



**REPORT**  
**on payments**  
**to governments**  
**for the financial**  
**year 2015**

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## **1 General information**

This Report on payments to governments ("the Report") has been prepared under the requirements of the Disclosure and Transparency Rules Instrument 2014 Report on payments to governments, issued by the Financial Conduct Authority ("the FCA's Instrument"), to foster transparency of financial reporting in the extractive industries.

The Company ("Magnitogorsk Iron and Steel Works OJSC") is obliged to prepare the Report under the requirements of the Financial Conduct Authority, since the Company conducts extractive activities and its securities are traded on the London Stock Exchange.

The Report is published on the Company's website  
[http://www.mmk.ru/corporate\\_governance/disclosure\\_of\\_information/](http://www.mmk.ru/corporate_governance/disclosure_of_information/)

## **2 Basis for preparation**

The Report provides citizens, authorities and independent users with information on payments of the Company – Open Joint Stock Company Magnitogorsk Iron and Steel Works (OJSC MMK) made to governments where the Company performs its extractive activities.

For the purpose of preparing the Report the scope of companies was the same as in the MMK Group's consolidated financial statements.

Since the MMK Group Companies performed extractive activity in Russia only, the Report discloses payments to governments made by Russian companies only.

The amounts relating to mining operations only are disclosed as the payments. For the purposes of this Report mining exploration means the process of exploration, development of mineral deposits and mining operations.

Due to the inability to determine the portion of tax on profits obligations related to extraction activities in the total amount of the tax, the payment of tax on profits is disclosed for the whole of MMK.

In this Report payments are disclosed by :

- Budgets (federal, regional or local); where the payment has been transferred with the name of the recipient.
  
- Companies. Payments are not allocated between the Company's projects, as the Group does not make payments to a specific project in favour of governments.

For the purposes of this Report, payments to governments include the following:

- Payments for the right to carry out mining activities in the designated area (license fees, rental fees paid for access to area where extractive activity will be conducted and other payments for the use of sub-surface resources);
- Taxes levied on the income, production volume or profit of the company (income tax, mineral extraction tax).

For the purposes of this Report payments to governments do not include the following:

- Turnover taxes (VAT, sales tax, GST and similar taxes);
  - Withholding taxes by an entity acting as tax agent (personal income tax, social taxes and other similar taxes) ;
  - Property, land and infrastructure taxes;
  - customs and stamp duties , export duties and other payments related to export and transportation of mineral resources.
  -
- payments of royalties, dividends or bonuses to governments .

### **3 Reporting currency and materiality level**

Payments in favor of the state bodies of the Russian Federation are performed by the MMK Group Companies in the currency of the Russian Federation (the Russian ruble), in connection with which the report has been prepared in millions of Russian rubles..

To determine the materiality threshold of EUR 100,000 established by the legislation, the amounts of payments in the reporting currency have been converted into euros at the average exchange rate for the reporting year.

#### 4 Payments in favour of the state bodies Summary report per company and payment

(million Russian rubles)

Company	Taxes	Payments for the right to carry out mining activities	total
Open Joint Stock Company Magnitogorsk Iron and Steel Works	10 472, 5	2,0	10 474,5
Limited Liability Company Buskul	12,3		12,3
Open Joint Stock Company MTSOZ	1,3	0,9	2,2
Belon Group of Companies , including	346,9	96,0	442,9
Open Joint Stock Company Belon		0,6	0,6
Limited Liability Company Mine Chertinskaya-South	0,3	19,6	19,9
Open Joint Stock Company Central concentrating factory Belovo	72,8	12,1	84,9
Closed Joint Stock Company Mine Kostromovskaja	238,9	18,5	257,4
Open Joint Stock Company Belovopogruztrans	6,9	14,4	21,3
Limited Liability Company Sibgormontazh	8,5	0,5	9,0
Limited Liability Company Mine Chertinskaya- Coke	19,5	30,3	49,8
<b>total:</b>	<b>10 833,0</b>	<b>98,9</b>	<b>10 931,9</b>

**OJSC MMK Report for the types of payments and budgets of public authorities**

(million Russian rubles)

<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
<b>1</b>	Taxes levied on the income, production volume or profit of the company, <b>including</b>	<b>1 051,4</b>	<b>9 421,1</b>		<b>10 472,5</b>
1.1	<i>Income Tax</i>	1 038,9	9 356,2		10 395,1
1.2	<i>Mineral Extraction Tax</i>	12,5	64,9		77,4
<b>2</b>	<i>Licence payment, rental payments and others</i>	-	-	<b>2,0</b>	<b>2,0</b>
2.1	Rental payments for land use on the deposits			2,0	<b>2,0</b>
<b>total:</b>		<b>1 051,4</b>	<b>9 421,1</b>	<b>2,0</b>	<b>10 474,5</b>

