



**ПЕРВИННА ОРГАНІЗАЦІЯ ПРОФСПІЛКИ ТРУДЯЩИХ
МЕТАЛУРГІЙНОЇ І ГІРНИЧОДОБУВНОЇ ПРОМИСЛОВОСТІ УКРАЇНИ
ПАТ «АРСЕЛОРМІТТАЛ КРИВИЙ РІГ»**

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11.05.2021 № 178-2026

на № _____ от _____

**Chairman of the Supervisory Board
PJSC “ArcelorMittal Kryvyi Rih”
Mr. Mr. Vijay Goyal**

**Members of the Supervisory Board
PJSC “ArcelorMittal Kryvyi Rih”:
Mr. Clark David George
Mrs. Ana Escobedo
Mr. Ishchuk Serhiy Ivanovych
Mr. Lahodiyenko Oleh Viktorovych
Mr. Arora Vishal
Mr. Somani Arun
Mr. Matthew Loynes**

**Executive Chairman
of ArcelorMittal Group
Mr. Lakshmi Mittal**

**CEO of ArcelorMittal Group
Mr. Aditya Mittal**

**Head of Human Resources
of ArcelorMittal Group
Mr. Bart Wille**

PRESENTATION

Pursuant to Article 45 of the Labor Code of Ukraine, part one of Article 33, Clause 9 of part one of Article 38 of the Law of Ukraine “On Trade Unions, their Rights and Guarantees of Activity”, based on the decision of the Trade Union Committee of the Primary Organization of the Trade Union of Metalworkers and Miners of Ukraine PJSC “ArcelorMittal Kryvyi Rih” dated May 11, 2021, we demand to terminate the labor agreement (contract) with the Chief Executive Officer of PJSC “ArcelorMittal Kryvyi Rih” - Mauro Longobardo.

In accordance with Clause 8.4.1. of the Charter of PJSC “ArcelorMittal Kryvyi Rih”: “The sole Executive Body of the Company, which manages its current activities, shall be the CEO. The CEO, solely, at his own discretion and under his own responsibility, shall make all decisions on matters within his competence ...”.

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In accordance with Clause 8.4.2. of the Charter of PJSC “ArcelorMittal Kryvyi Rih”: “The competence of the CEO shall include resolving all issues related to the management of the current activities of the Company except those that according to current legislation and this Charter are exclusively within the competence of the General Meeting and the Supervisory Board”.

In accordance with sub-clause 11 of Clause 8.4.5. of the Charter of PJSC “ArcelorMittal Kryvyi Rih”, fulfilling his own powers, the CEO shall have the right: “to hire and dismiss employees of the Company ...”.

In accordance with sub-clause 20 of Clause 8.3.9. of the Charter of PJSC “ArcelorMittal Kryvyi Rih”, the competence of the Supervisory Board shall exclusively include: “election and revocation of the powers of the CEO;”.

In accordance with Clause 8.4.3. of the Charter of PJSC “ArcelorMittal Kryvyi Rih”: “Election and revocation of the powers of the CEO shall be carried out by the Supervisory Board in the manner prescribed by current legislation, this Charter ...”.

The grounds for termination of the labor agreement (contract) with the CEO Mr. Mauro Longobardo are his violation of the labor legislation, Collective Bargaining Agreements and Contracts, the Law of Ukraine “On Trade Unions, their Rights and Guarantees of Activity”, the Law of Ukraine “On Social Dialogue in Ukraine”, namely:

1. The CEO Mr. Mauro Longobardo violated the requirements of Clause 2.20 of the Collective Bargaining Agreement of PJSC “ArcelorMittal Kryvyi Rih”.

Clause 2.20. of the Collective Bargaining Agreement stipulates: “Wages costs, social development, material incentives for the employees, taking into account the production and financial activities of the enterprise shall be agreed with the Trade Union Committee.”

In violation of this clause of the Collective Bargaining Agreement, the administration of the enterprise, represented by the CEO, did not agree with the Trade Union side on the wages costs for 2021.

2. The CEO Mr. Mauro Longobardo violated the requirements of Clause 2.25 of the Collective Bargaining Agreement of PJSC “ArcelorMittal Kryvyi Rih”.

Clause 2.25. of the Collective Bargaining Agreement stipulates: “The revision towards increasing the level of wages at the enterprise shall be carried out annually individually, taking into account the financial, economic and production performance of the enterprise in accordance with the agreement with the Trade Union, with preliminary informing the Trade Union side of the expected financial, economic and production performance of the enterprise.

The month / months of the revision of the wage level shall be determined through negotiations, if it is not stipulated in the current remuneration system.

The average percentage of wage increase shall be determined in Q4 of the current year for the next year, taking into account the financial, economic and

production performance of the enterprise. The wage fund for the next year shall be formed taking into account the financial, economic and production indicators of the enterprise and shall be included in the budget for the next year. Individual wage increase shall be carried out taking into account the analysis of the labor market and the results of employee appraisal, carried out on the basis of approved criteria”.

In violation of this Clause of the Collective Bargaining Agreement, the administration of the enterprise, represented by the CEO, did not agree with the Trade Union side and did not review the wage increase in 2020. Revision of the wage increase by 5% and differential wage increases for those categories of employees whose wages are lower than the market median from May 1, 2021, have been carried out by the CEO without taking into account the financial, economic and production performance of the enterprise and without agreement and coordination with the Trade Union side.

