of the labour productivity of the employees of OJSC "BSW — management company of "BMC" holding" in 2014-2018 in current prices (USD)



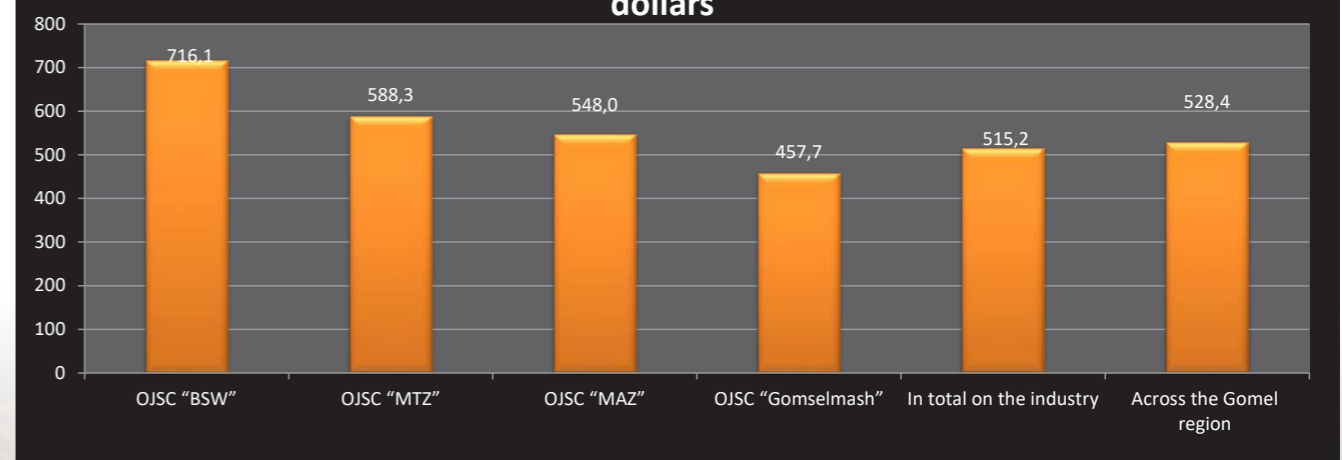
It is necessary to point out that the labour productivity growth rate of an employee of the main production at the gross value added was 154.1% in U.S. dollars in 2018, while the salary growth rate in USD equaled to 130.9%. The ratio of labour productivity growth rate at the gross value added in 2018 was 1.18. Thus, 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 labour coefficient of the manufactured products. In 2018 implementation of this approach lead to the decrease of the labour coefficient of the operations fulfilled in basic and auxiliary shops by 15.6 thousand standard hours. The economic efficiency made up over 100 thousand rubles (49.1 thousand U.S. dollars).

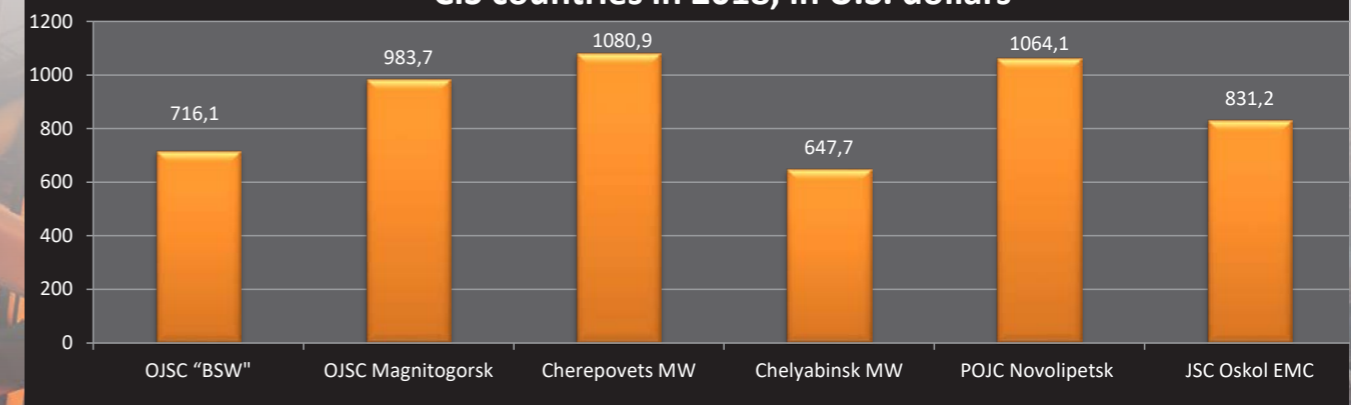
As far as the salary level is concerned, the plant takes a decent place among the gross-output-making enterprises of the Ministry of Industry of the Republic of Belarus and metallurgical enterprises in near foreign countries.

All technical-economic development programs of the enterprise are worked out for one year and are reported to the personnel. The results of their implementation are summarized monthly during a year and are reported to the employees during forums, meetings and in the plant's newspaper "Metallurg".

Average monthly salary at OJSC "BSW — management company of "BMC" holding" as compared to gross-output-making enterprises of the Ministry of Industry of the Republic of Belarus in 2018, in U.S. dollars



Average monthly salary of the staff of the metallurgical enterprises of CIS countries in 2018, in U.S. dollars



Non-financial incentives

The BSW established and is successfully developing the personnel incentive system aimed at increase in efficiency, labour quality, rational use of labour potential and strengthening of the worker's welfare. With the purpose to achieve high results of production and economic activities of the enterprise, as well as to develop a creative initiative of the workers, a wide range of morale-boosting incentives are used: entering on board of honour, awarding of certificate of honour, celebration in honour of winners of the industrial competitions, contents, etc.

Book of Honour

Entering in the Book of Honour is one the most prestigious awards. Traditionally, the workers who are honoured to entered in the Book of honour, are awarded with a certificate, sign «Honored Worker of the BSW» and cash bonus. Becoming a labour veteran of the BSW, metallurgists who were entered in the Book of Honour and retired, monthly receive an additional payment prescribed by the collective labour agreement.

In 2018, the names of the BSW workers who made a significant contribution to the production and economics of enterprise, were entered in the Book of Honour. The record of labour glory of the Byelorussian Steel Works was supplemented by the names of the mechanical technician of the 6th category of the pipe rolling plant Yuri Mikhailovich Stepanov and the leading engineer for the organization and rationalization of labour management of the organization and remuneration of work Natalia Mikhailovna Zubik.

Awards and Recognition Board

On the eve of professional metallurgist day, the collective of thousands celebrate in the honor of workers who became an example to

follow over the years of work at the enterprise. Their portraits and names are placed on the Awards and Recognition Board of the BSW.

In July of 2018, thirty workers of OJSC «BSW – management company of «BMC» holding» walked the red carpet in the Palace of Metallurgists' Culture and accepted congratulations of Director General Anatoliy Nikolaevich Savenok. Among them who were honoured, are steelmakers, rope speed control operators, mechanical technicians, electricians, operators, masters, chief specialists and unit managers.

For greater public information of factory workers and guests of the enterprise about its best representatives, two Honour Awards and Recognition Boards were established: one is located in engineering building No. 2 of plant management, and the second one, duplicating the content of the former, is located in the Palace of Metallurgists' Culture. In addition to this, Walks of Fame with photos of the best workers who made a significant contribution to the production development, are located on the plant territory.

Labour dynasty

The plant organizes celebration in honor of labour dynasties whose representatives are third-generation workers of the Belarusian metallurgy. In 2018, the Vegeliny family were awarded with the honorary title «Labour dynasty of BSW». Assignment of an honorary title is approved by the order of the CEO with delivery of the diploma and a cash bonus to the head or the member of a dynasty having the greatest labour experience on the gala night devoted to the Metallurgist Day.

Rewarding with the state awards, Certificates of honor and Letters of acknowledgment

The important element of corporate culture of the enterprise is the system of moral encouragement of workers including social and psychological, personnel and professional aspects. In 2018, 653 employees of the plant were awarded with Certificates of honor and Letters of acknowledgment.



Industrial competitions

Industrial and other types of competitions are held for improvement of quality indicators in production, professional development of personnel and work without injuries. These competitions are organized in 2 directions: production and commercial activities of the enterprise based on the financial and economic indicators, as well as thematic competitions. During 2018 year, 26 industrial competitions were held at the enterprise. Among them are competitions among the producing and non-productive departments, «The best in profession» (итоги подводятся ежеквартально), «The winner of youth award», competition according to the system «Attention – to the Person!» (the results are summed up once a year), «Competition of the teams of workshops on landscaping and land improvement» (the results are summed up twice a year by the Metallurgist Day and by the New Year).

Festive ceremony of delivery of awards for professionalism, high achievements in work, public, sports and cultural life «Professional Olympus» is especially significant event for factory workers. In 2018, The celebration in honour of workers were arranged in 23 nominations.

Special attention shall be given to the plant's professional skill competition among electric and gas welders of the «BMC» holding enterprises. In 2018, the contest was held for the seventh time and received the status of an international competition thanks to the participation of the representative of the Russian enterprise OJSC. The professional mastery in two categories – mechanized welding and manual arc welding by consumable electrode - was demonstrated by 23 electric gas welders.

Information on carrying out and results of industrial competitions and contests is placed on the factory information stands, photo reports, the newspaper «Metallurg», TV program of «News of the BSW», the external and internal websites of the enterprise, social networks.

System «Attention — to the Person!»

For improvement of moral and psychological climate in the labour collective, the system «Attention — to the Person!» has been functioning at the enterprise since April of 2005. It doesn't directly involve the production achievements. It is aimed at creating a healthy microclimate, education of a sense of solidarity, mutual aid. Put simply, it unites people in one united team.

In different years, the various structural divisions of the plant became winners of a competition in this system. In 2018, the staff of the steel wire workshop No. 2 is recognized as the leader.

The trade-union committee of OJSC «BSW — management company of «BMC» holding» takes active participation in the work of the system «Attention — to the Person!» by providing the funds for gifts for the retired workers, the newlyweds, factory workers who became parents and so forth.

Corporate calendars

The corporate calendar is a peculiar marketing trend. Its secret is simple: if its edition is original, it will be placed on the wall, and it will serve as year-round advertizing of the enterprise. Each self-respecting company presents to the partners and clients such souvenir products. In a highly competitive market conditions, the competition for a nail on the client's or partner's wall is a difficult task with a high rate. Actually, the possibility to gently remind itself and a chance to prove that you are better in calendar creative than your competitors are at stake.

At the same time the single companies think of the fact that the given exclusively marketing tool can be filled with the social content too. For this purpose, it is necessary to approach to creating a corporate calendar not as to a simple order of the souvenir products. So, since 2010, the BSW has been organizing a presentation of annual corporate women and children calendars. Pages of children calendars are illustrated with

pictures in which from the children's viewpoint the ideas about the BSW are reflected.

The best pictures of the growing-up metallurgists selected in 2018 following the results of the regional competition «I Want to Be a Metallurgist» and the photo of the workers of the enterprise who passed a casting on participation in the photographic projects are presented in editions of 2019.

Professional advancement

The possibility of professional education and improvement of 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 focuses 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 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 enterprise.

Short-term Targets in the Area of Social Responsibility

Achievement of the following level of the main target values related to social-economic development of the enterprise is scheduled for 2019:

- training of the executive employees and specialists: 1508 people
- professional training of workers, 3340 people
- general satisfaction of the personnel: at least 72%
- personnel turnover: no more than 4.3%



ТАТЬЯНА ЕРМОЛЕНКО, УБУОИК

ФЕВРАЛЬ 2019

ПН MONDAY	ВТ TUESDAY	СР WEDNESDAY	ЧТ THURSDAY	ПТ FRIDAY	СБ SATURDAY	ВС SUNDAY	ПН MONDAY	ВТ TUESDAY	СР WEDNESDAY	ЧТ THURSDAY	ПТ FRIDAY	СБ SATURDAY	ВС SUNDAY
				1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20	21	22	23	24
25	26	27	28										

Information and Communication

Ensuring the effective internal communication at the enterprise with many thousands of personnel is impossible without the presence of own mass media.

Newspaper «Metallurg»

No one information channel is capable to provide with feedback required for successful intra organizational communication, except for the corporate edition. It allows any worker, irrespective of his job position in the personnel hierarchy, to raise the concerning issue for discussion by the management or provide suggestions for an increase of overall performance of the enterprise.

The newspaper is published 2 times a week. It helps the employees to learn not only about work of other links of the enterprise but also to understand their role in common process of production. All materials presented on pages of the newspaper can be conditionally divided into the following theme groups:

- the news concerning social and political life of the country and the region;

- information on the most significant events from life of the plant (signing of the contracts, operational performance, repairs, reconstruction, victories in various competitions);

- the materials devoted to employees of the enterprise;

- articles about cultural events with participation of factory workers; sports news; materials of employees of the Ministry of Emergency Situations, District Department of Internal Affairs, central district hospital, State Motor Vehicle Inspectorate and other services and organizations of the district;

- letters and appeals of readers.

For raising public awareness about the results of the BSW work, data on the current outputs are published. For developing a clear idea of the situation in metallurgy, each Saturday publication has news «The world of steel».

For several years more than 7,500 people have been the subscribers of the newspaper «Metallurg». In 2018, the circulation of the newspaper was over 8,000 copies. It means that the factory newspaper comes practically to each family of the factory workers. It is distributed not only in the region of production activity of the enterprise, but also across Gomel region. The veterans are among its readers too. They are subscribed to the newspaper free-of-charge by the trade union committee. The corporate newspaper is delivered to the enterprises of the holding by subscription. Newspaper «Metallurg» regularly presents information about their activity, memorials, achievements.

TV program «BSW News»

The city channel «Nuance» regularly broadcasts a weekly program «BSW News». The main advantage of factory television is an opportunity to quickly distribute objective information to wide audience. In this case, visualization of information is important because it gives a chance not just to report, but also to show how it was. It is very important for such large-scale enterprise as the BSW because not all workers of the enterprise can precisely imagine, for example, how the steel is melted or the metal cord is made. The television helps to eliminate these gaps. The BSW executives appear in the broadcast of program «BSW News».

Considering the current trends of the media space development, the BSW focuses on Internet resources in its foreign information policy. This channel has a number of important advantages: wide audience, efficiency of distribution, ease of access and simple reproducibility. To achieve the maximum efficiency when distributing the image information, the press service of the BSW closely interacts with the leading news agencies and the Internet portals of the country.

Promotion of the enterprise on social media

Considering the current trends of use of social networks as an effective channel for information distribution among the youth audience, the BSW has intensified its efforts to develop thematic communities of the enterprise.



Now the Byelorussian Steel Works is presented on such social networks as Odnoklassniki, VKontakte, Facebook (news are updated in English), Twitter, Plus.google, Telegramm – Belsteel. There is a channel on the largest video hosting YouTube.

In 2018, 5500 people became its subscribers. The factory news, announcements and photos are quickly posted in this group. The competitions are held to increase the number of subscribers. Besides a regularly updated news feed, the theme group contains the thematic photo albums and various sections allowing to achieve the most effective feedback. According to the statistics of the enterprise, news in it are viewed by users not only from the region of the BSW operation, but also from such countries as Ukraine, Russia, Germany, China and the USA.

Internet activity

The BSW is represented on the network by four different resources: the corporate website – www.belsteel.com, the site of the plant's newspaper «Metallurg» – www.metallurg-belsteel.com,

the internal website – infoBMZ thematic communities on social media. Each of them is focused on a certain target audience and performs various functions.

The corporate website www.belsteel.com has been functioning since 2003. It is the modern resource of the international level addressed to the wide audience of users. It contains not only useful information but also serves as a communicative channel for the purpose of strengthening the BSW image. Since the majority of business partners of the BSW are foreign companies, the website is presented in two versions: in Russian and English languages.

The internal website infoBMZ is intended for use only by the staff of the enterprise. The website provides an access to the archive of the factory newspaper «Metallurg», the leading republican publications and the special-purpose periodical publications. There is a link to the factory electronic library. The internal site is visited by 3 thousand employees of the enterprise each day. The main function of infoBMZ is to provide the inside information to the BSW

workers whose workplaces are equipped with PC. In the sections of the resource, any expert can find the necessary e-documentation which is accurately sorted by sections: quality, labour protection, ecology, economy, personnel.

The site of the newspaper «Metallurg» www.metallurg-belsteel.com contains the archive of the newspaper, photos of the employees of the enterprise, etc. The information is updated twice a week. To provide feedback to readers, there are sections on the site where you can leave your comments or ask a question.

Working according to the Principles of the UN Global Compact, OJSC «BSW – management company of «BMC» holding» provides a free access to information, develops external communications and confirms the readiness for open dialogue with the interested parties.

Labour Protection and Ensuring Industrial Safety

OJSC «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. Labour safety and health are the key priorities of the corporate labour protection management system. Realizing its mission, the enterprise ensures the employees' labour protection, takes measures for reduction of accidents risks and occupational diseases, strives for creation and sustaining of such labour conditions that are not dangerous to employees' health and human dignity.

Using dangerous industrial facilities in the production process, the enterprise management bears responsibility for conservation of the employees' life and health. The existing labour protection and industrial safety management system is built according to the requirements of Belarusian legislation and considering international practices.

Labour protection service of the plant bases its activity on the priorities of the international regulations. Labour protection management of the enterprise is based on the key international standard of labour safety OHSAS 18001 "Occupational health safety assurance systems" and national standard STB 18001 "Labour protection management systems. Requirements".

As before, the key strategic aims of OJSC «BSW — management company of «BMC» holding» in the area of labour protection are as follows:

- Continuous improvement of efficiency of labour protection in accordance with the requirements of OHSAS 18001:2007 and STB 18001-2009;
- Constant control of risks related to production processes, implementation of the preventive and corrective actions directed towards prevention of occurrence of occupational diseases and injuries in production;

- Labour 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 labour 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 the certification bodies carry out the external audits to check the compliance of the enterprise system of labour protection and industrial safety with the requirements of the standards.

In April 2018, the representatives of Norm-Test Ltd. — partner of TÜV Thüringene.V (Minsk), body for certification of systems and personnel, carried out the recertification audit to confirm the certificates of correspondence of the labour protection and industrial system compliance with the requirements of OHSAS 18001:2007. As a result of the audit, one protocol of non-conformity was issued, and the non-conformity was eliminated during the audit.

In November 2018, the representatives of the state educational establishment "The Republican Institute of Higher School" — a certification body — fulfilled a supervision audit of the system of environment and industrial safety management to evaluate its compliance with the requirements of the state standard STB 18001-2009 "Systems of labour protection control. Requirements". During the audit, 18 divisions were inspected.

According to audit results, the compliance of the system of environment and industrial safety management at the BSW with the international standard OHSAS 18001:2007 and state standard STB 18001-2009.

After the standards were implemented at the enterprise, we accept contemporary, universally acknowledged international safety technologies. This allows the BSW to speak the same language with its international partners and organize cooperation more effectively. Currently, the enterprise needs to confirm the availability of the certified labour protection management system in many cases for signing joint contracts. It is

evident considering western partners' mentality. Availability of the certificate acknowledging 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 the BSW to:

- Decrease the costs due to a more efficient use of labour resources; diminish the expenses related with injuries and morbidity;
- Improve legal safety, guarantees of correspondence to the changing legislative labour safety requirements;
- Minimize the risk of judicial punishment;
- Respect the interests of the parties - the employer and working team in the process of the enterprise productive activity;
- Improve the enterprise image on product and labour 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 distribution of responsibilities;

- Increase the labour productivity due to improvement of conditions and reduction of unproductive time and labour waste.

