



Sustainability Report

ArcelorMittal Poland 2017



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board of directors

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1.1. Interview with the chairman of the board of directors

This is the 8th sustainability report of ArcelorMittal Poland. What motivated you to start reporting? Until recently you were not obliged to report on those issues at all.

The EU regulation regarding the reporting of non-financial data was implemented in Poland only last year and it covered a group of 300 largest companies and financial institutions. Indeed, ArcelorMittal Poland is one of very few Polish companies which started reporting much earlier. We are a part of a global group, so one could think that it would suffice to issue a global report, for which we anyhow provide local data. But we do realise how important it is for our main stakeholders to have first-hand information about our operations. Hence the decision to start reporting locally with more insight about our operations and responsibility towards our stakeholders. And indeed, we have been doing it consistently for 8 years now. We have progressed with time and now organize a survey among our key stakeholders to ask them what data they find particularly relevant. We do our best to make this report a source of information about our company and want its content to meet the expectations of our key partners, customers and neighbours.

You have already mentioned stakeholders a few times. Last year you took this initiative of engaging in a direct dialogue with them. Can you please give us an overview of this undertaking?

Indeed, we want to be as transparent as possible towards our relations with our stakeholders. We want to listen to them, find out about their expectations, get to know what bothers them and how we can

help. But it is equally important for them to understand what challenges we are facing and what our limitations are. So we decided to implement the Stakeholder Engagement Standard – AA 1000 SES, which provides a formal framework for such discussions. We organized stakeholder sessions at Krakow and Dabrowa Gornicza. It was a very good opportunity for us to receive an honest feedback regarding our operations and our community engagement, as well as to identify those areas in which we can establish cooperation or strengthen the existing ties. Although the process is not an easy one, it is definitely worth conducting. I would even go as far as saying, “it is our obligation, to implement a two-way dialogue with our stakeholders”

What were your priorities last year?

At the ArcelorMittal Group, our absolute priority is safety. Last year at ArcelorMittal Poland we successfully continued the ‘Take Care’ programme. We are glad that the feedback from our employees is positive; they say that their mindset is changing – they understand that the safety regulations are there to protect them and not to make their lives difficult. This will hopefully translate onto higher shared vigilance – at ArcelorMittal we want to pay attention not only to our own safety but also to the safety of our colleagues.

Another important item we were working on really hard is the reduction of our environmental footprint, which is in line with the regulations of the Polish Environmental Protection Law as well as with the expectations of our neighbours who live in the areas surrounding our plants.



Sanjay Samaddar
chairman of the board of directors
ArcelorMittal Poland

You said two years ago that meeting the requirements of the EU's Industrial Emissions Directive will be a huge challenge for you as the cost of all investments will significantly exceed PLN 1 bn. What is the progress in this respect?

Indeed, the expenditure significantly exceeds PLN 1 bn. We have already completed a few of those projects. We modernized the by-products department in Zdzeszowice and the blast furnace in Krakow two years before the required deadline. The coke plant in Krakow and the power plant in Sosnowiec are already in line with the new BAT (best available technology) requirements. We are now working on a huge investment package in Dabrowa Gornicza. The expenditure here amounts to PLN 700 m and it covers three projects. Firstly, we are modernizing the dedusting system at the steel shop, which will increase its efficiency threefold. Secondly, we are erecting innovative hybrid filters at the sinter plant, which will allow us to reduce dust emissions six times. And last but not least, we are constructing a denitrification and desulphurization installation at the power plant of TAMEH (JV between ArcelorMittal and TAURON), which will allow us to reduce emissions of dust by 86%, nitrogen oxides by 35% and sulphur dioxides by 66 %. This is a huge modernization effort and a significant cost so we are happy that we are able to finance some of those undertakings by means of a loan from the National Fund of Environmental Protection and Water Management (NFOS). We are going to complete all those projects still this year so the volume of our emissions into the air

in Dabrowa Gornicza will be significantly lower next year. Managing the huge, capital intensive environment projects and at the same time, maintaining the momentum of our growth and innovation projects is a huge financial commitment – this is what I meant by the “huge challenge” I mentioned about two years ago. Our ability to manage both categories of investments at a similar pace is a demonstration of the fact that we treat our corporate responsibility very seriously.

The European steel industry is facing a number of challenges, not only in terms of global overcapacity but also in terms of regulations. What are the difficulties and how are you going to cope with them?

Global overcapacity in steel, mainly in China, remains a big threat to the European steel sector. With the decision of tariffs for steel import in US there is a risk of deflection of import to the European market, that is why safeguard measures in Europe are needed. Unfortunately we are still facing risk for our cost competitiveness from the ETS system, despite the reform of the system that was introduced last year. Unrealistic benchmarks even the best plants cannot achieve create additional cost for the steel producers in Europe. We can already see that the price of carbon credit has doubled in the first half of 2018 – it has gone up from 7 to 16 euros per tonne. Such costs will not be borne by our competitors outside the EU so they will have a significant competitive advantage over us. For the steelmakers in Poland, also energy prices are a huge burden – they are much higher than in the neighbouring countries, which negatively affects our cost base. New regulations are needed in

this scope, so that level playing field can become a reality.

And last but not least, the generation gap and the fact that there are very few vocational schools in the region translates onto the difficulties of finding the right candidates. We are working more closely with local schools and universities, increasing our presence at job fairs and the frequency of meetings for students and youth at our plants. We have a lot to offer to those interested in having a career in steelmaking, particularly in terms of projects related to digitalization, automation and Industry 4.0.

So, in your opinion, what will be the future of steel?

I am confident that steel will remain the material of choice for i.a. architects and automotive engineers. At ArcelorMittal we can produce lightweight automotive grades which guarantee safety yet allow automakers to meet the required emission levels. Application of modern steel allows for reduction of floor heights and for the buildings to be disassembled and put together again in a different place. And, last but not least, steel is infinitely recyclable. Taking all those advantages into account, I am sure that, given the right legal and regulatory framework and at the same time working in line with ArcelorMittal's 10 sustainable outcomes we are able to provide you with safe sustainable steel – a fabric of modern world. As we say at ArcelorMittal, “Steel is the fabric of life”.

*Interviewed by Sylwia Winiarek,
June 2018*



02

Who we are

1.1. About ArcelorMittal Poland

We are the largest steel producer in Poland, concentrating ca. 70 per cent of the country's steel production potential. We are also a leader in coke production within ArcelorMittal Europe. We have six units in three provinces – śląskie, małopolskie and opolskie.

Our ambition as well as our commitment is continuous improvement of our processes and products so that we operate in a responsible, sustainable and safe manner.

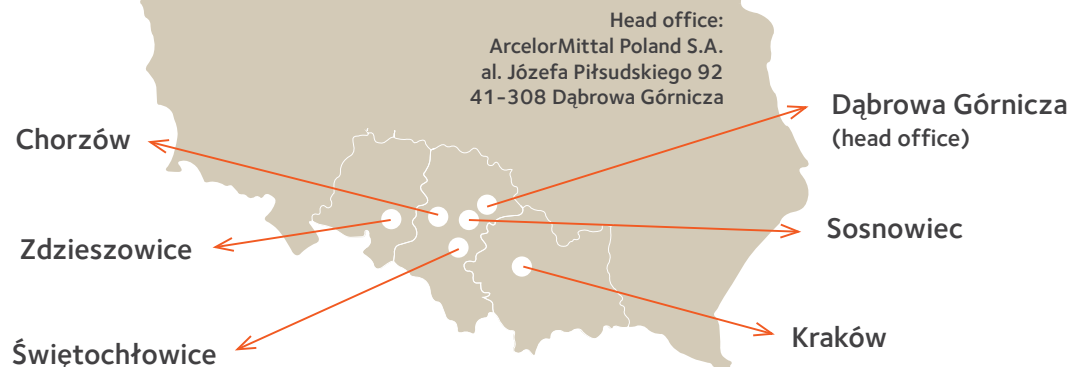
We endeavour to take into consideration the complex expectations of our customers, employees and local communities, as well as the needs of natural environment. We want our operations to serve the Polish economy and Polish citizens. Thanks to our initiatives we are able to have a significant impact on processes and phenomena which are of great importance to all of us, such as improvement of our environmental footprint.

ArcelorMittal Group

ArcelorMittal S.A. seated in Luxembourg is the owner of 100 per cent shares of our company. We belong to a global Group – the largest steelmaker in the world, with presence in 60 countries.

For many years now ArcelorMittal's priority has been research and development based on sustainability principles.

Since 2004 we have invested in the modernization of our plants over PLN 7 bn. Innovative, environmentally friendly technologies, combined with expertise and engagement of over 11,000 of our employees allow us to offer steel products of the highest quality.



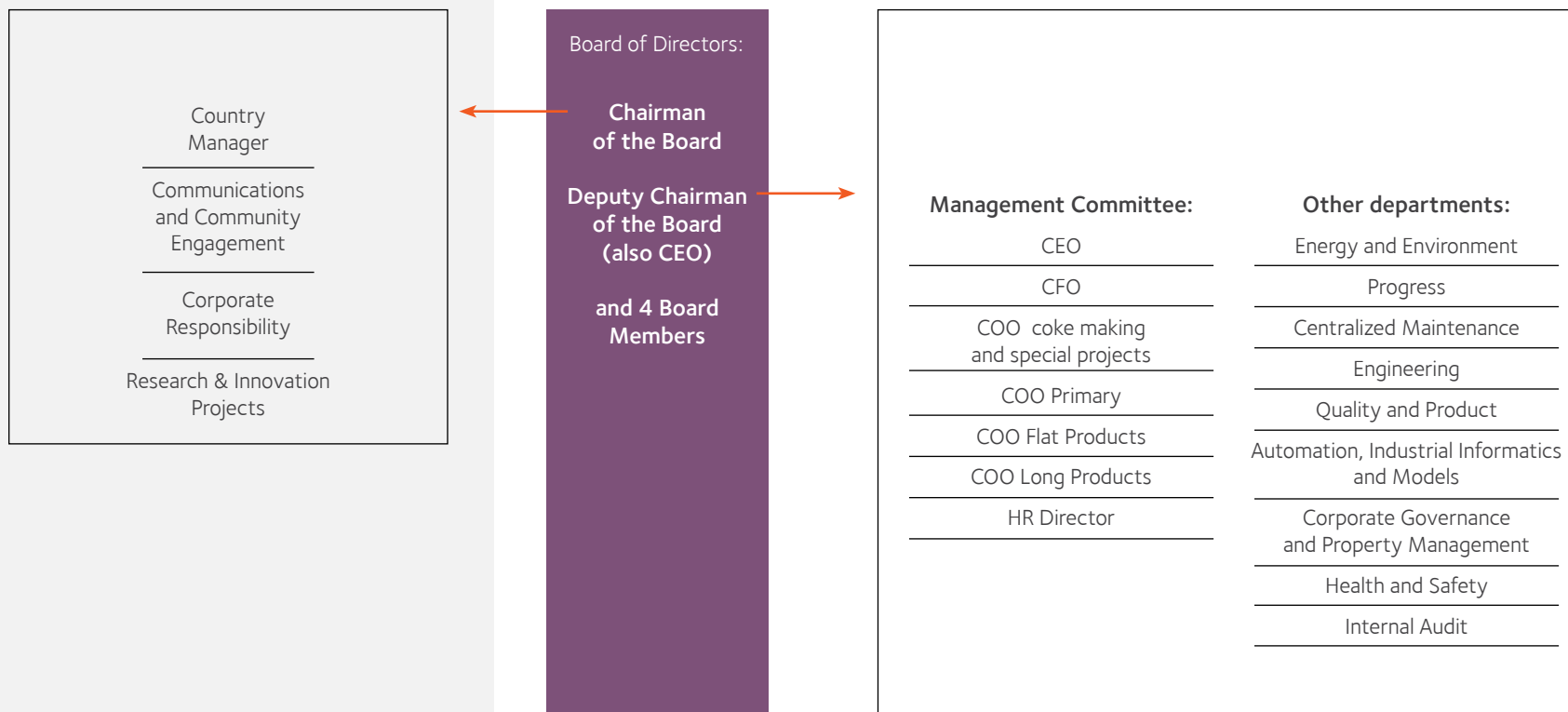
Governance structure of ArcelorMittal Poland

The management of our company consists of international team of experienced managers. The board of directors, management committee and supervisory board appointed by the annual general meeting play the key role in our management structure. Both the board of directors and the supervisory board are appointed for a three-year term.

Advisory support on consistency of our actions with our sustainability outcomes is provided by the Corporate Responsibility Council, composed of members of the board of directors, directors and heads of relevant departments as well as external experts.



Governance structure and key organizational units



Composition of the board of directors of ArcelorMittal Poland

(as of December 31, 2017)



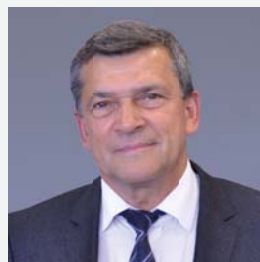
Sanjay Samaddar

chairman of the board of directors of ArcelorMittal Poland, CEO of Business Division East ArcelorMittal Europe – Flat Products



Geert Verbeeck

deputy chairman of the board of directors, CEO of ArcelorMittal Poland



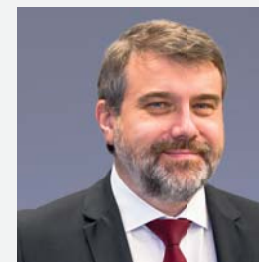
Czesław Sikorski

member of the board of directors of ArcelorMittal Poland, COO coke making and special projects



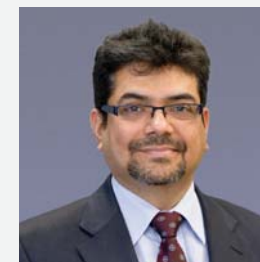
Adam Preiss

member of the board of directors, CFO of ArcelorMittal Poland



Tomasz Ślęzak

member of the board of directors of ArcelorMittal Poland, country manager, director corporate governance & property management, energy & environment



Ashok Patil

member of the board of directors, CFO of Business Division East ArcelorMittal Europe – Flat Products

Composition of the supervisory board

(as of December 31, 2017)



Augustine Kochuparampil

chairman of the supervisory board



Lieve Logghe

member of the supervisory board



Władysław Kielian

member of the supervisory board



Jacek Zub

member of the supervisory board (since June 30, 2017, succeeded Jerzy Goiński)



Andrzej Wypych

member of the supervisory board

Economic contribution and the scale of our impact

We significantly contribute to the Polish economy. We are amongst the largest companies in Poland and one of the largest employers: we secure jobs and offer development opportunities to over 11,000 persons. We are strongly related – both economically and socially – to those regions in which our plants operate. We also belong to the group of the largest Polish exporters.

Our direct contribution to the Polish economy:

- we generate direct added value (GDP),
- we are a large and responsible employer,
- we are a diligent tax payer,
- we actively operate among the local communities,
- we develop innovativeness and the know-how of our industry and related sectors, as well as companies in our supply chain.

We indirectly impact i.a. the volume of orders of companies in our supply chain or consumption expenditure of households (families of our employees, but also suppliers and contractors). We cooperate with approx. 3,000 suppliers of services, raw materials and other goods.

We treat our contribution to the Polish economy and the lives of communities as commitment to sustainable development, which takes into account the needs of our surroundings, local communities and the natural environment. We want to promote the best sustainability practices, particularly within our supply chain and among our business partners.

Data for 2017

CIT: 30,968,096

excise tax on electricity, gas and coal products:

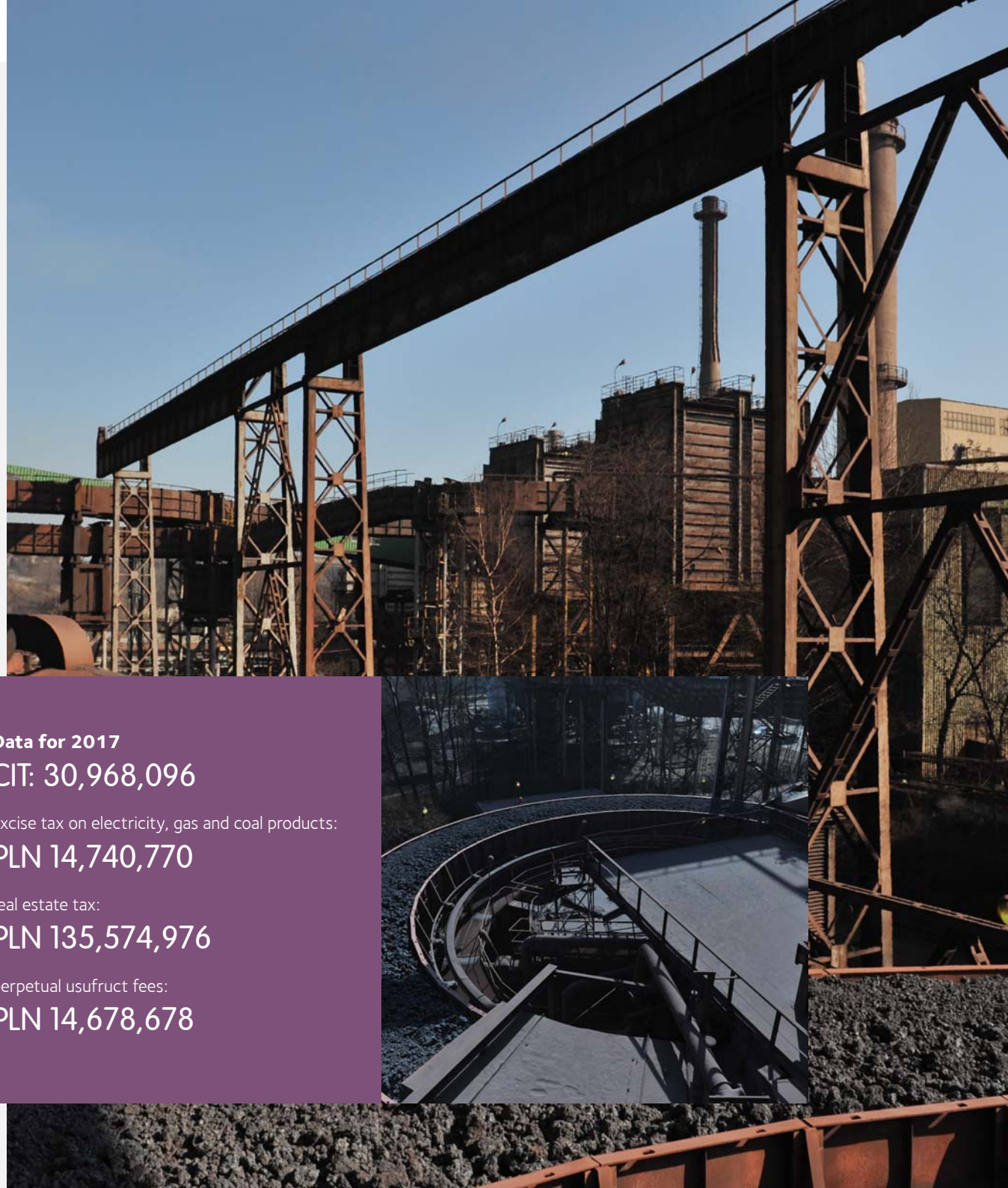
PLN 14,740,770

real estate tax:

PLN 135,574,976

perpetual usufruct fees:

PLN 14,678,678



Our products

In line with our brand promise of 'transforming tomorrow' we support our customers in projects, which contribute to a better future. Thanks to innovative technologies and the expertise of our specialists we are perceived as a trusted and responsible supplier. Our steel can be found in almost each product and infrastructural facility – from bridges and houses through wind farms and cars to microwave ovens and cutlery.

We produce steel and coke. We focus on highly processed products. Our portfolio includes well appreciated long products, such as sections, rails, railway accessories and mining support used in construction, transport and mining. We are also a supplier of flat products used in automotive, construction and white goods industry.

