ArcelorMittal is leading global steelmaking company with annual achievable capacity of about 113 MT of steel with about 197 thousand employees in 60 countries of the world and economic presence in 18 countries. The Company is one of the leaders on main global steel markets including such fields like automotive, construction, household appliances and packaging manufacturing. It has research and development as well as engineering capabilities, significant stock of raw materials and outstanding distribution networks.

Basic philosophy of ArcelorMittal is production of safe and sustainable steel. Sustainable development, quality and leadership are core values of ArcelorMittal Group and determine overall strategy of its long-term development. Safety is top priority for each company in the Group and the target of ArcelorMittal is to become the safest steelmaking and mining company in the world.

Detailed information about ArcelorMittal Group you can find on the web-site www.corporate.arcelormittal.com

PJSC ArcelorMittal Kryvyi Rih is a part of international corporation ArcelorMittal. The Company specializes in long steel products – rebar and wire rod of ordinary and alloyed grades, wire rod, bars and sections of low alloyed grade as well as special purpose steel grades. 5.8 MT of steel were produced in 2017.

PJSC ArcelorMittal Kryvyi Rih is one of the biggest exporters in Ukraine. In 2017, sales volumes of steel products produced by PJSC ArcelorMittal Kryvyi Rih were over 5.4 MT to more than 60 countries around the world.

The average headcount of PJSC ArcelorMittal Kryvyi Rih during 2017 was 23 815 employees.

The Company cooperated with over 1 700 suppliers and contractors, around 200 organizations with over 20 000 employees were involved in construction and installation work. Payments to suppliers and contractors amounted to 42 bln. UAH.

PJSC ArcelorMittal Kryvyi Rih is one of the biggest taxpayers in the country and significantly contributes to the economy of Ukraine, Dnipropetrovsk region, Kryvyi Rih. In 2017, the Company paid taxes and fees to the budget and national specialized funds for a total amount of 7.7 bln. UAH.
Dear readers,
Being a part of international Group – global leader in steelmaking industry, we strive for the top standards in corporate responsibility that help us to be the most sustainable metallurgical company in Ukraine. We understand that financial stability and corporate responsibility go hand-in-hand.

Overcoming difficulties and solving the problems, we continue to work. Regardless to challenges, we invest in environmental sustainability, we build partnership relationships with our communities and we fulfill our obligations to all stakeholders. Annual sustainable development reporting is a key part for transparent and open dialogue with the stakeholders. Ability to demonstrate proper social and community development practices makes us more attractive partner and opens new opportunities for the business.

Previous year, like recent years, was difficult with many challenges. First, growing competitiveness. As we depend on world markets, we faced difficulties at many of them. Unfortunately, we have lost competitiveness on CIS market; antidumping (increased) duties for imported products, including Ukrainian ones, affected sales of our products. But we succeeded to compensate the losses we had on our traditional sales markets.

We also faced difficulties to fulfill our production program. But we continue moving forward, we modernize our facilities and implement new investment projects, which enable us to increase the productivity and to improve the environment.

Our priority No. 1 is safety of our employees and contractors. That is why, as before, we seriously focus on health and safety.

Many families in Kryvyi Rih depend on the prosperity of our Company – not only the employees of the plant but also many other organizations and firms whose employees work on our site.

PJSC ArcelorMittal Kryvyi Rih has over 23,000 employees. Our direct contribution amounted to 3.8 bln UAH as salaries and 7.7 bln UAH as taxes into the budget. And additionally, about 200 companies with over 20,000 employees were involved in construction and installation works; we cooperated with over 1,700 companies of suppliers and contractors paying 42 bln UAH for services and works. This commitment to creation of sustainable business aims us, our customers and our communities at powerful future.

Message from Chief Executive Officer

Sustainable development through 10 outcomes of ArcelorMittal

ArcelorMittal aims to contribute to a more sustainable future. Our 10 outcomes of sustainable development are the basis of our sustainability concept and all the efforts will be focused on their achievement in order to fulfill our long-term obligations to all stakeholders.

People
- Safe, healthy, quality working lives for our people

Products
- that accelerate more sustainable lifestyles

Infrastructure
- Products that create sustainable infrastructure

Resources
- Efficient use of resources and high recycling rates

Air, land and water
- Trusted user of air, land and water

Responsible energy
- user that helps create a lower carbon future

Supply chains
- that our customers trust

Local communities
- Active and welcomed member of the community

Scientists and engineers
- Pipeline of talented scientists and engineers for tomorrow

Impact measurement
- Our contribution to society measured, shared and valued

All underpinned by transparent good governance.
### Our progress in 2017

**Revenue: M UAH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66 185.9</td>
<td>52 961.8</td>
<td>46 261.3</td>
</tr>
</tbody>
</table>

**Lost-time injury frequency rate:**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.37</td>
<td>0.41</td>
<td>0.43</td>
</tr>
</tbody>
</table>

**Headcount:**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23 815</td>
<td>24 633</td>
<td>27 139</td>
</tr>
</tbody>
</table>

**Environmental investments: M UAH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>851.2</td>
<td>472.7</td>
<td>859.5</td>
</tr>
</tbody>
</table>

**Social investments: M UAH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.8</td>
<td>16.5</td>
<td>18.3</td>
</tr>
</tbody>
</table>

**Payments to government: M UAH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7 682.0</td>
<td>6 329.0</td>
<td>8 645.0</td>
</tr>
</tbody>
</table>

**PERFORMANCE**

#### Hot metal (MT)

- 2017: 5.5
- 2016: 5.6
- 2015: 6.1

#### Steel (MT)

- 2017: 6.3
- 2016: 5.8
- 2015: 5.6

#### Rolled products (MT)

- 2017: 5.1
- 2016: 5.3
- 2015: 5.6
Health and Safety

Health and safety of our employees is one of the most important challenges that can affect ArcelorMittal. We aim to implement the best labour and safety standards at all facilities for all employees and all contractors working at our facilities. We want them to be sure that they are appreciated and respected. Our success is based on our people’s commitment and support, that is why safety, health and labour relations are among key areas of activity. We aim to create the positive working culture based on the safe operation, respect of human dignity and rights in order to involve, develop and retain the talented specialists.

Metric Unit 2017 2016 2015
--- --- --- ---
Lost-time injury frequency rate (own staff and contractors) Per 1 million man-hours worked 0.37 0.41 0.43
Lost-time injury frequency rate of contractors* Per 1 million man-hours worked 0.18 0.31 0.52
Lost day rate (own staff)* Per 200 thousand man-hours worked 4.2 4.3 4.4
Fatality, gender-wise: Number men women men women men women
own staff and contractors 2 1 2 - 2 -
contractors - - - - 1 -
Number of accidents (lost-time injuries) of own staff, gender-wise Number men women men women men women
17 4 16 7 23 2
Absenteeism rate* % 3.34 3.48 3.37
Average training hours per one employee Number 85 85 85
Number of days - - - -

*The rate is shown partially due to lack of gender-wise statistic data with respect to injuries rate among the contractors.