The BSW continuously improves the system of labour protection and industrial safety management and adjusts it in accordance with the requirements of international standards. This allows a considerable reduction of the production costs through a decline in losses of labour capacity of specialists related with accidents, occupational illnesses, emergencies and fires.



Working conditions for 1321 employees were improved in 2018

Improvement of labour conditions

The BSW does not only increase its production capacity and industrial product output from year to year, but carries our continuous and purposeful activity to create and improve safe working conditions. A large amount of work to remove outdated equipment from production and installation of advanced equipment meeting all international requirements of labour safety is carried out within the Program of technical revamping.

These measures helped us to improve labour conditions of the employees to a considerable extent and decrease impact of dangerous and hazardous production factors.

Every year the plant works out a plan of measures providing for labour safety and labour conditions improvement. In 2018, the plant implemented 37 measures. Due to the measures taken, working conditions of 1321 (280 in 2017) employees were improved.

Byelorussian Steel Works 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 observance of labour safety requirements.

Obligations of the employer in providing for safe and healthy labour conditions are stipulated in the section "Labour Protection" of the Collective Agreement of the enterprise. 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.

In 2018, the BSW invested 3 million 53 thousand 571 Belarusian rubles in provision of the safe and healthy conditions.

Training and Competence Evaluation

An integral part of the labour protection and industrial safety system of the enterprise is teaching of safe operation of hazardous production facilities, occupational sanitation and labour hygiene. An employee's labour safety greatly depends on the thoroughness of his/her professional training. Sustaining the high standard of knowledge is insured by conducting an obligatory labour safety instruction, periodical knowledge check and personnel certification regarding safe operation.

Dynamic development of labour 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 labour protection.

In order to carry out educational activities to train the members of the staff who maintain and operate potentially dangerous and dangerous facilities, the training center, in accordance with the current legislation of the Republic of Belarus, has undergone an examination and received the permission of the Department for Supervision of Industrial Safety of the Ministry of Emergency Situations of the Republic of Belarus (Gospromnadzor) for the right to assess the knowledge of persons who, in accordance with the requirements of technical normative legal acts and normative legal acts, are responsible for organizing and ensuring the safety of works at the controlled dangerous production facilities and other high-risk facilities.

Social Control for Observance of Human Rights in the Area of Labour Protection

All stakeholders including the employees are actively involved in the process of managing the labour protection and industrial safety system. The BSW created a system of a two-stage public control.

At the first stage, daily control of observance of the legislation of the Republic of Belarus in the sphere of labour protection, ensuring the employees right to safe labour and health maintenance is fulfilled by the public service of health and safety executives. The service of public executives consisting of 480 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 labour protection legislation are regulated by Decree No.179 of the Ministry of Labour and Social Security of the Republic of Belarus "About the procedure of public control of the compliance with the labour protection legislation carried-out by the persons authorized to control an organization employees' labour protection" dd. 28.11.2008 and the Articles of Association of the Belarusian Federation of Trade Unions. The executives proceed to individual work after taking a special training course at the private unitary enterprise "Educational-

Methodic Center of Gomel Regional Trade Unions".

At the second stage the control of compliance with the legislation and checking the operating safety organization in conformity with local regulations is carried out by 9 public commissions including representatives of the structural subdivisions management. Their activity is specified by the Decree of Presidium of the Belarusian Trade Unions Federal Council No. 59 dd. 24.04.2003.

During 2018, 63 348 inspections were carried out to check the observance of the labour protection law. As a result, 76 109 violations were found, and 518 requests related to labour protection were considered.

For stimulation and improvement of personal responsibility of the employees for observance of safe labour rules and norms, a corresponding local regulation stipulates the material incentives of employees who have no violations of the requirements of labour and fire safety, and industrial sanitary Besides, Labour Safety column functions in the plant's information-reference system Info BMZ (internal site). It includes and updates national and local regulations concerning the labour protection and industrial safety, as well as the following journals: "Labour Protection", "Industrial Safety",

"Labour and Social Protection", "Rescue Service", etc.

Following the principles of social responsibility in addition to obligatory insurance, the employer signed an agreement with Promtransinvest Ltd. "About 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 BSW was additionally insured from non-production accidents occurring within one hour during the way to and from work.

Achievement of the following level of the basic target values regarding the social-economic development of the enterprise (in the sphere of labor protection and industrial safety) is scheduled for 2019:

- reduction of work-related fatalities, injuries, and illnesses by 25% as compared to the level of 2018;
- provide for additional safety of labour for workers of the workshops – 177 persons;
- improve production environment of workers of the workshops – 664 persons;
- improve sanitation and household conditions for workers of the workshops – 593 persons;
- improve drinking condition of workers of the workshops – 144 persons.

Indicators of work-related fatalities, injuries, and illnesses

No	Indicators	2015	2016	2017	2018
1.	Quantity of recorded accidents	8	13	7	11
2.	Quantity of the injured, including:				
	fatal	0	1	0	0
	severe	1	2	3	4
	group	0	0	0	2
3.	Frequency factor, Ff	0,71	1,2	0,65	1,01
4.	Severity rate, Sr	43,6	21,15	30,86	31,9
5.	Quantity of days when work capacity is lost	349	275	216	351



Analysis of work-related fatalities, injuries, and illnesses



Health Protection

Health protection of the factory workers is the most important integral part of the social policy of OJSC «BSW – management company of «BMC» holding».

The factory medical prophylactic assistance provided 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 the strategy and tactics in the area of health protection is stated in the comprehensive program "Plans on detailed measures to prevent temporary incapacity for work, disability and death at OJSC «BSW – management company of «BMC» holding» for 2018" 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 injury prevention and promotion of a healthy lifestyle.

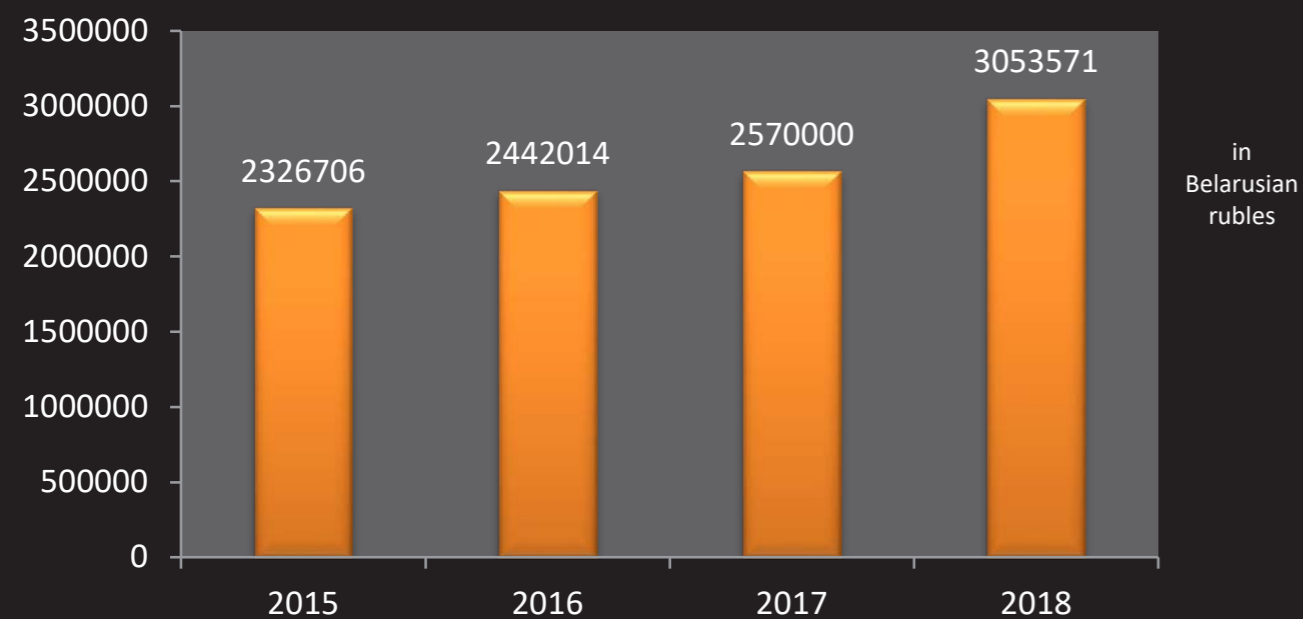
The major measures of the social policy and plan are as follows: enhancement of the preventive medical aid level; orientation of the medical aid system at increasing the ambulatory segment efficiency; compliance of the on-site work places with the technological and sanitary-hygienic norms; improvement of ecological events and environmental protection norms; development

of the plant personnel's strong orientation at healthy lifestyle and creation of conditions for improvement of the life quality.

The BSW 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 region. The BSW spent 1316.2 thousand US dollars for medical center financing in 2018.

The industrial hospital includes: 9 first-aid stations, 4 of which work 24/7; a polyclinic for 250 visits per shift (the total area excluding corridors, auxiliary and other premises) equals to 2386,1 sq.m). It comprises: reception, therapy, department for daily stay for 20 beds, physiotherapeutics department (including exercise therapy room, mechanotherapy, inhalatorium, therapeutic massage room, and lazar therapy), clinicodiagnostic laboratory (with clinical and biochemical departments to fulfill clinical and biochemical investigations), X-ray diagnostics room, WS diagnostics, centralized sterilization dpt., functional diagnostics room (electrocardiography, spirometry, Holter monitoring, SMAD Cardian MD to monitor the level of arterial blood pressure, determination of vibration sensitivity, audiography),

Investments in occupational safety and health, in Belarusian rubles



medical certificate registration room, room for preliminary examination, special doctors' rooms: neurologist, traumatologist, ophthalmologist, otolaryngologist, urologist, dermatologist. Modern conditions have been created for sterilisation of medical instruments and consumables.

The industrial hospital is the basis of medical service of the enterprise. Modern medical equipment and high professionalism of medical workers allow to carry out surveys on laboratory, functional, and instrumental diagnostics. Doctors of narrow specialties render a wide range of medical services.

The hospital is equipped with state-of-the-art equipment and its material-technical base is continuously improved. Medical service can be rendered with temporary interruption of production activity. In 2018 this form of medical care was used by more than 103 people, thus giving the possibility to maintain the level of labor productivity and save resources of the social security fund. Treatment and physiotherapeutic procedures are rendered close to the production process.

The personnel of the industrial hospital consists of 147 people including: 36 doctors, 85 medical workers with secondary specialized education and 18 junior medical specialists. 78.8% of doctors have qualification categories. 72.5% of the paramedical personnel are attested for categories.

The industrial hospital has 7 shop therapeutic stations serving approximately 2258 people each.

175,673 people visited the industrial hospital in 2018. 77.1% of the total number of visits were related to diseases, including consultations and monitoring; 22.9% were preventive medical examinations.

All types of medical examinations are used

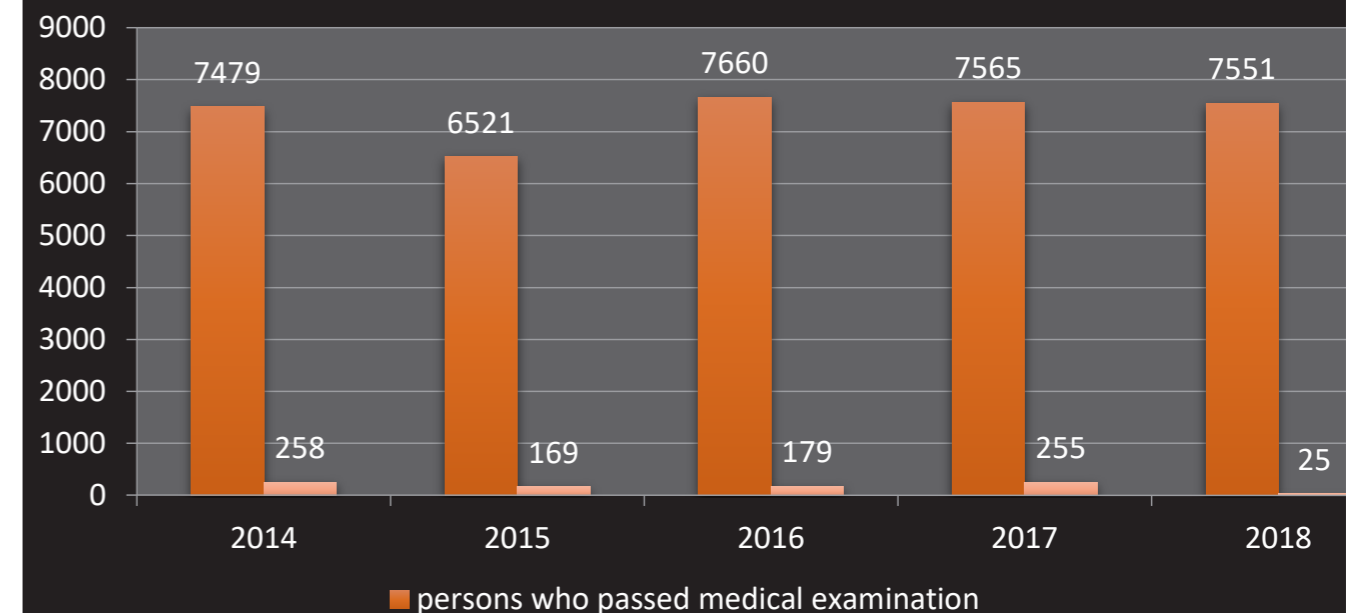
for coverage of able-bodied population with preventive medical check-up and screening for detection of pathologies which are the most significant in terms of death rate (circulatory diseases, neoplasms, infections). During a compulsory medical examination, check-ups are carried out as part of medical examination of the population. Persons who are subject to follow-up care, are registered for regular medical check-up.

Arrangements have been made for early detection of cancer related diseases. The industrial hospital takes an active part in implementation of screening programs (breast cancer and prostate cancer screening). The tumor markers for early detection of oncopathology are purchased at the enterprise's expense.

HIV screening assessment is carried out: 13,153 persons were assessed during 2018, and 13,839 – during 2017.

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. Workers who are influenced by dangerous and harmful factors at 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. During 2018, 9,892 employees of the plant and the unitary enterprises, as well as the veterans of the BSW, passed thorough medical examinations. No one occupational disease was detected. Because of found health problems, 265 employees were recommended for the rational allocation of work.

Quantity of periodic medical check-ups performed



A local computer network is available at the industrial hospital. In 2009, E-Doctor software was installed and has been used in operation; an electronic ambulatory patients' cards are maintained. An electronic mail is available. The industrial hospital is connected to corporate network of the enterprise and is equipped with the programs: Personnel, Lotus-Notes, Consultant +, Working clothes, and SAP. Infobmz site has a "Medicine" section where information about medical department work, formation of a healthy way of living, medical articles, and presentations are located.

The staff of the industrial hospital in cooperation with the BSW management team arrange and take measures on disease prevention and promotion of a healthful lifestyle. The Collective Agreement includes provisions for compulsory passing of the medical examination by the BSW workers. There are some incentive measures for workers who regularly pass the medical examinations and leading a healthy life without cases of temporary incapacity to work.

There are health promoting schools: «Person. Lifestyle. Health.» «Measures for arterial hypertension prevention», «Addiction prevention». Articles on a healthful lifestyle promotion and prevention of socially significant diseases are published and updated in the mass media and on the internal website of the enterprise – InfoBMZ. Stands on a healthful lifestyle promotion are arranged in structural subdivisions and enterprise dormitories.

The administration of the enterprise carries out the systematic work aimed at providing safe working conditions, prevention of occupational injuries, preservation of life and health of workers. Measures for safety and better working conditions are annually developed at the enterprise. All cases of work-related fatalities, injuries, and illnesses are thoroughly analyzed. According to the analysis results, all information is posted on the stands for occupational safety and health in structural divisions. The hazard warning plate was developed. There are hazard warning plates at work places where accidents occurred.

A number of measures to monitor the health condition of workers, first of all, suffering from cardiovascular diseases, are taken directly in the shops of the enterprise. These measures are taken both during a pre-shift medical examination, and in the form of selective control examinations by medical assistants of the health centers. If necessary, the worker is sent to the shop therapist for correction of the assigned therapy.

The BSW established 8 health centers, 4 of which provide emergency health services on a round-the-



clock basis. Each health center is equipped with all required equipment (an electrocardiograph, defibrillator, glucometer, portable alcohol tester) and pharmaceutical drugs for delivery of health-care services. There are 2 ambulance cars for uninterrupted service of health centers. The medical staff of the health centers are trained to respond to medical emergencies by immediate care. Practical courses for training these skills are regularly carried out followed by pass-fail exams (quarterly). Medical assistant-narcologist checks workers for alcohol on breath, measure their blood pressure, carries out preventive work with persons registered at drug addiction and psychiatric clinics, weekly (within a mobile group of the enterprise) and at random during the shift. For fight against alcohol intake and prevention of occupational injuries, medical assistants perform pre-shift and pre-driving medical examinations.

The medical assistant and therapists (7 shop therapeutic centers) work directly in their assigned shops to monitor the health condition of workers. Besides, to monitor the efficiency of allocated therapy, medical assistants observe for a group of patients having a high risk of heart diseases and physical disability, a low adherence to treatment and avoiding regular medical check-ups. Lists of this category of persons specifying the purpose and frequency rate of examinations are submitted to medical assistants of health centers by shop medical service. The medical assistants examine the workers during their shift (information about the results of such examination is recorded in the examination

sheet which is submitted to the shop medical service for logging, analysis and taking measures). If needed, the medical assistants render assistance and (or) send the workers to the industrial hospital for correction of the assigned therapy.

Doctors of the industrial hospital take measures to prevent circulatory diseases, including at the stage of scheduled medical examinations. Doctors of any specialities measure blood pressure at the initial consultation. During medical examination of the population, the primary focus is on a group of workers at the age of 40-59 years.

Measures for prevention of suicidal behaviour and all types of addictions are taken. Telephone numbers of the emergency psychological counseling and «crisis counseling line» are placed on the information stands of structural divisions, dormitories of the enterprise, in the mass media, on the corporate website. Psychological counseling of workers is organized in the Training Center and factory management No.1. Information of prevention of suicidal behaviour and all types of addictions is regularly published on the website info BMZ and in newspaper «Metallurg». To create a positive life attitude of the population to a healthy lifestyle, to increase of the level of adaptation to stresses in difficult morale situations, TV program «The BSW News» periodically shows videos promoting family and spiritual values. The medical staff use rating scales and questionnaires for suicide risk level diagnostics. In needed, the patients are sent to the consultation of the psychologist or addiction psychiatrist.

A positive thing in seasonal disease prevention is the possibility for employees to have a voluntary anti-flu vaccination free of charge.

