



ArcelorMittal



ArcelorMittal Ostrava
For a better life in the region
Sustainability Report 2015

ArcelorMittal is the world's leading
steel and mining company

Crude steel production of
92.5 million tonnes
in 2015

ArcelorMittal has
a presence in 60 countries
all over the world

Revenues of
\$63.6 billion





About ArcelorMittal

The ArcelorMittal Group is the world's largest steel and mining company. ArcelorMittal is present in 60 countries and has an industrial footprint in 19 countries. The company employs more than 209,000 people. ArcelorMittal has a leading position in all world's major steel markets: automotive, construction, packaging and household appliances. ArcelorMittal is a leader in research and development, owner of substantial resources of raw materials and a comprehensive distribution network. The company ranks among the world's five largest producers of iron ore and coking coal.

The ArcelorMittal group reached an income of 63.6 billion USD in 2015, produced 92.5 million tonnes of crude steel and 62.8 million tonnes of iron ore.

ArcelorMittal is listed on the stock exchanges of New York (under the trading symbol MT), Amsterdam (MT), Paris (MT), Luxembourg (MT), Barcelona (MTS), Bilbao (MTS), Madrid (MTS) and Valencia (MTS).

For more information about ArcelorMittal please visit:
www.arcelormittal.com

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ArcelorMittal Ostrava a.s.

ArcelorMittal Ostrava a.s. is the largest steelmaker in the Czech Republic. Our annual production capacity is 2 million tonnes of steel, which is mainly used in construction, machinery and energy industry. We are the largest manufacturer of safety road barriers in the Czech Republic and one of world's nine producers of grain-oriented electrical steel. Besides the Czech Republic we also supply our products to more than 40 countries around the world.

Thanks to above-standard environmental projects completed in 2015 the company produces crude iron and steel with the lowest possible impact on the environment.

The sole shareholder is ArcelorMittal Holdings A. G.

ArcelorMittal Ostrava a.s. offers a wide portfolio of products

Long products and cold-formed steel open profiles



Spiral weld pipes and seamless tubes



Hot-rolled flat products



Steel mine supports



Merchant bars



Wire rod



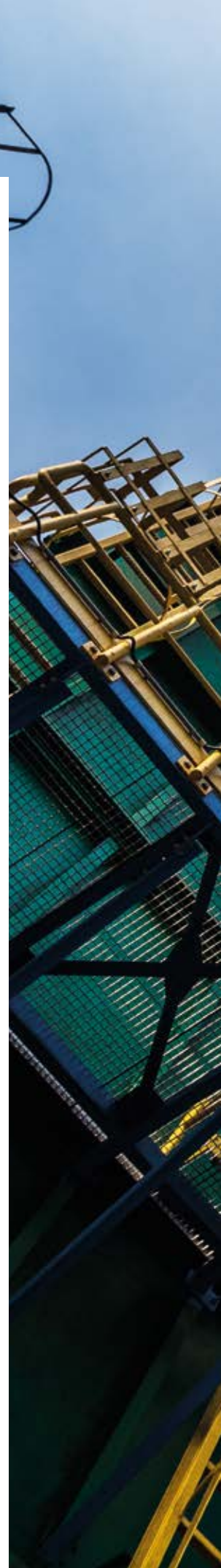
Engineering products



Castings



Safety barriers





Our annual production is



2 043 773 tonnes
of steel in Ostrava



We employ

7 226 people
including our subsidiaries



2015 was a year of

**environment and
modernisation**

for the Ostrava steel plant



Vijay Mahadevan Subramanyam

Chairman of the Board of Directors
ArcelorMittal Ostrava

Ladies and gentlemen,

it is a great honour for me as the newly appointed Chairman of the Board of Directors that I have my first opportunity to invite you to read this report on our activities in the year 2015. On this occasion, I would like to thank my predecessor and colleague Tapas Rajderkar, who led the Ostrava steel mill over the past four and a half years, for all his achievements. Apart from the completed greening programme, I have been much impressed by the mill's employees among whom there are some of the greatest experts in their field I have ever met. I will do my best to successfully continue the best achievements of the preceding management and to lead our company a few steps further on its way.

Steel industry is currently undergoing a difficult period, which we, however, perceive as an opportunity. We are fully aware that it is necessary to constantly adapt to changing market conditions. Therefore, we have compiled for the whole ArcelorMittal Group the Action 2020 plan, which introduces a medium-term strategy, with concrete, specific goals set for our Ostrava steel mill to improve the economic performance by 2020.

In Europe, the plan will be put into action mainly by increasing the output volumes, particularly by expanding our portfolio of products with higher added value and also by implementing our transformation programme. Within our division, this transformation shall focus on achieving operational, procurement and commercial excellence. All these areas will be in close interconnection with the Finance and IT departments, which will play an important supporting role. In Finance, strategic investments management, expense control

and effective working capital management shall play a fundamental role. During the transformation programme key parameters for each division will be set and the results achieved will be carefully monitored.

What does it mean for this company?

The aim of the Action 2020 is to increase output to 2.4 million tons of crude steel using the existing facilities. Ambitious this plan may seem, though, in 2016 we should be able to produce 2.3 million tons of steel if the market situation remains favourable. By 2020 we could thus even have surpassed this goal while improving our productivity. We will do our best to fulfill this aim and if we succeed, ArcelorMittal Ostrava will become an even stronger and more stable company, which will bring much benefit to this region.

The following pages will inform you on everything we have been doing in the field of sustainable development.

I came to Ostrava in May and I am glad to be here. People are friendly and hardworking and the city is beautiful and filled with energy. I believe we will be meeting in the future and I really look forward to cooperating with you.

Vijay Mahadevan

A handwritten signature in blue ink, appearing to read 'Vijay Mahadevan', written in a cursive style.



Tapas Rajderkar

Member of the Supervisory Board
ArcelorMittal Ostrava

Ladies and gentlemen,

Corporate responsibility has always been more than just words for us. It has always been closely connected with all our activities. However, we would like to move our responsible behaviour in the community even farther. We now want to behave sustainably and diligently deal with all our impact on the local communities. Therefore, we have defined 10 indicators to be followed by the entire ArcelorMittal group about which you will find more detailed information in this report.

It is minimisation of the impact of our production on the environment that is an inherent and long-term priority for us. Although we have complied with all environmental limits and we also met the EU limitations four years ahead, which only came into force by March 2016, we voluntarily continue our greening projects beyond our legal obligations. We want to minimise our impact on the environment. In 2015 we built 13 new green technologies for coke oven plant, sinter plant and blast furnaces, which are now able to capture 520 tons of dust more than in the past. Thanks to this above-standard greening worth two billion we have ranked among the cleanest steelmakers in the world.

Exceptional care for our employees has always been an integral part of our strategy. Our staff not only draw an above average income for their work, but they are also offered a wide range of benefits. Thanks to our strict guidelines, prevention and innovations in the field of health and safety we have also reduced the number of injuries to a historical minimum. Our permanent goal is complete elimination of injuries, and every year we come closer towards achieving this goal. An important

achievement in caring for our employees' health has been becoming a fully non-smoking company in September 2015. As a modern company we do not just want to go with the times, but we also want to set new trends. We believe that this involves extra health care for employees, too. All employees who decided to quit smoking, were offered significant support. A comprehensive free of charge smoking cessation treatment was offered to all of them and, in addition, professional medical and psychological assistance was available.

We also continued to support various activities in our region. Dance for Life has become a well-known part of our activity, in which people have fun and they can help at the same time. During the Colours of Ostrava festival we "danced up" 400,000 crowns for non-profit organizations. Furthermore, traditional employee grants brought an extra 750,000 crowns for 55 projects. In 2015, we supported charity and culture projects worth more than 22 million crowns altogether. Our company also supports employee volunteering. Last year our employees dedicated 600 of their working hours to 18 non-profit organizations.

Tapas Rajderkar

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned below the name Tapas Rajderkar.

Steel from ArcelorMittal Ostrava is found in the Bolt Tower in Lower Area of Vítkovice



2015 facts and figures

- We produced **2,043,773 tons** of liquid steel
- We produced **1,961,504 tons** of hot metal
- Our tandem furnaces consumed **662,791 tons of scrap**, which represents 28% of the metallic charge
- We sold **445,000 meters of safety barriers**
- We produced **48,031.90 tons of grain oriented electrical steel** in the Cold Rolling Mill in Frýdek-Místek
- Our employee's average salary was **CZK 34,615**
- **26,545 employees** were trained, a total of **123,406 hours** was spent by employees in training. The average number of training hours per employee was **17**
- We distributed **CZK 754,733** among **55** projects of non-profit organizations in the region through our employee grants
- We dedicated **CZK 31,480,000** to support and development of the region, the number of beneficiaries was **79,020**
- We employ **4,600 people**, together with our subsidiaries the headcount is **7,226 people**

ArcelorMittal in Czech Republic

- Distribution Solutions
- Flat Products
- Long Products
- Tubular Products
- Global R&D



Sustainable Development Strategy

We are a large industrial enterprise which provides work for thousands of employees in the Moravian-Silesian region, cooperates with many contractors, customers and other representatives of the target groups. We claim responsibility for creating a sustainable future not only for our employees, but also for neighbouring communities and for the planet.

Two years ago, our corporate team led by Alan Knight adopted a new approach in the area of corporate social responsibility, which made us reflect and examine our social responsibility strategy. We believe that it is no longer enough to be a good neighbour only, but it is necessary for us to deal with the impact of our business and our products on the society. The corporate team was helpful to in identifying areas that need to our attention and compiled 10 sustainable development indicators. The particular indicators were discussed at a series of meetings across the company and potential shortcomings in our approach were identified. 2015 is, therefore, a year of change when we realized we were shifting from social responsibility approach towards a sustainable approach. We would like to make you acquainted with what we achieved in the field of sustainable development over the last year through some examples of good practice and introduce our future goals and challenges. We also want to continue our responsible attitude to the non-governmental organizations sector in the region and cooperate on activities that make lives better.

A summary of activities that we put into practice from within the scope of sustainable development indicators is described in individual chapters devoted to particular indicators.

Within our company we have created commissions whose representatives cooperate and solve all issues with our stakeholders.

- Sustainable Development Commission composed of senior management representatives of ArcelorMittal Ostrava
- Corporate Responsibility Commission, comprising representatives of all departments involved in cooperation with representatives of the target groups

We actively seek dialogue with our stakeholders on the impact of our business on the society, economy and environment. We stay in constant touch with particular groups to cooperate on a number of key topics in the field of sustainable business.

Our stakeholders include:

- Customers
- Employees
- Investors and lenders
- Local communities
- Government and regulators
- Media
- Suppliers
- Non-governmental organizations
- Multilateral and business organizations

Since 2008, we have been issuing Corporate Responsibility Reports in which we regularly inform about activities that help us build the status of a responsible partner in the region and which also affect our good reputation significantly. In recent years, we also started to use the GRI methodology.

10 outcomes of sustainable development

- 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 the future
- 10 Our contribution to society **measured**, shared and valued

All underpinned by transparent good governance.

