

# **Corporate Standard for the Management of Sponsorships and Charitable Activities**

Moscow  
2013

## INTRODUCTION

This corporate Standard is one of the tools of External Social Programme Management Policy of OAO Severstal. It defines the main forms of sponsorships and charitable activities of OAO Severstal (“Severstal”, “we”), principles applicable to these activities and how we coordinate them, as well as criteria and procedures for selection and evaluation of sponsorships and charitable projects.

Our charitable activities are based on provisions of the Federal Law of the Russian Federation on Charitable Activities and Charitable Organisations #135 of 11.08.1995.

Compliance with this Standard is mandatory for all our departments and subsidiaries.

### 1. SPONSORSHIPS AND CHARITABLE ACTIVITIES: DEFINITIONS

1.1. We sponsor third-party entities and individuals by providing them our money or property, including intellectual property, providing them services or performing work for them in exchange for their dissemination of information (advertising) about us or our operations upon which we agreed.

1.2. Our charitable activities include gratuitous provision of money, provision of services, performance of work, acquisition of property or extension of other support to third-party entities or individuals.

### 2. FORMS OF SPONSORSHIPS AND CHARITABLE ACTIVITIES

- Collaboration with non-profit organisations
- Awards of grants through competitions
- Consideration of applications for charitable support and sponsorship applications from legal entities and private individuals

### 3. MANAGEMENT OF CHARITABLE ACTIVITIES AND SPONSORSHIPS

3.1. Individual businesses develop annual sponsorship and charitable activity plans and prepare reports pursuant to our External Social Programme Management Policy.

3.2. Corporate CSR Department and respective departments of individual businesses<sup>1</sup> coordinate charitable activities and sponsorships in compliance with these Regulations and other corporate and departmental guidelines within allocated budgets.

3.3. Corporate CSR Department:

- Defines corporate priorities for sponsorships and charitable activities
- Develops sponsorship and charitable activity budget for the General Directorate of Severstal in compliance with applicable annual budget regulations
  - Coordinates the implementation of corporate sponsorship and charitable activity projects
  - Provides procedural support for sponsorship and charitable activity projects of our individual businesses and monitors their results
  - Develops corporate social responsibility reports and other corporate documents related to our activities in this area, and presents our results in competitions and at public events.

3.4. Departments responsible for sponsorships and charitable activities of our individual businesses:

- Develop sponsorship and charitable activity budgets for individual businesses in compliance with applicable annual budget regulations
  - Consider applications of legal entities and private individuals for sponsorships and charitable activities that are filed with individual businesses but fall out of scope of available financial support programs for our employees
    - Secure and document approvals for charitable activities and sponsorships
    - Prepare responses to applications for charitable activities and sponsorship received by our individual businesses
    - Coordinate, monitor and evaluate results of projects and other initiatives financed in agreement with key performance indicators included in our corporate External Social Program Management Policy, as well as supervise use of funds and performance of sponsored entities and persons
  - Provide Corporate CSR Department with information about planned sponsorships and charitable activities (quarterly submissions including details of planned

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<sup>1</sup> As determined by Chief Executives of individual Severstal businesses.

projects/events, lists of participants, anticipated results and amount of financial support—to be furnished two weeks before the beginning of the reporting quarter)

- Provide Corporate CSR Department with information about sponsorships and charitable activities (quarterly submissions including details of completed projects/events, lists of participants, results, amount of financial support, and community recognition, such as competition awards or letters of commendation—to be furnished two weeks after the end of the reporting quarter)

- Submission of content for corporate annual social responsibility report and for our participation in competitions and research activities related to sponsorships, charitable activities and social responsibility reporting

#### 4. SELECTION AND EVALUATION CRITERIA FOR SPONSORSHIP AND CHARITABLE PROJECTS

4.1. We use the principles and key elements of our External Social Programme Management Policy to select sponsorship opportunities and charitable activities.

4.2. We use key performance indicators defined in External Social Programme Management Policy to evaluate these projects.

4.3. We also consider the following factors during project selection and evaluation:

- Our corporate priorities in relations with key stakeholder groups (shareholders and investors, employees, government authorities, media)
  - Priorities of our individual businesses in their relations with local communities
  - Long-term project development potential
  - Ability to provide required support within approved budgets

#### 5. CONSIDERATION PROCESS FOR SPONSORSHIP AND CHARITABLE DONATION APPLICATIONS RECEIVED FROM LEGAL ENTITIES AND PRIVATE INDIVIDUALS

5.1. Applications for sponsorships and charitable donations shall be forwarded to Corporate CSR Department or departments responsible for sponsorships and charitable activities in our individual businesses.

5.2. Applications of legal entities for sponsorships and charitable donations need to be submitted as projects with clear definition of the project and its anticipated social effect

5.3. Applications of private individuals for charitable donations (for example, to cover healthcare or extraordinary expenses) need to be submitted in writing, describe the issue requiring charitable support, and have supporting documents enclosed.

5.4. All decisions on applications for charitable donations and sponsorships must be compliant with the selection and evaluation criteria for sponsorship and charitable projects (Article 4 of this Standard) and must fall within approved budgets of individual businesses.

5.5. Decisions on applications for charitable donations and sponsorships that do not fall within approved budgets of individual businesses are the discretion of Severstal CEO.

5.6. Heads of departments responsible for charitable activities and sponsorships are responsible for review of applications, proposals and other documents related to charitable activities or sponsorships and submitted to the corporate office or individual businesses.

5.7. The review and analysis of applications for charitable donations and sponsorships shall be completed within one (1) month.

5.8. Persons responsible for reviews of and decisions on applications and proposals may request additional information from project managers or participants, or consult with the heads of our functional departments.

5.9. The Anti-Corruption Policy of OAO Severstal and Affiliates requires that all legal entities to whom we are planning to provide sponsorships or charitable donations, including local administrations, municipal authorities, entrepreneurs and private individuals, undergo the evaluation procedure provided in Appendix 2 to this Policy and enter into official agreements pursuant to our corporate standards of cooperation with third parties. Evaluation of applications and proposals must include screening for risk factors listed in Appendix 3 to this Policy.

5.10. Information about all our sponsorships and charitable programmes shall be added to the registry of sponsorships and charitable programmes. Each division appoints a department responsible for this registry.

5.11. Representatives of departments coordinating charitable activities and sponsorships shall inform applicants about decisions on their applications by mail, email or fax. Phone responses are acceptable in exceptional circumstances.

5.12. All applications and proposals shall be reviewed confidentially. Neither the information that we received nor our decision are subject to disclosure unless our representatives agreed otherwise with the applicant.

## 6. AMENDMENTS TO THIS STANDARD

Proposals for amendments to this standard shall be submitted to CSR Department and upon their review are subject to approval by Severstal CEO.

## 7. TERM OF VALIDITY

Indefinite. Addendums may be attached to this Standard as necessary.