We specialize in production of 120-metre long rails, which we supply to i.a Deutsche Bahn. We pride ourselves not only on the innovative technology of their production but also on the fact that we support the development of safe sustainable railway transport throughout Europe.

Our offer also includes coke and coke products. Only in 2017 we produced over 4.5 m tonnes of coke.

Our production volume / data for 2017

crude steel production:

5,583,426 tonnes

steel export:

2,514,536 tonnes

coke production:

4,530,494 tonnes

coke export:

2,156,647 tonnes



1.2. Our ambitions and values

We transform tomorrow, in line with our brand promise and together with other ArcelorMittal entities. As a global community we counteract unfavourable climate change, create workplaces and contribute to the economic growth of particular countries. Our products change the urban infrastructure into more resident friendly as well as increase people's life standard.

In our everyday operations we go by **ArcelorMittal's 10 sustainable outcomes.**

1. Safe, healthy, quality working lives for our people
2. Products that accelerate more sustainable lifestyles
3. Products that create sustainable infrastructure
4. Efficient use of resources and high recycling rates
5. Trusted user of air, land and water
6. Responsible energy user that helps create a lower carbon future
7. Supply chains that our customers trust
8. Active and welcomed member of the community
9. Pipeline of talented scientists and engineers for tomorrow
10. Our contribution to society measured, shared and valued

10 sustainable outcomes are the foundation of Action 2020, i.e. strategic plans and objectives for particular segments of our operations, as well as regions and countries developed by the ArcelorMittal Group in 2016.

At ArcelorMittal Poland we break particular challenges into yearly priorities. We use various communication channels to reach our employees and to strengthen the awareness of the fact that each of us has an impact on the completion of our key objectives.



Our focus for 2017

- **Safety** – being the safest steel and coke making company. We Take Care about each other.
- **People development** – enhancing a high performance culture based on mutual respect, ownership, openness and supporting creative ideas that bring added value.
- **Environmental protection** – reducing the environmental footprint and being a responsible user of natural resources and energy
- **Quality and customer service** – remaining a supplier of choice thanks to focus on excellent quality by each of us.
- **Profitability** – boosting productivity via reliability, debottlenecking, automation and effective planned maintenance

The successful arrival at our 10 sustainable outcomes is additionally supported by the World Class Manufacturing (WCM) methodology. WCM principles, with continuous improvement approach, are applied in all key areas of our operations – health and safety, cost analysis, maintenance, people development, product quality, customer service as well as environmental and social responsibility.



Our responsible and long-term approach to our operations is consistent with the United Nations' Sustainable Development Goals (SDGs), and in particular:



Goal 8.
Decent work and
economic growth



Goal 9.
Industry,
innovation
and infrastructure



Goal 11.
Sustainable Cities
and communities



Goal 13.
Climate action



Important events of 2017

01 January

- Stakeholder engagement panel in Dabrowa Gornicza, in accordance with AA1000SES standard
- Krakow Festival Office granted us the title of Culture Elevator for the New Year's Eve celebrations, which we supported

03 March

- Power and Utilities in Krakow received a bronze WCM medal



04 April

- "Serious occurrences" – this was the theme of the 11th Safety Day which we celebrated on April 28
- ArcelorMittal Poland's half-marathon in Dabrowa Gornicza
- Completion of modernization of hot stove no. 3 in Krakow. This investment was part of the reline of blast furnace no. 5



05 May

- We participated in the European Economic Congress in Katowice
- Mr Mateusz Morawiecki, deputy prime minister of Poland participated in the official summary of our investment in Krakow, whose value exceeded PLN 500 m
- We celebrated the completion of the modernization of the by-products department in Zdzeszowice



06 June

- Feedback session of the stakeholder engagement panel in Dabrowa Gornicza in accordance with AA1000SES standard
- Almost 9,000 persons participated in the picnics we organized in Krakow, Sosnowiec and Zdzeszowice on the occasion of Steelworker's Day and Children's Day



07 July

- We celebrated the 10th anniversary of Europe's most modern hot rolling mill in Krakow
- "Juliada": ca. 10,000 children and youth participated in sports competition in Krakow



09 September

- The medium section mill in Dabrowa Gornicza celebrated 40th anniversary of its commissioning
- WCM Day 2017 – during the gala celebrations the best projects and improvements were rewarded, which are implemented in line with WCM methodology
- Modernization of the dedusting system at the steel shop in Dabrowa Gornicza was inaugurated. It is one of projects resulting from the IED (industrial emissions directive) by EU

10 October

- 1,412 participants of the 5th Charity Walk 'n' Run completed the distance of 9,844 km and collected PLN 49,220 for the 14 children of our employees
- Stakeholder engagement panel in accordance with AA1000SES standard took place in Krakow (feedback session was held in February 2018)
- The plant in Sosnowiec and the heavy section mill in Dabrowa Gornicza achieved the first maturity level of ARMP (asset reliability management programme)
- We were a co-organizer of the Corporate Responsibility Week in Katowice

11 November

- Huta Krolewska celebrated its 215th anniversary



12 December

- On December 4 we published our first post on Facebook
- The modernization of the wire rod mill in Sosnowiec was approved
- Completion of an investment at the steel shop in Krakow: dedusting installation for the hot metal reloading station
- The 4th edition of Talent Academy was completed – a development programme for young employees
- Meetings took place with the city councillors and NGOs of Dabrowa Gornicza, during which we informed our stakeholders about our investments and corporate responsibility actions
- One more time the Krakow Festival Office awarded us for supporting cultural initiatives in the city



Our values

Transforming tomorrow

Steel is a critical material for our world. It touches everyday life, at home and at work, in infrastructure, transport and buildings. For more than a century it has transformed economies and made lives safer and more comfortable. We are passionate about steel and its enduring ability to transform tomorrow. We believe that steel can and will remain the material of choice due to its versatility and unique properties, meeting the challenges faced by the world and the evolving aspirations of future generations. We will continue to help with the positive transformation of economies through developing and producing steel-based solutions that support society's demands and ambitions for the 21st century and beyond.

Sustainability

We want to be competitive and thrive in the world of tomorrow. This means we need to understand how the world is evolving, not only from an economic and market perspective, but also in terms of the social and environmental mega-trends that will shape our future. Our strategic thinking must be shaped by ensuring a competitive cost position versus the competition, but also taking into account society's expectations for a more circular and lower carbon economy. This will enable us to take the right decisions about investment priorities and build the strongest platform for our company. This long-term thinking is essential if we want to ensure continued commercial success and generate the support of our stakeholders and long-term leadership in our sector.

Quality

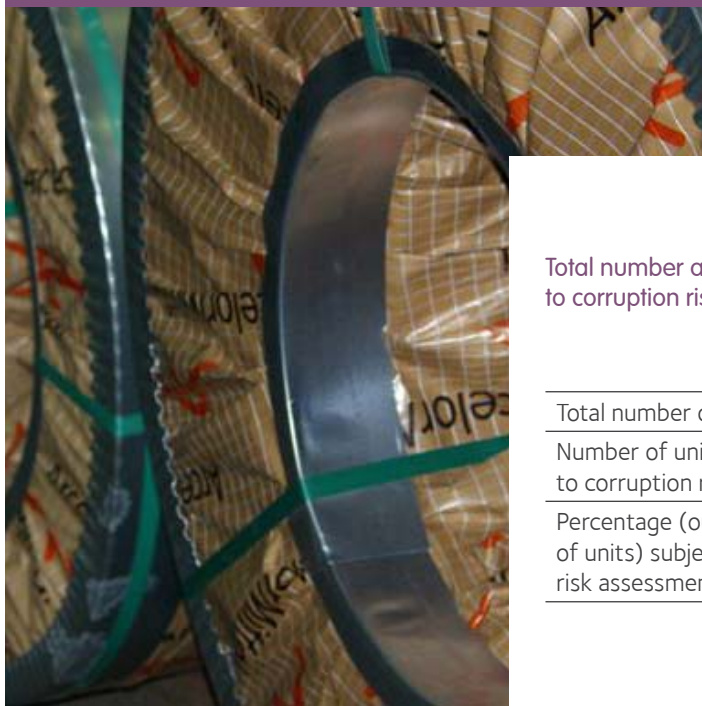
Quality is essential to our competitive edge. We must seek to exceed expectations in terms of our products, processes and performance, combining our deep operational knowledge with keen business acumen and a desire to innovate and expand the potential of steel. We should aspire to achieve excellence in everything we do, inspiring our colleagues to develop new ideas and come out on top.

Leadership

We are the industry leader, not only in terms of volumes and shipments but most critically, by being ranked number one by our customers and appreciated for the products and services we offer. We achieved this leadership position as a result of our visionary thinking and willingness to challenge the status quo and do things differently. In the highly competitive world we operate in, we must continue to demonstrate thought leadership and champion new ideas and new ways of operating. We must be open to change, focussed on driving innovation and seeking out transformational opportunities. We do not wait for others to show us the way; we find the way and in so doing demonstrate to stakeholders the value our company can bring to society.

Compliance Programme components:

- ArcelorMittal's Code of Business Conduct
- ArcelorMittal's Anti-fraud Policy
- ArcelorMittal's Anti-corruption Guidelines
- Receiving and giving gifts & Entertainment Procedure
- ArcelorMittal's Anti-trust Compliance Guidelines for Europe
- ArcelorMittal's Insider Dealing Regulations
- ArcelorMittal's Whistleblower Policy
- ArcelorMittal's Dawn Raid Guidelines
- ArcelorMittal's Human Rights Policy
- ArcelorMittal's Economic Sanctions Overview (and ArcelorMittal's Economic Sanctions Guidelines)
- ArcelorMittal's Data Protection Procedure

**Ethics and Compliance Programme**

We operate in accordance with the law, industry guidelines and adopted practices, as well as management standards. We do not tolerate actions which could be unfair competition, corruption, conflict of interests, employee discrimination or infringement of human rights. Our priority is a diverse yet integrated and engaged team who has common objectives and a common set of values.

Throughout the years we have laid down a solid ethical foundation of our operations – there are no compromises as far as non-conformities are concerned, particularly in the sphere of ethics and our values. The Compliance Programme, initiated back in 2007 is constantly extended. Our approach to ethics and compliance is contained in ArcelorMittal's Code of Business Conduct. Each employee starting work at our company obtains a copy of it and undertakes to go by its stipulations.

These policies and guidelines are available to each employee (both in hard copy and online version).

The person in charge of the Compliance Programme and trainings in its scope is the compliance officer appointed in 2009, who is also a point of contact for those employees who want to report possible non-conformities. Since 2013 the compliance officer has been Magdalena Soboń-Stasiak. Employees can also use a whistleblowing line which allows them to report potential non-compliance anonymously.

Compliance issues are the topic of regular employee trainings. All employees are obliged to undergo the training on the Code of Business Conduct. Other trainings are assigned in line with strictly determined principles (depending on the area of work and position). Trainings can be completed online (in 6 languages) or during workshops carried out by the compliance officer.

Total number and percentage of units subject to corruption risk assessment

	2017
Total number of business units	7
Number of units subject to corruption risk assessment	7
Percentage (out of total number of units) subject to corruption risk assessment	100%



Compliance Programme trainings in 2017

Each obligatory training needs to be renewed every three years. The training system is a component of the Compliance Programme certified internally.

In 2017 as many as 944 employees became familiar with anti-corruption guidelines and procedures. They also completed training on counteracting corruption. All members of the supervisory board (5 persons) also familiarized themselves with anti-corruption guidelines and procedures.

We pay a lot of attention to counteracting corruption and conflict of interest. This area is regulated by appropriate procedures. Reinforcing a culture, which does not approve of actions violating our values and principles, is equally important to us. In 2017 as many as 14 meetings regarding this topic were organized with white-collar employees. No confirmed occurrences of corruption were recorded. No legal case was started against the company or its employees resulting from corruption.

8,481 employees

→ Code of Business Conduct

1,112 employees

→ ArcelorMittal's Economic Sanctions Overview and ArcelorMittal's Economic Sanctions Guidelines

301 employees

→ ArcelorMittal's Anti-corruption Guidelines

160 employees

→ ArcelorMittal's Data Protection Procedure

115 employees

→ ArcelorMittal's Anti-trust Compliance Guidelines for Europe

103 employees

→ ArcelorMittal's Human Rights Policy

91 employees

→ ArcelorMittal's Insider Dealing Regulations

Number of employees familiar with procedures			Percentage of employees familiar with procedures		
below manager	manager and above	total	below manager	manager and above	total
664	280	944	6%	33%	8%

Awards and recognitions in 2017:



The Best Production Company



Culture Elevator



Kraków Philanthropist A.D. 2017



The Man of Quality



Silver Leaf

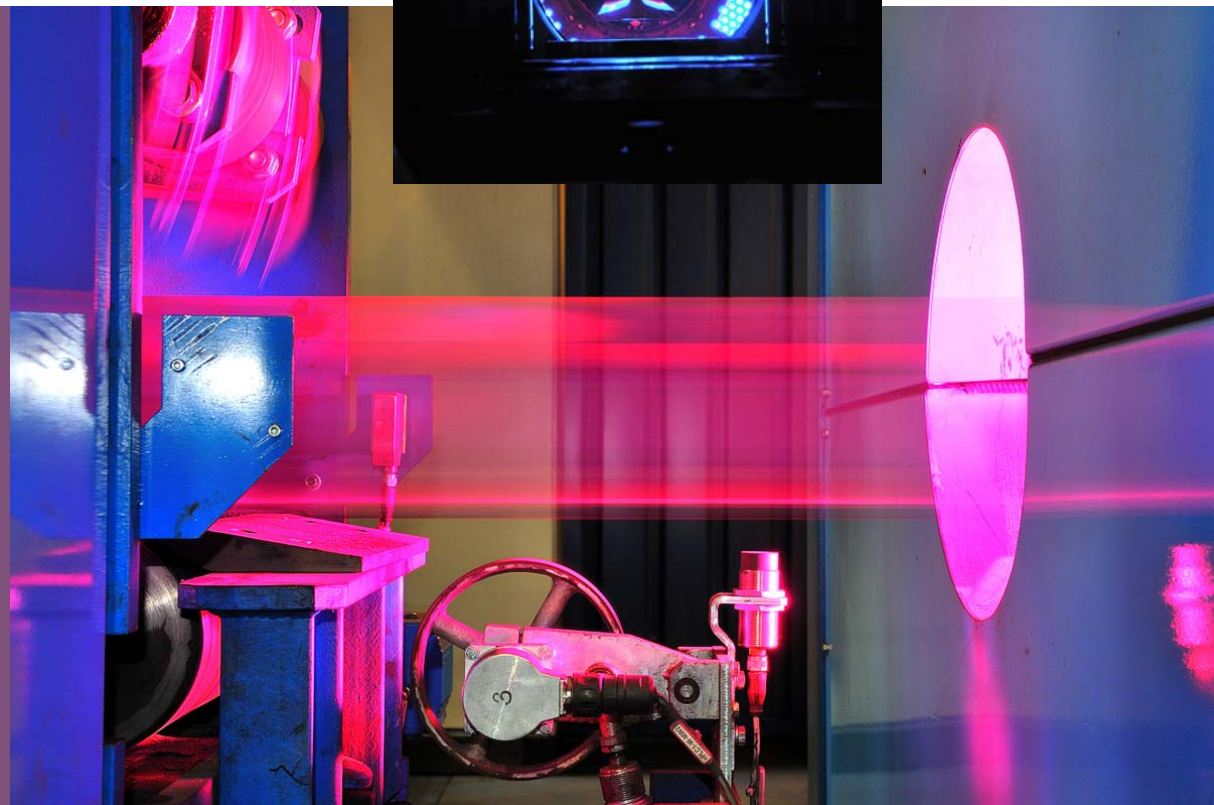
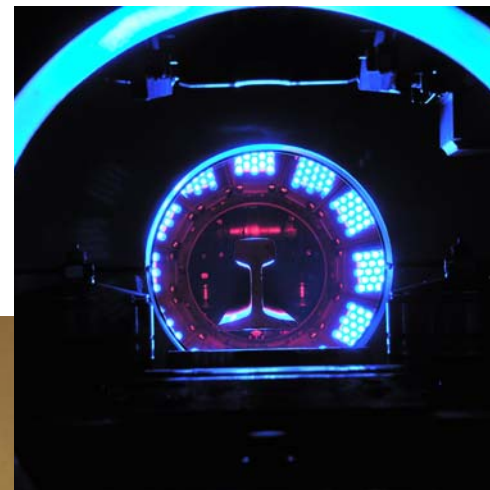


The Malopolska Labour Market Award

1.4. Membership in organizations

We engage in initiatives and projects which contribute to achieving economic, social and environmental goals which are important to us, particularly those in line with our 10 sustainable outcomes. We belong to groups which have real impact on the responsibility areas which matter to us, be it at local, country or global level. By joining forces, we can increase the scale of our impact and the scale of promotion of the best practices of responsible business.

- **Polish Steel Association in Katowice** (our representative is the chairman of the council)
- **Business Centre Club**
- **Polish Economic Society**
- **Academic-Industrial Association for Metallurgy**
- **Polish Chamber of Producers of Machines and Services for the Railway Sector** (Huta Katowice was one of its founding members in 1999)
- **Polish Association of Metallurgical Engineers and Technicians**
- **Chamber of Commerce and Industry in Krakow**
- **Association for the Development of Nowa Huta**
- **Steel Industry Employers' Association**
- **Regional Economic Chamber in Katowice**
- **Indo Polish Chambers of Commerce & Industries**
- **Central Europe Energy Partners (AISBL)**



1.5. Dialogue with stakeholders

Ongoing dialogue with our stakeholders and taking their needs into account comprises an integral part of our philosophy of responsible development. We have identified a group of stakeholders whom our activity engages. We take into consideration their various suggestions. We pay particular attention to consultations, during which we listen to their opinions about us – as a neighbour, employer and business partner. We do our best to meet their expectations.

In 2017 we organized two consultation panels in accordance with the principles of the international standard AA 1000 SES. In January we met with 12 representatives of our stakeholder groups in Dabrowa Gornicza. The next workshop was held in October in Krakow with the participation of 15 representatives of civil service and associations crucial for the local community. The participants of both panels offered recommendations to our company so that we can participate in the lives of local communities more fully and initiate changes important to them. The recommendations refer primarily to our community engagement, communications, environment and our support for culture. They are a great source of information for us. We refer to them before implementing local initiatives and while creating plans for the future.



Sylwia Winiarek, Communications and Community Engagement director

Within the framework of local dialogue with our key stakeholders we try to open to local communities and directly inform their representatives about our undertakings and challenges and how we plan to cope with them. We want to be a good neighbour so we listen carefully to the needs of others and analyse presented opinions. We are glad that there is a lot of interest in this type of dialogue and we appreciate the openness we experience.

