CORPORATE SOCIAL RESPONSIBILITY REPORT 2019
Dear friends,

we bring you the Corporate Social Responsibility Report of Třinecké železárny for 2019 year. This publication presents the key activities of the company, which we have devoted last year in the areas of economic management, social development and environmental care. We are aware of our company’s commitment to behave responsibly in each of these three areas.

Social responsibility is an integral part of our corporate culture. As a responsible company, we respect the interests of our stakeholders – employees, customers, suppliers, shareholders, partners and the wider community.

Consistent and systematic approach in fulfilling our strategy, declared values and mission of the company is a prerequisite for the success of Třinecké železárny. Loyalty and increase productivity of all of us are the basis for future business development. A socially responsible company not only retains existing customers easier, but also attracts new business partners, which in the long term brings the company increased stability and competitiveness in the market. Responsible attitude of Třinecké železárny in reducing of carbon footprint is our long-term goal. Extensive investment activities of the company into the greening of production facilities and the modernization of the production facilities make a lasting contribution to environmental protection.

More than 180 years of the company history leaves a permanent trace in the region, where we play a significant role. For many generations, Třinecké železárny is a symbol of certainty and future perspective. Mission Together for the Generations to Come forms the foundation for our corporate culture and manages our mission to behave responsibly and continues to apply the principles of a corporate sustainable development strategy.

Steel is an essential part of the world we live in. It is an integral part of daily lives of citizens, as well as folk culture and tradition that are of great importance to them. Třinecké železárny therefore feels responsibility for their activity, tends to improve the environment and thereby contribute to the quality of life of its inhabitants.

We believe that this report will be an interesting and useful source of information for you. We firmly hope that, thanks to this publication, we have managed to emphasize the importance of socially responsible behaviour that becomes a precondition for the success of the company and guarantee of our children’s future.
Introduction of the Company

- 55.5% steel production in the Czech Republic
- 2.5 mil. tonnes of crude steel
- 7075 employees
- CZK 30 billion of investments since 1996
- 29 subsidiaries
- Tradition since 1839

To the significant subsidiaries of Třinecké železárny that belong to our product chain:

- STROJÍRNY A STAVBY TŘINEC, a.s.
- SLÉVÁRNY TŘINEC, a.s.
- ENERGETIKA TŘINEC, a.s.
- Řetězárná a.s.
- REFRAZIL, s.r.o.
- VÚHŽ a.s.
- MATERIÁLOVÝ A METALURGICKÝ VÝZKUM s.r.o.
- Šroubární Kyjov, spol. s.r.o.
- HŽP, a.s.
- METALURGIA S.A.
- D&D Drótařu zrt.
- ŽDB Drátovna, a.s.
- IMOPRA s.r.o.
- BOHEMIA RINGS s.r.o.
Main products of Třinecké železáry

- flat steel socket wrenches
- tongue groove pliers
- round steel in coils and bars
- barbed wire
- wide steel flanges
- spring steel cogwheels
- steel bars free cutting steel workpiece
- drawn square steel artificial aggregates
- coke chemical products
- blooms slabs
- railway rails railway superstructure accessories
- seamless tubes hexagonal steel angles
- flat steel squares round steel in coils and bars
- wide steel spring steel steel bars

Examples of final products from our product chains

- SBQ peeled bars fasteners
- chains cogwheels bearings
- ropes springs refractory
- socket wrench tongue groove pliers barbed wire
- flanges cogwheels free cutting steel workpiece
- rebars cableway ropes leaf spring for trucks
The business plan is enclosed to technical development projects plan. Our investment projects were aimed at modernising, through environmental projects resulting from the conclusions of integrated permits, projects to cut costs as well as renewal of current production facilities.

In 2019 the most significant were:

» Ladle furnace on Electric Arc Furnace,
» Transition to casting billets of 155 mm square format,
» Automatic detection and hot defect analysis behind the 4th rolling mill on reversing mill,
» Refining Line No. 2 and Hot Blast Stove No. 61.

Třinecké železárny invested CZK 2,356 million.
Třinecké železárny has been focused on the realization of its strategic goals. One of them is the technological development of the company, which is closely related to meeting the demanding requirements of our customers. In practice, this means that by controlling the technological process throughout the production flow, the required qualitative parameters of the manufactured semis are ensured. An important factor that increases the added value of final products is the validation, integration and implementation of modern, high technologies that in particular significantly reduce production and processing costs or the environmental burden. Among other things, thanks to that, Třinecké železárny ranks to the top steel making company in Central Europe.