Out of the available to PJSC “ArcelorMittal Kryvyi Rih” 30.1 billion UAH of retained earnings of previous years, according to the decision of the Annual General Meeting of Shareholders, which took place on April 29, 2021, 9.6 billion UAH will be transferred for the payment of dividends to the company's shareholders at the rate of 2.49 UAH for one simple share. This amount is equal to 32% of the total retained earnings, much of which will be transferred to the owner of the company, who owns 95.1283 % of the total stake of the company, which is about 9.1 billion UAH. At the same time, only 300 million UAH, equal to 1% of the total retained earnings, will be allocated for wage increase for 23.5 thousand employees.

The economic situation at PJSC “ArcelorMittal Kryvyi Rih” has improved due to the recovery of the market of steel products and a significant increase in the cost of steel products and concentrate, increase in production and sales from the Q4 of 2020, profits from core production, achievement of production KPIs and the foreign exchange rate increase, that the company receives for its products.

In violation of the terms of the Collective Bargaining Agreement, the CEO Mr. Mauro Longobardo grossly violated the requirements of Article 9 of the Law of Ukraine “On Collective Bargaining and Agreements” and Article 18 of the Labor Code of Ukraine, according to which the provisions of the Collective Bargaining Agreement are binding on the employer (owner) or authorized authority.

3. The CEO Mr. Mauro Longobardo allowed systematic violations of labor legislation in terms of creating appropriate, safe and healthy working conditions, prevention of accidents and occupational diseases at PJSC “ArcelorMittal Kryvyi Rih”.

In accordance with the Order of the General Administration of the State Labor Service in Dnipropetrovsk region of the State Labor Service of Ukraine No.22/5.8 dated April 23, 2021 on elimination of violations of legislation in the fields of labor protection, industrial safety, occupational health, handling of explosives for industrial purposes, employment of the population, employment and provision of employment to persons with disabilities, the implementation of state mining supervision, the CEO Mr. Mauro Longobardo was obliged to eliminate 1190 violations, including 1179

violations in labor protection.

Almost all structural subdivisions of the enterprise are short-staffed, the main reason for which is the low level of wages in difficult and harmful working conditions. Due to the low level of wages, the company loses highly qualified employees with many years of experience, who move to work for competitor companies with higher wages. Labor intensity is increasing due to staff shortages, which leads to the risk of number of accidents increase. Thus, in 2018 PJSC “ArcelorMittal Kryvyi Rih” had 22 accidents, and in 2020 - 33, i.e. 50% more.

Mr. Zhanbek Yesmakhanov, who previously worked at LLC Interpipe Ukraine together with Mr. Mauro Longobardo, was hired by the latter as the Director of the Department for Health and Safety, Occupational Safety and Environment of PJSC “ArcelorMittal Kryvyi Rih” since June 10, 2020. On May 11, 2018 Amur-Nyzhnyodniprovsky District Court of Dnipropetrovsk has discovered under case No. 199/9085/17, that Mr. Zhanbek Yesmakhanov was absent from the workplace for 51 working days in 2017, in accordance with this, unreasonably acquired funds in the amount of 1,097,132.46 UAH were recovered in favor of LLC Interpipe Ukraine.

Last year the work on labor protection, industrial safety and ecology at PJSC “ArcelorMittal Kryvyi Rih” is in an extremely unsatisfactory condition, as evidenced by the Order of the General Administration of the State Labor Service in Dnipropetrovsk region of the State Labor Service of Ukraine No. 22/5.8 dated April 23, 2021 and accidents increase statistics, but due to the indulgent attitude of the CEO personally to Mr. Zhanbek Yesmakhanov, no conclusions and measures were made in this direction.

4. The CEO Mr. Mauro Longobardo violated the requirements of Articles 3 and 8 of the Law of Ukraine “On Social Dialogue in Ukraine”.

Due to disagreement with the unilateral actions of the administration of the enterprise regarding the increase of wages by 5% from May 1, 2021 and differential wage increases for those categories of employees whose wages are lower than the market median, the employees of PJSC “ArcelorMittal Kryvyi Rih” held 3 (three) peaceful mass protests – on March 30, 2021, April 22, 2021 and on April 29, 2021, to which the CEO was invited to resolve the conflict, but all actions were ignored by him.

10 (ten) Trade Unions operating at the enterprise, which represent the interests of more than 16,600 employees of the enterprise, repeatedly demanded a joint meeting with the CEO to urgently resolve conflict issues, especially fair wages and safe working conditions. At the same time, the unions were ready to hold joint meetings at both the local and industrial levels.

At the last protest on April 29, 2021, the labor collective warned about possible extremely negative consequences that may arise as a result of compliance with all requirements for labor protection and fire safety during the performance of production tasks, namely due to the legal termination of work by employees until labor protection violations are eliminated. Despite this, and despite the fact that the conflict between the labor collective and the administration of the enterprise continues to escalate, the CEO still deliberately ignores the demands of trade unions and does not hold joint meetings with them to resolve wages issues, safe working

conditions and others issues of concern to the labor collective. The position of the CEO at such a difficult time, when there is a real threat of stopping production at PJSC “ArcelorMittal Kryvyi Rih”, when it is necessary to consolidate the administration, labor collective and trade unions for a joint and immediate resolution of the conflict. The CEO is separated from the labor collective of PJSC “ArcelorMittal Kryvyi Rih”, he does not understand and is unable to solve the legal, fair requirements, needs and proposals of the employees.

Upon the decision of the Trade Union Committee dated May 11, 2021,
Yours sincerely,

**Head of the Trade Union Committee of the
Primary Organization of the Trade Union
of Metalworkers and Miners of Ukraine
PJSC “ArcelorMittal Kryvyi Rih”**



N.M. Marynyuk