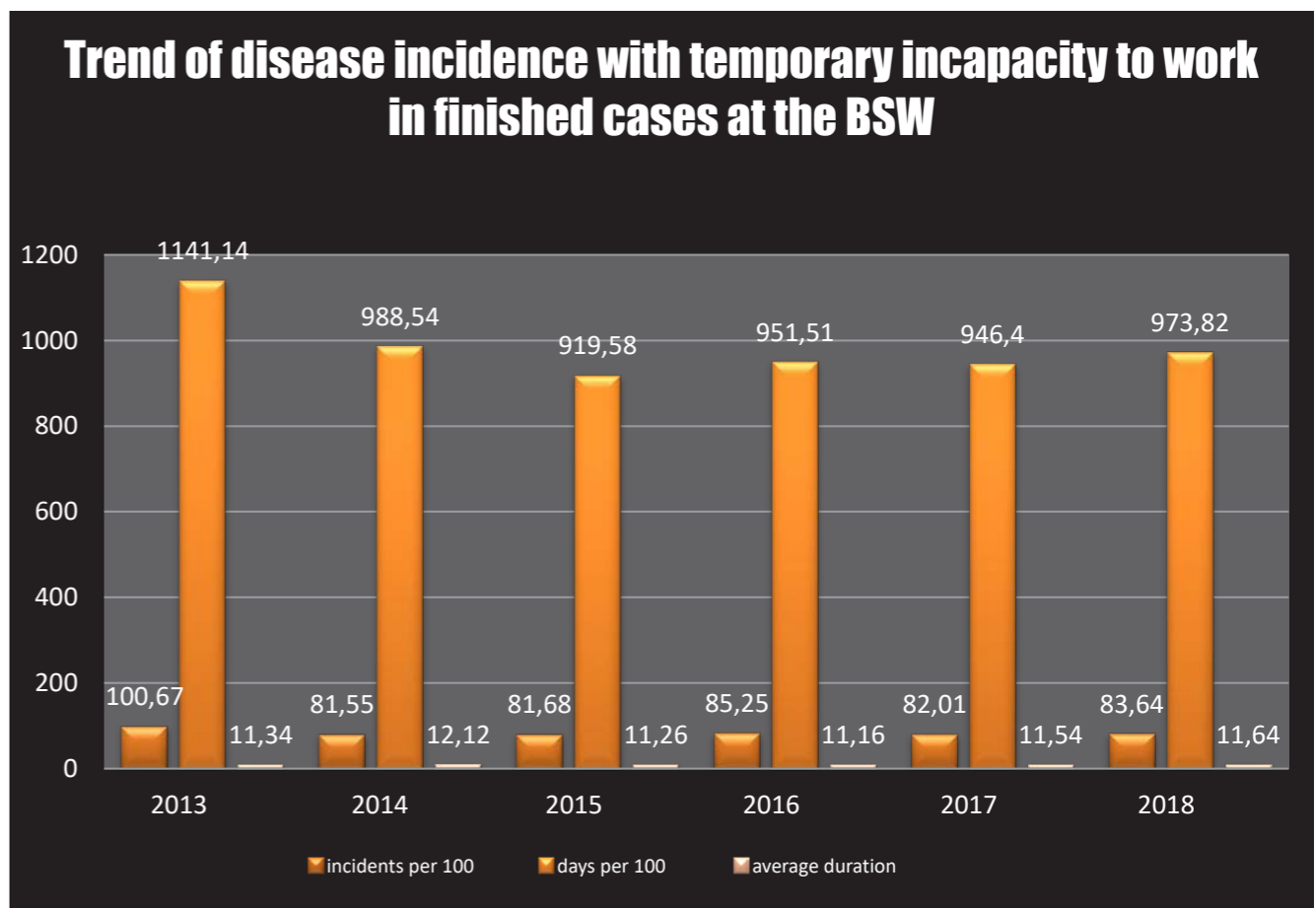
Medical services are demanded not only by the factory workers, but also by the citizens of the region. In 2018 proceeds from paid medical services made up 27.88 thousand U.S. dollars.

Effectiveness of Medical and Health Promotion Programs

Funds invested in the BSW employees' health, medical service quality enhancement and implementation of modern treatment methods together with successful realization of the employees' health promotion program in sanatoriums and vacation houses allows to sustain the positive dynamics of lowering the employees' disease.

As a result of prevention and early detection of diseases, indicators of the employees' health and quality of their life improved. Since 2012, the level of diseases with temporary incapacity to work of BSW employees decreased from 1,228.5 to 973.8 calendar days per 100 employees or by 20.7%.

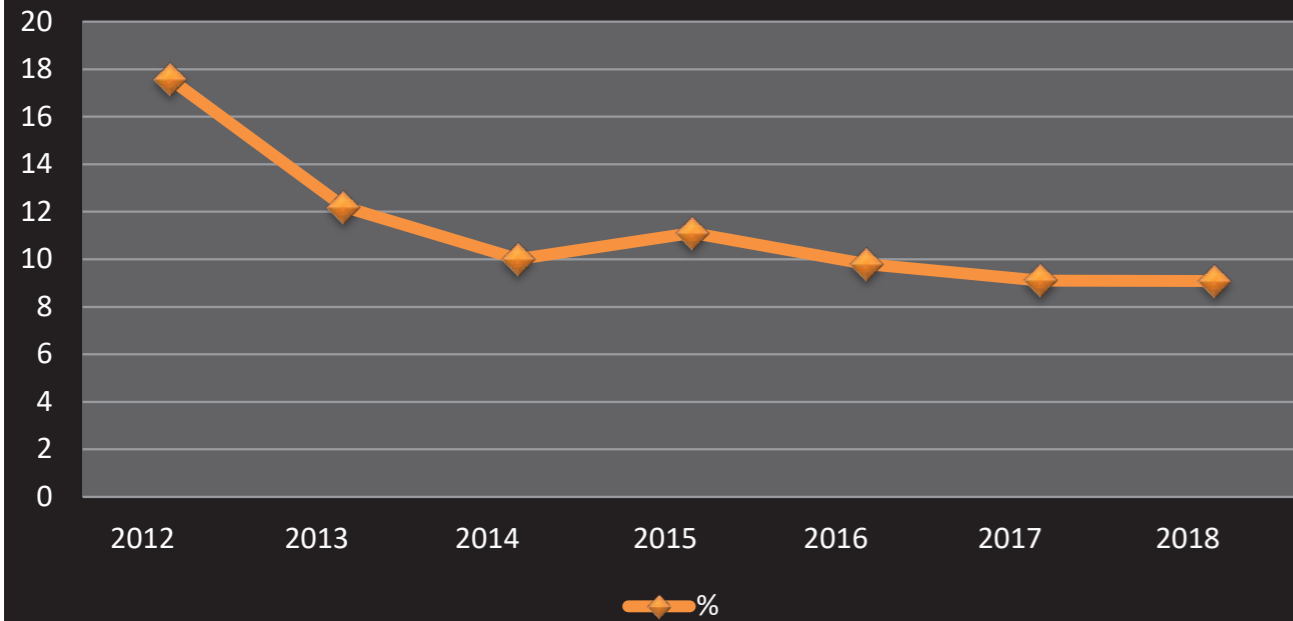
Diseases with temporary incapacity to work made up 973.8 days per 100 employees in 2018, which is 2.89% more than in 2017 (946.4 calendar days per 100 employees).



Note: negative trend – positive result

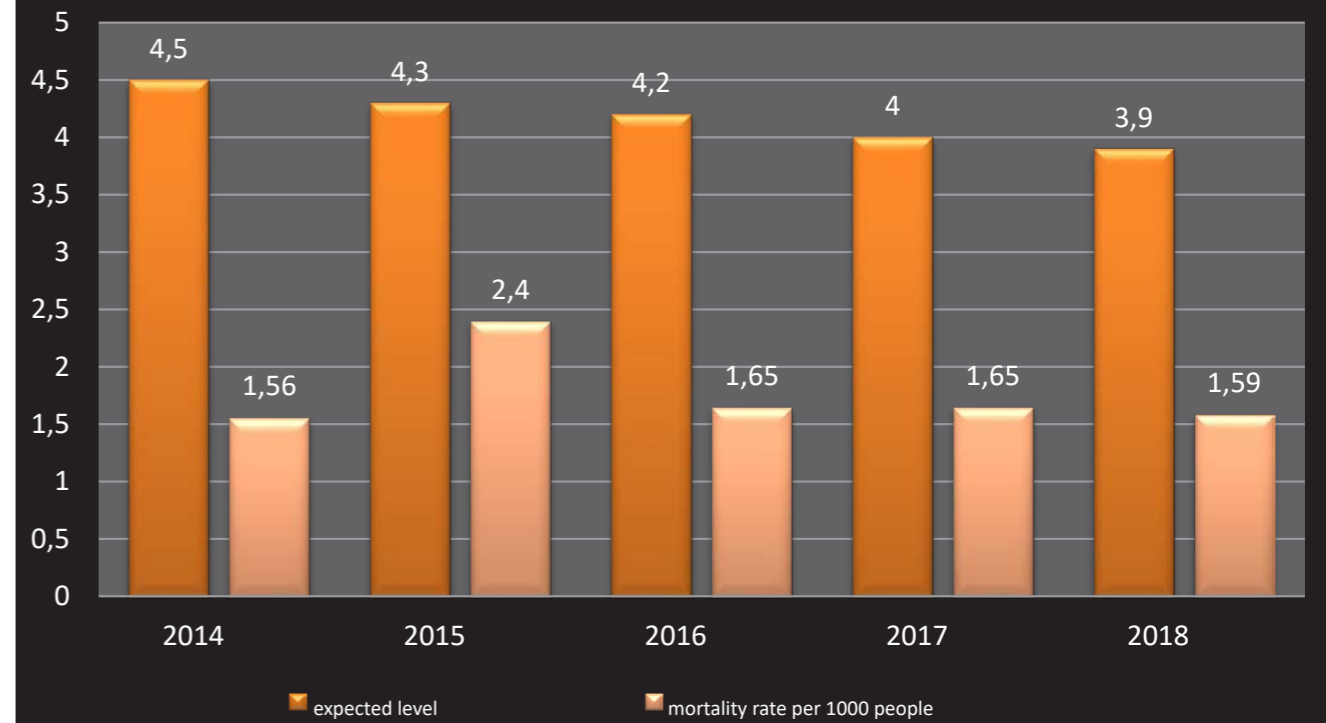


Trend of detection of advanced cancers



Note: level decrease – positive result

Trend of rate of mortality of persons of working age



Note: Excess of the rate over the expected level is a negative result

Trend of physical disability rate of persons of working age per 10,000 people



Note: Excess of the rate over the standard level is a negative result

OJSC «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.

Since 2010, there is a Program “Health at work” at Byelorussian Steel Works realized within the framework of the project of Belarusian Red Cross “HIV prevention in working life.”

The target of the project is improvement of HIV prevention measures in working life and improvement of efficiency of their implementation, as well as solving of the employees’ problems relating to maintenance of reproductive health, arrangement of events relating to disease prevention, formation of a responsible behavior and adequate attitude to people having human immunodeficiency virus.

“Health at work” program allows the plant’s employees to understand the importance of the problems relating to HIV-infection and timely protect their health.

The BSW developed a policy of counteraction to HIV-infection spread approved by the General

Director. Every year, an annual plan of measures to prevent HIV-infection is developed at the enterprise. A separate annual plan is developed at the plant’s dormitory for single people to prevent HIV /AIDS.

During 2018, the BSW arranged a number of events under the program “Health at work” including informative and consultative meetings with the factory personnel, placing of information and educational materials dedicated to the problem of HIV-infection dissemination and preventive measures on specialized stands located at dormitories, sport facility, the Palace of Culture, structural divisions and medical center as well as informing of the employees via mass media.

When hiring new employees, they are informed about the “Health at work” program. Specialists of the plant medical department participate in the work of the district inter-departmental commission on prevention of HIV/AIDS and venereal diseases.

The medical assistant (head of health centers) of the industrial hospital is a chairman of Zhlobin district organization of the Belarusian Red Cross Society.

During 2018, the volunteers of the primary organization of the Belarusian Red Cross Society in cooperation with the staff of the industrial hospital carried out activities and actions timed to the Republican Health Day and took part in the events organized at the enterprise. There were patriotic actions and actions in support of a healthy lifestyle: «Stop! AIDS; patriotic bike ride «Belarus remembers», etc.

14 volunteers-instructors were taught to emergency medical treatment in Gomel regional organization of the Belarusian Red Cross Society. They regularly arrange trainings for workers on the following topics:

- the spread of knowledge on international humanitarian law, fundamental operating principles of International Red Cross and Red Crescent Movement and humanitarian values.
- preparation and response to emergency and crisis situations.

In May of 2018, charitable actions «Five potatoes» were arranged during a month of the Red Cross. Visits and assistance at home have been organized for the veterans of the Great Patriotic War, elderly single people, disabled persons being on patronage of the medical and social service «Dapamoga».

Gathering of clothes, footwear, books for the economically disadvantaged and for people with reduced capabilities was organized.

Four medical assistants of the industrial hospital take part as nurses in implementation of the regional project on palliative care for patients living with HIV. In 2018, medical and social assistance at home was provided to 25 single people, elderly people living alone and disabled persons. Special attention was given to training and informing the workers of the plant. 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.

Social Benefits and Guarantees for the Staff

Supporting social development of the employees and local community, Byelorussian Steel Works follows the principles of a responsible business practice formulated in the UN Global Compact and other international acts.

The BSW understands that in current business conditions, the sustainability of the enterprise is determined not only by the economic efficiency factors, but also by efficiency of the corporate social policy.

Social and economic stability in the region of its operation affects the long-term stability of business. Corporate social responsibility policy in respect of own employees and local communities is a strategic direction of the enterprise' activity. Employees are the main resource of the BSW for obtaining the competitive benefits.

The plant invests considerable resources in formation of an interested, responsible personnel, improvement of labour conditions, and provision of social protection to the employees.

The social policy of the enterprise promotes maintenance of competitive benefits of the BSW, forms a highly-qualified team of employees able to work efficiently in the conditions of a tough competition.

In 2018, OJSC «BSW — management company of «BMC» holding» fulfilled social programs based on the Collective Agreement in

accordance with the budget for the social area at the expense of own assets of the plant and Social Insurance Foundation of the Republic of Belarus. In 2018, the BSW continued to fulfill its obligations for the main directions of social programs. Regardless of a complicated economic situation, their financing made up 2.5 million U.S. dollars.

The BSW 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 to be a constituent part of its business and social investments into the integral element of the corporate responsibility.

Byelorussian Steel Works implements its social policy in the following priority directions:

- occupational safety and health;
- rest and health promotion of the employees and their family members;
- physical culture and sport development;
- cultural life of the factory employees;
- solving of the living conditions issues of the employees;
- Support of families with many children;
- social support of retirees, disabled people and other categories of financially disadvantaged citizens;
- childcare.



Rest and Recreation of the Employees and Their Families

The BSW strives for improvement of the rest and recreation conditions for its employees, their families and residents of Zhlobin and region.

Every year the BSW 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 factory budget, state social insurance and employees' funds.

Health promotion of the employees and their family members is fulfilled out of profit and social insurance assets. Information about availability of vouchers covered by 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". In 2018, 126 vouchers were received from the social insurance assets (in 2017 – 115 vouchers). 142 people (in 2017 – 128 people) had rest at health resorts and sanatoriums of the Trade Union Federation at 25% discount from the cost of the voucher. In 2018, the BSW bought 1,040 vouchers and spent 792,182.68 rubles from its profit for rest and summer holidays of the employees' children.

Its own recreation facility "Dneprovskiy Zori" is one more possibility to offer high-quality services that can satisfy any client. The recreation facility "Dneprovskiy Zori" is located on a picturesque bank of the Dnieper river, in a pine forest and is intended for organizing sport and cultural events. The tourist rallies, competitions in various sports and sport fishing, hiking, bike rides, skiing trips, dancing parties, travelling seminars are held here.

Physical Culture and Sport Development

Physical culture and sport is a constituent part of a healthy lifestyle, hence forming the demand in regular sport activities with workers is a priority direction of the social policy of the BSW. 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 the enterprise.

The sports and recreation center serves as a coordinating center for sports events. There are two main ways in which the sports and recreation center works: competitive activities and sports and recreation work. The sports and recreation center has three gym halls: for exercising, playing games and tennis.

Good physical training, commitment and team spirit helped the factory workers to become leaders in the program of a year-round sports contest among the teams of the enterprises and

organizations of Zhlobin. The metallurgists won the first prize in the republican volleyball competitions among veterans in Minsk, took the second place in the international volleyball tournament among veterans held in Naroch.

In total, in 2018 the teams of the BSW took part in 26 competitions of different levels.

In 2018, over 60 large-scale national sports and fitness and health recreation events were organized for the BSW workers, their children and residents of Zhlobin. Among them are: traditional New Year children's tournament in mini-football and basketball; sport contest "The Fatherland Defender"; lighting tournament on chess; light athletics race dedicated to the May Day; individual competitions in table tennis and checkers; open individual championships of the plant in kettlebell lifting; XIV light athletics race for the prize of the General Director of the BSW, XXIX Interstate field-and-track race (272 sportsmen including athletes from Russia and Ukraine took part), etc.

For organization of leisure time and involvement of the workers and their families into a healthy lifestyle, the BSW has a program for collective visits to the town sport and recreation center, Ice Palace, swimming pool and aqua-park, sport facilities of the republic: Silichi, Logoisk, and others.

Engaging the factory 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.



Cultural Life of the Factory Employees

An important part of the social policy of OJSC «BSW — management company of «BMC» holding» is creation of conditions for promotion and spreading of modern culture of the effective corporate social practice and development of the creative potential of the employees. A key role in organization of cultural life of the employees and the region is played by the Palace of Metallurgists' Culture of the unitary service enterprise «Metallurgsotservice». It is true to consider the Palace of Metallurgists' Culture to be the center of mass, cultural and educational work directed towards satisfaction of spiritual and cultural needs of all categories of citizens.

19 amateurs and 2 professional associations, including 13 children's and 8 adults' groups uniting 703 people, among which were 605 children aged from 3 up to 17 years, functioned on the basis of the Palace.

The Palace of Metallurgists' Culture is particularly proud of its on-stage performance groups with titles «Folk» and «Exemplary». There are 6 such groups:

- exemplary vocal show studio «Assorty»;
- exemplary pop dance ensemble «Firework»;
- exemplary folk dance ensemble «Skomoroshina»;
- exemplary performance group «Dance show Chance»;
- folk choir «Krynitsa»;
- folk wind orchestra.

In 2018, 400 cultural and mass events were held at the Palace of Metallurgists' Culture (concerts, performances, dance and entertainment programs, birthdays, anniversaries, etc.), which amounted to 111.4% to the level of 2017 (359 events).

The students of the Palace of Metallurgists' Culture took part in 21 competitions and festivals, the collectives have 58 awards, which include 45 diplomas for a victory (the winners of I, II, III degrees; diplomas for I, II, III places). By contrast, during the same period of 2017 - 32 diplomas for a victory in 17 competitions and festivals.

During the reporting period, 25,594 people attended cultural and mass events on a paid basis. The number of visitors in 2018 increased by 1,876 people or by 7.9% compared to 2017.

Calendar and Professional Holidays

A number of cultural and mass events dedicated to the holidays, including the professional ones, have been held during 2018:

- Celebrations dedicated to the anniversary dates of structural subdivisions of the BSW;
- Gala night dedicated to the Emergency Rescuer's Day (January);
- «Professional Olympus» Award Ceremony (February);
- Concert for the employees of the OJSC «Zhlobinselkhozkhimia» dedicated to the Day of the Fatherland Defenders (February);
- Gala concert dedicated to the Police Day (March);
- Women's Day celebrations (March);
- Ceremony of celebration of the 15th anniversary of the Unitary Enterprise «Metallurgtorg» (March);
- Festive events dedicated to the Labour Day and opening of the fountain season (May);
- Festive events dedicated to the Victory Day «(May);
- Concert dedicated to the Day of Medical Worker (June);
- Festive events dedicated to the Independence Day of the Republic of Belarus (July);
- Festive events dedicated to the Metallurgist Day (July);
- Festive events dedicated to the Mechanical Engineer Day (September);
- Gala concert dedicated to the Day of the Elderly (October);
- Gala night dedicated to the Birthday of the Plant (October);
- Gala concert dedicated to the 100th anniversary of Leninist Young Communist League of the Soviet Union (October);
- Concerts dedicated to the Day of Agricultural and Processing Industry Workers (November);



- Gala night dedicated to the 100th anniversary of the health services of Zhlobin district (November);
- Gala night dedicated to the 100th anniversary of formation of the Internal Affairs Department of the Zhlobin District Executive Committee (November);
- Celebration dedicated to the 65th anniversary of the Zhlobinavtotrans Branch (December), etc.