Development of our production base, technological and the research activities are aimed at the improvement of products quality, an introduction of progressive production technologies and new products in order to:

» fulfil current as well as future quality of delivery requirements of the customers
» reach effective utilization of raw materials, materials and energies, and reduction of their consumption
» reduce the quantity of wastes produced and increase their recycling rate
» reduce the total production of environmental impacts to health and lives of people, environment and the property
» minimise the impacts of the serious accidents to health and lives of people, environment, property and business results.

The Management Obligation

Within his competence, each manager is:
• providing sufficient human, material, financial and information resources to achieve goals, review their availability and adequacy and guarantees their purposeful use,
• taking decisions solely in accordance with legal regulations and standards,
• leading and motivating employees to safe work.

Company management expects from leading management to:
• adherence to the Company’s Code of Conduct, in particular, the prevention of corruption and respect for human rights,
• that work activities will be carried out by safe working practices,
• developing this Policy into measurable goals.

Company management expects from leading management to:
• adherence to work and technology practices with active access to continuous improvement of individual and team work, leading to goals and cost reduction at all workplaces,
• gentle handling and management of electricity, water, gas and other types of energy in all workplaces.
Economic Governance

Třinecké železárny regularly publishes Annual Reports and Corporate Social Responsibility Reports. About company’s plans, objectives, activities and results informs its customers and stakeholders through its websites.

In order to ensure the competitiveness of the metallurgical company, we must constantly struggle to improve the quality of our products while keeping costs down and further prudenty allocating funds between renewal and modernisation projects, technology development and environmental protection.

The metallurgical industry is a very demanding manufacturing industry in terms of energy, technology and investment. The volume of funds directed to the construction of new facilities, renewal and upgrading of existing ones is therefore a necessity. However, without a strong economic position and obtained subsidies, the company could not afford such extensive investments.

Compared to other regions of the world, the competitiveness of European steel companies is adversely affected by the very strict EU environmental legislation. However, we try to continue in successful economic results of the previous period. An important element of TŽ’s development is building long-term cooperation with key partners in the railway, automotive, engineering and construction sectors. The basic premise is a balanced relationship between Třinecké železárny and their customers with the aim of mutual growth.

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<tbody>
<tr>
<td>CZK mil.</td>
<td>2,007*</td>
<td>1,518*</td>
<td>2,038*</td>
<td>2,679*</td>
<td>1,710*</td>
<td>2,195</td>
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TŽ Financial Gifts from 2014 to 2019

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<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>CZK thousand</td>
<td>86,283</td>
<td>43,341</td>
<td>15,497</td>
<td>21,135</td>
<td>45,691</td>
<td>20,972</td>
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Every year, our company contributes to charitable activities and community service activities, which are a permanent and long-term part of our corporate culture. We focus our activities mainly on supporting education, culture, sports, health, social care and charity. As far as education is concerned, we focus mainly on the support of technical education, from pre-school education, through the Secondary Technical School of Třinecké železárny, to cooperation with technical universities.

In 2019 we organized the Volunteer Day for the eighth year. This time the location on the slopes of Smrčina of the Tyra valley in Třinec was selected for volunteering, where a total of 30 employees in cooperation with ČSOP Salamandr and Protected Landscape Area Beskydy planted 1,500 of young saplings. Other 20 employees helped with cleaning, painting, gardening or coating at the Secondary School, Primary School and Kindergarten at Jablunkovská Street in Třinec for pupils with special educational needs and at the Social Assistance Centres, such as Day Care Center "Radost" and Day Care Center "Paprsek".

The Billet mill in Kladno also joined the participation of the Volunteer Day in 2019, where part of employees was cleaning the Lidice stream again, which flows down through the memorial area of the Lidice Memorial. Other employees visited the Children’s Center in Kladno and the Korálek Special School and Kindergarten for children with various types of disabilities, where they were mostly doing gardening work.

The International Craft Games 2019

Picture 1-4 International Craft Games 2019

Picture 5, 6 Volunteer Day – planting of beeches and firs

Picture 7, 8 The Day of Earth in the area of Třinecké železárny
Our company TŘINECKÉ ŽELEZÁRNY, a. s. has a long tradition of steel-making; its basic values have been shaped and kept since its founding in 1839. Further development is associated with responsibility towards our employees, business partners, society, the regions in which our company operates, and the people who live there.

The code of conduct reflects the principles that are the foundation of our business, activities, and the use of management tools.

Social Field

The basic principles of our corporate culture are:

- focus on the customers
- forthcoming and complete satisfaction of their needs with the highest quality products and services
- consistent fulfillment of the obligations
- good interpersonal relations based on cooperation and mutual respect
- satisfaction and motivation of employees
- development and use of knowledge, abilities, skills, and experience of employees
- teamwork
- a high level of work ethics
- entrepreneurial spirit of good economists
- technological advancement based on systematic innovation
- continuous improvement of everything and everyone
We respect our employees

Respect of human rights is commonplace in our company. We do not encourage nor tolerate any acts of discrimination. We respect employee privacy rights. We condemn any form of violent and forced labour.