01

Safe, healthy, quality working lives for our people

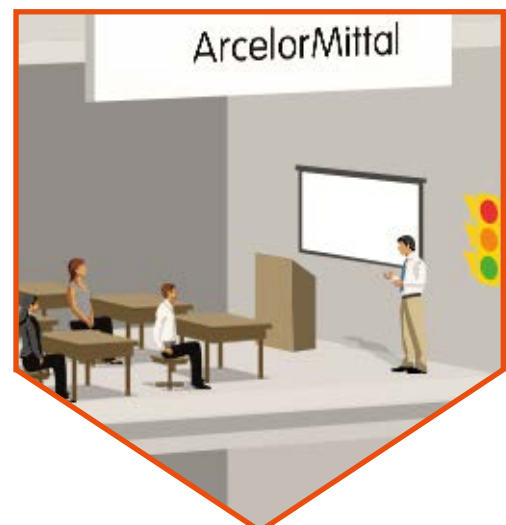
Our employees present the most important element of our company and their health and safety have considerable impact on the company's performance. Despite international recognition of labour and safety standards, accidents, discrimination and unfair treatment in the workplace persist, and gender inequality is considered a major barrier to sustainable development. We understand health, safety and relationships among employees to be the keystone of sustainable development. We build our success on attracting our employees, fostering talents and offering a successful professional career.

The protection of human dignity is perhaps the most important social issue for the 21st century, and crucial to the relationships between different nations, and between employers and employees. Employers wanting to attract, develop and retain the brightest talent must ensure they address these issues, and create a positive working culture that respects them.



What we want to achieve

We want our workforce to be committed to our success and to carry out our business with honesty and integrity in a safe and healthy working environment. We want a workplace where diversity is valued and every individual is respected and developed to their full potential.



Our stakeholders' expectations

Safe working environment and conditions for our employees remain a priority both for us and our partners. We want to produce steel while eliminating injuries at work. We want our workforce to receive proper schooling and be equipped with essential tools for their occupation. We care for our employees' health and introduce preventive

health care programmes. We wish for the relationships with our employees to be correct and transparent. Our partners expect that we take active steps to ensure a safe, secure, fair, and diverse workplace. We are engaged in continuing discussion and seek to secure permanent improvement in this area.

Safety

Our global objective is to eliminate the number of serious and fatal occupational injuries and reduce their incidence to a minimum. We progressively work to achieve these goals through our Journey to Zero and Shared Vigilance projects.

We continue implementing corporate safety standards, mainly in the areas of working at heights, isolation of technological equipment and improving the quality of occupational health and safety management among external contractors of services. In discussing the questions of occupational health and safety with our staff we employ well-established tools such as five-minute safety meetings, shop floor audits and the Golden Rules of Safety. Regular safety regulations training of all the company's employees is also one of our prevention measures.





Our activities in 2015

In 2015 CEO Tapas Rajderkar met all the company’s employees. A major topic of the more than 40 meetings altogether was occupational safety and prevention of injuries at work. The CEO met with 5,423 employees.

Injury frequency rate, no fatal injuries

We succeed in continuing reduction of injury frequency at work. We achieved the best results in the company’s history as regards injury frequency rate. The best result of 2015 is undoubtedly zero incidence of fatal injuries which results from a whole number of preventive measures, dialogue with employees and changing people’s behaviour. Injury frequency with contractors also remained low.

We achieved the highest rating in fatal injuries prevention audits

We succeeded in meeting all requirements of the fatal injuries prevention audit by the end of 2015. A total of 11 standards concentrates on those areas of occupational safety in which fatal injuries are statistically the most frequent. We met the demands of all 11 standards and were ensured that our health and safety management system was in full compliance with the corporate safety system. Yet, we must not stay happy about having done our best in the area of preventing fatal injuries. We have to continue the assessment of all our processes and behaviours in order to identify and prevent dangerous situations and conducts. This remains a permanent task and, first and foremost, it is a common task for all of us.

“Our employees are the most important asset we have. Their safety is very important for us and we invest huge effort and resources into this area. I am glad that our employees show great interest in activities of this kind and that they bring positive results.”

Tapas Rajderkar, CEO

Together for safety

8,500 ArcelorMittal employees and 1,800 representatives of external contractor companies were involved in the annual Health and Safety Day. Employees took part in practical first aid courses under expert supervision, talked about potential threats and the ways they could be prevented at their workplace, they carried out crosscheck safety audits with external contractors, they received massages, or tried on new personal protection equipment. Besides occupational safety the event also aimed at promoting a healthy lifestyle. The staff were offered healthy meals in the company canteens.



Our activities in 2015

01 Safe, healthy, quality working lives for our people



Health

Our employees' health presents one of the most important values we need to care about in the long term. We pay greatest attention to health care in our employee care programme. We steadily improve the standard of medical care we offer to our staff, our workplaces are regularly inspected by physicians and 24/7 first aid medical service is available throughout the year. Besides training activities aiming at elimination of injuries, we do our best for our staff to stay healthy.

We pay great attention to occupational diseases, microclimatic conditions or treatment of chemical substances and we continually improve hygienic conditions at the company's workplaces.

Our employee care programme offers: health recuperation and rehabilitation stays – one or two weeks' stays in a spa resort; rehabilitation programmes – outpatient treatment programmes aimed at locomotive organs and respiratory system, a healthy back programme, protective drinking regime for employees at high-risk workplaces and vitamin preparations.

A healthy lifestyle including a well-balanced proportion between the working and personal life are very important to our employees. The eighth year of Steelmakers' Olympics was held in which 12 teams representing employees from the individual plants competed in 8 sports disciplines. A total of 240 sportspeople tested their team spirits and fitness.

Health Week

held between 31st August and 4th September aimed at education of employees, promotion of healthy lifestyle, prevention of serious diseases and consultancy. Employees checked In Body tracking, during which they were able to learn about how their body was functioning, discover their reserves and the way they could change their habits and lifestyle in order to be able to find harmony in their lives. A first aid course or practical training in extinguishing flammable liquids under the supervision of a fire rescue brigade

were among the traditional events. Usual fun sports disciplines included bowling and football tournaments joined by representatives of the top management and the trade unions alike. Some employees were offered a massage by visually-impaired masseurs. The Health Week included information campaign about vaccination against the flu and subsequent vaccinations with physicians from the medical service since October.

Employee development

Our employees are a priority, we are striving to care for them and develop their competences in a number of ways. Employees can choose from a rich variety of education programmes. Apart from professional courses they are offered e-learning language courses, PC courses, management courses, occupational safety instruction courses and others.



Our activities in 2015

01 Safe, healthy, quality working lives for our people

Talent programme

Employees with excellent performance and potential may enroll in the Talent Programme. A special education programme includes a large scale of activities aiming at soft skills development. A two-year education programme called Leadership Academy is open for talents with the potential to advance to management positions. The year 2015 saw a total of 118 Talent Programme participants, out of which 15 took part in Leadership Academy.

“Learning – our key to success”

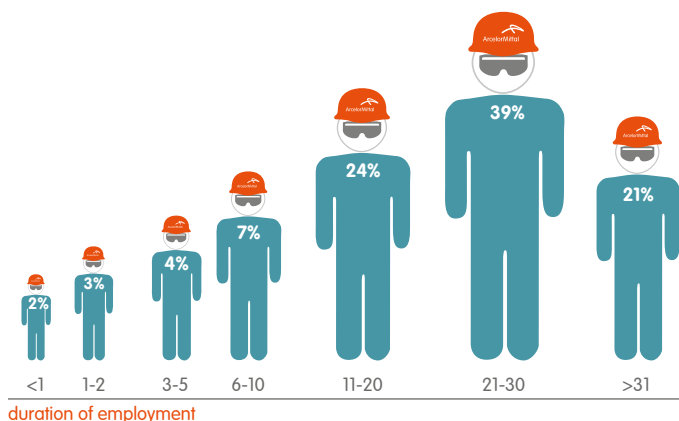
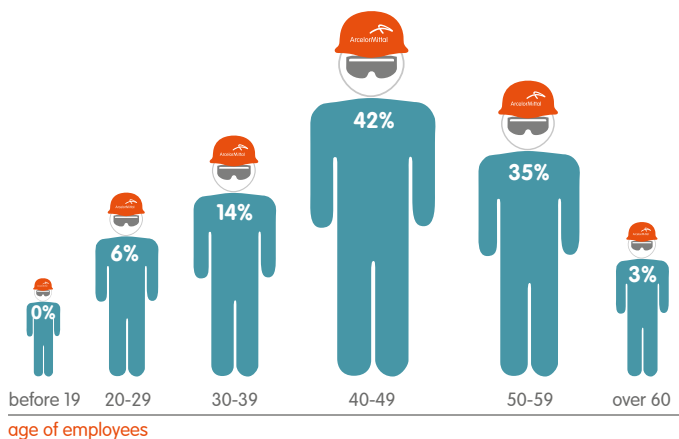
The Learning Week was held between 8th and 12th June at all ArcelorMittal units. Employees could choose from a large variety of educational activities offered by the

Educational Centre in Ostrava or participate in on-line programmes prepared by ArcelorMittal University in Luxembourg.

Speak Up!

The “Speak Up!” opinion survey was held among employees at technical economic positions in 2015. Its aim was to find out about the satisfaction and motivation of employees at all units of the ArcelorMittal group. The survey monitored employees’ opinions in 11 areas. The following areas were rated best by employees: communication, health and safety, management – my superior. 1,247 employees of ArcelorMittal Ostrava and its subsidiaries responded in the survey; the number of participants was higher than back in 2013 with the total response ratio reaching 90%.

Age structure and duration of employment in 2015



Key Performance Indicators

Save, healthy, quality working lives for our people	2015
Fatal Injury Frequency Rate	0
Lost Time Injury Frequency Rate related to million of hours worked	0,30 injuries
Lost Days Frequency Rate related to thousand of hours worked	0,05 days
Number of occupational diseases	16
OHSAS 18001 safety standard certification	renewed
Number of hours of training for employees	123 406
Number of employees trained	
According to sex:	26 545
Out of which women	2 575
Out of which men	23 970
According to categories:	26 545
White collars	8 634
Blue collars	17 911
Employees trained in the OHS area	9 306
Average number of hours of training per employee a year	17
Percentage of employees under collective agreement	99

Gender diversity

We support greater presence of women in technical professions and we attract the interest of women graduating from technical schools in finding a job in our company. Although metallurgy is traditionally viewed as a professional area with few working opportunities for women, our company strives to prove that it need not be true. Automation and the existence of a whole number of positions which do not involve hard manual work open a gate for women to assert themselves in a traditionally men-dominated area. Our company provides support for its women-employees to achieve success in their career and we also want to attract other women to work with our company at both the working and the technical economic positions. At present, women constitute 13 % of our employees.