Work with Children and Adolescents

The main tasks in working with children and adolescents are to develop the creative potential of children, to engage them in all forms of cultural life, as well as to promote a healthy lifestyle. Various concert programs, theatrical performances, dance and entertainment programs, competitive programs are organized in the Palace of Culture of Metallurgists.

In January 2018, the traditional 20th festival of song and dance "Christmas Musical Stairway" was held, with more than 200 children taking part.

The exhibition of children's drawings "I Want to Be a Metallurgist" was organized and held for the Children's Day with the participation of the employees of the Duplicating Center of the BSW.

Dance and entertainment programs for children, concerts with the participation of pupils of children's groups of the Palace of Culture of Metallurgists are always in demand among the population. By tradition, the show program "Peanuts' New Year's Eve" was held in January. In March, there were concerts of children's groups "I will give the sun to my mother" and "Our mothers are the coolest", in July there was organized the "Princess of a Fairy-Tale" contest, while in October there was the concert "What Moms Dream Of" devoted to Mother's Day.

In April-May 2018, the teams of the Palace of Culture of Metallurgists presented to the audience the programs of the creative teams: "Adults and Children", "Time to Dance", "Our Time Has Come", "In Our Courtyard".

A big job has been done by the specialists of the Palace of Culture of Metallurgists to organize eventful leisure for children on school holidays. Dance and entertainment programs "Hurray! Vacations!", "Visiting the Fixies", "Paw Patrol Hurries to the Rescue", musical tale "The Wolf and the Seven Kids Told Anew", the play "Alice in the Wonderland", musical theatrical performance "The Adventures of Tyapsa and Lyapsa", etc.

The festival of children's creativity "What a Wonderful



World” (May) and the open republican tournament on the game “What? Where? When?” (March, December) where held at the premises of the Palace of Culture of Metallurgists.

During the year, the theatrical performances ‘Orange Hedgehog’, “The Adventures of Tyapsa and Lyapsa” (21 performances in total) were held for the pupils of preschool institutions and primary schoolchildren organized.

Together with the staff of the District Emergency Department, the program “Fire Alert” was carried out, which included an introduction to fire fighting equipment, the performance “Little Match, or Koshkin Dom-2”, and watching educational cartoons.

This year, New Year’s parties with a fairy tale plot were organized for young children. The interactive programs “Magic Clock of Santa Claus”, “Santa Claus’s School of Magic” were successfully held.

Conducting family programs contribute to strengthening the authority of family values, uniting families through joint participation in competitive programs. Thus, the family competition program “January Carnival” was held in January, “Dad, Mom, and I are a Friendly and Athletic Family” was held in May, and “Family Parade” was held in July.

Solving the problem of organizing a joint weekend for children and parents the cafeteria “ARToshka” regularly conducts theme entertainment programs.

Youth Work

For the greater involvement of young people in cultural activities, there was organized a competition program “About Love”. In April, the “Musical Ring” took place with the participation of vocal and instrumental ensembles of Zhlobin and Rechitsa. In August, a cultural and entertainment program for youth was organized at the recreation facility “Dneprovskiye Zori” (Shikhov), as part of a tourist rally of the enterprises of the BSW holding. The city competition “Miss Zhlobin-2018” (May) was a striking event in the cultural life of the city.

In June, events were held at the Palace of Culture of Metallurgists dedicated to the celebration of Youth Day by the primary organization of the Belarusian Republican Youth Union, as well as the flash mob “Youth and the Trade Union - We are Together”.

Social Education Projects

The workers of the Palace of Culture of Metallurgists assisted in organizing the “Sunday School Christmas Concert”.

In September, the “Battle of Enterprises” competition program was organized, with 21 people from 13 organizations of the city taking part.

To reinforce the image of enterprises, the contest program “Miss BSW – 2018” was held in June, with 11 factory workers taking part. Traditionally, the presentation of the corporate calendar of the BSW took place in December.

Dance and Entertainment Programs

Each week on a Friday, the musical bands (wind orchestra, vocal and instrumental ensemble “Credo”, vocal and instrumental ensemble “Rodnik”) present their authorial programs for people of all age groups: “Home Pub”, “PROSTO Friday” and “The Meeting Place Cannot Be Changed”.

Preservation of Folk Traditions

A very bright and original fest “Maslenitsa” was held at the premises of the Palace of Culture of Metallurgists. Residents of the city became direct participants in a theatrical performance with games, contests, competitions. The cultural and sports program “Snow Festival” was successfully held, including the concert of creative teams of the Palace of Culture of Metallurgists, as well as games and competitions. In December, the anniversary evening of the Head of the Exemplary Choreographic Collective “Dance Show “Chance” took place.

Solving of the Living Conditions Issues of the Employees

899,302 rubles were spent on maintenance of living-municipal facilities in 2018

An important part of the social policy of OJSC «BSW – management company of «BMC» holding» is engaging and promoting the young highly-professional staff at the enterprise. Provision with housing is one of the key factors of the working team stability and social attractiveness of the enterprise.

As of 31.12.2018, the list of employees in need of improvement of their living conditions contained 966 people (in 2017 – 833 people), 262 families are waiting for a room in the families' hostel (in 2017 – 216 families). During 2018, 172 employees were registered as needed accommodation and 161 are waiting for a place in a hostel. 37 people were stricken off the register due to the receipt of

a flat and 115 people due to receipt of a place in the hostel.

The plant's balance includes 6 family hostels with 730 families (or 2,401 people dwelling in them) and one hostel for single people with 333 dwellers.

The dwellers of the youth hostel can use the services of laundry, sports room, gym, classroom, assembly hall, etc. The lunchroom where hot meals are offered, works according to a convenient schedule. Living conditions of the hostels are considerably improved because of capital repairs held in accordance with the schedules and modernization of utilities and heat points resulting in reduction of municipal payments.

It is worth noting that in 2018, the BSW initiated cooperative housing project on more favourable terms for its workers. The priority right to buy a flat will be provided to the youth.

Support of Families With Many Children

Implementation of the purposeful social support of employees of the BSW 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, and 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.

OJSC «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 to increase the status of families and improve their life quality. According to the provision regarding health-improvement and sanatorium-resort therapy, families are provided with privileged and partially paid vouchers to sanatoria 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 the mothers who have more than three children.

Name of measures	2017	2018
Payments for birth of a child (lump sum)	429089,92	430 803,20
Parental compensation for a child under 3	1 823 096,24	2 164 675,71
Payments to multi-member families for purchasing school uniform	47 817,00	64 165,50
Providing one day-off under the collective agreement	2 695,60	2 545,55
Funds for children's health improvement	634 932,28	732 991,48
Payments for the families raising the disabled children under 18	139 362,20	158 098,77

Social Support of Retirees, Disabled People and Other Categories of Financially Disadvantaged Citizens

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.

An important line in the social support policy is a monthly financial assistance for unemployed retirees, labour veterans. Since 01.11.2012 changes and amendments were introduced in the Collective Agreement anticipating the growth of additional payments to some categories of former employees. Currently, the amount of the monthly pension supplements varies depending on the record



of service and awards. In 2018 these supplements made up 883,355.99 rubles (in 2017 – 851,393.14 rubles). The financial assistance is provided in connection with retirement. In 2018, the amount of this assistance was 20,883.20 rubles. Also, the financial assistance is annually paid for the International Day of Older Persons, 78,740.00 were paid in 2018.

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 special place in the social program is occupied by the provision of the unemployed retirees with treatment in the industrial hospital, 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.

The financial assistance is rendered to those employees who have disabled children. In 2018 this assistance amounted to 5,600 rubles (in 2017 – 3,000 rubles).

Social Partnership

In order to improve moral and physiological climate of the work team, solving the issues regarding the coordination of cooperation of the management and establishments representing the interests of various categories of the employees, the BSW has been implementing a system «Attention — to the Person» since April of 2005.

The BSW 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 a close relationship with the administrative department, 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 the public association «Belarusian Republican Youth Union»;
- Council of Veterans;
- 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 establish confidential relations with all stakeholders, 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 the BSW; legal services of the enterprise and the region.

The Trade Union Organization of OJSC «BSW – Management Company of «BMC» Holding»

The Byelorussian Steel Works establishes a mutually beneficial relationship 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 Metal-Workers, 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 a 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 OJSC «BSW – management company of «BMC» holding» unites 11,293 people that is 96.1% of the total number of the employees. In order to observe the rights and legal interests of the workers the employees represent the enterprise 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.

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 staff. This document establishes supplementary, as compared to the active legislation, provisions regarding labor conditions and payment, social and residential provision of the workers, compensations and other privileges.

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 a high qualification, professional skill and others, sets guarantee and privileges for the families with children. Besides, no person is 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 2018 the Trade Union Committee financed the following:

- New Year’s presents for children and employees — 219,097.00 rubles
- Cultural events — 430,428.58 rubles
- Sport events — 81,427.54 rubles
- Presents for the employees’ jubilees — 25,932.50 rubles
- Presents for the retiring employees — 22,860.24 rubles
- Supporting of veterans — 3,632.56 rubles
- Material support — 310,221.00 rubles

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 agreement 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.

Charity and sponsorship is one of the activities of the Trade Union Committee of the BSW. In 2018, being an active member of the charitable campaign “Trade unions to children”, the BSW granted 5,449.49 rubles (including to Zhlobin department of education, sport, and tourism; Zhlobin primary organization of the Belarusian association of assistance to disabled children and young people and to other organizations).

One of the priority directions of the Trade Union activity is creating conditions for full-fledged physical and moral development of the employees and younger generation. The Trade Union Committee of OJSC «BSW — management company of «BMC» holding» is the founder of the Olympic reserve sport school for children and young people (ORSSCYP) and the children's club "Fakel".

Pupils of the sport school for children and young people became winners and awarders of championships and competitions of the Republic of Belarus. The trade union committee spent 28,000.00 rubles on ORSSCYP in 2018. 107.67 rubles were spent on children's sports events at the sports and recreation center.

The trade union committee takes an active stand concerning the organization both the factory and district children's events. So, the trade union committee spent 410.56 rubles on purchasing the sweets and promotional gifts to the participants of an annual competition of children's pictures «I Want to Be a Metallurgist», 2,900.00 rubles on the Open Day of the BSW; 10,800.00 rubles on New Year's morning performances for children of the BSW employees who are members of the trade union.

The trade union committee has a special focus on working with the labour veterans of the BSW. Celebrations in honor of people whose anniversary is being celebrated in the current month and of retiring staff members are organized each month. The administrative department and the trade union committee of OJSC «BSW — management company of «BMC» holding» organized a number of events to honour former employees of the enterprise: greeting cards were sent to 2,982 labour veterans of the BSW; the gala concert «The autumn rhapsody» with participation of on-stage performance groups of the Palace of Metallurgists' Culture was held (896.91 rubles); the tea drinking for labour veterans of the BSW was organized to the value of 852.25 rubles; 30 rubles were transferred to each of 2,682 labour veterans of the BSW.

In 2017, a new tradition — delivery of the commemorative medals «Labour Veteran of the BSW» to the workers who worked at the enterprise over 25 years, was introduced at the initiative of the trade union organization. The amount equal to 5 base values is paid in addition to delivery of the commemorative medal.

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.

In order to improve organization of leisure rich in content and satisfy needs of the employees, trade union members of OJSC «BSW — management company of «BMC» holding», and members of their families in informational, intellectual, cultural, and moral development, the trade union library and trade union club "Fakel" were reorganized in a Leisure Centre in February of 2016.

There is a trade union library affiliated with the trade union committee of OJSC «BSW — management company of «BMC» holding». The library has 2,330 registered regular users, 448 of whom are children. The library collection includes 36,394 copies of documents. There are a book-club «For the soul» and the children's club «Chitariki». The trade union library is a venue for a number of meetings, exhibitions, excursions, promotions and competitions. The social importance of the clubs includes personality development, removal of psychological tension, provision of new opportunities for self-fulfillment and self-education, acquisition of a circle of like-minded people, which is especially important in the conditions of modern society.

The library is undertaking an important mission for providing information required by the young people for successful existence in the society where the role of knowledge, education, knowledge is constantly increasing. To provide the legal information for all categories of readers, the consultations are held using reference aids of the library. The library maintains a register of individual and group informing. Such comprehensive work permits to receive the necessary reference in the library and find the answer to any question.

The Primary Organization of ROO «Belaya Rus»

The implementation of the program of the Republican public association «Belaya Rus» is based on the principle of mutual cooperation of administration, trade-union committee, public organizations and establishments in all areas of activity. Now, the factory primary organization unites about 300 initiative representatives of various professions and positions who are connected by common goals and ideas.

An important direction in the work of the plant's primary organization «Belaya Rus» was the preparation and direct participation of members of the primary organization in the electoral campaign — elections of deputies of the 28th local Councils, which took place in February 2018. Systematic work was carried out at the BSW aimed at ensuring that the plant's workers showed an active civic position and made a conscious choice. The primary organization of ROO «Belaya Rus» implements not only social and political, but also social projects: various actions aimed at supporting youth and families, veterans and disabled people, popularization of a healthy lifestyle and shaping a sense of patriotism.

Thus, on January 15, Gomel region celebrated the 80th anniversary of its foundation. The history of Gomelshchina is complex and rich in events. And in order to tell and remind the people about the key points of the origins, about the people who took an active part in the life of the regions, for this event the plant's primary organization organized a number of diverse

events, which were reported in the newspaper «Metallurg», placed on the information stands and on the internal information and reference network «Info-BMZ».

It is important to emphasize that the plant makes a significant contribution to the development of the Gomel region and the residents of the region consider the Byelorussian Steel Works to be the pride of Gomel region: the BSW is the largest employer, exporter of the region, as well as an active participant and initiator of social projects carried out under the aegis of the Year of the Small Homeland. For example, the activists of «Belaya Rus» together with the members of the Belarusian Republican Youth Union installed the new sports equipment in Zhlobin: two chinning bars and parallel bars appeared between the ice palace and the rowing base. They will become a part of a workout-site, which has yet to be built in the future.

Separately, it is worth saying that in 2018 BSW was awarded gratitude of the Zhlobin District Executive Committee for the active participation in the open district competition «Brand of Zhlobin district» dedicated to the Year of the Small Homeland - the brand «Steel trademark of Zhlobin district,» in the presentation of which the members of the primary organization «Belaya Rus» took part.

Within the framework of «Do Good» campaign, the members of the plant's primary organization of ROO «Belaya Rus», together with the representatives of the trade union committee of BSW, visited

patients of the Kirov Hospital of Nursing Care. Coming here with gifts from metallurgists has long been a good tradition. And each time the guests are waited patiently and extended a warm welcome. In total, 3,232.42 rubles were collected by the plant workers within the «Do Good» campaign. These funds were used for buying sweet gifts and personal hygiene products for the Kirov Hospital of Nursing Care, Zhlobin Children's Hospital, Zhlobin Territorial Center of Rendering Social Services to the Population, as well as for providing financial assistance to the Gorodets Auxiliary Boarding School and St. Barbara's Monastery in Pinsk.

The members of «Belaya Rus» are united by common goals: strengthening of social harmony, implementation of social projects, promotion of development of a real sector of economy, support of youth, public control, international cooperation. But perhaps the most important distinctive feature of all members of the organization is the strong commitment in making the world better and kinder, taking care of the others. In case of facing with a socially significant problem, the activist of «Belaya Rus» will try to find and propose ways to solve it. And such approach to dealing with the objectives set will continue in 2019.

The Primary Organization of the Belarusian Republican Youth Union

Young people, being the bearer of advanced ideas, are an important social resource and the main driving force for the development of both society as a whole and our enterprise in particular. By promoting the development of the professional and personal abilities of young people, the enterprise creates all the conditions for their professional and career growth. In building an effective youth policy aimed at uniting young employees and strengthening their potential, the leading role is given to the activities of the factory primary organization of the Belarusian Republican Youth Union. In 2018, 1,633 people were members of the primary organization of the Belarusian Republican Youth Union with the rights of the district committee.

For a more complete involvement of young workers in socio-economic, political and cultural life, achieving personal success and realizing their potential at the BSW, the Youth Program has been developed and is operating. Annually, sections of the program are supplemented by new events, the active participants of which are young workers and members of their families.

In order to increase the awareness of young people concerning important events taking place in the Republic of Belarus and at the enterprise, as well as the activities of the primary organization of the Belarusian Republican Youth Union with the participation of young workers, meetings of the Director General and his deputies, solemn meetings, lectures, the "Leader" school, etc. are organized. Information on the implementation of the Youth-2018 Program was also presented at the "Youth Information" stands in structural divisions; the "Info-BSW" factory information and reference system in the "Public Organizations" section - the primary organization of the Belarusian Republican Youth Public Union of the BSW; in the media ("Metallurg" newspaper, republican, regional and district newspapers, factory news on the Nuance TV channel, on the Youth of Belarus Internet portal).

The youth of the plant took an active part in socio-political, cultural and mass events held in the republic, region, district and at the enterprise. Activists from among working youth took part in charity events "Clean Yard", "Good 1st September", "I Love My Motherland", "New Year with a Good Heart", "We Remember! We Honor!", "Christmas Tree for Wishes"; "Nature and We", "Colors of Kindness" and others.

Civil Formation and Spiritual and Moral Education of Youth

In the year of the 73rd anniversary of the Victory of the Soviet People in the Great Patriotic War, the enterprise developed a set of events for the spiritual, moral and patriotic education of youth. War veterans are always an example of courage and stamina for the youth. Together with the committee of the Belarusian Republican Youth Union, the trade union and veteran organizations of the enterprise, there were organized the following events:

- "BSW Youth for Historical Heritage", dedicated to the victory of the Soviet people over the Nazi invaders. The youth of the plant, together with representatives of public organizations and labor veterans of the BSW laid flowers at the memorial to child victims of the war in Krasny Bereg;
- "BSW Youth to Veterans", dedicated to the New Year, the Day of Defender of the Fatherland and Armed Forces of the Republic of Belarus, Victory Day, Independence Day of the Republic of Belarus;
- "Memory Eternal", dedicated to the Day of Internationalist Warriors;
- "Victory Parade" and etc.

On May 17, activists of the Belarusian Republican Youth Union of the primary organization of the BSW and cycling enthusiasts held an event "On the Roads of Memory", driving through the territory of the Zhlobin District and laying flowers at the monuments and obelisks erected in honor of the heroes of the Great Patriotic War.

The factory's primary organization of the "Belarusian Republican Youth Union" together with the administration and the trade union committee of the enterprise conducted a factory event "You are one of us!" (Familiarizing young specialists with the activities of primary organizations operating at the BSW). Young people took an active part in the elections to the local Councils of Deputies of the Republic of Belarus of the 28th convocation as members of

precinct commissions and proxies of candidates.

Support for Scientific and Technical Creativity

The youth of the enterprise took an active part in competitions and conferences of a scientific and industrial orientation. The 18th International Scientific and Technical Conference "Metal-2018" was attended by 162 people in 12 sections, 58 of them were guests. At the 45th anniversary International Scientific and Technical Conference (Zaporozhye), the technologist of the Research Center Aleksandr Strelchenko and the engineer-technologist Ilya Pisarenko won bronze medals in the steelmaking and rolling categories.