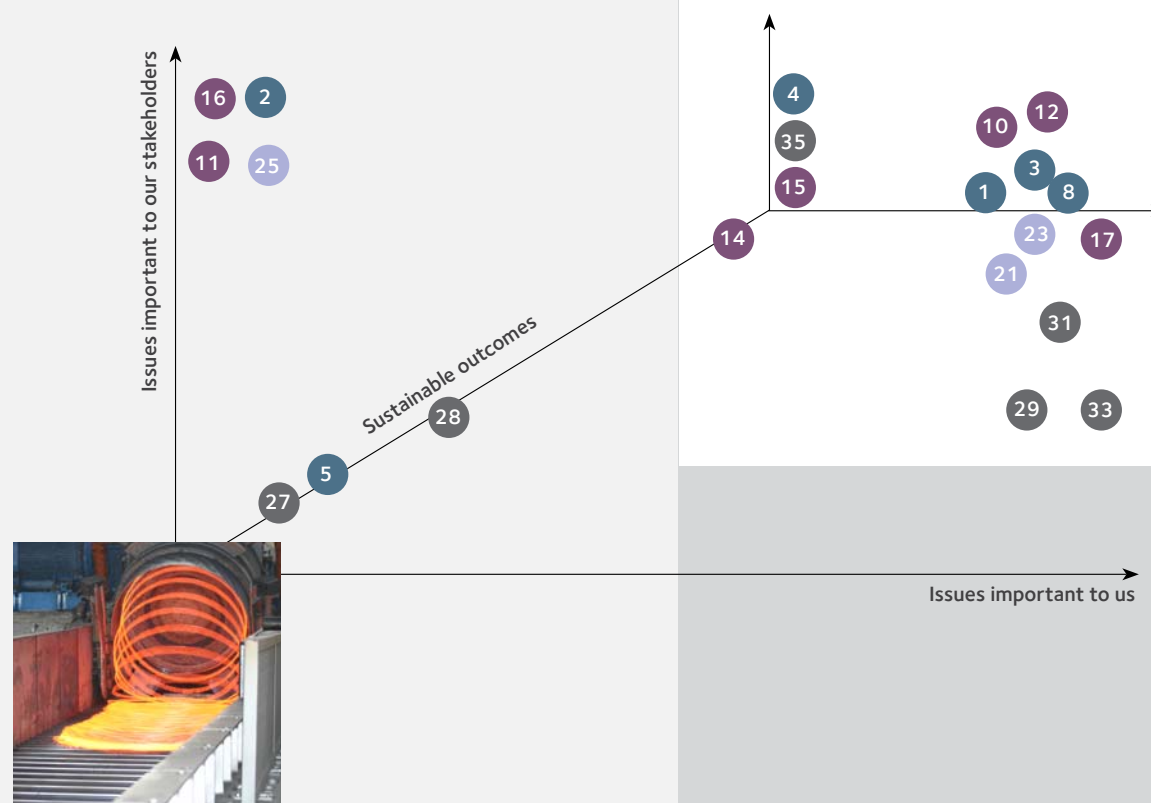
The most important forms of communicating with our stakeholders

Employees	<ul style="list-style-type: none"> • "1" magazine • internal TV • notice boards • regular meetings of CEO with employees and his regular visits on the shop floor • direct communication – information cascaded by shift leaders • intranet + newsletter – tools for over 5,500 recipients with e-mail address • ArcelorMittal Poland's Sustainability Report
Local communities (local social partners: schools, universities, NGOs, local authorities, families of our employees, health centres and safety/protection services)	<ul style="list-style-type: none"> • on-going contact and direct meetings • meetings of key customers with the board of directors • brochures and website • SteelUser Internet platform • customer satisfaction survey (in 2017 for long products) • ArcelorMittal Poland's Sustainability Report
Customers and suppliers	<ul style="list-style-type: none"> • direct meetings • regular contact and cooperation • Open Days in our units • family picnics • www.zainSTALujisie.pl – website addressed to pupils and students • website and YouTube channel • social media (Twitter, Facebook and LinkedIn) • brochures • ArcelorMittal Poland's Sustainability Report
Public administration and regulators	<ul style="list-style-type: none"> • direct meetings • ArcelorMittal Poland's Sustainability Report
Media	<ul style="list-style-type: none"> • meetings and press releases • direct on-going contact • meetings at production plants • brochures and www • ArcelorMittal Poland's Sustainability Report.

Relevant topics included in this report

The selection process of relevant topics was a three-way one. The issues relevant for the company were selected during the relevance analysis workshop with directors of key departments. We also carried out a consultation meeting with leaders of particular perimeters. And last but not least, we invited our key stakeholders to participate in the relevance analysis by means of an online survey.

The selection took into account ArcelorMittal's global sustainable outcomes.



- 1 Employment and remuneration conditions (transparent remuneration and benefit system, working time records and flexible forms of employment)
- 3 Health and safety, accidents at work, trainings, solutions supporting employee safety
- 4 Health and healthy lifestyle promotion among employees
- 8 Family friendly company; work-life balance
- 10 Strategy for environmental impact management (implemented environmental management systems), risk management in the area of environmental protection
- 12 Investments improving efficiency and our environmental footprint
- 14 Water consumption – measurements, programmes aimed at consumption reduction etc.
- 15 Emissions of greenhouse gases – measurements, programmes aimed at emission reduction and impact on local environment
- 17 Material recovery, use of recycled material
- 21 Community engagement strategy, running a strategic community programme
- 23 Dialogue with local community and support for local community, development of good neighbour policy
- 29 Responding to customer needs, development of product portfolio, product innovation, new product applications, optimization of technical solutions
- 31 Transparency in operations, ensuring operations in accordance with the law and other voluntarily adopted ways of conduct (Compliance Programme), including processes, non-compliance reporting system, employee trainings
- 33 Responsible supply chains (criteria and standards for supplier selection, including audits on observing CSR principles, education, trainings and development of suppliers)
- 35 Ensuring orders from local/domestic suppliers

All 35 topics are listed on page 70.



03

Responsibility
for products

Sustainable outcomes

- Products that accelerate more sustainable lifestyles
- Products that create sustainable infrastructure
- Supply chains that our customers trust

Sustainable Development Goals



Our achievements

- Significant improvements in the quality of rolls (for the purpose of starting the production of steel ropes)
- Education of the construction sector – promotion of steel and steel structures: “Construct using steel”
- Implementation of new solutions, research and development (cooperation with universities, R&D centres and laboratories)
- Optimization of technical solutions in construction investments (economic/social impact)
- Implementation of new products (i.e. 25SZ1 section, B1000 rail, R290V tram rail)
- Extension of product range: investments in Krakow – the new hot dip galvanizing line, extension of the hot rolling mill
- Developing a new generation of Granite® Deep Mat, which improves its functionality – easier processing at lower temperatures, increased UV resistance, and higher resistance to mechanical damage.

Our plans

- Continuation of our involvement in „Construct using steel” programme – active promotion of steel and steel structures on the construction market, education of technical staff and students, promotion of sustainable construction with the application of modern steel solutions
- Implementation of new solutions in the scope of research and development programmes – application of IPE AA 450 sections in car park designs, implementation of self-patinating S355J2W steel in infrastructural constructions (bridges, flyovers)
- Development of research projects with local universities – continuation of cooperation with Wrocław University of Technology in the scope of bridge solutions based on hot-rolled sections and research in the scope of cold-rolled thermal mechanical steel processing



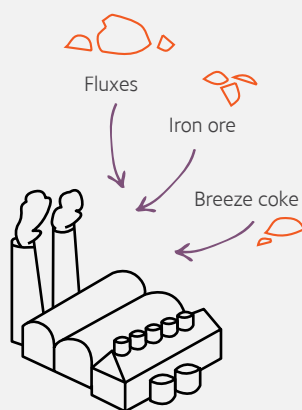
We offer products promoting sustainable life styles and sustainable infrastructure. We specialize in steel production. Steel, in itself, is sustainable and durable, literally endlessly durable (it can be recycled in 100 per cent). We are glad that our products contribute to the improvement of the quality of lives of families and entire communities. Steel is an essential component of sustainable investments, such as extension and modernization of public transport networks.

We pay significant attention to the quality of customer service. We are happy that for years our plants are at the top of customer satisfaction survey rankings, which are carried out at the level of the ArcelorMittal Group. It is our ambition to successively grow the share of high value added (HAV) products in our sales structure. In 2017 we managed to grow this ratio yet again, i.a. thanks to dynamic increases in long products (railway rails and sheet piles). We have also recorded increases in groups of more processed products (i.a. hot-rolled and hot-dip galvanized strips) with simultaneous drop in sales of semi-products (slabs).

Steel production and steel applications

1.

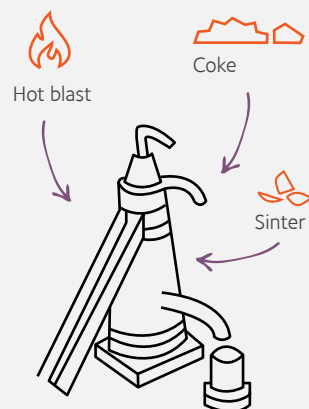
Sinter production



Blend containing iron ore, fluxes and breeze coke is sintered. Sinter is iron-bearing charge material for the blast furnace.

2.

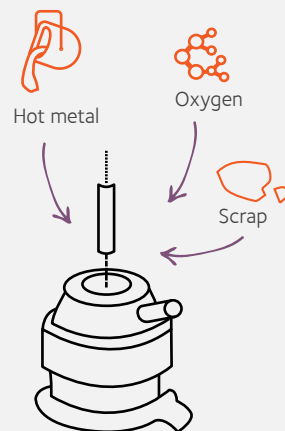
Blast furnace process



Sinter and other additives are smelted into hot metal – mixture of iron, carbon and other elements.

3.

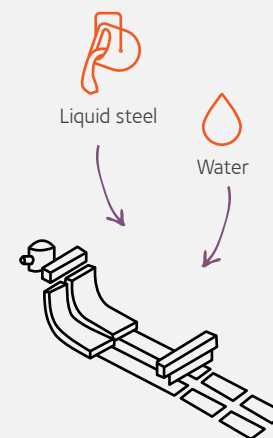
Converter (BOF) process



Oxygen is blown through hot metal to oxidize carbon as well as other undesired elements. To reach proper temperature, scrap is added to hot metal. Thanks to alloying additives steel obtains required properties. This is how liquid steel is made.

4.

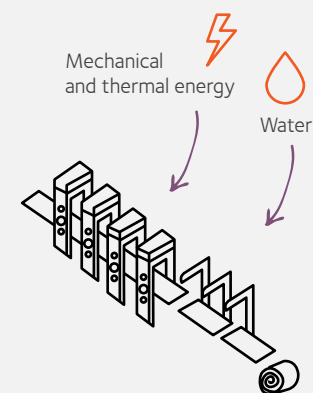
Continuous casting



Liquid steel is poured into a mould to solidify. After it leaves the continuous caster it is cut to length.

5.

Rolling



Slabs, blooms and billets from casters are rolled in various mills into coils of strip or long products like rails or sections.

Excellence in Quality and Customer Service (EQCS)

We have built the strength of the ArcelorMittal brand on the foundation of the highest quality of our products. Customer trust, as well as the fact that their requirements and expectations keep growing, obliges us to continuously perfect our internal processes. Since 2017 our actions aimed at consistent highest quality, timely and efficient service are coordinated in the scope of a transversal project called „Excellence in Quality and Customer Service (EQCS).

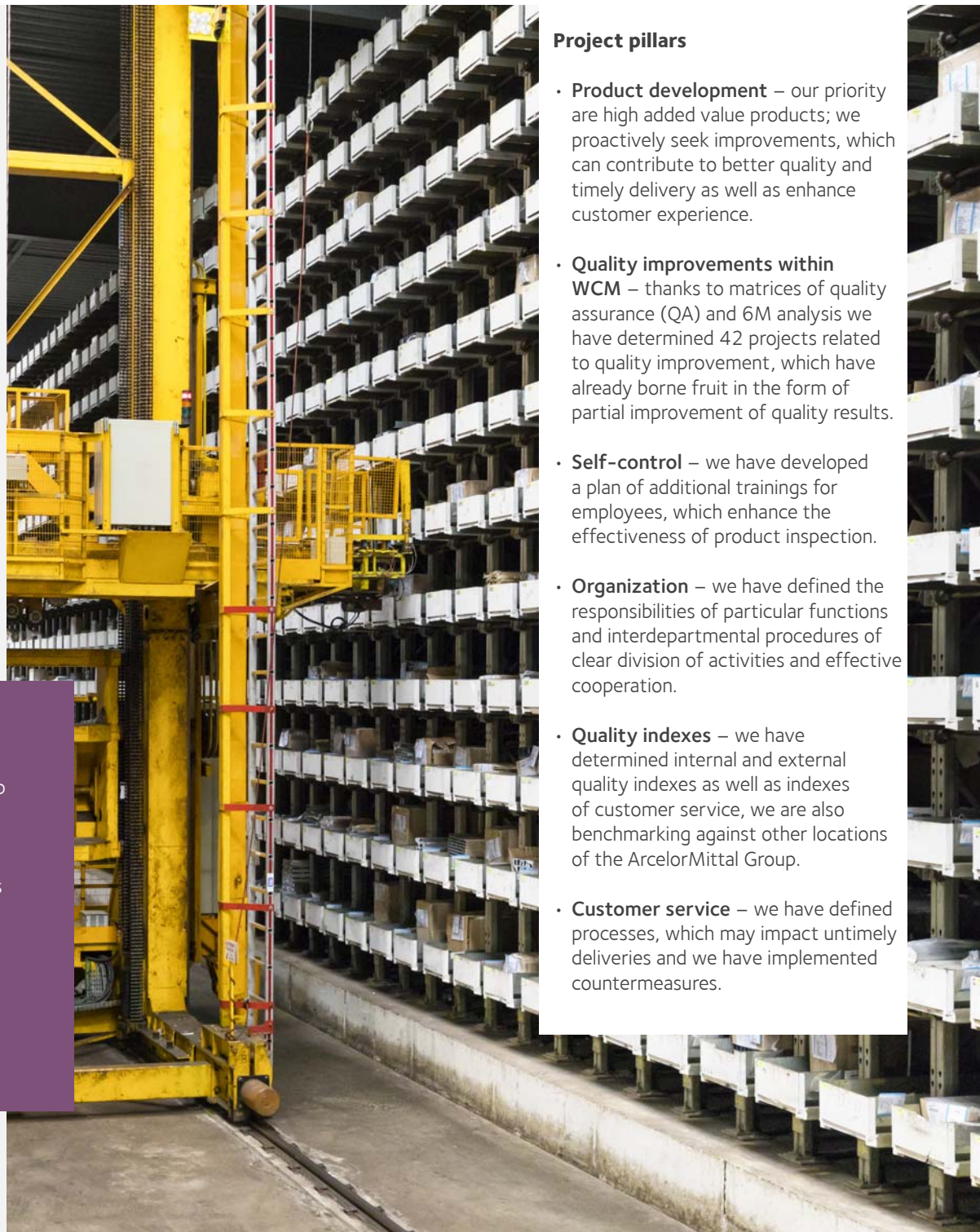
This scheme, headed by the Quality and Product Department, engages most organizational units: production plants, quality department, production scheduling and supply chain as well as commercial services. The project encompasses the entire sales process of our products – from their development and order planning to production and shipment.

Our approach to customer service

Every two years, ArcelorMittal Group carries out a customer satisfaction survey. Its results prove that we can effectively create value for our customers. Our plants have for years taken the top places in this ranking. We are proud that in 2017 our unit in Dabrowa Gornicza took the first place in four out of five key product groups. Our other plants – Krakow, Sosnowiec and Chorzow – also took high positions.

Project pillars

- **Product development** – our priority are high added value products; we proactively seek improvements, which can contribute to better quality and timely delivery as well as enhance customer experience.
- **Quality improvements within WCM** – thanks to matrices of quality assurance (QA) and 6M analysis we have determined 42 projects related to quality improvement, which have already borne fruit in the form of partial improvement of quality results.
- **Self-control** – we have developed a plan of additional trainings for employees, which enhance the effectiveness of product inspection.
- **Organization** – we have defined the responsibilities of particular functions and interdepartmental procedures of clear division of activities and effective cooperation.
- **Quality indexes** – we have determined internal and external quality indexes as well as indexes of customer service, we are also benchmarking against other locations of the ArcelorMittal Group.
- **Customer service** – we have defined processes, which may impact untimely deliveries and we have implemented countermeasures.





**Geert Van
Poelvoorde:
CEO ArcelorMittal
Europe –
Flat Products**

With respect to Steel,
Sustainability and Low-
Carbon innovation,

European steel
producers are amongst
the most advanced in
the world, and our low-
carbon innovation and
focus on sustainability
are ahead of the
global curve. However,
our sector does not
operate in isolation.
Indeed, remaining at
the cutting edge of
both products and the
means of production
means making
significant investment
in innovation.

Innovation is at the
core of the European
steel industry's
mission today. But
this innovation is
neither easy nor
cheap – and we need
favorable economic
circumstances to
invest in it, with
strong support of the
European Commission
and Member States.

Customer service – flat products

We build our competitive advantage based on our in-depth knowledge about our customers' needs. We examine their expectations and their opinions on the relationship with our company within the framework of annual satisfaction surveys. Those surveys are an important part of our "Excellence in Quality" programme. The customers of the Flat Products Unit of ArcelorMittal Poland evaluate their satisfaction from this cooperation (on the scale from 0 to 100 per cent) and indicate our strengths and weaknesses. They deem timely and high quality deliveries the most important aspect of cooperation with us.

We monitor the timeliness of deliveries by means of Consolidated Service Indicator (CSI). Thanks to the fact that it is applied by all plants within the ArcelorMittal Group, we can compare the results and share the best practices with other locations worldwide.





**Augustine
Kochuparampil,
CEO ArcelorMittal
Europe – Long
Products**

We have embarked on a new journey in our segment: digitalisation. Since its launch, we are already making a lot of progress in terms of a digital way of working:

NetSteel has been created for customers to manage just-in-time information on transactions. Other digital initiatives include Electronic Data Interchange (EDI), putting CRM on the Cloud for our sales teams, while using manufacturing intelligence to translate analytics into action on the root causes of defects or inefficiencies is another way that we are bringing digitalisation into our daily work.

**Customer technical support –
long products**

In the scope of production and delivery of long products we have a position of a reliable business partner for the most technically demanding projects in each area of the construction market. Moreover, the long products segment also grants technical support to all entities involved in the investment process in the scope of optimal application of modern products and solution systems, particularly the application of sheet piles and hot-rolled sections.

We help to optimally design and complete key investments based on our products. Examples include: our sheet piles at the deepwater container terminal in Gdansk, rolled sections in bridges and flyovers and rails for the high-speed railway line CMK-4, as well as profiles for posts of 400 kV overhead electricity line between Poland and Lithuania. Our technical services cooperate with the largest companies on the market, thus supporting the creation of designs for sustainable infrastructure.



Final goods inspection

We pay particular attention to the final inspection of goods. We improve the processes in this area, taking into account the specificity of each product group. Below we present a list of actions, which we completed or initiated in 2017 within the framework of the EQCS programme and the quality pillar of WCM:

- We have checked if the quality and acceptance procedures for the self-control employees are transparent and technically viable.
- We have implemented quality evaluation system of our products, which is based on key process parameters and tracking systems.
- We carry out regular audits of the functioning of the self-control system at each plant.
- We have changed our approach to product approval to proactive.
- We have introduced a training scheme (Quality Tool Box Training) for employees who have impact on product quality during the production process as well as for the self-control employees.
- In the scope of WCM pillar we are running 13 quality projects – both local (at particular plants) and intersegmental.

We make each and every effort for our products to be of highest quality and safety as well as low health impact. In 2017 we recorded no non-conformities with regulations and voluntary codes in the scope of the impact of our products on health and safety at any stage of the life-cycle of the products on our offer.

Maintenance 2020

At the end of the first quarter of 2017 at the steel shop in Dabrowa Gornicza we inaugurated a new programme: Maintenance Excellence 2020, aimed at the improvement of asset reliability and the efficiency of actions in the scope of repair and maintenance. In the framework of this programme we are planning to thoroughly analyse a number of elements for possible improvement – from better work coordination through securing plants in case of breakdowns to contract details (i.a. contract extension).

The steel shop in Dabrowa Gornicza was chosen to be the pilot of this programme, which last 12 weeks. The pilot stage allowed us to nominate change leaders in particular plants as well as develop an action schedule, division of responsibilities and KPIs (Key Performance Indicators).



High added value

Our priority are so-called HAV products, i.e. products of high added value, highly processed and of the highest quality. Thanks to them we can share our innovative solutions and expertise with our customers. High added value is an important factor bringing stability to our operations, ensuring higher resistance to demand cycles, trends on raw material markets or price wars.