Cooperation with trade unions

We strive in the long term to maintain fair relationships both with our employees and the trade union organisations which represent them. In 2015 there were 13 independent local trade union organisations at our company in which 63% of all ArcelorMittal Ostrava employees, including the subsidiaries, were organised. Collective Labour Agreement for 2013 - 2015 applies to 99 % of the company employees.

“There were regular meetings of the employer with trade union representatives during which the trade unions were given information and the topics set by provisions of the Labour Code and the collective agreements were discussed. Despite demanding and prolonged debates over the new collective agreement we take it for important that we succeeded in finding a mutual compromise. I think it is useful to lead a quality and constructive social dialogue and it is crucial for the employer to try to engage the trade unions in many of its activities.”

Roman Bečica, Chairman of the OS KOVO Steel Plant trade union





Our commitment to the future

Our first and foremost goal still remains to eliminate the number of serious and fatal injuries and reduce the incidence of occupational injuries to a minimum. On approaching this goal we make use of our time-tested projects Journey to Zero and Shared Vigilance. Our contractors are also invited to co-operate with us to achieve this goal. We are launching the „Remind me!“ campaign which encourages all employees to become involved, learn to identify safety risks and be able to properly respond to them. We are preparing new healthy lifestyle projects which aim to appeal to the 50+ age group.



Case study: ArcelorMittal Ostrava is a non-smoking company

300 spots which used to be reserved for smokers on the plant’s premises have ceased to exist. Since 1st September 2015 on ArcelorMittal Ostrava has been a non-smoking company. Employees were informed about the company’s intention to put an end to smoking a year ahead. A complex stop-smoking treatment under the supervision of a medical specialist was offered to employees and selected agency staff, which was free of charge provided that the treatment was a success. 97 employees, both white-collar and blue-collar workers including management and trade union members joined the treatment procedure. For another tens of employees the formation of a non-smoking company meant a decisive impulse for putting an end to their addiction even without using the offered stop-smoking treatment.

One of those who gave up smoking thanks to the non-smoking programme, was Jaroslav Vystrk, head of Legal Matters Department.

Ban on smoking also applies to electronic cigarettes and it is binding for all persons entering the company’s premises including lorry drivers, external contractors’ employees or visitors.

The company’s non-smoking programme has won the Performance Excellence Award of the ArcelorMittal Group. Our attitude towards restriction of smoking was appreciated by a commemorative medal from the Association for health support and oncological prevention.

“The motivation for me to stop smoking were my children.”

Jaroslav Vystrk, Head of Legal Matters Department

02

Products that accelerate more sustainable lifestyles

03

Products that create sustainable infrastructure

Our goal is to offer products which support sustainable lifestyles. The role steel plays in the sustainability strategies of our customers and these products often goes unrecognized.

Thanks to this, steel products can be lighter, which leads to reduction of carbon emissions and enables easy and repeated recycling. Moreover, compared to other rival materials, the steel has a smaller environmental impact. This property is typical of only a few materials. The task of our research and development team is to make use of this property as much as possible.



The future calls for major investments in infrastructure, roads, bridges, railways, hospitals, schools and offices, alternative sources of energy and water infrastructure. In order to estimate how much our products can contribute to sustainable development, we need to stay in co-operation with architects, engineers and customers, and to develop new products with their assistance.

The outcome we need

We want our steel to be the choice for designers and producers as well as for users who choose our products for their endurance and strength. We want to promote the use of steel where its unique properties can be used up to a maximum. The use of steel has a better effect on the environment than the use of some other materials.

We invest in innovation and development of new products and machine components for construction sectors and infrastructure and we work together with our customers to fulfil their requirements and anticipate future trends.



Why is this important to us?

In order to keep our leading position on the market, we invest in development of new products that are stronger, lighter and meet the requirements of our

customers. We also have regular meetings with our stakeholders, we discuss their needs and try to find solutions that will satisfy new goals of sustainability.



Our stakeholders' expectations

Developing a greener economy is becoming a priority for people all around the world. Offering products whose implementation is eco-friendly and that guarantee the longest possible lifespan for the projects in which they are used as well as developing steels that make lighter vehicles is our response to this aim.



Our activities in 2015

Research and development activities

Research and development focused on the steel production process helps achieve manufacturing excellence by improving productivity, reducing costs, optimizing production facilities and achieving better results in the field of environmental protection.

Our activities focus on the production of continuously cast billets and slabs and both cold and hot rolling of finished products. We also deal with tasks arising from production of energy, hot metal and by-products. In the field of coal and coke we strive for optimum use of raw materials, we also try to ensure safe operation, extend the life of production facilities and maintain the quality of products with regard to the efficiency of hot metal production in the blast furnace route.

We also work on the optimisation of the use of fuel and on the verification of the application of modern technologies and procedures to reduce our environmental footprint as well to comply with emission limits.

Dealing with these tasks, we cooperate with universities, external design and research centres, and also with local and corporate customer service, which is a useful source of suggestions for development and increased quality of final products. In 2015 we addressed 46 research tasks in six main specializations. 15 tasks were completed and 14 started.



Our activities in 2015

02 02 Products that accelerate more sustainable lifestyles

03 Products that create sustainable infrastructure

16Mo3 quality steel with added molybdenum

It is production of new steel with high added value which may serve as an example of successful research and development. 16Mo3 steel with the addition of molybdenum is one of the low-alloy steels with increased thermal resistance and resistance to high-temperature corrosion and creeping. At elevated temperatures it shows exceptional strength in comparison with conventional types of steel. Due to these characteristics, products made of this kind of steel may be used primarily in power engineering and heating industry. We make this steel in the form of sections, round and flat bars, as well as seamless and welded pipes and flat products.

“The steel can be used for steam pipelines, heat exchangers and pipes designated for transportation of hot media. It is also suitable for boilers and machinery operating at high temperatures. In addition, the steel is characterized by very good weldability using standard methods.”

Zdeněk Vašek, Head of Research and Development

Road safety

We have developed and manufactured special road barriers equipped with a lower guard strip to protect motorcyclists. The barriers absorb crash energy and prevent motorcyclists from underrunning, and protect them from crashing into the post or other exposed parts of barriers.

In 2015, nearly 10 km of roads in the Czech Republic and Slovakia were equipped with our new barriers providing increased protection for motorcyclists. Those are parts that were identified as dangerous and thus help to increase safety significantly.

“Blind corners and protracted bends on lower-class roads or slip roads to the highways are considered to be dangerous parts of roads. Installation of new barriers on these roads will help reduce or even completely eliminate the consequences of motorcyclists' accidents.”

Richard Toman, Head of Mine Support and Safety Barriers





Tube-rolling plant supplied steel tubes for rebuilding unique undersea oil field in Nigeria

230 tons of seamless steel tubes, which will become part of an oil field platform construction at Nigerian oil undersea deposits of Egina, were made by our tube-rolling plant. The tubes with demanding properties reached Nigeria at the end of June 2015.

The oil field is located 130 kilometres off the Nigerian coast, it covers an area of 500 square miles, and oil is mined here from the depth of 1,750 metres. This puts huge demands on the steel supplied, which has to meet strict parameters and undergo a series of demanding tests. The tubes were used outside mainland and had to comply with much more stringent manufacturing tolerances and non-destructive inspection.

Our commitment to the future

We want to continue to maintain and even to increase our market share. Therefore, we try to develop new value-added products and launch them to the market. We also try to improve our co-operation with customers and provide them with above-standard service. The market will always be under pressure, however, we must constantly find ways of improving our approach as well as our products.



Case study: New road safety barriers with self-healing ability

In 2015 we started the production of a new road barrier coating called Magnelis[®], which has self-healing ability - it can repair on its own. It is able to heal its own scratches and abrasions within a few weeks.

It is no longer true galvanising is the best possible protection against corrosion. Thanks to our cooperation with the ArcelorMittal research and development centre in Ghent, Belgium and ArcelorMittal's production plant in Bremen, Germany barriers from Ostrava received a new surface finish containing aluminium and magnesium. Magnesium is the additive that enables to create a special protective film on the damaged site, which protects the barrier from weather and corrosion. The new barriers will be able to save human lives on roads for up to 40 years, which is 2 times longer than before.

“ Adding the new protective coating to the barrier product portfolio is yet another step to increasing our competitiveness. I believe that Magnelis[®] will further enhance our position in this respect. ”

Tapas Rajderkar, CEO





04

Efficient use of resources and high recycling rates

In response to the squeeze on resources, the world is moving from a 'take-make-dispose' model of consumption to a more circular approach, in which as little as possible is wasted, and as much as possible reused. Steel's recyclability gives it an inherent advantage here, but there are commercial and technical challenges to overcome if we are to lead in this field.

Now more than ever, we are focused on understanding the full life cycle of materials and products. Steel is at a distinct advantage, as the most recycled material in the world - more than aluminium, paper, glass, gas and plastic combined. This is because steel is infinitely recyclable, meaning that it can be recycled indefinitely without compromising its quality. As a result, steel plays an important role in the circular economy.



Why is this important to us?

In recent years, a greater emphasis has been placed upon re-use and recyclability of all materials. Steel is all around us in our daily lives. As a leading steel producer we carry the responsibility of maximizing our efficiency and recyclability.



Our stakeholders' expectations

Many of our stakeholders are not fully aware of steel's contribution to the circular economy and its inherent life cycle advantage. As a result, competing materials pose a challenge to our

leadership in the market. In addition, we must continue to utilize all of our materials in the most efficient ways possible and find new ways to maximize re-use and recycling.





Our activities in 2015

Environmentally-friendly waste management

Thanks to its 100% recyclability, steel has a major advantage in this area. However, we also largely invest in the development of leadership skills and abilities to use and reuse the by-products which originate during the process of steel production.

By-products

In addition to recycling steel itself, we also recycle and re-use a number of by- and waste products.

One example is the use of **blast-furnace slag** - the waste material from production of hot metal which can be further used to make artificial aggregate and granulate. It is a high-quality material to be used in the building industry or road construction. In 2015, we produced 390,500 tons of granulate and 355,500 tons of aggregate.

Steel-making slag, which is used in earth work. Of the total deposit, we recycled 157,593 tons of steel slag as a substitute for basic ingredients in the technologies of both the sinter plant and the blast furnaces. We supplied external companies with 133,458 tons of processed steel slag.

Refractory lining material, around 10% of which we recycle and use again in repairs of metallurgical aggregate; 3,473 tons of crushed linings are used as a substitute for fluxes in the production of hot metal in blast furnaces, the remainder is used in the construction industry. We produced 55,190 tons of this material in 2015.

Our objective is maximum utilization of waste, its treatment and re-use in manufacturing. Therefore, our Research and Development Department created a unit called "**Low temperature desorption**" (LTD), which is used to remove oil from iron scales and scale sludges produced during rolling and other production processes. After deoiling, the produced material is used as a part of the sinter charge - it is recycled. The LTD unit is fully compliant with the latest trends in the field of environmental protection, in fact, it is a zero-waste facility. The unit can process all internal deposits of oiled iron scales and sludges that would otherwise, being hazardous waste, have to be deposited in the dump although they contain about 70% of iron. This innovative technology is registered by the ArcelorMittal Group as "Best Practice" under the number CTO-ENV-BP-136.01.