The BSW youth replenished their achievements in professional skill competitions, the key ones of which were the 3rd Republican WorldSkills Belarus 2018 Professional Contest and the Open Eurasian Championship as part of WorldSkills Hi-Tech 2018. The Labor Safety Engineer of the Electric Steel-Making Shop Mikhail Zhigunov took second place, Laboratory Assistant for Chemical Analysis of the Central Chemical Plant, Irina Domantsevich took the third. Our metallurgists also participated in the 7th Open Factory Professional Skills Contest among Electric and Gas Welders with International Participation and the 14th Republican Competition of Welders (Minsk).

Youth Cooperation and Creativity Development

As part of the youth cooperation of the "Byelorussian Metallurgical Company" holding, as well as with the youth of enterprises and educational institutions of the Republic of Belarus, diverse events were organized in 2018:

- meeting of young employees of the Byelorussian Steel Works, the management company of "Byelorussian Metallurgical Company" and Mogilev Metallurgical Works JSC;
- monthly excursions for students of the educational establishments "Belarusian National Technical University" and "Sukhoi State Technical University of Gomel" within the framework of the agreement on vocational guidance of graduates and students (428 university students visited the excursions);
- "round table" and a tour of the enterprise for the young employees of Integral JSC – the management company of INTEGRAL holding;
- a meeting of the delegation and the work of a round table on the exchange of best practices for participants in the TEMP-2018 International Youth Trade Union Education Forum;
- an on-site workshop of a trade union participants at "Gomel Plant of Casting and Normals" OJSC;



- meeting of young employees of the BSW
- managing company of the “Byelorussian Metallurgical Company” holding and OJSC “MMW named after S.I. Vavilov”;

- a workshop on the exchange of experience between employees of the BSW - managing company of the “Byelorussian Metallurgical Company” holding and the Minsk Bearing Plant;

- the environmental campaigns “Nature and We” aimed at restoring order on the land and arranging territories within the framework of the Year of the Small Homeland, together with the youth of Minsk Bearing Plant and OJSC “Plant “Legmash”.

Particular attention was paid to the development of creative abilities of young factory workers and the organization of active leisure. The factory workers took an active part and returned with victory from the regional stage of the Republican Trade Union Contest of the Work Collectives “New Names of Belarus 2018”. They took part in the third republican youth music festival “We are One - We are Youth”.

Healthy Lifestyle and Tourism Development

Implementation of the state policy in the field of a healthy lifestyle, support of mass sports, aimed at strengthening and maintaining health, creating conditions for the full physical development of each employee, is one of the priority areas of youth policy at the Byelorussian Steel Works.

Council of Veterans

The organization unites about 3,000 BSW labor veterans who have contributed to the formation and development of the Belarusian metallurgy. At the Byelorussian Steel Works, labor veterans are traditionally given special attention. On the eve of a professional holiday - Metallurgist Day - they are honored first as a sign of special respect and appreciation.

The Council of Veterans cooperates with the youth organizations of the plant during various events: admission to the Belarusian Republican Youth Union, initiation into metallurgists, presentation of diplomas and awards to the best young specialists participating in scientific and technical conferences. Members of the organization do not remain uninvolved into cultural, entertainment and sports events.

Among the veterans of the enterprise are dozens of talented, enthusiastic people. An example of this is the participation of the BSW labor veterans in the plenum of the Belarusian Trade Union of Industrial Workers “BELPROFMASH”, held this spring in Minsk. During the plenary session, a republican exhibition of arts and crafts was held, at which ten labor veterans of the Byelorussian Steel Works presented their work.

On August 24, at the Palace of Culture of Metallurgists, the traditional exhibition-competition of country gifts “Golden Sunflower” was held by the factory Council of Veterans. 25 amateur gardeners took part in it and presented the best fruits, vegetables and flowers from their summer gardens to the jury and spectators. The exhibition was held for the eleventh time, but it was still popular. This event is truly a favorite holiday of the BSW labor veterans. This is an occasion to meet and discuss the results of the summer, share successes and failures in the garden

The youth of the enterprise takes an active part in sporting events organized and held at the BSW, district, regional and republican levels:

International Orienteering Competition “May Rally 2018”; futsal tournament “League”; Championship of the Republic of Belarus among Men and Women (Minsk); Republican Arm Wrestling Competitions (Mogilev); Gomel Region Open Orienteering Championship; track and field race dedicated to the celebration of the Day of the Chemist (Bobruisk); competitions among sanitary units of the civil defense of the Gomel region (Svetlogorsk); 7th tourist rally of enterprises of the BMC holding; Republican tourist rally of the BELPROFMASH... This is only a small list of sporting events in which young BSW workers took part. It is important to note that the factory workers showed their steel character in the sports field and were awarded with more than one prize. So, at the Powerlifting Championship of the Republic of Belarus in the equipped bench pressing category, the roller of Rolling Shop No. 2 Dmitry Shashkov became the absolute champion of the country, setting a world record. The Head of Rolling Shop No. 1 Sergey Bovtrel played in the national team of Belarus at the European Rugby Championship. In the regional tourist rally “Unity-2018” metallurgists won the 3rd place.

field, give or receive advice on the cultivation of various vegetables and fruits.

According to the long-standing tradition, activists of a veteran organization monthly celebrate their anniversaries: a short story about each of them, a welcoming address from the Council of Veterans and the Trade Union Committee, musical numbers and, as the culmination of the celebration, a birthday cake, candles on which blow out all together. Special honor is to golden anniversaries. So, in December 2018, Nikolai Konstantinovich and Vera Grigoryevna Kravchenko celebrated their golden wedding. On the 50th anniversary of their life together they were congratulated by the Council of Veterans, the BSW Trade Union Committee and the enterprise administration. The couple received a memorable gift.

There is no place for melancholy and sadness in the Council of Veterans of the Byelorussian Steel Works. Veterans always have work and care. Another confirmation of this is the participation of people of the “golden” age in good deeds. So, as part of the “Do Good” campaign, our veterans raised funds for the purchase of gifts for children from low-income families.

All the organization’s work is aimed at improving the status of the elderly, public recognition of their life experiences, participation in public life.

Women’s Union

In 2004, women of the enterprise established a primary organization of the social association «Belarusian Women’s Union” based on an independent union. The organization is headed by a presidium consisting of representatives of different subdivisions. 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 organization has a significant work experience and carries out many good and useful activities. The plant workers take an active part in the organization of charitable events. The

Women’ Union took the Social and Educational Orphan Asylum under its patronage. It has been assisting in solving service-utility issues and in organization of festive events for several years. At the initiative of the Women’ Union, clothes and school supplies were collected, medicines, toys, sports equipment, and furniture were purchased for orphans during the year.

Women with an active life philosophy who unsparingly spend much time on public life are regularly mentioned on the pages of newspaper «Metallurg» and in TV news releases on the channel «Nuance». Information on the activities of the Women’ Union is updated on forums in the all-factory computer networks «INFO BSW».

Union of Soldiers-internationalists

86 participants of the Afghanistan war work in structural divisions of the BSW. Issues of their labor, welfare, health improvement are reviewed at Union meetings involving the participation of the management and Trade Union Committee representatives. The union works in close collaboration with international youth organizations giving assistance in patriotic education of the growing generation. The BSW soldiers-internationalists annually take active participation in events devoted to the Day of Memory of Soldiers-Internationalists. One of such events is the annual regional competition of Afghan songs “Time Chose Us”. In 2018, the Afghan Song Festival was held for the 20th time. The very first was organized on 24 December 1999. During this time Zhlobin welcomed more than 700 participants and guests from all areas of the Gomel region, as well as from Minsk, Brest, Vitebsk, Mogilev, Bobruisk, Kaliningrad, Riga. Every year, the members of the families of the dead warriors, participants of the combat operations in Afghanistan are invited to the festival «Time Chose Us». In 2018, more than 40 people took part in the regional festival of Afghan songs.

Young Professionals Board

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. Some of the most significant measures within the system of work with young specialists are: practical training, staff adaptation assessment and scientific and technical conference.

According to the provision "Training of Young Specialists" developed at the enterprise, the young workers successfully pass a traineeship each year. For the entire period of the traineeship, in order to systematize the work to identify promising young specialists, to assist in the acquisition of practical knowledge, skills, timely preparation of a reserve of senior employees, and the development of a creative attitude to the work, young employees have mentors assigned to them. In 2018, more than 120 highly qualified mentors were assigned to young specialists. The result of the traineeship is the rewarding of the winners of the competition for the title "Best Young Specialist of the Year" at the annual awarding ceremony of the best employees called "Professional Olympus".

In order to increase the efficiency of adaptation, a Young Specialist Day is held at our enterprise annually, where in a festive atmosphere young specialists who have just started working at the plant are "initiated" to being metallurgists. The program of the Young Specialist Day includes conducting seminars by department heads and chief specialists, conducting testing of young specialists to identify leadership skills and assessing other competencies, as well as awarding diplomas to the most creatively active young workers, winners of international scientific

and technical conferences. Young professionals take the oath of the metallurgist. On this day, the best workers of the plant give them their instructions. According to tradition, the Golden Contract is signed annually at this event between young specialists and the plant's administration, in which the enterprise's management is committed to supporting youth initiatives.

A system for identifying talented youth has been created and is being successfully developed at the plant. It allows you to provide affordable and ample opportunity to develop the abilities of young workers. The scientific forces of the plant include 4 specialists with academic degrees, 39 young workers have the title of Masters of Technical and Economic Sciences, 3 employees are graduate students and several young workers are trained in the magistracy of educational institutions of the Republic of Belarus. In addition, in order to determine the potential opportunities for young workers to be placed in the personnel reserve, advanced training, as well as for the purpose of their career growth, personnel rotation is widely used. According to the results of rotation, 15 people were transferred to the post of specialist, 8 people were appointed to the leading position.

The BSW provides for the necessary legal, economic, domestic and organizational conditions and a guarantee for the professional development of young workers and the promotion of their spiritual, cultural and physical development. According to the collective agreement, employees, including those under the age of 31, are paid lump-sum financial assistance in connection with the birth of a child (adoption of a child under the age of 3 years) for each of the working parents — from the employer's funds, three basic units, and the same amount from the funds of the trade union committee. The employer and the union also give valuable gifts to workers who are members of the union who are getting married for the first time at the expense of the trade union committee or pay a lump sum of money in the amount of three basic units.

Among the social support of young people, the system for provision of social leave with the preservation of wages for employees who are sent to higher education institutions from the plant and are successfully studying



is notable; being sent to refresher courses, for participation in scientific and technical conferences and seminars of young specialists who have successfully completed an traineeship at the enterprise; petition for sending the most talented and gifted young workers of the plant to graduate school.

Every year, the company conducts a sociological survey on youth topics. In 2018, 227 young workers were surveyed to study the vocational orientations and career aspirations of young people. The results of a sociological analysis recorded that in the vast majority of cases, young specialists of the enterprise are fully or partially

satisfied with their professional activities. Young workers believe that a career can be made in the enterprise and management provides all possible opportunities for this. Therefore, they do not exclude the prospect of personal career growth. For most of the respondents, a career is primarily associated with vertical growth. It is clear that it is impossible to provide it to everyone, so it is necessary to take into account the fact that in the short term, many respondents are focused on realizing their potential in their chosen profession or professional development (horizontally), which in the future will lead to a vertical career.

Union of Foremen

The Union of foremen is one of the public organizations which actively works at the BSW. It is intended to promote the role of the foreman at production site. The activities of the Union of foremen based on the provision «Concerning the Union of foremen» of OJSC «BSW – management company of «BMC» holding» and organizes its work in close contact with the HR departments. The Union holds public discussions and develops recommendations regarding the enhancement of the foremen role; participates in the activities for organizing professional, ideological and economic training of foremen; considers the issues of labor and moral education of the workers, strengthening labor and performance discipline, promoting the young workers to the prospective pool. The Union of foremen is engaged in the analysis of the personnel pool for a position of the foreman and senior master, as well as the analysis of functioning of the labour protection system at the enterprise in cooperation with the specialists of the occupational safety and health department.

Annually, the best representatives of this position whose nominees were approved by Union of foremen are awarded at the event «Professional Olympus» in the special nomination «Foreman of Year». In 2018, the senior master of the section of heating devices of the tube rolling shop Andrey Rifatovich Hayrullin won the award for the «Foreman of Year» (the best foreman of the plant). He was directly involved in solving important production tasks. Also he is the head of pre-training practices for students of the Gomel State Technical University named after P.O. Sukhoi and BNTU and prepares the young workers for conferences.

Supporting the principles of social responsibility and developing charity initiatives of the plant, foremen took an active part in all charity campaigns held at the plant.



Union of Physical Training and Sports

The Union solves 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 OJSC «BSW – management company of «BMC» holding» in 15 athletic disciplines and other sport events at the enterprise, such as the ping pong tournament; Christmas mini-football tournament among children teams; field-and-track relay race devoted to the Victory Day; international field-and-track running devoted to the Metallurgist Day and others

Monitoring of Public Opinion on Social Program Performance

Systematic study of public opinion through the organization of sociological surveys is an important condition for the development of constructive interaction between the top management of the enterprise and the staff, as well as for the maintenance of effective feedback with the residents of the region. In 2018, 3,360 plant workers, 605 employees of the enterprises of BMC holding and 684 residents of Zhlobin district got an opportunity to express their assessment of current phenomena and processes. This makes it possible to take into account the interests of different categories of respondents when developing measures to increase satisfaction with working conditions and work in general, as well as to respond in a timely manner to emerging issues.

ELECTORAL BEHAVIOR OF ENTERPRISE EMPLOYEES

BEFORE ELECTIONS TO LOCAL COUNCILS OF DEPUTIES OF THE REPUBLIC OF BELARUS

As part of the sociological support of the elections to the local Councils of Deputies of the Republic of Belarus of the 28th convocation, a survey was conducted at the OJSC «BSW – management company of «BMC» holding», during which the opinion of the enterprise staff on the upcoming elections was studied. We used the results of the study on the eve of the elections to the local Councils of 2014 for comparison.

The results of the sociological analysis showed that the election campaign for

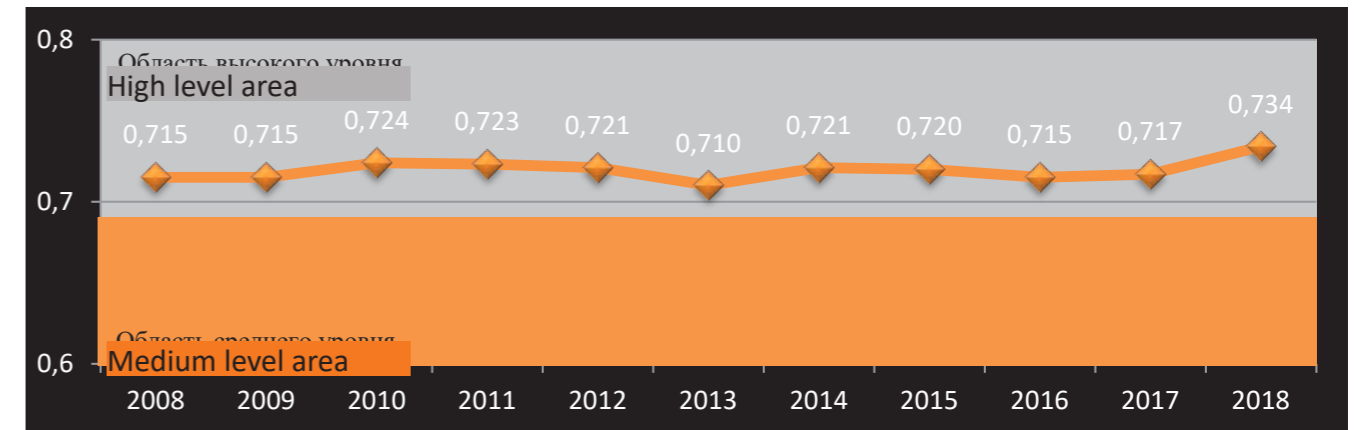
elections to the local Councils of Deputies became a significant political event for the employees of the enterprise, and the interest in it was quite large. Factory workers have traditionally demonstrated high electoral discipline. For example, a month before the election, four out of five respondents (79.7%) firmly declared their intention to vote. For the majority of respondents, the most acceptable candidate is aged 30-49, who is a professional, respects people and honestly performs his duties. When choosing future deputies, their profession and gender are of no importance for respondents. The work of deputies of the regional and district councils received a satisfactory assessment of the survey participants. Unfortunately, half of the respondents were not informed at all about the activities of local authorities.

DIAGNOSTICS OF SOCIAL AND PSYCHOLOGICAL CLIMATE IN THE WORKFORCE OF THE COMPANY

One of the key areas of sociological surveys conducted at the enterprise is monitoring of the socio-psychological climate in the workforce of the enterprise, which is carried out annually since 2006. This allows us to carry out a comparative analysis for the studied period, to identify the dynamics of changes occurring both at the plant as a whole and in a single structural unit in particular.

According to the results of the study, this year the comprehensive satisfaction index was 0.734, and compared to 2017, its growth was 1.7%. The achieved value of the indicator is the maximum for the entire observation period and corresponds to a high level of satisfaction, which allows us to assess the state of the socio-psychological climate in the enterprise team as favorable – most employees (almost three quarters) are satisfied with their work and the enterprise as a whole.

Dynamics of a comprehensive satisfaction index



This year, 23 out of 30 assessed criteria are in the range of a high degree of satisfaction. The maximum growth rates were achieved in terms of material satisfaction (wages, their “justice”, system of material and moral incentives), as well as social protection and security. The indicators with the highest rating are the schedule and working hours, relationships with colleagues and physical activity. The least satisfactory for the plant personnel are the sanitary and hygienic working conditions and the condition of equipment, machinery and equipment. Nevertheless, these parameters correspond to the average level of satisfaction.





CORPORATE MEDIA AND COMMUNICATION: SOCIOLOGICAL REVIEW

Ensuring effective communication at a large-scale enterprise is impossible without its own communication channels. Corporate media is not only a source of data dissemination and promotion of common values, but also an opportunity to receive feedback. At the same time, the question remains open whether it is necessary to transform classical channels or to completely reorient ideological work to use the latest information technologies.

Summarizing the results of the survey, the purpose of which was to determine the preferences of the workers in terms of various sources for obtaining data on BSW activities, their qualitative content, as well as trends in the development of modern communications, the following conclusions can be drawn. In order to be aware of socio-political and economic life in the republic and abroad, the enterprise personnel most often turn to the Internet. The basis of the plant's media space is the newspaper "Metallurg". In general, respondents positively evaluate the work of a corporate print publication, which results in a high level of trust in published materials. Regarding genre priorities, readers prefer publications of a financial, economic and industrial nature. As for the Internet, it can be said that almost all employees of the enterprise use it in some way. At the same time, the most active and technically advanced audience of the World Wide Web is youth. Large social networks such as VKontakte and Odnoklassniki and factory groups created on their platforms are characterized by high demand indicators. Thus, each of the corporate mass media works effectively and helps to increase awareness, as well as a positive attitude towards the enterprise among its target audience.

ANALYSIS OF FACTORS OF EXTERNAL INFLUENCE OF THE ENTERPRISE ON THE COMPANY. PLANT IMAGE IN THE REGION OF PRESENCE

The stability of the enterprise depends on stability in the region of presence. Studying the features of the social and economic development of the city, the plant determines priority areas, forms of social activity and, in addition to the full implementation of tax obligations, supports programs and projects aimed at developing the social sphere. Helping the region, the enterprise thereby builds effective relations with local authorities and the public, getting the opportunity to develop their business in a particular territory, implement new projects and engage qualified personnel.