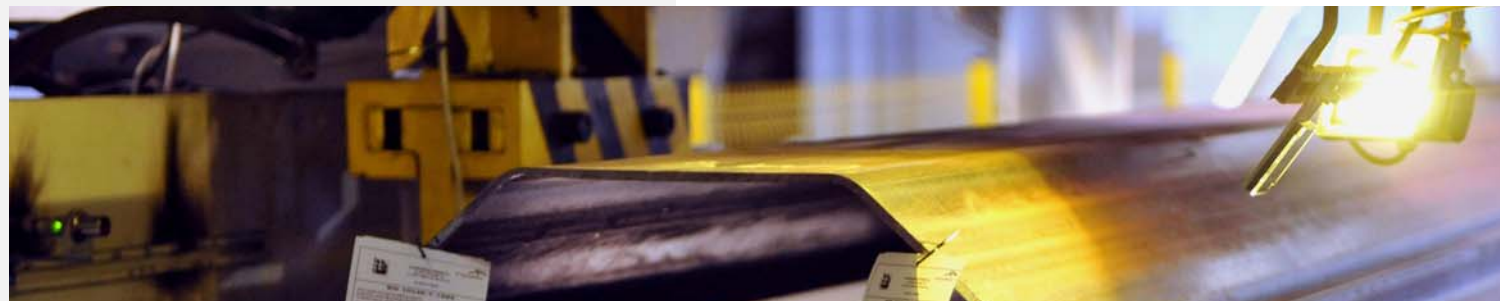
Thus, we are happy about the results which show that we exceed the assumed share of HAV products in our sales structure. In 2017 we managed to exceed our targets in both long and flat products. This resulted, i.a., from the introduction of new products.

Continuous work on new products

We analyse market trends and innovations in order to foresee the needs of our customers. We systematically introduce new products and product ranges to our portfolio. In 2017 we initiated works on introduction of steel sheet for laser cutting. The first to be introduced on the market was steel sheet in S355MC grade (Armstrong® range).

The strip is subject to thermal and mechanical rolling at the most modern hot rolling mill in Europe, which is located in Krakow, and then cut into sheets at the ArcelorMittal Distribution Solutions service centre. It has a wide range of applications – it can be found, i.a. in truck trailers or agricultural equipment. Thanks to the new S355MC grade our customers are able to laser cut the sheet to various shapes.

The new product resulted from a very efficient cooperation with ArcelorMittal's R&D centre in Gent, Belgium and with ArcelorMittal Distribution Solutions.



	Flat products	Long products
New products	<ul style="list-style-type: none"> • hot rolled and pickled wide strip, made of high strength steel DP600 • steel sheet for laser cutting in S355MC grade (Armstrong® range). 	<ul style="list-style-type: none"> • tram rail in B1000 grade • IPE AA 450 section for steel car parks



B1000 rail – the sum of the best experiences

Our relationships with our customers are based on a win-win principle. Not only do we want to supply them with our products, but also with valued support as far as the selection of the best solutions is concerned. Thanks to those partnership relations and exchange of expertise, ideas are born which precisely meet the needs and requirements of our customers.

An excellent example of such synergy is our cooperation with Warsaw Tramways. Combined teams of engineers have come up with a model of a new tram rail (B1000), characterized with higher resistance to wear and tear.

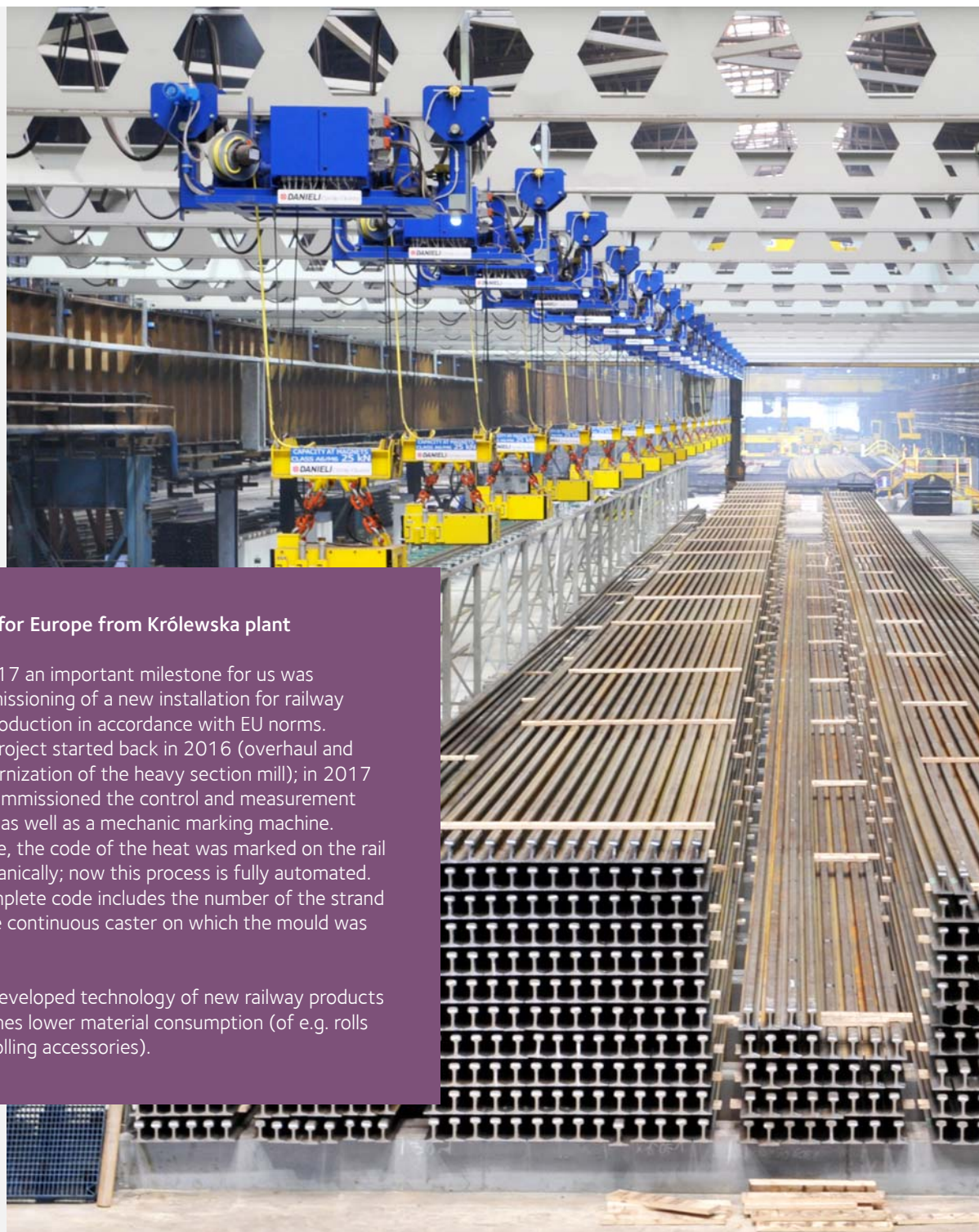
We have analysed solutions applied in various corners of the world. Ultimately, we have selected one grade of pearlitic steel with addition of chromium and vanadium, which was marked as B1000. In previous years this grade proved exceptionally effective in modernization of the railway infrastructure (i.a. in Brazil, Belarus and Turkmenistan). For a few years now the possibility of application of this grade for tram rails has been researched.



Rails for Europe from Królewska plant

In 2017 an important milestone for us was commissioning of a new installation for railway rail production in accordance with EU norms. The project started back in 2016 (overhaul and modernization of the heavy section mill); in 2017 we commissioned the control and measurement block as well as a mechanic marking machine. Before, the code of the heat was marked on the rail mechanically; now this process is fully automated. A complete code includes the number of the strand of the continuous caster on which the mould was cast.

The developed technology of new railway products assumes lower material consumption (of e.g. rolls and rolling accessories).



Development and innovations

We are convinced that innovations are the only way of securing a stable competitive advantage in the face of the fourth industrial revolution. We believe that long-term partnership relations are worth developing and so are the bridges between the world of business and education. The success of large innovative projects would not be possible had it not been for the cooperation with the scientific world, particularly the Institute of Ferrous Metallurgy, the AGH University of Technology, Silesian University of Technology, Czestochowa University of Technology and Wroclaw University of Technology.

This approach of ours results in new research and development projects, implemented in the framework of the Smart Growth Operational Programme 2014-2020.



Mateusz Morawiecki, Prime Minister of the Republic of Poland

The completion of the investment programme based on the most recent technologies shall contribute to higher innovativeness of the Polish steel industry, and favourably affect numerous sectors related to steelmaking. There is one more important aspect to this undertaking: winning priceless expertise and cooperation with the academic centres in Poland, including the AGH University of Technology in Krakow.

May 10th, 2017.
Inauguration of Krakow
investments.

Official quote of the Smart Growth Operational Programme

Henry Ford

Businesses that grow by development and improvement do not die. But when a business ceases to be creative, when it believes it has reached perfection and needs to do nothing but produce, it is done.



Narodowe Centrum
Badań i Rozwoju



Fundusze
Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



The Innostal Programme

In the framework of the sectoral programme of the National Centre for Research and Development (NCBiR) the steel sector shall obtain over PLN 130 m for completion of 19 products. Four ArcelorMittal Poland's projects are among them, as well as one project of our subsidiary: ArcelorMittal Refractories. The total value of those projects amounts to ca. PLN 57 m, with co-financing exceeding PLN 30 m.

Fast Track Programme

So-called Fast Track Programme (operated by NCBiR in the framework of the Smart Growth Operational Programme) supports an increase in innovativeness of Polish companies by means of commercialization of R&D results. In the competition one of our projects was selected in 2017, within the framework of which we are developing new generation transformer steel, which so far had not been produced in Poland before.

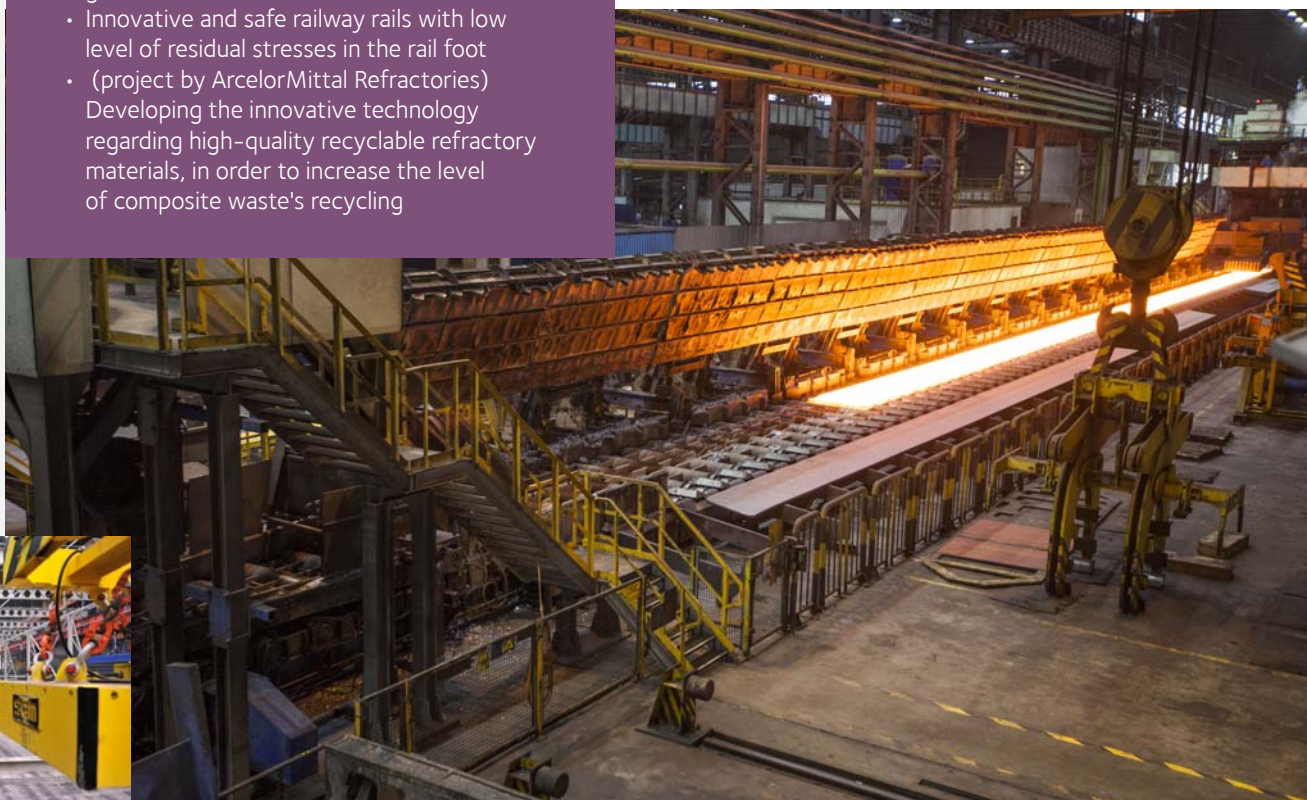
(Project name in full: *Innovative high-silicone steel grade for high quality transformer plates with adjusted small content of impurities and non-metallic inclusions and with controlled morphology and proper amount of AlN inhibitor*)

Our qualified projects:

- Development and validation of computer-aided model for the gas management optimization at ArcelorMittal Poland SA - Unit in Dabrowa Gornicza
- New railway products in Huta Krolewska
- Development of the innovative Zn-Mg-Al based coatings for the production of hot dip galvanized sheets"
- Innovative and safe railway rails with low level of residual stresses in the rail foot
- (project by ArcelorMittal Refractories) Developing the innovative technology regarding high-quality recyclable refractory materials, in order to increase the level of composite waste's recycling

Continuous education

We are aware of the impact of our operations on the Polish economy. This is why we continue to explain to our stakeholders how we contribute to the Polish economy. In February 2017 under the auspices of the Polish Steel Association we carried out workshops for the employees of the Ministry of Development. Our presentation was very well received by the participants – representatives of key departments – i.a. the Department of Innovations in charge of cooperation with the industry and the Department for International Cooperation, in charge of, i.a. trade protection policy.



Supply chain that our customers trust

Steel can be recycled endlessly. This obliges us to take special care about each and every element of our supply chain.

We have listed the principles for cooperation with suppliers, taking into account i.a. ethical, quality and environmental issues in the Code for Responsible Sourcing. They support us not only in the area of production. By cooperating with partners who share our approach to quality, safety and corporate responsibility, we are able to successfully complete investments which are essential not only for us, but also for the Polish economy, including modernization projects of our steel plants and coke plants.

Moreover, our relations with suppliers and partners are regulated by such documents as: Safety Code, Contract on Health and Safety, General Conditions for Investment Purchases, General Conditions for the Purchase of Services and Materials as well as individual contract clauses.

We evaluate our suppliers on an annual basis, in accordance with adopted criteria. We take into consideration i.a. the implementation of ISO systems, timeliness of deliveries, quality assurance systems and environmental management systems.

In 2017 we completed 34 supplier audits, i.e. three more than we had planned. Additional audits resulted from the necessity to qualify new suppliers. In 2017 the group of companies which we evaluated at least once grew by nine entities. For the first time subject to audits were suppliers of i.a. scrap, carburizers, fluxes, rolls, refractory materials, services and accessories.

100 per cent of our suppliers undertook to observe the stipulations of the Code for Responsible Sourcing.

Throughout a year we cooperate with ca. 3,000 suppliers of raw materials, services and other products. A large group of our suppliers are companies operating on the Polish market, including suppliers of key raw materials and energy necessary for the production of coke and steel. An important group for us are also freight and duty carriers as well as entities examining the quality of coal and iron ore we purchase.

- Over 50 per cent of our key raw material suppliers come from Poland.
- Orders executed by the Polish mines cover over 60 per cent of our coal demand.
- Raw materials purchased outside Poland are mainly iron ore and anthracite.

Share of Polish suppliers in raw material purchases

Type of raw material	Share of suppliers from Poland
coke	100%
fluxes	100%
coal	60%
non-ferrous additives	66%
ferroalloys	13%

Daniel Ozon, chairman of the board of directors, Jastrzębska Spółka Węglowa

ArcelorMittal Poland has been a strategic customer of Jastrzębska Spółka Węglowa and the major recipient of coking coal from our mines for many years now. Our companies are similar in a number of ways. Firstly, both we and our steelmaking colleagues significantly impact the Polish economy. Secondly, we are large employers. Thirdly, our contribution in the everyday life of local communities is of great importance.

We are glad to be able to not only nurture, but also develop our cooperation with ArcelorMittal Poland. In the next few years we are going to complete a number of investments at Jastrzębska Spółka Węglowa, which will allow us to increase the production capacity of coking coal. We believe that those actions will contribute to the dynamic development of not only JSW, but also ArcelorMittal Poland.



04

Responsibility
for employees
and local communities

Sustainable outcomes

- Safe, healthy, quality working lives for our people
- Active and welcomed member of the community
- Pipeline of talented scientists and engineers for tomorrow
- Our contribution to society measured, shared and valued

Sustainable Development Goals



Our achievements

- Introduction of a 5-day "Take Care" training programme whose objective is to increase employee awareness with regards to safety issues. Number of people trained: 6,710.
- Health and Safety Day celebrated on a yearly basis
- Meet all people - communication sessions with employees. Number of employees trained: 8,680.
- Training for our contractors working at our plants: "Safety leadership". Number of contractors trained: 70.
- Health Awareness Week, including Charity Walk 'n' Run, Lose Weight with Us, promotion of healthy lifestyle, laboratory tests
- Recruitment of over 70 specialists to our production plants
- Minigrants for project related to environmental protection
- Employee Volunteering Programme
- Cooperation with local occupational schools and employment of youth

Our plans

- stronger participation in job fairs since they constitute a platform for cooperation with the academia and offer the chance to reach the best candidates
- intensification of other actions in the field of employer branding using tools and communication channels used by candidates we seek
- continuation of our journey to zero fatalities (safety culture and further improvement of our processes)
- ongoing, even more intense dialogue with our employees thanks to which we will be able to improve those aspects of our operations which make our employees happy, engaged and loyal

Participation in job fairs

- Engineering and Entrepreneurship Job Fairs, Gliwice, Silesian University of Technology
- AGH Job Fairs, Krakow, AGH University of Technology
- Absolvent Talent Days Katowice, International Congress Centre
- AISEC Career Days Katowice, Vienna House Easy Angelo
- Open Days at the team of Automation, Industrial IT and Models

Our training priorities

- industrial automation
- programming and new technologies
- decision making
- analytical thinking
- efficient problem solving
- learning and teaching others



3.1. Safe, healthy, quality working lives for our people

We want to shape the tomorrow of steelmaking. We know that the future of our sector depends on people so we make each and every effort to attract talent and create unique development opportunities for our employees, who are engaged, independent, self-driven, open to change and continuous learning and willing to take up the challenge related to continuous improvement of our organization.

We are aware of the demographical challenges, including the generation gap, which the industry in Poland is facing. We attract talents on a very competitive labour market by adjusting our offer to their needs and by staying in touch with them, also by means of social media.

We offer participation in innovative projects; we support them through our complex offer of trainings and conferences. We finance education, English tuition and online courses. We measure the engagement and job satisfaction by implementing changes in those areas which are of particular importance to our employees.

By creating Personal Development Plans for our employees, we motivate them to continuously grow and acquire new skills. Our employees can develop in line with their aspirations and talents, both within the Polish structures of ArcelorMittal, as well as at our units abroad.

Our employees gladly come back to us after parental leave – as many as 95 per cent of men and every other woman decided to return to work in 2017. The retention rate after parental leave amounted to 95 per

cent. Families with small children can take advantage of company kindergartens in Dabrowa Gornicza and Krakow.

We want our employees to be satisfied with working for us – also in the financial terms – regardless of job position. The average remuneration of women at the lowest hierarchical level at our company was in 2017 over two times (212 per cent) higher than the local minimum wage. The percentage for men amounted to 232.

90 per cent of our staff participate in the voluntary Employee Pension Scheme. Each employee is able to enrol, as long as their seniority with the company is at least 6 months. The company transfers 1.5 per cent of gross salary to this fund and the employees can make additional contributions. Money transfer can take place once the employee is 60 years of age.