Our commitment for the future

We develop technologies for recycling industrial waste with a high alkali content. The aim is to remove zinc and lead by means of waste processing at low temperatures and to reuse iron oxides in metallurgy.

Reducing the amount of by-products and waste is one of our long-term objectives. We pay great attention to preventing the production of waste and to maximum recycling. We look for ways of reusing the waste that we produce.

What will it bring to us?

In Ostrava, we have a potential to save 4 million EUR on dump waste expenses and replacement of input raw materials in the production process. Constant increases in the costs of waste processing pose a great challenge for us.





Case study: Project “Journey to zero waste management”

The project focuses on processing and reusing materials classified as waste. In the past, these materials went to dump without any further benefit, which was expensive for the company. All the materials are generated during hot metal or steel production processes, therefore they have a very similar chemical composition as the input materials required for this production. On the basis of chemical analysis, we chose places where particular materials could be employed. These were mainly Plant 12 – Sinter Plant and Blast Furnaces, and Plant 13 – Steel Plant. A composition similar to the input materials is a benefit, as it enables at least partial replacement (dolomite, dolomitic limestone, limestone, or iron ore).

The materials involved:

- Ladle furnace slag
- Skimmer slag
- MgO refractory brick
- Rolling mill scales
- Steel-making slag from T-furnace
- Sinter plant dust (from 3rd section of electrostatic precipitators)
- Sinter plant dust (from 4th section of fabric filters)
- Blast furnace sludge
- Steel mill sludge

Materials appearing as suitable replacement became subject of assertion tests in order to confirm or refute our hypothesis concerning their suitability to be used in production. The project has not been finished yet and it is in the stage of further development.

The following materials have been reused so far:

- Ladle furnace slag
- Skimmer slag
- MgO refractory brick
- Rolling mill scales
- Steel-making slag from T-furnace
- Sinter plant dust (from 3rd section)

This effective waste management project results in annual savings of more than 5 million EUR.

Three years after the implementation of this project we only have two more waste materials left. Once we have managed to reuse them in our production process, we will become a company with zero amount of industrial waste.

05

Trusted user of air, land and water

The air we breathe, the land we live on and build our homes and the water that sustains us and gives us lives are all essential components for the functioning of our ecosystem. They are all essential resources for our business. We are doing our best to use them and share them responsibly.



The outcome we need

Steel is an important material of our being. Its production is dependent on natural resources and has an impact on the environment. We want to be coming with new ways and means of minimising this impact and preserve the natural resources for future generations.



Our stakeholders' expectations

Our stakeholders and local communities trust us to use the vital resources of air, land and water in a responsible way. We understand this responsibility and we do our best to minimise the impact of our production on these resources. We pay attention to minimising our environmental footprint in the long term and we are successful in reaching this

aim thanks to investments worth billions of crowns. This company fully complies with all environmental legislation limits. Since 2012, years ahead, it already complied with EU legislation emission limits which only became binding in 2016. We completed environmental projects worth CZK 2 billion in 2015.



Why is this important to us?

We are trying to minimise the negative impact of our production on our region's environment.

Therefore, we invest into cleaner and best accessible technologies which improve the quality of air, land and water and contribute to sustainability of our production, which is a contribution not only for our company but also for our customers, stakeholders and the environment.



Our activities in 2015 - Air

A record year for greening

We completed above-standard environmental projects which will become a considerable contribution to protection of environment in our industrial region.

Investments worth billions of crowns have significantly reduced our environmental footprint as well as supported the region's economy.

We completed a total of 13 subsidised environmental projects. Our new de-dusting technologies capture more than 520 tons of dust from both ducted and non-ducted (fugitive) emissions a year. Moreover, the high-efficiency filters (over 99%) installed at southern part of the sinter plant even capture emissions of polycyclic aromatic hydrocarbons (PAHs) including benzo(a)pyrene.

The full benefit of the new de-dusting technologies will be felt since 2016 when they will have been in operation throughout the whole year. Thanks to these above-standard investments

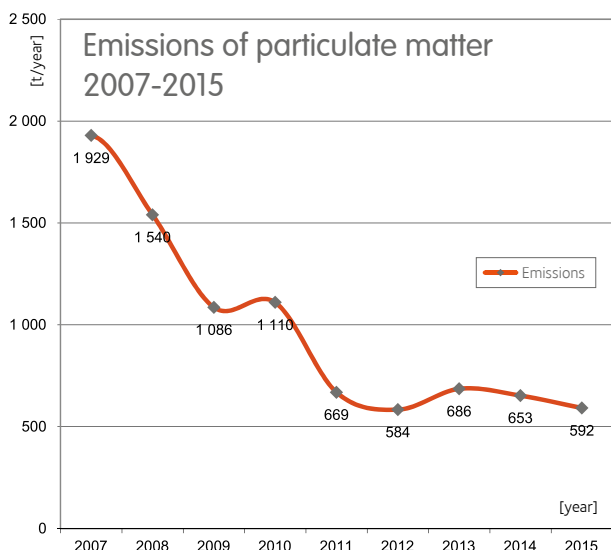
“As Chief Green Officer I am interested in the technology used by our contractors, and achieving a maximum reduction of emissions. We can already be sure about one thing today – by commissioning these above-standard technologies we are among the cleanest integrated steel mills, and we have also reached the limits of further emission reductions.”

Petr Baranek, Chief Green Officer

which reduce emissions more than the limits prescribed, for the first time in history, we were able to obtain European subsidies.

A new study by the Confederation of Industry of the Czech Republic shows that the greening projects also have effects in the economic and social areas. The study clearly illustrated that investments into the environment return several times. Apart from reduction of emissions released in the environment such investments boost the development of the manufacturing and building

industries and increase the availability of professional technical services. Greening investment also brings improvements within the social sector. An average of 2,300 new jobs arose thanks to green investments between 2014 and 2015. Tens of Czech suppliers had the opportunity to participate in completing these projects.



We expect a total emission cut of 520 tons a year in 2016, out of which more than 100 tons will come in measurable, ducted emissions, and the rest will fall into the category of non-ducted, fugitive emissions. The new investments are estimated to cut the total annual stack emissions of dust down to approximately 490 tons, which is a quarter of the amount emitted in 2003. ArcelorMittal Ostrava emitted 1,783 tons of dust into the air back in 2003, which reduced to 592 tons in 2015.

International standards

A second independent audit took place in 2015 thanks to which our plant and its subsidiaries further remain holders of the EMS (Environmental Management System) and has been certified in accordance with the EN ISO 14001:2004 Standard.



The “Fingerprint” Project

We cooperated in the Fingerprint Project which had been in progress in the Moravian-Silesian Region for the past three years.

The project mapped the impact of individual sources of pollution in our region and their share in contamination of the air with dust particles and other substances. The principal organiser of the project was the Public Health Institute Ostrava. Data on air pollution were collected at 40 measuring stations throughout the region in each of the four seasons – twice in winter, once in summer and once during the transitory period.



The „Fingerprint“ Project

10.7% of air pollution comes from industrial sources. A major source of pollution, taking up a share of 28.9%, represent local household heating sources. Local heating sources on the Czech side of the border take their share of 18.8% in polluting the air in the Moravian-Silesian Region, on the Polish side of the border it is 10.1%, i. e. a share similar in extent to that coming from industrial sources. Whereas industrial sources release an even amount of emissions throughout the year, pollutants from household heating only appear in the cold months of the year, i. e. for approximately six months. The results show that household heating sources represent a major source of air pollution in this region, especially in winter.

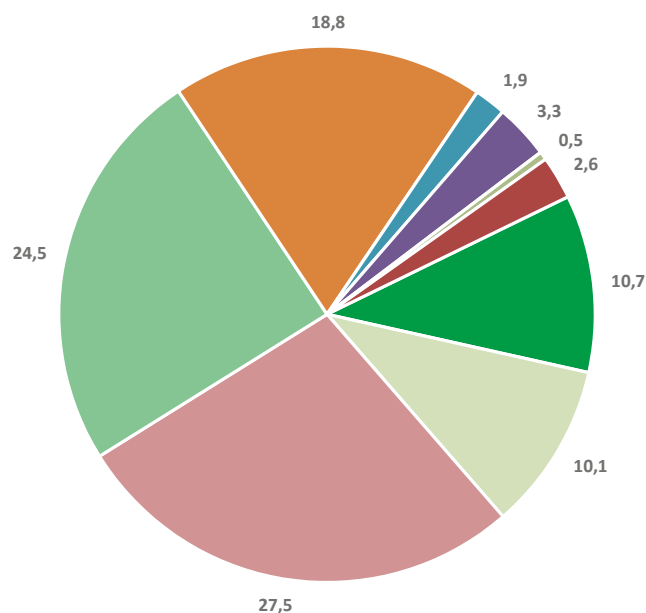
The problems of household heating and its impact on air pollution were discussed at a conference on Ostrava’s air and household heating held in November 2015. The outcomes of the Fingerprint

project were presented as well as concrete studies dealing with the influence of particular emission sources on air pollution. Experts from Czech Hydrometeorological Institute revealed in their presentation that local heating is the source of more than 87% of carcinogenic benzo(a)pyrene air pollutants in the Czech Republic while the share of industrial sources is merely 0.3%.

“The outcomes of the research have shown that industrial plants are not dominant source of air pollution in the Moravian-Silesian Region. Negative influence of industry predominate only within limited local areas.”

Petr Baranek, Chief Green Officer

10.7% is the impact of industry on air pollution in the Moravian-Silesian Region.



Categorisation of individual sources with regards to their share of PM₁₀ emissions in the Moravian-Silesian Region (%):

	%
Metallurgy	10,7
Local heating sources in Poland	10,1
Major Polish sources	27,5
Transportation in the Moravian-Silesian Region	24,5
Local heating sources in the Moravian-Silesian Region	18,8
Minor sources	1,9
Other industrial sources	3,3
Other combustion sources	0,5
Big energy industries	2,6

Our commitment to the future

We care deeply for our the city and the region in which we operate; therefore, we have reduced the impact of our production on the environment to the lowest level possible, even much beyond the requirements of the EU legislation.

We consider the relationships with our contractors to be of essential importance for our success; therefore, it is crucial for us to be able to estimate the potential risks for our business, to inform our contractors about them regularly and to discuss our future steps. This is the only way of maintaining a sustainable relationship based on mutual confidence and co-operation.

Awards for environmental projects

Our continuous efforts in minimising our environmental footprint was appreciated by the environment-friendly investment award for de-dusting of sinter belts in northern part of the sinter plant won during the national competition Czech Energy and Environmental Project (ČEEP).

The competition is traditionally organised by the Ministry of Industry and Trade, Ministry of Environment and Ministry of Regional Development. The expert panel appreciated our investment worth a billion into the world's best available de-dusting technique, the super-efficient bag filter, including its overall benefit for the environment.