We condemn the abuse of child labour. We only employ persons who meet the conditions provided by legal regulations.

We provide specialized training for pupils of secondary vocational schools and university students at our workplaces; we do so under the contracts with these schools in special mode appropriate to the age, knowledge and experience of pupils and students.

We do not tolerate any form of illegal work, not even with our business partners. Procedures and conditions provided by legal regulations have always been the minimum standard in our relations with employees. This also applies to the conclusion and content of employment contracts or other labour-law contracts and agreements, length of working hours, work rest periods including breaks, setting overtime, remuneration, making wage deductions, and termination of labour-law relations.

Our employees are properly rewarded for their work, including providing extra pay for work in the afternoons, at night, on weekends and public holidays, overtime, and other bonuses. Beyond the law we provide our employees with social and other benefits.

In relation to our employees, but also in relation to public authorities, we fulfill all our statutory disclosure obligations.

We respect our employees’ rights, including the right to form unions and negotiate collectively. We respect the position of trade unions as representatives of our employees and consider them as our partners in social dialogue.

We consistently communicate with our employees, including having meetings on consultations with top management and other executives, and informing our employees about current issues via effective means of communication.

We regularly conduct surveys of employee satisfaction and motivation.

We regularly evaluate all our employees every year.

We apply a whistle-blowing policy

We enable our employees and other persons to practise whistle-blowing, make queries and complaints.

All whistle-blowing reports, queries and complaints are consistently solved and used for further improvement.

We guarantee all employees protection against any disciplinary action on account of bona fide practising whistle-blowing, making queries and complaints.

We consistently comply with occupational health and safety

Occupational health and safety of our employees is an integral part of all our activities and has the highest priority. We create the most favourable working conditions. We adhere to the accident prevention safety program; we ensure that every work activity is conducted according to safe working practices.

We have developed and systematically evaluate and update the system for identifying and assessing the risks of potential health damage at work, including measures to eliminate the risks of health damage.

We adhere to prevention. We constantly train and educate our employees to work safely and to protect their health.

We provide our employees with personal protective equipment according to the list drawn up for each job. Employees at workplaces with increased heat or physical load are provided with protective beverages.

We consistently provide assessment of our employees’ medical fitness for work by means of occupational medical examinations; we do not permit performance of any work that does not meet employees’ requirements for medical fitness.

If a work accident occurs despite our best efforts, we employ our system comprising of providing first aid, reporting and investigating injuries or other unfortunate events, and taking measures to prevent their recurrence and to compensate for damages.
We respect our business partners

We deal with all of our business partners honestly and transparently, with respect and fairness; we expect such conduct from them. We respect the interests and needs of our business partners, unless it is contrary to legal regulations and does not cause excessive risk or harm.

We are committed to create value for our business partners. With regard to our products, we implement the principle of constant improvement, increasing their added value, while reducing the environmental burden. We practise the strategy of zero errors.

We choose our suppliers with thorough care in order to maintain the quality of our products. We negotiate agreements with our suppliers regarding product quality and evaluate the fulfilment of their obligations.

We ensure adequate supervision of compliance with labour and technological procedures and of solutions to potential complaints from business partners. We evaluate the satisfaction of our business partners.

We want our business partners to work with us continuously or to come back to us for business. The success of our business partners is also our success.

We condemn any manifestations of corruption

We adhere to zero tolerance towards offering or accepting bribes.

Our employees are strictly guided to refrain from any act of corruption; in connection with the performance of work for our company, acting on our behalf or with reference to us, no one may solicit or accept any services in exchange for granting or promising to grant any privileges, nor offer or provide such services.

We respect economic competition and intellectual property and also protect personal data

We advocate a free, honest and fair competition; we do not engage in any acts that would undermine such competition. We avoid any conflicts of interest and situations that may cause suspicion of such conflicts.

We respect intellectual property rights and interest to protect the confidentiality of trade secrets and other confidential information, and we protect these rights and such information within the scope of legal regulations, contracts with business partners, data subjects’ consents and business ethics.

Personal data of our employees, as well as any other persons whose personal data have been provided to us, are always processed only in accordance with legal regulations.

All our employees, who in the course of their duties come into contact with personal data, information constituting a trade secret or any other confidential information, are obliged to maintain confidentiality of such data and information.

We protect the environment

Environmental protection is a fundamental part of our policy. The standard is no less than fulfilling all legal regulations and authorization requirements granted to us thereunder by public authorities.