Part-time employees are able to take advantage of the same benefits as our full-time workers:

- life insurance
- private healthcare package
- insurance against disability / loss of the ability to work
- additional pension benefits – employee pension scheme
- co-financing of meals
- jubilee awards – depending on seniority with the company

Almost all our employees (99 perc.) are covered by collective agreements



Attracting talents

2017 presented a huge challenge to our HR team. We had to complete more recruitment processes than in the previous years on an exceptionally competitive job market (low unemployment, lack of candidates with appropriate qualifications). They resulted from the natural need of attracting talents due to the development of our company as well as the necessity to fill in the generation gap. We managed to hire not only the best metallurgists, energy specialists and production engineers but also talented automation experts, developers and investment project managers. In total, in 2017, we took on 380 employees, including 170 persons below 29 years of age. Out of 672 employees who departed last year, 443 persons were more than 51 years old.



Knowing that the labour market has become exceptionally difficult (low unemployment, low number of technical profile candidates), in 2017 we reinforced our activity in the area of employer branding. We want to be more efficient in reaching the occupational groups which are important to us, including those, which so far have not been associated with steelmaking, e.g. talented developers and IT infrastructure engineers. We have started a website for our managers, which allows them to report recruitment needs and track the recruitment process.

In order to shorten and facilitate the recruitment process to the greatest extent possible we have reviewed our hiring procedures and onboarding programmes. We are active in social media (LinkedIn, Facebook, and Twitter).

The key to efficient recruitment on such a difficult labour market is the pace and flexibility of actions and the ability to use modern technologies but above all a valuable offer for talents. Not only remuneration, benefits and employment stability. The aspect related to development is gaining importance (be it through participation in projects taking advantage of modern technologies) as well as the feeling of co-participation in processes which change the world for the better.

Our priority is not only attracting talents to our organization but also convincing them that it is worth developing further with ArcelorMittal Poland (this aspect was often pointed to by the participants of the satisfaction survey). We want our employees to be our natural advocates. We want them to recommend working at ArcelorMittal to their friends and acquaintances.



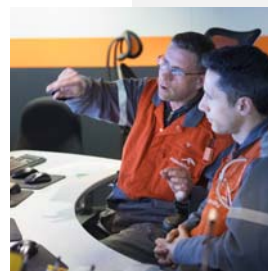
Our team

Employment by contract type and gender

Number of employees	2017		
	Women	Men	Total
Trial employment contract	0	9	9
Temporary employment contract	23	119	142
Permanent employment contract	1,462	10,245	11,707
Employees on commission contract	5	7	12
Supervised employees (apt)	71	849	920
Total	1,561	11,229	12,790
Total number of employees on employment contract	1,485	10,373	11,858

Total number of employees by gender and region

Province	2017			
	Women	Full-time	Men	Full-time
Małopolskie	482	482	3,723	3,714
Opolskie	195	195	1,384	1,384
Śląskie	808	808	5,266	5,266
Total	1,485	1,485	10,373	10,364



Change of Operational Script 2.0 (COS)

In 2017 we implemented a newly improved model of our organizational culture – COS 2.0. It develops the approach which we successfully introduced in 2011–2012 and which has been applied in various companies belonging to our Group worldwide. The main assumption of COS is the division of tasks into two functions which are equally important for the development progress of our company: alpha (responsible for production) and beta (responsible for development). Additionally, we have departed from the traditional hierarchical structure and switched to the subsidiarity principle – each organizational level completes only those tasks which cannot be completed by the lower level.

The implementation of COS 2.0 was preceded by the diagnosis of the existing situation. It showed that we need to put more emphasis on the necessity of mental change, not only organizational one. Within COS 2.0 we are therefore going to put more emphasis building the common awareness of the fact that the authority and position of a person result from their engagement, openness to change and readiness to abandon their comfort zone as well as independence rather than the name of their position or the number of their direct reports.

Strength through diversity

We appreciate the strength of diversity. We care about creative cooperation of persons at different age, of different gender, nationality, different level of expertise, education etc.

We create a working environment which allows each employee to fully participate in paving the road to the company's success and where employees are assessed according to their competences, experience and prospects. By doing this we also go by the stipulations of the Compliance Programme whose integral part are the Code of Business Conduct and the Human Rights Policy. The employees are obliged to observe the principles contained therein and we expect the same from our contractors.

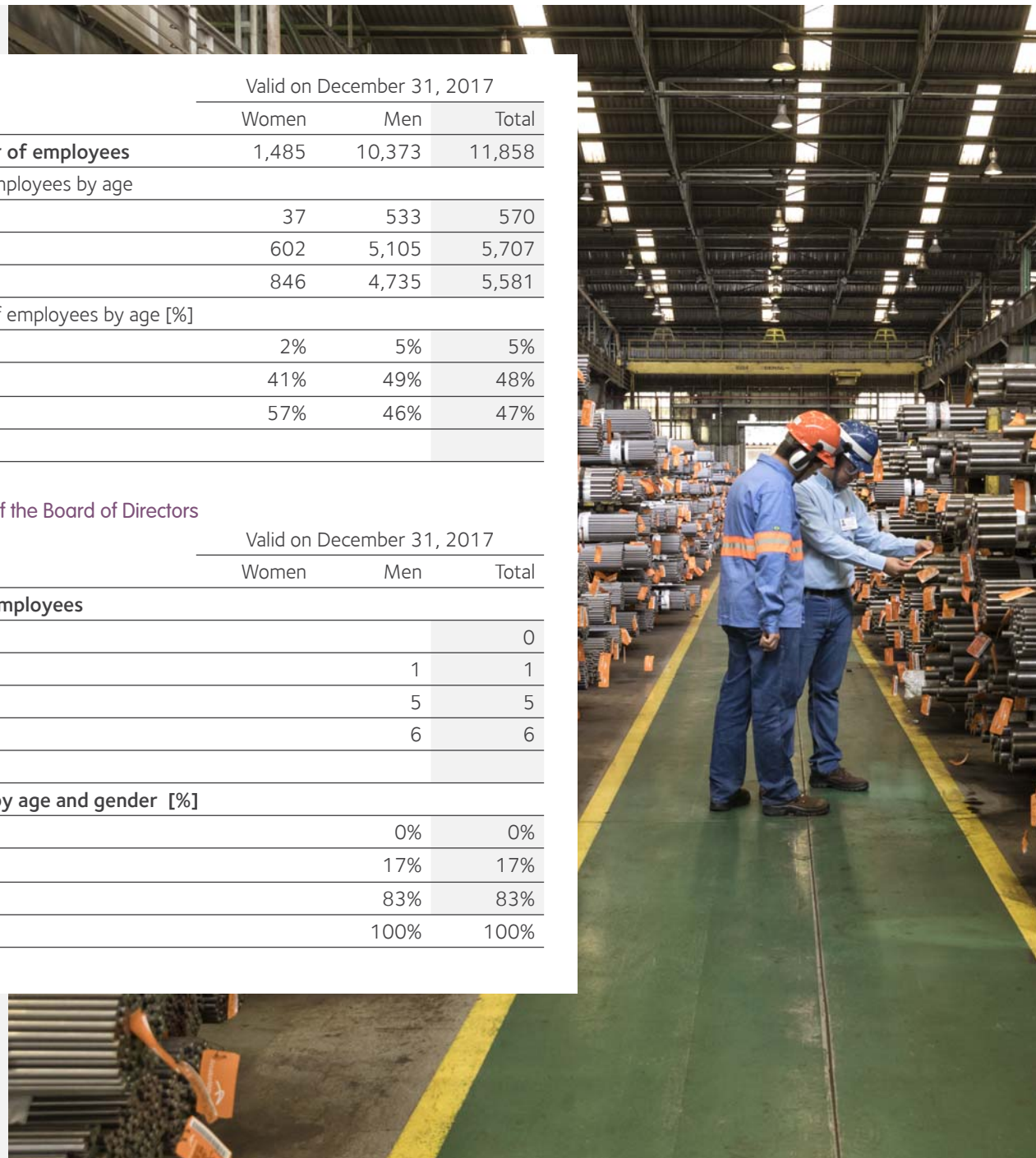
We are glad that more and more women decide to start their career in our industry. Our female managers prove that there are no glass ceilings – there are 10 women on our management team (out of 69 persons). Medium and higher managerial positions are taken up by 138 women (out of 765 positions in total). In 2017 the number of women on our team increased significantly to 1,485.

We guarantee development opportunities to Polish managers. In 2017 almost 75 per cent of top management (103 out of 139 managers in our main locations) came from the local market.

	Valid on December 31, 2017		
	Women	Men	Total
Total number of employees	1,485	10,373	11,858
Number of employees by age			
Aged ≤ 29	37	533	570
Aged 30-50	602	5,105	5,707
Aged 51 ≤	846	4,735	5,581
Percentage of employees by age [%]			
Aged ≤ 29	2%	5%	5%
Aged 30-50	41%	49%	48%
Aged 51 ≤	57%	46%	47%

Composition of the Board of Directors

	Valid on December 31, 2017		
	Women	Men	Total
Number of employees			
Aged ≤ 29			0
Aged 30-50		1	1
Aged 51 ≤		5	5
Total		6	6
Percentage by age and gender [%]			
Aged ≤ 29		0%	0%
Aged 30-50		17%	17%
Aged 51 ≤		83%	83%
Total		100%	100%



Number of employees by employment category, age and gender

Valid on December 31, 2017

	BOD and directors			Lower and higher managerial positions			Remaining white-collar employees			Blue-collar employees		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees by age												
Aged ≤ 29			0	1	13	14	28	105	133	7	415	422
Aged 30-50	5	28	33	83	314	397	279	862	1,141	242	3,885	4,127
Aged 51 ≤	5	31	36	54	300	354	371	769	1,140	410	3,651	4,061
Total	10	59	69	138	627	765	678	1,736	2,414	659	7,951	8,610
Percentage of employees per age and employment category												
Aged ≤ 29	0%	0%	0%	3%	2%	2%	76%	20%	23%	19%	78%	74%
Aged 30-50	1%	1%	1%	14%	6%	7%	46%	17%	20%	40%	76%	72%
Aged 51 ≤	1%	1%	1%	6%	6%	6%	44%	16%	20%	48%	77%	73%
Total	1%	1%	1%	9%	6%	6%	46%	17%	20%	44%	77%	73%

Total number and percentage of newly hired employees by gender, age and region

	2017						
	Women			Men			
	Aged	≤ 29	30-50	51 ≤	≤ 29	30-50	51 ≤
Number of new hires		12	19	1	170	158	20
Percentage of new hires		0.1%	0.2%		1.4%	1.3%	0.2%

Total number and percentage of departed employees by gender, age and region

	2017						
	Women			Men			
	Aged	≤ 29	30-50	51 ≤	≤ 29	30-50	51 ≤
Number of departures		1	5	77	30	116	443
Percentage of departures				0.6%	0.3%	1.0%	3.7%



Health and safety

Number one priority within the ArcelorMittal Group since its early days has been safety. Our complex actions in the area of health and safety of our employees are bound by the global "Journey to zero" programme. At ArcelorMittal Poland we also strive to create a fatality-free environment and to eliminate severe accidents. We want the same highest level of safety to be a norm among our employees as well as our contractors. Each year we perfect our processes and mechanisms of risk factor assessment in the area of safety. Primarily, we go by the belief that the self-awareness of employees and the high safety culture of the entire organization are crucial. It is this aspect of engagement and responsibility for one's own health and safety as well as for the health and safety of one's colleagues that we emphasise in trainings as well as in the assessment of our employees' behaviour.

Unfortunately, in 2017 one of our colleagues employed at the Krakow unit lost his life at work. Wanting to learn from this tragic event, we intensified actions aimed at unification of safety rules at all of our plants.



Safety – our number 1 priority

In our everyday actions we go by the following rules:

- Each accident and injury can be prevented.
- The management is in charge of health and safety as well as environment and quality.
- Communication, engagement and training of all our employees and contractors are necessary for our health and safety, environment and quality.
- Each of us has a role to play in preventing injuries, diseases, environmental nuisance and product non-compliance.
- Excellence in safety, environment and quality leads to excellent business results.
- Health and safety, environment and quality are permanently related to company management.



Systemic approach towards safety

Within the central health and safety department there are teams responsible for: work safety (safety specialists at production plants), fire protection and property management risk, as well as the support office taking care of, i.a. developing safety rules for large investment projects, railway infrastructure, analyses of accidents or labour medicine.

Our systemic approach to safety management assumes acting in line with our internal procedures, whereby the self-awareness of the employees is high. We act in accordance with the following norms: PN-N-18001:2004 and BS OHSAS 18001:2007 (valid until August 2018, certified by TÜV Rheinland Polska). The key elements of our internal procedures include:

- Hazard identification and occupational risk assessment (PS/S2/B.003).
- Reacting to anomalies, hazards and near-misses (PS/S2/B.015),
- Reacting to accidents at ArcelorMittal Poland S.A. (PO/S2/B.002),
- Organization of pre-medical aid at ArcelorMittal Poland S.A. (PO/S2/B.003),
- Property risk management procedure (PO/S2/B.009).

Journey to zero

Our ultimate objective is zero accidents, particularly zero fatalities and zero severe accidents. We want to achieve it by completing particular steps on our "Journey to zero":

1. We identify, react to and analyse severe occurrences before they lead to an accident.
2. We analyse accidents from other ArcelorMittal locations so as to prevent repetition.
3. We monitor the efficiency of audits at all organizational levels.
4. We analyse each accident in accordance with the RCA (root cause analysis) methods. We learn from mistakes and take corrective action.
5. We continuously work on safety culture improvements and the awareness of our employees.

Safety education

Our employees undergo a complex training programme in the scope of health and safety. In 2017 we organized i.a. the following sessions:

- **"Safety leadership" training** – for all hierarchical lines (board of directors, operating officers, plant directors, line managers). Also 70 persons representing 17 companies with which we cooperate on a regular basis took part in it.
- **"Take Care" training** – this is one of the largest training projects, in which all employees participate. We assume that in the next 10 years each employee will spend 20 days at workshops dedicated to safety. The first, 5-day training phase – "Start with yourself" – is to inspire our employees to permanently change their ways and habits. In 2017 as many as 6,710 employees (65 per cent of staff) took part in it; the rest will participate in it in 2018.
- **Training programme with the State Fire Services in Krakow**
- Workshops and programmes related to **health, balanced diet and physical exercise** (medical tests, Lose Weight with Us programme, Charity Walk 'n' Run).



Wojciech Kozak, Health and Safety Director

We have started the process of unification of safety principles at our plants. We want good practices and solutions applied at one plant to be transferred to other locations, which are similar in terms of technology. We have to come up with the best possible technological and organizational solutions and unify those safety principles, which varied across our plants as their improper application resulted in additional hazard. Another important issue is the information flow between our plants.

Health and safety ratios

Injury rate among employees by gender

	Men
Number of fatalities	1
Number of light accidents	29
Number of severe accidents	1
Injury rate	3

Total number of accidents among contractors which occurred while working for ArcelorMittal, by gender

	Men
Number of light accidents at work	7
Occupational disease rate	1

	Women	Men	Total
Absentee rate	557,407	3,248,610	3,806,017

Absentee rate calculated according to the following formula: number of days of absence confirmed by sick leave / number of calendar days x average employment in 2017.

Golden Safety Rules



Recognise hazards



Speak up



Take ownership



I will come to work in a "fit and able" condition



I will use fall protection or prevention whenever and wherever required according to our standards



I will follow the lockout/isolation procedure when working on equipment



I will follow the confined space entry procedure before entering as well as during the full duration of the task



I will respect all the rules of load handling at all times and never stand under a suspended load



I will respect all the traffic rules



I will respect rail priority and stay out of close clearance areas without proper precautions being taken



I will respect the rules for entering and/or working in hazardous gas areas



I will not disable safety devices



I will respect all the H&S basic rules, standards and signals and I will wear the required PPE

Take Care

The educational programme “Take Care” initiated in 2016, has harmonized our approach to safety. We want to put particular emphasis on the practical prevention of work accidents. We assign the key importance to the high awareness and to the responsibility of each employee for his/her own health and safety as well as for the health and safety of his/her colleagues and contractors.

Within the framework of this programme we organize numerous initiatives, which sensitize people to key risk factors, increase their vigilance and protect them from routine while performing everyday tasks. Also the principles of the Health and Safety Pillar in the WCM methodology (for more information on World Class Manufacturing go to p. 26) play an important role in our Journey to zero, including the “Safe STOP system”.

The programme covers all our plants. In 2017 Huta Krolewska in Chorzow could be particularly proud. The plant’s employees recorded 1,243 days without an accident. This was a huge success of the entire team which managed to achieve this result thanks to exceptional engagement in safety issues.



Safety Leadership

Safety requires responsible leadership. Managers, with their behaviour and their choices, often indicate the model safety approach in a given team. Hence, the safety aspect is a relevant component of managerial training.

In 2017 we continued the “Safety Leadership” training (Leadership 2). The number of participants amounted to 40 and included the CEO, COOs, plant directors and support function directors, chairpersons or directors of subsidiaries. The training was led by international experts: Jacques Pirenne, head of safety and security of ArcelorMittal Europe – Flat Products and Johan Remmery – consultant. The workshops were dedicated primarily to developing efficient ways of strengthening in the employees the readiness to care about their own safety and the safety of their colleagues.

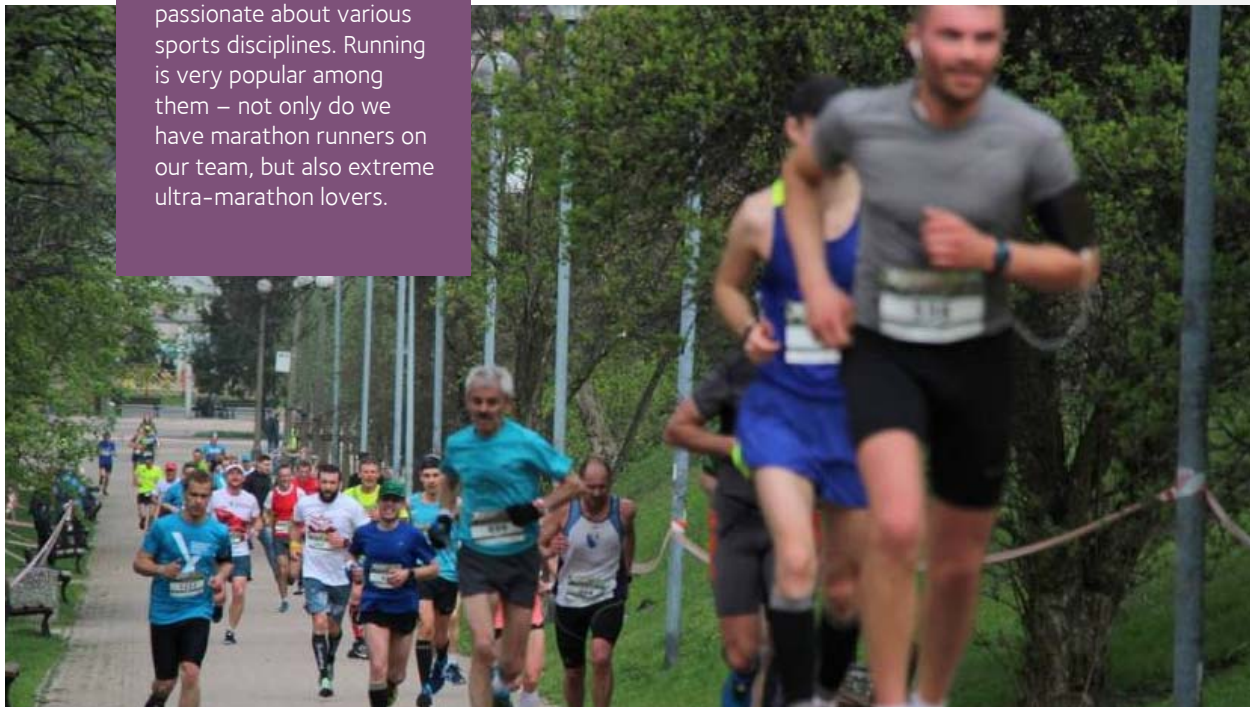


Health and Safety – HIRA for me, HIRA for you (hazard indentification and risk assessment)

We care about safety at our plants all year around but the annual Health and Safety Day also plays an important part in reinforcing the right behaviour and habits. The tradition of this day is an activity in which teams of all plants get involved. In 2017 the leitmotif of the Health and Safety Day was “HIRA for you, HIRA for me”. We paid particular attention to hazards related to movement of equipment and vehicles. A permanent element of the Health and Safety Day are visits of colleagues from other plants. Their opinions are always inspiring since they offer the “fresh look” and notice the new aspects which may affect safety.