Our activities in 2015 - Water

Water is an important part of industrial processes. We use three types of waters to sustain our industrial activities; they are potable water, service water and additional service water. A separate distribution network is in operation for each of the water types.

In 2015 we consumed 553,683 m³ of water from the public water main.

Service water is supplied by our own water treatment station. The Žermanice dam serves as the source of raw water for treatment of service water. Our company produced a total of 947,753 m³ of service water in 2015.

The sources of additional service water are surface water from the Žermanice dam and from the river Ostravice and also recycled water from two sewage plants. Additional service water is mainly used to compensate for water loss during manufacturing processes. From our principal source, the Žermanice hydroelectric dam, we consumed 15,023,600 m³ of water in 2015. We consumed 2,253,663 m³ of water from our secondary source, the river Ostravice. The technology of the sewage plants Lučina and Ostravice enable us to return part of the purified waste water for reuse. We continually attempt to reduce the amount of water consumed from surface sources and to maximise the use of recycled water.

In 2015 we recycled 5,528,855 m³ of purified waste water in both of our sewage plants, which represents 24.2% of the water required for production in the company.

Key performance indicators

Trusted user of air, land and water	2011 tons/year	2012 tons/year	2013 tons/year	2014 tons/year	2015 tons/year
Liquid steel output	2,10 mil. tons	1,93 mil. tons	1,97 mil. tons	2,09 mil. tons	2 043 773
Hot metal output	1,95 mil. tons	1,81 mil. tons	1,92 mil. tons	2,03 mil. tons	1 961 504
Air emissions:					
Other significant emissions	669,000	584,135	686,239	653,000	591,953
SO _x emissions	2 316,300	2 100,47	1 612,26	2 155,91	1 531,940
NO _x emissions	1 925,850	2 023,64	2 609,59	2 428,36	2 508,515
Total water consumption according to source (m ³ of water per ton of steel produced)				8,96	8,72

Case study: Carpathian rivers

A successful co-operation of the non-profit and commercial sectors

We are fully aware of our responsibility for protecting the biodiversity and ecosystem in the region where we operate. In the river Morávka basin some passages are still to be found these days in which the river retained its largely natural character with little human impact. There are also similar areas near the flow of other two Beskydy rivers – Ostravice and Olše. These Carpathian rivers are unique sites of natural beauty in the Czech Republic. In co-operation with the Czech Union for Nature Conservation Salamandr, a non-profit organisation based in Rožnov pod Radhoštěm, we have been running the project “Care of endangered plant species in Carpathian rivers”.

“In 2015, thanks to our co-operation with ArcelorMittal Ostrava on our long-term nature conservation programme we were able to complete the mapping of endangered plant species, organise an expert seminar and prepare an action plan of knotweed liquidation for colleagues from Czech State Union for Nature Conservation, remove the invasive species of knotweed at the Ondřejnice river, prepare a comics publication on the issue, publish our results in the expert journal Natural Conservation as well as present them to guests from the Swiss Embassy on the spot.”

Martin Krupa, the Salamandr Union



Overview of green investment in 2015



De-dusting of tipplers, Sinter Plant, northern and southern part

Reduction of fugitive emissions by 6.4 tons a year on both tipplers



De-dusting of cooling belts, Sinter Plant, northern part

Reduction of fugitive emissions by 137.4 tons a year



De-dusting of cooling belts, Sinter Plant, southern part

Reduction of fugitive emissions by 61.5 tons a year



De-dusting of Sinter Plant, southern part

Reduction of stack emissions by 94 tons a year



Blast Furnace 2 - cast house de-dusting

Reduction of fugitive emissions by 51.9 tons a year



Blast Furnace 3 - cast house de-dusting

Reduction of fugitive emissions by 23.5 tons a year



De-dusting of cleaning station for torpedo cars

Reduction of fugitive emissions by 870 kg a year



De-dusting of system of charging containers of ore bridge

Reduction of fugitive emissions by 3.5 tons a year



Reduction of fugitive emissions by improving the quality of sintering, SP North Part

Reduction of fugitive emissions by 5.8 tons a year



Increasing efficiency of de-dusting the material routes, Sinter Plant, northern part

Reduction of fugitive emissions by 21.3 tons a year



Blast Furnace 2 - charging system de-dusting

Reduction of fugitive emissions by 98 tons a year



Blast Furnace 3 - charging system de-dusting

Reduction of fugitive emissions by 20.7 tons a year



Greening of the quenching tower of Coke Plant

Reduction of emissions to less than 18 grams per ton of produced coke

06

Responsible energy user that helps create a lower carbon future

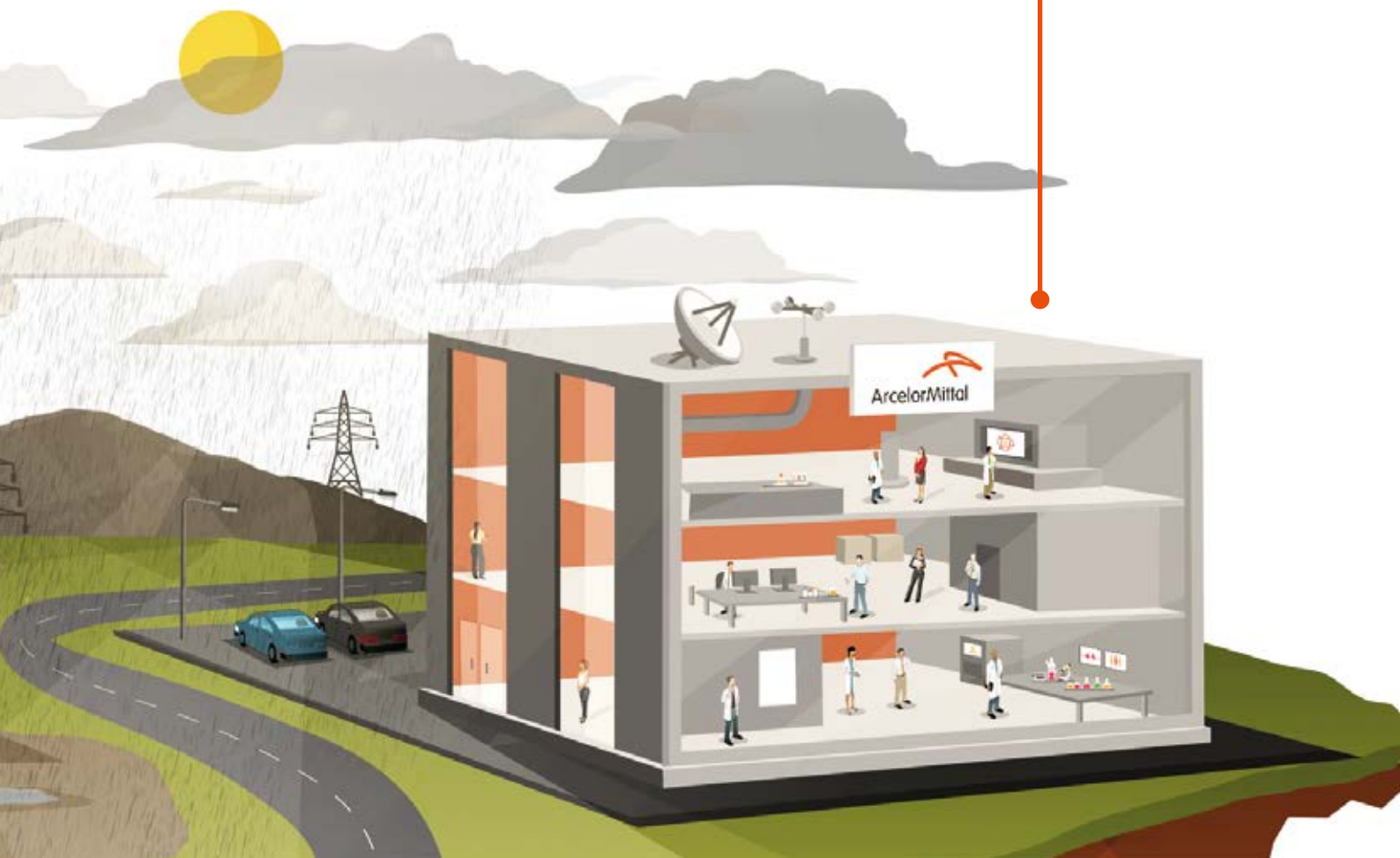
Steel production is an energy-intensive process that is closely linked to CO₂ emissions. We want to show that we reduce both energy consumption and CO₂ emissions wherever possible. In the process of energy management we use our know-how, experience, skills and long tradition in this area.

Naturally, energy means costs of all kinds of energies entering into the steelmaking process, i. e. electricity, gas, steam, compressed and blown air and water comprise 7% of the total cost of the final product. Improvement of energy efficiency reduces these costs and also leads to reduction of CO₂ emissions at the same time.



What we want to achieve

Reducing the impact of production activities on the environment is permanently embodied in the system of management and is reflected in all processes. We improve the working environment of our employees as well as the environment we and our families live in.



Our activities in 2015

06 Responsible energy user that helps create a lower carbon future



In 2015, an intensive preparation for energy management certification audit took place. The system includes identification of areas with high consumption of energy, monitoring energy consumption and its optimization using system tools as required by the respective standards. The audit took place in March 2016 and it was successful. We became one of the first steel mills to have acquired the EN ISO 50001: 2011 Standard in this area. We also focused on reducing our energy footprint. Reduction has become obvious mainly in upstream production.

ISO 50001 - the energy management standard designed to help organisations improve their energy performance.

Energy savings

An effort for continuous cuts in energy consumption is a stable part of our policy. In practice, these principles are manifested by gradual replacement of outdated production devices by modern energy-efficient ones as well as by maximum utilization of energy.



Reducing electricity consumption due to lighting replacement

In our company we have chosen the strategy of self-financing projects to save electricity. The generated savings cover the necessary expenses for replacement and upgrade of lighting.

In 2015, conventional lighting was replaced by high-efficiency LED lighting in two of our rolling mills - heavy section mill and wire rod mill.

By replacing standard halogen bulbs with more efficient ones in lighting halls and shops, we achieved a sharp drop in electricity consumption by more than 50%. Using modern and efficient lamps we have also significantly reduced our operational maintenance costs. Increased work comfort and safety through better lighting is the ultimate benefit of the project.



Reducing fuel consumption at sinter plant

Sinter plant is the most energy-demanding plant in our mill. This is mostly due to the large production volume. Even small improvements in operating parameters, therefore, have a big positive impact.