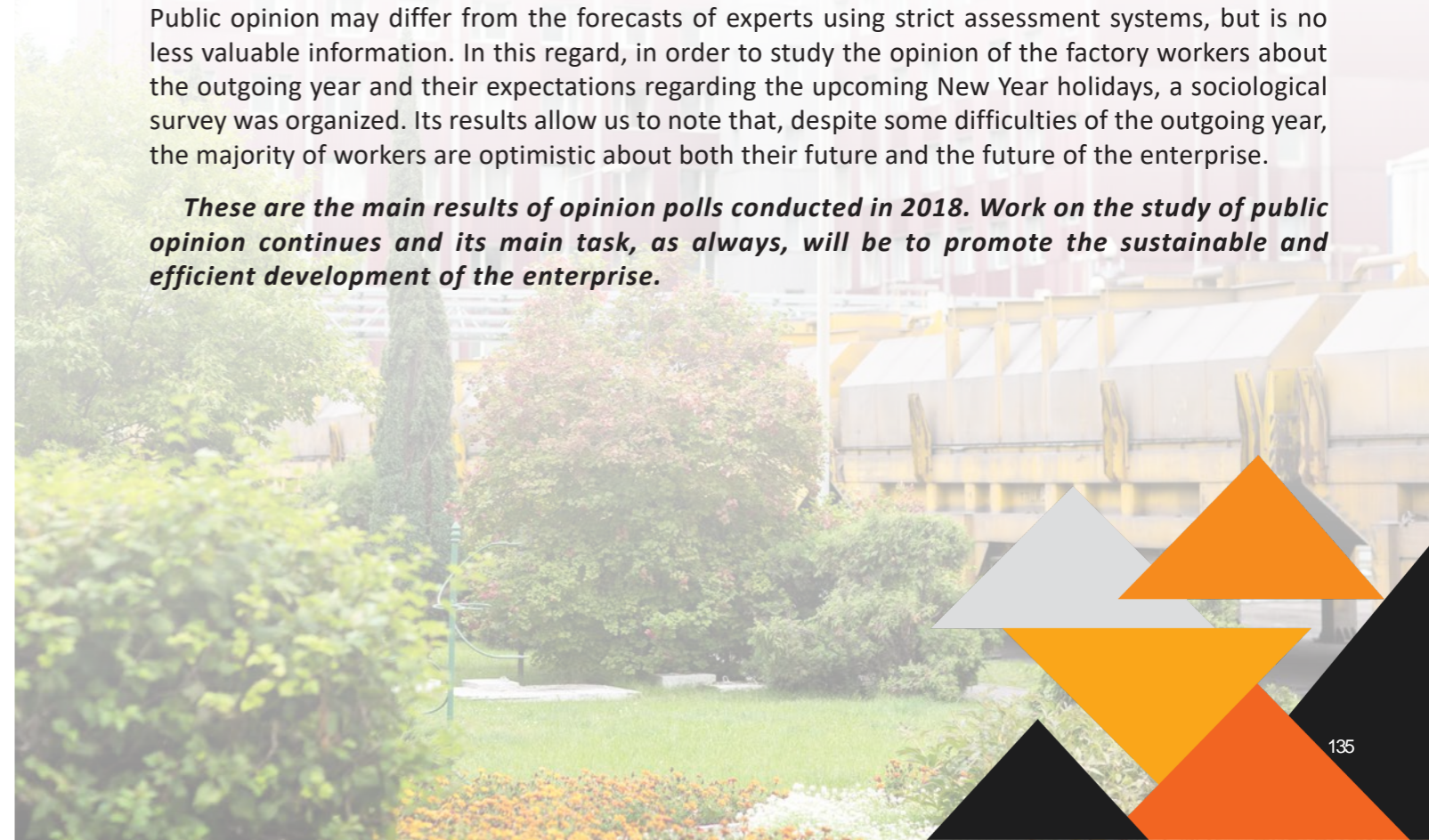
In order to study public opinion about BSW, its impact on the life of the city and the district, annual sociological monitoring is carried out. Traditionally, respondents whose relatives work in the enterprise are not only more interested in what is happening at the plant, but are also more loyal in assessing the various components of its social image. In general, the results of the next stage of the survey show a rather high importance of BSW

for the region. The respondents' confidence in the economic stability of the enterprise over the past year has grown markedly. However, the credibility of the factory media slightly decreased, while the influence of rumours about the situation at the enterprise strengthened. A significant number of survey participants note the benefits of employment at BSW. In addition, there is an increase in the share of respondents who want to work at the plant. It is advisable to pay attention to the growing concern of the inhabitants of the region with the issue of air pollution, as well as an increase in the number of respondents directly linking environmental problems to the activities of the enterprise. Nevertheless, the vast majority of citizens agree that thanks to the plant Zhlobin is known in the republic, BSW contributes to the social and economic development of the region, BSW is one of the best advanced enterprises in the country, the staff of the enterprise are real professionals.

EVALUATION OF 2018 BY THE EMPLOYEES OF THE ENTERPRISE AND THEIR EXPECTATIONS WITH RESPECT TO THE COMING YEAR

The end of the year is a time when each of us, to one degree or another, is trying to draw a peculiar result for ourselves: how these twelve months went, what they brought, how could they be remembered. These estimates are also the starting point for our plans for the coming year. Public opinion may differ from the forecasts of experts using strict assessment systems, but is no less valuable information. In this regard, in order to study the opinion of the factory workers about the outgoing year and their expectations regarding the upcoming New Year holidays, a sociological survey was organized. Its results allow us to note that, despite some difficulties of the outgoing year, the majority of workers are optimistic about both their future and the future of the enterprise.

These are the main results of opinion polls conducted in 2018. Work on the study of public opinion continues and its main task, as always, will be to promote the sustainable and efficient development of the enterprise.





Product Responsibility

Striving to be one of the best suppliers of steel to improve customer's satisfaction, to ensure production of quality goods, guarantee good service, reduce the risk of failures during operation, the BSW continuously improves management of production processes.

For solving issues related to quality improvement (of products, process, etc.), it uses various methods in search for new ideas: failure mode and effect analysis (FMEA), brain attack, 8D, 5 Whys, benchmarking, SWOT – analysis, Poka-Yoke (error protection); visualization; 5S; risk and opportunity assessment; questioning; SPC; PPAP APQP; MSA various diagrams: incl. Pareto scatter; interaction programs; statistical methods Cp, Cpk, Pp, Ppk. The following is taken into consideration in risk assessment: product characteristics (in particular, its content, packing, storage conditions, design of the goods, marking), and user's manual.

In some cases, the requirements to the product are stricter than those set in the technical documentation of national and international associations of producers and standardization organizations. All these facts provide for responsibility for production of safe and quality products meeting the requirements and expectations of customers.

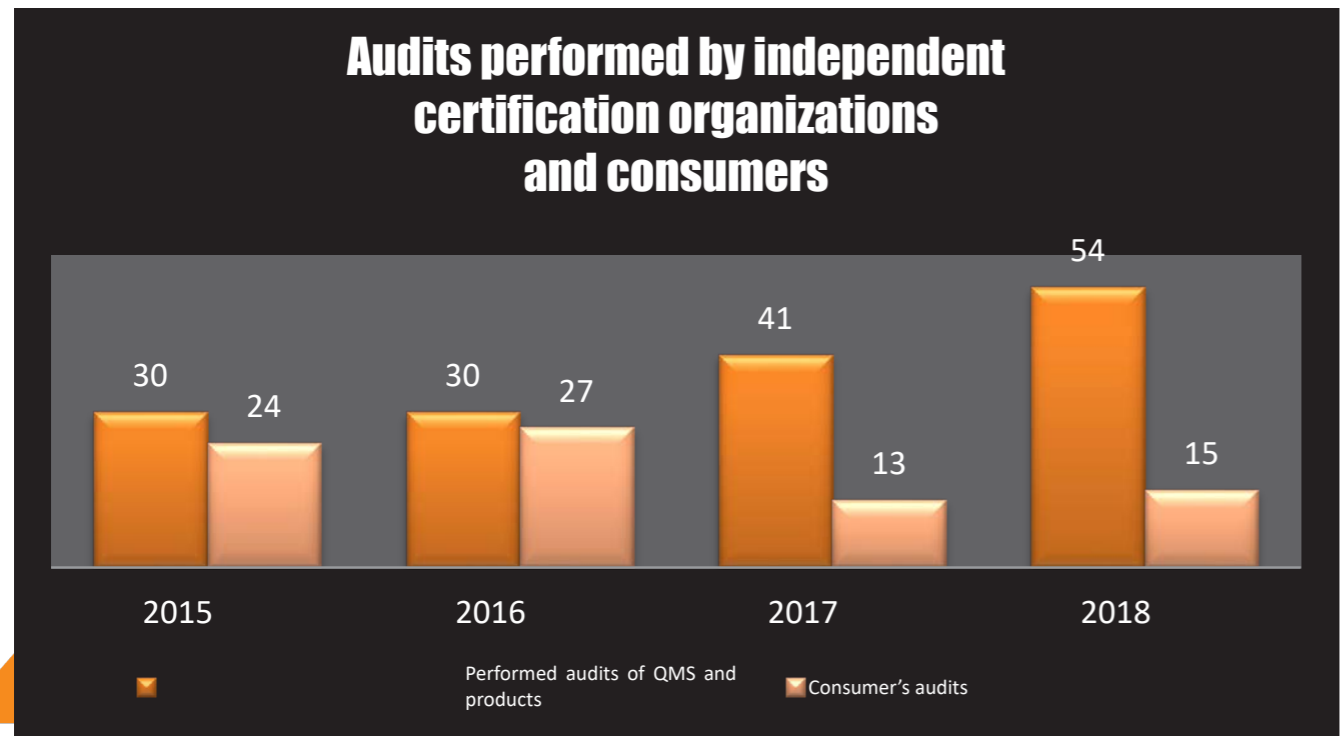
In order to confirm high quality of its products, the BSW has certificates of conformity of its quality management system according to such recognized international standards as ISO/TS 16949 and API Q1.

Both producers and suppliers of raw and auxiliary materials belong to persons responsible for defects (hazard) of the goods, that is why the BSW helps its suppliers to develop. For example, in 2011 the BSW introduced changes in contract requirements to suppliers. One of the obligatory requirements in resolving the quality issues is usage of 8D process, and since 2018, the root cause in the formation of the 8D report is determined using the methodology Five whys.

This process has acquired a reputation of one of the most efficient tools for resolving quality problems of the supplier products in the world practice.

Introduction of the problem solving process developed on the basis of the 8D method (system exclusion of a problem) will allow suppliers to meet the BSW requirements to management of corrective and preventive measures entirely.

External Audits



General Information

Products manufacturing and packaging are safe for human health and environment.

The plant's Director General and its deputies ensure fulfillment of the following aspects, as regards the product responsibility:

- ensuring safety and good health of customers when in contact with the products;
- relevant production marking;
- marketing communication with customers and suppliers;
- privacy of the customer's employees' life;
- 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».

In 2018, BSW began the certification process for sustainable development, as a responsible supplier of construction products in accordance with the requirements of the British Standard (BRE) in the field of environment and sustainable development (BES 6001) and the scheme "CARES: Structural steel produced in accordance with the principles of sustainable development" (SCS CARES). In preparation for this certification, the Corporate Policy of the plant and the Code of Ethics were revised, and new Sustainable Development Policies and the Code of Responsible Supplier were developed.

A responsible supplier code was sent to our suppliers to ensure a sustainable supply chain:

- BSW recommends that its suppliers adhere to the principles set forth in this document;
- BSW strives to establish, maintain and promote the principles of sustainable social and environmental responsibility in relation to the personnel of the enterprise, the supply chain and stakeholders, and the following fundamental values are determined: personnel, partners, communities, environment, natural resources and other types of resources; intellectual property; reputation and the fight against corruption.

The plant's management's standpoints as per responsibility aspects are outlined in:

- Corporate Policy;
- Code of Ethics.
- Code of responsible supplier;
- Sustainable development policy.

Customer Health and Safety

The primary consumers of the BSW products are machine-building enterprises, automakers, metalware, tire and pipe works, concrete product plants of the countries of near and far abroad and the Republic of Belarus.

The BSW 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 the enterprise in 1991, and it has been successfully performed

thereafter. Quality and security of the BSW products complying with the requirements of the national standards of its customers is certified by conformity certificates issued in Russia, Belarus, the USA, and most of EU countries.

Following the results of 2018 the enterprise holds 63 compliance certificates for various types of products. Quality and security of the BSW 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, 4 times a year).

Confidence in the stable quality of auto products

is ensured by the quality management system existing at the enterprise and certified for the compliance with standard IATF 16949:2016.

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» (the USA, Germany), «Manuli» (Italy), «Pirelli» (Italy), «Parker» (Italy), «Diesse Rubber» (Italy), «Yokohama» (Italy), «Alfagomma» (Italy), «Knapheide GmbH Hydraulic Hoses Werk Thueringen» (Germany), «EATON» (the USA), «Cordiant» (Russia), Trelleborg Wheel Systems (Czech Republic), which perform the third party audits.

The Central Plant Laboratory is accredited for the compliance with ISO/MEK 17025 requirements since 2009 (by DAKKS, German certification body). An accreditation certificate valid till 16.12.2019 was received in 2014.

In October 2018, the national accreditation system of Belarus was recognized as relevant and equivalent to European and international requirements, agreements on the recognition of the results of conformity assessment in terms of testing and calibration were signed with the International Laboratory Accreditation Organization ILAC. Based on this agreement, BSW accredited laboratories (DCMetr (department of the chief metrologist), CFL (central factory laboratory)) are given the right to put a combination mark on issued documents, indicating the possibility of recognition of this document in foreign markets.

In 2011, OJSC «BSW — management company of «BMC» 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 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 change their chemical composition change and do not emit substances in the course of further standard use and are not subject to registration.

All the BSW products do not contain substances of increased hazard (SVHC).

The main goal of the REACH system

is to provide high level of security for 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, and 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 processes». 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 are 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 which are ecologically sound and harmless for human health and environment are used for packaging.

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 carried out in accordance with the requirements of the existing process documentation with consideration of the requests and requirements of the customers stipulated in the contract.

In 2006 a permit to use the «CE» mark on structural steel rolled section was obtained, in 2008 the BSW confirmed its right to apply CE mark on seamless pipes, and in 2010 — on steel fibers (hooked end and wave fibers, microfiber).

Marketing Communications

Aim of the BSW advertising campaign is to form its name and prestige to occupy and strengthen its market position; stimulate sales, improve effectiveness and volume of sales.

MEANS OF PRODUCT PROMOTION Advertising and Exhibition Activities InfoBSW Reference and Information System

The following technical improvements have been made:

- New mechanism for displaying detailed information on types of products was developed and introduced.

- Added additional features to the product catalog.

OFFICIAL WEBSITE WWW.BELSTEEL.COM

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- New mechanism for displaying detailed information on types of products was developed and introduced.

- Added additional features to the product catalog.

ADVERTISEMENT

- Advertising in the mass media of Belarus and Russia: journal «Belarusian Economy», catalog «Belarusian Exporters», business catalog of the Gomel region, online magazine «Business», journal «Exchange bulletin», newspaper «Gomelskaya Pravda», newspaper «Informobzor», newspaper «Novy Den», information catalogs of specialized exhibitions.

- Promotional videos on LED screens of the Palace of Metallurgists' Culture in Zhlobin and Oktyabrskaya Square in Minsk.

- Advertisements of OJSC «BSW — management company of «BMC» holding» at the ice arenas in Minsk and Zhlobin».

- New presentations, advertizing and handout materials: promo leaflets for all types of products, the leaflet for the consumer with contact information on the plant and commodity distribution network, advertising business cards of the offered services to the population, the booklet (reference-sheet) of the BSW, the product-packaging catalog.

Participation in the international exhibitions and fairs of Belarus, Russia and non-CIS countries, and in forums.

EXHIBITIONS, FORUMS

Participation in the following international exhibitions and fairs was organized:

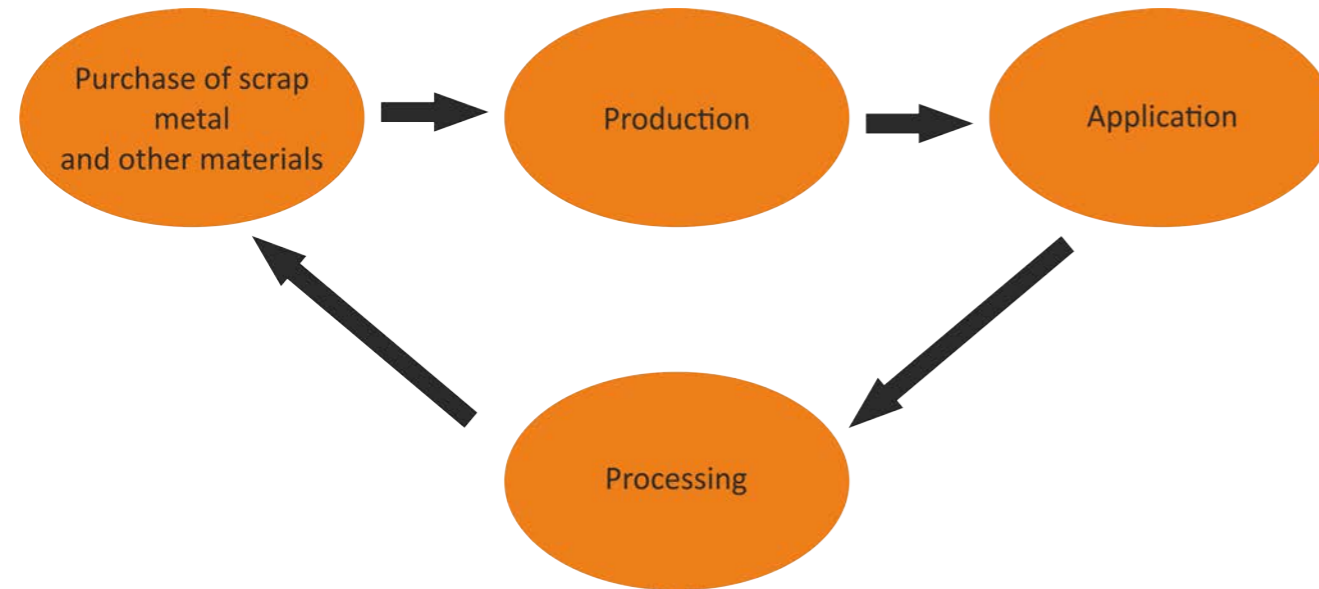
- Exhibition of Belarusian manufacturers «Made in Belarus», Kiev;
- Metallurgy. Litmash 2018, Moscow;
- STROYEXPO-2018 International Specialized Exhibition Belarus, Minsk;

- International Metallurgical Fair «EISENWARENMESSE 2018», Germany, Cologne;
- Litmetexpo-2018, Minsk;
- Petersburg Technical Fair, Russia, St. Petersburg;
- International forum-exhibition of business contacts «Brest-2018»;
- International metallurgical exhibition «TOLEXPO», France, Paris;
- International universal fair «Spring in Gomel -2018», Gomel;
- BELARUSIAN INDUSTRIAL FORUM - 2018 – International specialized exhibition «ENERGY AND RESOURCE SAVING», Minsk;
- Republican holiday “KUPALIE” (“Alexandria gathers friends”);
- National exposition of the Republic of Belarus at the 9th International industrial exhibition «INOPROM-2018», Russia, Ekaterinburg;
- National Exhibition of the Republic of Belarus, Tajikistan;
- International specialized exhibition «WIRE/TUBE 2018», Dusseldorf, Germany;
- International specialized exhibition «BUDEXPO-2018»;
- BSW - General Partner of the Gomel Economic Forum - 2018;
- Exhibition of Belarusian manufacturers «Made in Belarus», Tashkent, Uzbekistan
- «CULTURAL PRODUCTS-2019», 23rd International Specialized Wholesale Exhibition-Fair, Minsk;
- ENERGY. ECOLOGY. ENERGY SAVING. ELECTRO 2018/ EnergyExpo - XXIII Belarusian Energy and Environmental Forum, Exhibition and Congress, Minsk;
- “MSV 2018”, 60th International Engineering Fair, Czech Republic, Brno;
- «METAL-EXPO-2018», International Industrial Exhibition, Russia, Moscow;
- “International Technical Fair ITF 2018”, 74th International Plovdiv Fair, Bulgaria, Plovdiv;
- “The Big 5 2018 - International Building & Construction Show”, the largest international exhibition for the construction of the Middle East, UAE, Dubai.