In the long term and conceptually, we strive to continually reduce the impact of our activity on the environment. Old environmental burdens are removed.

To meet environmental protection principles, we have set up and implement waste management systems preferring recycling, closed water systems and industrial waste-water treatment plants, chemical treatment and energy management; The priority is to gradually reduce air pollutant emissions.

We apply the Code of Conduct to all activities

The Code of Conduct is the fundamental basis of our company’s internal regulations, including:

» conditions of employment
» social code
» technical and organizational regulations
and related internal standards that are specified in such a way as to ensure their consistent application.

The Code of Conduct is respected and its compliance in our company is monitored and enforced.

We recognize the unity of words and actions; we keep our promises.

We support ethical business culture; we fulfil our duties thoroughly, fairly and honestly.

We are ready to arrange an audit with our business partners in our company.
Care for Employees

Employee engagement survey

Direct measurement of employee engagement in the form of a questionnaire survey in Třinecké železárny is performed in two-year periods and the last one took place in 2018. The aim of this survey was to obtain objective information about the attitudes of employees and their level of engagement. 31.8% of the total number of employees was involved in the questionnaire survey. Reached extensiveness index, which reflects the level of commitment of employees was slightly lower than in 2016, but currently the third highest in the history of twelve measurements, having carried out since 1998.

In 2019, a real average recalculated headcount reached 7,062 employees.

Employment

Year 2019 from the point of view of the development of the planned number of employees was marked by investment actions and modernizations, such as the gradual development of the Steel Drawing Plant in Staré Město u Uherského Hradiště, introduction of unattended operation of quenching car and ramp at coke production plant, commissioning of the Refining line No. 2 for wire rod mill and continuous light section mill. Some of the other actions have been postponed to the following years. In addition, the number of employees was also affected by minor small savings due to modernization and increase of labour productivity increased in other production facilities. However, the actual situation was negatively affected by increased staff turnover.

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<tr>
<th>Year</th>
<th>TŽ employees</th>
<th>Agency workers</th>
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<tbody>
<tr>
<td>2015</td>
<td>7,031</td>
<td>478</td>
</tr>
<tr>
<td>2016</td>
<td>7,035</td>
<td>387</td>
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<tr>
<td>2017</td>
<td>7,155</td>
<td>206</td>
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<tr>
<td>2018</td>
<td>7,129</td>
<td>186</td>
</tr>
<tr>
<td>2019</td>
<td>7,075</td>
<td>133</td>
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Remuneration

- bonuses – regular and extraordinary bonuses
- managers’ and foreman’s funds
- higher rates of premium pay for work in the afternoon, at night, on weekends, holidays, overtime and work in difficult working environment
- rewards based on financial results achieved
- continuity bonuses

Human resources development

- trainee program for university graduates
- creating conditions for professional development of selected groups of employees and career progress
- providing scholarships for students of selected study courses
- evaluation of the secondary school graduates; their meetings with the managers within the adaptation process

Education

Corporate education, as one of the company processes, is based on HR strategy of Třinecké železárny, therefore, its key role is to ensure the required level of competence of employees for the fulfilment of strategic goals. Employee education is one of the factors that increase efficiency and competitiveness. Employees are trained mainly through external suppliers of educational services, but also by internal lecturers. Application of the Corporate Academy is commonly used for internal education, most often by the implementation of periodic training at the workplace and by internal lecturers who use the application to prepare and implement their training. The application of the Corporate Academy is an on-line platform that, in addition to the above-mentioned function, enables sharing of information, knowledge and experience as well as discussion on a selected topic.

In 2019, a part of the training events was implemented through two projects from the Operational Program Employment, a project of the Regional Council for Development and Cooperation in Třinec entitled “Education - a Joint Path to Development” and a project of Třinecké železárny “Werkperspektiva”. In the first of these projects, from September 2019 to May 2020, language courses are organized in group courses. The Werkperspektiva project was completed in May 2019, through which soft and managerial skills courses, specialized IT courses, welding courses as well as accounting, economic and legal courses were provided. Support for both projects is pumped through the block exemption, i.e. that the subsidy will be granted 50% of the total eligible costs.