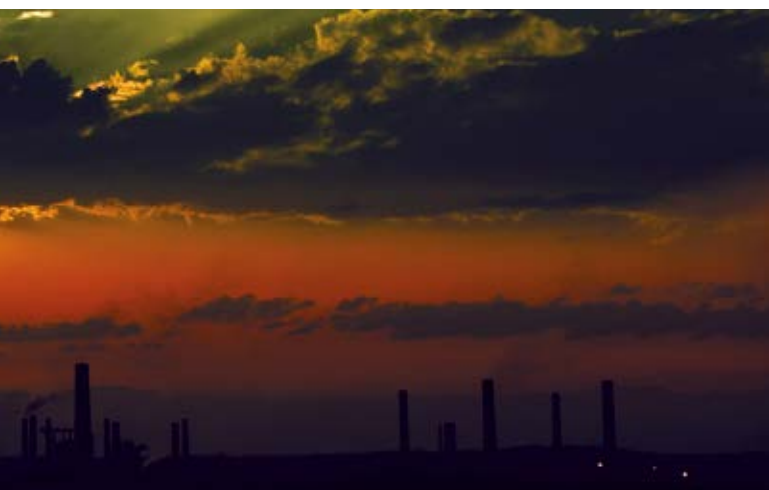
By sharing good practice with colleagues from other units as well as subsequent operational improvements, we have managed to reduce powdered coke consumption by 25% at the sinter plant. Reduction in CO₂ emissions has also been achieved.

Reducing electricity consumption at sinter plant

Electricity and with fuel (powdered coke or anthracite) is the main source of energy for the sinter plant. By optimizing the design of the sinter plant carriages, sealing at the sintering process was significantly increased and the intake of the so called "false" air, which reduces the negative pressure during the sintering process as well as productivity and has a negative impact on energy consumption (kWh / t), was reduced. Through limiting the amount of "false" air and arranging for other technical measures we have been able to reduce electricity consumption by 29%.

Turboexhaustors are one of the biggest electrical appliances at the sinter plant. In the past they were operated at maximum speed to reach maximum negative pressure.

Now, after the installation of the new sinter plant carriages and better sealing of the system, it is possible to achieve higher negative pressure at a lower speed.





Our commitment to the future

We want to reduce both energy consumption and CO₂ emissions. Therefore, we focus on promotion of projects that will improve our sustainability and lead to savings. We want to support the people who tend to seek ways to make processes more effective and more improved in connection to energy management.



Innovation ideas brought enormous savings

In 2015, our employees submitted 310 innovation proposals, out of which 223 were accepted for implementation and 150 have already been successfully put into practice. Altogether, they helped us save CZK150 million, the highest amount saved on the basis of innovation ideas in the history of the mill.

For their ideas in the area of reducing costs and increasing safety, innovators were paid a total of CZK 1.5 million. We are also interested in minor improvements with the main purpose of reducing the administrative burden, speeding up approval processes and motivating employees to produce improvement ideas.

Examples of innovation ideas that have been put into practice

Use of MgO lining of the tandem furnaces at blast furnaces as a substitution for fluxes

Tandem furnaces at the steel plant are lined with MgO and Cr-MgO brick. Lining is renewed in 9-day periods. In the past, removed bricks were taken to heap after separating the metal by way of demetallization. Then, one part of the brick (about 3 000 t / year) was sold and the rest dumped. The improvement idea lies in using the remaining material at blast furnaces as a substitution for fluxes. The brick substitutes fluxes in the ratio of 1 ton of brick per 3 tons of fluxes, which also leads to fuel savings (of approximately 2 kg per ton of hot metal). After its removal from the steel plant, brick is transported to the heap and demetallized. Then, Cr-MgO brick is separated and sold to an external company. The remaining MgO brick is transported back to the company premises where it is crushed to the size of 10-60 mm and then

transported to the blast furnace plant. There, the brick is used as a substitute for flux additives. Through such material substitution, instant savings of 1,950,802 CZK were achieved in the first year of application.

Heat loss reduction

Originally, the exit door of the wire rod mill furnace opened up to a height of about 45 cm. This enabled enormous escape of heat from the pusher furnace. The door controlled via an air cylinder only has two positions - open or closed. The improvement involves installation of a limiter on the roller chain. The limiter consists of two plates, inside of which half the profile of the chain is milled. By this adjustment, half-opening of the door is possible, which prevents heat loss. Related savings are in the hundreds of thousands of CZK per year.

Key performance indicators

Trusted consumer of energy				2014	2015
Total energy consumption within the organization (per year)				49 760 TJ*	49 816,3 TJ*
CO ₂ emissions (per ton of steel produced)	1,40 t	1,51 t	1,44 t	1,41 t	1,3825 t**
Number of Green Line calls	48	116	194	78	77

*) Concerns energy consumption by ArcelorMittal Ostrava, TJ=Tera Joule.

***) Concerns CO₂ emissions by ArcelorMittal Ostrava not including CO₂ emissions from burning BF and coke-oven gas by TAMEH Czech company.

Case study: Environment-friendly heat from the plant

People living in the town of Vratimov benefit from living in the vicinity of the steelmaker indeed. Thanks to ArcelorMittal Ostrava, around 500 homes and almost 7,000 people can enjoy environment-friendly heating.

It was possible to disconnect all local boilers for heating housing that work on solid fuel thanks to the heat supplies. Annual heat supplies to the town of Vratimov are approximately 35,000 GJ. This is waste heat, the most environment-friendly source. 80% of this heat is produced in flue-gas boilers at the medium-section mill. The remaining 20% comes from the captive power plant TAMEH Czech s.r.o.

The idea of using waste heat from flue-gas boilers emerged in 1994. The town of Vratimov is deeply interested in continuing this long-term co-operation.

“We’re happy about the attitude of ArcelorMittal Ostrava as using waste heat is the most environment-friendly way of heating.”

Dagmar Hrudová, Mayor of Vratimov





07

Supply chains that our customers trust

Our supply chain is crucial for the production of our steel. We are fully aware it is very important to support good relations with our suppliers and because we supply many products, too, we want to assure our customers of meeting the standards set for our steel and for our supply chain.



What we want to achieve

We want to actively manage our supply chain so that our stakeholders were sure all ethical, social and environmental standards contributing to sustainable development are followed.

Contractors play an important role within our stakeholder portfolio. In 2010 we set up a Programme of the responsible sourcing so that our partnership could be based on trust and open dialogue. We invite our suppliers to participate in implementing these rules relating to health and safety, human rights, ethics and the environment. We want to co-operate on identifying any potential shortcomings and suggesting further improvement.

We would like to continue implementing the principles of responsible sourcing to all of our purchase documents, as well as eliminate potential risks while making sure that all relevant policies and measures are fulfilled. Through applying these measures, we can create a varied base of suppliers which enhances competition and increases productivity.



08

Active and welcomed member of the community

ArcelorMittal's strategy of corporate responsibility is undergoing structural changes and upgrading. Its ultimate goal is to restrict the areas that disturb merchandising and to acquire better economic values for society. This new attitude leads to sustainable development in the long term, which is considered an added value for all parties involved.



The outcome we need

It is important that we are welcomed as good neighbours that actively engage and listen to local stakeholders, and make a positive contribution to more resilient and thriving communities through both our day-to-day operations and through thoughtful, well-targeted investments.



Our commitment to the future

We actively collaborate with local communities and invest in them.

We want the cooperation to continue, as we know it has to be further developed. We gradually moved from philanthropy towards social responsibility, and then to the new focus, which means solving social crises and sharing values. We have to consider the impact of our activity on the environment that surrounds us, both positive and negative. For 2016, ArcelorMittal Ostrava is reaffirming its efforts to support communities. The intent is providing support that is always targeted, qualitative and sustainable, and focused on educational, social or health projects.





Our activities in 2015

Local community projects

Traditionally, we met at the round table with mayors of municipalities and city boroughs in order to inform each other about news and make plans for further projects helping to make life better. Within the cooperation we took part in projects which develop society and increase sustainability in our region. Altogether we supported nine projects worth CZK 2.1 million.

This money was spent on projects such as a fitness facility for clients of the Home for Senior Citizens in Ostrava-Hrabůvka. Furthermore, we helped with creation of a new playground for the kindergarten in Horní Datyně and a playground for ball games at the Old School in Šenov. The Vrchlický Primary School created a new garden for its detached workplace in Ostrava-Bartovice with the aim of developing children's skills, and we also had bulbous flowers planted near the Chateau in Havířov.

“I am really pleased that by means of good cooperation with city boroughs and nearby towns we can contribute to the increasing life quality of local community in many interesting areas such as support for both seniors and children or environmental support.”

Tapas Rajderkar, CEO

Besides, we co-financed an annual event called “Silesian Day” organized by the city district of Slezská Ostrava or St. Wenceslas beer fest in the city district Ostrava-South. The company also donated more than 3 million crowns to the State Environmental Fund of the Czech Republic for remedial stays of children.

Employee grants

Employee grants by which we support particular activities of non-profit organizations in the Moravian-Silesian Region were traditionally one of the key issue projects.

Employee grants were given to 55 projects of social benefit which supported leisure time activities focused on general development of children and youngsters, the equipment of children's clubs, kindergartens and schools, as well as voluntary firefighters, summer camps and aids for seniors and handicapped people. The projects are usually registered by the employees who work for a particular non-profit organization in their free time.



Our activities in 2015

08 Active and welcomed member of the community



Company volunteering

Apart from financial help, which is important, we also provide non-profit organizations with voluntary help. Employees are given an opportunity to spend their workday wherever it is needed. More than 600 volunteers joined in and worked for more than 1,500 hours. Apart from garden work, repair work and cleaning they also chopped wood, cleaned windows, painted rooms and kept company for elderly and disabled persons.

A very special volunteering activity for our employees is a project of international volunteering called Solidarity Holidays. Lenka Magátová, our colleague, helped with classroom renovation and making a new

outdoor playground for a Seeiso Primary School near the steelworks of Vanderbijlpark, South Africa.

New social activity

In the social sphere we extended our support to the mobile hospice named the Tree of Life, whose aim is to soothe pain, help families take care of their relatives who are seriously ill, and enable the clients to spend the end of their lives in dignity at home accompanied by their relatives. Health insurance companies do not pay for the service.



Cooperation with neighbouring towns and districts 2015/2016

Planting of flowers in front of the Chateau in Havířov



Outdoor playground at the Old School in Šenov



Silesian Day



Saint Wenceslas beer fest in Ostrava-South



Natural garden for the elementary school in Ostrava-Bartovice



Playground for the kindergarten in Horní Datyně



Key performance indicators

Enriching our communities	2011	2012	2013	2014	2015
Funds dedicated to support and development of the region	21 mil. CZK	28,8 mil. CZK	28 mil. CZK	31,8 mil. CZK	31,48 mil. CZK
Number of hours of voluntary activities by employees	6 604	6 111	5 710	5 085	1 495
Number of beneficiaries of ArcelorMittal Ostrava's community projects	57 729	79 448	76 143	43 156	79 020





Case study: Dance for Life

Visitors to the international music festival of Colours of Ostrava were allowed again to join the popular charitable event called **Dance for Life**. The dancers' task was to imitate the movements of professional dancers as well as possible. For well-done steps, dancers were given points which were eventually changed into money. It was the right of participants in the contest to choose a project they would co-finance with the money they had earned.

4,300 dancers danced up 365,037 CZK. This amount of money was rounded up to 400 thousand CZK by ArcelorMittal.