Health is No. 1 priority for ArcelorMittal and one of key points for the stakeholders. In 2017, lost-time injuries rate was 0.37 (2016: 0.41). Total number of accidents was decreased to 21 (2016: 23). Unfortunately, we failed to prevent 3 fatalities: hot rolling mill operator of Blooming shop, Rolling Department, dosing operator of Sinter shop, Mining Department and contractor’s employee. Most of the injuries occurred due to organizational reasons, non-fulfilment of the requirements of health and safety guidelines. And more than half of injured employees (57%) are not newcomers at production, their work experience at the Company is over five years. The reason of injuries is execution of habitual actions and poor attention during the work.

At the same time we understand, that dangerous incidents, which happened but not resulted in occupational injury or resulted in negligible injury are warnings or risk of more serious injuries or even fatalities. The Company carries out serious activities to prevent potential serious incidents and fatalities – SO/PSIF (Serious Occurrence/ Potential Serious Injury and Fatality), namely: investigation of SO/PSIF identifying core reasons, developing corrective and preventive actions with subsequent evaluation of the efficiency of their implementation. In each case, conclusions are made as “the lessons learnt”.

60 potential serious injuries and fatalities were investigated in 2017 including 48 proactive cases i.e. a number of accidents were prevented due to preventive activities. Detailed information about each registered SO/PSIF is recorded in corporate electronic data base Return of Experience (REX) enabling sharing the experience in dangerous incidents with other companies of ArcelorMittal Group and preventing their re-occurrence in future. 11 corporate standards aimed at fatalities prevention FPS (Fatality Prevention Standards) are also being implemented at the Company in order to decrease occupational injuries rate. The requirements of the standards are mandatory for compliance with both employees of structural subdivisions and contractors.

We understand that much is to be done in order to improve safety culture on production site, to prevent injuries and danger situations and to have zero accidents on production site. We aim at constant improvement of our health and safety performance by improving the safety of production processes and creation of comfortable labour conditions. H&S policy provides the coordination of activities with respect to compliance with the operation safety norms and requirements for not only all subdivisions of the Company, but also contractors. Points on labor protection are included in the Collective Agreement. Every year, we allocate funds for the creation of safe working conditions, prevention of occupational injuries and diseases. In 2017, 317.7 M UAH (2016: 278.3 M UAH) was invested in health and safety. We consider the employees’ health to be the key for their productivity and wellbeing in general as well as one of the most important factors that influence general level of industrial safety. Our main goal in this area is the occupational diseases and general diseases prevention. To preserve the health of the people, we improve the work environment, and medical specialists carry out the regular examinations and provide qualified medical services. As a result of these actions, the level of occupational diseases was significantly reduced in 2017 comparing to previous periods.
Human Resources

The staff structure with the breakdown by age, sex and categories

<table>
<thead>
<tr>
<th>Metrics</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount as of year end</td>
<td>23 815</td>
<td>24 633</td>
</tr>
<tr>
<td>incl. the categories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blue collars</td>
<td>19 042</td>
<td>19 771</td>
</tr>
<tr>
<td>Managers</td>
<td>2 169</td>
<td>2 185</td>
</tr>
<tr>
<td>Specialists</td>
<td>2 552</td>
<td>2 627</td>
</tr>
<tr>
<td>Clerks</td>
<td>52</td>
<td>50</td>
</tr>
<tr>
<td>incl. gender-wise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>17 082</td>
<td>17 524</td>
</tr>
<tr>
<td>Women</td>
<td>6 733</td>
<td>7 109</td>
</tr>
<tr>
<td>Incl. age-wise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>below 30 years old</td>
<td>2 914</td>
<td>2 840</td>
</tr>
<tr>
<td>30 - 50 years old</td>
<td>16 853</td>
<td>17 929</td>
</tr>
<tr>
<td>over 50 years old</td>
<td>4 048</td>
<td>3 864</td>
</tr>
</tbody>
</table>

During the year, the natural outflow of staff related to the dismissal of their own volition was in progress. The staff turnover rate made 6.2% (2016: 4.5%). PJSC ArcelorMittal Kryvyi Rih proposes equal opportunities to all the candidates willing to be employed by the Company based on their professional skills only. Any discriminatory practice based on political, religious, gender, national or other grounds when hiring, payment and career growth is not tolerated by the Company. There were no such cases in reporting period. PJSC ArcelorMittal Kryvyi Rih provides social protection for all of its employees in accordance with the collective agreement. Any significant changes in the Company are carried out only after the advance provision of information to trade union organizations. Information about the proposed reorganization is provided by the administration of the Company to trade union no later than three months after the decision to consult on the measures taken to prevent or mitigate the negative effects. The staff is notified about planned significant changes no later than in two months, according to the Labor Code of Ukraine. No strikes and lockouts occurred during the reporting period.

The Company created conditions to develop employees’ professional skills, to provide them support in mastering second profession and to provide them with career growth opportunities within our Company and ArcelorMittal as a whole. Global Employee Development Program (GEDP) is aimed to develop employees following the strategy of the Company. Individual objectives agreed by the management are set for each participant of the program every year. At the end of the year there is discussion of the results and assessment of employee’s performance and potential. The results achieved by the program participants determine the possibilities of their carrier growth, change of remuneration level and participation in international training and experience sharing projects. In 2017, 786 employees (3.3% of the total headcount of the Company), including 59.7% - men and 40.3% - women, participated in GEDP cycle. (2016: 688 employees (2.9% of total number), including 59.7% - men and 40.3% - women).

ArcelorMittal University in Ukraine gives an opportunity to each employee to improve their skills and to gain additional knowledge. The Company focuses especially on training in blue-collar professions – 373 professions.

19 635 employees have improved their skills at production and process training courses, 1 076 employees completed occupational retraining and 913 employees acquired the second profession to expand their professional activities. In 2017, 64 events with 58 speakers during 165 academic hours in total were held within the corporate Learning Week “Unite, Get Involved, Get Inspired”. The events of Learning Week were split into following topics: Personal Development, Interaction with People, Modern Technologies, Our Team and 2 254 people took part in these events.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Headcount</th>
<th>Number of academic hours</th>
<th>Average hours of training</th>
<th>Headcount</th>
<th>Number of academic hours</th>
<th>Average hours of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue collars</td>
<td>19 042</td>
<td>1 850 791</td>
<td>97.1</td>
<td>19 771</td>
<td>1 266 301</td>
<td>64.0</td>
</tr>
<tr>
<td>White collars</td>
<td>4 773</td>
<td>168 411</td>
<td>35.3</td>
<td>4 862</td>
<td>358 296</td>
<td>73.7</td>
</tr>
</tbody>
</table>

Gender-wise

<table>
<thead>
<tr>
<th>Categories</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>17 082</td>
<td>1 559 079</td>
</tr>
<tr>
<td>Women</td>
<td>5 733</td>
<td>460 123</td>
</tr>
</tbody>
</table>

85 – average number of academic hours per one employee (2016: 66)
Steel is the fabric of life, a key element of the high technologies and solutions satisfying the daily needs of the society that will remain important in future as well. None of the other materials has such a unique combination of strength, usability, flexibility and multifunctionality of utilization. We aimed to make our steel the main material for public authorities, commissions in the selection and approval of construction projects as well as for companies that design and build, because they know that the steel is an integral part of circular “green” economy, rather than part of the problem.