Motivational Programs

Motivational programs encourage employees to better performance not only in form of income but also in other ways and benefits that encourage them to better work performance together with the compensation of the negative influence of work environment. The benefits are provided above the legislative frame. Towards it, we want to motivate our employees to support our aims and objectives with the highest possible level. Following motivational elements and benefits were used in 2019.
**Evaluation of employees**
- awarding of the title “Employee of the Year” with financial reward and the prestigious prize “Queen of Steel” for best projects, significant actions, key events and representation of the company (picture 1, 3)
- ceremonial act of “Farewell to Employees” who retire (picture 2)
- rewarding for work and life anniversaries and retirement (picture 4)
- rewarding the best innovators

**Health support**
- covering the costs of medical examinations prior to employment
- covering the costs of preventive breast cancer screening and colorectal cancer check-ups
- organising of rehabilitation stays, ambulant rehabilitation care and additional rehabilitation care
- providing employees with contribution catering in the amount of 55 % to one main meal plus contribution of CZK 2,60 to one hot meal
- providing employees with non-alcoholic drinks in the period of extremely hot days
- ensuring other activities to support health (providing with vitamins, health promotion benefits)

**Other benefits**
- vacation extended by 1 week
- extended range of days off with remuneration in case of personal impediment
- providing social assistance and social credits in case of very serious life situations
- providing interest-free housing promotion loans
- providing contribution for supplementary pension provision and additional pension savings
- providing contribution for private life insurance
- providing donations to support education, culture, sports and physical education
- providing donations to support and protect young people
- providing optional staff benefits
- providing curative stays for children in cooperation with the labour union
- support for kindergarten with prolonged service for employee’s children

**Benefits**
Optional benefits are provided for all employees according to the stated rules. The highest level of benefits provided per one employee in 2019 reached CZK 3,700. Possibilities to draw benefits was used by 6,226 employees (89.70 %).

The most frequently used benefits (% of drawing in 2019)
- Staff recreation (40%)
- Sports facilities (30%)
- Vitamin preparations (17%)
- Ice hockey season tickets (12%)

Picture 5-7 Hotel Vitality**** – wellness
Picture 8 Winners of Czech Ice-hockey Extra-league 2018/2019
Recruitment of new employees

We have implemented many measures in this field. We mention them in this report below.

Regional talent

With the aim to motivate youth for taking studies in technical courses we organise an annual social event “Regional Talent”. We reward pupils and students from regional schools for top ranking in knowledge Olympic games and for their secondary school professional activities. The main conception of the event is very simple – to capture the interest in technical courses and natural sciences, i.e. maths, physics, chemistry that not always belong to favourite subjects. (picture 1,2)

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<thead>
<tr>
<th>The numbers of rewarded students</th>
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<tr>
<td>Year</td>
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<td>2015</td>
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<td>2016</td>
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<td>2018</td>
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<td>2019</td>
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Recruitment methods at primary schools

- participation in the organization of the “Open Days” in the Secondary Technical School of Třinecké Železárny and rewarding regional primary schools that have obtained the most of pupils for taking study in technical courses (picture 3, 4)
- “Open Day in TŽ” for students of ninth grade and their parents (picture 5, 8)
- participation in career days organised by the Labour Offices
- close cooperation with the schools in border region of Slovakia (Čierne, Skalité, Svrčinovec)
- organizing the promotional contest My Werk for the pupils of seventh grade of regional primary schools; pupils learn about operation, products, people and environmental care during entertaining lessons.

Recruitment methods at secondary schools

- excursions and technical trainee programs with technical lectures in particular production plants (for students of secondary technical schools)
- technical trainee programs for students of the Secondary Technical School of Třinecké Železárny in production plants (picture 6)
- presentation of the companies in the Třinecké Železárny - Moravia Steel Group for students of selected secondary schools in the region with the aim to attract future employees or to begin the study in technical courses at universities

Recruitment methods at universities

- preparation and participation of TŽ in “Career Days” of selected Universities in the Czech Republic
- excursions for the students of the second grade and presentations of the companies in the Třinecké Železárny - Moravia Steel Group for easier decision-making regarding study course choice
- two weeks trainee program for the students of the second grade of technical courses
- selection of scholars based on study results achieved, discussions and their financial support during the studies (no scholar at the moment)
- proposal of suitable topics of theses (bachelor, master, and post gradual) together with professional coaching of students during elaboration
- reward of the best thesis in co-operation with the Czech Metallurgical Society (picture 7)
- selection of graduates based on their evaluation and interviews for the Trainee Program for university graduates
The youth and preventing discrimination

We recorded no discrimination situation during last year. In the period of 2013 to 2019 our employees had no requirements to solve discrimination issues and all the obligations complied with the Corporate Collective Agreement.

There were no infringements and discrimination issues recorded by the State Authority and Regional Labour Inspectorate during their audits in the period of 2013 to 2019.

TŽ employs only persons over the age of 18. This is a prevention of child labour and hazardous employment of young people.