Our employees are passionate about various sports disciplines. Running is very popular among them – not only do we have marathon runners on our team, but also extreme ultra-marathon lovers.



Health and active lifestyle

We understand safety broadly, for us the concept of safety encompasses all actions which contribute to maintaining the well-being of our employees – both physical and mental. Our employees are covered by medical care provided by PZU Zdrowie (90 per cent of our employees take advantage of medical packages).

We promote balanced lifestyles, based on an appropriate diet and physical exercise. We underline the importance of preventive healthcare. The Health Awareness Week, organized once a year, is a good opportunity for medical tests and medical consultations. The programme consists of numerous events promoting healthy habits – sports tournaments or nutrition workshops. The most awaited item on the agenda is always the Charity Walk 'n' Run, which in 2017 we organized already for the fourth time. 1,412 participants took part in it in three locations – in Krakow, Dabrowa Gornicza and Zdzieszowice.

We also organize a cyclical action called "Lose Weight with Us" which brings amazing effects. Thanks to the support of doctors, dieticians and psychologists, but above all thanks to their own motivation, its participants lose weight and gain good shape, energy and higher stress resistance. In 2017 the programme attracted 30 employees from Krakow, Dabrowa Gornicza and Zdzieszowice. After three months they lost as many as 187 kg and ultimately – almost 300 kg.

3.2. ZainSTALuj się programme

We are aware of the challenges which the demography and the vocational education system in Poland present to us. The province of Silesia is in a very particular position – the number of students at vocational schools located here has gone down by over 77 per cent (from 16,064 to 4,111 persons), while this drop in Poland amounted to 50 per cent. The interest in vocational schools has gone down dramatically – back in 1990s it was chosen by 43 per cent of teenagers and currently merely by 15 per cent.

Consequently, industrial companies, not only from our sector, are facing a huge employee deficit – not only engineers and specialists (i.a. in the scope of operating, servicing and repairing modern equipment and production lines) but also automation engineers, specialists in electronics, energy, mechanics, locksmiths, train drivers, tool settlers, machine operators and turners.

Together with our social partners we work at both local and national level so as to increase the inflow of valuable candidates. In order to do this, we set up coalitions with city authorities, vocational schools and universities of technology.

We attach particular importance to the complex support for the primary school students as far as their choice of development path is concerned. Professional career counselling should cover not only students but also their parents so that they can adequately judge the potential and talent of their children. We also support programmes aimed at promotion of dual education (combining work and study) as well as early inclusion of youth in the practical vocational training (internships, apprenticeships, open days).

Jakub Pastuszka, apprentice

I completed my student apprenticeships at the steel shop in Dabrowa Gornicza. Thanks to the apprenticeship I was able to come up with a topic of my engineer thesis and collect the necessary research material. The support I was given in terms of tips and knowledge sharing allowed me to get acquainted with the minute details of the fundamental processes at the plant. During the apprenticeship I came across numerous professionals. I met experienced people with a wealth of knowledge, who were willing to share it with me. Thanks to this I was able to expand the knowledge I acquired at the university. In my opinion ArcelorMittal Poland is the right place for completing student apprenticeship. In the future I would like to work for an employer like ArcelorMittal Poland.



The bridge between science and business

We reinforce the partnership and our contact network with universities of technology and student organizations so as to be close to our potential employees. We organize apprenticeships and internships for students. We take part in job fairs – our stands are visited by a few hundred persons on each occasion.

Traditionally, the largest number of those events takes place at the beginning of the year. In the first quarter of 2018 we were present at events listed below, where we managed to introduce ourselves to numerous persons:

- *Engineering and Entrepreneurship Job Fairs, Silesian University of Technology (Gliwice),*
- *AGH Job Fairs, AGH University of Technology (Krakow)*
- *Absolvent Talent Days Katowice (Katowice)*
- *AISEC Career Days (Katowice)*
- *Open Days at the team of Automation, Industrial IT and Models (Krakow)*



Learning Week

We encourage our employees to permanently widen their horizons, to be fond of the world, to take advantage of practices and solutions (e.g. organizational ones) which proved effective in other industries or processes. We bring it home to them how important life-long learning is as well as conscious planning of one's development path.

The role of learning in our lives is the leitmotif of the Learning Week. In June 2017 the fifth edition of this event took place. Under the motto of "Connect, engage, inspire" we organized various trainings and development activities, in which ca. 250 persons took part. Another 250 persons participated in technical and specialist trainings. Almost 350 persons took advantage of online courses.



Talent Academy – our patent for cooperation between generations

We strongly support cooperation of teams whose members are at different age, thus promoting the idea of intermentoring. In 2017 we completed the fourth edition of Talent Academy. This programme allows teams consisting of mentors (experienced employees, experts in their fields) and young engineers (with seniority below 3 years) to work on improvements or solution to a real problem.

In the recent years numerous young engineers have joined our organization. Thanks to the Talent Academy the process of closing the generation and competency gap is quite smooth. Talented employees very quickly perfect their skills, both specialist and soft. This programme also has significant motivational and integrational value.

IV edition of Talent Academy (2015–2017)

- 29 young engineers (aged 30–35)
- 21 mentors (aged 35–57)



Agata Wojtaszek, support manager – Industrial Controlling, Blast Furnace and Steel Shop, Krakow, mentor at the IV edition of Talent Academy

Talent Academy is definitely an interesting idea, beneficial to both its participants and the company. Young people, valuable employees, are able to use their creativity by setting up projects which most probably would not exist without this programme. Some of those ideas may be implemented – this will be huge satisfaction to their authors but also benefit for the company. Talent Academy allows young people to cooperate with colleagues from various departments of the company and thus acquire knowledge about the firm.

Michał Haładyń, executive assistant to CEO Business Division East, ArcelorMittal Europe – Flat Products, participant of the fourth edition of Talent Academy

The exceptional value of participation in Talent Academy, apart from tailor-made courses for future leaders, is undoubtedly the possibility to build a network of contacts and exchange experiences. Numerous training sessions as well as common work on the project comprise a platform, on which the working worlds of young engineers and specialists “collide”.

The knowledge acquired during those meetings often translates onto real actions, which would not be possible without understanding the ways of working or the needs of other organizational units – offices or departments.

Talent Academy is a unique initiative, which encourages the participants to take a broader look at the mechanisms governing our company, and its interdisciplinary character constitutes an encouragement for potential candidates of the next editions.

Continuous development

Each of us spent 27 hours in training in 2017. The experience and regularly updated knowledge of our employees is the key component of the value we deliver to our customers. The employees are able to supplement their occupational profile with various trainings. Potential candidates also value us for this.

Hence, we organize a wide spectrum of development activities – from specialist trainings through language tuition to trainings in soft skills. We take care of the practical dimension of education so that our employees are able to meet the contemporary requirements – both in terms of technology and e.g. management.

We do realize that trainings are also our response to demographical challenges. In the age structure of the heavy industry, including ours, most employees are over 50 years old. In our case almost 30 per cent of employees are above 55. We do want them to share their wealth of experience – as valued mentors – with those persons who are only starting their development.

Tailor-made trainings

We adjust the training programme to the needs of employees and the challenges we are facing. Our priority remains with programmes reinforcing the awareness and culture of safe work. We continue our training actions aimed at an increase of personal efficiency, managerial skills, teamwork and promotion of intermentoring and knowledge sharing.

In 2017 we implemented a new training catalogue of interpersonal skills, strictly related to our competency matrix. We also promote the 70-20-10 model, according to which the key to development are challenges we face in our everyday work (20 per cent is the support of mentors and cooperation with others; 10 per cent – traditional trainings).

We pay more and more attention to tailor-made development initiatives. Our managers subject themselves to the 360-degree survey on a regular basis and they are aware of their results – they design their individual development plans. Other tools for potential assessment which we offer to our employees prove useful in this process.



Number of training hours of employees by employment categories

	Women	Men	Total
BOD and directors	173	810	983
Lower and higher managerial positions	1,930	19,467	21,397
Other white-collar employees	7,525	18,770	26,295
Blue-collar employees	14,315	254,218	268,533
Total number of training hours	23,943	293,265	317,208

Average number of training hours of employees by employment categories

	Women	Men	Total
BOD and directors	17	14	14
Lower and higher managerial positions	14	31	28
Other white-collar employees	11	11	11
Blue-collar employees	21	32	31
Total number of training hours	16	28	27

3.3. Active and welcomed member of the community

We are part of the local communities – this is where our employees and their families come from, this is where our neighbours live. We want to have a positive impact on the quality of their lives and their well-being. We actively engage in local programmes, which result in long-term changes to the quality of life, health and surroundings. We support primarily those actions which serve health prevention, environmental protection, education, safety, art and culture as well as active life style promotion. In 2017 we executed 70 projects, on which we spent almost PLN 1.8 m.

- over 70 community projects,
- community project expenditure:

PLN 1,765,000

We engage in initiatives which are in line with ArcelorMittal's 10 sustainable outcomes and which respond to the needs of the local communities. We discuss them in detail during i.a. consultations (last year two sessions took place: in Krakow and in Dabrowa Gornicza) but also during everyday conversations. Together with our social partners we come up with solutions addressed to a significant number of beneficiaries.



Karolina Muza-Adamiec, head of Corporate Responsibility

ArcelorMittal Poland regularly supports health initiatives in those cities in which the company operates.

In the community engagement initiatives we pay particular attention to those projects which improve the quality of life of the local communities. Last year we supported

i.a. the Health Centre in Krapkowice, by purchasing the endoscopic equipment for the surgical and gynaecological ward.

In Krakow, another year in a row, we support the initiative of the Environmental Workshop of Norwid Cultural Centre – Nowa Huta Gardens. One of the largest events co-financed by us for years is the summer sports festival – Juliada. Over 10,000 participants were involved in sports tournaments for children spending their summer holidays in the city.

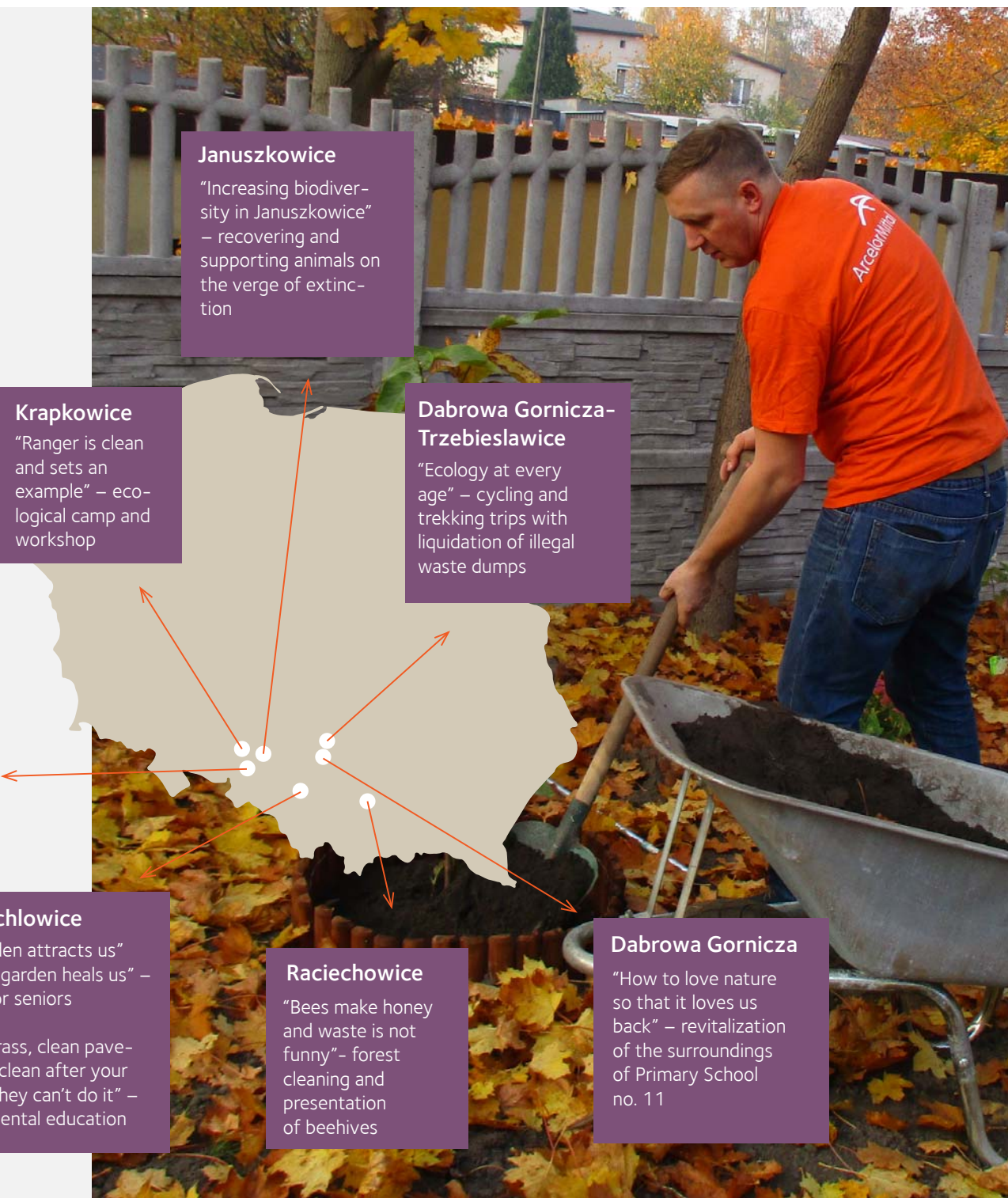


The most important projects in which we engaged in 2017:

- **Minigrants programme: "I act, I help, I am a volunteer"** – this edition was dedicated to environmental initiatives
- **Juliada** (Krakow) – over 10,000 participants joined sports tournaments which took place throughout July
- **ZainSTALuj się** – complex apprenticeship programme for students and support for 9 technical schools
- **ArcelorMittal's Half-Marathon in Dabrowa Gornicza** (over 1,500 participants)
- support for homeless animals
- scholarships for disabled students of AGH University of Technology (in VI edition of this programme we supported 4 persons)
- purchase of laparoscopic equipment for the Health Centre in Krapkowice
- **Mała ARTzona** – workshops for children based on the idea of upcycling (making things of used raw materials) organized by Norwid Cultural Centre
- programmes organized by the **Health and Social Aid Foundation** in Krakow and **Health Foundation** in Dabrowa Gornicza (both foundations belong to ArcelorMittal Poland)
- engagement – as the main partner in the **Responsible Business Week Katowice 2017**

Ecological minigrants

Our grants programme "I act, I help, I am a volunteer" combines a few objectives which are important to us. First of all, it supports the local communities: environmental activities integrate the residents, improve the quality of their lives, as well as teach them to take care of their direct surroundings. At the same time we are able to promote, among our employees, being sensitive to the needs of others. Our engaged volunteers are the most effective ambassadors of this programme. We appreciate those persons and organizations, which actively get involved in actions to the benefit of local communities. The programme is aimed at supporting the statutory activity of NGOs, local sports clubs and other institutions operating in our vicinity and to the benefit of local communities.



Januszkowice

"Increasing biodiversity in Januszkowice" – recovering and supporting animals on the verge of extinction

Krapkowice

"Ranger is clean and sets an example" – ecological camp and workshop

Dabrowa Gornicza-Trzebieslawice

"Ecology at every age" – cycling and trekking trips with liquidation of illegal waste dumps

Zdzieszowice

"Robotics as a determinant of ecological undertakings" additional course in robotics for children from Primary School no. 3

"From waste to degradation" – learning path

Swietochlowice

"The garden attracts us" and "The garden heals us" – garden for seniors

"Green grass, clean pavements – clean after your dogs as they can't do it" – environmental education

Raciechowice

"Bees make honey and waste is not funny" – forest cleaning and presentation of beehives

Dabrowa Gornicza

"How to love nature so that it loves us back" – revitalization of the surroundings of Primary School no. 11

Cooperation with the Health Foundation

For years now, we have been supporting the Health Foundation in Dabrowa Gornicza, which takes care of the health of steelmakers and their families. It supports medical prevention, which is key to swift diagnosis and better prospects in case of illness. Every year we engage in actions organized by the Foundation, like e.g. medical tests for the local community of Strzemieszyce, part of Dabrowa Gornicza. From 2016 to 2017 we examined 1,360 persons – both adults (cardiology package and spirometry) as well as youth and children (allergy test package).

Helping others is within our nature

Our employees have huge hearts and they prove it all year long, by means of their social engagement, that one can do a lot for others by offering them one's time, energy and skills. The culmination point of our volunteer work is the Volunteer Work Day organized since 2009. Every year thousands of employees of the ArcelorMittal Group engage in numerous actions to the benefit of the needy. In Poland we organized 89 projects in all of our locations.



Mariusz Stachańczyk, volunteer, ArcelorMittal Poland's Unit in Sosnowiec

Helping others brings a great deal of joy and is very interesting. The support offered to institutions and private persons is really inspiring. And if you have a chance to combine it with fun we have while performing volunteer work tasks with other colleagues from ArcelorMittal Poland, you simply want more.



Volunteer work in 2017

89 actions
271 volunteers
15,000 beneficiaries
over 2,700 hours worked





05

Responsibility
for environment

Sustainable outcomes

- Efficient use of resources and high recycling rates
- Trusted user of air, land and water
- Responsible energy user that helps create a lower carbon future

Sustainable Development Goals



Our achievements

- Investment package adjusting our installations to the requirements of BAT (*Best Available Technology*):

✓ COMPLETED

- new by-products department at the coke plant in Krakow
- modernization of the power plant in Sosnowiec
- complete overhaul of the blast furnace no. 5 in Krakow including the modernization of the dedusting system
- new by-products department at the coke plant in Zdzeszowice

⚙️ IN PROGRESS

- modernization of the dedusting system of the sinter plant in Dabrowa Gornicza
- modernization of the dedusting system of the steel shop in Dabrowa Gornicza
- modernization of TAMEH POLSKA power plant in Krakow
- modernization of TAMEH POLSKA power plant in Dabrowa Gornicza
- **numerous smaller projects with huge positive impact on natural environment**
 - industrial vacuum cleaners at the coke plant in Krakow
 - modernization of lighting at ArcelorMittal Poland's plants
 - modernization of nitrogen and air compressors at our units in Dabrowa Gornicza and Krakow
- **intensification of communication in the scope of environmental protection**
 - our engagement in the Clean Air Forum in Krakow and Ecological Forum in Dabrowa Gornicza

Our plans

- completion of investments aimed at improving our environmental footprint:
 - 6 investment projects in the scope of dust emission reduction to the level required by BAT
 - 3 investment projects with regards to meeting the requirements of BAT 47: sealing of technological processes and reduction of fugitive emissions from the by-products department
- reduction of carbon dioxide emissions and efficient energy use
- striving for low-carbon and circular economy



5.1. Efficient use of resources and high recycling rates

We strive to make our production processes sustainable. Our approach to environment can be defined by investments reducing our environmental footprint as well as our engagement in projects, which support the transition to low-carbon and circular economy, i.e. economy, in which raw materials are not wasted since they are subject to recycling. We believe that the idea of circular economy, strongly supported by the European Commission, is an opportunity for the European countries, including Poland, to increase their competitiveness and create new workplaces.