ArcelorMittal Ostrava gave the money to projects of The Czech Red Cross, The Czech Union for Nature Conservation called Salamandr and to Clowns from the Balloon Land. Clowns from the Balloon Land along with Kiwanis Club Ostrava, a non-profit organisation, prepared an educational performance

for kindergartens called "Children, let's learn from the animals" which teaches children hygienic and nutrition habits. In the autumn the clowns played the performance in 27 nursery schools in several towns of the Moravian-Silesian Region. The author of the pictures of animals with nursery rhymes is our colleague Barbora Černá Dvořáková. The project extends the previous series named "Be careful!" which informed children about different forms of danger in everyday situations.

The project of Czech Red Cross made it possible to buy a mobile ward equipped with health rucksacks and a power supply facility.

The Czech Union for Nature Conservation Salamandr used the gift for the long-term project "Care for endangered species of plants in Carpathian streams" in the Beskydy region.

Since 2010 we have supported 27 non-profit projects worth 2,6 million CZK via the Dance for Life project.

“The Dance for Life project is really significant for the Rescue Team of the Czech Red Cross, Ostrava. Without the money from ArcelorMittal Ostrava we would not be able to buy the new quality equipment which helps us offer necessary care not only in unexpected events, but also in health assistance and first aid presentations to public.”

Hana Straková, member of the Rescue Team, Czech Red Cross, Ostrava

“The Dance for Life project will enable us to do activities which are difficult to finance. In 2015 we will use the money for care about critically endangered species of plants.”

Martin Krupa, the Salamandr Union

09

Pipeline of talented scientists and engineers for tomorrow

Average age of our employees is above forty and young people are not interested enough to substitute all the employees who are to retire one day.

That is why we cooperate with schools of all levels in our region, we introduce metallurgy to them as a perspective branch and by means of supporting them we help with education of future specialists. High quality education is a necessity for sustainable development of our society.



Why is this important to us?

We need to be building a strong pipeline of talented and well-trained engineers, scientists and technicians, both for our own future and to provide the skills that, as a whole, 21st century society needs.

Our stakeholders' expectations

Science and technology make grounds for competitive ability of the company, therefore we fully focus on them.



Our activities in 2015

09 Pipeline of talented scientists and engineers for tomorrow



Management of knowledge sharing

In 2015 the Coke Oven Plant and the Blast Furnaces Plant joined a project thanks to which we intend to ensure knowledge and experience sharing of key employees. The reason for that is demographic structure of employees (average age and number of those who retire). Within the project we went through mapping the process of sharing important information, mapping our plants' intranets, creating an address book with significant information to be shared by everybody; and, in addition, analysing the process of new employees' adaptation, identification of key positions and key persons to transfer know-how and the starting of a mentoring programme.

Excursions attract both pupils and students

We regularly organise excursions for pupils and students. Within the Open Doors Week they could observe operation halls, they were given a lecture on production, environmental care and work safety and also competitions. They could watch educational films about iron production, and they could hear a talk on the protection of environment. Also they could see particular samples of e. g. fabric filters and the like.

Excursion participants figures:

2015	1 180 pupils and students
2014	822 pupils and students
2013	890 pupils and students

In 2015 altogether **1,472 visitors** from schools, firms, institutions and from general public participated in excursions in our company.

Time-proven cooperation with schools

We are engaged in longstanding cooperation in science and research with the Technical University of Ostrava. We concentrate on projects focused on ecology, developing new technologies and increasing quality of products. We annually reward 10 students with best results and choose best theses. Our support also goes to the biggest job opportunity market in the region which is held by the Technical University. We offer university students and graduates wide career possibilities: full-time jobs, internships, trainee programmes, part-time jobs and also support with their theses. Thus we are able to acquire young and promising employees over a wide range of branches.

Support of technical branches at secondary schools

We make projects for students to gain both practical and manual skills which students may later make use of within professional training in ArcelorMittal Ostrava or elsewhere.

We offer long-term support to the following schools:

- Secondary school of electrical engineering, Ostrava
- Secondary technical school, Vítkovice
- Secondary technical school, Business academy and Language school with the right of state language exam



Via robotics towards technical literacy of pupils from Leoš Janáček Primary school and Kindergarten in Hukvaldy

One of the minor employees grants contributed to equipping an after-school Robotics club. The pupils appeared to enjoy the activities, they were able to overcome worries from technology and developed their manual skills. The pupils got interested in technology thanks to the previous project, which was the purchase

of the Merkur building sets. They were used in technical education lessons at school. Thanks to these activities the number of pupils who wanted to study at secondary technical schools and vocational apprentice schools increased by approximately 30%.



Our commitment to the future

We intend to make technical, natural scientific and environmental education more attractive.

We would like to give students appropriate equipment so that they can develop their manual skills. Via vocational training we will participate in the development of technical education of our children so they will master competences, skills and knowledge necessary for their future jobs. Also we will support quality increase in education as well as professional capability of teachers.



We support “Year of Industry and Technical Education”

Confederation of Industry and Transport in the Czech Republic initiated this campaign because the members of the Confederation repeatedly complain about the quantity and quality of graduates of our educational system. The main aim of this yearly campaign was to increase the public interest in industry and technical fields of study. An important part of this campaign was also proposals of specific system changes in the field of education and innovations which could cause employment in industry and education quality to increase. A by-intention of the Year of Industry and Technical Education was that schools and companies should become more interested in mutual collaboration and that the general public should see more examples of good practice. This initiative inspired the Association of Small and Medium-sized Firms in the Czech Republic to announce the year 2016 the year of crafts.

“Day with Industry gave us and other industrial companies opportunity to show the public what we produce, but also remind them of the fact that the region would suffer both economically and culturally without industry.”

Jan Rafaj, Human Resources and Public Affairs Director & vicepresident of the Confederation of Industry and Transport in the Czech Republic

The yearly campaign contained these events:

Day with Industry in Ostrava (1st May 2015, an event for the general public in the industrial area Dolní Vítkovice, Ostrava, 12,000 visitors). There were many stands of partner companies and schools specialised in technical branches.

Panel discussion in Ostrava: Innovations are future for industry in the regions (15th October 2015, Ostrava). Experts from schools, science institutions and factories discussed the theme aiming to show a modern face of present industry and innovations that are being introduced into traditional branches of industry by companies. There was a hot discussion on perspectives of industrial development in the region with long industrial tradition. Many of the discussed issues can be inspirational for firms, schools and research institutions in other regions of the country.

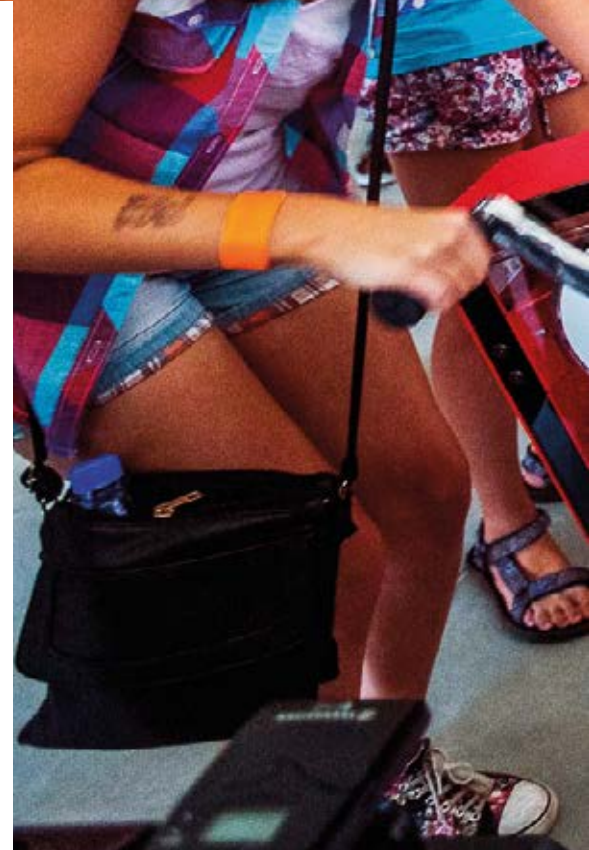


Case study: We have become a part of the Science and Technology Centre

The exhibition called “Steel – the material of our being” held by ArcelorMittal explained the process of steel production step by step and showed that our life is much easier thanks to steel.

By means of comic bubbles, arrows, sound and light effects, you become part of a pleasant animated world of steel production. The appeal of the place is due to the fact that the Science and Technology Centre is situated on the world-famous premises close to the centre of Ostrava in Dolní Vítkovice, where coal was exploited and hot metal was made between 1828 and 1998.

Every participant in the exhibition can make their own spoon with the firm logo in an interactive way. Another part of the exhibition is an educational programme for schools on steel production, where pupils can see steel as 100% recyclable material in an interesting and entertaining form.





10

Our contribution to society measured, shared and valued

Our commitment to the world around us surpasses our economic results. It is the people we invest in, the communities we support through sustainable activities. It is important for us to measure our contributions and make them public.



Why is this important to us?

Our goal is to make our presence in the region beneficial for all parties involved, not only for our employees and their families, but also for our business partners, contractors, neighbouring communities and associations, our region and the Czech Republic as a whole. Apart from financial contributions, our partners expect us to be more involved in the development not only locally, but also on the nation-wide scale.



10 Our contribution to society measured, shared and valued

What we want to achieve

We want to be able to present the value of our contribution to the society and we also want our stakeholders to be aware of our contribution and appreciate it.



Our commitment for the future

We make regular investments in the development of our work procedures, try to improve the quality of life of the people and support development of the infrastructure in the city and the whole region. We help local economic development, provide local people with job opportunities, take goods from local suppliers and support local education, health and other non-profit organizations.

Favourable economic performance of the company is crucial for maintaining sustainable behaviour. The overview of our estimated economic contribution includes wages, payments for services and materials, taxes and contributions to the state budget, investments in science and research as well as contributions to support and development of the region.