Special preparation of secondary school students

TŽ ensures professional training at its own production plants particularly for the students of the Secondary Technical School of Třinecké Železárny. Professional training of these young people is provided with the supervision of the authorised employees of the Secondary Technical School of Třinecké Železárny and coaches at every production plant in TŽ and runs in a special mode in accordance with TŽ contracts with particular secondary schools, especially with the Secondary Technical School of Třinecké Železárny.

TŽ provide training in their operations in the form of practical training for secondary school pupils (vocational training, continuous professional practice, etc.), not only for students of the Secondary Vocational School of Třinecké Železárny, but also for pupils of other cooperating schools in the regions in which it operates. The training of these juveniles is carried out in accordance with the educational programs of the individual schools under the supervision of authorized secondary school staff and staff of the individual TŽ operations in a special regime and in accordance with the contracts concluded between TŽ and individual secondary schools.
Influence of the Třinecké železárny activities to the region

Our company has financially supported retraining too. Kvalifi-kační a personální agentura, o.p.s. (KaPA) is one of the organi-
sations that we have cooperated with. Its aim is to increase the
employment of the citizens in the micro region of Třinec, Čes-
ký Těšín, and Jablunkov as well as knowledge and skill broade-
ning together with retraining. The KaPA Company has organi-
sed educational training focused on financial literacy for new
recruits for seven years. 2,152 employees from the Třinecké
železárny - Moravia Steel Group have been trained in total.

To support the publicly beneficial activities in non-profit organiza-
tions in the region, the company’s “Volunteer Day” has been or-
ganized since 2012; the total of 344 TŽ employees participated in
helping the non-profit organizations.

Employees of VUHŽ bought an electric scooter for their colleague.

111 year old rail was founded during demolition of family house and was given to Třinecké železárny as a gift to its 180 anniversary.

The curative stays in High Tatras for pupils of primary schools in Třinec and its vicinity are organised by Třinecké železárny since 2014. Already 1923 pupils from primary schools participated in these stays from 2014 to 2019. The amount of money reached CZK 9.4 million.
The participation of employees in solving issues regarding labour safety and health protection is carried out with the Labour Union as well, mainly via the Commission of Health and Labour Safety. The mission of the Commission is to evaluate and regard the OSH area:

- regularly assess the risks associated with occupational safety and health, receive employee inputs, suggestions and identified risks to be discussed on behalf of the Commission Chairman and Vice-Chairman at a meeting of the OSH Representative and the OSH Supplier (Enviform),
- evaluate the level of injuries and discuss the causes of accidents at work and other adverse events with a potential impact on health threats (accidents, near misses),
- addressing stimuli within the work ergonomics.

The joint specialist Commissions have been appointed too:

- investigation commission for resolving and compensation of work accidents,
- audit commissions for internal audits in the field of labour safety and health protection at particular workplaces,
- joint evaluation meetings with the representatives of employer (representative of labour safety and health protection), staff (representative of Labour Union), and service supplier in the field of labour safety and health protection (Enviform).

We have carried out following trainings within the OSH training system:

- induction courses for new recruits in the field of labour safety and health protection,
- induction courses for new recruits at workplace by supervisor,
- trainings under the supervision of experienced colleague and further testing,
- regular educational trainings according to curriculum approved by supervisors and particular safety technician,
- “OSH Days” – consultancy and advisory events at particular production plants,
- extraordinary educational trainings based on current needs – analyses of work accidents and measures to correct the non-conformity.

Třinecké železárny regularly monitors and evaluates human health risk and adopts measures to eliminate it. Positive results in the field of labour safety and health protection achieved in long-term, high-quality preventive care, implemented and efficient management system were rewarded by the State Authority of Labour Safety in the Czech Republic that gave us the prize Safe Company for the third time in 2019.

Monitoring of the situation of labour safety and health protection is an integral part of management and evaluation of labour safety and health. These activities are provided with narrow cooperation with the service supplier in the field of labour safety and health protection, the company Enviform in Třinec.

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Environmental Protection

The effort to reduce the climate impact is a part of policy of Třinecké železářny.

Compared to 2018, there was another year-on-year reduction in solid pollutant emissions to the new historical low. This reduction corresponds to the year-on-year decrease in production on the main facilities.

Regarding oxides of nitrogen, there was a slight increase corresponding to higher output of the sinter plant compared to 2018.

GHG emissions in the year 2019 amounted to 2,650,392 tonnes of carbon dioxide for TŽ in Třinec and 44,213 tonnes of carbon dioxide for Billet Mill Plant in Kladno. The total greenhouse gas emissions from Třinecké železářny for 2019 are 2,694,605 tonnes of carbon dioxide, which represents a slight year-on-year drop due to lower production of pig iron in 2019.