**Report of Buskul Limited Liability Company by types of payments and budgets of public authorities**

(million Russian rubles)

<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
<b>1</b>	Taxes levied on the income, production volume or profit of the company, <b>including</b>	<b>9,4</b>	<b>2,9</b>		<b>12,3</b>
1.1	<i>Income Tax</i>	0,3	2,9		3,2
1.2	<i>Mineral Extraction Tax</i>	9,1			9,1
<b>total:</b>		<b>9,4</b>	<b>2,9</b>		<b>12,3</b>

**Report of Open Joint Stock Company MTSOZ by types of payments and budgets of public authorities**

(million Russian rubles)

<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
<b>1</b>	Taxes levied on the income, production volume or profit of the company, <b>including</b>	<b>0,5</b>	<b>0,8</b>		<b>1,3</b>
1.1	<i>Mineral Extraction Tax</i>	0,5	0,8		1,3
<b>2</b>	Licence payment, rental payments, admission fees and others			<b>0,9</b>	<b>0,9</b>
2.1	Rental payments for land use on the deposits			0,9	0,9
<b>total:</b>		<b>0,5</b>	<b>0,8</b>	<b>0,9</b>	<b>2,2</b>

**Report of Belon Group of Companies by types of payments and budgets of public authorities**

(million Russian rubles)

<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
<b>1</b>	Taxes levied on the income, production volume or profit of the company, <b>including</b>	<b>51,0</b>	<b>295,9</b>		<b>346,9</b>
<b>1.1</b>	<i>Income Tax</i>	<b>28,1</b>	<b>261,5</b>		<b>289,6</b>
1.1.1	Open Joint Stock Company Central concentrating factory Belovo	7,3	65,5		72,8

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<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
1.1.2	Closed Joint Stock Company Mine Kostromovskaja	19,3	182,1		201,4
1.1.3	Open Joint Stock Company Belovopogruztrans	0,7	6,2		6,9
1.1.4	Limited Liability Company Sibgormontazh	0,8	7,7		8,5
<b>1.2</b>	<i>Mineral Extraction Tax</i>	<b>22,9</b>	<b>34,4</b>		<b>57,3</b>
1.2.1	Limited Liability Company Mine Chertinskaya-South	0,1	0,2		0,3
1.2.2	Closed Joint Stock Company Mine Kostromovskaja	15,0	22,5		37,5
1.2.3	Limited Liability Company Mine Chertinskaya- Coke	7,8	11,7		19,5
<b>2</b>	Licence, rental and other payments		<b>96,0</b>		<b>96,0</b>
2.1	<i>Regular payments for the use of sub-surface resources</i>		<b>0,1</b>		<b>0,1</b>
2.1.1	Limited Liability Company Mine Chertinskaya-South		0,1		0,1
2.2	<i>Payment for rental land on the deposits</i>		<b>90,6</b>		<b>90,6</b>
2.2.1	Open Joint Stock Company Belon		0,6		0,6
2.2.2	Limited Liability Company «Mine Chertinskaya-South»		18,1		18,1



<b>№</b>	<b>Type of payment</b>	<b>federal budget</b>	<b>regional budget</b>	<b>local budget</b>	<b>total</b>
2.2.3	Open Joint Stock Company Central concentrating factory Belovo		12,1		12,1
2.2.4	Closed Joint Stock Company Mine Kostromovskaja		14,7		14,7
2.2.5	Open Joint Stock Company Belovopogruztrans		14,4		14,4
2.2.6	Limited Liability Company Sibgormontazh		0,5		0,5
2.2.7	Limited Liability Company Mine Chertinskaya- Coke		30,2		30,2
2.3	<i>Licence payments for the use of sub-surface resources (license fees)</i>		<b>5,3</b>		<b>5,3</b>
2.3.1	Closed Joint Stock Company Mine Kostromovskaja		3,8		3,8
2.3.2	Limited Liability Company Mine Chertinskaya- Coke		0,1		0,1
2.3.3	Limited Liability Company Mine Chertinskaya-South		1,4		1,4
<b>total:</b>		<b>51,0</b>	<b>391,9</b>		<b>442,9</b>
<b>Total:</b>		<b>1 112,3</b>	<b>9 816,7</b>	<b>2,9</b>	<b>10 931,9</b>

## **5 Address the Company:**

Open Joint Stock Company Magnitogorsk Iron & Steel Works

Legal address: 93 Kirov St. Magnitogorsk Chelyabinsk Region Russia 455000

Postal address: 93 Kirov St. Magnitogorsk Chelyabinsk Region Russia 455000

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