We improve product quality and interaction with the customers, as well as pay special attention to the environmental safety of the product. The corporate quality management system that meets the requirements of the international standard ISO 9001:2008 developed by the Technical Committee of the International Organization for Standardization is in place at the Company.

In 2017, PJSC ArcelorMittal Kryvyi Rih developed 14 new products: nine products as per the standards of the countries of Middle East (39%), Northern and Western Africa (16%), Europe (8%). Around 20% of products are sold at domestic market.

Our product is unique in the industry and is used in all the world’s climatic zones. The most important facilities with the requirement of special reliability, such as bridges, residential buildings, state-of-the-art skyscrapers, are constructed with the use of our steel products, and this proves its exceptional strength properties.

In 2017, sales volume of steel products manufactured by PJSC ArcelorMittal Kryvyi Rih were equal to over 5.4 MT to over 60 countries of the world. Major share of sales is to the countries of Middle East (39%), Northern and Western Africa (16%), Europe (8%). Around 20% of products are sold at domestic market.

We are aiming to have better service for our customers and consumers. This is the key to our current and future success.

Two new warehouses were opened in Kyiv and Lviv in 2017. Currently, the distribution network of the Company in Ukraine includes nine warehouses: two warehouses in Kyiv and Lviv, one warehouse in Kryvyi Rih, Odessa, Kharkiv, Dnipro and Ternopil.

In 2017, the Company obtained 2 conformity certificates of sustainable development management system and responsible sourcing according to the standard BES 6001. These certificates will provide the Company with additional competitive advantages during the selection of steel products suppliers for responsible projects around the world.
Resources. Efficient use of resources and high recycling rates

Natural resources – land, water, air needed for our daily lives. Using natural resources is a vital part of humanity, and the basis of modern society. At the same time, population growth, industrialization and globalization processes lead to a steady reduction of raw materials and increase their value. The main raw materials used in the production of steel – are iron ore, coal, limestone and secondary metal raw materials. Iron ore is a key raw material needed for steel production, because it contains large amounts of iron – its main component. But iron ore mining and steel production significantly affect the environment due to the formation, the accumulation of large amounts of waste. Our stakeholders expect from us more responsible use of resources and waste management. Reuse of waste is an important factor for sustainable steel production. The ability to further processing is perhaps the most recognized properties of the steel. Even at the end of its use, it does not lose its properties and is ideal for processing.

The process wastes make 94-95% of the total volume of waste formation at the Company. They include: overburden rocks from Mining Department, waste rocks from Underground Mine, mill tailings, Steel Plant residues – steelmaking and blast furnace slag, slurry and furnace and mill scale. The use of these wastes as secondary material resources helps to save raw materials and prevents contamination of water, soil, air. Overburden and benefication tailings are recycled in Company’s raw materials base and used for construction and reclamation activities. In 2017, their recycling volume was 11.8 MT and 1.5 MT respectively (2016: 7.1 MT and 1.6 MT). Blast furnace (BF) slag is widely used in construction and cement plants are major consumers. 993.5 KT of blast furnace slag were sold to cement plants in 2017; which is equal to 40% of annual generation volume (2016: 866.5 KT or 32%). Steelmaking sludge and mill scale are used in sinter production. In 2017, recycling volume was equal to 580.1 KT and 168.5 KT respectively (2016: 694.9 KT and 175.9 KT). PJSC ArcelorMittal Kryvyi Rih uses BF slag as ballast layer for railway track instead of traditional crushed stone. This practice was applied for the first time in Ukraine and enables the Company to reduce the residues as well as the share of purchased crushed stone, which is about 20 KT per year. The background for experimental use of BF slag instead of crushed stone was the results of research and development work performed by the experts of Ukrainian State University of Railway Transport (Kharkiv). Physical and mechanical properties of BF material are very similar to the same of crushed stone. That is why it can be used as ballast (but only on non-electrified railway due to some iron content that can conduct current). Blast furnace slag can be split into fractions required for two ballast layers – 25 to 60 mm, and its grain size is in line with DSTU parameters. This material is also freeze-proof. Application of BF slag will enable PJSC ArcelorMittal Kryvyi Rih to save up to 1.4 M UAH per year and to decrease wastes disposal at BF dumps.

The Company is not only utilizing the wastes in production process, but also transfers a part of it to external companies for subsequent use and utilization. In 2017, the amount of transferred wastes was 616.6 KT (2016: 460.6 KT).

Air, land and water. Trusted user of air, land and water

Production of steel products is a resource-intensive process, and inevitably related to serious negative impact on the environment as the result of the large number of wastes during raw materials extraction, land and water pollution, and hazardous pollutants emissions into the atmosphere. We assess this influence and minimize this impact so that our stakeholders have confidence in us because we working openly and transparently.

### Air

<table>
<thead>
<tr>
<th></th>
<th>Total emissions (KT)</th>
<th>Specific emissions, kg/t of steel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dust emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>32.1</td>
<td>5.5</td>
</tr>
<tr>
<td>2016</td>
<td>35.5</td>
<td>5.7</td>
</tr>
<tr>
<td>NOx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10.6</td>
<td>1.8</td>
</tr>
<tr>
<td>2016</td>
<td>11.3</td>
<td>1.8</td>
</tr>
<tr>
<td>SOx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>7.9</td>
<td>1.4</td>
</tr>
<tr>
<td>2016</td>
<td>8.6</td>
<td>1.4</td>
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### Land

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste generation</td>
<td>31.1 MT</td>
<td>26.1 MT</td>
</tr>
<tr>
<td>Waste disposal</td>
<td>13.9 MT</td>
<td>13.3 MT</td>
</tr>
<tr>
<td>Waste transfer</td>
<td>616.3 KT</td>
<td>460.6 KT</td>
</tr>
</tbody>
</table>

### Water

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water intake</td>
<td>10.6 m³ per ton of steel</td>
<td>8.9 m³ per ton of steel</td>
</tr>
<tr>
<td>Water consumption</td>
<td>10.0 m³ per ton of steel</td>
<td>8.3 m³ per ton of steel</td>
</tr>
</tbody>
</table>
The environmental management system that meets the requirements of the international standard ISO 14001:2004 is the main tool for the environmental priorities following up during the production planning, and it covers all the operation subdivisions of the Company. Annually, the comprehensive measures are implemented at PJSC ArcelorMittal Kryvyi Rih to decrease the impact of the Company’s production cycles on the environment. Environmental projects are included in the program of construction and modernization of production.

