

Corporate Social Responsibility Policy

Moscow
2013

INTRODUCTION

OAO Severstal is one of the world's largest vertically integrated steel and mining companies. Severstal combines the advantage of the growing potential of the Russian market with the stable profitability of a global steel manufacturer.

Our mission is to be the leader in value creation. For us, leadership in value creation is:

- Value creation through vertical integration and continuous improvement
- Leadership in the manufacturing of high-demand products used around the world in construction, energy, transportation, industrial machinery and consumer goods industries
- Continuous commitment to new achievements creating an opportunity to exceed customer expectations
- Use of our knowledge and expertise to develop our company and ensure our sustainable growth in the best interest of all stakeholders including our shareholders, customers, employees, business partners, government authorities and local communities

Social responsibility is our key operational principle, and we constantly focus on its practical implementation.

1. GENERAL PROVISIONS

1.1. The Corporate Social Responsibility Policy of OAO Severstal (“Severstal”, “we”) defines the common understanding of social responsibility principles and the key areas of their implementation across all businesses and departments of Severstal.

1.2. This Policy is based on our understanding of the social role and responsibilities of Severstal stemming from our corporate mission and strategy, our principles of business ethics and our corporate values. This Policy is also aligned with the standards of corporate social responsibility recognized by the Russian and international business communities and outlined in the ISO 26000 international standard, Guidance on Social Responsibility.

1.3. The purpose of this Policy is to establish a social environment conducive for our business development, to improve the efficiency of social program and project management, and to improve our reputation.

1.4. This Policy complies with applicable laws of the Russian Federation, with our Charter and other internal regulations.

2. DEFINITIONS AND SCOPE

2.1. Severstal defines social responsibility according to the ISO 26000 standard (“Guidance on Social Responsibility”):

“Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- *Contributes to sustainable development, including health and the welfare of society*
- *Takes into account the expectations of stakeholders*
- *Is in compliance with applicable law and consistent with international norms of behavior, and*
- *Is integrated throughout the organization and practiced in its relationships”*

Severstal also supports the fundamentals of corporate social responsibility integrated in the Social Charter of RSPP, including fair business practices, respect for human rights, responsible labor practices, responsibility for conservation of natural resources and environmental protection, and responsibility before consumers and local communities in our regions.

2.2. Our Corporate Social Responsibility Policy defines our general principles and approaches in this area, while specific details are available in the documents governing our human relations, occupational safety, environmental protection, management of external social programs, and collaboration with business partners¹.

2.3. Provisions of this Policy apply to all our branch offices, subsidiaries and affiliates.

3. OUR APPROACH TO AND KEY PRIORITIES IN CORPORATE SOCIAL RESPONSIBILITY

¹ Corporate regulations for employee training, selection, evaluation and adaptation; collective bargaining agreements of OAO Severstal; Employee Code of Conduct of OAO Severstal; Occupational Safety Policy of Severstal Group; Environmental Protection Policy of Severstal Group; Code of Business Partnership of OAO Severstal; External Social Program Management Policy of OAO Severstal; Anti-Corruption Policy of OAO Severstal and Affiliates.

3.1. Our social responsibility is to be a reliable partner for all our stakeholders, which means we need to:

- Generate shareholder value
- Help our employees to unleash their full creative potential
- Develop our dialog with employees, support feedback and improve employee loyalty
- Continuously work on improving occupational safety
- Comply with all laws and regulations, and partner with government authorities to address the challenges of sustainable development
- Ensure fair, transparent and ethical collaboration with our business partners
- Improve our environmental performance and our use of natural resources
- Contribute to social, economic and cultural development of our regions
- Communicate and engage with stakeholders on the basis of mutual respect, business partnership and delivery on commitments
- Ensure regular disclosure of our decisions and operations affecting communities and the environment

4. INTEGRATION OF SOCIAL RESPONSIBILITY PRINCIPLES IN OUR OPERATIONS

4.1. Our social responsibility initiatives are aligned with our corporate development strategy, and with the principles and tools of the Business System of Severstal.

4.2. Integrating social responsibility principles in our strategy and daily operations requires our commitment to these principles at all levels of our company. Severstal promotes the principles of social responsibility in internal communications, develops competencies and motivates employees to integrate these principles in our decision-making and everyday operations.

4.3. Severstal is committed to continuous improvement of our social responsibility activities, routinely monitors our impact on social, economic and environmental systems, and analyzes the outcomes of our social and environmental initiatives.

4.4. We evaluate potential social and environmental consequences of our decisions and integrate social responsibility principles in our procurement, sales and

investment practices.

4.5. Our corporate social responsibility reports meet the requirements of international non-financial reporting standards.