Path to Carbon Neutrality

Třinecké železářny devote attention to the impact of its activities on climate change and try finding and implementing measures to reduce or capture greenhouse gases. The efforts to reduce the impact on the climate system is a part of the policy of Třinecké železářny. Since 2016, the implemented energy management system represents a CO2 savings in amount of 88,400 t CO2. Other measures to reduce greenhouse gas emissions includes, for example, the annual planting of greenery and the maintenance of current extensive greenery, in which approximately 100,000 tonnes of CO2 are bound in the long term. Between 1990 and 2019, Třinecké železářny reduced GHG emissions by 20%, i.e. almost 672,000 tonnes of CO2. We want to continue this trend, among other things, by using green electricity and installing photovoltaic panels. It is also worth mentioning that Třinecké železářny delivers for wind power plants reaches 50,000 tonnes annually and supports the development of the emission free electricity production.
In the evaluated year 2019 there was a slight decrease in waste production in comparison with previous years. This is confirmed by the fact that the generation of waste is largely dependent on the volume of metallurgical production, which was in comparison with 2018 lower by about 75 kt.

Specifically, a total of 100,990 tonnes of waste was generated in Třinecké železárny, which represents a decrease of 15.5% compared to 2018 (119,539 tonnes). In the category of Other waste (83,482 t) this decrease is 15.7% and in the case of hazardous waste (17,509 t) it is a decrease by 14.2%.

The indicator of waste volume per tonne of steel produced decreased by 13% and its value is 40.3 kg/t of steel.

The amount of waste industrial water discharged into the Olše watercourse and its quality shows a slight decrease in 2019 compared to 2018, which is caused by a lower volume of metallurgical production. In the long term, however, the state of water management in Třinecké železárny has stabilized. The level of wastewater pollution reaches a sustainable level with regard to meeting the permitted pollution limits.

During 2019, Třinecké železárny did not cause any emergency situation that would result in deterioration or endangerment of groundwater or surface water quality.

### Packaging

The production of packaging from Třinecké železárny is given by the necessity to pack the products before their dispatch. For this reason, Třinecké železárny falls within the scope of the Packaging Act and must ensure the collection and recovery of packaging waste. The fulfilment of this obligation has been ensured since 2012 by participating in a system of joint fulfilment of the obligations of collection and recovery of packaging waste, which is ensured by the authorized packaging company EKO-KOM, a.s.

The amount of packaging used by Třinecké železárny to package their products depends on the size of the sale and the requirements of the customers on the way of packaging. The year 2019 is comparable with previous years in terms of quantity and assortment of used packaging.
The redevelopment work at contaminated locations in Třinecké železárny has been underway since 2003. Out of total 24 redevelopment projects just one locality is going to be finished. In accordance with so called environmental contract No. 185/97 concluded with the Czech Ministry of Finance and according to the Třinec-TŽ-Sanitation Project, the contractor – company UNIGEO, a. s., Ostrava – expended about 99.4% of resources from the project budget by the end of 2019.

In the course of the implementation of the redevelopment works new facts were figured out, which are solved on the basis of the "Třinec – TŽ – Sanitation" implementation project, administered by UNIGEO a.s., Ostrava. Currently post-sanitation monitoring of two sites is underway. Towards the end of 2019, it was effectively spent almost 98.2% of the budget cost of this implementation project.

A survey to verify new facts of the old ecological burden in the Olše riverbed in 2015-2016 showed the existence of over-limit contamination in terms of the requirements of the current CEI decision. In 2020, hydraulic groundwater remediation will be launched on the left bank of the Olše river between the underground sealing wall and the Olše watercourse (locality below the coking plant). In the following years, the riverbed of the brook of Líštnice, which is a tributary of the Olše River, should be remediated too.

Care for greenery has always been a priority effort of Třinecké železárny, as evidenced by the amount of CZK 5.2 million spent in this area in 2019. Plantings were carried out in locations behind the director’s villa, along the road at light section and wire rod rolling mills, in front of the company headquarters, along the road leading to multipurpose environmental area. The insulation greenery on the cascades of the heap and the accompanying greenery on the banks of the Olše River were completed and reinforced.

As part of the Day of Earth event (March 21, 2019), the river Olše was cleaned for about 6 km. It was a stretch of river flowing through the premises of the company. In total, 1.01 tonnes of mixed waste were collected. The event was attended by the students of the Secondary Technical School of Třinecké železárny as every year.

In promoting biodiversity, Třinecké železárny in 2019 turned its attention to the support of hedgehogs, which are less in natural shelters. A total of 12 hedgehog shelters were produced with the participation of students of Secondary Technical School of Třinecké Železárny. These were placed in the gardens of elementary and nursery schools in the vicinity. Two hedgehog shelters were also located in the Třinecké Železárny area on the reclaimed part of the “Neboranika” landfill.