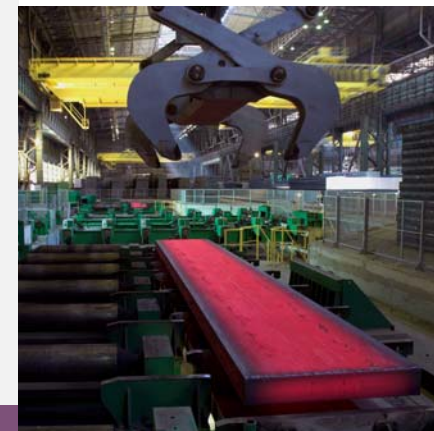
At ArcelorMittal we believe that a long-term sustainable success calls for continuous innovation so that we can meet the expectations of our customers and react to social and environmental trends. This philosophy became one of leitmotifs of the Group's Annual Report.

As a producer of steel – material, which in its nature is “permanent” we have the possibility to initiate and support trends and innovations aimed at better resource management. We cooperate with partners from various industries while developing products and business processes, which can accelerate the transition to the circular economy. We try, i.e., to find more efficient ways of using our by-products and waste such as slag, dust, sludge, heat, carbon dioxide and other greenhouse gases. At ArcelorMittal Gent we are now running a pilot with Lanza Tech, which consists in using a new technology to produce jet fuel out of carbon dioxide.

We are particularly keen on projects executed in cooperation with energy intensive sectors – steelmakers, cement producers and chemical industry, aimed at potential synergies in the production processes and the possibilities of reduction of CO₂ emissions resulting from them.

We are convinced that new products, requiring fewer raw materials, will play a significant role in the transition to the circular economy. We already have quite a few achievements in this field, such as advanced steel grades for the automotive industry or construction designs of buildings, which allow them to be disassembled and transferred to another location. Another process and product innovation is the leasing of our products, e.g. sheet piles.

Our operations are subject to environmental regulations at numerous levels: EU, domestic and local. Additionally, we apply rigorous internal requirements which are in force within the ArcelorMittal Group.



Financial implications and other risks and opportunities due to climate change

Within the ArcelorMittal Group, in 2017, we developed five key areas, which – in our opinion – to the greatest extent determine where we will be in the future and what role we will play in the sustainable economy of the future. The most relevant opportunities/challenges for the next few years lie in the following:

- creation of sustainable value,
- digitalization,
- low-carbon production,
- safe, certified supply chain,
- innovations.

In the scope of each of those aspects we assign the key role to actions limiting our environmental impact. Our ambition is the completion of those projects whose aim is to reduce emissions into the air, having direct impact on climate change. We believe that by creating sustainable innovations we will adjust even better to the expectations of our customers – an approach which stabilizes our revenues and reduces other financial risks.

Waste, water and waste water management

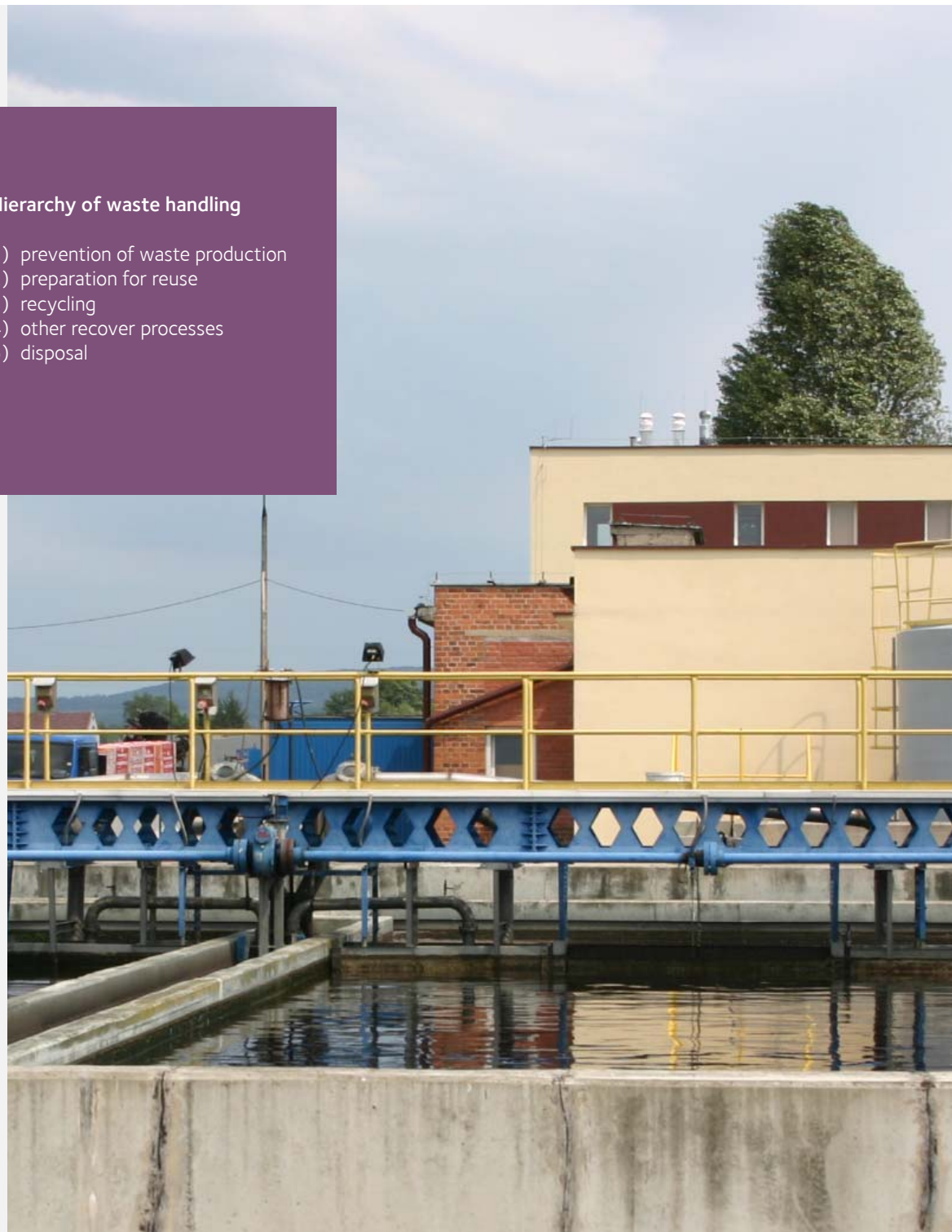
We strictly monitor the water and waste water management since it affects the environment. We take actions aimed at reduction of waste water and its more efficient treatment so as to reduce the environmental impact. We successively increase the percentage of waste subject to recovery, thus reducing the percentage of waste subject to disposal.

In 2017 we gave priority to projects with regards to the following:

- improvement of monitoring and measurement technologies increasing the efficiency of water resource use (thus reducing water consumption and water losses in our installations),
- efficient treatment of waste water at our own waste water treatment plants, thus returning the highest possible volume of treated waste water back to our production process,
- monitoring of quality of produced and dumped waste water,
- responsible waste transfer (in line with hierarchy of waste management methods) to authorized recipients, having appropriate permits in this regard,
- engagement in actions aimed at maximization of use of steelmaking by-products in production processes of other industries.

Hierarchy of waste handling

- 1) prevention of waste production
- 2) preparation for reuse
- 3) recycling
- 4) other recover processes
- 5) disposal





Total volume of waste by type and disposal method

Waste handling method	Dabrowa Gornicza		Krakow		Zdzieszowice		Swietochlowice		Sosnowiec		Chorzow		TOTAL
	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	Volume of hazardous waste [t]	Volume of waste other than hazardous [t]	
Recycling	0	1,418,934	0	424,885	0	0	0	0	0	0	0	0	1,843,819
Recovery (excluding recycling)	5	1,504,620	901	702,902	0	2,230	0	646	0	0	0	0	2,211,303
Disposal (within organization)	96	0	0	91,417	0	2,475	0	0	0	0	0	0	93,988
Transfer to authorised recipients	411	1,501,300	948	270,417	18	3,486	536	13,563	398	55,689	22	6,204	1,853,022
Other (storage)	0	0	0	50,927	0	0	0	0	0	3,000	0	0	53,927
Total volume of waste	512	4,424,884	1,849	1,540,548	18	8,191	536	14,209	398	58,689	22	6,204	6,056,059

Recycling rates

Because of the profile of our operations, we are dependent on non-renewable resources. In the structure of our raw materials the key positions are occupied by iron ore (7.7 m tonnes in 2017) and coal (6.4 m tonnes). As a leading producer of steel – material subject to recycling in 100 per cent – we pay particular attention to the raw material management, taking into account processes, which may partially be based on recycled materials. In 2017 we successfully “gave second life” to 808,066 tonnes of scrap (equal to 4 per cent of materials used for production).

Total consumption of non-renewable materials

coal	6,435
coke	2,490
fluxes	1,542,642
ferroalloys	78,054
non-ferrous additives	16,830
iron ore	7,677,000
Total consumption of non-renewable materials [tonnes]	9,317,016



5.2. Trusted user of air, land and water

We manage our impact on environment in a holistic manner. We pay particular attention to responsible use of resources. We use the best in class, best available technology and continuously improve our installations so as to lower our impact on the quality of water, soil and air.

We have listed our approach to engagement in environmental protection in the Environmental Policy of ArcelorMittal Poland. Our strategic environmental goals are also contained in the Integrated Management System (IMS) Policy.

IMS, in line with i.a. environmental norm of ISO 14001:2004, since 2004 has been encompassing the entirety of the key processes in our company. In the scope of IMS we undertake to:

- continually improve the energy result of our processes, in particular by focusing strongly on rational consumption of energy and other utilities,
- rationally use the natural resources and energy utilities and to purchase energy saving products and services so as to improve the energy result,
- carry out risk assessment of all identified processes and monitor the result of their operation as well as efficiency in the scope of i.a. environmental protection and energy,
- continuously undertake quality-, environment-, and energy-oriented tasks.

Particular units of ArcelorMittal Poland have implemented additional systemic solutions, e.g. Energy Management System in Sosnowiec, certified according to ISO 50001:2009; obligatory Process Safety Management System in Dabrowa Gornicza, Krakow and Zdzeszowice.

**Karl Buttiens,
head of
Environmental
Protection,
ArcelorMittal**

Communities expect high standards around our stewardship of air, land and water. We need to respond to their expectations by innovating and investing to meet the standards required of us, and communicating openly about how we plan to improve. Earning the trust of our communities is key to our licence to operate.





In accordance with regulations

Industrial plants have all required environmental permits, they monitor their environmental performance and pay appropriate environmental fees.

In our development in line with the regulations in force we are supported by the IMS but also our organizational culture and responsibility for the consequences of our actions.

A specially appointed organizational unit by the name of environmental protection watches our compliance with legal regulations in the scope of environmental protection and additionally is in charge of meeting the formal and legal requirements (reporting, fees etc.). Compliance with legal regulations is also reviewed by means of external and internal audits (including IMS audits). Appropriate inspections are also carried out by supervisory authorities.

By way of meeting the requirement of the PN-EN ISO 14001 norm and the legal requirements in the scope of environmental protection we subject our processes to audits at various levels:

- external audit of an accredited certification unit in the scope of PN-EN ISO 14001,
- internal audit in the scope of the norm listed above. The assessment of compliance with legal regulations is carried out by an external auditing unit,
- “recycler’s” audit carried out by an accredited certification unit due to the fact that we recycle packaging waste,
- other checks and inspections of external bodies.

Operating in line with the highest standards and regulations. We treat possible fines as a signal that we have to improve our processes in order to minimize the impact of our operations on the natural environment. In 2017 one environmental fine was imposed on us – we paid PLN 28,000 for excessive noise at the iron ore handling base in Dabrowa Gornicza.

Water consumption management

We realize that water is a scarce resource worldwide, hence we treat actions aimed at minimizing its consumption with the highest priority. Although water is a necessary component of our processes, we want to use it in a responsible manner. We make efforts to close our water circuits, we invest in solutions which lead to reduction of water losses. We treat water in order to ensure its appropriate cleanliness. One of the largest investments initiated in 2017 was the modernization and extension of the water treatment plant in Krakow. This project was the response to increased capacity of the hot rolling mill and higher demand for industrial water used for cooling equipment and rolled slabs. In the scope of the extension of the plant three new facilities were erected (sediment tank, cooling tower and a new part of the gravel filters bay). After the extension the water treatment plant continues to operate in a closed circuit (water is subject to multiple treatment). Our objective is to lower the losses in water circuits; e.g. last year we invested in the improvement of the drinking water monitoring system at our plant in Krakow. The length of the internal water supply network at this unit is... 130 km. We wanted to protect

this precious resource and ensure the high quality of drinking water to our employees so we covered the network with a modern monitoring system. Thanks to it we are able to quickly locate and remove uncontrolled leaks. Those actions have already translated onto measurable results. The level of losses has gone down from 25.8 to 19.3 proc y/y. Lower water intake into the network also means electricity savings and lower environmental fees.

Also in the context of water management we feel responsible for the neighbourhood of our plants. To give an example, the water circuits of our plants in Krakow and Dabrowa Gornicza serve numerous companies (supply of industrial and drinking water, waste water discharge). Our drainage systems serve the purpose of draining the residential areas and so called external circuit guarantees connection to the drainage systems of the transport routes in the proximity of the plants. The water treatment plant at the coke plant in Zdzeszowice also treats urban waste water from the neighbouring municipalities.



Water intake per source

[m ³]	Dabrowa Gornicza	Krakow	Zdzeszowice	Swietochlowice	Sosnowiec	Chorzow
Surface water from rivers	0	5,976,000	5,487,609	0	29,910	0
Water supplies from municipality and other water companies	9,068,413	8,000	4,888	256,213	176,300	8,861
Underground water supplies	0	1,057,000	2,305,797	0	0	0
Total water intake from all sources	9,068,413	7,041,000	7,798,294	256,213	206,210	8,861

Emissions management

Our production processes result in emissions into the air. Unfortunately, there is no emission free technology for steel production. By treating the issues related to environmental protection as our priority, we make each and every effort to reduce emission levels as much as we can.

We are obliged to reduce those emissions by means of technological changes and investments in air protection equipment not only by the responsibility we have towards local communities, but also by more and more stringent regulations. The limits determined in BAT conclusions translate onto environmental permits for which we apply and we have to adjust our installations to those new requirements.

We have designed the investment process for a few years. We have given priority to those undertaking which bring the most significant reductions in our environmental impact. We assume that this exceptional modernization effort will allow us to significantly lower our emission levels in 2018.

Thanks to the application of the dedusting equipment in 2017
we were able to stop **236,095**
tonnes of dust in our installations.

Emissions of NO_x and SO_x compounds and other emissions into the air

Compound [Mg]	Dabrowa Gornicza	Krakow	Zdzieszowice	Swietochlowice	Sosnowiec	Chorzow
1a. Emission into the air						
NO _x (nitrogen oxide, nitrous oxide, nitrogen dioxide)	5,027	740	2,301	62	90	42
SO _x	5,283	260	997	0	37	0
1b. Dust emission into the air						
Total dust (all types of dust emitted)	4,303	430	115	3	0	0
including PM 10	1,896	260	85	3	0	0
Amount of dust captured by dedusting equipment [Mg]	186,529	44,788	3,282	1,496	0	0



Reduction of GHG emissions

We undertake voluntary actions aimed at reduction of emissions. The largest environmental impact has been achieved thanks to the modernization of the recuperator of the first furnace at the heavy section mill in Dabrowa Gornicza – the direct reduction of carbon dioxide was estimated to be at the level of 27,703 t per year.

Moreover, at our plants in Dabrowa Gornicza, Krakow, Swietochlowice and Zdzeszowice, we have installed low-emission LED luminaires within the scope of the lighting modernization project. The energy efficiency audit acknowledged that the project has resulted in a huge reduction of electricity consumption, which significantly exceeds 75 proc. The units subject to this modernization used to consume 6,300 MWh per year; they now consume 1,500 MWh per year.

Another important initiative aimed at reduction of electricity consumption was the modernization of air and nitrogen compressors at our units in Dabrowa Gornicza and Krakow. This project, whose value exceeds PLN 20 m, covers the supply, replacement and repair of remotely controlled air and nitrogen compressors in Dabrowa Gornicza and Krakow.

The modernization results in 24 per cent reduction of electricity consumption. The quality of energy air will improve significantly as well (thanks to lowering its humidity to 80 per cent) and so will the working conditions in our production bays (lower noise levels).

One more important investment in the energy efficiency was the modernization of the recuperator at the heavy section mill in Dabrowa Gornicza. The new recuperator has a higher efficiency of heat recovery from flue gases. Thanks to the modernization the combustion air temperature increased, which resulted in reduction of mixed gas consumption by 10–12 m³ per tonne. The results achieved were acknowledged by a positive energy audit carried out in September 2017.



Initiative

Initiative	Initiative type: obligatory (resulting from regulations) / voluntary	Reduction of greenhouse gases [tCO ₂]	
Dabrowa Gornicza / heavy section mill / Modernization of recuperator of furnace 1	voluntary initiative	27,703	direct reduction
Dabrowa Gornicza / lime plant / lighting modernization – replacement with LED		401	indirect reduction
Krakow / hot rolling mill / / lighting modernization of the bay – replacement with LED		711	
Swietochlowice / lighting modernization of the bay – replacement with LED		2,283	
Zdzeszowice / lighting modernization at the power plant – replacement with LED		374	
Swietochlowice / external lighting modernization – replacement with LED		115	

Direct GHG emissions (scope 1)

Location >	Direct emissions [tCO ₂]					
	Dabrowa Gornicza	Krakow	Zdzieszowice	Swietochlowice	Sosnowiec	Chorzow
Emission resulting from heat generation	-	-	210,979	38,042	81,751	9,571
Emission resulting from physical and chemical processing	4,939,568	1,367,044	916,272	-	-	-
Total direct emissions	4,939,568	1,367,044	1,127,251	38,042	81,751	9,571

CO₂ emissions index per tonne of product

Organization's metric indicator	Value
Emissions per tonne of steel (integrated plants in Krakow and Dabrowa Gornicza)*	1.13
Emissions per tonne of coke (coke plant in Zdzieszowice)*	0.289

* Within the CO₂ indicator, direct emissions were taken into account on the basis of existing regulations as well as national and European regulations.





Investing in environmental protection

Our multi-year complex investment programme allows us to better protect the environment, i.e. by means of successive increase of energy efficiency of our plants. Also in 2017 we initiated and continued numerous "green" investments. We also engaged in environmental projects important for the local communities.

We list the most important of them in this report:

The value of our environmental projects in Dąbrowa Górnicza exceeds
PLN 700 m

• New dedusting system at the steel shop in Dąbrowa Górnicza

In September 2017 we laid down the foundations for the construction of the new dedusting plant. This huge investment will allow us to meet the requirements of the EU directive on industrial emissions. It shall limit fugitive emissions and improve working conditions of our colleagues. The scope includes modernization of the existing dedusting system and the construction of the new deduster, whose dimensions are comparable with those of a block of flats. Moreover, we are going to install canopy roofs, which will be assembled at the height of 40 m. They are 12 metres tall and 12 metres wide and weigh 12 tonnes each. Their task will be to capture so-called fugitive emissions. Three such "hoods" will be installed over each of three converters (in which liquid steel is made). Thanks to completion of all those tasks the dedusting efficiency will increase threefold. The value of this project amounts to PLN 200 m.

• Modernization of the dedusting system of sinter belt no. 1 and 3 in Dąbrowa Górnicza

We started this investment back in 2016. Thanks to this project the production process will be more environmentally friendly – we will reduce the emissions from the sinter belt to the levels of BAT requirements. The projects running at the sinter plant consist in construction of modern filters for the

sinter belts, on which sinter (the basic charge material for blast furnaces) is produced from iron ore. Each dedusting installation will be a hybrid: a combination of classic electrostatic precipitator and a bag filter in a single device. Two such sets will be assigned to one sinter belt. In October 2017, the first filter started operating; the second one was commissioned in May 2018. Twin project will be implemented at sinter belt no 1. The investment will allow us to reduce dust emission six times. The value of this project exceeds PLN 140 m.