ArcelorMittal Ostrava's economic contribution for 2015

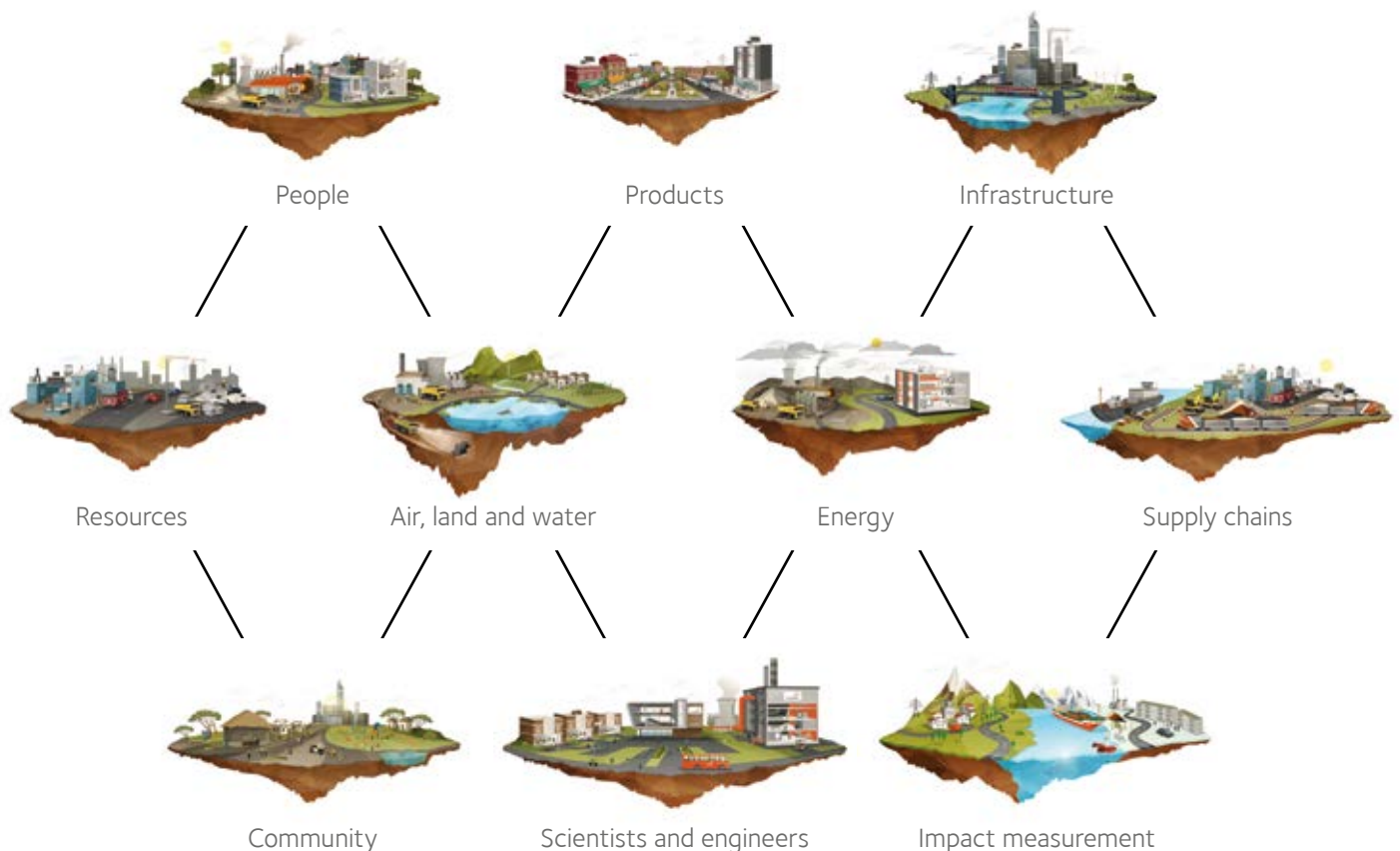
	thousands of CZK
Wages and salaries	2 869 938
Consumed material and energy	23 278 833
Services	5 534 424
Contributions to the state budget	1 328 279
Social security and health insurance	1 079 634
Taxes	248 645
Investment	1 104 000
Social Investment	31 480





Transparent good governance

Since its foundation ArcelorMittal considers high standard of ethical business practices and transparent governance to be the corner stone of its activities. Our goal is to negotiate with our employees as well as representatives of target groups with dignity and respect, we also want to listen and learn, and to set an example for all around us.



Why is this important for us?

We realize that our production is associated with exceptional responsibility.

Respecting laws and regulations is fundamental part of our responsibility, however, this is not all. We must constantly try to create a positive culture in which everyone knows how to do things right. We place great emphasis on human rights and their observance.

Our stakeholders' expectations

Our partners expect strong and independent directors who act effectively and diligently. They also expect us to share with them how we stand up to environmental standards or respect human rights and also to measure and publish information about our impact on society and the environment, including data on how much we pay in taxes and where. Auditors, investors and business people urge for companies to take these issues into consideration in the process of decision-making and to provide the public with information. Employees also expect their company to comply with the most demanding standards and top workers gradually prefer such employers whose values accord with their own.

Ensuring compliance with all rules and regulations is increasingly demanding. Voluntary codes of ethical business conduct, whose existence is required by our partners or by legislation, increasingly comprise issues of management.

The following diagram displays the management system of our company



Our employees always act in accordance with current legislation as well as with corporate rules and ethical code, which regulate many relationships even more precisely than legislation. Our company applies globally accepted standards of transparency.

We are also governed by other, more detailed policies that take in areas such as respecting human rights, discrimination at work, anti-monopoly and anti-corruption guidelines and economic sanctions. Adhering to all ethical rules is a requirement. Employees have the opportunity to tell us of any cases of breach of regulations. Their information is checked without delay and corresponding measures are adopted.

11 Transparent good governance

Transparent governance	2011	2012	2013	2014	2015
Number of inquiries on the “CEO line”	81	101	115	74	70
Training in anti-corruption guidelines	67	23	337	185	56
Training in the Code of Business Conduct	4 560	1 990	829	5 246	1 208
Training in respecting human rights	6 664	84	90	6 359	1 973

Open communication

Our strength is communication with partners and identifying their needs and the needs of the communities they represent. Therefore, our subsequent help is precisely targeted and designed for cases where it makes sense.

We publish an in-house magazine for employees – The One – at monthly intervals, also sending the newsletter out to important internal stakeholders. The “Neighbours” newsletter has also been published since 2012, focusing on the communities neighbouring with the company.

Stakeholders have tools at their disposal to make inquiries and comments, the public can use a free telephone line and employees can direct their questions and suggestions to the in-house “CEO line”. There are also boxes, known as “TONDA” boxes, in which employees can place written comments and reactions, at all plants and at the company headquarters.

Our free **Green Line 800 100 648** serves for easy communication with the public.

An important communication tool is the company’s website **ostrava.arcelormittal.com**.

We want to make access to information on all major events in ArcelorMittal easier and offer news from the world of steel, therefore we created accounts on three social networks in 2015: Facebook, Twitter and LinkedIn.

We regularly meet with mayors and representatives from surrounding municipalities and boroughs at a round table. We also meet with members of the Czech government, Members of Parliament, professionals from particular ministries, and representatives of other governmental and non-governmental organizations to discuss topics such as environment and climate protection. We actively communicate also on European level.

We are a member of many organizations including the Confederation of Industry of the Czech Republic, the Steel Federation, Association for Development of the Moravian-Silesian Region, Regional Chamber of Commerce of the Moravian-Silesian Region and others.





Case study: Mr Mittal's visit to Prague

Lakshmi Mittal, company owner, chairman of the Board of Directors and CEO of the largest steel group ArcelorMittal visited the Czech Republic to discuss the conditions for potential future investments in the Ostrava plant with Czech Government representatives. The steel and mining group considers the Czech Republic

a promising place to do business. The long industrial tradition and qualified staff make Ostrava a favourable place for intended future investments,

which are being considered by ArcelorMittal now. For Ostrava, these investments would mean continuation of steel production and job opportunities for the decades to come.

“I believe that our plant in Ostrava is an example of good partnership between a major international company and local stakeholders, including the government.”

Lakshmi Mittal, Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal

About this report

The Corporate Responsibility Report has been published every year since 2008. The scope of the report always covers a period of a single calendar year. The previous report is related to 2014.

The 2015 Corporate Responsibility Report is a summary of activities, describes the benefits and impact of ArcelorMittal Ostrava and its subsidiaries in the area of corporate responsibility which took place in 2015 and activities that we expect in 2016.

The report contains data collected by the individual departments using KPI parameters or data related to the GRI methodology covering the year 2015. Supplementary information may be found in ArcelorMittal Ostrava's annual Consolidation Report 2015.

We declare that data in this report is processed in accordance with the GRI G4 methodology.

Further information can be found on the website of our company:
ostrava.arcelormittal.com.

Subsidiaries of ArcelorMittal Ostrava

ArcelorMittal Ostrava has controlling ownership in the following companies:

ArcelorMittal Tubular Products Ostrava a.s. is the largest producer of tubes in the Czech Republic. Its fundamental products are seamless tubes in the final form of plain, threaded, flanged and oil-industry tubes. The company also produces spiral-welded steel tubes for gas industry.

ArcelorMittal Tubular Products Karviná a.s. is involved in the manufacture of longitudinally-welded thin-walled sections and tubes and thin-walled open sections. The largest part of the output finds its use in engineering and construction industry, where low weight and the possibility of transporting various media are of great advantage. The company also manufactures precision-drawn and calibrated tubes for automobile industry.

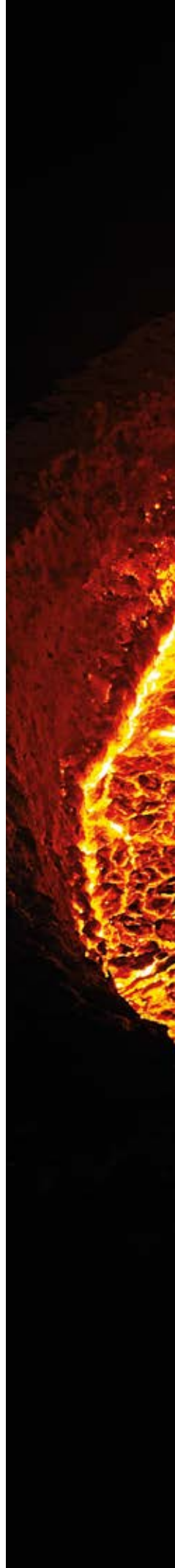
ArcelorMittal Engineering Products Ostrava, s.r.o. is a manufacturing and repair plant that brings together engineering and foundry industry. The basic range of engineering industry products includes production of machine parts and devices, steel constructions and railway wheels production. The foundry plant focuses on the production of steel and cast iron castings.

ArcelorMittal Distribution Czech Republic, s.r.o. is a distribution and service company for the Czech Republic. It deals with production and division of flat and long products. The company also offers ultimate consumers a wide range of metallurgical material, in the required range of services, quantity and speed of delivery.

ArcelorMittal Technotron s.r.o. is engaged in the manufacture of cores for magnetic circuits, which are used in the engineering, electrotechnics and metallurgical industry, and even in health care. As for the scale of production, ArcelorMittal Technotron s.r.o. is the third largest producer of cores on the European market.

Scope of the report

Data which primarily relates to the ArcelorMittal Group (ArcelorMittal Ostrava a.s., ArcelorMittal Tubular Products Ostrava a.s., ArcelorMittal Tubular Products Karviná a.s., ArcelorMittal Engineering Products Ostrava s.r.o., ArcelorMittal Distribution Solutions Czech Republic, s.r.o. and ArcelorMittal Technotron s.r.o.) has been used for the purposes of the Corporate Responsibility Report for the year 2015. For some sub-indicators data relating to ArcelorMittal Ostrava a.s. is used.



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Dear readers,

we are glad that you have decided to devote your time to reading this report.

We thank you for any recommendations or comments concerning the activities mentioned in this report.

Feel free to contact us at cr.ostrava@arcelormittal.com

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