At the turn of October and November 2019, all nesting boxes that had been deployed in the area and its surroundings in the past years were regularly cleaned. The reason is the support of wild bird species, especially the merganser, the dipper, but also the kingfisher and other species.

The hedgehog shelters in the kindergartens. Fishing out from the cooling towers in Třinecké železárny.
Investment costs for completed as well as ongoing environmental investment projects in 2019 amounted to CZK 547 million.

Environmental projects

The following environmental investment projects were launched and continued in 2019:

- De-dusting of equipment of collection and processing the mixture for the blast furnace sinter production (Iron and Steel Plant)
  Planned costs: CZK 376 mil.
  Environmental benefit: decreasing the dust fugitive emissions

- De-dusting of equipment for transport and feedback of charge for the steel plant sinter production (Iron and Steel Plant)
  Planned costs: CZK 387 mil.
  Environmental benefit: decreasing the dust fugitive emissions

- Modernization of the Hot Blast Stove No. 61 (Iron and Steel Plant)
  Planned costs: CZK 270 mil.
  Environmental benefit: decrease of CO emissions and higher efficiency of heating

- Modernization of the Hot Blast Stove No. 62 (Iron and Steel Plant)
  Planned costs: CZK 290 mil.
  Environmental benefit: decrease of CO emissions and higher efficiency of heating

- LF1 noise control measures – steam outlet on lowered roof (Iron and Steel Plant)
  Planned costs: CZK 2.6 mil.
  Environmental benefit: decrease of noise level

In the framework of investment projects, the following environmental projects are planned to be launched in 2020:

- Modernization of Secondary Raw Materials Line (Coke Plant and Secondary Raw Materials)
  Planned costs: CZK 40 mil.
  Environmental benefit: higher production efficiency, lower energy consumption

- Ladle Furnace No.1 noise control measures – smokestack and pan dedusting fan (Iron and Steel Plant)
  Planned costs: CZK 5.5 mil.
  Environmental benefit: decrease of noise level

- Sinter plant noise control measures – nod dedusting fan (Iron and Steel Plant)
  Planned costs: CZK 3 mil.
  Environmental benefit: decrease of noise level

- Blast furnace noise control measures – smokestack and fan of blast heating (Iron and Steel Plant)
  Planned costs: CZK 4 mil.
  Environmental benefit: decrease of noise level

Management of chemical substances and mixtures, REACH

The handling of chemical substances and mixtures in TŽ operations is monitored and evaluated in the framework of regular internal controls, which again proved compliance with the relevant legislation regarding chemical as well as OSH requirements in 2019.

In 2019, there was ongoing fulfilling the obligations arising from Regulation (EC) No 1907/2006 of the European Parliament and the Council on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Communication in the supply chain was provided, information on substances of very high concern (SVHC), substances banned in the matters were provided, updated safety data sheets of substances produced in Třinecké Železárny, etc., were updated. Registration documents were updated within the membership of individual consortia, including the follow-up documentation.

Energy management

The effort to continually reduce energy consumption is an integral part of the policy of Třinecké Železárny, which is manifested in practice by the gradual replacement of obsolete production facilities with modern ones with lower energy intensity and maximum energy utilization of the by-products of the steelworks.

In Třinecké Železárny, we have implemented and use the energy management system according to EN ISO 50001, which was subject to certification in 2016. In 2019, a 3-year re-certification audit was carried out not only in Třinec, but also in detached workplaces (Tube Rolling Mill, Steel Drawing Mill, Billet Rolling Mill) that were extended in 2017. In 2020, a control audit of this system according to the amendment to the ČSN EN ISO 50001 standard from March 2019 is ahead of us.

Metallurgical gases generated in the process of production of coke, pig iron and steel in 2019 were used for energy purposes in average level of 95.9%. The specific electricity consumption in 2019 was 287.1 kWh per tonne of steel produced. The actual technological energy intensity in 2019 amounted to 20,043.2 MJ per tonne of steel produced.
Dear friends,

I am pleased to provide you with another Corporate Social Responsibility Report for the largest steel company in the Czech Republic. For Třinecké železárny, CSR stands for responsibility, sustainability and long-term commitment in all aspects of our business activities.

Our more than 180 years of operation in the region is inherently connected with its social and economic development and long-term efforts to improve the state of the environment. This report summarizes our initiatives that underline the emphasis on socially responsible behaviour in our society.

I am pleased that we are able to find ways to further innovate and develop the principles of corporate social responsibility in our company. They represent an important means for us to maintain trust and a prerequisite for long-term sustainable success.

IVO ŽIŽKA
Member of the Board of Directors and CSR Representative

Concluding Word