Product Life Cycle

The life cycle of steel at the BSW is schematized and includes 4 main stages:

- 1) Purchase of the main raw materials (scrap metal), materials, etc.
- 2) Production of certain types of products is carried out according to the developed technological documents (operating procedures, flow process charts, specifications, work plan, etc.)
- 3) Application (construction, metallurgy and mechanical engineering, rubber industry, oil and gas industry);
- 4) Processing (steel can be repeatedly processed that makes it to be one of the most eco-friendly materials).



Mutually Beneficial Cooperation With Suppliers

The long-term development of the BSW is directly related to the efficiency of interaction with the interested parties. In the context of life cycle of steel products, suppliers and consumers are the key stakeholders. We attempt to establish relations with them which are based on trust and formed during the open-ended dialogue.

Incoterms rules has become an integral part of our everyday trade language. Terms are included in purchase and sale agreements all over the world. They define rules and guide operations of importers, exporters, lawyers, carriers, insurers and so forth.

Work with our suppliers is based on the provisions stated in contracts.

BSW 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 on the basis of:

- market research and questionnaire of the suppliers;
- results of biddings among suppliers;
- availability of alternative suppliers;
- accumulated experience of existing relationships with suppliers;
- quality of purchased resources (services) taking into account the data on functioning of the consumer's quality management system and its efficiency in the form of:
 - certificates of conformity for the quality management system of the manufacturer of resources (services) and certificates of conformity for the products issued by independent organizations;
 - own verification and recognition of

audits of other organizations;

— rating at the market for goods and services;

— availability of statistical data on the acquired resources (services), confirming their quality;

— results of mass regular supplies without reclamations or claims;

— supplier's consent to comply with the requirements of the Quality Manual for Consumers (RCP 840-KSM) sent to the supplier by electronic or postal communications services or transmitted to the supplier on paper;

— cost of resources (services);

— certificate of conformity for the labour protection and industrial safety management system;

— certificate of conformity for the environmental management system;

— social responsibility (Sustainability Report);

For traceability of steel life cycle and for the purpose of obtaining the main information on the supplier, the BSW conducts survey of its suppliers twice a year. The completed questionnaires are registered in the Procurement Department and are stored with all documents (including the supplier's card) on the corresponding supplier.

Following the cooperation results and assessments, "List of Approved Suppliers" with

specification of the supplying intermediate parties is drawn up. The activity of suppliers is assessed according to the following criteria:

— compliance of the delivered product with the established requirements and calculation of the delivered goods quality index (IQL) considering the availability of the supplier's quality system (according to the requirements of ISO 9001, IATF 16949), environmental management systems (according to ISO 14001), occupational health and safety management systems (according to OHSAS 18001), social responsibility systems (according to ISO 26000/SA8000), share of supplies with deviations in the total number of deliveries and consideration of deviation significance coefficient;

— observance of the volume and terms of product delivery (supply logistics);

— degree of the consumer loyalty to the plant and corrective actions execution.

In order to analyze the life cycle, the concluded contracts for the supply of resources include the supplier's obligations to provide a safety data sheet for the substance (material).

Estimation of supply quality is reviewed at the plant quality meetings.

The plant's specialists perform the supplier audits for establishment of the partnership relations and improvement of procurement quality by developing the management systems of appropriate suppliers.



Production

From the structural point of view, the plan consists of three main productions (steelmaking, rolling, pipe making and metalware shops), as well as divisions responsible for infrastructure and administrative issues of the enterprise. The steelmaking production includes a scrap yard and two electric-furnace melting shops. Acceptance, storage, classification and processing of scrap are performed in the scrapyard. 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 – a four-strand machine with 250x300, 300x400 mm. The high-tech rolling production is represented by a modernized small-section rolling 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, Russia, Switzerland, Colombia, Serbia, and Israel has been mastered and certification of these types of products by the national authorities of these countries has been carried out; slitting process with dividing of a bar into several strands has been developed mastered and this is a new and perspective direction in the rolling technique.

On September 25, 2015 commissioning of a small section mill for production of wire rod and rolled section with special processing (SRS-2) took place. Its construction started in 2012 after signing of a contract with Danieli (Italy) in October of 2011. The designed capacity of the new mill is 700 thousand tons per year with the possibility to increase the finished product output till 1 million tons per year. This project will allow the plant to balance its production of steel with in-depth processing and increase the output of hardware products.

The pipe-making shop for production of seamless hot-rolled pipes put into operation in July of 2007. The key equipment of the pipe mill is a pipe assembly including a rotary pierce, a 4-stand PQF® (Premium Quality Finishing) and a reducing-sizing mill. The mill operates with three types of billet having external diameter of 140 mm, 160 mm, and 200 mm. The key equipment was supplied by SMS Meer (Germany). The designed capacity of the pipe mill is up to 250 thousand tons per year depending on the product range. The shop includes furnaces, rolling mills, billet and batch saws, the required finishing lines, transportation systems operating within the shop, and auxiliary equipment. Since commissioning of the pipe mill, the production of more than 250 types of pipes of various ranges has been mastered.

The BSW pipes are used in engineering, oil and gas industry, construction and municipal engineering.

Pipe quality meets the requirements of Russian and foreign standards: GOST, DIN, ASTM, API 5L, API 5CT, EN. Products meeting the complex requirements of these standards are supplied at the customer's request.

Pipe quality at different stages of the production process is controlled with: laser wall thickness measuring unit "LASUS", two eddy-current surface defect detection devices, an ultrasonic unit for longitudinal defect detection on the pipe surface and body, hydraulic test of pipe tightness with the pressure up to 600 bar.

Metalware production includes three steel wire shops and packing and draw die shop.

Steel cord production is a complicated knowledge-intensive process which presupposes

production of brass-coated steel wire 0.15 mm in diameter made of cast billet 250x300 mm in size, capable of withstanding the high mechanical loads. The plant is the main supplier of such world-recognized tire manufactures as Continental, Michelin, Goodyear, Bridgestone, etc.

Another important hardware product for which there is a high demand, is the wire for high-pressure hoses (hose wire). With regard to automation and equipment level, the 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. For meeting requirements of the consuming companies, the BSW specialists developed a wide range of hose wire types not prescribed by the project including high-strength and ultrahigh-strength wire. The range of the produced metalware products is not limited to the production of the above-stated range. 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 steelfiber (anchor, wavy, micro-fiber).

Production of certain types of products is carried out according to the developed technological documents such as operating procedures, flow process charts, specifications, work plan, etc.

The plant's infrastructure is represented by repair shops for power, electrical and mechanical equipment, production provision with fluids and electric power, railway and automotive transport shops, and other auxiliary departments.



Mutually Beneficial Cooperation With Suppliers

Not less important aspect of the product life cycle is its further usage and feedback on satisfaction of the specific consumer with the quality of the products delivered. Assessment of external customer satisfaction is performed by means of:

– FEEDBACK

Feedback with consumers is carried out in order to analyze the quality of products delivered taking into account the features of their processing and prevention of possible claims to them. Specialists of the BSW department for management of production distribution and marketing are responsible for feedback with consumers. The obtained information is sent to structural divisions of the plant (to whom it may concern).

– CO-PROCESSING OF PRODUCTS

Co-processing of products at the consumer's place is performed by mutual agreement. The results of work are reports of visiting specialists and if necessary, development of corrective actions.

– ANALYSIS OF RECLAMATIONS AND CLAIMS

The results of analysis of nonconforming products are considered at production meetings. The adjusting and warning measures are taken in the form of 8D report (following the form of the consumer or the BMZ form), all claims are registered in the information base "PTK OTK +".)

– EXTERNAL AUDITS

Following the results of audits, the required corrective actions and improvement measures aimed at enhancement of manufactured products are developed.

– CONSIDERATION OF THE RESULTS OF NON-CONFORMANCES FOUND DURING CARGO TRANSSHIPMENT AT THE PORTS.

The non-conformances found while inspecting the cargo at the ports are taken into account when developing the corrective actions.

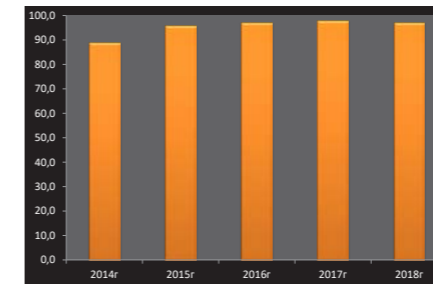
– REGULAR MEETINGS AND NEGOTIATIONS WITH THE CUSTOMER'S REPRESENTATIVES

In the subsequent bilateral dialogue, the received written comments on quality of samples or products are analyzed; suggestions for improvement of separate quality indicators or perspective changes of qualitative characteristics of products are considered; there is a mutual exchange of additional information, including statistic data, action plans, notices on introduction of changes in the production technology, etc.

– QUESTIONNAIRES (including comparison of quality of commercial products and services with the level achieved by the principal competitors).

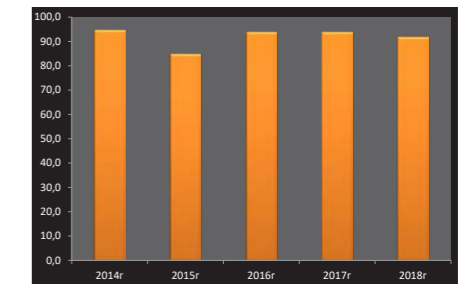
Annual questionnaire survey of the consumers is an integral part of the enterprise business. Its results are used for determination and implementation of measures on improvement of the customer satisfaction. The choice of priorities for improvement of work with clients is based on assessment of the general satisfaction by types of productions (steel-smelting, rolling, pipe-making and metalware). The essence of this questionnaire is to form a list of criteria that are the most important to consumers. The general questions are the key factors influencing the consumer satisfaction: quality, technical documentation, delivery time, interaction with technicians of the BSW or the official representative of the plant.

Consumer satisfaction with the terms of payment for products, %



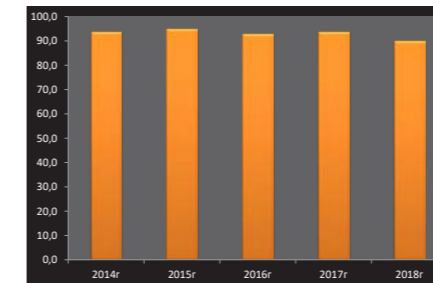
In order to achieve a stable financial and economic situation, optimize the flow of funds to the settlement accounts of the enterprise, as well as reduce the level of receivables, the conclusion of contracts for the supply of steel products provides for the main form of payment - 100% prepayment.

Consumer satisfaction with the price of products, %



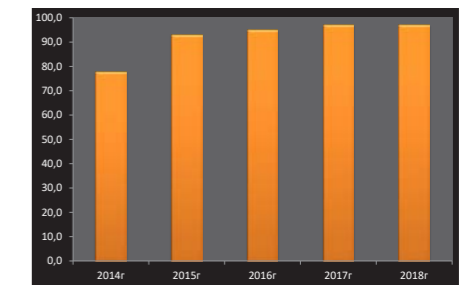
Prices for products of OJSC BSW are made up of the high cost of raw materials and materials, energy resources, the high cost of redistribution, tax deductions and fees, as well as in accordance with the dynamics of export prices for products

Consumer satisfaction with production planning, %

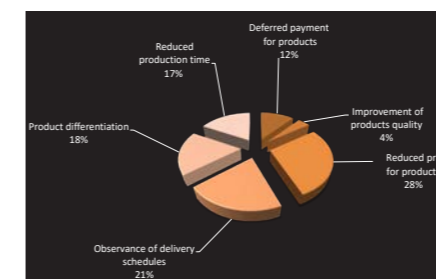


The production program is made taking into account the requirements for installation standards for production and the maximum efficiency of the used interchangeable tools and equipment.

Customers' satisfaction with product quality, %



Certified quality management system, as well as availability of certificates of conformity for production is an objective evidence that the company stably supplies products that meet the established requirements of consumers, and also confirms the high level of functioning of the quality management system at BSW



What would allow the consumer to increase the volume of purchases of the BSW products?

When answering the question asked, the consumers said that the priority is to reduce product prices

In order to successfully sell its products, BSW participates in exhibitions and conferences, advertises them in the media and on the Internet, and in industry publications. Regular visits of clients, special events are carried out, including company visits. Booklets and presentations, souvenirs are ordered. TFN entities organize storage facilities for operational customer service.

Consumers indicated the following most significant projects involving BSW products over the past 2 years:

1. Production of hydraulic cylinders and engineering components for CATERPILLAR, ICOMATSU, ECC, etc., production of gear reducers for European companies.
2. Construction of industrial facilities of Mogilevkhimvolokno OJSC; social facilities of the city of Mogilev and the region.
3. "Norra Tornen" Stockholm.
4. Steel structures, bridges in the Czech Republic.
5. Final BSW product is present at the European enterprises of Ikea
6. Production of fasteners in Russia for Russian and Belarusian automobile enterprises.
7. Construction of BelaES.
8. Products for GAZ, AvtoVAZ, KAMAZ.
9. Airport in Berlin, a football arena in Berlin.
10. Residential complexes: "Heart of the capital", "Fili-Grad", "Life Botanical Garden", "Savelovsky City", "Presnya City", LCD "Mayakovsky", LCD "Sreda", LCD "Seliger City".
11. "Norra Tornen" Stockholm., "Follo-Banen" Oslo.
12. Products for SKF.
13. Construction objects for the 2018 World Cup in Russia.
14. Civil engineering and structural assembly facilities in Norway.
15. All deformation processes for the production of automotive components, the production of springs and shock absorbers from BSW wire rod.
16. Production of hydraulic equipment in Bulgaria.
17. Belarusian Nuclear Power Plant in the city of Ostrovets.
18. Construction of a housing stock in the city of Mogilev (JSC DSK; JSC PRomzhilstroy and others);
19. Restoration of the bridge over the river Sozh, the city of Slavgorod.
20. Construction of the workshop of OJSC «Mogilevkhimvolokolno».
21. Electrification of the direction Molodechno-Gudogai-border.
22. Computer-based interlocking station, Gomel, Bel. railway
23. All structural divisions of the Belarusian railway
24. Construction of the object «Western bypass of Brest»
25. Construction of residential complexes in Norway, Sweden, Finland
26. Participation in the execution of the state order for the supply of reinforcing steel for the manufacture of airfield plates for the needs of the Ministry of Defense of the Russian Federation.
27. Construction of the Dynamo Stadium, CSKA Luzhniki Stadium, building No. 2 of Moscow State University named after M.V. Lomonosov.
28. Supply of spring blocks to the CIS countries: Belarus, Kazakhstan.
29. SKANIA – center (Baltic), supermarkets LidL (Baltic).
30. National Theater in Norway, National Library in Norway, bridges in Norway, S8 Walichnowy - Lubartów, Walichnowy Łódź motorway, S17 Dąbrowica - Lubartów motorway, strengthening the sea pier in Swinouście - Szczecin, administrative buildings: Business Park A4, Katow 2), Impressio II Wrocław, Dębowe Tarasy, Katowice (stage 3), reconstructions, repairs, many bridges both in the Baltic and Scandinavia, a bridge in the city of Klaipeda over the Dane River, Piles St., a bridge near the small ferry to Kursk Kassa, ELBE HARMONIA, in the construction of Stuttgart 21, in the construction of the Novovoronezh NPP, objects of the Winter Olympics in Sochi, Moscow-City, all major construction projects in Estonia, in the construction of BelaES, in the construction of the Minsk metro, forgings for conveyor manufacturers in Finland and Germany, forgings for forklifts manufactured in Germany and Sweden.
31. In the modernization of OJSC "Mogilevkhimvolokno"; construction and modernization of residential and industrial

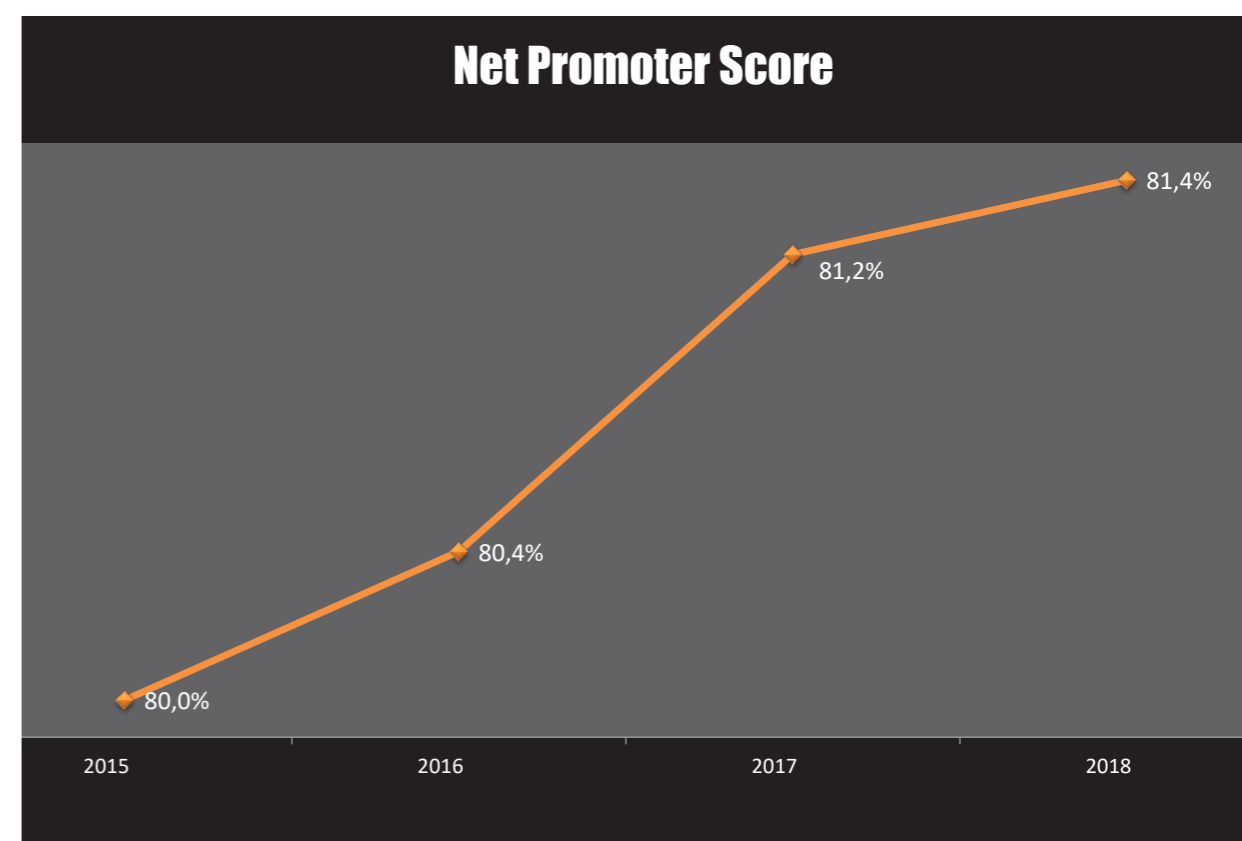
facilities of the Mogilev region; the construction of the Arc de Triomphe in the city of Mogilev, etc.