• Modernization of the by-products department in Zdzeszowice

In May 2017 we completed the investment started back in 2013. In the scope of this project, worth over PLN 205 m, we have adjusted the technology of coke oven gas desulphurization to the BAT requirements, whereby we eliminated emissions from the sulphuric acid production plant as well as emissions from the ammonia plant. The sulphur, produced in the process, which is now of almost 100 per cent cleanliness, has become a commercial product. We completed this projects two years ahead the required legal deadline.



**Tomasz Ślęzak,
member of the board
of directors as well
as environmental
protection and
energy director at
ArcelorMittal Poland**

Adjusting our installations to the requirements of the EU's industrial emissions directive is an expenditure, which significantly exceeds PLN 1 bn spent over the years 2015 – 2018. We have already modernized the coke plant and blast furnace at our unit in Krakow as well as the by-products department in Zdzeszowice and the power plant in Sosnowiec. The modernization effort is huge and so is the amount so we are glad that we have been successful in obtaining loans from the National Fund of Environmental Protection.

• **Modernization of TAMEH POLSKA power plant in Krakow**

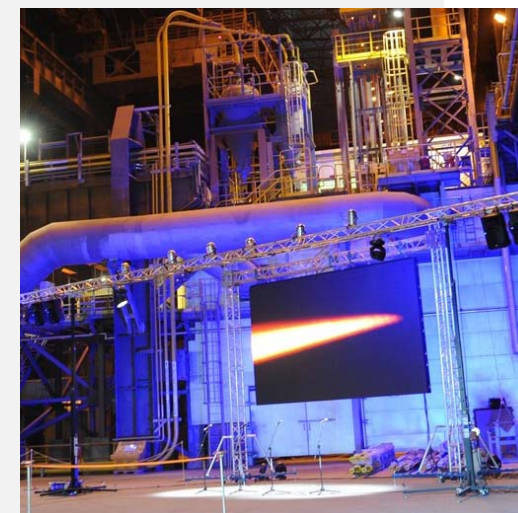
The completion of the project started in 2015 is planned for mid-2019. This investment, whose value significantly exceeds PLN 300 m, will not only improve the efficiency of electricity production, but will, above all, significantly reduce the environmental impact of the plant. After the modernization the power plant will completely abandon the use of coal, which shall be replaced by steelmaking gases: blast furnace and coke oven gas as well as natural gas as alternative fuel. This investment will be to the benefit of the residents of Krakow since resignation from coal will result in significant reduction of emissions:

- dust – emissions reduced by 90 per cent
- NO_x – nitrogen oxides – emissions reduced by 83 per cent
- SO₂ – sulphur dioxide – emissions reduced by 80 per cent
- CO – carbon monoxide – emissions reduced by 40 per cent
- CO₂ – carbon dioxide – emissions reduced by 20 per cent

The modern equipment will also result in noise reduction and higher boiler efficiency will allow for reduced fuel consumption. The volume of waste will go down significantly and so will water consumption.

• **Modernization of TAMEH POLSKA power plant in Dabrowa Gornicza**

This project, worth PLN 300 m, assumes the construction of a complete flue gas desulphurization station (FGD) in accordance with BAT requirements. Thanks to this investment flue gases will be first desulphurised, after entering into reaction with lime, and then additionally dedusted. Subsequently, after being heated to appropriate temperature, they will be subject to denitrification process with the application of ammonia water. The reduction of the environmental impact of the plant will be impressive. Dust emissions will be reduced by 86 per cent, SO₂ by 66 per cent and NO_x by 35 per cent.



The table below presents investments aimed at improving our environmental footprint, which are planned, were underway and those which were completed in 2017.

Project	Brief description	Location	Planned expenditure in PLN m	Planned completion date
Dedusting system of sinter belt no.1	Reduction of dust emissions	Dabrowa Gornicza	60	September 2018
Dedusting system of sinter belt no. 3			70	May 2018
ESP of the dedusting system of the cooling installation of sinter belt no. 1			9.2	December 2018
ESP of the dedusting system of the cooling installation of sinter belt no. 3			8.4	October 2018
Modernization of the ESP of the sinter sorting installation			8.9	September 2019
Modernization of the ESP at distribution point no. WR-8 with reduction of noise generated by the gas exhauster			8.4	December 2018
Modernization of the ESP of coke wagon tippler			8.9	September 2019
Modernization of the dedusting system of iron ore wagon tipplers – construction of pneumatic dust transport system to agglomeration plant E1			8.9	September 2019
Modernization of main dedusting station	Reduction of dust emissions and elimination of fugitive emissions		122.2	December 2018
Modernization of the primary dedusting system of the converter gas			79.8	December 2018
Modernization of tar warehouse	Meeting the requirements of BAT 47: sealing of technological processes and reduction of fugitive emissions from by-products department	Zdzieszowice	4.2	September 2018
Sealing of the polymer loading station			4.2	September 2018
Sealing of the condensation installation			4.2	September 2018
Replacement of passivation agent	Adjusting to Polish environmental regulations resulting from changes to Annex 14 of REACH Directive 1907/2006.	Swietochlowice	0.8	2017
Installation of continuous dust emission measurement system on secondary dedusting equipment	Adjusting to BAT 14	Dabrowa Gornicza	0.4	March 2018
Modernization of waste water treatment installation (additional treatment of refractory compounds)	Meeting the environmental norms regarding the concentration of refractory compounds in waste water	Zdzieszowice	3.8	2017
Dedusting system of sorting plant no. 2	Meeting BAT 52 requirement for dust emission	Zdzieszowice	2.1	September 2018
Construction of ammonia water installation	Fulfilling the conditions of the integrated permit for emission from the gas and water cleaning installation and meeting BAT requirements	Krakow	8.4	December 2019

5.3. Responsible energy user that helps create a lower carbon future

The developed world already today, to a great extent, is based on low carbon energy sources. We believe that there is no going back as far as this trend is concerned. As one of the largest companies in Poland we want to promote the best practices of responsible use of energy sources.

Our approach to energy source management is complex. In our Energy Policy, contained in the Integrated Management System, we declare that we meet the legal regulations both at the EU and national level and that we operate in accordance with i.a. ISO 50001:2011 norm. We undertake to continually improve the energy result of our processes, in particular by focusing on rational consumption of energy and other utilities.

We closely monitor and analyse the consumption of energy utilities. We apply modern technologies, which support us in efficient energy management; e.g. we use our waste gases (blast furnace, coke oven or converter gas) thus eliminating their emission into the air and limiting the consumption of e.g. natural gas which we would have to buy on the external market.

Those gases are used by our installations (blast furnaces, coke oven batteries, furnaces at our rolling mills) or for production of electricity and steam at TAMEH (ArcelorMittal and TAURON Energy Holding).

Every year each production plant sets its own goals and tasks in the field of energy. We monitor them on a monthly basis. We have developed a good practice of regular

meetings between plant representatives and the person supervising the Energy Management System ISO 50001, which significantly facilitates communication and data flow. In 2017 we consumed 136,747,283 GJ, which is 5,051,756 GJ, i.e. 5.6 per cent more than in 2016 but it needs to be noted that the increase in crude steel production within this period amounted to 9 per cent*.

Energy consumption within the organization

Similarly to the previous years, our calculation includes energy consumption by our own plants for our own needs (purchased electricity, natural gas, coking coal, coke oven gas, power coal, petrol, heating oil, diesel oil, liquid gas and heat), coke purchased outside minus the volume of energy carriers sold by us (coke oven gas, blast furnace gas, converter gas and coke).

In 2017 our environmental fees for emissions into the air, water intake, waste water disposal and waste storage amounted to PLN 36,490,223.



5.4. Our engagement in local environmental initiatives

We know that the condition of the natural environment results also from everyday choices of each of us. It is for this reason that we are happy to get involved in actions which integrate local communities around environmental challenges. We subsidize interesting environmental initiatives (more on p. 49 in "Responsibility for employees and local communities") by way of minigrants. We inspire residents to make changes in their surroundings, which will support the natural environment. We engage in discussions about using the synergy of local companies, academia, NGOs in order to fight air pollution and minimize climate change.



Selected environmental initiatives in 2017:

• Bicycle racks... from old stoves

We actively engage in the activities of the city of Krakow aimed at smog reduction. In the scope of Low Emission Reduction Programme (PONE) available since 2014 residents can obtain financing for the installation of new environmentally friendly stoves. Our company collects the stoves discarded by the residents of Krakow and... melts them into bicycle racks, thus also contributing to the promotion of an environmentally friendly means of transport. We have organized a competition for a design of the bicycle rack. We are going to install those racks in the proximity of schools and at other locations suggested by the residents of Krakow.

• Clean Air Forum

We have participated in the Clean Air Forum organized by the Krakow municipality. Our representatives: Geert Verbeeck, CEO and Tomasz Ślęzak, director for energy and environmental protection, shared their comments during this event of October 5, 2017, covering mostly the unprecedented investment programme (worth PLN 3 bn) at our Krakow unit which contributed to the improvement of air quality and of the lives of the residents (by reduction of emissions).

• A thousand heathers in return for waste paper

For years now we have been promoting among the local communities the idea of recycling, bringing it home to our neighbours that the condition of the natural environment depends, to a great extent, on our everyday habits. We are glad that the turnout at the collections of raw materials we organize is great. In the previous years we encouraged people to collect, i.a. batteries and electric waste. In 2017 we switched to waste paper. For each 2.5 kg we received we gave away potted heather. Before the start of the action the queue in front of the main gate of our Krakow unit was very long. We use such actions to advertise when and where such materials (medication, electronic waste, batteries etc.) can be disposed of every day.

• Christmas tree in return for waste paper

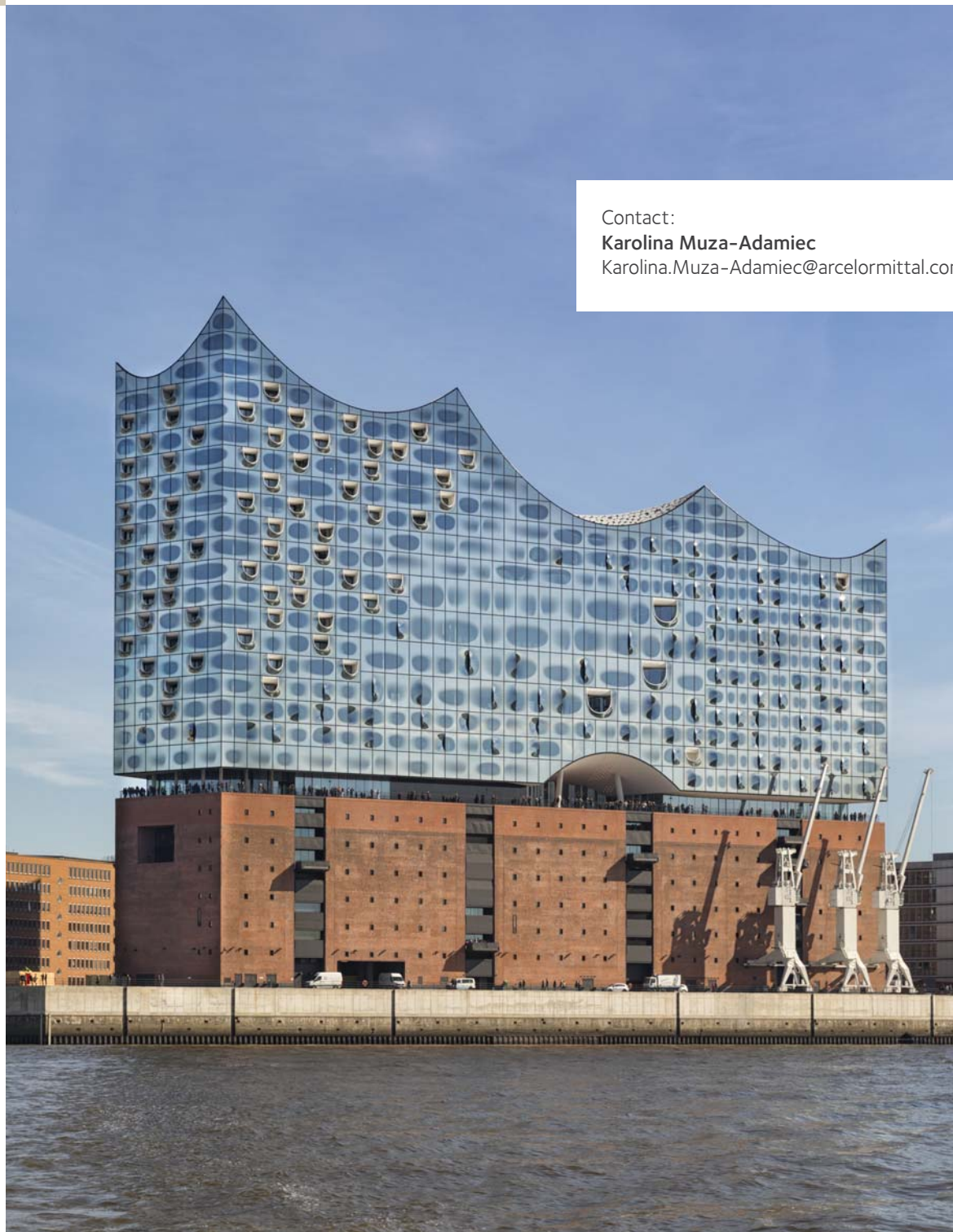
In December 2017 the residents of Krakow were able to swap 2.5 kg of waste paper for a Christmas tree. We gave away firs, junipers and pines. The promotion of environmentally friendly habits proved successful also on this occasion – this undertaking generated a lot of interest in the local communities.

• Minigrants in the framework of "I act, I help, I am a volunteer" (details on p. 48)



06

How we report



Contact:
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About this report

We report actions related to our social responsibility on an annual basis. This report is already the eighth one in our history and it refers to 2017. While deciding on its content, we assumed exactly the same scope and method as in the previous reporting cycle. This publication was prepared in line with global reporting standards (GRI) at CORE level.

Data collection for this report was based on our internal reporting system. The data was not subject to an external audit. The engagement of the top management in the data selection and review process guarantees its reliability and credibility.

We carried out the relevance analysis by means of a survey of our stakeholders and the management team. Another valuable source of information were two consultation panels with the representatives of our stakeholders, which we carried out in Dabrowa Gornicza and Krakow for the first time in 2017.

Thank you for your interest in our report. We hope that this publication – like the ones in the previous years – will inspire our stakeholders to share their opinions and expectations with us as it is thanks to this information flow that we can transform tomorrow together.

Relevant topics included in this report

1. Employment and remuneration conditions (transparent remuneration and benefit system, working time records and flexible forms of employment)
2. Code of business conduct
3. Health and safety, accidents at work, trainings, solutions supporting employee safety
4. Health and healthy lifestyle promotion among employees
5. Education and development of employees at various levels – building employee competences, internal trainings, co-financing of courses and external trainings
6. Employee opinion and satisfaction surveys
7. Equal opportunities in the workplace and diversity management policy
8. Family friendly company; work-life balance
9. Observance of human rights, employment of children and minors
10. Strategy for environmental impact management (implemented environmental management systems), risk management in the area of environmental protection
11. The company's response to the challenges related to climate change and reducing / minimizing the negative impact on the environment throughout the supply chain
12. Investments improving efficiency and our environmental footprint
13. Energy consumption – measurement, consumption reduction programs, etc.
14. Water consumption – measurements, programmes aimed at consumption reduction etc.
15. Emissions of greenhouse gases – measurements, programmes aimed at emission reduction and impact on local environment
16. Waste management
17. Material recovery, use of recycled material
18. Transport and logistics management (optimization of routes, deliveries)
19. Educational activities and engaging customers, employees and other stakeholders in activities in the field of environmental protection
20. Green office – initiatives, effects, internal environmental culture of employees
21. Community engagement strategy, running a strategic community programme
22. Dialogue and cooperation with NGOs
23. Dialogue with local community and support for local community, development of good neighbour policy
24. Employee volunteering – building employees' involvement in social activities
25. Sponsorship and other types of support for local communities
26. Evaluation of the effects of short and long-term social activities of the company
27. R & D, cooperation with research units, universities, laboratories in creating product innovations
28. Caring for the quality and safety of the product
29. Responding to customer needs, development of product portfolio, product innovation, new product applications, optimization of technical solutions
30. Customer relations, including customer satisfaction surveys
31. Transparency in operations, ensuring operations in accordance with the law and other voluntarily adopted ways of conduct (Compliance Programme), including processes, non-compliance reporting system, employee trainings
32. Anti-corruption policy, ethical principles and ethics in behavior towards competitors
33. Responsible supply chains (criteria and standards for supplier selection, including audits on observing CSR principles, education, trainings and development of suppliers)
34. Undertaking joint ventures with business partners and suppliers to implement CSR activities
35. Ensuring orders from local/domestic suppliers



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- Tomasz Zygmunt
- Katarzyna Zysk



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Independent assurance



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Independent Limited Assurance Report on Indicators Presented in the Corporate Sustainability Report of ArcelorMittal Poland S.A. for the year ended 31 December 2017.

To the Management Board of ArcelorMittal Poland S.A.

Al. J. Piłsudskiego 92
41-308 Dąbrowa Górnicza

Scope of work performed

We have undertaken a limited assurance engagement on the selected environmental indicators presented in the **Sustainability Report of ArcelorMittal Poland S.A. for the 1st January 2017 – 31st December 2017** (the "Sustainability Report"), developed by ArcelorMittal Poland S.A. (the "Company"). Selected environmental performance indicators under our assurance scope are the following (marked with a "*" on the pages of the Sustainability Report):

- Total energy consumption (in GJ)
- CO₂ emissions per tonne of crude steel (integrated plants in Krakow and Dąbrowa Górnicza)
- CO₂ emissions per tonne of coke (coke plant in Zdzeszowice)

The indicators have been reported on the basis of ArcelorMittal's Basis of Reporting.

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the selected environment indicators presented in the Sustainability Report in accordance with ArcelorMittal's Basis of Reporting. This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for reliable, correct and fair information and for correct preparation of the documentation provided to us.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In compliance with International Standard on Quality Control No 1, issued by International Federation of Accountants Deloitte maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected environmental indicators in the Sustainability Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators presented in the Sustainability Report are free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In order to form our conclusion on the selected environmental indicators presented in the Sustainability Report, we undertook in the period 23 February 2018 – 28 June 2018 the following procedures:



- Through inquiries, obtained an understanding of ArcelorMittal Poland S.A. control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Obtained an understanding through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Evaluated whether ArcelorMittal Poland S.A. methods for developing estimates are appropriate and had been consistently applied. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate ArcelorMittal Poland S.A. estimates.
- Compared the information included in the Sustainability Report to internal documentation of the Company.
- Undertook site visits to assess the completeness of the indicators under review, data collection methods, source data and relevant assumptions applicable to the indicators.

Limitations

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our limited assurance engagement has been limited to the selected environmental indicators presented in the Sustainability Report and does not extend to the rest of the information included in the report nor the report as a whole. Accordingly, our conclusion below covers only these indicators and not all data presented or any other information included in the Sustainability Report.

The process the organization adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Sustainability Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information.

Conclusion

Based on procedures performed and evidence obtained no matters has come to our attention to cause us to believe that the selected environmental indicators presented in the Sustainability Report are materially misstated. Based on our work we have obtained limited assurance that the information concerning the selected environmental indicators included in the Sustainability Report developed by the ArcelorMittal Poland S.A. are not non-compliant with ArcelorMittal's Basis of Reporting.

Deloitte Advisory
Deloitte Advisory Sp. z o.o.
Warsaw, 28 June 2018

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Sustainability Report

ArcelorMittal Poland 2017