

# Steel: stakeholder value at every stage

Corporate responsibility 2013



ArcelorMittal

# Our performance

## 2013 highlights

### Corporate responsibility highlights

Lost time injury frequency rate  
(per million hours worked)

0.85

2013	0.85
2012	1.00
2011	1.40

CO<sub>2</sub> emissions per tonne  
of steel produced (tonnes)

2.14

2013	2.14
2012	2.13
2011	2.09

Absenteeism rate (%)

2.30

2013	2.30
2012	2.43
2011	2.97

No. of stakeholder  
engagement plans

38

2013	38
2012	30
2011	30

Total dust emissions –  
steel operations (tonnes)

60,252

2013	60,252
2012	68,661
2011	68,587

Steel recycled (tonnes)

31m

2013	31
2012	29
2011	32

### Business and financial overview

Sales

\$79,440m

2013	79,440
2012	84,213
2011	93,973

Net income

\$-2,575m

2013	-2,575
2012	-3,469
2011	1,956

Crude steel production (tonnes)

91.2m

2013	91.2
2012	88.2
2011	91.9

Iron ore production (tonnes)

58.4m

2013	58.4
2012	55.9
2011	54.1

Coal production (tonnes)

8.1m

2013	8.1
2012	8.2
2011	8.3

Number of employees

232,353

2013	232,353
2012	246,119
2011	261,704

Number of steel operations

57

2013	57
2012	58
2011	60

Number of mining operations

16

2013	16
2012	16
2011	16

Research and development spend  
\$ (million)

270

2013	270
2012	285
2011	306

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Dear stakeholders,

Welcome to our 2013 corporate responsibility report, which we believe is our most comprehensive yet.

More and more, people want to know what value organisations create; not only economic value, but social, environmental and innovative value. This report aims to identify our areas of impact and how we are responding to them, as well as communicating our actions to create value for all our stakeholders.

As a steel and mining company, ArcelorMittal makes an important contribution to the world through our products. We say that steel is the fabric of life. It is a core material for the infrastructure – the buildings, the energy and transportation systems – needed to raise the living standards of many millions of people. Even though overall economic growth has slowed in recent years, the long-term trend of industrialisation, urbanisation and growth in developing economies will continue. And cities need steel.

This is good news for our business, which is the largest steel and mining company in the world, employing more than 230,000 people. It supports our long-term growth potential in both mining and steelmaking. Although the economy remained challenging in 2013, we continued to develop our mining business and re-started some growth projects in the steel business. We also recently completed our first acquisition for some time, of a high quality finishing plant in Alabama, bought from ThyssenKrupp in a joint venture with Nippon Steel and Sumitomo Metals.

As we continue to evolve and grow, it is important to take into account the pivotal global trends shaping our world. The balance of the global economy is shifting; the world's resources are squeezed as never before; stresses on our water and energy systems are adding to the cost of business; and, quite rightly, the expectations of society for organisations to be accountable and part of the solution is growing.

ArcelorMittal was founded on three core values of sustainability, quality and leadership, as well as the entrepreneurial boldness behind our emergence as the first truly global steel and mining company. These values underpin our mission to produce safe, sustainable steel.

One of the key enablers critical to our business strategy is a clear licence to operate, recognising the company's desire and need to act responsibly towards and create value for

all our stakeholders. That means we need to fully understand our impacts and ensure we are doing everything we can to optimise them across every aspect of our operations.

Our materiality matrix has identified 26 key issues for our business. All deserve focus, but six priority issues have emerged: safety, greenhouse gas emissions, air and water emissions, health, accountable and transparent governance and employee engagement.

Safety has been the absolute priority for our business since its creation in 2006. The lost time injury frequency rate reduced to 0.85 in 2013 against a target of 1.0, and we are looking to reach a target of 0.75 in 2014. However, we also suffered 23 fatalities in 2013, each one of them unacceptable. In order to eradicate all fatalities from our operations, we have identified a number of top priority sites and are focused on a small number of situations where the majority of fatalities are occurring. I sincerely hope to be able to report further progress to you next year.

When it comes to carbon emissions, we recognise this is one of our greatest areas of impact and a significant challenge for our industry, given the chemical process required for making steel. Our emissions are considerable but it is important to highlight that, for the low-carbon world we must create in response to climate change, our steel products make significant contributions. We work in close partnership with our customers and suppliers to help them achieve their environmental goals through our innovative steel products. In many instances, such as in the construction and automotive industries, our engineers are based at our customers' operations, collaborating with them on a daily basis to help them meet their own sustainability targets through our products.

Last year we worked in partnership with Conserval Engineering on a pioneering solar thermal solution for low-carbon buildings called SolarWall. We achieved further success with our lightweight steel solutions for the automotive industry, launching a new car door that could achieve a 27% weight reduction. Our steel has also played an important role in providing tailored solutions for the largest water purification system in Argentina.

The materials used to make products are increasingly evaluated not only in terms of how they are produced, but what value they could have at the end of their 'life' and what impact they have at each stage in the value

**"The balance of the global economy is shifting; the world's resources are squeezed as never before; stresses on our water and energy systems are adding to the cost of business; and, quite rightly, the expectations of society for organisations to be accountable and part of the solution is growing."**

chain. Steel clearly has many advantages in a resource-constrained world, given both its durability and the ease with which it can be recycled. Once produced, it is a genuinely renewable resource.

The challenge is to make the primary production as clean and resource-efficient as possible. Steelmaking is the result of a chemical process, for which there is currently no alternative. And in many of the locations where we are producing, particularly in Western Europe and the United States, the process has already improved to near optimal efficiency. However, our search for new technologies that can bring about a step change continues, as we invest in research that could redefine the steelmaking process. One example is the new research project with the French government called Low Impact Steelmaking.

And there are improvements we can make at our older plants. For example, we know that at some of these, dust emissions have been a problem for local communities. For a number of years, we have prioritised capital investments to bring these plants up to date and last year we completed a number of important projects in the Czech Republic, Bosnia and Herzegovina and Kazakhstan that will significantly reduce emissions.

Everything we aspire to as a business relies on the hard work, commitment and engagement of our people. Adapting to the future will need the best talent and we regard this as another enabler of our business strategy. We want to inspire, engage and develop tomorrow's leaders. Employee engagement emerged as a key issue in our materiality matrix and while it rated more favourably in the 2013 climate survey than it had in 2011, we will continue to put great emphasis on improving engagement levels. The impact of the economic crisis and the measures we took to adapt the business understandably had some impact. As the situation appeared to be stabilising, we took the opportunity in 2013 to organise a series of segment seminars, bringing together the leadership of the main segments to refocus attention on the priorities and ensure everyone was aligned on what they needed to do and motivated to do it. We are proud that every employee received an average of 49 hours of training during 2013, supported by our world-class ArcelorMittal University.


Underpinning all of our efforts to be a responsible and sustainable business is our engagement with our stakeholders. To deepen our focus on this important aspect, we have made stakeholder engagement one of our top priorities for 2014. We have asked our

colleagues at each and every ArcelorMittal site to develop a stakeholder engagement plan. Through engagement, we discover what our stakeholders find important and can respond accordingly.

In this report you will find many more examples of how we are addressing our stakeholders' concerns and having a positive impact as a result. For example, in the Great Lakes region of North America, for the past eight years we have been investing in a \$37 million water stewardship programme that is driven by the interests of those who have a stake in this important water resource, including local residents, non-governmental organisation and environmental bodies. Another, example is in Liberia, where we operate an iron ore mine. We are bringing real change to the country, but in doing so we want to ensure we are sensitive to local stakeholders and bring them long term benefits. We have set up 52 local consultation forums and last year ran 103 workshops with the local community.

In conclusion, as we navigate and adapt to the trends shaping our world, we know that creating value for our stakeholders must be our central focus. As long as steel continues to innovate in response to a fast changing world, I am convinced that it will remain the material of choice, as a durable, versatile, renewable resource that plays a central role in a sustainable new global economy.

I hope you will now read more about how we are doing this in the remainder of our report. I would encourage you particularly to look at our value chain infographic and read the case studies in this report to understand how we are working to ensure that we are producing safe, sustainable steel in the broadest sense.



**Lakshmi Mittal**  
Chairman and CEO

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In order to position our business for long-term success at the heart of a more sustainable future, we need to understand the pivotal trends that are shaping our world.

## Stakeholder accountability

Stakeholders in today's digital world are smart. They expect not just more but better information to understand how our world is changing. With this growth in expectations comes the need for enhanced transparency. Corporations need not just to report, but to report meaningfully in ways that matter to their stakeholders. This means looking at what impacts they have on people, the economy, the natural world, technology and ideas, whether these impacts create positive or negative value for society.

How to identify those impacts that matter, how they are best measured and communicated, and how to address them are all things that companies, including ArcelorMittal, are getting better at over time. What is clear is that good information is what stakeholders across the world expect, from governments and consumers to employees and civil society.

Two-way stakeholder engagement is vital in this regard: vital to building trust, to understanding and adapting to changing expectations, to creating new perspectives between stakeholders, and to ensuring that companies create value where it is most appropriate.

## Resource squeeze

With climate change an accepted challenge of the 21st century, there is an increased focus on the carbon and water implications of modern living. With the ongoing growth in urban populations, these present a fundamental challenge for all elements of society. The world looks to key sectors such as transport, construction, energy and materials to lead the way to reducing their impact. At the same time, stresses on our water and energy systems are adding to the cost of business.

As a result, intense efforts are needed to do more with less, and this has prompted fresh perspectives on consumption such as 'circular economy' thinking and lifecycle analysis. In this context, what lies behind the products – the materials used to make them – are evaluated not only in terms of how they are produced, but what value they could have at the end of their 'life' and what impact they have at each stage in the value chain.

Steel clearly has many advantages in a resource-constrained world, given both its durability and the ease with which it can be recycled. Once produced, it is a genuinely renewable resource.

Since society's demand for steel continues to grow, fuelled by continued growth and industrialisation in emerging markets, both recycled and primary steel still need to be produced. The challenge is to make this process as clean and resource-efficient as possible.

And yet the lack of a global agreement on climate change means that the steel industry does not operate on a level playing field. The cost of carbon in Europe, for example, together with the rising costs of energy, threatens the very industrial base of the region.

## Shifting global balance

The sustained growth of industrialising economies, driven by the emergence of new middle classes, is presenting pivotal shifts in the balance of the global economy.

Wealth in Asia, for example, has tripled since 2001 and by 2050 China and India will be two of the top three economies. Middle classes globally are projected to increase from 1.3 to 3.7 billion people by 2030. The opportunities for business are great, but the challenges are also enormous, especially since 60% of the world's people by that time will live in urban areas, 1.2 billion more than today.

Whereas steel consumption in the US and Canada is beyond its peak, in China we have seen the explosive growth in demand for materials involved when an economy starts to develop. So there is no doubt that emerging economies will need more steel. The need for this to be produced resource-efficiently is also clear.

And as well as infrastructure, there will be a significant need for affordable forms of housing, energy and water treatment. Business success in designing solutions for those at the 'bottom of the pyramid' will be based on the ability to innovate and adapt – a central theme of this report.

The ageing population structure of developed economies compared with the young middle classes in emerging economies mean that industries such as ours must be strategic to ensure we have the best talent for the years ahead. This means planning our workforce, and ensuring we do everything we can to inspire tomorrow's generation of steel leaders.

These pivotal trends provide us with the compass points for how our company must adapt and innovate to ensure that we not only contribute to, but are at the heart of a sustainable future.

## Business strategy

ArcelorMittal is founded on its core values of sustainability, quality and leadership and the entrepreneurial boldness that has empowered its emergence as the first truly global steel and mining company. These values underpin our mission to produce safe, sustainable steel.

By leveraging our distinctive attributes, the company aims to capture leading positions in the steel value chain, from mining at one end, to distribution and processing the other.

ArcelorMittal strives to achieve operational excellence. Safety, the number one priority, is at the core of our business strategy in both steel and mining. Benchmarking and the sharing of best practice enable us to continually improve across our operations. Innovation in products and processes also plays an important role and supports overall competitiveness.

Critical to implementing our strategy are five key enablers:

- a clear licence to operate, recognising the company's obligation to act responsibly towards all stakeholders;
- a strong balance sheet to enable future growth;
- a decentralised organisational structure;
- active management of its portfolio in order to maximise value;
- the attraction, development and retention of the best talent.

## Corporate responsibility approach

Our approach to corporate responsibility has a significant part to play in achieving our business strategy.

We focus on four areas: investing in our people; making steel more sustainable; enriching our communities; and transparent governance, a principle that underpins the first three areas.

### Investing in our people

Our people are at the heart of ArcelorMittal. We are inspired by their ideas and rely on their hard work and commitment for the success of our business. We treat them with dignity and respect, invest in their development, and prioritise providing them with a safe and healthy working environment.

### Enriching our communities

We play an important role in all the markets where we operate, and we want to contribute to the development of strong and sustainable local communities. We do this by being sensitive to local cultures, issues and priorities, by engaging with our communities in an open and transparent way, and by working in partnership with local organisations.

### Making steel more sustainable

We are working on technologies that will redefine the steelmaking process, pioneering more sustainable practices, and contributing positively to the challenge of climate change. We work in partnership with our customers and suppliers to help them achieve their environmental goals through our innovative steel products.

### Transparent governance

We believe in open and visible governance. We take steps to understand the true impact of our operations and our value chain, predict the future consequences, and manage risks consistently across our operations. We have a process in place to engage meaningfully with key stakeholders, and respond in a transparent manner.

Our approach to materiality has evolved again this year. We assessed the materiality of aspects of corporate responsibility in two time frames: the previous 12 months and next five years. The results of the first of these are published in our materiality matrix; six most material aspects are identified and these guide the focus of this report; we also note those aspects that are likely to be more material in the coming years. The results of both assessments will be informing our work on corporate responsibility in 2014 and beyond.

We also bring in two new dimensions to our matrix: our 'readiness' to address each topic assessed, represented by the size of each dot on the matrix below; and the relevant pillar within our corporate responsibility strategy for each aspect, coded by colour on the matrix.

The assessment followed these steps:

1. We identified our stakeholders, drawing on the stakeholder engagement plans of our sites for the year. We weighted them for significance by scoring them against the AA1000 Stakeholder Engagement Standard. This weighting exercise was carried out by all members of the corporate responsibility (CR) council and the CR team.
2. Drawing on internal experience, stakeholder feedback and peer reviews, we drew up a list of aspects of corporate responsibility that present either risks or opportunities for the company.
3. We determined how significant these aspects are to our stakeholders by asking each stakeholder 'owner' within the company to rate them, asking them to base their answers on evidence as far as possible. This process drew on the results of engagement processes during the year, including the climate survey of our own employees. The results were then validated against the results of our reputation survey, which had been carried out in November 2013 with over 1,500 representatives of our key stakeholder groups.

4. We determined the relative significance of each aspect of corporate responsibility for our business by asking key departments to rate them. The informants were representative of our relevant business enablers: for our 'licence to operate', we asked governmental affairs, compliance, CR and communication; for our 'best talent' we asked human resources. We also asked our risk management and legal teams to provide ratings, and also drew on prioritisation work done during the year by our corporate responsibility coordination group.

5. We drew up the results into a matrix, which was then reviewed by the corporate responsibility council.

The six most material aspects of corporate responsibility to ArcelorMittal in 2013 were:

- occupational safety
- greenhouse gas emissions
- air and water emissions
- accountability and transparency
- occupational health
- employee engagement

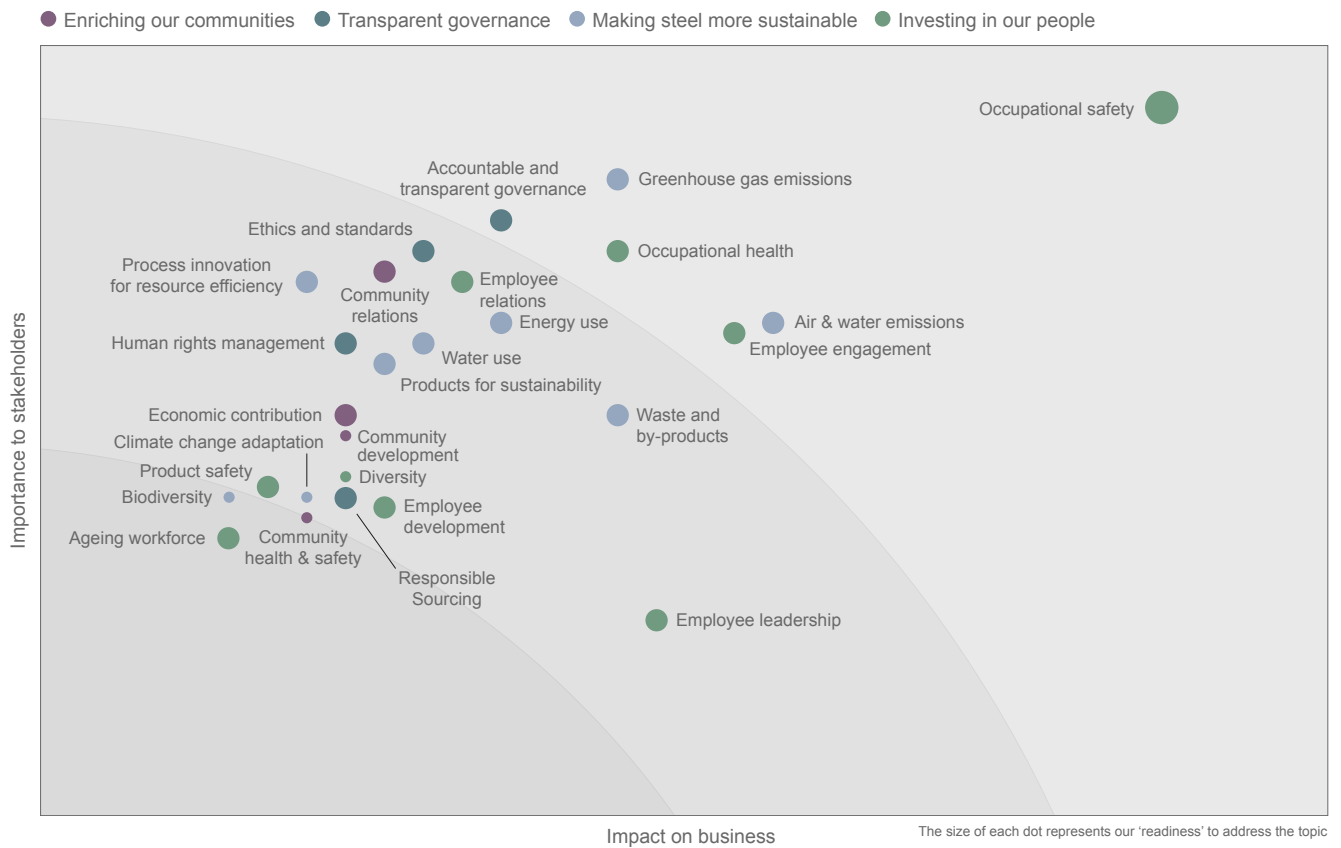
Over the next five years, our assessment suggests that some aspects are likely to become more prominent: ethics, community relations, water, our ageing workforce and resource efficiency. We anticipate air emissions and employee engagement to become less significant as we continue to address these issues.

Our six most material aspects are given priority focus in our 2013 report and in our management focus for 2014 through the corporate responsibility council. Our approach to each of these aspects is illustrated with a case study. You can link to each through the matrix below.



# Materiality – assessing our priorities

Continued



## Reporting format

The entire content of this 2013 corporate responsibility report is contained on the pages of our website, where you will also find links to our other reporting and disclosures. This year we have also developed an infographic to provide the online viewer with a snapshot of our progress in 2013.

## Reporting Scope

This report covers ArcelorMittal and its significant operating subsidiaries, excluding joint ventures and associates where we do not have operating control. Profiles of the subsidiaries can be found in the ArcelorMittal 2013 annual report. All financial figures refer to United States Dollars. The information refers to calendar year 2013. ArcelorMittal's reporting cycle is annual and the previous corporate responsibility report was published in April 2013.

The following changes have been made since our 2012 report: 'Number of employees participating in GEDP' was removed from our data table, although we report on a similar metric on p24. 'Training hours at the ArcelorMittal University' has been replaced with 'Number of training hours per employee'. A number of new indicators are disclosed this year, particularly for mining, in reflection of our growing maturity in data collection since the merger in 2007:

- Accident severity rate
- CO<sub>2</sub> equivalent (steel and mining)
- Total dust emissions (steel)
- Total dust emissions (mining)
- Net water use/tonne steel (steel)
- Production residues and by-products reused (mining)
- Production residues to landfill (waste) (mining)
- NO<sub>x</sub> (mining)
- SO<sub>x</sub> (mining)

## Data collection

ArcelorMittal's corporate responsibility indicators are reported using company guidelines, referred to as the basis of reporting. These can be downloaded from the Performance pages of [our website](#).

## Reporting principles

We adhere to the AA1000 Accountability Principles Standard (AA1000 APS 2008) which is a principles-based framework for managing and reporting sustainability performance. This standard defines three principles that an organisation should adopt as a framework for sustainability management and reporting. These three principles are inclusivity, materiality and responsiveness. We outline further our application of each of these principles below.

### Inclusivity – identifying and engaging with stakeholders to gain a full understanding of issues.

We consider our stakeholders to be those who have a direct interest in our business and those who have an interest in how we manage our business because of the wider impact of our actions. For more information, see the [stakeholder engagement](#) section.

### Materiality – determining what issues are important to ArcelorMittal and our stakeholders.

Our process allows us to track and manage current and emerging issues. We prioritise the most material aspects of corporate responsibility for our business by assessing the relevance and significance of each matter to ArcelorMittal and our stakeholders. Our reporting focuses on the most significant ones. We continually monitor the changing environment in which we operate to ensure stakeholder concerns are captured and managed on an ongoing basis, and the agenda of our CR council is guided by this assessment.

### Responsiveness – responding to material aspects and being transparent about our performance

We aim to respond to important aspects of our corporate responsibility effectively and strategically. Within our materiality matrix this year, we have also assessed our 'readiness' to respond to each aspect, which provides a reflection of how mature it is within the company. Those aspects where we are most 'ready' or mature are also our more material aspects. We aim to improve our responsiveness on our most material issues further over the coming year.

### GRI and UN Global Compact

This report meets application level B+ of the Global Reporting Initiative (GRI) G3.1 guidelines, including the Mining and Metals sector supplement. An index containing the GRI indicators we report on can be found in the download area of our [website](#). However, this report makes a number of new or amended disclosures in preparation for the G4 guidelines.

This report also provides our communication on progress of ArcelorMittal's implementation of the United Nations Global Compact (UNGC) principles in 2013. Our 2012 corporate responsibility report achieved 'advanced level' reporting status by the UNGC.

### Forward-looking statements

This corporate responsibility report may contain forward-looking statements that represent the expectations, beliefs, plans and objectives of ArcelorMittal's management regarding its financial and operational performance in 2013 and beyond, and assumptions or judgements based on such performance. Future performance expectations are forward looking and accordingly involve estimates, assumptions, judgements and uncertainties. A number of factors may cause actual results or outcomes to differ materially from the expectations of our management. These risk factors are outlined in ArcelorMittal's Annual Report on Form 20-F, filed each fiscal year with the US Securities and Exchange Commission and available from our website at Investors – Financial Reports – SEC Filings.

### Assurance

We believe that independent assurance leads to quality and process improvements, and reassures readers and ArcelorMittal's management that the information we publish is accurate and material, and therefore contributes to building trust and credibility with key interest groups.

We engage professional assurance providers who combine the strengths of non-financial assurance experience with technical competency in environmental and social standards. This is the sixth year that our corporate responsibility reporting has received independent assurance.

As in the previous year, we asked our group auditors, Deloitte LLP, to provide limited assurance on our application of GRI G3.1 guidelines, AA1000 APS principles and on selected corporate responsibility performance indicators in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements (ISAE3000). The following performance indicators were assured by Deloitte:

- CO<sub>2</sub> emissions per tonne of steel
- Total CO<sub>2</sub> emissions (steel only)
- Lost time injury frequency rate.

Deloitte LLP provides an independent third-party assurance statement which can be found [here](#). This assurance covers the pages within this downloadable pdf version of our 2013 corporate responsibility report, published in April 2014.

As part of the assurance process, Deloitte LLP provides a private management report to ArcelorMittal's corporate responsibility council, and presents findings and recommendations of the assurance process.

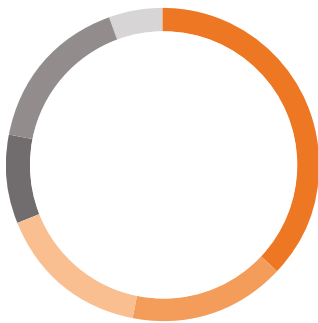
# Investing in our people

We operate in an industry where workplace safety is vitally important, and this continues to be our number one priority. But being a responsible employer goes further than this. We want ArcelorMittal to be a place where people can fulfil their potential, feel that their views are taken into account, and they are supported by a committed leadership team. When economic circumstances force us to make changes and reductions to our workforce, we make every effort to do this in a sensitive manner and offer support to those affected.

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No. of employees by region



■	EU27 – 86,234
■	Other European Countries – 37,138
■	North America – 37,023
■	South America – 21,093
■	Asia – 38,425
■	Oceania – 17
■	Middle East and Africa – 12,423

## 2013 progress at a glance

	COMMITMENT	PROGRESS IN 2013	STATUS	NEXT STEPS
<b>Safety</b>	A workplace free of injuries and fatalities.	<p>2013 target: lost time injury frequency rate (LTIFR) of 1.0.  <b>KPI</b> LTIFR in 2013: 0.85 (2012: 1.0)</p> <p>2013 goal: 100% of operations certified to OHSAS 18001.  Operations certified by end 2013: 95%</p> <p>2013 goal: continued implementation of our fatality prevention standards. Substantial progress was made across our sites in 2013. Sites have individual goals to achieve.</p>	<p>●</p> <p>◐</p> <p>●</p>	<p>We will make deeper efforts to prevent accidents and fatalities through</p> <ul style="list-style-type: none"> <li>- a focus on contractors</li> <li>- a focus on leadership and awareness by all</li> <li>- additional mentoring for nine top priority sites</li> </ul> <p>We will make progress towards lost time injury target of 0.5 by 2017.</p>
<b>Health</b>	Health programmes in all business units, adapted to local needs.	<p>2013 goal: 4 occupational health training sessions to be delivered.  We conducted sessions in Mexico, Poland, United States and Romania in 2013.</p> <p>Absenteeism rate in 2013: 2.30 (2012: 2.4)</p>	<p>●</p> <p>○</p>	<p>We will support sites to share and implement good practice.</p>
<b>Employee engagement</b>	A committed and highly motivated workforce.	<p>Employees gave a 69% favourability score in our climate survey (62% in 2009 and 2011).</p> <p>We adopted action plans based on survey results within each segment.</p>	<p>○</p>	<p>We will roll out an action plan for each segment that addresses climate survey feedback.</p>
<b>Employee relations</b>	Open and constructive dialogue with employees.	<p>2013 goal: to progress our site level review of our employee relations policy. We developed a diagnostic tool during the year.</p> <p><b>KPI</b> Number of consultations with the European Works Council: 20</p>	<p>●</p> <p>○</p>	<p>We will apply our employee relations diagnostics tool at 3 priority sites.</p>
<b>Diversity and inclusion</b>	A thriving workforce where everybody is treated equally and respected for the contribution they make.	<p>2013: regional implementation of our gender and inclusion programme. We conducted women in leadership training for our European units and corporate functions over the year.</p>	<p>●</p>	<p>We will roll out women in leadership programmes to ArcelorMittal Americas.</p> <p>We will improve awareness of our gender and inclusion initiative among male employees.</p>
<b>Employee development</b>	A flexible, trained workforce.	<p>2013 goal: to implement a group-wide reporting system to consolidate data on employee training hours. We conducted an inventory of site level training across the group during the year.</p> <p><b>KPI</b> Hours of training per employee: 49</p>	<p>●</p>	<p>We will increase local delivery of corporate functional and technical programmes, including translation in the local language.</p> <p>We will expand the network of regional campuses of the ArcelorMittal University.</p>
<b>Building the future</b>	The best talent to lead our organisation in the future.	<p>We monitored the performance and potential of over 4,600 employees via our group level system.</p> <p>83% of movements to key positions came from our succession plans.</p> <p>We created and piloted a proprietary strategic workforce planning tool.</p>	<p>○</p>	<p>We will hold 2 regional talent meetings to enhance the engagement of young 'high potentials'.</p> <p>We will roll out our strategic workforce planning tool across the organisation.</p>

**Key:** ● Met target; ◐ Partially met target; ✗ Did not meet target; ○ No target but progress made

We consider safety to be our greatest responsibility. Our goal is to produce steel, and extract minerals, without either fatalities or injuries. To reach this goal we have designed a comprehensive company-wide safety programme, Journey to Zero, and the remuneration of our senior management is linked to our safety performance.

The Journey to Zero programme is about preventing accidents by creating a culture of shared vigilance across the company about every aspect of workplace safety. We do this by raising awareness of safety issues among our employees and contractors, sharing best practice among our sites, monitoring potential risks and ensuring that appropriate action is always taken whenever risks are identified.

## Monitoring safety performance

We are determined to lead by example on safety, and achieve the best safety record in both the steel and mining sectors. By the end of 2013, 98% of our operations were certified to the international health and safety standard, OHSAS 18001 (2007) and we are continuing to work towards our goal of 100%.

We measure our safety performance against our [health and safety policy](#) by tracking the number of injuries per million hours worked which resulted in employees having to take time off work. This is known as 'lost time injury frequency rate' or LTIFR. In 2013, we had a LTIFR of 0.85, which means we have achieved a reduction of 74% in the six years since the merger of Mittal Steel and Arcelor. Our LTIFR in 2007 was 3.3, and we reached our 2013 target of 1.0 by 2012. While our current LTIFR is better than the steel industry average of 1.6<sup>1</sup> in 2012, we know we still have a long way to go. We are now working towards an LTIFR target of 0.5 by 2017.

Our advanced safety monitoring systems take into account both the physical and the human aspects of workplace safety, and we investigate all accidents in detail.

Many of our sites already have an excellent safety track record. Serra Azul in Brazil has set the example to which we aspire for all our sites: they have had no lost time injuries for more than 21 years. At our Tubarão site in Brazil, we are proud to have carried out a major upgrade programme of one of the blast furnaces and the site's sinter and continuous casting plants last year, without a single lost time injury in 5.3 million hours worked. The site won the ArcelorMittal Performance Excellence award for safety in 2013.

We also report on the 'severity rate' – the amount of time the average employee has spent off work following an accident, since this is a good measure of the extent of their injuries. This severity rate (expressed in days per thousand hours worked) has also been dropping steadily, and by the end of 2013 we had achieved a rate of 0.09 days – a 31% reduction in the severity of injuries in the past four years.

All reports of fatalities are reviewed by the Group Management Board, and lessons learned are spread throughout the whole company.

Yet despite all the efforts of our management, employees and contractors, we have still suffered fatalities at our sites: 23 individuals lost their lives in work-related accidents in 2013, four of them in our mining operations. This is deeply saddening and unacceptable. The improvements we are making are clearly not enough.

We need to improve communication at our plants to emphasise more effectively that everyone – from managers to every individual on the shop floor – is responsible for ensuring a safe environment not just for themselves but their colleagues, including contractors. Too many of our fatalities take place during non-routine tasks, such as maintenance and service work. Falling from height and crushing during load handling or vehicle movements are the most frequent causes.

We must do more to ensure that the correct lock-out procedures are always followed, that our contractors are fully briefed on our procedures for identifying risk and preventing accidents, and that everyone systematically complies with the rules at all times.

We also need to be sure that all near-misses are reported, so that we can prevent the same sort of incidents recurring. Looking ahead, we have identified nine top priority sites where more work clearly needs to be done to improve safety, based on their performance over the past two years. In 2014, these sites will receive increased support to ensure they have the right plans in place and are pursuing them relentlessly.

## A safety culture

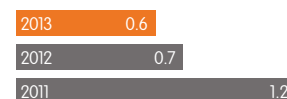
We know that we will only achieve our Journey to Zero if we have a culture in which every employee, wherever they work in the organisation, takes responsibility for their own safety, and that of those around them: colleagues, superiors, collaborators, contractors and visitors. With that end in

**"Many of our sites have proved they can work without fatalities and lost time injuries for an extended period of time. This is proof that our target for Journey to Zero, ArcelorMittal's global health and safety programme, is achievable everywhere."**

*Lakshmi N Mittal, chairman and CEO, ArcelorMittal*

## Lost time injury frequency rate – mining operations

Per million hours worked



## Lost time injury frequency rate – steel operations

Per million hours worked



<sup>1</sup> World Steel 2012.

mind, we've launched a number of leadership and awareness programmes across all of our sites.

For example, we have set out what every employee can do to contribute to a safer workplace in our 10 Golden Rules of Safety

We ensure leadership accountability for safety performance through our executive remuneration policy, in which 20% of our Group Management Board members' incentive plans is dependent on the fatality and LTIFR record of the company (see p48 of our [annual report](#)). Ten per cent of our top managers' incentive plans also relate to the safety performance of their own region or business. We also strive to 'walk the talk' on safety, by requiring our managers to spend at least 20% of their time on the shop floor observing worker safety, so that employees know that this is a top priority to the company.

Every year we have a company-wide health and safety day to coincide with the International Labour Organisation's World Day for Safety and Health at Work. This gives us an opportunity to share best practice across the whole group and to refresh our focus on health and safety.

The theme for the 2013 health and safety day was **stop, think and act safely** and 11% more employees participated this year than in 2012. Over 230,000 staff around the world took part, including 43,500 contractors as well as every member of the Group Management Board and Management Committee. Each site offered workshops on a wide range of topics including ergonomics, respiratory and hearing protection, stress and fatigue.

We also work hard to promote a safety culture among our contractors, recognising that their safety is a priority and that accidents among contractors have been disproportionately high. In 2013 they suffered 13 of our 23 fatalities.

For example, at our Florange site in France, we have set up an association of our contractors to encourage the sharing of best practice in health and safety. In Lazaro Cardenas, Mexico, we have developed a safety management programme for contractors which has seen dramatic success (see [case study](#) below).

At Fos-sur-Mer in France new best practice guidelines have been put in place covering the unloading of material in the dumping zone, after a contractor was injured when a loader rolled over in 2012. As a result of these and other initiatives, we have seen a reduction in the overall LTIFR among our contractors, and these rates have been in line with that of our own employees for the past two years.

We also take our health and safety messages out to the community. For example, a regular TV and radio programme, broadcast by employees at our Zenica plant in Bosnia and Herzegovina, runs a special episode on our health and safety awareness week. In Luxembourg, we developed a series of manuals in 2013 to raise awareness on ways of staying safe and healthy outside of work, for example when cycling, driving in bad weather or exposed to sunshine. Originally developed for our employees, the popularity of these manuals has spread to their families and friends.

In our mining division, we run a campaign to foster *Courageous Leadership* in safety through workshops, training sessions and ongoing communications. At its core is the belief that leadership and increased awareness will help us achieve zero fatalities and zero injuries. This campaign is already seeing results, as the accident rate in mining continues to fall.

### A partnership approach

We believe that by acting in partnership with our unions and our contractors, we can achieve even better results. We work intensively with our trade unions on safety improvements, and at corporate level our joint global health and safety committee meets once a quarter.

The committee was set up in 2008 as a partnership between ArcelorMittal and our unions, and has conducted a thorough review of our health and safety activities at local level, including governance mechanisms, management, leadership, and campaigns. The committee's first report, *Together for safety*, was published in 2011 and set out the progress made, together with further recommendations for the future. One of these was to develop guidelines for sharing best practice, and these were published in 2013.

In 2013, the committee held meetings at our sites in Brazil and the Ukraine among others, and on each occasion conducted a health and safety audit and a review of the site's action plan. This global partnership is supported by

93% of our workforce say that health & safety challenges are carefully addressed in ArcelorMittal.

*ArcelorMittal Climate Survey 2013*

similar committees at each of our production units, which typically meet once a month.

We are the only company in our sector to have such a joint partnership with our unions and it sets a precedent in our industry. We are now learning from the progress made in steel by setting up the same committee structure for mining.

### Best practice

While our safety performance across the group is not yet at the level we want it to be, and there is still much more to do in order to reach our goal of zero fatalities and LTIFR, this should not mask the achievements of teams

across the company over the past year. Some of our units are receiving external recognition for their progress.

The examples of our Tubarão site in Brazil and Lázaro Cárdenas in Mexico have already been mentioned. Another outstanding example is at Unicon, our pipe producer in Venezuela with 1,650 workers in six locations, which has worked with contractors and achieved a 90% reduction in LTIFR since 2008. Both this and the Lázaro Cárdenas projects were among four to receive a Worldsteel Excellence Award for safety in 2013.

**"Shared vigilance can be seen as the top of the hill we need to climb. And whenever we succeed in reaching the top, this is something we need to be proud of and must be rewarded."**

*Jacques Pirenne, health, safety & security manager, Flat Carbon Europe*

### Case study: Working with contractors - ArcelorMittal Lázaro Cárdenas, Mexico

Following a programme to ensure that our contractors conform to company standards, there have been zero fatalities over the past three years at ArcelorMittal Lázaro Cárdenas. By 2013, the LTIFR was down to 0.21 from 2.6 in 2009.

The programme promotes contractors' adherence to ArcelorMittal's Fatality Prevention Standards (FPS) through a combination of training, coaching and controls. It also tracks their safety performance and the certification of safety competencies that we require.

Here are six main elements:

#### 1. Mandatory safety training

Eight hours of safety induction plus eight hours of induction in the work area are mandatory for every contractor. Additional training may be required such as working at height, confined spaces, lock-out procedures, crane operation and manoeuvres for certain activities.

#### 2. Access control

An Information Management System (IMaS) has been set up to ensure that only the approved workers have access to the sites, in order to control in real time the number of people at a specific plant. An administrator nominated by each contractor company is responsible for any employee's movement via the IMA S website.

#### 3. Operational control risk

A Hazard Identification and Risk Assessment (HIRA) must be undertaken before performing any task and before work permits are delivered. In addition, a medical exam is taken before any critical work, such as working at height or in confined spaces.

#### 4. Contractors' safety supervisor

A safety supervisor is required for every 50 workers, or fewer if the job is high risk (based on the HIRA). Each safety supervisor must have appropriate qualifications and undertake 250 hours of health and safety training.

#### 5. 'Golden aces'

Workers nominated as 'Golden Aces' ensure that appropriate safety systems are in place, safety standards are adhered to and jobs are properly executed. They stop any work that is not being performed safely. In addition, they assist area management in conducting daily safety reviews, recommend appropriate action, provide safety talks and verify the safety competences of personnel involved.

#### 6. Safety evaluation performance

The performance evaluation is part of the payment process for work performed by contractors. Whenever a breach of safety regulations is reported, a 5% penalty is applied to the contractor company (as established in every contract). New contracts may be assigned to contractors whose bids are more expensive if this is warranted by their superior safety performance record.



The health and wellbeing of our employees is crucial. These issues are important not only in their own right, but also in sustaining employee morale and commitment, reducing absenteeism, and ensuring the quality and consistency of our production.

As with safety, we take a proactive approach to health – one that goes beyond prevention of illness to the positive promotion of well-being among all our employees. When people are healthier at home, they are safer and happier at work.

Our approach to health management covers general physical health, occupational illnesses, hygiene at our sites, and drug and alcohol abuse, and we also work to raise awareness of diseases that present particular risks in certain regions, such as heart disease and HIV/AIDS.

We have a range of standards, guidelines and good practices across the company, designed to ensure that we identify potential health risks and take the necessary action to address them, so that we can prevent occupational illness before it occurs. We also share knowledge and new ideas actively across the group through our global network of joint health and safety committees made up of both ArcelorMittal employees and union representatives.

We monitor the causes of occupational illness among our employees and report on absenteeism at a group level. At site level, absenteeism may be a useful early indicator of occupational health issues, though there are many other factors at play. At a global level, given the medical attention our employees receive, absenteeism trends can to some extent be seen to reflect improvements in the health of our workforce.

In 2013, our absenteeism rate – the number of days off work following an accident per thousand hours worked – fell to 2.3, down from 3.2 in 2010.

## Health provision

We are proud of the health services we provide to our steel and mineworkers, and equip them with appropriate protective equipment. We aim to ensure that all our employees receive regular health checks relevant to their specific job, and have access to appropriate health screenings. We provide treatment and recovery for those injured at work, and our standards often go beyond local regulations. We have also developed processes to assess and report employees' health risks, including monitoring our sites' compliance with the regulations relating to

levels of noise and vibration, dust, gases and aerosols.

In Kazakhstan, for example, where our steel, iron ore and coal operations employ over 37,000 people, we safeguard the health of our employees by running local clinics, a dental centre and a sanatorium. In 2013, these provided 32,028 sessions to our employees including preventive medical and health advice, screening and treatment.

At our Tubarão plant in Brazil, we provide continuous education, employee monitoring and campaigns aimed at occupational risks and lifestyles, and place a special emphasis on work-related screening. For example, in 2013, 17,873 assessments were carried out to ensure workers' fitness for working at height. See the [case study](#) for more on this programme.

We have invested significantly in healthcare services in Liberia, where it is important to take a community-wide approach to health in order to combat the most prevalent diseases effectively. We have upgraded two hospitals and a medical clinic near to our operations in Yekapa and the port of Buchanan. These facilities provide free healthcare to our own employees and their families, and subsidised care to members of the local community. In 2013, over 21,627 visits were made to these centres. We also include health awareness in our Liberian employee induction programme, which covers local health risks like HIV/AIDS, malaria, and food and personal hygiene. A similar programme is run in South Africa.

One of our main objectives is to build a strong and skilled in-house network of occupational health and hygiene professionals across the group. We are members of the International Occupational Hygiene Association and are using their training materials to develop awareness, and share good practice on topics such as hearing, respiratory disease and heat stress. We ran pilot training sessions on these topics in the US during 2012, and have extended them to other countries in 2013.

## Health awareness

There are a number of factors affecting the safety, health and wellbeing of our employees that often start beyond the workplace, such as alcohol abuse, smoking and lack of physical exercise.

All our sites run health awareness programmes. This started as a special 'Health Week' at small number of sites in 2010, and was so successful that the Group Management Board decided to roll it out across the whole company in 2011. In 2012

**"If you improve the health and well-being of your employees, their quality of life improves, health care utilization is reduced, disability is controlled and productivity is enhanced."**

*JA Campos, CEO, ArcelorMittal Tubarao 1992-2010 and current Chairman of the Board*

## Absenteeism rate – mining operations

Percentage



## Absenteeism rate – steel operations

Percentage



Health Week was renamed the Health Awareness Programme, to emphasise that health matters all the time, not just for one week a year.

In 2013, some 135,000 employees at more than 400 production sites took part in the Health Awareness Programme, participating in activities ranging from medical examinations to vaccination campaigns, yoga and massage, as well as talks and practical sessions on subjects such as cancer prevention and care, drug and alcohol addiction and occupational hygiene. Stress was another topic: some sites have used role play to address the subject, while others offered private sessions with therapists.

The second global ArcelorMittal run and walk race was one feature of the programme: some 7,000 participants took part, 2,025 from Lázaro Cárdenas in Mexico alone.

We have a programme to support employees who want to stop smoking, based on a pilot project run in South Africa in 2012. We are now working with our trades unions to roll out

*Quitting Works* across the world. It includes the use of craving control technology, and a social support network of ambassadors who have already quit smoking.

We are also working to improve our programmes on HIV/AIDS, drug addiction, disability and stress management, and now have a series of 'lifebooks' on HIV/AIDs and addiction for sites to use in their health awareness programmes.

It is not just the health of our employees that is important to us, but of our local communities too. Often our health facilities are available to the local community also. For more information, read about some of the health projects supported by the [ArcelorMittal Foundation](#) in the Communities chapter of this report.

### REACH, GHS

We describe our response to European regulations REACH and GHS on the use of certain chemical substances in the [responsible sourcing](#) section.

### Case study: A well-being culture creates shared value at Tubarão, Brazil

Our plant at Tubarão, Brazil, has one of the most advanced and comprehensive occupational health programmes in the whole group, and is setting an example of shared value for others to follow.

The results are impressive: the proportion of our employees showing zero health risk has risen from 47.1% in 2000 to 92.6% at the end of 2013.

Taking on board best practice from across the company worldwide, Tubarão has taken a holistic approach to health that covers everything from environmental risks to vaccinations, chronic diseases and lifestyle choices, such as the use of alcohol and tobacco.

The programme covers our own employees, their families and our contractors and provides a full range of activities, from the promotion of well-being to the effective treatment and rehabilitation of specific conditions.

Dedicated time spent on health topics at monthly meetings, regular speeches from supervisors and managers and a focus on health in the company newspaper have all helped create a healthy culture across the workforce.

Special emphasis has been placed on work-related screening, especially for employees working at height, including drug and alcohol tests. Around 17,800 such assessments were carried out in 2013 alone. Employees are also helped to live a healthier lifestyle through educational campaigns in areas such as smoking. On January 1, 2010, Tubarão became a Zero Tobacco Company.

In many cases we are working with external partners such as government departments and universities, to ensure the highest quality and the latest thinking.

The results speak for themselves. To take just three examples, in 1992 more than 34% of the site's employees smoked, 8.2% had a high level of blood pressure and 25.2% were affected by stress; by 2013 the smoking level had plummeted to 0.08%, only 0.1% had a high level of blood pressure and stress levels had fallen dramatically to only 0.1%.

*"We did not do this out of charity. We did it because we believed that it is good for business, and we were proven right!"* JA Campos, former CEO, ArcelorMittal Tubarao.

Our people are at the heart of the company. We want to ensure that our employees feel committed to the future of ArcelorMittal, so that they will contribute to the best of their ability, and we can retain the incredible talent that we have.

When employees know what to do and are motivated to do it, they are engaged in their job. Our communications, incentive schemes and culture are vital ways to engage our employees, and these are all underpinned by our business values.

## Business values

Our three core values as a business are **sustainability, quality and leadership**. They inform all our decision-making, and will help us achieve our long-term objective of 'safe, sustainable steel'. They are also integral to the way we work with one another inside the company – we expect our people to behave responsibly, act with integrity, and demonstrate leadership in everything they do. For our part, we support them by providing a positive, fair, and empowering working environment, where everyone can contribute, and everyone is valued.

Ensuring that we all share the same vision and objectives can be tough in a global company with over 230,000 employees, but one way we're doing this is by simplifying our organisational structure. This will help us work more efficiently, but it will also give greater clarity for our employees, and create a stronger sense of identity with the whole business and not just their particular site or division. This new structure puts our people at the centre of the company.

## Employee communications

Sharing information and receiving feedback is a key part of employee engagement.

On an operational level, we want to ensure that the messages from our leadership are reaching every employee and that everyone has the opportunity to provide feedback, ask questions, and offer ideas. In 2013, we introduced a 'cascade' process to communicate management messages throughout the organisation, and invite feedback. The communications cascade is monitored for its effectiveness and the results are reported to our senior management.

Other communications vehicles include our monthly newsletter *1 Magazine*, our interactive intranet portal *My ArcelorMittal*, webinars on specialist topics, and talks by experts at particular sites, such as the *Lunch and learn* sessions held in London, Luxembourg, Paris and elsewhere.

We also offer our employees regular opportunities to step out of their daily work routine to meet colleagues from other parts of the business, learn from them and discuss relevant business topics. This can enhance teamwork and reinforce our company values.

Every two years our employees have the opportunity to provide anonymous and confidential feedback through the ArcelorMittal Climate Survey. The latest survey was carried out in 2013, and participation reached an all-time high of 75%. In general, our employees were more satisfied than they had been in 2011 (69% of responses were favourable compared with 62% in 2009 and 2011), especially in areas such as our values, organisational direction and leadership, and the support they receive from their manager.

Employees across the organisation rated health and safety and communications as consistently strong. In fact, the top five most favourable responses concerned the importance that health and safety is given in the company. Scores improved across all our business units, and some were up as much as 10% compared with 2011.

All the same, we found that responses relating to aspects of employee motivation suggested the need to improve in some areas, such as non-financial rewards and recognition. We know there is more we need to do here, particularly following the sustained period of economic uncertainty we have been facing.

**"We should not only continuously challenge and improve ourselves; we should also actively encourage and foster talent and responsibility in others. We want everyone in our company to find in their professional lives a capacity to put the best into what they do. If you show initiative and accept challenges, then there will be no hindrance to your growth."**

*Lakshmi Mittal, chairman and CEO, ArcelorMittal*

### Motivating employees

We want to inspire our employees to work at a level that they would not normally reach or achieve on their own. This means ensuring effective leadership, competitive financial rewards, career development opportunities, and a culture in which employees feel valued and listened to. We believe our leaders should inspire, influence, motivate and engage people, and we work hard to assess these qualities when identifying [future leaders](#).

The incentive schemes for our employees are designed to drive a thirst for achievement throughout the company, not only for financial results but also against our number one corporate responsibility priority: safety. See our [safety](#) section for more details.

In response to feedback from our 2013 climate survey, we are both improving the way in which our incentive plans work to make it fairer and clearer to employees, and focusing on our use of non-financial recognition and rewards. Each part of the business is now reviewing its results in detail, and establishing action plans to address specific issues.

We are continually evolving the portfolio of training programmes we offer employees through the ArcelorMittal University. In addition, for those employees who wish to extend their experience overseas, we have a specialised division dedicated to overseeing international transfers.

Every year we hold a number of events to engage our employees in the values and corporate responsibility priorities of the company, from *ethics and compliance days* to our annual *health awareness week*, an *international volunteer work day* and, for the first time, in 2013, a *learning week*.

In 2013, some 3,500 employees contributed a total of 21,403 hours to volunteer on a wide range of projects. We hope to develop these opportunities further in 2014, with a new programme of *solidarity holidays*. See the section on the [ArcelorMittal Foundation](#) for more details.

We regard our employees as an important and highly valued resource to be cared for, empowered and rewarded. However difficult the economic climate, we believe in open, constructive and continuous dialogue to create a working environment based on mutual trust, understanding and respect.

## Policy and processes

We uphold the right of every employee to freedom of association and are committed to maintaining non-discriminatory employee practices and internationally recognised employment standards. This is stated in both our [employee relations policy](#) and our [human rights policy](#).

We regularly complete unit level assessments in order to ensure the implementation of our employee relations policy, in a process involving a cross-section of workers and management. In 2013, we developed a new diagnostic tool to ensure we apply the same principles consistently throughout the company, and learn from best practice at our most advanced sites. In 2014, we plan to use this tool at three priority sites to audit the way in which we conduct our work with our employees, unions and all our social partners.

A key aspect of our relations with our employees is communication and consultation. We deal with this in a separate section of our report focused on engaging employees, since we believe these are vital to ensuring that our employees feel connected throughout our organisation.

We believe in open, constructive and continuous dialogue with our employees, both directly and through mechanisms such as our trade unions and the European Works Council. This approach is vital to the creation of a working environment based on mutual trust and respect.

We have a range of different dialogue mechanisms across the world, both formal and informal, and actively encourage our employees to take part. We always work within the legislative and collective bargaining frameworks that apply in each country.

During 2013, Collective Bargaining Agreements (or CLAs) were established or renewed in Canada, the US, Brazil, Argentina, Venezuela, Trinidad & Tobago, Liberia, Romania, Czech Republic, France, Spain, Germany, and Poland. The process of renewal was particularly challenging in Venezuela, and in Luxembourg the CLA was not finalised until January 2014. Efforts are now underway to improve industrial relations in both countries. In Mexico, the CLA now covers action to improve competitiveness for the first time. The CLA for Ukraine is likely to be finalised in 2014 and will offer more flexibility with regard to changes in the company's organisational structure; negotiations are underway to renew the CLAs in South Africa and Kazakhstan.

## Americas

In the US, our Cleveland steel plant had to be closed during the worst point of the recession, but since then it has re-opened, with an investment of \$70 million, creating 150 new jobs. Already it has won an ArcelorMittal Performance Excellence Award for innovation in leadership, management and human resources. None of this would have been possible without the positive co-operation and supportive dialogue we've had with our workforce at the plant.

When President Obama visited Cleveland in November 2013, he praised the resilience of the workers, saying "over the last four years, you've made yourselves one of the most productive steel mills not just in America, but in the world." It is true, Cleveland is now one of the most productive plants in the entire world steel industry, producing one tonne of steel for every 1.15 worker hour.

"We just celebrated our 100th year in Cleveland for making steel and it was pretty cool. But I think we are more excited about the future of this mill and where it's going to take us. That wasn't the case in 2008. We got hit by the economy, they shut us down for a few months but we came back in the fall and we have been going rock steady ever since. I am personally happy to see manufacturing coming back to America. I want to thank Mr Obama for supporting the efforts to make it happen. To bring jobs back home, not just for me, not just for us, but for our children and our children's children."

*Cleveland employee Tom Scott, during presidential visit to the plant, 2013*

### Europe

The last few years have been tough for the steel industry. We were already facing a decline in European steel demand before the onset of the financial crisis in 2008. As the market grew even more challenging, it became clear we could not expect to survive with a business-as-usual approach. Adaptation and innovation have been critical to creating a sustainable business in the long term, and to achieve this it has been vital to take our workforce with us.

Since 2008, we have been forced to restructure our European business to safeguard the long-term future of the whole company. These decisions are always difficult, and whenever we have had to make them, we have engaged fully and openly with our employees, our trade unions and other staff representatives to develop the best solution possible in the circumstances.

Throughout this period we have always tried to avoid compulsory redundancies, and have developed a number of approaches to help us do this, including the reduction of working hours, pre-planning for retirement, internal redeployment and retraining, and 'reshoring' activities that had previously been outsourced. Sometimes, however, we have had no alternative. Regrettably, we have been forced to close or idle significant elements of our plants at Liège, Belgium and Piombino, Italy. We have worked hard, in conjunction with trade unions, to reduce the impact of these developments, both for the individuals who work there and the wider community, through a social plan defining a range of social measures that will limit the impact on employees. The process of developing this plan is still ongoing. Needless to say, we have observed all the appropriate legislative requirements.

### France

Since 2008, we have concentrated steel slab production in France at our most efficient sites, at Dunkerque and Fos-sur-Mer. The Florange site, which used to make these slabs in its liquid steel plant, is receiving a total of \$239 million of investment in new production processes so that it can concentrate on the specialised steels needed by the automotive and food packaging sectors.

We are pleased that these changes at Florange have been made through constructive dialogue and without a single compulsory redundancy for any of the 629 workers affected by the closure of the liquid steel plant, who either took early retirement or were offered new positions at Florange, supported by training where appropriate. When President François Hollande visited the site in September 2013, he was shown the highly sophisticated production line – the only one in the world capable of producing extra-wide Usibor®, one of our range of advanced lightweight steels for the automotive industry. We hope to double production over the next three years.

### Spain

The situation is also problematic in Spain. Representatives of management and employees have worked hard to keep employees on, even when parts of the plants concerned are temporarily idled. This has helped to create a positive context for our negotiations. We have had to streamline our operations in Spain and ask our workforce and our unions to help us achieve greater competitiveness. These efforts for social dialogue have enhanced the company's ability to access export markets – a key factor in ensuring the continuity of the company's operations in the country. Towards the end of 2013, there were some positive signs for our Spanish business, with new business activity in the country from Renault, Ford and GM.

### Number of strikes exceeding one week duration

2013	2
2012	3
2011	8

### European Union

In recognition of the fact that the European steel industry has been one of the industries hardest hit by the recession, the EU Commission set up a high-level round table between September 2012 and February 2013 to discuss the future of the industry. This involved steel companies, Commission representatives and trade unions, and ArcelorMittal played an active part in the discussions. In June 2013, Commissioner Tajani published a European steel action plan covering regulation, restructuring, skills, access to international markets, promoting greater competitiveness and encouraging innovation. The plan will be reviewed in June 2014 to assess the progress made.

### European Works Council

Wherever we have had to adapt our European business to be fitter for the future, we have involved our European Works Council (EWC) in the planning, consultation and implementation of the changes. This continued in 2013, as we kept them informed about developments within the business, including financial results, the market outlook, and safety and HR issues. A number of extraordinary meetings were dedicated to the Liège restructuring project, in order to make sure the consultation process was being handled in an appropriate and timely manner.

In November 2013, some 70 members of the EWC attended an interactive training workshop, with input from ArcelorMittal. Using role play to understand the dynamics of the global steel market gave participants hands-on experience of the nature of customer-supplier relationships, and the kind of initiatives we have in place to compensate for the decline in the steel market and grow our own market share.

There was a second day dedicated to finance, strategy, and research and development, and a third day focusing on the theory and practice of social dialogue in European industrial relations. This session involved guest representatives from Renault Group, one of our major customers. This was a great opportunity for participants to get a glimpse of how a global automobile firm works, and the challenges that both ArcelorMittal and its customers will have to face in the coming years.

We believe that diversity and inclusion bring fresh ideas, perspectives and experiences to our business, making ArcelorMittal an innovative and stimulating environment where everyone has the opportunity to play their full part. We are proud of the fact that we have an extraordinarily diverse workforce, with operations in more than 60 countries and employees from many more.

We are a truly global company and we want our workforce to reflect this. Our **diversity and inclusion policy** underpins our commitment to creating a supportive and understanding workplace environment in which all individuals feel welcome, respected and heard, and where they can realise their full potential regardless of their race, colour, gender, sexual orientation, age, religion, ethnic or national origin or disability.

## **Non-discrimination**

We respect the individuality of every person working with us, and we work hard to ensure that openness and inclusivity are integral to the way we work at every level.

Through both our **human rights policy** and our diversity and inclusion policy, we are committed to removing discriminatory behaviour in every aspect of work life and at every hierarchical level.

Our code of conduct also outlines our commitment to creating a harmonious working environment, which is free from harassment and bullying and in which every employee is treated with respect and dignity.

The code applies not only to internal behaviour but how our employees conduct themselves with external stakeholders.

Our business units have a confidential grievance mechanism in place through their legal departments, and our code of business conduct does not allow retaliation for reports of misconduct that are made in good faith.

## **Disability**

ArcelorMittal is committed to upholding international human rights standards in relation to disability, particularly in the recruitment or rehabilitation of people with disabilities.

The company complies with local legislation in every market where it operates, and those parts of the company operating in countries with more advanced legislation, such as in North America, are leading the way in developing proactive procedures to ensure that our practices are not discriminatory.

In the **United States**, for example, we make a specific commitment to hiring and accommodating employees with disabilities as part of an affirmative action plan. We liaise with specialist disability recruitment networks with the aim of ensuring that all jobs advertised externally are open to individuals with disabilities.

At Dofasco, in Canada, we have a comprehensive disability management process and we have recently developed an accessibility plan.



### Gender

Historically, both steel and mining have been male-dominated industries in most parts of the world. We believe we are making progress in attracting women into the industry, and the number of female managers is increasing each year. However, our progress is hindered by a shortage of female graduates with engineering or technical degrees.

In 2013, two of the 11 members of our Board of Directors were women, and we want to increase this to at least three by the end of 2015, assuming the size of the board remains the same. At the same time, 13% of our managers, 6% of our general managers, and 5% of vice-presidents were female last year. Although these numbers are not unusual for the mining and metals industry, we want to achieve a better balance of men and women in the business over time. We aim to be an 'employer of choice' for women, and our Board of Directors is fully behind this.

In 2011, we created a global diversity and inclusion council to drive this initiative forward, by identifying the barriers and challenges that women face in the business, and working to eliminate them. It will also set up a mentoring programme and internal network for women@ArcelorMittal. The council includes a Group Management Board member and senior representatives from human resources, corporate responsibility, and the businesses. At the moment the council comprises four men and two women.

We also set up a *Women in leadership* programme at the ArcelorMittal University in 2012. The programme aims to build women's self-confidence in preparation for future positions as business leaders, through a combination of residential learning, online study materials, a webinar series, and a team project. In 2013, we ran this programme for our European operations, with 67 women

from four continents taking part, an indication of the cultural diversity of the company. The total number of participants since the programme began is now 102, and in 2014 we plan to roll it out across our operations in the US, Brazil and Spain.

This programme has been so successful that we have developed another for talented women at non-managerial levels. Our first *Women Emerging in Leadership* programme ran in 2013, with 40 participants, and it will be expanded further in 2014.

There are a number of other examples of progress in this area across the group.

Our business in Poland has established a women's council to champion the interests of its female employees, and has also set up a kindergarten near the Dabrowa Górnicza steel plant, so that more women can return to work, and balance their professional and family responsibilities.

Our vice president for legal, risk and compliance for mining, Anne van Ysendyck, has been included in a list of the top 100 inspirational women in the global mining industry, published by Women in Mining UK.

Our Gipuzkoa site in Zumarraga, Spain, joined the Basque Government's Institute for Women's Equal Opportunities programme in 2013, following an entrance process in which our recruitment and internal promotion procedures were subjected to rigorous audit, and we were asked to prepare a comprehensive equal opportunities plan. This is our second site in Spain to join the programme.

Looking ahead, we will continue to encourage greater awareness of the positive value of inclusion and gender diversity. We will strengthen our women's network and promote events such as International Women's Day.

"We have to support women starting right from the bottom of the career ladder, for example by offering them excellent vocational training as well as flexible working schedules adapted to their family situation."

*Nicola Hirsch, managing director of ArcelorMittal Ruhrort and Duisburg*

"This was an excellent programme! It has made me think a lot and has changed my vision about what my career could be. Just dare it!"

*Women emerging in leadership participant*

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# 13%

of our managers are female

Our business will only be successful and sustainable in the future if we can attract, develop and retain the best talent, and inspire the workforce of tomorrow. In 2013, we invested over \$60 million to train our employees, enabling them to develop their careers, fulfil their potential and make the best possible contribution to the success of the company.

## New employees

Our induction programmes help new team members to understand our vision, mission, values, and business strategy. From their first day on the job we want them to feel part of their team, understand the importance of workplace safety, and contribute positively to their team's performance. Each site's induction programme is adapted to the needs of that business and the position being taken up by the new employee.

## Managing potential

Our line managers provide continuous feedback and coaching for their teams on an informal basis throughout the year, and hold twice-yearly performance reviews to ensure that each individual's objectives contribute to the company's overall goals and strategy. Our performance and development management programmes focus on improving skills, motivating employees and ensuring that we have a pipeline of talent for the future. In 2013, 91% of eligible employees took part in these processes.

All our employees are encouraged to take responsibility for their own development and discuss their needs with their line manager. We have a competency framework which allows them to understand the qualities, skills and attributes they need to perform their job well and what they will need to progress in their career.

In September 2013, the ArcelorMittal learning council organised the first-ever learning week. The theme, *Many ways to learn*, emphasised the different opportunities we offer to every employee. More than 11,260 people participated at around 60 locations across the world. It worked so well that we will now hold it annually; in 2014 the theme will be *Everyone is a trainer*.

In 2013, the average number of training hours each employee across the business received was 49<sup>1</sup>. Around 66% of this training was vocational, technical or functional; 12% was dedicated to health and safety; and 5% of it focused on leadership and management skills.

## The ArcelorMittal University

At the heart of the group's training and development activities is the ArcelorMittal University. This encourages lifelong learning and helps our people make progress in their careers. It offers an extensive range of online and classroom training courses on leadership, management, and technical and professional skills. More than 27,000 of our employees participated in over 200,000 hours of training at ArcelorMittal University in 2013.

The main university campus in Luxembourg has recently moved to a state-of-the-art premises equipped with distance-learning and virtual classroom training technology. We plan to expand to two new regional campuses in 2014, in Brazil and Ukraine.

The University was awarded Corporate Learning Improvement Process (CLIP) accreditation from the European Foundation for Management Development in 2013. The Foundation is highly respected in the field of executive management training, and CLIP is a benchmark for quality in the design and delivery of corporate training.

Currently the University runs 12 academies, tailored to the needs of specific functions within the business, such as finance, steelmaking, mining and R&D. In 2013, the steel academy started to deliver several of its training programmes through virtual learning modes in order to reach a wider audience. Since then 60% of those taking steel-related training have taken part in the programme remotely.

The university also offers a leadership programme designed for female employees aspiring to attain manager-level jobs. A new academy dedicated to training on corporate responsibility will be launched in 2014.

<sup>1</sup> Refer to definition in [Basis of Reporting](#) and change of measurement over previous years.

Identifying, preparing and motivating the right people with the right skills for the right positions are crucial elements of our future success.

Resourcing a company as large as ours, with over 232,000 employees and 400 top managers, is a continuous process, and our human resource function works closely with our business units to find the most suitable talent. We are constantly improving our range of leadership assessment and workforce planning tools, so that we can be confident we have the right people in place to lead the company in the years ahead.

### Building a talent pipeline

Through a series of 'career committees', we ensure that we have the right talent in place and that these potential leaders are prepared and motivated to meet the future requirements of the business. The committees are convened at different levels across the company, from site level to business level. We have a portfolio of tools to gather 360 degree feedback on our employees.

We also run specific events in every region to motivate our young high-potential employees, support their skills development, deepen their knowledge of the steel industry, and provide them opportunities to network with one another and with senior management.

Our CEO met with a group of young managers at one such workshop in Luxembourg last November, which focused on the themes of mindfulness and **employee engagement**. Mr Mittal was able to share his own experiences and receive questions and feedback from the 17 attendees.

In 2014, we plan to extend these regional talent meetings to the Americas and CIS to enhance the engagement of our young high potentials.

### Identifying future leaders

Our leadership assessment process aims to give us a clear understanding of our people and their potential, and how their behaviour is aligned with the ethos and values of the company. It also provides our employees with an opportunity to accelerate their personal development and effectiveness. It is fully integrated into our key employee development processes for nominating, selecting, promoting and developing employees. Our managers value the objective insight offered by the assessment when recruiting for vacant positions or selecting candidates for development programmes.

In 2013 we launched a tool called 'Manager Ready', which evaluates the leadership potential of our salaried employees up to manager level. We also added two new appraisal techniques for use at senior levels, including a Leadership Versatility Index.

In 2014, we look forward to entering our submission to the Top Companies for Leaders in Europe, compiled by Aon Hewitt in partnership with Fortune magazine and the RBL Group. This is one of the most comprehensive global studies of organisational leadership and in 2011, as a first time entrant, ArcelorMittal was ranked within the top seven. We believe this recognition has helped us improve our leadership practices.

### Managing succession

Succession management is about ensuring that there is continuity in our leadership and sustainability in our business. Every year the senior management team spends time reviewing succession plans for around 400 key positions, from general manager to senior executive vice-president. We have a target to appoint 80% of our significant positions from our succession management plans through internal promotions.

To prepare our future leaders, we offer them ArcelorMittal University training programmes that enhance leadership and management skills, as well as a group-wide mentoring programme. We also encourage development opportunities such as cross-business unit and international assignments, and we ensure that our CEOs are aware of the talents of their local teams and discuss their career aspirations with them.

The performance and potential of over 4,600 people were monitored at group level last year, and 83% of significant movements and promotions were the direct result of succession planning. This is an increase of 3% from the previous year.

"It was my first face-to-face encounter with [Mr Mittal], and discussions were very open and transparent. There was a very good alignment between Mr Mittal and the participants on what engagement means for ArcelorMittal and how it can help us to become a better company."

*Hervé Legrand, Mining*

"Leaders create the vision and set the tone. Strong leaders will engage and focus a workforce."

*Pete Sanborn, global leader, Talent and Organization, Aon Hewitt*

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### Strategic workforce planning

Our strategic workforce planning initiative enables us to develop long-term workforce strategies at site level. We model the changing age profile of our workforce, assess our current skill levels against the future requirements of the site's business plan, and identify skills shortages in the market. This enables us to plan better and close any gaps before they have a negative impact on our business.

With fewer university students choosing to study engineering in Europe and the Americas, there is a growing shortage of engineering talent for us to draw from.

We also have to deal with an ageing workforce in Europe and North America, with the average age of our employees in these regions ranging from 42 to 50. Some 36% of our employees are set to retire in the next five years. This means we need a robust process to ensure we retain, develop and attract the skills and experience we need.

We have created our own proprietary workforce planning tool, which is designed to reflect our particular portfolio of skills and our diverse geographic, product and operational portfolio. The tool was developed and tested in 2013 and is undergoing a pilot phase in 2014. If this is successful, it will be rolled out across the whole organisation.

This work is complemented by our work to attract young people into engineering, particularly in the US and Europe, where more is needed to encourage young people – and particularly women – to study engineering in order to sustain and develop our steel industries in the long term. This work is detailed in the section on the [younger generation](#).

# Making steel more sustainable

Today's steel is adapted to the needs of sustainable economies and is stronger, lighter and less carbon-intensive than ever before. Its infinite recyclability means steel can go on being used and reused for as long as we need it. Once it has been produced, steel is a genuinely renewable resource. With our innovations, steel is helping end-products reduce their carbon dioxide emissions in use, for example, by making cars lighter, food can packaging thinner and buildings better designed. It is also vital to creating the infrastructure we need to become more sustainable: low-carbon energy generation, water treatment plants, public transport systems and flood defences.

Nonetheless, steelmaking is a resource-intensive process. We are committed to improving the environmental impacts of this through process innovation, good management and investment. In this way we can create value not only for our customers, but for our communities and the world around us.

## Making steel more sustainable

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## 2013 progress at a glance

	COMMITMENT	PROGRESS IN 2013	STATUS	NEXT STEPS
Recycling and lifecycle analysis	Ensure steel's recyclability is adequately valued in product markets. Enhancement of our capabilities in steel recycling.	We worked on a standard to ensure Environmental Product Declarations for construction products require a lifecycle analysis perspective: EN15804 was adopted in 2013.	●	We will assess the lifecycle benefits of AHSS lightweighting solutions for the automotive industry.
		Steel scrap we recycled in 2013: 31 million tonnes	●	We will undertake two peer-reviewed Environmental Product Declarations for ArcelorMittal construction solutions.
Tackling climate change	Reduction in our CO <sub>2</sub> emissions from steel production by 8% per tonne of steel by 2020, compared with 2007.	2013 goal: to investigate how to accurately quantify methane emissions. Our methane data is included in this year's greenhouse gas reporting.	●	
		KPI CO <sub>2</sub> per tonne of steel: 2.14 tonnes (2012: 2.13)	●	We will continue to evaluate and work towards a long-term reduction in our emissions.
Product innovation	Development of products that support a low carbon and sustainable future.	2013 goal: to continue to develop new steel products that help customers and end users reduce their CO <sub>2</sub> emissions. During the year we progressed 14 groups of green products to market, including Phoster, Solarwall®, Usibor® 1500 MPa door ring and thin-walled food cans.	●	We will grow our pipeline of new products for sustainability.
Resource efficiency	Responsible management of our water use.	2013 goal: Full deployment of key good practice in energy. We rolled out our Energise programme to Fos and Sestao in 2013.	●	We will roll out our Energise initiative to two further sites across Europe.
	Optimal reuse of by-products and other residues.	Value of energy gains in 2013: \$264m		
	Efficient use and conservation of energy.	Through the use of our ROMEO modelling tool, we have made savings of some \$40 million in our recycling of by-products since the tool was introduced in 2010.  KPI ISO 14001 certification at 98% of our steel plants.	●	We will continue to investigate new optimised recycling options with the application of ROMEO at two new sites in 2014.
Biodiversity	Support for local biodiversity.	2013 goal: to implement biodiversity action plans. We published the second biodiversity report for Liberia, as well as two practical guides for local community members.	●	We will publish our biodiversity management plan for Liberia.
Preventing pollution	Continued investment in air pollution control.	2013 goal: to review and update the group environment policy. A new policy was drafted and will be reviewed in 2014.	●	We will publish a new environmental policy.
		We completed construction of a new water treatment plant at our Berezovskaya mine in Russia.		We will continue to invest to reduce air emissions.
		KPI Environmental investment in 2013: \$207m		We will complete the design of minewater treatment plants for two further mines in Kazakhstan.

Key: ● Met target; ● Partially met target; ✗ Did not meet target; ○ No target but progress made

The demands of a resource-constrained world mean that steel must be sustainable. This is influenced by three levers: the environmental impacts steel has in production, the impacts it has in use, and the amount of steel products society consumes per head of population.

ArcelorMittal's response is focused first and foremost on directly influencing the first two of these levers, the impact of steelmaking and the functional efficiency of steel. The third concerns choices that society makes, something we are concerned with indirectly, through our contributions to society's understanding of the true impact of steel. We think there are four ways in which we can create sustainable value through steel.

1. Creating products that reduce sustainability impacts in use, such as advanced high strength steel for vehicles and solutions for low carbon buildings.
2. Creating infrastructure for sustainable economies, such as water treatment facilities and flood defences.
3. Improving the immediate impact of our production processes, such as innovating the steelmaking process, investing in de-dusting equipment and energy efficiency programmes.
4. Promoting a lifecycle approach to evaluating the sustainability impact of materials, through modelling, environmental product labelling and research to improve scrap recovery rates.

We have two priorities in tackling climate change: to use our engineering expertise to design products for the low carbon economy, and to reduce the CO<sub>2</sub> emissions of our own production processes – a key challenge for the steel industry. We report our key greenhouse gas emissions and we are committed to cutting our CO<sub>2</sub> emissions per tonne of steel by 8% by 2020. We can also supply some of the tools needed for a more climate-resilient world.

## Carbon and steel

The prospect of climate change, and our response to it, is one of the powerful forces affecting the world and the lives of its inhabitants. We all have a responsibility to work together to prevent its worst impacts, and to prepare for the changes it will no doubt bring.

The impact of steel in this context – and more broadly its sustainability – is influenced by three parameters: the impact it has in production, the impact it has in use and the amount of steel products that society consumes per head of population. The first is something our industrial processes can improve; the second is related to product design – something we are constantly innovating in collaboration with our customers. The third – how much use society makes of steel – is a broader question relating to needs of the world's growing and developing population.

The primary process of making steel from iron ore is highly carbon-intensive. Other industries emit CO<sub>2</sub> as a result of the energy they use; in the steel industry this is an intrinsic by-product of the chemical process itself. When iron ore is reduced to pig iron in the blast furnace, significant amounts of carbon dioxide are produced. And because the temperatures required for steelmaking are very high – up to 2000°C – the process is also highly energy intensive. Today, around two thirds of the world's steel is produced through the blast furnace route.

Steel is also produced in an electric arc furnace, using electricity and scrap (or sometimes direct reduced iron) as raw materials. This route not only emits less carbon, but is in effect a recycling process. Clearly, one of the ways of reducing the carbon intensity of steel is to recycle it as much as possible. ArcelorMittal is one of the biggest recyclers of steel in the world. In 2013, we reused 31 million tonnes of scrap steel at our plants, saving some 40 million tonnes of CO<sub>2</sub>.

However, recycling steel requires a constant supply of scrap, and constraints on scrap availability mean that electric arc furnaces cannot simply replace blast furnaces. Today we have enough scrap to supply around one third of the global demand for steel.

In addition, some steel products require very specific properties, such as components for the automotive industry and some electrical steels. Since scrap generally contains many impurities, these cannot readily be made from recycled material.

We have 61 blast furnaces and 46 electric furnaces. In 2013, nearly 23% of our crude steel was produced in electric arc furnaces.

## Research into low-carbon steel

The carbon footprint of steel production has already been drastically reduced. Across the whole European steel sector, emissions per tonne are now 50% lower than they were 40 years ago. Indeed, many steel plants are operating close to maximum efficiency, given the technology currently available. If the industry is to improve steel's carbon performance significantly in the future, we will need to make a step-change in the way we produce it.

ArcelorMittal has been committed to this endeavour. From 2004, we led the Ultra-Low CO<sub>2</sub> Steelmaking (ULCOS) project, a research and development initiative involving companies and organisations from fifteen European countries working together to develop new ways of making steel that could cut CO<sub>2</sub> emissions by up to 50% by 2050. A number of the ULCOS ideas have hit technical challenges, but we remain firmly committed to long-term research projects in this area.

In April 2013, we announced a new Low Impact Steelmaking programme in collaboration with the French Ministry of Research. Work on this project at our Maizières research campus commenced at the end of 2013. The project aims to reduce CO<sub>2</sub> emissions by capturing and using CO<sub>2</sub>.

<sup>1</sup> Based on World Steel Association data, 1975 – 2005.



### Climate strategy

There are four main ways in which climate change is likely to affect our business:

1. Demands from our customers and investors for improved environmental performance and more detailed disclosure;
2. An increase in costs as a result of new environmental regulations and carbon pricing;
3. Opportunities to develop new products that will contribute to a low-carbon environment, and help society to adapt to the effects of climate change;
4. The potential physical impact of climate change on our operations and distribution networks.

### 1. Carbon performance and disclosure

We play an active role in reducing CO<sub>2</sub> emissions in the steel industry. Substantial improvements have already been achieved in Europe over the last 40 years, and our challenge now is to optimise the efficiency of all our plants, whilst investing in long-term research into low-carbon steel.

Our target is to reduce our CO<sub>2</sub> emissions per tonne of steel by 8% by 2020, compared with the 2007 baseline. Our reporting on this indicator has been externally assured for the past six years.

We pursue our carbon target by identifying opportunities to save energy across our portfolio, and making use of recovered steel scrap in our furnaces. We are also investing in research into new technologies that could make a substantial improvement to the carbon intensity of steelmaking in the long term.

We report on our greenhouse gas emissions according to the Greenhouse Gas Protocol using the most conservative interpretation of Scope 1. We include within that scope all those emissions from the combustion of our waste gases in power plants, regardless of whether the power production is external or internal to our site, since these are all under our operational control.<sup>1</sup> For more information, see our Basis of Reporting document.

We also report comprehensively to the Carbon Disclosure Project (CDP) and in 2013 we were included in the Climate Disclosure Leadership Index for Benelux, compiled by the CDP.

In 2013, our overall greenhouse gas (GHG) emissions amounted to 207 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). CO<sub>2</sub> emissions from our steel operations accounted for the vast majority of these – 94%. Coal-bed methane (CH<sub>4</sub>) amounted to 3% of the total, and the final 3% were from CO<sub>2</sub> emissions from our mining operations.

Our steel output increased in 2013 by three million tonnes, and this explains some of the increase in emissions. However, our CO<sub>2</sub> emissions per tonne of steel also marginally increased during the year, to 2.14 tonnes per tonne of steel compared with 2.13 tonnes in 2012. This is not the result of any changes in the efficiency of our steel plants, but rather a shift in the balance of the raw materials we used: whether we use lumps, ores, pellets or sinter has an impact on the levels of CO<sub>2</sub> emitted per tonne. Since our emissions are calculated on the basis of the inputs we use, any discrepancies from year to year in the treatment of stocks of coke and pig iron may also affect the reported emissions.

If worldwide demand for steel rises consistently in 2014, we expect our CO<sub>2</sub> emissions per tonne of steel to drop, which will contribute to the achievement of our 2020 carbon target.

We have already referred to our research to achieve substantial reductions in the carbon intensity of the steelmaking process. At the same time, we are pursuing a number of other initiatives, including:

**Using alternatives to coke:** ArcelorMittal Juiz de Fora, Brazil, is using charcoal in its blast furnaces instead of coke, in a project designed to prevent the emission of over three million tonnes of CO<sub>2</sub> between 2013 and 2019.

**Making use of waste gases:** All of our integrated sites aim to maximise their use process gases generated in other parts of the steelmaking process, to capture their heat or to generate electricity.

**“For all our investments, we take into account not only the energy we save but the CO<sub>2</sub> emissions we prevent, and include this as part of our payback calculation.”**

*Carl de Mare, head of strategy, ArcelorMittal Europe*

**“It is important for a forward-looking energy concept that an energy-intensive industry in particular is aware of its responsibilities in terms of climate protection. ArcelorMittal sets a good example here.”**

*Annalena Baerbock, chair of the Brandenburg Green Party*

CO<sub>2</sub> emissions per tonne of steel produced (tonnes)

# 2.14

2013	2.14
2012	2.13
2011	2.09

<sup>1</sup> The variation in how the GHG Protocol is interpreted in this respect makes it difficult to compare emissions from one steel plant to another across the steel industry.

**Improving energy efficiency:** initiatives are in progress across the group. For example, our **Energise** project in Europe aims to reduce energy costs by 10% over four years to 2016.

**Energy management:** we actively share learning and best practice across our sites and our **energy management** guidelines are compatible with the ISO50001 standard.

Our coal mines also generate greenhouse gases. Methane gas is released as a by-product from coal mines. To ensure that the mine's working environment is safe, this gas is extracted, either by using ventilation or drainage, and usually vented to the air, causing very significant GHG emissions.

In 2013, we started reporting methane emissions from our mining business as part of our greenhouse gas footprint. The total for the year amounted to six million tonnes of CO<sub>2</sub>e, which equates to some 3% of the group's total CO<sub>2</sub>e footprint. Reducing methane emissions from coal mines presents a challenge.

In general, very little methane gas emitted during coal extraction worldwide is used for heating or power generation. In 2013, we started to capture methane gases at our Lenina coal mine in Kazakhstan and use it to generate electricity, providing power to the mine, cost savings and avoiding the release of greenhouse gases with a particularly high global warming potential. See the case study on the next page for further details.

## 2. Carbon regulation and trading

We support the need for a co-ordinated and binding global plan to tackle CO<sub>2</sub> emissions which involves both developed and emerging countries. We believe this plan must be applied fairly and consistently, based on a common methodology and realistic assessments of what each sector can achieve. This will provide clarity and stability to the market, and ensure there is fair competition between different countries and regions, which will support a more sustainable global steel industry. In 2013, we supported moves towards a global agreement on climate change at the United Nations 19th Conference on Climate Change Communication (COP-19) in Warsaw.

We work to ensure that the lifecycle impact of a product is reflected in environmental regulations. For example, product labelling should allow for the environmental consequences of a product's manufacture, use and disposal. Steel's infinite potential for end-of-life recycling needs to be accounted for in such schemes.

We engage with international bodies to ensure that the debate on issues such as 'carbon cap and trade' schemes is balanced and well-informed. These schemes, such as the Emissions Trading System in Europe, target a maximum level of pollution – a cap – and distribute emissions permits among participating firms. Companies must have a permit to cover each unit of emissions they produce, and they can obtain these permits either through an initial allocation, buying them at auction, or through trading with other firms.

We believe all such schemes should be appropriate, fair and achievable. For example, we work to ensure that carbon targets are based on an approach to benchmarking emissions that reflects the operating reality of our industry. Without this, European steelmakers are unfairly disadvantaged at a time when they are least resilient. Likewise, carbon targets should not discourage the long-term research and development investment that will improve the carbon intensity of steelmaking in the future. Under current plans, the demands of the European Emissions Trading Scheme (ETS) will put European steelmakers at a severe economic disadvantage compared with competitors outside the EU, despite the substantial investment by the European steel industry in low carbon steel research. In 2013, we did not sell any allowances.

We have two projects which have been registered under the clean development mechanism (CDM) with the UN Framework Convention on Climate Change (UNFCCC). In 2004, ArcelorMittal Tubarão in Brazil began to use the gas produced in steelmaking to generate electricity. This was registered in 2009. ArcelorMittal Tubarão registered another CDM project with the UNFCCC in 2012. This initiative generates electricity from energy-rich coke gases and has the capacity to generate around 2.5 million tonnes of carbon credits. Taken together, these projects generated 146,586 tonnes of CO<sub>2</sub> credits for the company in 2012 (data not yet published for 2013).

**"The Commission proposals on energy and climate up to 2030 will do nothing to promote an industrial renaissance, rather they will accelerate the de-industrialisation which is already underway."**

*Gordon Moffat, Director General of EUROFER*

**"Two reforms are necessary. First, the Commission should alter the carbon credits system to allow our industry to contribute to economic growth. Second, steps are needed to encourage the "sustainable decarbonisation" of the power sector; industrial power users should not pay more than their fair share of the cost of switching electricity generation from fossil fuels to renewable technologies."**

*Lakshmi Mittal, CEO and chairman of ArcelorMittal, FT op-ed Jan 2014*

### 3. Low-carbon product opportunities

Our steel contributes to society's response to climate change both by helping to build the infrastructure for a low carbon world, and by engineering products that reduce carbon emissions in use.

Our steel is used in flood defences, offshore wind turbines, low carbon buildings and water treatment facilities.

We are also working with our customers to create products that reduce carbon emissions in use, such as lighter cars, thinner food can packaging and building components that cut transport emissions. In many cases, steel has a lower carbon footprint than the alternatives over the full lifecycle of the product.

Recent examples of our work to develop both these types of products for sustainability can be found in the [product design and innovation](#) section.

### 4. Climate change adaptation

Steelmakers are likely to find both challenges and opportunities in the longer-term impacts of climate change. We have an important role to play in helping the world adapt to climate change. As the construction and energy sectors look for ways to make buildings and power infrastructure more resilient to extreme weather conditions, they are turning to the steel industry to provide products that are stronger and benefit from protective coatings. We are particularly well-placed to meet these demands because no other steel business has a greater global presence than we do. We also have expertise in all the different aspects of steelmaking, which means we can provide innovative new solutions in areas as diverse as flood defences, hurricane-resistant construction, and affordable steel structures for low-cost housing.

For example, a project designed to protect the Italian city of Venice from flooding is using approximately 150,000 tonnes of ArcelorMittal steel in the creation of barriers. The project, which is expected to be completed in 2016, was successfully tested for the first time in November 2013.

We include the potential damage that natural disasters – which may or may not be directly attributable to climate change – could cause to ArcelorMittal's production facilities in our disclosure of risks related to the global economy and the steel industry. This can be found on page 205 of our [annual report](#). As a major user of water, we could be affected by the impact of climate change on local water supplies. Both our mining operations and the transportation of materials could also be affected by extreme weather events. To date, we have not assessed the need to relocate facilities beyond general modernisation programmes.

**"It is important for a forward-looking energy concept that an energy-intensive industry in particular is aware of its responsibilities in terms of climate protection. ArcelorMittal sets a good example here."**

*Annalena Baerbock, chair of the Brandenburg Green Party*

**"Two reforms are necessary. First, the Commission should alter the carbon credits system to allow our industry to contribute to economic growth. Second, steps are needed to encourage the 'sustainable decarbonisation' of the power sector."**

*Lakshmi Mittal, CEO and chairman of ArcelorMittal, Financial Times op-ed January 2014*

### Case study: Methane power in Kazakhstan

Created naturally near the earth's surface by microorganisms, methane makes up some 15% of the world's current greenhouse gas emissions. Around half of these are from human activity including those from landfill, agriculture and coal mining. When coal is mined, methane is released from the coal seam and any surrounding rock that is disturbed.

Methane is highly combustible – its release can have serious implications for the safety of mine operations. Its potential to cause global warming is 21 times more than that of carbon dioxide, so tackling methane emissions is an important step in meeting the challenge of climate change. So finding ways to reduce it is an important part of our response to climate change and ensuring the safety of our employees and contractors. But methane also has value as an energy source, and ArcelorMittal Kazakhstan's coal mining team is deploying technology to use gas from the country's mines to generate electricity.

In a first for the country and for ArcelorMittal in Kazakhstan, a team of mining engineers at Lenina mine in Karaganda region has designed a way to capture coal-bed methane and use it as feedstock in a 1.4MW captive power plant to generate electricity. In 2013, some 9% of the mine's electricity was powered in this way, saving over \$320,000 in costs, and removing a potentially dangerous gas from the coal mine and, ultimately, the atmosphere.

Sergazy Baimuhametov, advisor to the head of our coal department in Kazakhstan, explained why Lenina coal mine was well suited as the pilot for this project:

*"There has to be a certain concentration of methane of not less than 30%, as well as a stable flow of gas, and Lenina mine met these requirements."*

The project, which cost \$2m, entered the testing phase in November and was officially opened in July, with government representatives attending the launch.

The Lenina project, together with similar projects to use methane rather than vent it out, will help us avoid costs should the government of Kazakhstan choose to introduce a levy for methane emissions.

The project is aligned not only with ArcelorMittal's commitment to reduce CO<sub>2</sub>, but with Kazakhstan's move to comply with the provisions of the Kyoto protocol – an international agreement to combat global warming led by the United Nations – which the Kazakh government ratified in September 2009. The government is gearing up to trade its greenhouse gas emission quotas on the Chicago Climate Exchange, and income from selling quotas on the exchange can be used to invest in environmental projects, such as the Lenina methane project.

The Lenina project is part of a \$100m capital investment programme to improve the ArcelorMittal Kazakhstan's mines. We operate a total of eight coal mines in Kazakhstan: Abaiskaya, Saranskaya, Kazakhstanskaya, Tentetskaya, Kostenko, Kuzembayeva, Lenina and Shakhtinskaya.

More than 15 tonnes of steel are recycled every second in steel plants around the world. Steel's infinite recyclability means that it is a genuinely renewable resource for the modern world – an increasingly valuable feature as pressure on natural resources increases. The long term value that steel represents needs to be captured using a lifecycle approach to evaluating the long-term impact of products.

From the scrapping of naval ships after the second world war to the recycling of drinks cans today, recycling ensures that we are creating an ever-growing 'active stock' of steel-in-use which can be recycled in the future, estimated to amount to some 20 billion tonnes. In effect, efficient recycling means that every tonne of new steel will provide many times that amount over its lifetime as it is used and reused. For example, if one tonne of new steel were to be recycled at a rate of 90% at the end of each use phase, the total amount of steel in use would be 10 tonnes over its lifetime.

It is estimated that 84% of the world's steel is recovered at the end of its life, with higher rates in the machinery, automotive and construction industries. And yet, in 2012, there was only enough scrap to feed 56% of all European steel production, and 37% of global requirements.<sup>3</sup> The lack of availability of scrap shows how much scope there is to improve recovery rates, especially for electrical items and some building parts – steel reinforced concrete, for example. Improving product design with material recovery and recycling in mind, together with the infrastructure to collect scrap, will both help to ensure that the recycling of steel is increased.

However, since steel products have a long life cycle – approximately 40 years on average – it takes a long time for products to reach the end of their useful life. Whilst demand for steel from industrialising economies such as China continues to grow, much of the world's steel stock is still active. So as well as improving recovery rates, we still need to produce primary steel from iron ore with as low an impact as possible.

ArcelorMittal is one of the biggest recyclers of steel in the world. In 2013, we recycled 31 million tonnes of scrap steel at our plants, saving some 40 million tonnes of CO<sub>2</sub>.

The process of recycling steel is much less energy demanding than producing it from scratch. Although electric arc furnaces can use many iron sources, including pig iron, they are extremely well suited to melting down scrap steel. A limited amount of scrap can be used in the traditional blast furnace route to steel production, at the conversion stage (see [steelmaking explained](#)). Some 23% of the crude steel we produced in 2013 used the electric arc furnace route.

Our research and development (R&D) teams are now participating in two cross-industry studies on recycling: one to improve the efficiency of end-of-life vehicle recycling, and one analysing country-by-country and product by product recycling rates. We hope this will help our whole industry understand the barriers to recycling, both by region and by product.

ArcelorMittal's commitment to recycling and to changing the way we think about steel was shown in the results of our 2013 reputation survey. Recycling and reusing steel to create a more sustainable future is seen as one of our key reputational strengths.

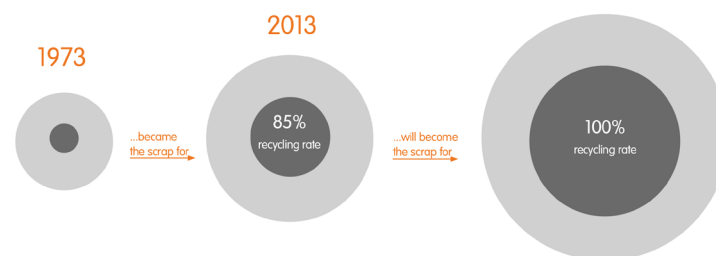
## Lifespan of steel products

Major steel goods	Recycling rates (%)	Lifespan (years)
Vehicles	95	20
Industrial equipment	97	50
Cladding	85	40
Reinforced steel	50	50
Infrastructures	80	60
Structural steel	97	50
Packaging	60	1
Appliances	95	14
Other	85	20

Source: ArcelorMittal research and development division, work in progress.

## Recycling steel

Steel produced in ...



The availability of scrap today is defined by what was produced in the past and the recycling rates of today.

● Scrap steel recycled  
● Primary steel produced

<sup>3</sup> Bureau of International Recycling, Ferrous Division, 2011 and 2013.

## Continued

### Lifecycle analysis

Energy efficiency is becoming more and more important, in buildings, vehicles and appliances. Steel can make a real difference here, especially when it is effectively recycled, which is why it is so crucial to understand the environmental impact of our steel in relation to the many 'lives' it may have during its lifecycle, both in the past and in the future. How to quantify the environmental benefits of recycling has been a recurring point of contention when defining government policies on environmental impact.

We have been developing a strong body of expertise in lifecycle assessment since 2005, and so far we have completed a large number of studies relating to specific products and sectors, including construction, automotive and packaging.

Lifecycle Analysis (LCA) methodology allows us to assess the environmental impact not only of the production phase of steel products, and the origin of raw materials used to make them (iron ore or scrap, for example) but also the likelihood of the steel being recovered rather than discarded. (See our [value creation infographic](#) to understand how recycling is part of our value chain).

LCA therefore enables us to model the recycling potential of steel products at the end-of-life phase. Unless we use this approach, any evaluation of a product's sustainability will inevitably be constrained by a short term outlook.

Take cars for example. European legislation relating to vehicles focuses only on exhaust emissions, rather than considering the overall balance between the CO<sub>2</sub> produced during the production of a vehicle's component materials and its manufacture; the savings that can be made while the car is on the road by using lightweight materials; and the potential for recycling at the end of its life.

We work with policymakers to encourage a full lifecycle approach. In its review of existing legislation on GHG emissions from vehicles in 2013, the European regulator recognised the importance of assessing the emissions resulting from all stages of the vehicle lifecycle, but disappointingly has not extended the requirements to include a full lifecycle approach. We will continue to work towards this inclusion in the 2020 review. In April 2013, we discussed these issues in a published paper, '[Uncertainties in the Lifecycle Assessment of Passenger Vehicles](#)'.

In construction, on the other hand, we saw more positive developments last year. The environmental information that manufacturers provide is becoming increasingly standardised through the development of Environmental Product Declarations (EPDs), which conform to ISO standards. ArcelorMittal worked with European regulators to ensure that the new standard for EPDs applying to construction products, known as EN15804, must clearly list the major environmental impacts over different stages of a product's lifecycle, including the benefit of recycling at the end of life (known as Module D).

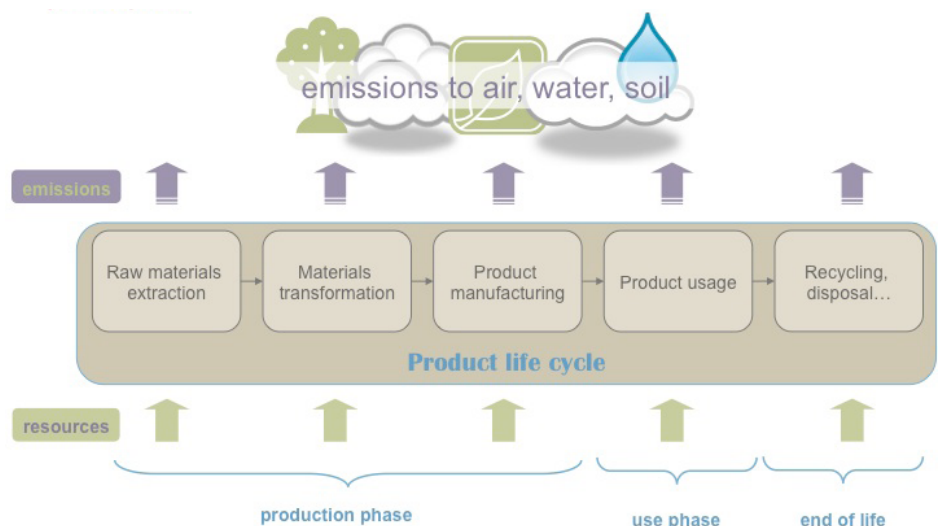
This is a welcome development, given that the construction and infrastructure industry is one of our biggest clients. A large percentage of the steel we produce is used in buildings across the world – from the new One World Trade Centre in New York City to low-cost housing for communities in South Africa. We work with our customers to demonstrate the lifecycle impacts of their choice of materials.

To support the sector, in 2013 we used a new tool, LicaBuilt, in order to model the environmental impacts of buildings resulting from both their energy use and the materials used. Lifecycle analysis is an important component of this unique tool, which will be further evolved in 2014.

**31m**  
tonnes of steel recycled

**40m**  
tonnes of CO<sub>2</sub> saved from steel we recycled

### Life cycle assessment principles





Our research and development teams are breaking the boundaries of steel, developing new, exciting forms to meet society's demands for safe, environmentally-friendly and cost-effective materials. Our versatility, expertise and network of academic institutions are second to none, and our continuing pipeline of innovations is proof that steel will be a vital part of a sustainable future. In our 2013 reputation survey, ArcelorMittal stood out from the industry not only for our product quality, but as the company considered the best 'champion for steel'.

Quietly and durably, steel plays a crucial part in making cities, transport and energy systems more sustainable. ArcelorMittal's contribution to this goal is not insignificant. Our research and development (R&D) work is vital to our ability to adapt to the needs of the modern world and contribute innovative solutions for sustainability. Overall, we invested \$270 million in R&D in 2013, with 39% of that money targeted on processes, 55% on products and solutions and 6% on exploratory research.

Our expertise is outstanding: some 1,300 researchers work at ArcelorMittal's eleven R&D centres in seven countries. They work in partnership with our customers and with academics at leading universities, in specialisms ranging from metallurgy to energy processes, construction to environmental impact. In 2013, we launched 14 families of new products, including both 'long' and 'flat' specialist steels for the automotive and construction markets.

In 2013 alone, our scientists received 20 external awards from their peers, the media and their suppliers.

As well as developing new products, many of our researchers work on innovative processes to improve the efficiency and impact of steelmaking. In 2013, 145 new technology processes were rolled out, and more than 190 are planned for 2014. We explain how we are innovating our production processes to create value and reduce negative impacts in the sections on [climate change](#), [resource efficiency](#), [preventing pollution](#) and [life cycle analysis](#).

In this section we deal with new products for sustainability. This currently includes those products that will improve environmental performance, saving energy, reducing emissions or replacing potentially hazardous components. We are also starting work on the social impacts of our products in a new lifecycle analysis project in 2014. This is part of our determination to position our business for long-term success, and provide the very fabric of a more sustainable future.

In 2013, we spent \$39 million on 13 programmes to develop products for sustainability.

## Transport

The automotive industry around the world is faced with increasing regulatory pressure designed to reduce the CO<sub>2</sub> emissions from vehicles. ArcelorMittal has been able to lead the market response in this area. Our European customers in the automotive industry consistently rank us as the number one choice for quality and technology. We have 565 engineers and technicians working on innovative, high-strength and coated steels developed entirely for this industry. In 2013, we were awarded the Platts Global Metals Award in the Innovative Technology category and the American Metal Market's Innovation Award for our work with Ford on specialist component parts for the 2013 Fusion.

Our S-in-Motion range of steel solutions helps vehicle manufacturers meet demanding new targets for fuel economy by reducing the weight of the whole car by up to 19%, without compromising strength or safety, and a corresponding 13.5% reduction in CO<sub>2</sub> equivalent emissions while the vehicle is in use. ArcelorMittal first launched S-in-Motion in 2010, and with over 63 products now available, it has been widely adopted by automotive producers worldwide to reduce the weight of their vehicle frames, known in the industry as 'body-in-white'.

The success of S-in-motion means that we are constantly working with vehicle manufacturers to integrate our solutions into their product design. For example, we worked in partnership with Honda to develop an integrated door 'ring' (or doorframe) concept using our laser-welding production techniques. The result combines substantial weight savings with a major advance in crash-resistance. Our integrated door ring was incorporated into Honda's new MDX SUV model in the spring of 2013.

The year also saw us take the S-in-Motion range one step further, by applying the same high-strength and press-hardened steels to the external façade of the car and the car door. In June 2013, we launched an ultra-lightweight car door. Tests by our R&D team have shown that this not only performs exceptionally well in crash tests but could reduce car weight by up to 27% compared with existing car doors, and with emerging steel grades this saving could be as much as 34%.

We also launched a number of highly advanced electrical steels, aimed at making electric cars more efficient. The iCARE™ range, launched in June 2013, is the first of its

# 13

research and development  
programmes on products  
for sustainability

# \$270m

spent on research  
and development

kind to be designed specifically to meet the needs of the electric vehicle sector and offers significant improvements in mechanical efficiency and performance. Our R&D teams are now working with our vehicle manufacturer customers across the world on the use of iCARE™ in hybrid and electrical vehicles.

As part of the iCARE™ project, we also completed a \$120 million investment at its production facility at St-Chély d'Apcher, France. With a potential production capacity of up to 120,000 tonnes of iCARE™ steels per year, the new production line will support the development of further breakthroughs for the automotive steel sector, helping to meet growing global demand from electric vehicle manufacturers.

Our research does not stop there: we have a pipeline of new products in development to help lower the carbon emissions of vehicles on the road, including new S-in-motion solutions for trucks.

### Construction

With over 700 million tonnes of steel sold every year, and over half that total for projects in emerging countries, steel plays a significant role in the construction industry. Like in the automotive sector, we have developed products for the construction sector that make buildings safer, stronger, and more sustainable by cutting weight, cost and CO<sub>2</sub>. Our innovative high-grade cellular beams, for example, have achieved a 25% reduction in CO<sub>2</sub> emissions during production.

We aim to add value to our customers beyond the innovative features of our products. As an engineering company, we are also developing integrated solutions for buildings that will help tackle multiple challenges for the industry, such as reducing construction time, carbon emissions and cost. Our insulated floor systems, SolarWall® and Phoster® solar roof are all examples of this. To support architects, we are developing a new tool, LiCAB, that enables them to analyse the lifecycle impacts of different building designs and materials specification, and demonstrate the added value that recyclable steel components can have in the long term.

We are making use of steel's immense versatility to develop solutions to reduce carbon emissions by: improving the value of construction material by integrating dual use, enabling carbon emissions during construction to be reduced through lighter weight products and engineering solutions that will reduce emissions when the building is in use. Steels like our Histar® range are integral to iconic buildings like the Freedom Tower and the new Hearst building in New York, which has won a platinum LEED environmental award.

In addition to weight saving innovation, we are continually developing coatings to prolong the life of our steels. Our Nature and Magnelis coated steels are also giving building components a longer life with lower environmental impact and greater resistance to corrosion.

### Energy

Steel is a vital component in energy generation, especially in the renewable industry, which could not function without it. We are developing new steels for the turbines used in the offshore wind industry, which are reducing the towers' CO<sub>2</sub> footprint, minimising corrosion, and making installation easier. We are also developing a new generation of higher-strength materials for oil and gas pipelines, which are designed to perform in extremely low temperatures.

### Packaging

Steel remains an important packaging component, especially for the food industry. We launched a new range of ultra-thin steels in 2013, which are the first to be fully compatible with the new ecologically friendly coatings required under new EU regulations.

**"Volkswagen is using high-strength steels in increasing amounts. Using new innovations in steel engineering... it is possible to reduce weight without the use of more costly materials such as aluminium and carbon fibre."**

*Armin Plath, VW's Head of Materials Research and Manufacturing*

**"In my opinion they are actually innovative. They continuously present new products to us, also good products. There I would not expect more."**

*German Customer, 2013 Reputation survey*



### Case study: Engineering low-carbon solutions for the construction industry

With regulatory and market pressure on the construction industry to deliver efficient and sustainable buildings, the R&D department at ArcelorMittal is developing a range of innovative solutions that will help to make buildings safer, stronger and more sustainable. Two of them were launched this year.

A prime focus of ArcelorMittal's R&D work in the construction sector is on the development of zero-energy or even positive-energy buildings. Rather than simply providing steel components, the approach is holistic, encompassing a variety of techniques. These range from building envelope systems offering high levels of insulation to photo-voltaic steel roof products, the latter being currently developed in the PHOSTER project co-financed by the EU Life + programme.

Using innovative and greener manufacturing processes, and an eco-design engineering approach, the PHOSTER project has developed a highly efficient, photovoltaic (BI-PV) roofing element that is integrated into the building fabric. This means that, for the time, steel will not only serve as the outer layer of the building – it will also produce energy.

This technology endows steel with new properties, using a semi-conductor coating based on thin layers – so-called 'second generation' photovoltaics – to produce electricity from solar radiation. This represents a real technological breakthrough for the construction industry.

The project was introduced to help the market evolve towards a model that directly integrates renewable energy sources into buildings. And by doing so, we intend to strongly contribute to the expansion and the promotion of solar energy.

*"I am particularly proud to see that our developments will lead to the creation of such innovative and environmentally friendly industrial solutions," commented Greg Ludkovsky, VP global research and development, ArcelorMittal.*

A further technology, known as SolarWall®, is being developed as a result of a partnership between ArcelorMittal and a world leader in solar air heating, Conserva Engineering. This technology uses solar radiation to heat buildings, while reducing a building's heating costs by up to 50%.

The new technology is made entirely from steel and is integrated into the building itself. The system is installed as an additional 'skin' to a building to create an air cavity. It uses solar radiation to deliver naturally-warmed air into the building, providing a source of renewable heat.

SolarWall® is made up of a pre-coated steel which allows high levels of heat absorption and resistance to corrosion. Once installed, the system requires virtually no maintenance over its 30+ year lifespan, helping reduce costs further.

This new technology will be produced by ArcelorMittal Construction France, for SolarWall Europe and is set to make a major contribution to meeting the EU's 2020 energy targets that aim to increase by 20% the use of renewable energy.

*"With increased pressure on private and public buildings to become more environmentally friendly, there is a trend towards highly efficient, holistic heating solutions which can be combined with existing renewable technologies that aim to increase energy efficiency and reduce CO<sub>2</sub> emissions. The SolarWall® technology provides a new solution for the commercial, industrial and tertiary sector to reduce both their operating costs and their CO<sub>2</sub> emissions", said ArcelorMittal Construction's CEO, Jean Christophe Kennel.*

Managing our operations well is a key part of our business strategy. Achieving high standards in air and water quality is part of this, and an essential aspect of our licence to operate, not only from governments but our local communities. We ensure that mines and steel plants under our management become a cleaner more sustainable part of the local environment.

The key aspects of pollution prevention for our steel and mining operations relate to air emissions, noise and vibration, waste water, soil protection and land remediation.

## Air and particulate emissions

In steelmaking, dust is generated as part of the process, both internally and externally to the plant. It is therefore important that we analyse it and try to control the different possible sources of emission. Over the past 25 years, the use of new technology has significantly reduced the amount of dust generated by a typical steel plant. Indeed in the three years since 2010, ArcelorMittal has reduced its dust emissions by 19%. Nevertheless, there is still a lot more to do and we are committed to:

- monitoring our air emissions on a regular basis at each site, so that we can identify potential problems and decide where best to focus our investment. This not only helps us ensure that we are managing them responsibly, but that we can report on our performance to our stakeholders and address any potential concerns they may have.
- focusing our research capabilities in developing process improvements. In 2013, we worked on eight projects looking at improved monitoring and dust filtration systems;
- investing in pollution control measures, to safeguard the health of both our employees and the communities around our plants. Reducing dust emissions is the primary focus of our environmental investment programme.

In 2013, we completed two de-dusting projects that have been in development for the past two years at our Temirtau steelworks in Kazakhstan, and another one is underway. These projects, together costing \$147 million, are designed to reduce dust emissions by approximately 2,700 tonnes a year, which represents a significant decrease in the total dust emitted from the site.

At our Ostrava facility in the Czech Republic, dust emissions have dropped to 584 tonnes annually, one third of their levels in 2007, following a \$39 million investment in a new de-dusting system at the sinter plant.

At our Zenica site, in Bosnia and Herzegovina, we have installed a de-dusting system to eliminate visible red dust emissions from the casting house that cost approximately \$8 million. The new system captures more than 90% of solid particles emitted during the pig iron and slag casting process, rendering emissions from the filter facility chimney less than 20mg/Nm<sup>3</sup>, and so within the acceptable limits of solid particles emission to air.

In Mexico, the steelmaking facilities at Lázaro Cárdenas have completed the installation of new secondary de-dusting systems to reduce 'diffuse' dust emissions from the steel shops at the end of 2013. (Diffuse emissions are those that have not been captured by direct de-dusting equipment). The combined cost for these installations is \$31 million. Preliminary results indicate that more than 500 tonnes of dust will be collected per year.

In addition to the direct capture of dust emissions, some of our plants have introduced a 'green belt' around the site. As well as increasing local biodiversity, these trees also help to capture diffuse dust. At Termitau in Kazakhstan, for example, we have planted 1,768 trees of 14 varieties in an area surrounding the plant.

In Argentina, our Acindar plant was awarded a certificate of environmental aptitude from the Environmental Protection Agency for our Villa Constitución site in 2013. The certificate recognised not only our compliance with legislation but our continuous environmental improvement programme, and our investment of \$20 million for improvements to the system for capturing and filtering fumes at the steel mill.

Steelmaking also produces nitrogen oxides (NOx) and sulphur dioxide (SO<sub>2</sub>), the cause of acid rain. As with dust, there have been major reductions in these emissions over the past 25 years, and we are constantly striving to cut these emissions yet further. Our NOx emissions in 2013 were 108,931 tonnes, and while this is slightly higher than in 2012, this is a decrease of 16% on a per tonne basis compared to 2007, the year of the ArcelorMittal merger. Similarly, SOx emissions fell by 15% per tonne compared to 2007, despite rising in actual terms to 171,665 tonnes.

At our Ostrava site, an £8 million installation at the coke plant to desulphurise the coke oven gas was completed in April 2013 and will result in sulphur removal equivalent to approximately 200 tonnes of SO<sub>2</sub> per year. An additional desulphurisation project is ongoing at the power plant, scheduled to be completed in 2014, which bring SO<sub>2</sub> emissions from the site down even further.

Total dust emissions –  
steel operations (tonnes)

60,252

2013	60,252
2012	68,661
2011	68,587

\$207m

environmental and energy  
capital expenditure

Noise levels can be an issue at urban steel plants. In Spain, we are piloting an innovative software programme at our plant in Sestao, developed by our R&D team in Bilbao, to improve our monitoring of noise levels both onsite and in the vicinity of our plant. This will help us to target any excessive noise levels more effectively.

In mining, the dust caused as minerals are crushed can be significant. Several de-dusting projects are ongoing at the Kryvyi Rih mine crushing plants and will be completed in 2014. From there, we will be able to determine the impact on our emissions and consider what to replicate at other sites.

### Emissions to water

At both our steel and mining sites, we actively manage the risk of water contamination with the aim of preventing risks to human health and ecology. Where such events do arise, we deal with them promptly and efficiently in accordance with relevant legislation and international best practice standards.

In steelmaking, water treatment facilities play a vital role in managing our emissions to water and improving the water efficiency of our operations. How we manage this second consideration is described in the resource efficiency section on water use.

Our R&D teams investigate the sustainable use of water, applying green technologies to minimise pollutants and increase the service life of our equipment, and improve the water recycling rates at our steelplants. We have a dedicated water treatment lab located in Asturias, Spain. In 2013, R&D colleagues worked on five such water projects.

In 2013, one of the Asturias projects focused on the segregation of rainwater from process water in order to improve the efficiency of water treatment before discharge. An industrial water collection network was installed by the regional authorities to redirect the process water to a common monitored municipal site leaving only rainwater to be discharged to the rivers adjacent to the site. The cost to connect to the network was \$9.3 million.

At our Krakow plant, we invested \$8 million to upgrade the existing coke waste water treatment plant to coincide with improvements made in the coke oven gas cleaning system. The upgraded system will enable us to treat process water from the coke gas cleaning installation to render it suitable for use in the cooling system of the plant or to be released to municipal treatment facility. This plant will be capable of handling up to 40 m<sup>3</sup>/h of production waste

water and up to 40 m<sup>3</sup>/h of sanitary sewage and will incorporate mechanical and biological treatment of the waste waters.

In mining, the process described in our [water use](#) section to thicken tailings, allows more water to be recirculated. As well as improving water efficiency, it also does not require tailing ponds to store the mineral waste, and therefore land disturbance is minimised.

We are progressing the designs for mine water treatment plants at our Saranskaya and Shakhtinskaya mines in Kazakhstan. These will allow us to treat mine water for reuse and ensure satisfactory quality in the remaining flow that is discharged. Meanwhile in Russia, the upgrade to wastewater treatment facilities at our Berezovskaya mine has been completed and is ongoing at Pervormayskaya. We plan to design mine water treatment plants for two further mines in Kazakhstan during 2014.

### Land remediation

We are committed to rehabilitating those sites that have suffered soil or groundwater pollution in the past, either when environmental standards were not as stringent as they are today, or before the site was acquired by ArcelorMittal. In 2013, we made provisions of approximately \$915 million to cover this cost.

It is important that our tailing dams are structurally sound to ensure they do not pose a risk to local people's health and safety to the environment. In 2012, we commissioned an independent assessment of the long term stability of our tailings storage facilities, based on internationally recognised practices, as defined primarily by the International Commission on Large Dams and the Australian National Committee on Large Dams. In 2012, assessments were completed in Ukraine and Mexico, while in 2013 the assessments focused on our facilities in Kazakhstan and Brazil. In response to each assessment, we have prepared an action plan, and are in the process of implementing these.

Details of our environmental liabilities are provided on p138 of our [annual report 2013](#).

**"This [is] an important milestone in our environmental efforts for the town of Zenica. And we are proud to say today that we delivered what we promised. This was a very complex and demanding project in terms of timeframe, technical challenges and investment... But we did it successfully."**

*M. V. Kulkarni, CEO, ArcelorMittal Zenica*

**"This is a huge step forward for us, since it shows our commitment to the environment and it lets us meet the requirements set by our customers."**

*José Giraudo, CEO of Acindar ArcelorMittal Group.*

### Case study: Beyond legal compliance to improve neighbourhood relations

Thanks to a multi-year plan based on continuous and step improvements, Bremen has significantly reduced its dust emissions, improving its relationships and reputation among its neighbours and local authorities, and offering far-improved working conditions on site. These efforts will continue in the future.

ArcelorMittal Bremen is an integrated site surrounded by a number of private houses as well as a leisure harbour. Therefore the site is regularly in contact with its neighbours.

In 2009, despite ongoing environmental efforts leading to steady improvements, it was clear that the problem of visible dust emissions from the steel mill had not been completely resolved. As a result, local acceptance of the site among stakeholders was diminishing. And yet, according to the data, the emissions from site were clearly within regulatory limits. All the analysis indicated there was no impact on the health of the local community. Nevertheless, the situation prompted a call to action by Bremen employees, both to improve the level of dust emissions even further, and to communicate and interact more meaningfully with the local community.

The first major investment amounted to over \$21 million for the basic oxygen furnaces. The project involved renewing the secondary de-dusting facility as a main part of an upgrade to the waste gas collection system. It was completed in 2011, and in the following year, 2012, dust emissions were cut by 250 tonnes – 20% of the total dust emissions of ArcelorMittal Bremen. Needless to say, working conditions in the plant improved, and our neighbours gave us positive feedback.

With the assistance of an institute in Dusseldorf, this project included a new design of exhaust hood which reduced the energy needed to de-dust. As a result, the site has a very effective dust-capturing system based on a highly energy efficient design.

At the nearby coke plant, located in Bottrop, ongoing environmental initiatives before its integration into ArcelorMittal Bremen in 2011 were pursued: in 2012, work to optimise the de-dusting systems for the four coke oven machines was completed. All machines are now equipped with bigger and more efficient waste gas hoods for a complete de-dusting of the coke oven doors.

The environmental efforts for the coke plant are continuing: the door-sealing and door-cleaning equipment for the 146 ovens will be completely renewed to reduce diffuse emissions. The next steps at Bremen plants will be:

- a two and a half million dollar investment in de-dusting facilities at the casting house of one of the blast furnaces in 2014;
- the de-dusting of the burden hopper, which handles raw materials for processing, within the next four years;
- the investigation of dust from the movement of materials within the sinter plant.

And last but not least, the noise emissions will also be an ongoing focus of attention, as it is important to our neighbouring communities.

With the planet's population set to reach nine billion by 2050, the growing demand for natural resources like water, energy and raw materials is one of the greatest challenges facing the world. We are doing everything we can to address that challenge within our own business. Drawing on our culture of innovation, combining new ideas with rigorous analysis, we are continually looking for effective ways to save resources, reuse our production residues and reduce waste to landfill. Our research and development division was responsible for the roll-out of 145 instances of new process technology in 2013. More than 190 are planned for 2014.

We monitor our use of raw materials – iron ore, coal, water and energy – at all of our steel production sites, as well as the waste streams that result from our processes, and the emissions we make to air, land and water. Currently, 98% of our steel operations are certified to ISO 14001, the international standard for environmental management.

Owing to the prominence of air and water emissions in our **materiality** assessment, we have addressed these topics in a stand-alone section – preventing pollution.

## Raw materials

We constantly strive to make more efficient use of our core raw materials. In 2013 our research and development (R&D) teams initiated 17 projects on process innovations to improve the efficiency in our use of raw materials. Five of these relate to our use of coal, two to water use, and nine to energy.

Our use of iron ore is a consequence of our production of primary steel. This results either from demand for steel with certain qualities that can only readily be obtained from primary steel – components for the automotive sector, for example – or because there is not sufficient scrap available for recycling.

As we have seen in the **recycling** section, the supply of scrap is always lagging behind demand, since steel has a long lifespan. And since the demand for steel typically increases as countries develop, the growth in emerging economies means that current levels of steel production outstrip the availability of scrap. The gap needs to be covered by primary steel. This is beginning to ease in 2013 as China's economy matures, and more of its steel in use is becoming available for recycling. Scrap can be used to a limited extent in the conventional blast furnace route to steel production, but the most suited technology to recycle scrap is the **electric arc furnace**.

The choice of production route is therefore based on the supply of raw material available (as well as the type of end products in demand), and this is an essential part of our decision-making process for new investments.

The use of coking coal for steelmaking brings with it significant environmental impacts associated with its extraction, transportation and ultimately its processing in the coking plant and then the blast furnace. A great deal of progress has been made in the past 50 years, which has reduced the carbon intensity of steel by 50% and we are taking part in a new Low Impact Steel initiative, which aims to achieve even further **improvements**.

## Production residues, by-products and waste

The steelmaking process produces a number of residues that may or may not be recycled. The key forms are slag, sludge, scale and dust. The main residues generated by mining are mineral wastes, such as displaced rock and the 'tailings' left over when the useful ore has been extracted.

The great majority of the residues produced by steelmaking are in fact by-products rather than waste. We prefer to reuse them on site as a replacement for raw materials but, where this is not possible, we sell them for recycling elsewhere. Many of our sites, such as in the United States and South Africa, now have zero waste targets. In 2013, we reused or recycled 81% of our production residues as by-products, either within our own business or via third parties. Only 9% was sent to landfill. In our mining activities, 24% of our residues went to landfill in 2013.

We are continually researching ways of reducing or reusing the residues or by-products from our operations. A dedicated R&D team evaluates the best ways to do this. The team has developed a modelling tool for this work, 'ROMEO'<sup>4</sup>, which examines every aspect of the value of a proposed recycling route ensuring, for example, that a financial saving in one place does not lead to a negative environmental impact elsewhere. To date, ROMEO has been implemented at 11 ArcelorMittal steel plants, generating savings of around \$40 million since its roll-out in 2009. In 2013, the initiative won the ArcelorMittal Performance Excellence Award for Sustainability.

We have been reusing slag for some time, but more could be done at many of our sites. Work performed by the ROMEO team has seen this practice rolled out at eight of our European sites and one in South Africa over recent years. As a result, approximately one million

<sup>4</sup> Recycling Optimisation Model for Environmental Objectives

## Continued

additional tonnes of slag were reused onsite between 2009 and 2013. Altogether, we reused over 2.4 million tonnes of slag in 2013, saving \$143 million in iron ore and limestone costs and approximately 660,000 tonnes of CO<sub>2</sub>.

Our sites also donate slag in the local community to create public value. After the floods in Romania in 2013, for example, our Galati site donated 39,000 tonnes of slag to 18 nearby villages to restore the roads and bridges as part of the recovery programme.

Some of our by-products can be sold and we have a dedicated department to value and sell our by-products. Slag, for example, is often a sustainable alternative to using natural resources. It can be used as fertiliser, for example, as aggregate for building roads, and as an alternative raw material to clinker for cement production. Nearly 13 million tonnes of slag were sold to the cement industry in 2013, prompting a saving of over nine million tonnes of CO<sub>2</sub> from that industry.

Another form of by-product is the heat-resistant ceramic bricks (known as 'refractories') used in the walls of our furnaces. In 2013, our operations in the United States started to sell these for use in other industrial and infrastructure processes. For more, see our resource efficiency case study on p46.

We have also increased the recycling what is known as oily mill sludge. Rather than sending this to landfill as waste, the by-products R&D team investigated a series of alternatives for recycling it internally. For example, they examined the consequences of injecting it into the blast furnace to take advantage of the oil and ferrous dust content. The project was rolled out at our steel plant at Fos-sur-Mer in France, generating savings of over \$730,000 between August 2012 and the end of 2013. At our steel plant in Asturias, Spain, a new injection system combining coal and sludge was developed, creating annual savings of over \$530,000. Where successful, we will extend this application to other sites.

### Water Use

The availability of water for our industry is likely to be affected by climate change and increased demand for water supplies. As a major user of water, we know we have a responsibility to use it appropriately, and with full consideration to local circumstances.

Some of our steelplants are in areas where drinking water is scarce, and the different types of plants in our portfolio have very different water needs. With this in mind, we carried out a water survey of 134 of our

production sites in 2010, using the Global Water Tool developed by the World Business Council for Sustainable Development. We found eight of our sites operated in basins of water scarcity and 12 in basins under water stress.

Also in 2011, we set up a water initiative for our sites, with the aim of heightening awareness of the water issue within the company, improving our water efficiency and significantly and sustainably reducing our consumption. A *water steering committee* and a network for water management was set up, with representatives from our different segments. We also produced specific guidelines for measuring water use.

In general, steel plants require water for cooling and processing, which is why many of our operations are situated on the coast, or close to major lakes, canals and rivers. Even where water is plentiful, we generally reuse our supplies many times before we discharge them. Internal analysis has shown that some of our steel plants recycle each cubic metre of water as many as 75 times. With the support of our R&D team, our sites continue to look for further opportunities to recycle and reuse water.

Our sites measure the water withdrawn as well as the water discharged, but the net use of water for every tonne of steel produced is the best indicator of the operational efficiency of the plant. This represents the amount of water lost during the steelmaking process, usually to evaporation. For every tonne of steel we produced in 2013, the net water use was 4.2m<sup>3</sup>, a 22% reduction since 2010. ArcelorMittal has disclosed information on its water use to the Carbon Disclosure Project (CDP) annually since 2010. We were also selected by the CDP to be part of the pilot scheme for the CDP water scoring methodology.

At our steel plant in Villa Constitución, in Argentina, we have managed to reduce our water consumption by 98% thanks to changes in our wire production processes and the modernisation of the effluents treatment area. We made a substantial investment in equipment upgrades to remove metals from the water through chemical processes.

"In 2006, we finished the first of the five phases scheduled for plant modernisation. Nowadays, the project is in its fifth phase, which consists of introducing new equipment and installations for treating effluents," commented Sebastián Cremona, Manager of Galvannealing Area.

In our mining operations, water performs a broad range of tasks including mine dewatering, suppressing dust, transporting 'tailings' and,

**"[It was] essential to build a relationship with the customer that was based not only on the quality of our products and services and our responsiveness, but also on the added value we provided with our tailored solutions."**

*Alejandro López, Customer technical consulting manager, ArcelorMittal Argentina*



most importantly, concentrating the extracted minerals. Some of our mines, such as the El Volcan mines in Mexico, use special thickeners to avoid the use of tailings ponds, and are therefore much more efficient in water use.

ArcelorMittal also has an important contribution to make to bringing clean water supplies to populations in an ever-urbanising world. Since 2010, we have been working on a project that will supply water to two million people in Argentina. The Northern Buenos Aires Water Purification System is the largest water purification plant in Argentina, and our Acindar facility has supplied over 16,000 tons of steel to the project, providing solutions and consulting to tailor products to customer needs.

### Energy use

Reducing our energy footprint is one of our top priorities. Energy is a significant cost to the business and is becoming increasingly expensive in many world markets. It is also directly linked to our carbon footprint.

Overall in our steelmaking business, we expect to achieve energy savings of \$200m annually by 2020, compared with 2007, which is the equivalent of 1.6 million tonnes of CO<sub>2</sub> a year. This target complements, but is not equivalent to, our group CO<sub>2</sub> target. We made savings of some \$264m from energy gains in 2013.

We have an energy manager at every plant, supported by a network of technical energy professionals, procurement experts specialising in energy purchasing, and R&D specialists.

Our experience shows that energy efficiency improvements can come from any combination of organisational change (which includes applying the same energy management standards across the whole business), behavioural change (such as information sharing and training), and technical advances (such as new investments, and incorporating international best practice).

After we published our energy policy in 2008, we developed a framework of good practice in energy management which is compatible with energy management standard ISO 50001. In 2013, two further European sites were certified to this standard, bringing the total to five, in preparation for compliance with the European energy efficiency directive EU/2012/27.

Our R&D teams support our site managers to identify new opportunities to cut energy use, and implement them as efficiently and quickly as possible, often using new technology. We share these ideas across the whole company, and benchmark our overall performance against the most energy-efficient steel companies.

Nine R&D projects aimed at energy efficiency within our production processes were rolled-out to our production facilities in 2013.

We run a number of energy saving initiatives, tailored to suit each business type and region. For example, our United States sites have committed to reducing the energy intensity of 17 plants by 10% through an energy efficiency training programme, in partnership with the US Department of Energy.

At our European steel plants that produce 'long steel' products such as bars and beams, we have been running a Continuous Improvement Challenge. This was designed to encourage bold ideas that could reduce our gas consumption without requiring capital expenditure. Our Gandrange plant in France, for example, is now best-in-class for gas consumption in 2013, after fine-tuning its new reheating furnace, training plant operators and seeking new ideas from shop floor employees. As a result, the plant saved a total of \$470,000 during the year.

At our European sites producing 'flat steel' products (such as car doors and roofing), the Energise initiative introduced in 2011 has been particularly successful. A team of experts have been working across these plants in our European business, with the aim of identifying projects that could substantially cut energy use without major capital investment. They have looked in detail at how much energy is used at each and every stage of the production process. Each site can now draw on a database of ideas and experiences from other sites, which is being updated all the time.

Energise aims to reduce our energy use per tonne of steel by 9% over the four year programme to 2016. We project this will cut our energy costs by 10% over the same period. We estimate that over 70% of this will be achieved through energy efficiency measures; around half of these will either have no cost, or a payback of less than three years. By the end of 2013, we had achieved a 3.4% reduction in energy use per tonne, providing savings of over €100 million since 2011.

One key area will be the use of energy-rich gas by-products to generate electricity, which can either power our own plants or be sold. The financial and non-financial savings from Energise interventions are reported on a quarterly basis. In 2014, with the creation of a single European segment within our steel business, we will plan a roll-out of the Energise approach across the region, initiating the programme at two new sites.

**"For me, Energise is one of the best programmes applicable across our facilities – I see immediate results."**

*Manfred Van Vlierberghe, CEO Poland*

**"Introducing savings is relatively easy. Sustaining these savings can be quite difficult especially if it is achieved by changing human behaviour. You need to incorporate it in your management infrastructure and implement a system such as ISO 50001 to entrench and sustain such savings."**

*Dhesan Moodley, general manager, Saldanha Works*



## Continued

In April 2013, our Saldanha plant in South Africa – the single largest electricity consumer in the Western Cape – announced that its energy saving programme has saved 6.6% savings in its annual energy consumption, resulting in an astounding \$9.3 million energy bill savings in the first year. The project was the product of an energy management strategy that was launched in 2010. Initially, potential savings were identified through an energy audit and an examination of its existing project list. The plant then initiated an ISO 50001-compliant energy management system in order to sustain the efficiencies achieved.

In our mining operations, we started to capture coal-bed methane gases at our Lenina mine in Kazakhstan in 2012. We use the gas to generate electricity and remove potentially dangerous methane from the mine.

Capital expenditure on energy-related projects usually needs to demonstrate a payback of under three years. In 2013, we spent \$23 million on such projects. For example, \$8.3 million was spent on energy upgrades at our Dofasco site in Hamilton, Canada. The site is anticipated to save 5% a year in energy costs as a result of this investment.

### Renewable energy

We also install renewable energy systems to generate on-site electricity where it is financially and technically possible. Whilst we cannot use wind and solar energy exclusively at our steel plants – because we need a constant supply 24 hours a day – such low-carbon forms of electricity can make a contribution.

For example, we are developing a wind farm at Saldanha in South Africa to provide electricity to our steel plant, which we expect to come on-line in 2014. We have also submitted a planning application for a solar farm of photovoltaic panels at Fos-sur-mer in France, and use hydro-electric power in Canada and Brazil.

In 2013, Lázaro Cárdenas in Mexico consumed more than 225,000 MWh of wind energy, representing approximately seven per cent of the total electricity consumption of our steel operations there. This represents a reduction in CO<sub>2</sub> emissions of more than 110,000 tonnes. There are plans in place to increase the share of our electricity sourced from wind power to 30% in 2014.

### Case study: Waste into by-products

For years, the ceramic bricks used to line steel vessels have ended up in landfills or been stored on site at steelmaking facilities without a clear plan on how to dispose of them. Now our plants in the United States are innovating ways to recycle these spent 'refractories' in a bid to reach zero-landfill status in their steelmaking.

Defined as non-metallic materials that retain their strength at high temperatures, refractories in the case of steelmaking are bricks of ceramic material that are used to line steel vessels and ladles without interfering with the steelmaking process. For years, steelmaking refractories have ended up in landfills or been stored on site at steelmaking facilities without a clear plan on how to dispose of them.

The recycling of these bricks brings benefits not only to the steel industry, but also to others. With proper segregation and handling, spent steelmaking refractories can become raw materials for refractory products; powder coating applications; metallurgical additives;

slag conditioners and feedstock for ordinary cement. This recycling programme will also cut down on the transportation costs involved in moving used refractory materials and provide extra revenue.

Refractories are used in many different parts of the steelmaking process, and each source has special considerations. For example, those from the basic oxygen furnace that converts iron into steel is relatively pure, but little is generated. Steelmaking ladles, on the other hand, generate a lot of by-product, but they contain materials that need to be separated.

In 2012, ArcelorMittal Burns Harbor recovered nearly 4,000 tonnes of refractory material – from ladles and vessels, as well as slide gates. These are already being reused at our sites in Riverdale, Burns Harbour and Cleveland. Trials are planned for other refractory materials at our flat and long steelmaking facilities in Indiana Harbour in 2014, and our long steel plants at Steelton and Laplace plants will also plan future trials.

Refractory recycling is nothing new, and yet its practice could still be extended to other sites. There are two main barriers to the development of this type of practice. Firstly, the market for this type of recycling is not fully developed. Secondly, the different kinds of refractories have to be carefully segregated in such a way that they can be selectively recovered for recycling. Once different kinds of refractory materials are mixed, they become impossible to recycle.

Refractories were designed for the steelmaking industry, so it takes some innovative thinking – as our sites in the United States found – to advance this contribution to making steel a truly sustainable product. Following a series of seminars across our US sites to share best practice on the recycling of refractory materials, ArcelorMittal established a zero waste target in 2013 across its sites.

Since our steel and mining operations are land-intensive, we recognise that we have a responsibility to minimise our impact on biodiversity. We do everything we can to restore value to local ecosystems.

As the world's largest mining and steel company, we have a responsibility to promote and support biodiversity.

When we plan to open a new steel plant or mine, we go through a rigorous preparation process which includes a thorough environmental, biodiversity and social impact assessment. This is designed to identify the potential impact of the new plant on local people, adjacent ecosystems and habitats, and water and soil erosion. Once the site is operational, we work in partnership with local stakeholders to monitor, manage and protect local biodiversity.

When we were preparing to open our iron ore mines in Liberia, we undertook an extensive biodiversity study of the wetlands of the surrounding Nimba region. This revealed that the area had been slowly degrading over many years, so we set up a forum with local stakeholders to take action to improve it and introduced an environment policy entitled Caring for nature.

A large West Nimba forest is about five kilometres west of the Tokadeh mine and has a very high biodiversity value, particularly botanically. There are also some niche habitat areas close to Mount Tokadeh. The East Nimba Nature Reserve, some ten kilometres from our mine, is a protected area under Liberian law, although it was turned down for World Heritage status on account of the damage caused by mining between 1960 and 1990 before the arrival of our company. Despite this, our work in recent years has demonstrated that it has high biodiversity value.

Our biodiversity surveys have identified 38 species that are on the IUCN 'red list' of globally threatened species, in addition to which our experts have identified several species that are unique to the area, and a number of previously unrecorded species.

As a result of our research, we have been able to bring together local stakeholders to develop a conservation management plan for the Nimba Otter Shrew, a critically endangered species.

In 2013, we published our second Biodiversity Conservation Programme annual report, available on our website.

We have also been carefully documenting the biodiversity on Baffin Island, where we plan to construct an iron ore mine in a joint venture

with Nunavut Iron Ore. The assessment is particularly important given the ecological sensitivity of the Mary River site, in the Canadian territory of Nunavut, homeland of the Inuit people. The study has covered plants, marine mammals, and terrestrial wildlife, as well as water, air and soil.

All the information collected formed part of a Final Environmental Impact Statement, which also includes 182 conditions which we will be required to observe, as well as detailed recommendations about how we can minimise the potential impacts to this special natural environment. The statement was approved by local Inuit people in 2012, but since then we have scaled back our plans, and as a result we now need a revised environmental assessment. This is currently going through the approval process.

In Spain, our facilities in Asturias are working to support a local project run by NGO 'Fund for the Protection of Wild Animals' (FAPAS) to help recover the region's osprey species. The project aims to help re-establish the birds of prey's presence through the installation of artificial nests and perches. As part of this we have recently installed a new habitat at the reservoirs surrounding our Gijón and Avilés sites.

In Chicago we partnered with the Field Museum in 2013 to launch a restoration project encompassing seven acres of dune and swale habitat surrounding the campus of our global research and development centre. The habitat is unique to the area neighbouring the southern rim of Lake Michigan due to its distinct topography. Inventories have already documented more than 50 species of plants, including one species which is endangered in the state.

At our Mardyck plant in France, we have installed several bee hives as part of the area's biodiversity plan. The hives were built with ArcelorMittal steel and the honey has been harvested for the first time this year. Our facilities in Dunkerque, France also have several hives on site and each year they welcome employees and their families to an annual honey harvesting day.

At our site in Tubarão, Brazil we have a long standing reforestation project to help improve air quality and biodiversity surrounding our plant. Due to prevailing winds, the potential for dust emissions from our plant is high. To date we have planted over 2.5 million trees to help reduce wind.

"Butterflies, as the flagship of the insect kingdom, have great biodiversity in the Nimbas, and it was really great to hear the efforts your company is doing to understand the environmental dynamics, and work with the local communities as well as government authorities for long term sustainability in the region."

*SC Collins, Director, African Butterfly Research Institute*

"These green belts have helped to maintain good relations with our external stakeholders, showing them that we are making a considerable effort to control dust emissions from our raw material yards."

*Guilherme Correa Abreu, environmental manager at ArcelorMittal Tubarão*

### Case study: Sustain our great lakes

Which body of water holds 21% of the world's fresh surface water, and provides drinking water to 35 million people? Which water course transports raw materials to steel plants producing some 20 million tonnes of steel every year? Traversing the borders of the US and Canada, the Great Lakes provide stream, wetland and coastal habitats to a vast range of flora and fauna. Its strategic importance to a wide range of stakeholders is clear, and explains why ArcelorMittal sought to establish a public private partnership to conserve its multiple value.

Sustain Our Great Lakes (SOGL) is a multi-stakeholder partnership established in 2007 between ArcelorMittal, the NGO National Fish and Wildlife Foundation (NFWF) and a number of public agencies: the US Environmental Protection Agency, the US Fish and Wildlife Service, the US Forest Service, the National Oceanic and Atmospheric Administration, and the Natural Resources Conservation Service.

SOGL's mission is to sustain, restore and protect the fish, wildlife and the habitat of the Great Lakes basin by leveraging funding, building conservation capacity, and focusing partners and resources toward key ecological issues.

The programme achieves this mission, in part, by awarding competitive grants for on-the-ground habitat restoration and technical assistance to private landowners. Funding priority is given to projects that improve the quality and connectivity of stream, wetland and coastal habitats.

With \$4.2 million in grants from ArcelorMittal, Sustain Our Great Lakes has provided over \$37 million of direct funding in total from a variety of donors. In addition to financial support, ArcelorMittal donates expertise, resources and personal time to advance environmental awareness and conservation. Through these efforts, the

company joins forces with the communities in which its employees live and its business and clients operate. We also sit on the SOGL advisory board, working with other programme partners to set goals and strategy and grant allocations.

Sustain Our Great Lakes has made significant progress in improving the health of the Great Lakes ecosystem. A total of 193 grants to 114 different organisations have been awarded over the past six years. These grants have led to the restoration of 1,039 miles of streams and rivers, 37,700 acres of wetland, coastal and upland habitat, and 127 miles of waterside habitat. Sediments have been reduced, and water quality improved. As a result, there has been an increase in the populations of lake sturgeon, brook trout, northern pike, Atlantic salmon, and other species.

There have also been some important economic and social benefits: between 270 and 600 jobs were created between 2006 and 2011; the \$20.7 million of programme investments during the same period generated an estimated \$45 million of extra local economic activity; and the area has become more attractive as a leisure and fishing destination. There is also less risk of flooding and harmful algal blooms.

The project has also brought important benefits to ArcelorMittal. It has enabled us to engage with our stakeholders in a way that creates lasting value for them, and enhanced our 'licence to operate'. Our involvement with SOGL was a positive factor in obtaining a permit to build a bridge at our ArcelorMittal Indiana Harbor facility.

In October 2013, the programme won the Excellence in Sustainability Steel award from the World Steel Association.

*For more information about SOGL, please visit [www.sustainourgreatlakes.org](http://www.sustainourgreatlakes.org).*

# Enriching our communities

We view every ArcelorMittal site of operation as an integral part of its local community and environment. Everyone has a stake in the value we create: through the jobs and business opportunities we provide, the investments we make to improve our environmental impacts and in local community infrastructure.

We want to be sure to do this in line with local stakeholder priorities, so wherever we have significant operations, we develop plans to engage with the community to address local concerns and to identify where support is most appropriate.

The ArcelorMittal Foundation guides the work of our major operations to promote community investments that support long-term social and economic growth.

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## Enriching our communities

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## 2013 progress at a glance

	COMMITMENT	PROGRESS IN 2013	SCORE	NEXT STEPS
<b>Socio-economic development</b>	The development of strong and sustainable economies.	<p><b>KPI</b> Estimated economic contribution to society: \$78 billion.</p> <p>We piloted our Protea affordable housing product in South Africa.</p>	○	<p>To undertake a socio-economic impact study in Liberia.</p> <p>To establish social impact as part of our work on life cycle analysis.</p>
<b>Community engagement</b>	Understanding and responding to the priorities of local communities.	<p><b>KPI</b> Number of sites covered by a stakeholder engagement plan: 38 (2012: 30)</p> <p>See the <a href="#">stakeholder accountability</a> section for progress on our approach to stakeholder engagement.</p> <p>2013 goal: to develop guidance on good practice in community grievance mechanisms. We reviewed our guidance and will publish it to sites in 2014.</p> <p>Number of grievance mechanisms for local stakeholders: 27 (2012: 26)</p>	●	We will review and improve our reporting of grievances.
<b>Land use</b>	Sound approach to land use that respects human rights including the rights of indigenous peoples.	<p>We signed an Inuit Impact and Benefits Agreement with the Qikiqtani Inuit Association in Baffin Island, Canada.</p> <p>We have signed legal compensation agreements with eligible farmers in a process overseen by the Mine Resettlement Coordination Committee in Nimba County, Liberia.</p>	○	We will monitor the impact of our livelihoods programme on farmer families who have been affected by our operations in Liberia.
<b>ArcelorMittal Foundation</b>	A sustainable contribution to the communities in which we operate.	2013 goal: to increase employee involvement in ArcelorMittal Foundation activities. The number of volunteering hours fell in 2013 as we were unable to run our 'solidarity holidays' during the year.	✗	We will increase the alignment between our Foundation activities and our corporate responsibility strategy.

**Key:** ● Met target; ● Partially met target; ✗ Did not meet target; ○ No target but progress made

Wherever we operate, we aim to contribute to the development of strong and sustainable economies, both through direct financial contributions, employment and skills development programmes. Our steel products also provide some of the building blocks of sustainable development. In 2013, we made a contribution to the global economy of around \$78.9 billion<sup>1</sup> following a review of Finance's reconciliation.

## Economic contribution

We make our most significant positive contribution to national and local economies through the business we do with our suppliers, the wages and salaries we pay, the taxes we contribute and the long term capital investments we make.

Wherever we are in the world, we honour our tax obligations. In 2013, we paid \$630 million in corporate income tax and local taxes. In addition, our mining sites contributed over \$63 million in royalty payments for the sale of minerals we extracted last year.

Provided the right governance structures are in place, we believe that both our investments and the royalties we pay support socio-economic development. This is why we support the Extractives Industry Transparency Initiative (EITI), which aims to strengthen governance and accountability for oil and mining revenues, especially in developing countries. This will help the overall business climate to become more open, fair and competitive in the future. For more information on the EITI, see our [transparency](#) section.

The economic benefits of our investments often go far beyond our operations. In Kazakhstan, for example, our investment in steel production is helping to reverse the fortunes of the city of Temirtau, after the collapse of the Soviet Union. We are laying pipes to support our own mines there, and the pipeline is also bringing gas supplies to 300,000 local people, improving their quality of life and contributing to social and economic development.

In Liberia we have invested some \$500 million in rebuilding local infrastructure in order to extract and export iron ore: the port facilities in Buchanan, the 240km railway that connects the iron ore mines to the port, and local health and education facilities. In addition, ArcelorMittal Liberia has agreed with the government of Liberia to provide the \$40 million needed to build a 70km road connecting Yekepa and Ganta. Construction will begin in 2014.

As a major contributor to the local economy, we often play a leadership role in promoting local development. For example, in 2013 the first Ukrainian local development forum was held at the ArcelorMittal academy in Kryvyi Rih. We were also proud sponsors of the event, which gathered 70 people from across the community to discuss ways to encourage sustainable development in the area.

## Employment and skills

In 2013, we employed over 232,000 people across the world, to whom we paid \$12.6 billion in wages, salaries and other costs.

Given the scale of our operations, we are often the major employer in a region, and we work hard with our stakeholders to ensure we can maintain jobs for local people, by ensuring the competitiveness of our operations, by investing in skills development suited to the steel and mining industries, and by adapting our operations to meet the changing needs of the global economy.

In Europe, for example, where there has been an oversupplied market in steel slab, we have had no choice but to rationalise our operations. Wherever possible, we have identified ways of preventing permanent or involuntary redundancies. For example, in Florange, France, we have adapted our operations to produce high-value products for the automotive industry. In Spain, management and unions have worked together over the past few years to regain competitiveness and so secure employment in the long term.

<sup>1</sup>The difference between this figure and our overall revenues is the amount we retain for future use.

Where we have had to idle elements of our plants or even reduce our operations, such as in Liège, Belgium, we are working to provide transitional assistance programmes to support employees who have been affected. You can read more about our response to these situations in the [employee relations](#) section.

### Developing local skills

It is part of our commitment to our communities to provide jobs and skills training for local people.

Where we are developing greenfield mine sites, such as on Baffin Island, in Nunavut, Canada, Baffinland iron mines (owned 50% by ArcelorMittal) is helping potential Inuit employees to understand the nature of the challenges they may face if they choose to work at the mine site. This is through Baffinland's self-developed Work Ready Programme, offered in the local language of Inuktitut. As part of the Inuit Impact and Benefits Agreement negotiated with the Qikiqtani Inuit Association, Baffinland will look first to the five closest North Baffin communities when it hires new employees.

The Work Ready Programme has focused on these communities, and aims to make people aware of the challenges of working on a 'fly-in/fly-out' basis, which means employees will be away from home for extended periods of time. The programme involves spouses as well as potential employees and covers issues such as money management, managing stress, and keeping communications open with those at home, because good preparation makes it much more likely that local people will have successful careers.

In Liberia, as the largest private-sector foreign investor in the country, ArcelorMittal is an important provider of jobs. This position comes with a unique and immense responsibility, particularly considering the high rate of unemployment in the country following the 14-year civil war. Along with our contractors, we employ nearly 3,000 employees in Liberia, 96% of whom are local. Because we are investing in the ongoing education and training of employees and contractors, we also have the opportunity to raise the skills level of the local population. This has long-term benefits for the country and its citizens, as well as for ArcelorMittal.

### The younger generation

We are also concerned to ensure we have a pipeline of experienced steelworkers who can help us produce safe, sustainable steel for generations to come. We are working with the steel industry to ensure that enough young people are encouraged to develop the right technical skills to sustain the industry in the future.

In Brazil, for example, some 26% of the population is aged between 15 and 29, and despite unemployment rates shrinking to just over 5% last year, youth unemployment remains over 15%. The ArcelorMittal Foundation is supporting a vocational training programme, the City Welding project, near our Juiz de Fora steel plant. Of the 101 students trained by the project since 2009, 70% have already been hired to work as professional welders.

In the United States, the economy is facing the opposite problem of an ageing population. The average ArcelorMittal employee here is more than 13 years older than in Brazil. So we are working hard to attract more young people into our industry, with an emphasis on female students. We set up our Steelworker for the Future initiative in 2008, a two-and-a-half year programme with four terms of classroom learning at a community college or technical school, plus up to 16 weeks of paid on-the-job training at an ArcelorMittal USA facility.

In November 2013, thousands of young people attended our Cool Jobs, Hot Careers event at the Museum of Science and Industry in Chicago, United States, hosted by professionals in the fields of science, technology, engineering and mathematics.

In Poland, we have a similar programme called ZainSTALuj się, which also started in 2008. It aims to help students gain the skills they need to be more employable, and encourages them to explore possible careers at ArcelorMittal. The programme includes workshops, site visits to ArcelorMittal operations, and support with applying for scholarships and internship positions to gain experience within the company. So far there have been 23 site visits, 40 skills workshops, and over 430 internships.

In Germany, our youth skills programme to provide students with an insight into our industry includes annual *Girls' Days* events and scholarship programmes for female students in order to attract more women into the industry.

**"Work leads to income and opportunity, but it can also change the family dynamic, especially as it relates to money and responsibilities."**

*Murray Odesse, Baffinland's vice president, human resources*

**"It was marvellous to see these youngsters so motivated about their futures. I talked to many students from middle school through high school about the importance of maths and science, which are both required subjects by many professions after high school."**

*Gary Norgren, Manager, Raw Materials, US*

**"The outcome of these activities is reflected in a growing interest among young people in the steel industry."**

*Professor Jerzy Labaj, Silesian University of Technology*

**"I think we have to start presenting the steel industry as an attractive place for women to work in right from the start."**

*Nicola Hirsch, managing director of ArcelorMittal Ruhrort and Duisburg, 2012*



Playing an active role in our communities means understanding what matters to local people and listening to their concerns. This is why we work with local groups to help us prioritise the issues that matter most to them, and invest our time and resources in the best way. We also engage with other stakeholders as part of our overall engagement activities, including non-governmental and governmental organisations.

## Our approach

All our major production sites have to follow our [external stakeholder engagement procedure](#), which ensures that we engage in a productive, fair, consistent and positive way, wherever we are in the world. For example, the procedure reminds our units to develop an understanding of those stakeholders who may be vulnerable due to their age, race, ethnicity, gender or status in the community, and disseminate information in languages that are accessible to local stakeholders.

The stakeholder engagement procedure is supplemented by a manual which guides our sites in identifying their key stakeholders, understanding the different concerns they may have and devising a plan to engage with them in a way that is culturally appropriate. In 2013, we had 38 local stakeholder engagement plans.

We also have formal grievance mechanisms that people near our sites can use to raise concerns, in the confidence that these will be addressed and tracked. We aim to ensure anyone who raises a problem has access to a fair procedure, with a clear timeframe for each stage of the process, and an outcome which will accord with internationally recognised human rights standards. In 2013, we had 27 such grievance mechanisms covering 87 sites.

The group corporate responsibility team supports our local operations in their stakeholder engagement activities, both through direct support and training and by publishing guidance on international good practice. We also share ideas and best practice across our internal network of corporate responsibility coordinators.

## Recent examples

In 2013, we made positive progress on issues of concern to local communities, such as air quality, noise levels and [land use](#) (see separate section). Of the grievances reported through our 27 grievance mechanisms in 2013, 68% were from the community.

In Bosnia and Herzegovina, the air quality around our Zenica steel plant has been a concern of local stakeholders. We have made an \$8 million investment to reduce dust emissions from the site, which was completed in 2013. Through a regular programme on local radio and TV, broadcast by our employees, we have been able to inform the community about our progress on this project. The programme has also covered safety campaigns, awards our employees have won and development projects we have funded, presented by members of the local community.

In Spain, we are piloting an innovative software programme at our urban plant in Sestao to improve our monitoring of noise levels. Some 8,500 neighbouring households can potentially be affected by noise coming from the production facility, and at an early stage we installed noise-absorbing barriers.

The new software helps us monitor noise levels more accurately both in and around our sites. We hope this information will aid transparent communications with the local community on noise issues. By enabling us to provide detailed, reliable data on noise levels both within the plant and at residential locations in the neighbourhood, we can develop effective solutions, for example, through the intelligent selection of crane operations or scrap storage locations. The software was developed by our research and development team in Bilbao, assisted by the Basque government.

In Liberia, we have set up 52 local consultative forums, which include representatives from our mining site and from local communities, including town chiefs and members representing women and young people. This engagement has created the foundations of positive relations with our local communities. You can read more about this programme in the [case study](#).

### Case study: Preparing for inclusive economic development in Liberia

ArcelorMittal has invested in Liberia to develop an iron ore mine that had been abandoned during the country's 14-year civil war that ended in 2003. A revised mineral development agreement (MDA) was signed with the Liberian government at the end of 2006, in which we agreed to rehabilitate 240 kilometres of railway between the mine and the port, refurbish parts of the port and invest in community social infrastructure. Over the 25-year duration of the MDA, we also agreed to contribute \$3 million a year to the county social development fund.

Local stakeholder engagement has been a key feature of our presence in Liberia from an early stage. In 2008, we launched a dedicated stakeholder engagement programme with the aim of understanding and managing the expectations that people have of the company.

The first step was to establish a community liaison unit (CLU) comprised of employees in charge of engaging local communities and their representatives – as required by ArcelorMittal's external stakeholder engagement procedure.

The CLU formally launched a programme of local consultative forums in 2011. These serve as platforms for dialogue where any community member or group can discuss mutual concerns, such as the impact of our daily operations, resettlement and compensation matters, or access to jobs. The forums are managed by a committee which includes the town chief, a female representative, a youth representative and an ArcelorMittal community liaison officer.

Fifty-two consultative forums have been established across the three counties where ArcelorMittal Liberia operates and in 2012, a total of 103 forum sessions were held. In order to build the capacity of these forums, ArcelorMittal has trained 370 forum members in community engagement, conflict resolution, mediation and project monitoring.

In 2012, ArcelorMittal revised its external stakeholder engagement procedure by applying newly published international standards to strengthen our approach, and

incorporate lessons learned within the company since the merger. In particular, we used the guidance developed by the United Nations Global Compact (UNGC) and Principles for Responsible Investment to identify gaps and potential best practice in conflict-affected or high-risk areas.

Marcus Wleh, external affairs and corporate responsibility manager for ArcelorMittal Liberia, commented, "As a company, we play a significant role in maintaining social peace and improving the well-being of our communities. From the very beginning, we wanted to act responsibly, so we established an inclusive and ongoing dialogue with our stakeholders. Here the community can openly discuss how we do business, our social and environmental impacts and the scale of wealth and well-being we generate as a business."

As a result of ArcelorMittal's investment in Liberia, the community is seeing notable improvements in living standards through employment opportunities (over 90% of our employees are Liberian), as well as enhanced access to basic social goods and services and skills development.

Despite this, it is a challenge for ArcelorMittal to manage the expectations of local communities on issues such as employment and economic development.

When it comes to areas for improvement, we know that further engagement is needed with local communities to effectively address complaints and to gain more understanding of issues arising in areas of our operations.

ArcelorMittal's stakeholder engagement programme was featured in a 2013 report published by the UNGC as an example of good practice.

*Responsible Business Advancing Peace* presents examples of companies and investors implementing initiatives that have helped build and maintain social peace in conflict-affected markets. "It is intended to help understand how each party can make a positive contribution to peace," says Sir Mark Moody-Stuart, chair of the UNGC, in his foreword.

We recognise our responsibility to apply sound practices for land and water use while respecting local laws and human rights.

In 2013 there were no significant disputes relating to land rights.

We have followed local legislation on land use in Canada, where Baffinland is focused on the exploration and development of the Mary River property, in the Qikiqtani region of Nunavut on Baffin Island. ArcelorMittal reported last year that we had undertaken a detailed consultation process with local stakeholders. In September 2013, in accordance with Article 26 of the Nunavut Land Claims Agreement, an Inuit Impact and Benefits Agreement was signed between Baffinland Iron Mines (50% owned by ArcelorMittal) and the Qikiqtani Inuit Association, which represents the Baffin Region Inuit.

The Mary River project is already contributing to the local economy by buying goods and services from Inuit-owned businesses and through joint ventures, and is also investing heavily in employing and training local people. The agreement creates a formal structure for these efforts and ensures both parties are cooperating to ensure that there are benefits for the local community throughout the life of the mine.

In Bosnia and Herzegovina, our Prijedor mining operation at Omarska includes an area where war crimes took place in 1992, before we acquired the land. As the operator of the mine at Omarska, we recognise the sensitivities of the site and we accept the responsibilities that come with our business.

In response to requests from interest groups and individuals, our focus has been to provide safe access to the site to those wishing to visit, in a way that ensures the safety of all. To this end, we have published clear guidelines on our [website](#) that enable access in most cases with 24 hours' notice, or 48 hours for larger groups.

## Resettlement and livelihoods

When we open a new mine, our policy is to avoid involuntary resettlement of people living in the area wherever possible. If there is no other alternative we ensure that the process is carried out in a sensitive and appropriate manner, and according to local laws and regulations and global standards. We spend time consulting the people affected, and work with them to devise an approach that will not compromise their quality of life as a result. These commitments are stated in our [human rights policy](#).

In Liberia, we are committed to following international best practice on resettlement for local farmers affected by our mining project. In accordance with our Resettlement Action Plan, we have worked with the county administration to establish a Mine Resettlement Coordination Committee to ensure the independent oversight and mediation of compensation decisions. We have also set up a multi-stakeholder committee specifically to address and resolve local issues, which includes representatives from ArcelorMittal, local authorities, civil society and local communities.

To date, our activities have focused on compensating local people for the loss of land and amenities, but no one has had to move their house. In 2013, following the assessment of 577 farms for resettlement in communities around the mine, legal compensation agreements were signed between the company and eligible farmers, and compensation payments are in progress. During this process, the Mine Resettlement Committee has overseen the coordination, communication and monitoring of all our resettlement activities.

We have also developed a livelihoods programme, which aims to improve long-term livelihoods for those impacted by the resettlement. Specifically, we aim to have a positive impact on an average of three members per household over the age of 18, by helping them gain new skills, provide more intensive support to vulnerable households and encourage young people to stay in school.

The programme supports farmers and provides alternative skills training for other household members with the intention of fostering new small enterprises. A savings and credit component will start in 2014. Currently we have 273 farming households enrolled on this programme. From these families, 100 school drop-outs are back at school with our support to gain their school leaving certificate; 147 illiterate adults are enrolled in a literacy and numeracy programme and 160 members of the same households are undertaking alternative skills training. We are also supporting 50 households under our Vulnerable Peoples Programme.

**"These agreements turn the page in QIA's partnership with Baffinland and put Inuit interests at the forefront of the mine's impacts and benefits."**

*Qikiqtani Inuit Association*

Besides the social and economic impacts of our business, we aim to make a positive contribution to the social development of the areas around our operating sites through the work of the ArcelorMittal Foundation. In 2013, over three million people benefited from 558 projects supported by the Foundation in communities surrounding our steel plants and mines.

Through the work of the ArcelorMittal Foundation, we aim to align the support we provide with the needs of our local stakeholders in 29 countries where ArcelorMittal has a major presence. So our focus is on the communities around or close to our operations and, through a range of specific initiatives, our employees are often closely engaged in the work of the Foundation. In 2013, the Foundation invested \$33.7 million in community projects.

We work with a range of local partners to understand our communities' social and cultural issues, and all our projects are community-based. We also collaborate with international organisations, such as Junior Achievement, Habitat for Humanity or the International Research Group on Haematopoietic Cell Transplantation to simultaneously develop the same project in different countries.

Projects are coordinated at a local level by our network of Foundation correspondents, based in our major business units, who are responsible for the implementation of our activities in their area. We have a clear methodology to guide every project, which we adapt to regional circumstances.

The work of the ArcelorMittal Foundation focuses on three key areas: education, health, and community development. We also work to support communities facing emergency situations.

## Education

We believe that education is the key tool for individual and community development: a good education equips people to carve out a better life for themselves and to contribute to collective social change. Of the Foundation's expenditure in 2013, 36% was invested in education projects.

In partnership with the Ministry of Education in South Africa, we have committed to rebuilding 10 schools over a seven-year period. The schools will be refurbished with more sustainable materials such as lightweight steel frames, insulated panels and green technology. In 2013, we handed over the second of these, Mandela Park School, located in Mthatha, in the Eastern Cape, which accommodates 1,200 students. We have also set up science centres in the cities of Vanderbijlpark, Newcastle and Saldanha, which aim to inspire children's curiosity and interest in the sciences, as well as helping them to pass their school exams.

In Zolowee, Liberia, a town of over 2,500 people in the vicinity of our Tokadeh iron ore mine, we have rebuilt a school for around 220 students who receive their classes here every day. In 2013, we also started the construction of a vocational centre in Yekepa, a town near the mine that was severely damaged during the civil war.

## Health

Access to healthcare is a fundamental entitlement of every individual. One of the priorities of the ArcelorMittal Foundation is to safeguard the health of the communities where we work. The Foundation invests in health facilities to strengthen the local medical infrastructure where we have a presence, as well as upgrading obsolete medical equipment and providing much needed healthcare. The Foundation focused 12% of its grants in 2013 on health projects.

The Foundation promotes the exchange of best practice across the globe. For example, in several countries of the Americas – Argentina, Brazil, Mexico, Trinidad & Tobago and Venezuela – the Foundation supports a project *Seeing is Believing*, which focuses on testing children's eyesight. Detecting and addressing problems with children's sharpness of vision are key to supporting pupil performance at school. This project benefited 16,812 children in 2013.

## Continued

### Community development

In addition to the positive impact our business has on regional economic development, through the ArcelorMittal Foundation we seek to create a sustainable basis for economic development within communities near to our plants. We build technical and enterprise skills among those groups who lack opportunity, either as a result of marginalisation or economic hardship. In 2013, 47% of our projects supported community development in this way.

The Foundation's strategy is to cultivate local capacity for sustainable social change.

In Liberia, for example, we are working to train schoolchildren as agents for positive change, encouraging them to seize opportunities and become leaders in their own families and neighbourhoods. By providing them with training on safety, the environment and personal hygiene, we encourage them to be role models by driving their bikes and motorbikes safely, disposing of waste, and preventing the spread of infection and disease, as well as committing to work hard at their academic studies. During 2013, 76 youths and school children were trained at the Yekepa Youth Centre in basic leadership and time management.

In Ukraine, the ArcelorMittal Foundation invested in the repair of three schools, a kindergarten, a boarding-school for deaf children and a health improvement camp for children, which will help them to play and study in a safe and warm environment. The facilities are located in the towns around Kryviy Rih. In 2013, 12,950 pupils benefited from these facilities.

### Emergencies

The Foundation also offers immediate and urgent help to communities affected by emergencies. Following storm 'Manuel' in Mexico in September 2013, for example, we mobilised an emergency aid initiative with donations in kind to the affected communities and families along the coast of Michoacán through the Municipality of Lázaro Cárdenas and our NGO partner ChildFund Mexico.

To help rebuild the damaged roads of the city, ArcelorMittal also donated 20,000 cubic metres of slag – equivalent to 1,430 dump trucks – and a loader, two dump trucks and other vehicles to clean the accumulation of waste in La Mira.

In Romania, we also distributed the materials donated by colleagues and by the company to worst-hit areas in the north of Galati county, where many of our employees live. Again, the Foundation coordinated the donation of 39,000 tonnes of slag from our steel plant to rebuild local roads and bridges.

### Employee initiatives

ArcelorMittal has a strong culture of volunteering, and in 2013 ArcelorMittal employees spent 21,400 hours volunteering to support Foundation activities.

The company joined the international initiative Give & Gain Week, organising more than 75 activities across the company in 21 countries during the month of May. In December, more than 70 units in 26 different countries organised activities to mark the United Nations' International Volunteer Work Day. More than 4,100 of our employees took part in the 185 activities organised across the globe.

In 2014, we plan to resume our solidarity holidays. These are an opportunity for employees to volunteer on one-week projects in a country different than theirs. The time, expertise and support of our colleagues all contribute to the success of these initiatives.

To date, some 200 ArcelorMittal employees have participated in 22 solidarity holidays projects organised by the Foundation in 15 countries: Argentina, Bosnia and Herzegovina, Brazil, China, the Czech Republic, India, Haiti, Liberia, Macedonia, Mexico, Senegal, South Africa, Spain, Trinidad & Tobago and Ukraine.

Our programme of awarding 'mini-grants' to registered non-governmental organisations with which an ArcelorMittal employee is actively involved received the gold award at the 2013 Corporate Engagement Awards in London. Organised by the London-based Communicate Magazine in partnership with the Awards Agency and Sustainable Brands, the awards are one of Europe's benchmarks for corporate partnerships, sponsorship and philanthropy.

# 3.06m

Number of beneficiaries of ArcelorMittal Foundation projects in 2013

### Case study: Creating shared value at the base of the pyramid

The explosive growth in urban populations across the world puts pressure on local resources. Through an inclusive approach to business, we are evolving ways of enabling low-income communities to grow sustainably through the application of steel technology.

For a number of years, ArcelorMittal's research and development teams have been using their knowledge of steel to develop affordable and sustainable housing solutions in conjunction with the ArcelorMittal Foundation. This creates value for our stakeholders in line with the aims of the Foundation and at the same time extends the company's experience of affordable steel housing solutions.

One such solution is Protea, developed by ArcelorMittal's research and development team and designed to meet modern safety, insulation, health and comfort requirements in either tropical or temperate climates. We hope the design, which allows for more privacy than many traditional housing designs in developing countries, will have a positive social impact, for example, on schoolchildren's ability to study more effectively.

Protea is designed to be quick to construct – just two days to assemble and a week to complete.

In 2013, we installed nine Protea housing units near our Vanderbijlpark and Newcastle sites in South Africa. ArcelorMittal volunteers worked with local companies in both locations to construct the houses, two of which were handed over to the local municipality on Mandela Day on July 18.

The initiative has allowed us to share our expertise in steel construction with local businesses. ArcelorMittal plans to use the monitoring tool developed by the local team to assess the impact that the project has had on the families that now live in the houses.

In order to scale up the use of such solutions, and so their social impact, we are exploring ways of creating inclusive approaches to business that will look at alternative routes to market for such products as Protea. Following feasibility work undertaken in 2012, we have been participating in a CSR Europe working group to encourage sustainable and inclusive economic growth at the 'base of the pyramid' among people living on the very lowest incomes.

In 2014, we hope to progress this work further within the company through collaboration between our construction, research and development, marketing, corporate responsibility and Foundation teams.

In addition, we have been awarded funding from the European Union to undertake work on the social contribution that steel solutions can make in the construction sector over their whole life. This will complement our existing work on the long-term environmental impact of steel products that we undertake using a **life cycle analysis** approach. This will help us develop our understanding of the social impacts of our business, and broaden our ability to define sustainability in a measurable way.

# Transparent governance

We believe in open and visible governance, underpinned by a commitment to operating ethically and transparently wherever we are in the world. We have robust processes in place to ensure we identify and manage our risks, and understand the true impacts of both our operations and our supply chain. We also invest considerable time and resources in engaging with our stakeholders across the world.

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## 2013 progress at a glance

	COMMITMENT	PROGRESS IN 2013	SCORE	NEXT STEPS
<b>Corporate governance</b>	Open and transparent governance.	We formed a corporate responsibility council, chaired by a member of our Group Management Board, and defined its terms of reference.	●	We will deepen our understanding of our six most material aspects through the corporate responsibility council.
		KPI Number of Board self-assessments: 1	●	
<b>Business ethics</b>	High standards of integrity among employees and all other stakeholders.	2013 goal: publish additional guidance on the giving and receiving of gifts and entertainment. This procedure was adopted. In addition, we introduced a new conflict of interest procedure.	●	We will develop tools to enhance our compliance monitoring system.  We will ensure 85% of target population is trained in our data protection procedure.  We will develop a roadmap to foster a culture of integrity throughout the company.
		2013 goal: to start implementation of our data protection procedure. In line with this, we introduced and initiated training in the procedure.	●	
		KPI Employees trained in our code of conduct: 84% (2012: 80%)	●	
		KPI Number of operations with a local confidential whistleblowing system: 30 (2012: 21)	●	
<b>Stakeholder accountability</b>	Meaningful engagement to ensure we understand and address stakeholder issues.	2013 goal: to improve the transparency of external stakeholder engagement at 10 sites.	●	We will increase the number of sites stakeholder engagement plans by 25%.
		KPI We have increased the number of local stakeholder engagement plans by 8 to 38.	●	
	High quality corporate responsibility reporting at local level.	2013 goal: to review our stakeholder engagement strategy and measures used to assess effectiveness. We are in the process of reviewing our procedure. Sites are required to assess how advanced their stakeholder engagement plan is through our self-assessment tool.	●	We will publish a revised stakeholder engagement procedure for our sites.
		We published 15 local corporate responsibility reports externally, 5 of which were in accordance with the Global Reporting Initiative.	●	
<b>Human rights</b>	A workforce aware of its rights and responsibilities.	% of employees training in human rights: 86%	●	We will improve quality of our local reports with a 50% increase in the use of the GRI standard.
	The integration of human rights into our everyday governance and business practices.	See <a href="#">community engagement</a> for progress on grievance mechanisms. 2013 goal: to conduct 2 human rights assessments in high priority locations. We conducted an assessment in Algeria in 2013.	●	
<b>Responsible sourcing</b>	An embedded approach to responsible sourcing in our business processes.	2013 goal: to develop a supplier monitoring system in order to track improvements. This system was put in place during the year.	●	We will ensure all our buyers are trained in our code.
		We assessed 243 global suppliers – accounting for about half of our global procurement spend.	●	

Key: ● Met target; ● Partially met target; X Did not meet target; ○ No target but progress made

ArcelorMittal is governed by our Board of Directors and on a day-to-day basis by our Group Management Board. The Board of Directors is a strong independent and experienced governance body, with eight independent directors out of 11, including a lead independent director.

The Board of Directors is accountable for the corporate responsibility performance of the business, and plays an active part in overseeing how this is managed and measured, reviewing it on a quarterly basis.

There are three committees reporting to the Board of Directors through which corporate responsibility issues are analysed:

- the audit committee reviews internal controls to monitor compliance, ethics and other aspects of corporate responsibility;
- the appointments, remuneration and corporate governance committee develops, monitors and reviews corporate responsibility policies;
- the risk management committee addresses specific social, environmental or ethical aspects that present a potential or actual risk to the business.

In 2013, our Board of Directors introduced a number of new governance measures, including new policies limiting terms of service and the numbers of other directorships that members of the Board can hold, as well as guidelines on share ownership and details of the circumstances in which bonuses and performance-related income might be clawed back.

More information about our corporate governance framework, as well as the remuneration of senior management, is available in the Investors section of our website, [www.arcelormittal.com](http://www.arcelormittal.com), and in our 2013 [annual report](#). The Board of Directors mandates the senior management – the Group Management Board (GMB) – to manage the company's corporate responsibility performance.

The company's assessment of the importance of different aspects of corporate responsibility combines a number of elements: risk, value creation and business strategy. This annual corporate responsibility report is one of the formal communications covering value creation as well as performance and is reviewed by the GMB. Our strategy is laid out on p5.

## **Risk management and assurance**

As part of our approach to responsible business, we take into account any risks that can affect our business and our stakeholders, including those arising from not achieving our environmental, social and ethical objectives. Our response to those risks is monitored through audits conducted by our internal assurance team.

We look at risk in the widest possible way, taking into account any uncertainty that might affect our business, or prevent us from achieving our objectives, whether in the long term or the short term. Our [risk management policy](#) assesses the potential impact of specific risks in two ways – financial and non-financial. The latter is particularly relevant to risks affecting our reputation. We also have formal processes to manage and mitigate risks, and we provide guidance to local risk managers to help them identify potential corporate responsibility issues and assess their possible impact.

Ultimate responsibility for risk management lies with the ArcelorMittal Board of Directors, and day-to-day implementation is supervised by the corporate risk management department, which reports to both the GMB and the Board of Directors risk management committee on a quarterly basis. For more information, see the risk factors section of the [annual report 2013](#).

## Continued

Similarly, our internal assurance team reports matters of concern to the audit committee of the Board of Directors. Our internal audit processes were recognised in the European Corporate Governance Grand Prix awards organised by the French Institute of Internal Assurance in 2013.

The Board of Directors has identified health and safety as the biggest sustainability priority for the company and this is a regular agenda item at Board meetings. Directors play a visible leadership role on this issue, and participate in the company's annual *Health and safety week*. Twenty per cent of our GMB members' bonus is linked to our safety performance.

### Corporate responsibility implementation

In 2013, corporate responsibility activity across the group was supported by the corporate responsibility coordination group (CRCG), chaired by the company secretary. In its 11 meetings throughout the year, this group discussed environmental issues such as climate change and emissions regulation, transparency, responsible sourcing and conflict minerals, socially responsible investment and external benchmarking initiatives.

In December 2013, the corporate responsibility council (CRC) was created as one of nine councils reporting to the GMB, and replacing the corporate responsibility coordination group. The creation of this council, chaired by a GMB member, reaffirms the importance of corporate responsibility at ArcelorMittal.

GMB member Gonzalo Urquijo chairs the CRC, which is mandated by the GMB to coordinate and optimise corporate responsibility throughout ArcelorMittal. It is made up of senior managers representing each segment as well as corporate functions.

At the end of the year, the company reorganised the management structure to create four segments made up of mining and three regional steel businesses: Europe, the Americas and Africa/Asia/Commonwealth of Independent States (ACIS). This new structure aims to achieve a deeper understanding of regional issues at the corporate level. Corporate responsibility is a case in point with the appointment of regional segment representatives to the new corporate responsibility council.

In addition to representatives from mining and our three regional segments, the CRC also includes senior managers from our risk management and internal assurance team, legal and compliance, human resources, environment, health and safety, strategy, communications and corporate responsibility functions.

The day-to-day implementation of our corporate responsibility strategy is managed by the corporate responsibility team. They have expertise in specific areas such as stakeholder engagement, responsible sourcing, human rights and reporting. They also engage with global stakeholders such as international non-governmental organisations and socially responsible investors.

One of the areas where we have seen the greatest progress since the corporate responsibility function was established in 2007 has been in our local and regional network of corporate responsibility coordinators. Every plant manager and local CEO is responsible for managing these issues in their own operation, supported by local coordinators who ensure that group policies and standards are in place. The coordinators also manage our stakeholder engagement activities, and communicate our initiatives to local managers and employees.

In 2013, following its initial pilot, we launched our online self-assessment tool for all local coordinators to use in order to map their unit's compliance with our overall corporate responsibility policies and procedures.

We aim to be respectful of local customs and circumstances wherever we operate, while ensuring that we observe the same high standards of integrity and business ethics across the world. We believe that all business contracts should be awarded on merit, that corruption is not acceptable, and that no improper influence should be exerted on government officials or private individuals.

We operate in over 60 countries, which means that we work within many different cultures and business environments. This makes it all the more important that we are clear about the standards of behaviour we expect from our directors, officers, and employees, and anyone who acts on our behalf. We have incorporated these principles into our code of business conduct and anti-corruption guidelines.

## Code of conduct

Our **code of business conduct** governs the way we do business. Applying to all directors, employees, and third parties acting on behalf of the company, it stresses the importance of absolute compliance with all relevant laws, and also gives employees advice about avoiding potential conflicts of interest, ensuring fair relationships with customers and suppliers, protecting data, and using and safeguarding company assets. We also have more detailed policies and procedures covering specific topics such as human rights, anti-trust, anti-corruption, insider dealing, economic sanctions and data protection.

All relevant employees are required to undergo training relating to these policies every three years. Each business segment reports on the status of its compliance training and on possible exceptions or non-compliances on a quarterly basis. These reports are collected, reviewed and reported to the audit committee of the Board of Directors on a quarterly basis. In addition, our compliance programme in different countries is audited by our internal assurance team, and in 2013 they undertook 14 such audits.

By the end of 2013, 84% of our employees had completed the code of business conduct training, an increase of 4% over 2012. Members of the Board of Directors also signed the company's appointment letter in which they acknowledged their duties and obligations.

Three new questions on ethics were included in the 2013 climate survey of employees, two relating specifically to our code of conduct. All of these questions received positive responses from at least 75% of employees.

The group compliance function is supported by a network of compliance officers across the group, who are responsible for monitoring and supporting the implementation of our compliance programme and related initiatives. Quarterly compliance certificates are completed by each business unit to report the status of compliance training and any non-compliances.

Our compliance policies are available to employees on a dedicated intranet site, in a number of different languages, and written in an accessible and clear style, which ensures that they are consistent, easy to implement and up to date.

## Anti-corruption

Our **anti-corruption guidelines** are designed to ensure that everyone at ArcelorMittal observes the highest levels of integrity and is not involved in any corrupt activities. The guidelines make it clear that the company, and its individual directors, officers, employees and subsidiaries, could be held liable for any direct or indirect involvement in corrupt practices, including facilitation payments. Employees can report any breaches of these standards via our confidential whistle-blowing system at corporate and local levels.

While ethics and integrity are universal values, it can be challenging to develop a culture of integrity that goes beyond mere compliance, and some environments are more challenging than others. Where we believe there may be a need to strengthen our programme, as a result of compliance risk assessments or internal audit, we develop an action plan to address those risks. This might involve organising workshops or events, developing an awareness campaign or enhancing compliance monitoring.

In the region of the Confederation of Independent States (CIS), we progressed our efforts in 2013 to provide more in-depth training and held four dedicated workshops in this region with key functions such as sales, purchasing and finance. These gave employees the opportunity to discuss the implications of real-life situations.

We set up ethics and compliance days in Ukraine and Kazakhstan, including a conference for top and middle managers with speakers from various functions such as compliance, human resources, security and internal assurance. At this event in Ukraine, a United Nations Global Compact representative joined our conference and gave a presentation on the 10th principle of the compact: anti-corruption.

In addition to training and workshops, we also intensified the number of internal audits and forensic investigations we carry out in this region. Training in anti-corruption has been undertaken by 86% of those who require it for their day-to-day work in 2013. This represents a fall of 8% against the previous year since the training certificates for nearly 12,000 employees expired in 2013. We will endeavour to ensure these are renewed in 2014.

We have developed a number of procedures to complement our anti-corruption guidelines, such as procedures on political donations and lobbying, and on charitable contributions. In 2013, we introduced two more: a procedure for the giving and receiving of gifts and entertainment, and a new conflict of interest procedure that requires employees in nominated roles to declare any conflict of interest.

We have also developed a new tool for our business segments to assess their anti-corruption compliance risks. The tool allows us to identify potential issues in advance and take action to address them.

### Whistleblowing

For whistleblowing on matters of financial misconduct, individuals or groups may use an anonymous [facility](#) via our corporate website to directly communicate with the chairman of the audit committee. We have also increased the number of confidential hotlines at our major sites to 30.

During 2013, we received 103 complaints relating to alleged fraud, which were referred to and duly reviewed by the company's internal assurance department. Following a review by the audit committee, none of these complaints was found to be significant.

Complaints regarding stakeholder interests are included in this report as grievances and reported in the [stakeholder accountability](#) section.

### Anti-trust

Relevant employees are trained in our anti-trust policy.

Anti-trust proceedings, investigations and follow-on claims involving ArcelorMittal subsidiaries are pending in various countries including Brazil, Germany, Romania, South Africa and the United States.

These are further detailed on p205 of our [annual report](#).

### Data protection

Risks relating to data protection are no higher in our industry than in others. We nonetheless deal with a lot of personal data, for example, from our employees.

At the start of 2013, we launched a new data protection programme, based on our own procedure. This has been formally validated by the European Data Protection Authorities, enabling us to transfer data outside of the EU without the need for further data transfer agreements.

Our data protection procedure applies to the whole group and is part of our compliance programme. We provided training to key managers with responsibilities in areas considered relevant from a personal data protection perspective, such as human resources and IT. We will continue our training efforts with a view to training all relevant employees in 2014.

We are committed to dealing with our stakeholders pro-actively, openly, accountably and with integrity. Meaningful engagement is vital to ensure that we understand and address stakeholder issues and concerns and know how these may impact on our business. In short, it ensures we maintain our 'social licence to operate', one of the key enablers of our business strategy.

## Transparency

ArcelorMittal is committed to being a transparent company in line with internationally agreed guidelines, relevant legislation and the needs of our stakeholders. We take pride in our levels of disclosure and invest time into ensuring the information we disclose is relevant and meaningful. In 2013, our submission to the Carbon Disclosure Project won us a place in their Carbon Leadership Index Benelux, having improved our disclosure score over 2012.

ArcelorMittal Kryvyi Rih, Ukraine, was awarded second place in the 2013 transparency index rating by the Centre for Corporate Social Responsibility in Ukraine. The judges cited the range and transparency of the information available on the company's website, especially in relation to its corporate responsibility activities.

Local reporting is an integral part of our disclosure, and we actively encourage our businesses to publish their own corporate responsibility reports. These enable us to publish information that is important to local communities, employees, customers and governments at a level of detail that cannot be included in our group corporate responsibility report. Fifteen local corporate responsibility reports were published in 2013.

## Extractives Industry Transparency Initiative (EITI)

We support the EITI, which was launched in 2002 to address concerns related to the tax and royalty payments made to governments by the extractive industry. There was perceived to be a lack of transparency in the size of these payments, and a suspicion that the citizens of the countries hosting mining and oil and gas sites were not receiving their proper share of the revenues derived from those resources, especially in the developing world.

The EITI is driven by governments at a national level, and involves many stakeholder groups, with the aim of fostering an open debate about the contribution that mineral resources can make to economic and social development, and helping the overall business

climate to be more open, fair and competitive. The EITI also promotes robust accounting methods and governance processes.

We are a corporate supporter of the EITI international secretariat, and we contribute to the annual reporting process of EITI Liberia, where we are a member of the Multi-Stakeholder Group. In 2013 we also became a member of the EITI board. We support the implementation of the EITI in Kazakhstan through our membership in the Association of Mining and Metallurgical Industry of Kazakhstan, and in the USA we are members of the National Mining Association.

In 2011, Friends of the Earth filed a complaint against ArcelorMittal through the OECD on the basis of the Guidelines for Multinational Enterprises, claiming that the Country Social Development Fund in Liberia, to which we contribute as part of our mining agreement, was being mismanaged. ArcelorMittal took full part in the mediation process with Friends of the Earth, which was concluded in 2013 with a [joint statement](#) of the two organisations on how the management of the County Social Development Fund could be improved.

## Stakeholder engagement

We place a high priority on open, proactive and meaningful engagement with all our stakeholders, and we are committed to giving them information which is honest and transparent. Engaging our external stakeholders will be one of our top business priorities for 2014.

For this report, we have identified our stakeholders using a combination of internal expertise, peer review, considerations of global and local perspectives, and the representation of some stakeholder interests by proxy. We then weighted each group using the criteria of the AA1000 Stakeholder Engagement Standard: dependency, responsibility, tension, influence, diverse perspectives. This helped us determine which stakeholders are most important to us:

- employees
- communities
- governments and regulators
- customers

We focus specific sections of this report on how we engage with our employees and our communities. Our other stakeholders are also important to us, and we describe our engagement with each one of them either below or in relevant sections of this report:

- social partners (eg unions)
- suppliers

**"We need the support and understanding of our stakeholders. Effective engagement to ensure they have a good understanding of our business and the decisions we take is vital."**

*Lakshmi Mittal, letter to employees, February 2014*







## Continued

- contractors
- investors
- peers in our industries
- future generations
- non-governmental organisations
- media
- industry bodies
- multilateral and business organisations

Engaging with our stakeholders helps us to understand what matters to them. This is especially important at the local level, and all our major sites are required to have detailed stakeholder engagement plans that follow our [external stakeholder engagement procedure](#). This helps us to prioritise the issues that matter most to them, and invest our time and resources in the best way. It also helps us to take action early to prevent potential problems. It helps us shape our future operating environment and contribute more effectively to local economic and social development. Ultimately, it protects and enhances our 'social licence to operate', making it easier for new projects to be approved.

We engage with our stakeholders in a variety of ways, as our stakeholder wheel indicates. And we understand that our different stakeholders have different priorities and expect different things from us. We have identified these as part of our materiality assessment and also represented them in the [stakeholder wheel](#).

We have 38 stakeholder engagement plans covering our local operations, and we encourage sites to share these with local stakeholders in the most appropriate and accessible way. Some sites, such as our Zenica site in Bosnia, use a local radio station to communicate with local stakeholders. Others hold regular events or other means to invite stakeholders to follow the progress of a project.

For example, the development of the Mary River mine on North Baffin Island in the Qikiqtani Region of Nunavut, Canada, is 160km from the nearest community, so the internet is the most appropriate means of communication and the project can be followed online at [www.baffinland.com](http://www.baffinland.com).

Some of our sites have set up a stakeholder forum to advise them on their local forms of engagement. For example, in Canada we have set up a stakeholder advisory committee to help us respond to the priorities of the communities around our mines.

When determining how important various aspects of corporate responsibility are to our stakeholders, these local engagement activities are invaluable. In 2013, across the group, the most important aspects to local stakeholders were assessed to be safety, community investment, community relations, economic contribution, accountability and greenhouse gas emissions. These are addressed in the different sections of this report.

Our approach is regularly updated to reflect changing views and new trends. In 2014 we want not only to extend the number of sites covered by a stakeholder engagement plan but to go beyond our industrial operations. We also want to improve the ways in which all these plans are shared with our stakeholders. So where we have many sites in the same country, we want to ensure that each site's plan identifies the specific stakeholders for that site, and communicates with them effectively about that plan. This approach to stakeholder engagement is one we want all our sites to aspire to.

Providing stakeholders with a confidential and accessible system for reporting grievances is an important element of our local engagement with stakeholders. Most of our major sites have a process for doing this, and some of these processes have been in existence for several years. There are now 27 such mechanisms in place across the group, covering 87 sites. We are now bringing them all into line with the UN Guiding Principles for Business and Human Rights, and developing a consistent group-wide approach which draws on good practice from across the whole business and third parties.

During 2013, 1,513 grievances were reported through local grievance mechanisms, from both internal and external stakeholders, covering environmental, health and safety, human rights or other social concerns, and further details of these are given in the relevant sections of this report. More work will be done to improve our reporting on grievances in 2014.

**"It's only thanks to the report that we realised how vast and diverse was the support that ArcelorMittal is providing to our region"**

*Local NGO, close to ArcelorMittal Ostrava*

### No. of stakeholder engagement plans

2013	38
2012	30
2011	30

## Continued

### Reputation survey

In 2013, we commissioned an independent survey of our reputation among our key stakeholders – governments, customers, employees, influencers and financial analysts. Issues affecting our reputation were identified by focus groups, and then scored by a wider group of respondents.

Some results were clear across the board: among customers in particular, we are considered the champion for steel. Community commitment, on the other hand, was an issue of general concern.

The results also showed the effect of location on the priorities of different stakeholder groups. For example, environmental responsibility was considered far more important in Europe than elsewhere, whereas philanthropy is more important to stakeholders in the United States.

For this first study, fieldwork was undertaken in four different countries and we intend to extend the work to cover more countries in the future. The results were used to review the results of our materiality assessment for 2013.

### Non-governmental organisations

We have developed a large number of constructive relationships with non-governmental organisations (NGOs) around the world. Some of these engagements are with local organisations, while others see us collaborating with international organisations, all with a focus on where we operate.

In Bosnia and Herzegovina, we engaged with local NGO EkoForum on air emissions, an important issue for local communities and regulators near our plant. You can read more about our response in the [preventing pollution](#) section of this report

In Liberia, our Biodiversity Conservation Programme has brought together a variety of stakeholders to consider how to compensate for the biodiversity impacts of the first phase of mining. The first year of the programme was spent in discussions with stakeholders, fact finding and drawing up agreements. The latest 45-page report shows the first tangible results of the programme, which is now in its second year. As part of this process, ArcelorMittal funded a series of workshops facilitated by international NGOs Conservation International and Fauna & Flora International.

In the United States, our Sustain our Great Lakes (SOGL) partnership has won the Excellence in Sustainability award from the

World Steel Association. SOGL is a public-private partnership between ArcelorMittal, the US Environmental Protection Agency, the US Fish and Wildlife Service, the USDA, Forest Service, the National Fish and Wildlife Foundation, the National Oceanic and Atmospheric Administration and the USDA Natural Resources Conservation Service.

### Governments and regulators

We engage in policy debates on topics that are of concern to us, or to our employees and the communities in which we operate. Our government affairs team work to gain a greater understanding of the regulatory environment and agenda, to explain our position on specific issues to policymakers and stakeholders, and to work with other players in our industry to anticipate regulatory changes. We engage directly with governments in Europe, the North American Free Trade Agreement region, South Africa, and other countries on policy issues that we believe are essential to the future of the steel industry.

Energy policy is a good example. In 2013, we supported moves towards a global agreement on climate change at the United Nations 19th Conference on Climate Change Communication (COP-19) in Warsaw. As a global company, ArcelorMittal believes it is important for both developed and emerging economies to develop an international regulatory framework which imposes clear and comparable commitments to combat climate change. This is consistent with our efforts to ensure a level playing field internationally to ensure that regulation in one region does not render its steel industry uncompetitive. In 2013, we again emphasised to the European Commission the need for the European Trading System's credits to be allocated according to realistic benchmarks that reflect the operating reality of each industry.

Whenever we engage in lobbying, we do so in an open and transparent way. For example, we have signed up to the European Commission's Register of Interest Representatives, which provides further information on the work we do with European institutions, and information on the money we spend on lobbying and other public policy work. In the US, we file a quarterly Lobbying Disclosure Report with Congress, disclosing our federal lobbying activities, including the total amount spent on lobbying, and the issues and agencies lobbied. The policy issues that are most important in this respect are the environment and climate change, trade, social policy and research and development.

We work closely with the European Steel industry association (EUROFER) and with other local trade associations, to promote a fair and competitive marketplace in Europe. We believe that free trade helps to support our industry, and encourages economic growth, and we support EUROFER in its efforts to ask governments to secure more free trade agreements around the world.

We also work actively with national steel associations, such as in South Africa, Brazil, Mexico, the Ukraine and in EU member countries to express our concerns about the impact that increases in electricity and natural gas prices are having on our industry. We are taking an active part in supporting the European Commission Steel Action Plan on the future of the European steel industry.

In 2013, we sought to ensure consistent rules for taxation on the national and international level. We want to find the most suitable way to disclose such information to tax authorities in a way that is effective for the needs of stakeholders and still respectful of the commercial needs of private enterprises.

### Investors

We disclose details of our performance on a regular basis to analysts who provide information to investors. For example, we respond to annual requests from socially responsible investment analysts such as EIRIS, Vigeo and Sustainalytics.

In 2013, our submission to the Carbon Disclosure Project won us a place in their Carbon Leadership Index Benelux, having improved our disclosure score and upgraded our performance from a C to a B. We also maintained our position in the Dow Jones Sustainability Index for Europe.

In 2013, we spent 113 person days engaging with investor analysts on socially responsible investment topics. The most common areas of interest identified in these engagements are highlighted in the stakeholder wheel.

### Multilateral and business organisations

We are members of a number of global organisations, including the UN Global Compact, CSR Europe, the World Steel Association, EUROFER, the World Business Council for Sustainable Development, and the Extractive Industries Transparency Initiative. Memberships like these allow us to contribute to the debate about issues that affect our business, share good practice with others, learn from peer companies and other expert groups, and promote good corporate governance and a responsible approach to business.

### Case study: Promoting local accountability

As a company of over 230,000 employees with operations in over 60 countries, accounting for the corporate responsibility aspects of our operations is bound to be a challenge. And yet there are inherent risks and opportunities missed if we do not. Our ability to operate successfully depends on stakeholder engagement, and corporate responsibility reporting is a vital part of this.

There have been two major challenges in corporate responsibility reporting at ArcelorMittal. Firstly, to represent in a single report the impacts of such a diverse range of operations within an equally diverse range of contexts; and secondly, to ensure that stakeholders at a local level can engage with those aspects of the company's progress that is relevant to them. The first of these challenges is something we are working on through our enhanced focus on materiality – the emphasis of a number of new reporting frameworks such as integrated reporting and GRI G4. The second challenge calls for local accountability through local engagement and communications.

Ever since the merger of Arcelor and Mittal Steel in 2007, we have worked with our network of corporate responsibility coordinators to encourage the creation of local corporate responsibility reports. In that first year, Brazil produced a report, joined by Argentina, Ostrava and South Africa in 2008. By 2011, this had grown to 11 and last year to 15, with a number of business units also producing internal reports for their employees.

Reporting has grown into something immensely valued by local units as the basis for further engagement with stakeholders. As Acindar CEO José Giraudo says in our Argentina report, "Our sustainability reporting becomes a tool to help strengthen dialogue with employees, suppliers, unions, customers and the community as a whole."

At the same time, they provide a good way of capturing the vast range activities of our company in any one region. As a local NGO in Ostrava said, "It's only thanks to the corporate responsibility report that we realised how vast and diverse was the support that ArcelorMittal is providing to our region"

All the reports focus on the four pillars of our corporate responsibility strategy. But they all take on the distinctive flavour of the local business units, not only in terms of the key topics covered – more and more are using materiality assessments in their reports – but also the look and feel of the report. Last year Brazil used the work of a local artist, who works from scrap metal, to illustrate the report and underline a key aspect of our product's sustainability.

We encourage our business units to share tools that have proved useful in their own reporting, particularly for those starting out on reporting to help them overcome what can seem a daunting task. For example, Luxembourg have shared their planning tool, Brazil have explained how their materiality workshop worked to define the material topics for their report and colleagues in Argentina have described how they made the gold standard step of consulting external stakeholders about their report in a workshop.

Colleagues are also encouraged to share their challenges, such as how to produce a professional report on a limited budget, tackling the Global Reporting Initiative (GRI) or how to deal with reporting in multiple languages. Ideas on how to respond to these challenges are communicated through webinars and in a group-wide guidance document that is updated on a regular basis.

Each year the reporting world at ArcelorMittal progresses. Six of our local reports last year used the GRI framework, and we expect many more to do so in 2014. Encouraged by the success of others, many more countries are planning to report this year, some for the first time, where possible using a materiality approach and the GRI to ensure they meet international standards.

Many of our local corporate responsibility reports are recognised for the standard of reporting. For example, ArcelorMittal Brasil's report won the Best Institutional Sustainability Campaign award from ABAP in 2013, while ArcelorMittal Kryviy Rih's report covering our Ukraine operations earned the company second place in a national Transparency Index.

We are integrating our human rights policy into our everyday governance and business practices through training, workshops, assessments, grievance mechanisms, audits and reporting.

## Policy

Our **human rights policy** draws on the UN Universal Declaration of Human Rights, the International Bill of Human Rights, the core conventions of the International Labour Organisation, and the UN Global Compact. It includes commitments to our workforce, local communities and business partners, and covers health and safety, labour rights and the rights of indigenous peoples.

The policy was developed in collaboration with non-governmental organisations, investors, and academic experts with experience in business and human rights, and was published in 2010. This was followed by an intensive programme of communications and training – the biggest such initiative we had ever run – to raise awareness about human rights issues and ensure our employees understand what human rights means for their own specific roles.

The policy applies to every employee, and we have a compulsory training programme which has to be renewed every three years. It is available online, in local languages, with face-to-face support if there are particular issues to address. By the end of 2013, over 86% of our employees – some 200,000 people – had completed this training in the past three years.

The human rights policy sits alongside other specific policies in areas like health and safety, environment and anti-corruption. Since it was launched, we have introduced other more detailed policies in areas such as the use of force, arms and firearms by our security personnel.

We have developed an in-house human rights assessment tool, which allows our own sites to undertake an analysis of their situation as part of their implementation of the Voluntary Principles on Security and Human Rights.

In 2013, having undertaken a human rights risk assessment for our mining operations in Annaba, Algeria, we developed an action plan to ensure that our operations there uphold our policy.

Going forward, human rights assessments will be prioritised in other countries we consider to be high risk. The list currently includes Brazil, Algeria, Mexico, Ukraine and Liberia.

As well as self-assessments by our sites, we have extended our internal audit programme to cover aspects of human rights and intend to continue this in 2014. We also assess the countries we operate in as part of our standard due diligence process to determine any risks posed to our employees, contractors and sites.

In recognition of the work we have carried out to protect the human rights of our employees, our distribution site in Birmingham, United Kingdom, was awarded a 2013 Business Excellence Award by the Royal Mint, the British manufacturer of coins for both sterling and other currencies. This award followed our achievement of SA8000 certification for the site, a global auditable standard that enables monitoring for compliance against employment standards. This award has enhanced our reputation for supplying safe sustainable steel, and orders to the Royal Mint have subsequently increased.

In 2013, ArcelorMittal Tubarão in Brazil received a human rights award for its work in promoting human rights in the state of Espírito Santo. Its work in this field includes protecting young people in schools, supporting women and families, and working with the police to prevent petty crimes and combat drug trafficking.

## Use of security

Our **security personnel policy** sets clear parameters governing how and when our security personnel can use force, arms or firearms. Where local conditions require us to have public or private security forces, we expect our officers to act in a manner that respects human rights at all times, and comply with all the applicable national, state and local laws. Our policy is based on the Voluntary Principles for Security and Human Rights and the UN Code of Conduct for Law Enforcement Officials.

We engage with public law enforcement forces in certain countries, to raise awareness of our policy governing security and human rights.

### Employee rights

Protecting our employees' rights is an important part of our commitment to human rights. We promote freedom of association, decent working conditions and fair wages, and oppose child and forced labour, as well as unlawful discrimination, harassment and violence.

We carry out regular assessments of our operations and supply chain to ensure that these abuses are not taking place. Any report of child labour is investigated and addressed in a way that safeguards the best interests of the child.

Our policy is to employ only people over the age of 18, with the exception of specific vocational training programmes for young people which are made in accordance with local laws. All our operations keep records of the age of their employees, and respect the minimum working age permitted in that country. There were no reports of under-age or forced labour among our employees in 2013, and none of our operations is considered to be at significant risk of child or forced labour.

A total of 94% of our employees were covered by collective bargaining agreements (or CBAs) in 2013. More information on how we support and protect the rights of our employees can be found in the [investing in our people](#) section.

### Indigenous and community rights

We state our commitment to respecting indigenous peoples' rights in our human rights policy. In 2013, no violations of the customary rights of local communities and indigenous peoples were reported.

When it comes to the land we use for our operations, we aim to follow emerging international best practice, respectful of human rights and in alignment with our [environment policy](#).

We do everything we can to avoid involuntary resettlements, and where this does prove to be unavoidable we always aim to adhere to international standards and comply with the national or relevant regional authorities' guidelines on resettlement and compensation. In practice this means consulting those affected and devising an approach that will best benefit those affected, and offer them a better quality of life as a result.

The impact of our operations on communities and indigenous peoples is reported in the [communities](#) section on [land use](#).

### Grievance mechanisms

We have a number of confidential mechanisms in place at local level which allow people inside and outside the company to report any concerns about possible human rights violations.

For matters of financial misconduct, we have a whistleblowing on procedure on our [website](#) as well as confidential hotlines at 30 of our major sites.

Employees can raise a grievance by speaking to their employee representative, their trade union, or contacting the dedicated email addresses advertised on our intranet.

Serious breaches of the human rights policy by our employees are considered to be cases of gross misconduct, and can lead to dismissal. They will also be reported to the relevant authorities.

In 2013, 28% of the grievances we received through our grievance mechanisms were from internal stakeholders, and related to either environmental, health and safety, human rights or other social concerns. All grievances were addressed.

For more information about our grievance mechanisms is detailed in the [stakeholder accountability](#) section of this report.

### Promoting human rights

Our approach to human rights is constantly evolving as the issues change, and the public expects higher standards from corporations like ours. We are also keen to learn from the experiences of other businesses and to deepen our understanding of the risk of human rights violations around sites which need the protection of security personnel.

During 2013, we presented at a number of inter-governmental events on business and human rights, such as the UN Global Compact Leaders' summit. We have also played an active role in developing a UK action plan on business and human rights, which was published in 2013 – the UK was the first country to set out guidance to companies on integrating human rights into their operations, as recommended by the UN Guiding Principles. We have been co-leaders of the CSR Europe business and human rights working group for the last three years, during which we have worked with companies across Europe to encourage the effective implementation of best practice.

In October 2013, we hosted a joint workshop with the World Business Council for Sustainable Development in London to explore how to identify the human rights issues faced by businesses, and then manage them. Twenty human rights experts attended from the private sector, academia and civil society.

We also work to raise standards throughout our own industry, by sharing our experiences with other organisations, including our customers. In 2013, three of our suppliers launched new codes of business conduct, and another developed a human rights policy, as a direct result of our discussions with them about responsible sourcing.

We believe we can have a positive influence on our suppliers by engaging with them on the social, ethical and environmental aspects of their business. We spend over \$50 billion a year on our supply chain, which gives us a unique opportunity to promote sustainable business practices across the world.

The quality of our products depends to a large extent on the quality of our raw materials, which is why it's so important to manage our supply chain efficiently. We also recognise that the way our suppliers behave affects us, so by encouraging higher standards in our supply chain we can reduce our own risks, meet the expectations of our customers, regulators and wider society, and create more sustainable value for our business, our shareholders and other stakeholders.

To report our progress on responsible sourcing, we are focusing on three key performance indicators: how many people have been trained on our code, the distribution of our code, and the number of suppliers who have acknowledged compliance with the code<sup>1</sup>.

### Our code for responsible sourcing

Our **code** sets out minimum standards for our suppliers and describes how we will work with them to achieve these. It incorporates health and safety, human rights, business ethics and environmental management. In drawing up the code in 2010, we invited input from customers, suppliers, peer companies, and NGOs.

We have also developed a guidance document for both our buyers and our suppliers. This explains what we mean by responsible sourcing and outlines the responsibilities of both parties to make this happen. In addition, we have a dedicated online training module to support our buyers in implementing the code.

We have around 1,200 buyers around the world, and approximately half of them have now been through our online training on implementing our guidance document in their day-to-day dealings with suppliers. We have also organised classroom training sessions for Russian speakers, since the online training is only available in English at present. In 2014, we will continue this training and aim to make further progress in training the remaining buyers.

We are now working to integrate responsible sourcing into our mainstream procurement processes. In the first phase of this work we are focusing on our biggest global suppliers.

### Engaging with suppliers

We believe that partnership is by far the best approach – it allows us to share best practice and set up specific initiatives in areas such as the use of new technology, improving energy efficiency and encouraging more recycling. These can lead to significant cost savings, as well as environmental and social benefits.

Some of our suppliers have their own responsible sourcing programmes and their own commitments to global standards such as the UN Global Compact and the Global Reporting Initiative. In these cases we aim to have a reciprocal agreement in place, which makes assessment easier.

Many of our suppliers are medium-sized private companies in OECD countries and we rely on their compliance with local regulations, rather than requiring them to have their own codes of business conduct or responsible sourcing. There is an opportunity to make progress with these suppliers, and that is where much of our engagement work is focused. Wherever we identify a supplier whose standards are not aligned with our code, we work with them actively to reach an approach that is in line with our code for responsible sourcing. We have a more detailed due-diligence process for suppliers considered to be high risk.

In January 2013, we introduced a new contract clause requiring all our suppliers to comply with the relevant environmental, health and safety, and ethical regulations.

By the end of the year we had distributed our code for responsible sourcing to around 7,000 suppliers at both global and local levels, representing around \$15 billion of spend. This is up from 5,000 in 2012. Around 85% of suppliers (by spend) have either acknowledged the code's requirements or already have an equivalent programme of their own in place.

At a global level our suppliers, numbering some 400 in total, supply us with a range of goods and services from iron ore and coal to base metals and operating products<sup>1</sup>.

# 243

suppliers assessed  
against our code

<sup>1</sup> Following a realignment of the company's purchasing structure in 2013, data on the companies we engaged with on responsible sourcing now purely relate to our global suppliers. Figures from previous years included some local levels of supplier engagement. This year's figure will serve as a new baseline for future reporting.



In 2013, we assessed 243 of these global suppliers against our responsible sourcing requirements – approximately half of our total procurement spend last year – and categorised them from 'unacceptable' through to 'excellent'.

In many cases we identified areas for improvement relating to the management of human rights and ethics and worked with these suppliers to improve. We continued to monitor our global suppliers throughout the year, and by the end of 2013, 44% of our global suppliers were assessed to be either 'good' or 'excellent' – an increase of 10% as a result of our supplier engagement over the year.

However, 28% of the suppliers assessed in 2013 were found to be 'unacceptable' and in 2014 we will focus on these suppliers.

Three of our suppliers launched new codes of business conduct in 2013, and two others developed a human rights policy as a direct result of the discussions we had with them about responsible sourcing during the year.

At a local level there are also examples of engagement with suppliers. For example, in Argentina we are part of the 'Cleaner Production' initiative run by the Santa Fe government, in which big companies invest in local suppliers to improve their environmental performance. In 2014, we plan to run a training programme for both suppliers and customers in Santa Fe to help them improve their sustainability performance.

We continue to participate in the UN Global Compact Supply Chain working group, and we co-lead the CSR Europe working group on sustainable supply chains, and business and human rights. These forums help us to share best practice with other industry leaders and develop better standards for our industry as a whole.

Our responsible sourcing programme was ranked sixth in the VBDO (De Vereniging van Beleggers voor Duurzame Ontwikkeling) Responsible Supply Chain Benchmark of 40 multinationals in the Netherlands, and was the highest scoring in the metals and mining industry. VBDO is the Dutch Association of Investors for Sustainable Development.

### Conflict minerals

There is continued concern that some conflicts around the world are being financed by the trade in minerals. Industries that use such minerals, such as ours, therefore need to ascertain whether they are sourcing them from conflict regions.

The OECD due-diligence guidance for responsible supply chains of minerals from conflict-affected and high risk areas was published in 2011. We were active participants in the working group that established this guidance. Since 2013 we have implemented the framework outlined in this guidance. In particular, we have asked our relevant suppliers to complete the Conflict Minerals Reporting Template developed by the Electronics Industry Citizenship Coalition (EICC)/ Global e-Sustainability Initiative (GeSI).

The US Dodd-Frank Act Section 1502 identifies specific 'conflict minerals', including cassiterite, columbite-tantalite (coltan), gold and wolframite, as well as tin, tantalum and tungsten. The legislation requires companies that report to the US Securities Exchange Commission (SEC) to disclose if any of the minerals used in their products have been sourced from the Democratic Republic of Congo or any of the adjoining countries, and to describe how they have verified this. We are preparing to disclose this information to the SEC in 2014.

For any enquiries about the sourcing of the minerals covered by the Dodd-Frank legislation, please contact [responsiblesourcing@arcelormittal.com](mailto:responsiblesourcing@arcelormittal.com).

### REACH and GHS regulations

REACH is the name of European legislation covering the manufacture, import and use of certain chemical substances. These regulations are designed to protect human health and the environment, and require suppliers and producers throughout the supply chain to report on their use of these substances.

The REACH regulation<sup>2</sup> came into force in Europe in 2007 while the Globally Harmonized System (GHS) has been implemented in Europe since 2009 and in the United States since 2012.

Companies from the ArcelorMittal group that manufacture, import or otherwise use chemical substances covered by REACH (in Europe) and GHS (worldwide), must comply with these regulations.

ArcelorMittal is actively engaged in the REACH and GHS processes and ensures that the manufactured or imported substances on their own or in mixtures are reported in accordance with the requirements of the relevant process. More details about REACH and GHS can be found on our website.

**"The whole atmosphere on responsible sourcing is changing in the purchasing world. As we engage with suppliers, we can see that they are feeling the pressure to comply with global standards. Whether due to customer demands or regulatory pressures, they are increasingly aware of the need for traceability in the supply chain, and as a result we are starting to see a real change in their responses."**

*Gesa Jauck, ArcelorMittal Global Purchasing Manager*

<sup>2</sup> In previous years we have reported on the global and regional coverage of our code, but this year we are reporting solely in relation to our global suppliers.



## Data table

	Indicator	Value	Performance		
			2011	2012	2013
<b>Group</b>	Sales	\$ (million)	93,973	84,213	<b>79,440</b>
	Net income	\$ (million)	1,956	-3,469	<b>-2,575</b>
	Basic earnings per share	\$	1.26	-2.17	<b>-1.46</b>
	Crude steel production	tonnes (million)	91.9	88.2	<b>91.2</b>
	Steel shipped	tonnes (million)	85.8	83.8	<b>84.3</b>
	Own coal production	tonnes (million)	8.3	8.2	<b>8.1</b>
	Own iron ore production	tonnes (million)	54.1	55.9	<b>58.4</b>
	Number of employees <sup>1</sup>		260,523	244,890	<b>232,353</b>
<b>Transparent governance</b>	<b>KPI</b> Number of Board self assessments		1	1	<b>1</b>
	<b>KPI</b> % of employees completed code of business conduct training	%	80	80	<b>84</b>
	% of employees completed anti-corruption training	%	94	94	<b>86</b>
	% of employees completed human rights training	%	62	85	<b>86</b>
	<b>KPI</b> Number of operations with a local confidential whistleblowing system		21	21	<b>30</b>
	Number of suppliers assessed against Code for Responsible Sourcing <sup>2</sup>		263	295	<b>243</b>
<b>Investing in our people</b>	Number of fatalities – total		27	29	<b>23</b>
	Number of fatalities – steel		20	22	<b>19</b>
	Number of fatalities – mining		7	7	<b>4</b>
	<b>KPI</b> Lost time injury rate – total (employees and contractors)*	per million hours worked	1.4	1.0	<b>0.85</b>
	Lost time injury rate – mining (employees and contractors)	per million hours worked	1.2	0.7	<b>0.6</b>
	Lost time injury rate – steel (employees and contractors)	per million hours worked	1.5	1.1	<b>0.9</b>
	Accident severity rate – steel and mining	per thousand hours worked	0.11	0.10	<b>0.09</b>
	Accident severity rate – steel	per thousand hours worked	0.11	0.10	<b>0.09</b>
	Accident severity rate – mining	per thousand hours worked	0.09	0.07	<b>0.06</b>
	<b>KPI</b> Industrial operations (including mines), certified to OHSAS 18001	%	89	95	<b>95</b>
	Absenteeism rate – total mines and steel <sup>3</sup>	%	2.97	2.43	<b>2.30</b>
	Absenteeism rate – mines	%	3.42	1.46	<b>1.24</b>
	Absenteeism rate – steel	%	2.94	2.57	<b>2.45</b>
	% of employees covered by collective bargaining agreements	%	85	85	<b>94</b>
	% of man-days lost to labour disputes	%	0.08	0.06	<b>0.12</b>
	<b>KPI</b> Number of formal consultations with the European Works Council		35	24	<b>20</b>
	Number of strikes exceeding one week in duration		8	3	<b>2</b>
	<b>KPI</b> Number of training hours per employee <sup>4</sup>		n/a	n/a	<b>49</b>
	% of managers that are female	%	10	11	<b>13</b>

### Data table

	Indicator	Value	Performance		
			2011	2012	2013
<b>Making steel more sustainable</b>	Research and development spend	\$ (million)	306	285	<b>270</b>
	<b>KPI</b> Environmental and energy capital expenditure	\$ (million)	329	321	<b>207</b>
	<b>KPI</b> Industrial operations certified to ISO 14001	%	98	98	<b>98</b>
	Primary energy consumption (steel)*	GJ/t crude steel	23.8	23.5	<b>23.7</b>
	Total CO <sub>2</sub> e footprint (steel and mining)	million tonnes	204	200	<b>207</b>
	Total CO <sub>2</sub> footprint (steel)*	million tonnes	193	189	<b>195</b>
	<b>KPI</b> CO <sub>2</sub> emissions per tonne of steel*	tonnes	2.09	2.13	<b>2.14</b>
	NOx (steel)	tonnes	108,754	107,794	<b>108,931</b>
	SOx (steel)	tonnes	193,724	166,110	<b>171,665</b>
	NOx (mining)	tonnes	18,125	16,689	<b>17,629</b>
	SOx (mining)	tonnes	11,093	11,471	<b>17,985</b>
	Steel recycled	million tonnes	32	29	<b>31</b>
	CO <sub>2</sub> saved from steel recycled	million tonnes	41	36	<b>40</b>
	Water intake (steel)	m <sup>3</sup> per tonne of steel	24.1	24.7	<b>23.1</b>
	Net water use (steel)	m <sup>3</sup> per tonne of steel	5.5	4.4	<b>4.2</b>
	Production residues and by products reused (steel)	%	84	86	<b>81</b>
	Production residues to landfill/waste (steel)	%	6	6	<b>9</b>
	Production residues and by products reused (mining)	%	13	14	<b>12</b>
	Production residues to landfill/waste (mining)	%	18	20	<b>24</b>
	Total dust emissions (steel)	tonnes	68,587	68,661	<b>60,252</b>
	Total dust emissions (mining)	tonnes	6,679	12,006	<b>5,646</b>
	Raw materials used by weight (steel)				
	Iron Ore	million metric tonnes	110.6	108.9	<b>113.3</b>
	Pulverised Coal Injection (PCI) and Coal	million metric tonnes	44.8	43.1	<b>42.0</b>
	Coke	million metric tonnes	29.1	28.1	<b>28.0</b>
	Scrap and Direct Reduced Iron (DRI)	million metric tonnes	38.9	36.0	<b>36.8</b>
<b>Enriching our communities</b>	<b>KPI</b> Number of stakeholder engagement plans		30	30	<b>38</b>
	Number of local grievance mechanisms			26	<b>27</b>
	Local projects supported by the ArcelorMittal Foundation		588	725	<b>558</b>
	Employee volunteering	hours	37,311	30,000	<b>21,403</b>
	Community investment spend through ArcelorMittal Foundation	\$ (million)	35.01	41.17	<b>33.7</b>
	Number of beneficiaries of Foundation projects	million	4.7	6.1	<b>3.1</b>
	<b>KPI</b> Total estimated economic contribution <sup>6</sup>	\$ (million)	76,422	71,326	<b>78,884</b>

Data marked with \* has been externally assured by Deloitte LLP in 2012 and 2013.

#### Notes

1 2011 and 2012 employee numbers have not been re-stated in line with restatements in our 20F report in order to preserve the accuracy of per capita and % data for these years.

2 In previous years we have reported on the global and regional coverage of our code, but this year we are reporting solely in relation to our global suppliers.

3 Absenteeism % = Total illness leave time (up to a maximum of six months per case)/ hours to be worked.

4 Training hours per employee : previous disclosures related to training at the ArcelorMittal University only. For 2013, we have consolidated data on health and safety training, local, formal and on-the-job training conducted at site level.

5 In 2012, the scope of energy use data was expanded to match the scope of the CO<sub>2</sub> footprint calculation. In previous years we reported energy use for the seven most energy intensive (steel) processes.

6 Estimated economic contribution includes wages and salaries, supplier payments, capital expenditure, research and development spend, corporate income tax, local taxes, royalties to governments, payments to creditors and shareholder dividends.