The Company wants to decrease environmental footprint from production activities by means of environmental actions implementation. In 2017, PJSC ArcelorMittal Kryvyi Rih implemented a number of important investment projects:

**Reconstruction of the complex of coke-oven batteries No. 5 and No. 6, Coke and By-Products Plant**

During the construction, advanced BREF-technologies were implemented to reduce dust and gases emissions on all stages of coke making – from blend charging, coking (doors and ascension-pipe lids with special sealing were installed) to dust-free coke pushing. New gas cleaning plants were built on all stages of coke transportation and pushing enabling decrease in dust emissions and reaching the level below the National standard – not above 50 milligrams per cubic meter. As steelmaking process is linked with the considerable pollution of the atmosphere with dust emissions, greenhouse gases and other polluting substances, such as carbon monoxide (CO), nitrogen oxides (NOx) and sulfur oxides (SOx), the reduction of harmful emissions into the atmosphere is one of the priority activities of the Company in terms of environment. We determine the extent of our potential footprint on the air quality and we control the emissions to the atmosphere according to the legislation requirements.

In 2017, total emissions of pollutants were decreased by 12.1 KT comparing to previous period, first of all, due to implementation of environmental activities, namely:

**Reconstruction of BOF No. 4 and BOF Block 2**

Modern German gas cleaning plants were built from three BOFs – No. 4, 5 and 6. Carbon monoxide combustion system on flare stack and automated dust emissions monitoring system were installed for them. Due to installed dust meters, the data is displayed on the screen and controlled in online mode. Expected effect – decrease in emissions by 2700 tons per year.

**Modernization of Sinter Shop No. 2**

Installation of new dust exhausting systems and replacement of gas cleaning plant are planned during the reconstruction of sinter strand No. 5. Outdated gas cleaning plants, which failed to meet established national standards for dust emissions were replaced with advanced equipment – dry type electrostatic precipitators for process gases dedusting. This kind of equipment has been already installed on sinter strand No. 6, which was reconstructed in 2016. This work is carried out within the Company’s investment program, which includes environmental and technical modernization of Sinter Shop No. 2. The cost of Sinter Shop No. 2 reconstruction project is over 150 M USD.

The expenses for air emissions treatment in 2017 amounted to 457.5 M UAH

The environmental management system that meets the requirements of the international standard ISO 14001:2004 is the main tool for the environmental priorities following up during the production planning, and it covers all the operation subdivisions of the Company. Annually, the comprehensive measures are implemented at PJSC ArcelorMittal Kryvyi Rih to decrease the impact of the Company’s production cycles on the environment. Environmental projects are included in the program of construction and modernization of production.

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Modern German gas cleaning plants were built from three BOFs – No. 4, 5 and 6. Carbon monoxide combustion system on flare stack and automated dust emissions monitoring system were installed for them. Due to installed dust meters, the data is displayed on the screen and controlled in online mode. Expected effect – decrease in emissions by 2700 tons per year.

**Modernization of Sinter Shop No. 2**

Installation of new dust exhausting systems and replacement of gas cleaning plant are planned during the reconstruction of sinter strand No. 5. Outdated gas cleaning plants, which failed to meet established national standards for dust emissions were replaced with advanced equipment – dry type electrostatic precipitators for process gases dedusting. This kind of equipment has been already installed on sinter strand No. 6, which was reconstructed in 2016. This work is carried out within the Company’s investment program, which includes environmental and technical modernization of Sinter Shop No. 2. The cost of Sinter Shop No. 2 reconstruction project is over 150 M USD.

The expenses for air emissions treatment in 2017 amounted to 457.5 M UAH
In order to minimize fugitive emissions into the atmosphere, the facility was transferred to direct-flow instead of conventional overflow mode. After transferring to direct-flow mode, energy-saving technology of heat utilization for charge materials reheating and thermal conditions control is not used. That is why natural gas is additionally utilized. As a result, the emissions of pollutants have been decreased from 9.5 to 4.1 KT (when steel output was 1.2 MT). Total amount of investments of PJSC ArcelorMittal Kryvyi Rih till 2020 will amount to 1.2-1.5 bln. USD.

In 2017, total volume of waste water at PJSC ArcelorMittal Kryvyi Rih was 9 179 thsd m3 (2016: 9 849 thsd m3). PJSC ArcelorMittal Kryvyi Rih aims at rational use of water resources and decrease in waste water discharge. Waste water from by-pass channel is used to control semi-dry areas at tailing ponds. As a result, their discharge was reduced by 2 M m3 per year.

<table>
<thead>
<tr>
<th>Total water intake M m³</th>
<th>Water supplied by public utility providers</th>
<th>Quarry water</th>
<th>Mine water</th>
<th>Waste water</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.0</td>
<td>55.6</td>
<td>61.7</td>
<td>46.8</td>
<td>47.6</td>
</tr>
</tbody>
</table>

Water is the main resource of the Earth, which is essential to the existence of mankind, and the implementation of any activity today and in the future. For us, the key are two issues related to water: the amount of water that we use for production and treatment of wastewater, in order to reduce pollution.

The most water consumption is at rolling, blast furnace and steelmaking stages. The Company wants not only to decrease water consumption but also to use it efficiently. Rational water consumption at the Company is provided by water recycling system which enables multiple reuse of water which was previously used in the process and preserves quality indicators. Use of water recycling system enables significant decrease in natural water consumption and prevention of excessive environmental pollution. The volume of water reuse was 95% out of total consumption.
Responsible energy user that helps create a lower carbon future

Climate change is the most important and complex issue that popped up in the first set of global and long-term challenges of the 21st century. Among the main reasons – the use of fuel, inefficient energy consumption, an increase in greenhouse gas emissions, industrial activities. Steel production is associated with the consumption of significant amount of fuel, electricity and heat. Metallurgy is one of the main sources of carbon emissions, as well as different stages in metallurgical furnaces burning fuel generate nitrous oxide and methane. As one of the largest steel producers in the world, ArcelorMittal has one of the largest corporate carbon footprints.

**Performance**

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption</td>
<td>M GJ (PJ)</td>
<td>171.5</td>
<td>167.9</td>
</tr>
<tr>
<td>Specific energy intensity</td>
<td>GJ/t of steel</td>
<td>27.3</td>
<td>29.0</td>
</tr>
<tr>
<td>Total CO₂ emissions</td>
<td>MT</td>
<td>16.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Specific CO₂ emissions</td>
<td>t CO₂ per t of steel</td>
<td>2.7</td>
<td>2.6</td>
</tr>
</tbody>
</table>

**Energy consumption (PJ)**

<table>
<thead>
<tr>
<th>from non-renewable sources</th>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>coke</td>
<td></td>
<td>42.7</td>
<td>46.9</td>
<td>19.9</td>
</tr>
<tr>
<td>natural gas</td>
<td></td>
<td>22.7</td>
<td>19.2</td>
<td>21.9</td>
</tr>
<tr>
<td>coal</td>
<td></td>
<td>67.7</td>
<td>88.4</td>
<td>109.4</td>
</tr>
<tr>
<td>diesel/fuel</td>
<td></td>
<td>1.8</td>
<td>1.4</td>
<td>1.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>from renewable sources</th>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>biofuel</td>
<td></td>
<td>0.03</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>electric power</td>
<td></td>
<td>13.8</td>
<td>14.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>149.3</td>
<td>171.5</td>
<td>167.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CO₂ (t)</th>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct emissions</td>
<td></td>
<td>14.5</td>
<td>15.3</td>
<td>14.0</td>
</tr>
<tr>
<td>Indirect emissions</td>
<td></td>
<td>1.9</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16.4</td>
<td>16.7</td>
<td>15.2</td>
</tr>
</tbody>
</table>

167.9 PJ is total energy consumption
29.0 GJ/t of steel is specific value

Decrease in CO₂ emissions intensity is a priority for climate change control. We want to decrease total greenhouse gases emissions by means of innovations and new products development, energy efficiency improvement. Efficient energy use is one of the factors of sustainable development, primarily through the reduction of CO₂ emissions. In addition, the rising cost of energy is one of the risks that can significantly affect the activity of the Company, so energy conservation is one of the key tasks of PJSC ArcelorMittal Kryvyi Rih. The Company has to decrease product cost considering tough competition at world markets and to decrease energy-resources consumption for this purpose. Energy management system implementation in compliance with the requirements of international standard ISO 50001:2011 contributes to continuous improvement of energy system by the Company including energy efficiency, energy security and energy consumption. The Company also continues implementation of “green” technologies that enable decrease in the use of conventional energy sources. Natural gas is partially replaced with biofuel (sunflower husk) at Refractory and Lime Shop. Due to this fact, substitution effect was 67.2% (2016: 63.7%).

Supply chains that our customers trust

Our customers expect from us supply chains they can trust, that also meet their environmental and social standards. We aim not only to meet their expectations, but also to enhance our confidence providing them with better assurance that our supplier behave ethically and work towards support of sustainable environmental and social standards.

Conformity certificates of Sustainable Development and Responsible Sourcing Management System according to the standard BES 6001 obtained in 2017 are the confirmation of our commitment to transparent supply chains. By doing so, we improve our competitive position and establish closer relations with our customers. You can find more details on the web-site www.ukraine.arcelormittal.com

Our suppliers are one of the key stakeholders of PJSC ArcelorMittal Kryvyi Rih. For the successful partnership with the suppliers, we aim to build the relationship based on trust and in the form of the open dialogue. We set up the Program of the responsible sourcing based on our initiatives and the best practices. Our procurement approach includes the responsible sourcing principles in the area of Health and Safety, process safety, business ethics, environment protection, and human rights. These key principles of procurement activities are as much important as the price and quality.

The Code complements and supports the corporate policies and principles of ArcelorMittal including the Code of Business Conduct, the Policies of Human Rights, Health and Safety, Environment Protection, as well as Anti-Corruption Guidelines.

In 2017, PJSC ArcelorMittal Kryvyi Rih cooperated with over 1,700 companies of suppliers and contractors, around 200 organizations with 20,000 people were involved in construction and installation work. Payments to suppliers and contractors amounted to 42 bln. UAH (2016: 37.4 bln. UAH).

All new suppliers are subject to pre-evaluation based on the filled vendors’ questionnaires following to the evaluation and approval procedure.

In 2017, 416 new suppliers (24% of the total number) were evaluated based on the filled questionnaires (2016: 369). In future, supporting transparent business philosophy we will continue searching for new supply sources analyzing the markets and involving high-skilled suppliers and contractors only.

*Other gases, like CH₄ and N₂O, are 0.02% and 0.06% of total greenhouse gases emissions respectively; that is why these are insignificant for covering in the report.*
Local communities Active and welcomed member of the community

While working in the region, we respect the interests of the communities and take the responsibility for the impact of our activity on the stakeholders and the environment. We aim to improve the quality of life of our employees and their families as well as of the local communities and the whole society.

The interaction with the stakeholders, both internal and external, means the development of the constructive relationships with those who are affected by us on or who are interested in our projects. We are looking for the open dialogue with all stakeholders.

We understand the importance of the Company's participation in the local communities development and take into account the real need in joint activities focused on the social and economic protection of Kryvyi Rih residents and the solution of the social and environmental problems, thus, we annually implement the projects for the residents' life improvement, first of all those who live in the area of the Company's impact. The cooperation with the local authorities is based on the principles of partnership and transparency.

In 2017, a Cooperation Agreement was concluded with Shyroke District State Administration with respect to allocation of finance for social projects in 2017-2018. The money will be spent for the following:

- 5 M UAH – to purchase and install electrical heating system in 2017 at state-financed institutions: schools, administration centre, where pension foundation, tax office and employment center are located. This heating system is environmental friendly and will provide comfort and heating in cold season;
- 10 M UAH – for maintenance of a section of motor road (Mykolaiv – Kryvyi Rih) in villages Shesternya and Ganivka. Road mending in this area is required due to very intensive traffic. The road goes through residential areas and it means that it is also related to the safety of local community.

Corporate volunteering

Corporate volunteering means the voluntary work of the Company employees for the benefit of the local communities. PJSC ArcelorMittal Kryvyi Rih volunteers committee joins the Company employees who are ready to provide a free support to people in need. The Company volunteers organize charity concerts for children with special needs, foster children and boarding school pupils.

Just before the New Year holidays, PJSC ArcelorMittal Kryvyi Rih organized free-of-charge visit to circus for 600 special children and their families. And few days before, 166 children and their parents – the employees of the Company who were mobilized to ATO zone – visited circus performance “Boulevard of Wonders”.

In 2017, 877 children of the Company’s employees aged between 6 and 17 got an opportunity of free-of-charge study: 557 children at English school “SmartStart English with ArcelorMittal” and 320 children at IT school “SmartStart IT with ArcelorMittal”.

The project was expanded in 2017: English and IT Clubs were organized at two children rest camps Parus and Burevestnik and over 6000 children took part in them.

In 2018, we plan to expand the fields of study for the children. “School of Young Engineers” will be one of these. Training program will include experiments in chemistry and physics, master-classes in woodworking and metalwork, electrical and robotic engineering, 3D printer.

In 2017, we launched a project “My Parents Work for ArcelorMittal” for the employees’ children aged 7 and above. Everyone who wished to do so was able to visit a plant and to find out about their parents’ occupation, where iron ore is mined and how it is transformed into hot metal, steel and rolled products. For this purpose, the Company purchased special clothes for children. In total, 680 families visited the plant and over 800 children got to know metallurgists profession.

Scientists and engineers. Pipeline of talented scientists and engineers for tomorrow

High-skilled specialists are the key to successful economic development of the Company and its competitiveness, especially in the STEM area (Science, Technology, Engineering and Mathematics). The demand for the specialists in these areas has been on the rise - two-times faster than for other qualifications. STEM develops the skills of research and analytical work, experimenting and critical thinking.

STEM-education support and development contributes to creation of high-skilled candidates pool. We want to improve the level of occupational education and status value of blue-collar occupations in Ukraine. We cooperate with universities, provide an opportunity of traineeship for graduates, we train and develop our employees and their children.

“Everest”

The objective of the program is to search for ambitious and talented specialists-graduates who have potential in successful career building in international company ArcelorMittal. Everest program is designed for two years and during this period the participants are proposed to work at structural subdivisions of PJSC ArcelorMittal Kryvyi Rih as trainees in the most important corporate projects as well as intensive theoretical training (online-training and classroom studies). Individual plan of rotations at subdivisions of PJSC ArcelorMittal Kryvyi Rih and in some cases an international level at ArcelorMittal sites is suggested for each trainee based on abilities and achievements of a participant.

Currently 77 participants of Everest program work at PJSC ArcelorMittal Kryvyi Rih following the results of competitive selection in 2011-2017. They develop their skills in such areas like mining, maintenance, sinter and blast furnace, rolling and steelmaking plants, logistics, HR and IT, process automation, marketing and sales, procurement. 77.9 % of participants became full-time employees of the Company and 17 people are still trainees on temporary positions in the program. Some of program graduates have already received promotion within the Company and their career growth is in progress.

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Our contribution to society measured, shared and valued

Companies affect social and economical development of the regions by means of taxes, workplaces, interactions with the suppliers, sponsorship and charity. Besides, supporting the initiatives important for the society, the Company is not only taking part in solving social and economic as well as environmental issues but also improving living standards. Evaluation of this impact and contribution is important to ensure trust of the society and local community and to create positive environment for business development. PJSC ArcelorMittal Kryvyi Rih is one of the biggest tax payers in the country and makes significant contribution to the economy of Ukraine, Dnipropetrovsk region and Kryvyi Rih. Over 35 bln. UAH of taxes and fees were transferred to the budget between 2006 and 2017. In 2017, the Company paid taxes to the budget and state specialized funds amounting to 7.7 bln. UAH in total.

PJSC ArcelorMittal Kryvyi Rih is the biggest tax payer in mining and steelmaking industry of Ukraine

State Fiscal Service of Ukraine defined TOP-100 of the biggest tax payers in Ukraine in 2017. The leaders in tax liabilities were defined on industry-based principle – oil and gas industry, power generation, metallurgy, banking sector, tobacco industry and communications sphere. PJSC ArcelorMittal Kryvyi Rih was ranked the first among mining and steelmaking companies with regard to taxes and fees payment. In 2017, direct tax revenue from the Company to the budget amounted to almost 2.9 bln. UAH, including 2.0 bln. UAH of tax payments to state budget and 8.69 M UAH of payments to local budgets including 834 M UAH to Kryvyi Rih city budget (considering breakdown of tax revenues between local budgets). PJSC ArcelorMittal Kryvyi Rih is one of the biggest employers in Ukraine. Headcount in 2017 was over 23,000 people.

3.8 bln. UAH – salary costs in 2017

In 2017, besides salary paid to our employees to the amount of 3.8 bln UAH, 7.7 bln. UAH all tax payments were paid – our direct contribution to the economy of Ukraine. We also contribute significantly to development of the economy of Ukraine creating connections and relations network around the Company by purchasing goods/services and interaction with local contractors and suppliers. During 2017, we cooperated with over 1700 companies of suppliers and contractors, about 200 organisations with over 20,000 employees were involved in construction and installation work. Payments to suppliers and contractors amounted to 42 bln. UAH (2016: 37.4 bln. UAH). This is our indirect contribution to the development of Ukraine creating supply chains and new workplaces.

42.0 bln. UAH – payments to contractors and suppliers in 2017

Transperent good governance

High standards of business ethics and governance have been fundamental to ArcelorMittal, which operates in more than 60 countries, has more than 197,000 employees and works with thousands of suppliers and customers. More details are available about the structure of corporate management of ArcelorMittal Group is available on the website www.corporate.arcelormittal.com

Good corporate governance provides significant advantages: support reputation, strengthen relationships with government and regulatory authorities, and increases the trust of customers and partners. Potential disadvantages of poor management are equally real and substantial: from criminal responsibility and significant financial penalties to long-term reputational damage and even loss of business. That is why business ethics and reputation are key assets that must be preserved at all times. PJSC ArcelorMittal Kryvyi Rih is part of international company ArcelorMittal andCorporate Management System and business-ethics principles are based on the best modern practices. Maintaining common responsible business standards, the Company supports high level of transparency and openness.

The details of the Corporate Management System were given in the previous reports and available on the website www.ukraine.arcelormittal.com

As the world’s leading steel and mining company, operating in more than 60 countries, and as a responsible and reliable business partner, ArcelorMittal puts an emphasis on its employees compliance with international standards of business ethics, as well as both national and international legislation (compliance).

Performance 2017

<table>
<thead>
<tr>
<th>Metric</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees completed code of business conduct training</td>
<td>%</td>
<td>38.5</td>
<td>42.7</td>
</tr>
<tr>
<td>Employees trained on human rights</td>
<td>%</td>
<td>49.6</td>
<td>20.0</td>
</tr>
<tr>
<td>Security Department trained on human rights</td>
<td>%</td>
<td>71.8</td>
<td>20.3</td>
</tr>
<tr>
<td>Employees trained on anti-corruption</td>
<td>%</td>
<td>2.3</td>
<td>2.9</td>
</tr>
</tbody>
</table>

* Training is provided once in three years
Stakeholders engagement

The world needs our steel. In order to meet this demand, we need to support our growth strategy and to stabilize the relationships with the society we work in. Efficient relationships with all stakeholders are extremely important for our business. Creating positive dialogue we understand better what is expected by our employees, customers, the representatives of authorities and local communities. This will help in prevention of misunderstandings that might result in serious disruptions of our operation. Our key stakeholders are employees, shareholders, public and control authorities, local communities. Trade unions, suppliers and contractors, representatives of non-government organizations and mass-media are also important for us. Stakeholders were determined in compliance with Stakeholder Engagement Standard AA1000 considering such criteria as: responsibility, influence, representation, political and strategic intentions. This was the way to define the parties of the biggest influence; representation, political and strategic intentions.

Participation in associations and unions

ArcelorMittal Group is one of the biggest investors that strives to contribute to Ukrainian society and its development. PISC ArcelorMittal Kryvyi Rih is constant participant of negotiations and searching for decisions, the entrepreneurs in Ukraine are facing; as well as the member of European Business Association, American Chamber of Commerce, Metallurgists Federation of Ukraine, UkrMetallurgprom Association of Companies. Long-term cooperation with these organizations enables taking an active part in the projects related to the activities of international investors in Ukraine, protecting its business-interests, proposing the programmes aimed at investment climate improvement in the country.

About this report

Scope, boundaries and methodology

This report is for all our stakeholders. Structured around the 10 outcomes of sustainable development, it explains our material issues and how we manage them. Our sustainability report is an integral part of our corporate reporting and highlights Company’s activities between January and December 2017.

The Company’s sustainability reporting cycle is annual. Previous report for 2016 was published in 2017. The next report (for 2018) will be published in 2019.

We consider this to be convenient, accessible and practical way of communication with our stakeholders.

Reporting principles

ArcelorMittal Kryvyi Rih’s Sustainable Development has been prepared in accordance with the GRI Standards - Core option.

According to GRI standard, when defining report contents, we based on the principles of relevancy, stakeholders coverage, sustainable development context and completeness.

This report contains the review of our performance within Sustainable Development concept and each of 10 outcomes. In order to ensure proper quality of reporting in compliance with GRI Standard, the Company was guided by the principles of balance, comparability, accuracy, clearness and reliability.

Calculation methodology

Lost-time injury frequency rate (Fr) indicates the number of accidents per 1 million of man-hours worked and is described as correlation:

\[ Fr = \frac{\text{Number of accidents} \times 10^6}{\text{Number of man-hours worked}} \]

In order to calculate lost days rate, the information about the number of lost working days as per shift schedules of injured employees is taken into account.

Personnel absentee rate (absenteeism rate)

Absenteeism rate is calculated as correlation between the hours of absenteeism due to temporary incapability and theoretically worked hours of the personnel for reporting month, quarter, year and is multiplied by 100%. Theoretically worked time includes:

- worked time minus working hours on holiday, weekends and days-off outside of working schedules and overtime;
- non-worked time: time of annual vacations, temporary incapability, study leaves, non-appearance provided by law, non-appearance as per permission from administration, unauthorized absence, downtime etc.

Recalculation ratio 3.6 GJ/MWh was applied to calculate energy consumption from electricity consumption.

In order to calculate greenhouse gases emissions, we applied ArcelorMittal corporate methodology and respective total CO2 emissions value includes both direct and indirect emissions.

The report passed independent assurance procedure by Deloitte Audit (Appendix 2, p. ____).
### SD Data table 2017

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong></td>
<td><strong>2016</strong></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>Crude steel production</td>
<td>tonnes (million)</td>
<td>6.1</td>
</tr>
<tr>
<td><strong>1. Safe, healthy, quality working lives for our people</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees – total</td>
<td>number</td>
<td>27 139</td>
</tr>
<tr>
<td>Fatalities - total**</td>
<td>number</td>
<td>2</td>
</tr>
<tr>
<td>Lost-time injury frequency rate**</td>
<td>per million hours worked</td>
<td>0.43</td>
</tr>
<tr>
<td>Lost day rate**</td>
<td>%</td>
<td>4.4</td>
</tr>
<tr>
<td>Occupational disease rate</td>
<td>%</td>
<td>0.17</td>
</tr>
<tr>
<td>Absenteeism rate - total</td>
<td>%</td>
<td>3.37</td>
</tr>
<tr>
<td>Employee turnover rate</td>
<td>%</td>
<td>2.2</td>
</tr>
<tr>
<td>Number of strikes exceeding one week in duration</td>
<td>number</td>
<td>0</td>
</tr>
<tr>
<td>No. training hours per employee</td>
<td>hours</td>
<td>85</td>
</tr>
<tr>
<td><strong>2. &amp; 3. Products that accelerate more sustainable life-styles and create sustainable infrastructure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development spend (ArcelorMittal Group)</td>
<td>$ (million)</td>
<td>227</td>
</tr>
<tr>
<td><strong>4. Efficient use of resources and high recycling rates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials used by weight:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron ore</td>
<td>million tonnes</td>
<td>24.5</td>
</tr>
<tr>
<td>Coal</td>
<td>million tonnes</td>
<td>2.6</td>
</tr>
<tr>
<td>Coke</td>
<td>million tonnes</td>
<td>1.8</td>
</tr>
<tr>
<td>Recycling input rate</td>
<td>%</td>
<td>32</td>
</tr>
<tr>
<td>Steel scrap recycled</td>
<td>million tonnes</td>
<td>1.9</td>
</tr>
<tr>
<td>CO2 avoided from steel recycled</td>
<td>million tonnes</td>
<td>2.5</td>
</tr>
<tr>
<td>Production residues and by-products re-used</td>
<td>%</td>
<td>51</td>
</tr>
<tr>
<td>BF slag to cement industry</td>
<td>million tonnes</td>
<td>0.8</td>
</tr>
<tr>
<td>CO2 avoided from slag re-use in cement industry</td>
<td>million tonnes</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>5. Trusted user of air, land and water</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental and energy capital expenditure</td>
<td>million UAH</td>
<td>859.5</td>
</tr>
<tr>
<td>Air</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total dust emissions</td>
<td>thousand tonnes</td>
<td>36.5</td>
</tr>
<tr>
<td>NOX per tonne</td>
<td>thousand tonnes</td>
<td>12.8</td>
</tr>
<tr>
<td>SOX per tonne</td>
<td>thousand tonnes</td>
<td>7.9</td>
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<td>Land</td>
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<tr>
<td>Production residues to landfill/waste</td>
<td>%</td>
<td>49.7</td>
</tr>
<tr>
<td><strong>6. Responsible energy user that helps create a lower carbon future</strong></td>
<td></td>
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<tr>
<td>Energy intensity</td>
<td>GJ/t liquid steel</td>
<td>24.7</td>
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<tr>
<td><strong>7. Supply chains our customers trust</strong></td>
<td></td>
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<tr>
<td>Global procurement suppliers evaluated against code for responsible sourcing</td>
<td>number</td>
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<td><strong>8. Active and welcomed member of the community</strong></td>
<td></td>
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<tr>
<td>Stakeholder engagement plan</td>
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<tr>
<td><strong>9. Pipeline of talented scientists and engineers for the future</strong></td>
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<td></td>
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<tr>
<td>% community investment allocated to developing scientists and engineers</td>
<td>%</td>
<td>9.3</td>
</tr>
<tr>
<td>Investment in STEM projects</td>
<td>UAH (million)</td>
<td>1.7</td>
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<td><strong>10. Our contribution to society measured, shared and valued</strong></td>
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</tr>
<tr>
<td>Direct economic value generated</td>
<td>UAH (million)</td>
<td>46 261.3</td>
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<tr>
<td>Estimated direct economic contribution</td>
<td>UAH (million)</td>
<td>50 938.0</td>
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<td>payments to government, of which:</td>
<td>UAH (million)</td>
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<td>State budget</td>
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<td>Municipal budgets</td>
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<td>Employee salaries, wages and pensions</td>
<td>UAH (million)</td>
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<td>Supplier and contractor payments</td>
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<td>Capital expenditure</td>
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<td>Community investment spend (including STEM spend)</td>
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<td>Other payments</td>
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<td><strong>Total energy consumption</strong></td>
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<td><strong>Total CO2e emissions</strong></td>
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<td>CO2 intensity</td>
<td>tonnes CO2 per tonne of steel</td>
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### Annex 1: GRI Content Index

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<td>Name of the organization</td>
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<td>Activities, brands, products, and services</td>
<td>About ArcelorMittal</td>
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<td>102-3</td>
<td>Location of headquarters</td>
<td>About ArcelorMittal</td>
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<tr>
<td>102-4</td>
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<td>About ArcelorMittal Outcome 2</td>
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<td>102-9</td>
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<td>Outcome 7</td>
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<td><strong>GRI 102: General Disclosures 2016. Strategy</strong></td>
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<td>Statement from senior decision-maker</td>
<td>Message from the CEO</td>
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<td>List of stakeholder groups</td>
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### GRI 102: General Disclosures 2016. Practice of reporting

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<td>About Report</td>
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<td>102-47</td>
<td>List of material topics</td>
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<td>Date of most recent report</td>
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<td>102-53</td>
<td>Contact point for questions regarding the report</td>
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### Material topics

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<td>103-1-3</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Sustainable development through 10 outcomes; <a href="http://annualreview2017.arcelormittal.com">http://annualreview2017.arcelormittal.com</a>; Message from the CEO</td>
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<td>The management approach and its components</td>
<td>Sustainable development through 10 outcomes; <a href="http://annualreview2017.arcelormittal.com">http://annualreview2017.arcelormittal.com</a>; Message from the CEO</td>
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<td>Evaluation of the management approach</td>
<td>Message from the CEO; Outcomes 1, 4, 10; Transparent good governance</td>
<td>3; 8-11; 14-15; 24-25;</td>
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<td><strong>GRI 201: Economic Performance 2016</strong></td>
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<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>Outcome No B</td>
<td>24, 29</td>
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<td>205-2</td>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>Transparent good governance</td>
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<td><strong>GRI 301: Materials 2016</strong></td>
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<td>301-1</td>
<td>Materials used by weight or volume</td>
<td>Our performance in 2017; Outcome 4</td>
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<td>301-2</td>
<td>Recycled input materials used</td>
<td>Our performance in 2017; Outcome 4</td>
<td>14-15</td>
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<td>GRI 302: Energy 2016</td>
<td>302-1 Energy consumption within the organization</td>
<td>Our performance in 2017; Outcome 6</td>
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<td>302-3 Energy intensity</td>
<td>Our performance in 2017; Outcome 6</td>
<td>20</td>
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<td></td>
<td>302-4 Reduction of energy consumption</td>
<td>Our performance in 2017; Outcome 6</td>
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<td>GRI 303: Water 2016</td>
<td>303-1 Water withdrawal by source</td>
<td>Our performance in 2017; Outcome 5</td>
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<td>303-3 Water recycled and reused</td>
<td>Our performance in 2017; Outcome 5</td>
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<td>GRI 305: Emissions 2016</td>
<td>305-1 Direct (Scope 1) GHG emissions</td>
<td>Our performance in 2017; Outcome 6</td>
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<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
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<td>305-4 GHG emissions intensity</td>
<td>Our performance in 2017; Outcome 6</td>
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<td></td>
<td>305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions</td>
<td>Our performance in 2017; Outcome 5</td>
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<td>GRI 306: Effluents and Waste 2017</td>
<td>306-2 Waste by type and disposal method</td>
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<td>GRI 401: Employment 2016</td>
<td>401-1 New employee hires and employee turnover</td>
<td>Our performance in 2017; Outcome 1</td>
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<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Our performance in 2017; Outcome 1</td>
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<td>GRI 402: Labor/Management Relations 2016</td>
<td>402-1 Minimum notice periods regarding operational changes</td>
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<td>GRI 403: Occupational Health and Safety 2016</td>
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<td>Our performance in 2017; Outcome 1</td>
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<td>404-1 Number of strikes and lock-outs exceeding one week’s duration</td>
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<td>404-3 Average hours of training per year per employee</td>
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<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1 Diversity of governance bodies and employees</td>
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<td>406-1 Incidents of discrimination and corrective actions taken</td>
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</table>
Annex 2: Independent Assurance Report

INDEPENDENT ASSURANCE REPORT ON THE SUSTAINABILITY REPORT OF PJSC ARCELORMITTAL KRIVYI RIH FOR THE YEAR ENDED 31 DECEMBER 2017

To the Management of
ArcelorMittal Krivyi Rih PJSC,
Orzhonikidze St, 1,
Krivyi Rih, Dnipropetrovsk Oblast, 50000
Ukraine

Objectives and Scope of Work Performed

This report has been prepared in accordance with the terms of our engagement letter dated 05 April 2018 to provide limited assurance on the Sustainability Report of PJSC ArcelorMittal Krivyi Rih (the “Company”) for the year ended 31 December 2017 (the “Report”) on the following subject matters (the “Subject Matters”):

- Adherence of the Report to the Global Reporting Initiative Sustainability Reporting Standards (the “GRI” or “GRI Standards”) with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness.
- Adherence of the disclosures in the Report to the GRI Core option criteria and the appropriateness of the GRI Content Index as included on pages 30-33 in the Report.
- Fair presentation in all material aspects in accordance with GRI Standards, of selected indicators (the “Indicators”), marked with a “***” on pages 28-29 in the Report, which are:
  - Total energy consumption;
  - Total CO2 emissions;
  - Lost Time Injury Frequency Rate (“LTIFR”);
  - Lost day rate;
  - Total number of fatalities.

Responsibility of the Management of the Company

The Management of the Company is responsible for the preparation of the Report in accordance with GRI Standards and for the information and statements contained within it. The Management is responsible for determining the Company’s sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the “Code”). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Responsibility of the Auditor

Our responsibility is to conduct a limited assurance engagement on the Company’s Report and draw conclusions on the Subject Matters based on the work we performed.

We carried out our procedures on the Subject Matters in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” ("ISAE 3000 Revised"). To achieve limited assurance the ISAE 3000 Revised requires that we review the processes, systems and competencies used to collect the Subject Matters on which we provide limited assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

In order to draw our conclusion on the Report, we undertook the following procedures:

- Interviewed a selection of ArcelorMittal Krivyi Rih senior management who have operational responsibility for corporate responsibility matters, including the Corporate Responsibility team, data owners and those with operational responsibility for performance in the Subject Matters to understand the governance structures used for managing corporate responsibility, engagement with stakeholders on corporate responsibility matters, as well as implementation of corporate responsibility related policies and initiatives in 2017 and the monitoring of these activities;
- Visited the site to review the systems to capture, collate and process source data for the Indicators listed above;
- Read and analysed selected relevant public information relating to the Company and industry sustainability practices and performance during the year;
- Obtained an understanding through inquiries, analytical reviews, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to:
  - The development and approval of the Report, including selection of material sustainability matters to be reported on in line with GRI Standards, related key performance indicators and other matters to be reported on; and
  - Collation, aggregation, validation and reporting of sustainability performance data and disclosures, for the selected Indicators.
- Verified that the GRI Standards Content Index contains the relevant general and specific disclosures required by the Core option criteria;
- Assessed if the Report meets the GRI requirements on report content principles and quality principles;
- Read the contents of the Report against the findings resulting from our work.

For the 2017 limited assurance, we have not completed any analysis, testing or review of prior year performance information included within the Report.

Limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

The accuracy and completeness of the information disclosed in the Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our independent assurance report should therefore be read in connection with the GRI Standards.
A limited assurance engagement is substantially less in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Conclusion

Based on our work conducted as above, nothing has come to our attention that causes us to believe that:

- The Report of ArcelorMittal Kryvyi Rih for the year ended 31 December 2017, does not adhere to GRI Standards with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness;
- The disclosures in the Report do not adhere to GRI Standards, option "Core" criteria and that the GRI Content Index as included on pages 30-33 of the Report is not appropriate;
- The selected Indicators marked with a "***" on pages 28-29 of the Report and enumerated above are not presented fairly, in all material aspects, in accordance with GRI Standards.

Deloitte and Touche

2 July 2018