32. The Bank for Reconstruction and Development was built – a branch in the city of Vitebsk. Construction of a multi-storey residential building with built-in multi-purpose premises in the intersection of Dzerzhinsky Ave., ul. Gursky (in town No. 1 in the municipality No. 3), I stage and II stage, 6th launch complex, the reconstruction of the production and administrative building with storage facilities and the construction of the production building and warehouse in the Minsk region (1st construction phase), construction of facilities of the Belarusian NPP, stadiums: Dynamo, residential complexes: Heart of the Capital, Fili-Grad, Life Botanical Garden, Savelovsky City, Presnya City, Mayakovsky Residential Complex, Sreda Residential Complex, Residential Complex «Seliger City» and many others.

Net Promoter Score of the BSW

Consumer loyalty is annually measured to maintain the market positions and attract new consumers – promotion of the repeated purchases by the existing clients and creation of emotional commitment to the trademark of the BSW and engagement in long-term cooperation with the plant.

When carrying out the annual questioning, the consumers are offered to answer the question «How likely are you to recommend our products to other companies?». Based on answers of end customers, the net promoter score (NPS) are calculated.



The stable trend of the NPS growth (prevalence of loyal clients over critics) is observed, therefore, there is a probability that new clients address to the company based on recommendations. The higher the NPS index is, the higher the probability that an increase in customers occurs. The net promoter score received by a calculation method shows that the BSW is a successful company with the high level of satisfaction (loyalty) of consumers.

Processing

Steel's peculiarity is that it can be repeatedly processed which makes it one of the most eco-friendly materials. During steel production, the process creates inevitable waste (shorts, etc.) which, in its turn, is used for reprocessing. Waste management is performed according to the waste handling instruction of OJSC «BSW – management company of «BMC» holding» which stipulates the processes of generation, accumulation, registration, storage and disposal of the production waste.



PREFACE TO THE REPORT

This Report discloses the operating results of OJSC «BSW — management company of «BMC» holding» in the area of sustainable development in 2018, and its plans for the near future.

Scope of the Report

It is the eleventh Report on sustainable development of OJSC «BSW — management company of «BMC» holding». Maintaining the tradition of reporting on sustainable development, the enterprise confirms its readiness for an open dialogue with the stakeholders. The BSW implements the obligations undertaken and follows the chosen course of improvement and reorganization in all directions: management of sustainable development, economic activity, work with the staff in the area of social activity of the enterprise in the region and cooperation with suppliers and customers, and policy of environmental and industrial safety.

The Report discloses the plant's achievements in the area of sustainable development. Its priority issue is the BSW activity aimed at production of quality goods, provision of safe and adequate labour conditions for the employees, decrease of the ecological impact and promotion of a healthy lifestyle.

The Report does not contain information regarding joint-ventures and the enterprises located outside the Republic of Belarus.

Essential Changes in the Report

В Отчете отсутствуют значительные изменения информации, опубликованной в предыдущих отчетах завода. Экономические показатели приведены в долларах США по среднегодовому курсу Национального банка Республики Беларусь, сложившемуся в 2018 году, который составил Br 1,9318.



Content and Significance of the Report

The Report is prepared in conformity with the general version of reporting according to GRI Guidance (G4). The list of aspects of General standard disclosures and Specific standard disclosures is given in Annexes 2 and 3 to this Report.

Taking into consideration the approach recommended by GRI G4, the process of determination of the Report content was carried out in compliance with the principles of significance, coverage of the stakeholders, context of sustainability development and completeness of the information disclosure.

To determine the Report content and to write its text, OJSC «BSW — management company of «BMC» holding» carried out assessment of important topics according to the requirements of the GRI Guidelines. Issues and questions disclosed in the Report are considered significant in terms of their influence upon the BSW activity and interests of the key stakeholders: customers, suppliers, employees, authorities and local communities.

When defining significance, the BSW was guided by the recommendations of the GRI Guidelines. The process consisted of the following stages:

1. Analysis of internal sources of information, including materials of the Sustainable Development Report for 2017, taking into account the stakeholders' opinion on the most interesting topics to them.

2. Compilation, discussion and approval of a list of significant topics to be included in the Sustainable Development Report for 2018.

Special attention is paid to development of the projects of the national and regional level in the Report; complex information about implemented initiatives aimed at improvement of ecological efficiency of the production is presented; labour protection and industrial safety issues are disclosed in detail as well as personnel and social policy and interaction with local communities and suppliers of the plant.

In order to maintain a constructive dialogue with all interested parties, the plant values every opinion on its activity in the area of sustainable development. To this end, the contact information and a feedback form are given in the Report. Your opinions and proposals regarding the form and content of the Report as well as any questions can be sent to e-mail: secr.dpir@bmz.gomel.by or to postal address: Open Joint-Stock Company «Byelorussian Steel Works – Management Company of «Belorussian Metallurgical Company» Holding (OJSC «BSW — management company of «BMC» holding»), 37 Promyshlennaya Str., Zhlobin, Gomel region, 247210, Republic of Belarus.

The electronic version of the Report for 2018 is available on the website belsteel.com



ANNEXES

List of used abbreviations

API	the American Petroleum Institute is a non-governmental organization in the USA involved in research of the oil and gas sector.
GRI	Global Reporting Initiative is an independent non-profit-making organization, the purpose of which is development and world-wide distribution the unified principles of reporting in the sphere of sustainable development, mainly by applying the Sustainability Reporting Guidelines. This organization was established in 1988 with a headquarter in Amsterdam. It is managed by international experts from different organizations around the world.
EFQM	European Foundation for Quality Management
ISO	International Organization for Standardization
OHSAS	Occupational Health and Safety Assessment Systems
SA 8000	International standard «Social accountability 8000»
BSW	Byelorussian Steel Works
BNTU	Belarusian National Technical University
BRSM	Belarusian Republican Youth Union
GDP	Gross domestic product
GOST	State industry-specific standard
SEI	State educational institution
PMC	Palace of Metallurgists' Culture
EAF	Electric arc furnace
YAC	Youth athletic center
EU	European Union
UWRSH	Uniform Wage-Rates and Skills Handbook
ZhMK	"Zhlobin Meat Processing and Packing Factory"
PHA	Public Housing Administration
Info-BSW	Inquiry and communications system of the factory
kg	Kilogram
CSM	Corporate system of management
TC	Training courses
MAZ	"Minsk Automobile Plant"
MISIIS	Moscow Institute of Steel and Alloys
CCM	Continuous casting machine
mn	Million
bln	Billion
mm	Millimeter

OHF	Occupational Health Facility
MTZ	Minsk Tractor Works
IFRS	International Financial Reporting System
NASB	The National Academy of Sciences of Belarus
NP	National park
IIWD	Information and ideological work department
UN	The United Nations
OSH department	Occupational safety and health department
ISD	Industrial Safety Department
ODS	Ozone-depleting substances
QCD	Quality Control Department
DGC	Dust and gas catcher
MPC	Maximum permitted concentration
PA	Production Association
RB	The Republic of Belarus
EOaS	Executive officers and specialists
RF	the Russian Federation
CM	The Council of Ministers
Mass media	Mass communication media
YPB	Young Professionals Board
CIS	Commonwealth of Independent States
LPRM	Long product rolling mill
CS	Corporate standard
BS	Belarusian Standards
SWM	Steel wire mill
EMS	Environmental Management System
HSE MS	Occupational health and safety management system
USA	The United States of America
TR	Technological regulations
TS	Technical specifications
TOE	Ton of oil equivalent
th	Thousand
FER	Fuel & energy resources
EPAaIHA	Environmental Protection and Industrial Hygiene Agency
SRC	Sports and recreation center
CEE	Central and Eastern Europe
AFMS	Arc-furnace melting shop

General standard disclosures

Indicators	Chapter of the Report	Comments
Strategy and analysis		
G4-1 Statement from the most senior decision-maker of the organization	1. General Director's statement	
G4-2 Description of key impacts, risks and opportunities	3. Strategy and approach to sustainable development management	
Organizational profile		
G4-3 Name of the organization	2. Company Presentation	
G4-4 Primary brands, products and services	2. Company Presentation	
G4-5 Location of the organization's headquarters	2. Company Presentation	
G4-6 Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the Report.	2. Company Presentation	
G4-7. Nature of ownership and legal form	2. Company Presentation	
G4-8 Markets served by the organization	2. Company Presentation	
G4-9 Scale of the organization	2. Company Presentation	
G4-10 Workforce, including: - Total workforce by region and gender. - Any significant variations in employment numbers	6. Social activity. Personnel description	
G4-11 Percentage of total employees covered by collective bargaining agreements.	6. Social activity. Social partnership. Trade union organization	
G4-12 Describe the organization's supply chain.	7. Responsibility for the product manufactured. Product life cycle	
G4-13 Significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain.	There were no any significant changes during the reporting period.	
G4-14 Whether and how the precautionary approach or principle is addressed by the organization.	4. Economic effectiveness. Risks of the enterprise	
G4-15 Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	3. Strategy and approach to sustainable development management / Sustainable development management Participation in external initiatives	
G4-16 Memberships of associations (such as industry associations) and/or national and international organization.	3. Strategy and approach to sustainable development management / Participation in external initiatives	
Identified Material Aspects and Boundaries		
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents.	8. Preface to the Report	
G4-18 Process for defining the report content and the aspect boundaries.	8. Preface to the Report	
G4-19 Material aspects identified in the process for defining report content.	8. Preface to the Report	
G4-20 Aspect boundaries within the organization.	8. Preface to the Report	
G4-21 Aspect boundaries outside the organization	8. Preface to the Report	
G4-22 Effects of any restatements of information provided in previous reports and the reasons for such restatements.	8. Preface to the Report	
G4-23 Significant changes in the scope and aspect boundaries compared with the previous reporting periods.	8. Preface to the Report	

Cooperation with interested parties			
G4-24 Stakeholder groups engaged by the organization.		3. Strategy and approach to sustainable development management / Cooperation with interested parties	
G4-25 Basis for identification and selection of stakeholders with whom to engage.		3. Strategy and approach to sustainable development management / Cooperation with interested parties	
G4-26 The organization's approach to stakeholder engagement including frequency of engagement by type and by stakeholder group and an indication of whether any of the engagement was undertaken specifically as part of the Report preparation process.		3. Strategy and approach to sustainable development management / Cooperation with interested parties	
G4-27 Key topics and concerns raised through stakeholder engagement, and how the organization has responded to those key topics and concerns including through its reporting.		3. Strategy and approach to sustainable development management / Cooperation with interested parties	
Report Profile			
G4-28 Reporting period.		8. Preface to the Report	
G4-29 Date of most recent previous Sustainable development Report.		8. Preface to the Report	
G4-30 Reporting cycle.		8. Preface to the Report	
G4-31 Contact person for questions regarding the report or its content.		Feedback questionnaire	
G4-32 «In accordance» option chosen by the organization for the Report preparation and GRI Content Index for the chosen option.		8. Preface to the Report	
G4-33 Organization's policy and practice regarding External Assurance of sustainable development reporting		No external assurance	
Corporate Management			
G4-34 Organization's corporate management structure including key committees under the highest governing body		2. Company Presentation/Organizational structure of sustainable development management	
Ethics and integrity			
G4-56 Organization's values, principles, standards and norms of behavior of the organization such as codes of conduct and codes of ethics.		3. Strategy and approach to sustainable development management	



Specific standard disclosures

Indicators		Chapter of the Report	Comments
Aspect «Economic performance»			
G4-EC1 Direct economic value generated and distributed.		4. Economic performance	
G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.		4. Economic performance	
G4-EC3 Coverage of the organization's defined benefit plan obligations		6. Social activity. Social support of retirees, disabled people and other categories of financially disadvantaged citizens	
G4-EC4 Financial assistance received from government.		4. Economic effectiveness. Financial support by the government	
Aspect «Market presence»			
G4-EC5 Ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.		6. Social activity. Financial incentives.	
G4-EC6 Proportion of senior management hired from the local community at significant locations of operation.		6. Social activity. Personnel description	
Aspect "Indirect Economic Impacts"			
G4-EC7 Development and impact of infrastructure investments and services supported		4. Economic performance. Indirect economic impacts	
G4-EC8 Significant indirect economic impacts, including the extent of impacts		4. Economic performance. Indirect economic impacts	
Aspect «Procurement practices»			
G4-EC9 Proportion of spending on local suppliers at significant locations of operation.		7. Product responsibility. Mutually beneficial cooperation with suppliers	
Aspect "Materials"			
G4-EN1 Materials used by weight and volume.		5. Environmental activity. Conservation of natural resources	
G4-EN2 Percentage of materials used that are recycled input materials.		5. Environmental activity. Conservation of natural resources	
Aspect «Energy»			
G4-EN3 Energy consumption within the organization.		5. Environmental activity. Conservation of energy resources	
G4-EN4 Energy consumption outside of the organization		5. Environmental activity. Conservation of energy resources	
G4-EN5 Energy intensity		5. Environmental activity. Conservation of energy resources	
G4-EN6 Reduction of energy consumption		5. Environmental activity. Conservation of energy resources	
G4-EN7 Reductions in energy requirements of products and services.		5. Environmental activity. Conservation of energy resources	
Aspect «Water»			
G4-EN8 Total water withdrawal by source.		5. Environmental activity. Water basin protection	
G4-EN9 Water sources significantly affected by withdrawal of water.		5. Environmental activity. Water basin protection	
G4-EN10 Percentage and total volume of water recycled and reused.		5. Environmental activity. Water basin protection	
Aspect «Biodiversity»			
G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		5. Environmental activity. Minimization of plant activity impact on flora and fauna	
G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		5. Environmental activity. Minimization of plant activity impact on flora and fauna	
G4-EN13 Habitats protected or restored		5. Environmental activity. Minimization of plant activity impact on flora and fauna	
G4-EN14 Total number of species included in IUCN Red List and national conservation list species with habitats in areas affected by operations, by level of extinction risk		5. Environmental activity. Minimization of plant activity impact on flora and fauna	

Aspect «Emissions»			
G4-EN15 Direct greenhouse gas (GHG) emissions (scope 1)		5. Environmental activity. Air basin protection	
G4-EN16 Energy indirect GHG emissions (scope 2).		5. Environmental activity. Air basin protection	
G4-EN17 Other indirect greenhouse gas (GHG) emissions (scope 3)		5. Environmental activity. Air basin protection	
G4-EN18 GHG emissions intensity.		5. Environmental activity. Air basin protection	
G4-EN19 Reduction of GHG emissions.		5. Environmental activity. Air basin protection	
Aspect «Effluents and waste»			
G4-EN22 Total water discharge by quality and destination.		5. Environmental activity. Water basin protection	
G4-EN23 Total weight of waste by type and disposal method.		5. Environmental activity. Production waste disposal	
Aspect «Products and services»			
G4-EN27 Extent of impact mitigation of environmental impacts of products and services.		5. Environmental activity. Development and introduction of resource-saving, low-waste and environment-friendly technologies	
Aspect «Compliance»			
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		5. Environmental activity. Expenses on environment protection and monitoring. Environmental payments	
Aspect «Overall»			
G4-EN31 Total environmental protection expenditures and investments, by type.		5. Environmental activity. Expenses on environment protection and monitoring. Environmental payments	
Aspect «Employment»			
G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region.		6. Social activity. Personnel description	
G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		5.3. Social activity. Employees' rights	
Aspect «Labor/management relations»			
G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.		5.3. Social activity. Employees' rights	
Aspect «Occupational health and safety»			
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		6. Social activity. Labour protection and provision of industrial safety	
G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender.		6. Social activity. Labour protection and provision of industrial safety	
G4-LA7 Workers with high incidence or high risk of diseases related to their occupation.		6. Social activity. Labour protection and provision of industrial safety	
G4-LA8 Health and safety issues covered in formal agreements with trade unions		6. Social activity. Public control of human rights in the area of labour protection.	

Aspect «Training and education»			
G4-LA9 Average hours of training per year per employee, by gender and by employee category.		6. Social activity. Training and education	
G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		6. Social activity. Training and education	
G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		6. Social activity. Professional and career development	
Aspect «Diversity and equal opportunity»			
G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.		6. Social activity. Personnel description	
Aspect "Equal remuneration for women and men"			
G4-LA13 Ratio of basic salary and remuneration of women to men, by employee category and by significant locations of operation.		6. Social activity. Financial incentives.	
Aspect «Nondiscrimination»			
G4-HR3 Total number of incidents of discrimination and corrective actions taken.		5.3. Social activity. Employees' rights	
Aspect «Child Labor»			
G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		5.3. Social activity. Employees' rights	
Aspect «Forced or Compulsory Labor»			
G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.		5.3. Social activity. Employees' rights	
Aspect «Local communities»			
G4-SO1 Percentage of operations with implemented local community engagement, impact assessments and development programs.		3. Strategy and approach to sustainable development management / Cooperation with interested parties Interaction with the civil society	
Aspect "Anti-corruption"			
G4-SO4 Communication and training on anticorruption policies and procedures.		3. Strategy and approach to sustainable development management / Structural organization of sustainable development management	
G4-SO5 Confirmed incidents of corruption and actions taken.		3. Strategy and approach to sustainable development management / Structural organization of sustainable development management	

Aspect «Customer Health and Safety»			
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		7. Product responsibility. Customer Health and Safety	
G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		7. Product responsibility. Customer Health and Safety	
Aspect "Product and Service Labeling"			
G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.		7. Product responsibility. Product marking with appropriate information	
G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		7. Product responsibility. Product marking with appropriate information	
G4-PR5 Results of surveys measuring customer satisfaction.		7. Product responsibility. Mutually beneficial cooperation with consumers	



Dear readers!

You have just got acquainted with the Report on the activities of OJSC «BSW - management company of «BMC» holding» holding in the area of sustainable development for 2018. 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 the form and fax it to: + 375-2334-5-54-2 or mail to:

37 Promyshlennaya str., 247210 Zhlobin, Gomel region with the mark «Report -2018».

You may also e-mail the filled 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
- Client
- Employee
- Another group of interested parties _____

2. What is your appreciation of the Report in terms of completeness of the information presented?

- High Average Low

3. What is your appreciation of the Report in terms of and credibility of the information presented?

- High Average Low

4. What is your appreciation of the 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 Низко

6. Has the Social Report helped you to understand the activity of OJSC «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 Report of OJSC «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 | ___ | The plant characteristics | ___ |
| Participation of the republican scientific potential in the development of the metallurgical complex | ___ | Economic activity | ___ |
| Description of key impacts, risks and possibilities | ___ | Environment activity | ___ |
| Management, obligations, stakeholders engagement | ___ | Social activity | ___ |
| Product responsibility | ___ | Interaction of parties | ___ |

8. Has the Report influenced on your attitude to the activity of OJSC «BSW - management company of «BMC» holding»?

- Yes, my attitude improved
 No
 My attitude became worse

9. What information in the Report was the most interesting for you?

10. What directions of the activity of OJSC «BSW - management company of «BMC» holding» in your opinion require improvement so as to raise social responsibility?

11. What information would you like to see in future social reports of OJSC «BSW - management company of «BMC» holding»?

Thank you for cooperation!

Notes:



Notes:



