

Executive Director
Europe and Central Asia Division
Human Rights Watch
Mr. Hugh Williamson

22 November 2016

Dear Mr Hugh Williamson

ArcelorMittal Temirtau JSC has carefully considered your letter dated October 5, 2016, and can provide you with the following response to your questions

1. Please comment on allegations that ArcelorMittal Temirtau JSC managers pressured Korgau trade union members to leave Korgau trade union in order to join Birlik trade union?

To answer your question on exerting pressure by the Administration of ArcelorMittal Temirtau JSC on Korgau Trade Union members to move to Birlik Trade Union, we would like to inform you that ArcelorMittal Temirtau JSC is a member of ArcelorMittal Global Group of companies, and our company operates in accordance with both current legislation of the Republic of Kazakhstan and international law. To execute the latter, the Company has a number of corporate standards, namely the Human Rights Policy, Code of Business Conduct, , Stakeholder Engagement Procedure and other policies within the company's framework of corporate responsibility. Moreover, we operate a Forensic Service that investigates financial improprieties both at local and global corporate levels. In May 2014, ArcelorMittal Temirtau JSC implemented a hotline for grievances, for both company employees and external stakeholders, and since that time it has been successfully operating. In accordance with this procedure, all complaints received in writing, by telephone hotline, or by any types of communication including e-mail, are formally considered, internal investigations are organized, and relevant actions are taken in order to address the grievance. In 2014, 144 complaints were received; in 2015, 134 and, for the first 6 months of 2016, 62 complaints were received; all these

grievances were considered, and responses were sent to initiators. Since May 2014, there were no complaints reported regarding workers from Korgau Trade Union being forced to move into the new Birlik Trade Union. We would like to inform you that currently we have five other trade unions in addition to Korgau and Birlik trade unions:

- a. Zhaktau Trade Union – steel department;
- b. Orken - Kentobe Trade Union;
- c. Orken-Atasu Trade Union, which is a branch of “KAZPROFMETALL Industrial Mining and Metallurgical Trade Union” PA;
- d. Orken-Lisakovsk Trade Union, which is a branch of “KAZPROFMETALL Industrial Mining and Metallurgical Trade Union” PA;
- e. Atansor-Orken Trade Union, which is a branch of “KAZPROFMETALL Industrial Mining and Metallurgical Trade Union” PA;

Moreover, we have City Trade Union, where the members are the staff of our contractors. Equal engagement is being organized with all trade unions in accordance with the local legislation.

2. Could you kindly confirm whether ArcelorMittal Temirtau JSC decided to unilaterally cancel the collective agreement it had with Korgau as of April 1, 2014? If so, could you please explain if and how the companies’ actions complied with ArcelorMittal Temirtau JSC’ obligations under Kazakh and international labor law. What were the reasons for wanting to cancel the collective agreement?

To answer your question on Collective Agreement termination, please be informed that our company is working in accordance with national legislation and has never stopped and will not stop any valid collective agreements in all our subdivisions. The Korgau collective agreement is legally valid until April 2017. In December, 2016, negotiations will begin to discuss amendments to their collective agreement in accordance with current legislation. Based on the above, a collective agreement with Korgau existed, and will continue to exist until April 2017 in accordance with laws of the Republic of Kazakhstan.

3.1. Could you kindly confirm whether ArcelorMittal Temirtau JSC twice in 2015 announced plans to cut wages outside of formal collective bargaining procedures with trade unions? If so, why did ArcelorMittal Temirtau JSC not use collective agreements that were in place for negotiating a reduction in wages?

3.2. Did ArcelorMittal Temirtau JSC decline to follow the labor inspectorate's order to withdraw the July 2015 order to cut wages? If so, on what grounds?

3.3. According to media reports, on August 21, ArcelorMittal Temirtau JSC announced that it was scrapping plans to cut wages. Could you confirm if these reports are accurate? If so, what prompted management to scrap the plans?

To answer your question on salaries deduction, kindly be informed that in 2015, due to the economic crisis and the reduction in world prices for our manufactured products by more than twice, the Company was forced to make serious efforts to reduce costs and optimize non-core expenses. Indeed, a proposal on temporary reduction in the employees' salary by 25% (not only for Coal Division, but for all divisions of the Company) was brought for consideration by our trade unions and state authorities. During the discussion, the proposal was rejected, and was not implemented.

4. Could you please comment on the any additional measures taken since 2012, and other policies in place, to ensure that ArcelorMittal Temirtau JSC employees are aware of their rights under international and Kazakh law, in particular their right to join trade unions of their own choosing, their right to bargain collectively, and to go on strike?

To answer your question on human rights training, we would like to inform you that once in three years trainings on Anticorruption Policy, Economic Sanctions Policy, Antimonopoly Policy, Insiders Policy are held for the Company's management. The last training was held in 2014, so the next training for all employees is planned for 2017.

In addition, through internal communication channels such as the corporate newspaper, displays in public places, and through internal weekly meetings, information related to the above subjects are communicated to all employees at all levels. At the moment of

hiring, employees are familiarized with the Policy of Human Rights of the Company as a part of their regular induction programme, followed by re-familiarization in three years.

In 2015 we launched an Integrity campaign across the ArcelorMittal group, based around three pillars of Honesty and transparency, Respect and dignity, and Exemplarity. Kazakhstan was the first country to receive targeted training in 2014.

5. What steps is your company taking to implement the UN Guiding Principles in relations to labor issues and other human right issues?

To answer your question on the UN Guiding Principles, our Human Rights Policy was drawn up with the input of external stakeholders in 2010 in anticipation of the UN Guiding Principles. To further implement these principles, here are some examples of what ArcelorMittal has recently carried out to implement the UNGPs:

- a mapping of salient human rights issues in our own operations and in our supply chain in 2016
- ongoing due diligence in areas of highest risk (e.g. conflict minerals)
- training on Ethics/Integrity principles in areas of identified risk (e.g. Kazakhstan, 2014)
- on the ground partnership work to address areas of high risk (e.g. Ebola – EPSMG, a project with tin miners in Indonesia);
- assessments in 2016 of all operations against our SD outcome 1 (people), outcome 7 (supply chains), and outcome 8 (communities);
- a wide reaching review in 2015-16 of our human rights policy and due diligence processes to ensure we are tackling our most salient issues effectively. As a result of this work, we are currently identifying what steps we need to take to improve our processes in line with the UNGPs.

I sincerely hope that Human Rights Watch will find these responses informative to your research, and help you ensure that the report you publish is based on factual information as far as possible. Please do not hesitate to contact me should you need further assistance.

Yours sincerely