Further information on the company guidelines used to prepare data for this report can be found in our [Basis of Reporting document](#), downloadable from the performance section of our online corporate responsibility report: <http://corporate.arcelormittal.com/corporate-responsibility/overview/performance>

Published in April 2014

For the online version of this report, and our infographic 'How we create value':

[corporate.arcelormittal.com/corporate-responsibility](http://corporate.arcelormittal.com/corporate-responsibility)

To receive a copy of the corporate responsibility 2013 highlights booklet, please contact:

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We welcome your feedback on this report. Please send it to:  
[crfeedback@arcelormittal.com](mailto:crfeedback@arcelormittal.com)

# UNGC and Global Reporting Initiative (G3.1) Content Index 2013

GRI Application Level B+

Disclosure level:



Full Partial None

	GRI References	UNGC	Status	Page/Reason for omission
Strategy and analysis	1.1 CEO statement		●	<a href="#">Letter from our CEO and chairman</a>
	1.2 Key impacts, risks and opportunities		●	<a href="#">Letter from our CEO and chairman</a> <a href="#">Our strategy</a> <a href="#">Materiality</a> <a href="#">The global context</a>
Organisation profile	2.1 Name of the organisation		●	<a href="#">Corporate responsibility</a> 20F p1
	2.2 Primary brands, products and services		●	20F p44-50
	2.3 Operational structure		●	20F p27, p70
	2.4 Headquarter location		●	20F p33
	2.5 Operating countries			<a href="#">Interactive map</a> (online)
	2.6 Nature of ownership		●	20F p33
	2.7 Markets served		●	20F p27, p34-5
	2.8 Organisation scale		●	
	2.9 Significant changes		●	20F p28-33
	2.10 Awards received		●	<a href="#">Investing in our people</a> <a href="#">Enriching our communities</a> <a href="#">Making steel more sustainable</a> <a href="#">Transparent governance</a>
Report parameters	3.1 Reporting period		●	<a href="#">About this report</a>
	3.2 Previous report date			
	3.3 Reporting cycle			
	3.6 Report boundary			
	3.7 Boundary limitations			
	3.8 Basis for reporting entities			
	3.11 Significant changes			
	3.9 Basis for calculations		●	<a href="#">Basis of Reporting guidelines</a>
	3.10 Restatement of information		○	Not applicable
	3.12 Standard Disclosures		●	UNGC and Global Reporting Initiative (G3.1) Content Index
	3.13 External assurance		●	<a href="#">About this report</a>
	3.4 Contact		●	<a href="#">Contact</a>

				<a href="mailto:crfeedback@arcelormittal.com">crfeedback@arcelormittal.com</a>
	3.5 Process of defining report content		●	<a href="#">Materiality</a>
Governance, commitments and engagement	4.1 Governance structure		●	20F p166-173 <a href="#">Governance</a> <a href="#">Corporate responsibility governance</a>
	4.2 Chair of Board of Directors		●	<a href="#">Board of directors</a> 20F p166
	4.3 Members of Board of Directors		●	<a href="#">Board of directors</a> 20F Item 6 p149-152
	4.4 Mechanisms for shareholders and employees to report to highest governance body		●	<a href="#">Employee engagement</a> 20F p179-80
	4.5 Senior member compensation and company performance		●	<a href="#">Corporate responsibility governance</a> 20F p154-165
	4.6 Avoiding conflicts of interest in governance		●	<a href="#">Business ethics</a> 20F p169 & 174
	4.7 Process for determining senior member expertise and composition		●	20F p169
	4.8 Company mission, values and codes of conduct		●	20F p26-7 <a href="#">Our strategy</a> <a href="#">Business ethics</a>
	4.9 Procedures of highest governance body for overseeing corporate responsibility		●	<a href="#">Corporate responsibility governance</a> 20F p172-173
	4.10 Evaluating highest governance body performance		●	<a href="#">Corporate responsibility governance</a> 20F p169
	4.11 Addressing the precautionary principle		●	<a href="#">Corporate responsibility governance</a>
	4.12 External initiatives subscribed to		●	<a href="#">Stakeholder accountability</a>
	4.13 Association membership,			
	4.14 Stakeholder groups engaged			
	4.15 Basis for identification of stakeholders			
	4.16 Stakeholder engagement approach			
	4.17 Key stakeholder topics and concerns		●	<a href="#">Stakeholder accountability</a> <a href="#">Materiality</a>
Economic performance indicators	DMA Economic	Principle 1, 4, 6, 7	●	<a href="#">Socio-economic development</a> 20F p34-8
	EC1 Direct economic value		●	<a href="#">Socio-economic development</a>
	EC2 Financial implications of climate change	Principle 7	●	<a href="#">Tackling climate change</a>
	EC3 Defined benefit plan obligations		●	20F pF-92-F-97
	EC4 Financial assistance from governments		○	We do not currently report on this indicator at a global level.

	EC6 Local suppliers		○	We do not currently have a group wide policy for locally-based suppliers.
	EC7 Local hiring		◐	Examples are given in <a href="#">Socio-economic development</a>
	EC8 Impact of infrastructure and service investments		●	<a href="#">Socio-economic development</a> <a href="#">ArcelorMittal Foundation</a> <a href="#">Innovating product design</a>
	EC9 Indirect economic impacts		◐	<a href="#">Socio-economic development</a> We do not currently have a full understanding of our indirect economic impacts, but will conduct a country level study in 2014 on this topic.
Environmental performance indicators	DMA Environmental MMS sector specific: • Residues, waste • Tailings facilities • Waste minimisation • Fugitive emissions e.g. dust	Principle 7-9	◐	<a href="#">Our strategy</a> and <a href="#">Supporting biodiversity</a> <a href="#">Natural resource efficiency</a> <a href="#">Preventing pollution</a>
	EN1 Materials use	Principle 8	●	<a href="#">Data table</a>
	EN20 NOx and SOx emissions			
	EN2 Recycled input materials			
	EN3 Direct energy consumption	Principle 8-9	◐	<a href="#">Data table</a>
	EN4 Indirect energy consumption		○	Data is not yet available.
	EN7 Initiatives to reduce indirect energy consumption			
	EN10 Percentage water recycled			
	EN5 Energy efficiency savings	Principle 8	●	<a href="#">Making steel more sustainable: Progress at a glance</a> <a href="#">Natural resource efficiency</a>
	EN6 Energy efficient or renewable energy based products	Principle 8-9	●	<a href="#">Innovating product design</a>
	EN8 Water withdrawn	Principle 8	◐	<a href="#">Data table</a> (steel only) <a href="#">Natural resource efficiency</a>
	EN9 Water sources significantly affected		●	<a href="#">CDP Disclosure</a>
	EN11 Land near areas of high biodiversity value	Principle 7-8	◐	<a href="#">Supporting biodiversity</a> Examples and case study (Data not consolidated at Group level)
	EN12 Impacts on biodiversity			
	EN13 Habitats protected or restored			
	EN14 Managing impacts on biodiversity			
	EN15 Number of Red List species			
	MM2 Number of sites requiring biodiversity action plans		○	Data is not yet available at a Group level. Examples given only.
	EN16 Total GHG emissions	Principle 8	●	<a href="#">Data table</a> Scope 1 and 2 only
	EN17 Other indirect GHG emissions		○	Data is not yet available at a Group level.

	EN18 Reducing GHG emissions	Principle 8	●	<a href="#">Tackling climate change</a>
	EN21 Water discharged	Principle 8	○	<a href="#">Data table</a> Data is not yet available at a Group level to report on quality and destination of water discharged. Local CR reports
	EN22 Waste disposal	Principle 8	○	<a href="#">Data table</a> Data is not yet available at a Group level to report on type and disposal method of waste. Local CR reports
	EN26 Mitigating environmental impacts of products	Principle 8-9	○	<a href="#">Innovating product design Lifecycle analysis</a>
	EN27 Reclaimed products	Principle 8	○	<a href="#">Data table</a> – steel recycled <a href="#">Recycling</a> : table on p33 provides industry wide data on scrap recycling rates by product category – not possible at present to be specified by company origin.
	EN30 Environmental expenditure	Principle 8	●	<a href="#">Data table</a> Explanations of significant investments are given in <a href="#">Preventing pollution</a>
	EN19 Ozone depleting substances, MM1 Land disturbed, MM3 Total overburden, rock, tailings and sludges, EN23 Total spills, EN28 Environmental fines and sanctions	Principle 8	○	Data is not yet available at a Group level to report.
	Labour practices and decent work performance indicators			
	DMA Labour	Principle 3-6	●	<a href="#">Investing in our people</a>
	LA1 Workforce by employment criteria	Principle 6	○	<a href="#">Investing in our people</a> (pie chart by region) Data on workforce by type, gender and contract is disclosed in local CR reports
	LA2 Employee turnover		○	Data is not yet available at a Group level to report.
	LA4 Employees covered by collective bargaining agreements	Principle 3	●	<a href="#">Employee relations</a>
	LA5 Minimum employee notice period		●	All employees have a contract or employee collective agreement that states the minimum notice period. This will vary depending on labour agreement and local regulatory requirements.
	LA6 Employees in formal joint health and safety committee	Principle 3	○	<a href="#">Employee relations</a> . Our Global JHSC covers all our employees.
	MM4 Number of employee strikes		○	<a href="#">Employee relations</a>



Human rights performance indicators	LA7 Injury and fatality rates	Principle 1	●	<a href="#">Safety</a> Reported by segment at Group level, and within each local CR report. Nature of fatality data is considered too sensitive to disclose by region.
	LA8 Education, prevention and risk control programmes against serious disease		●	<a href="#">Health</a>
	LA9 Health and safety topics covered in formal agreements with trade unions		●	<a href="#">Safety</a> <a href="#">Health</a>
	LA10 Average training hours		●	<a href="#">Developing our employees</a> Not considered sufficiently material to disclose by employee category.
	LA11 Skills management programs		●	<a href="#">Developing our employees</a> <a href="#">Employee relations</a> <a href="#">Socio-economic development</a>
	LA12 Percentage of employees receiving regular performance and career development reviews, by gender		●	<a href="#">Developing our employees</a>
	LA13 Composition of governance bodies	Principle 6	●	20F p149-175 <a href="#">Board of directors</a>
	LA14 Gender remuneration ratio		○	Data is not yet available at a Group level to report.
	LA15 Retention rates after parental leave		○	Data is not yet available at a Group level to report.
	DMA Human rights	Principle 1-2	●	<a href="#">Transparent governance</a> <a href="#">Investing in our people</a>
	HR1 Human rights clauses		○	Data is not yet available at a Group level to report.
	HR2 Supplier human rights screening	Principle 2	●	<a href="#">Responsible sourcing</a>
	HR3 Employee human rights training	Principle 2	●	<a href="#">Human rights</a>
Society performance indicators	HR4 Reported cases of discrimination	Principle 2	●	<a href="#">Human rights</a>
	HR5 Freedom of association and collective bargaining risk	Principle 2	●	<a href="#">Employee relations</a> <a href="#">Responsible sourcing</a> 20F pg22
	HR8 Security personnel		○	Data is not yet available at a Group level to report.
	HR11 Human rights grievances		●	<a href="#">Human rights</a>
	HR6 Child labour risk	Principle 4-5, 1-2	●	<a href="#">Human rights</a> <a href="#">Land use</a>
	HR7 Forced or compulsory labour risk			
	HR9 Violations of indigenous people			
	HR10 Operations subject to human rights reviews			
	DMA Society		●	<a href="#">Transparent governance</a> <a href="#">Enriching our communities</a>
	SO1 Operations with local community engagement programmes, SO5 Public policy positions		●	<a href="#">Stakeholder accountability</a>
	MM5 Operations adjacent to indigenous people's territories		●	<a href="#">Land use</a>
	MM6 Land use disputes	Principle 1-2	●	<a href="#">Land use</a>

	SO2 Business units analysed for risk of corruption	Principle 10	●	<a href="#">Business ethics</a> <a href="#">Corporate responsibility governance</a>
	SO3 Employees anti-corruption training	Principle 10	●	<a href="#">Business ethics</a>
	SO7 Anti-competitive behaviour legal actions	Principle 10	●	20F pg188-195
	SO8 Non-compliance fines and sanctions			
	MM7 Grievance mechanisms used to resolve disputes		●	<a href="#">Community engagement</a> <a href="#">Land use</a> <a href="#">Human rights</a> Data is not yet available at a Group level to report fully.
	SO9 Operations impact on local communities	Principle 1 - 2	●	<a href="#">Land use</a> <a href="#">Preventing pollution</a>
	SO10 Mitigation measures for local communities			
	MM8 Artisanal and small-scale mining		○	Data is not yet available at a Group level to report.
	MM9 Resettlement	Principle 1 - 2	●	<a href="#">Land use</a> <a href="#">Human rights</a>
	MM10 Closure plans		○	<a href="#">Employee relations</a> Data not yet available at Group level to report fully.
	SO4 Response to incidents of corruption		○	No material incidents were reported in 2013.
Product responsibility performance indicators	DMA Product responsibility		●	<a href="#">Transparent governance</a> Some aspects of product responsibility are not considered material
	PR1 Health and safety product impacts		●	<a href="#">Safety</a> <a href="#">Health</a> Data is not yet available at a Group level to report fully.
	PR3 Product and service information		●	<a href="#">Responsible sourcing</a> Data is not yet available at a Group level to report fully.
	PR5 Customer satisfaction		●	<a href="#">Stakeholder accountability</a> Data is not yet available at a Group level to report fully.
	PR7 Marketing non-compliance		●	No material incidents of non-compliance reported in 2013.
	PR9 Non-compliance fines		●	No material incidents of non-compliance reported in 2013.
	M11 Materials stewardship		●	<a href="#">Responsible sourcing</a>
	PR6 Marketing communications compliance programmes		○	This indicator is not considered material.

# Basis of Reporting

## ArcelorMittal corporate responsibility indicator guidelines

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This document sets out the main principles and methodologies used by ArcelorMittal in reporting data relating to our corporate responsibility performance in the corporate responsibility report data table.

We provide guidelines for our operations to help them understand how to report the data we need to collect for both internal and external reporting.

We seek to follow best practice in corporate responsibility reporting. We draw on corporate responsibility reporting guidelines from the Global Reporting Initiative as well as industry guidelines from the World Steel Association (worldsteel).

### **Scope of reporting criteria**

We report on our performance against those indicators that best communicate the most material aspects of our corporate responsibility performance.

### **Scope and boundary-setting**

The corporate responsibility report covers ArcelorMittal and its significant operating subsidiaries, excluding joint ventures and associates where we do not have operating control. A list of our significant operating subsidiaries, joint ventures and associates can be found in ArcelorMittal's [annual report](#).

All data is reported for the period 1<sup>st</sup> January to 31<sup>st</sup> December.

All financial figures refer to United States Dollars.

Health, safety and environmental data is specific to our steel or mining operations as indicated, except where it is clearly combined.

# Reporting methodology by indicator

## Investing in our people

### Safety indicators scope

Scope includes all companies within the ArcelorMittal Group and permanent or temporary employees, as well as contractors (direct or indirect) who perform work on ArcelorMittal sites.

Any acquisitions or divestments are included within the scope of reporting from/until the date of the transaction.

**Temporary employment:** Employees hired on a temporary basis by the company are included in all health and safety statistics. Temporary employment may include: contracts limited in time, temporary jobs, holiday jobs, student jobs or traineeships.

**Contractor:** ArcelorMittal considers contractors to be all companies contracted (directly or indirectly) by ArcelorMittal to perform work on a site where ArcelorMittal has operating control.. This definition includes the personnel of a service provider, subcontractors, etc, whether with a permanent or temporary employment. This also includes transport of incoming and outgoing products as far as ArcelorMittal has a direct or indirect contract with the transporting company (i.e. loading, unloading and transport on ArcelorMittal sites).

### Indicator: Fatalities

Definition: A death caused by work that occurs on company property or while travelling on company business. This also includes contractors on our site or when transporting our goods (when a service contract with ArcelorMittal exists), that results in a fatality.

An incident that occurs while travelling to or from the normal place of work is not to be included in the statistics. An incident that occurs while travelling on company business is to be included in the statistics, wherever this is happening and thus covers all the time from leaving home or normal working place, wherever the business trip is starting, until returning home or to the normal place of work, unless due to specific activities that are not linked to the business trip.

Unit: Number of people

### Indicator: Lost time injury rate

Definition: 
$$\frac{\text{Fatalities} + \text{number of incidents with lost time}}{\text{Person hours worked}} \times 10^6$$

Figures reported express the frequency of injuries per million hours worked.

A work-related injury is one that results in the loss of at least one full working day (beyond the date of the injury) and is measured from the first day after the event.

Any absence, beyond the day of the injury occurring or the consequence of the incident, is automatically a lost-time injury. This is independent of medical advice to stay at home or do adapted work – the reality is to be used for reporting.

The injury must be caused by a sudden, single instantaneous event, caused by the work and not the result of any pre-existing underlying medical conditions with a history of like symptoms – this is to be determined only by medical professional.

An incident with lost time which spans over several months is only counted once, in the month of start of the absence. In case of a lost time injury which spans over a longer period, there is no limit to the number of absence days to be counted.

An incident that occurs while travelling to or from the normal place of work is not to be included in the statistics. An incident that occurs while travelling on company business is to be included in the statistics, wherever this is happening and thus covers all the time from leaving home or normal working place, wherever the business trip is starting, until returning home or to the normal place of work, unless due to specific activities that are not linked to the business trip.

Worked hours are calculated based on the number of actual hours worked or scheduled hours to be worked. The hours actually worked and those regarded as such include the time spent for training or other work required activities, but does not take into account holidays or other days off. Methodologies for calculating hours worked may differ for employees and contractors.

Unit: per million hours worked

#### **Indicator: Accident severity rate**

Definition:  $\frac{\text{number of days lost for injury}}{\text{person hours worked}} \times 10^3$

Figures reported express the rate of accident severity per thousand hours worked.

Injuries are defined as for lost time injuries above

Worked hours are calculated as for lost time injury.

Unit: days per thousand hours worked

#### **Indicator: Absenteeism rate**

Definition:  $\frac{\text{Total time off for illness}}{\text{theoretical hours worked}} \times 100$

Figures reported express the percentage of work time spent off for illness.

Time off is expressed in hours from the first day of illness, up to maximum of six months per case.

Absenteeism rates can give an indication of health levels among employees, but it is recognised that other factors

Unit: %

**Indicator: Industrial operations certified to OHSAS 18001**

Definition: Sites which, through audit by an external certified body, have been granted the OHSAS 18001:2007 certificate from that certified body

Unit: %

**Indicator: % of man-days lost to labour disputes**

Definition: The total number of man-days lost to labour disputes/(total number of employees x 5 day working week x 48 weeks per year)

Unit: %

**Indicator: Number of strikes exceeding 1 week in duration**

Definition: A strike is defined as a work stoppage caused by mass refusal of employees to perform work, in response to a labour dispute.

Unit: Number

**Indicator: No. employees in GEDP**

This indicator has been replaced by the following, broader, indicator to include those performance and development management programmes not included within the Global Employee Development Programme:

**Indicator: proportion of employees participating in performance and development management programmes**

Definition: 
$$\frac{\text{The total of (a + b)}}{\text{Total no. exempt employees}} \times 100$$

where

a = Number of Exempts using the Global Employee Development Programme (GEDP) process

b = Number of Exempts using local performance & development management process

Exempt employees are those targeted by Group Corporate Leadership Development including: all ArcelorMittal Managers and above, expatriates, globally mobiles and talents below manager level.

Each business unit manages exempt population in GEDP beyond this scope. Exempt employees are

monthly salaried employees, paid an agreed amount for the whole job, not eligible for overtime regardless the amount of time or efforts required to complete the work.

This indicator has changed from 2013. In previous years, we reported on the number of employees participating in the GEDP. In order to express our employee development process more accurately, we now report on the above, broader, indicator.

Unit: Number

**Indicator: Training hours at ArcelorMittal University**

This indicator has been replaced the following indicator, in order to reflect the true level of training available to our employees at site level.

**Indicator: Training hours per employee**

Definition: The number of full time employee training hours divided by the number of employees.

Previously we reported the number of full-time employee training hours at the ArcelorMittal University only, excluding all training provided at site level. The new indicator reports the number of training hours per employee. This figure is derived from the total number of hours spent on training initiatives occurring across the whole group (in 2013, this was from consolidated data for 70% of our sites) divided by the total number of employees at those sites from which data has been consolidated. It includes ArcelorMittal University, online, on the job, onsite and external training programmes. This number **excludes** subcontractors and apprentices. It includes health and safety, leadership and management, induction, language, compliance, vocational, technical and functional training. Other training types are additionally specified.

Unit: hours

**Indicator: % of managers that are female**

Definition: 
$$\frac{\text{No. female managers from GEDP population}}{\text{Total no managers in GEDP population}} \times 100$$

Unit: %



# Making steel more sustainable

As at the end of 2013, 98% of our industrial steel plants are certified to ISO 14001. ArcelorMittal considers this certification a factor that supports the quality of the data recorded at site level.

All steel and mining data relates to operational sites only.

In addition to this guidance, further technical support on environmental management indicators is provided to ArcelorMittal units by CTO.

## **Indicator: Environmental and energy capital expenditure**

Definition: Any investment in environmental improvements, such as water treatment facilities, de-dusting equipment and technology upgrades. This excludes environmental operating expenditures that are incurred as a result of continuous improvement.

Unit: USD (million)

## **Indicator: Total Energy consumption (steel only)**

Definition and boundary: The total energy consumption or energy footprint calculation includes all major steel plants, including those with a coke battery, blast furnace/convertor and electric arc furnace. Mines, service centres, transportation, office buildings and units with low energy intensity (such as welded tubes units) are excluded from this calculation.

New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's total Energy consumption (or "Energy footprint") = Energy from fuels + equivalent energy for pre-processed flows (electricity, industrial gas pellets and burnt fluxes)

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on material use, energy and utility flows at the site level. Site level data is obtained from procurement, delivery and inventory information. This data is used to calculate net use, and converted to Energy with standard factors from energy contents or equivalent energy value for pre-processed flows (electricity, steam, hot water, compressed air, industrial gases, pellets and burnt fluxes). These standard factors are preferably measured or otherwise derived from standard values from ArcelorMittal's experience.

As at the end of 2012, 98% of our industrial steel plants are certified to ISO 14001. ArcelorMittal considers this certification a factor that supports the quality of the data recorded at site level.

The data is collated at group level by the Environment team, Chief Technology Officer's department. Data is submitted by local site management.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

**Reporting method:**

The net use of materials and energies at site level (procurements – deliveries – inventory change) associated with net calorific values or equivalent energy value for pre-processed flows (electricity, steam, hot water, compressed air, industrial gases, pellets and burnt fluxes) gives an estimate of the energy impact of the Group. In particular:

- Energy from fuels (condensed and gases) is accounted with their net calorific value, also named lower heating value (LHV) or lower calorific value (LCV).
- Electricity is accounted with a standard equivalent energy, taking into account power plant efficiency and not only unit conversion from MWh to GJ.
- Steam and hot water are accounted with a standard equivalent energy based on ArcelorMittal experience.
- Energy from pellet is accounted with a standard value based on IISI study on “Energy use in the steel industry”.
- Energy for industrial gas and burnt fluxes is accounted with standard values based on ArcelorMittal experience.

Unit: Gigajoules (GJ) and GJ / tonnes crude steel for specific energy consumption

**Indicator: Total CO<sub>2</sub> emissions (steel)**

*Organisational boundary:* those business units of material significance within our operational control. New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal. Joint ventures and subsidiaries are included only where they fall within our operational control.

For CO<sub>2</sub> (steel), this includes all steel plants with a significant CO<sub>2</sub> impact, including those with a coke battery, blast furnace/convertor, electric arc furnace. Business units with low energy intensity (such as welded tubes units) as well as service centres, office buildings and transportation are excluded from the boundary of calculation.

*Description of significant CO<sub>2</sub> emissions during steelmaking process:* An integrated steel mill has all the functions for primary steel production: iron making (conversion of ore to liquid iron), steelmaking (conversion of pig iron to liquid steel), casting (solidification of the liquid steel) and product rolling (finished shapes). Waste gases are produced mainly by the coke plant, blast furnace and basic oxygen furnace and contribute to the heat balance of the site.

These waste gases may be emitted directly through our chimneys, burnt in a power plant to produce electricity or, where this is not possible, they must be flared. The power plant is sometimes owned by ArcelorMittal and at other times owned by a third party. Since these gases must be emitted within a short time (some minutes) after production, the decision on how they are emitted is driven entirely by the level of activity of the steel plant. We therefore consider the emissions from our waste gases to always be within our operational control. We differentiate as follows:

**‘Direct emissions’** are the actual emissions coming out of the chimneys of the sites. This data is based on a carbon balance at site level.

**‘Process emissions’** are the aggregate of direct emissions + emissions resulting from the combustion of exported waste gas used in the power plant to generate electricity.

*Operational boundary:* we report on Scope 1, Scope 2 and Scope 3 of the GHG Protocol as follows:

ArcelorMittal’s total CO<sub>2</sub> emissions (or “CO<sub>2</sub> footprint”) =

Scope 1 (all ArcelorMittal process emissions, as defined above) +

Scope 2 (indirect emissions from ‘net’ purchased electricity as defined below)<sup>1</sup> +

Scope 3 (other indirect emissions as defined below).

**Scope 1:** (Process emissions): Our reporting under Scope 1 is conservative in order to allow a fair comparison of carbon data between the reporting sites and includes all our process emissions under our control. If we only considered direct and not full process emissions (ie excluded the external power plant emissions) we would effectively transfer our process emissions to the power plant and replace them with Scope 2 emissions for all the electricity we import from the power plant, based on the average carbon content of grid electricity. But since our waste gases are five times more carbon-intensive than the natural gas power that power plants would normally utilize, we would be under-reporting the emissions for which we are responsible. The CO<sub>2</sub> per tonne of steel of a power plant that reports its direct emissions only can be twice that of one that reports its full process emissions.

**Scope 2:** (Indirect emissions from ‘net’ purchased electricity): Electricity-related emissions are linked to the external procurement of electricity in excess of those quantities produced from waste gas exported to external power plants. For this calculation, country (or local if relevant) specific CO<sub>2</sub> equivalent emission factors of electricity are applied.

**Scope 3:** (Other indirect emissions): the other upstream CO<sub>2</sub> included in our boundary emissions related to the procurements of preprocessed materials and utilities (such as, pellets, burnt fluxes, industrial gases) and exchange of intermediate products between sites (such as coke, DRI, pig iron). Upstream emissions do not include raw material extraction or transportation and only capture emissions produced during processing of materials.

*Collection of data:* ArcelorMittal requires production sites to fill in a standard template, which requests information on material use, energy and utility flows at the site level. This data is obtained from procurement, delivery and inventory information at site level and is used to calculate net use

*Data conversion:* and then converted to CO<sub>2</sub> with standard emission factors<sup>1</sup> from carbon contents or upstream values for processed materials, utilities and intermediate products. These values are preferably measured directly; otherwise they are derived from standard values based on ArcelorMittal’s experience (see Appendix 1). A unique upstream value is allocated to each pre-processed material, utility and intermediate product, based on the average performance of the producing sector. Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

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<sup>1</sup> These factors are detailed in Appendix 1.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO). Our CO<sub>2</sub> data at site and group level is assured by Deloitte LLP.

Unit: million tonnes CO<sub>2</sub>; tonnes CO<sub>2</sub>/tonne crude steel

**Indicator: Total CO<sub>2e</sub> emissions (mining and steel)**

*Boundary:* For CO<sub>2e</sub> (mining), the organisational boundary includes all our mining operations, and our CO<sub>2</sub> emissions relate predominantly to our use of electricity. Transportation activities are currently excluded. See indicator "Total CO<sub>2</sub> emissions (steel)" for steel boundary.

ArcelorMittal's total CO<sub>2e</sub> emissions (or "CO<sub>2e</sub> footprint") =

Scope 1 (process CO<sub>2</sub> emissions from steel + CO<sub>2</sub> from mining + CH<sub>4</sub> from mining) +

Scope 2 (indirect emissions from "net" purchased electricity + electricity purchased at mining sites)<sup>1</sup> +

Scope 3 (other indirect emissions as defined above)

CH<sub>4</sub> emissions reported in tonnes of CH<sub>4</sub> are multiplied by the warming potential (21) to get the CO<sub>2</sub> equivalent emissions (CO<sub>2e</sub>) in tonnes.

*Collection of data:* ArcelorMittal requires production sites to fill in a standard template, which requests information on material use, energy, utility flows and CH<sub>4</sub> emissions (for coal mines) at the site level. This data is obtained from procurement, delivery, inventory information and air analysis (for CH<sub>4</sub>) at site level and is used to calculate net use and then converted to CO<sub>2</sub> with standard emission factors from carbon contents or upstream values for processed materials, utilities and intermediate products. These values are preferably measured directly; otherwise they are derived from standard values based on ArcelorMittal's experience (see Appendix 1). A unique upstream value is allocated to each pre-processed material, utility and intermediate product (steel only), based on the average performance of the producing sector. Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

CH<sub>4</sub> emissions reported in tonnes of CH<sub>4</sub> are multiplied by the warming potential (21) to get the equivalent CO<sub>2</sub> emission (CO<sub>2e</sub>) in tonnes.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO).

Unit: million tonnes CO<sub>2</sub> e

**Indicator: dust (steel)**

*Definition and boundary:* The dust emission includes all major steel plants, including those with a coke battery, blast furnace/convertor and electric arc furnace. Mines, service centres, transportation, office

buildings and units with low energy intensity (such as welded tubes units) are excluded from this calculation.

New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's dust emission (steel) include all emissions of ducted dust (i.e. from stacks and chimneys).

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: dust (mining)**

Definition and boundary: The dust emission includes all our mining operations including beneficiation plants, pellets and boilers and power plants. New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's dust emission (mining) include all emissions of ducted dust (i.e. from stacks and chimneys).

Data is collected from ArcelorMittal mine sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: SOx (steel)**

Definition and boundary: The dust emission includes all major steel plants, including those with a coke battery, blast furnace/convertor and electric arc furnace. Mines, service centres, transportation, office buildings and units with low energy intensity (such as welded tubes units) are excluded from this calculation.

New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's SOx emission (steel) include all emissions of ducted SOx (i.e. from stacks and chimneys). SOx or Sulfur oxide refers to many types of sulfur and oxygen containing compounds such as, SO<sub>2</sub>, SO<sub>3</sub>, etc

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: SOx (mining)**

Definition and boundary: The dust emission includes all our mining operations including beneficiation plants, pellets and boilers and power plants. New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's SOx emission (mining) include all emissions of SOx dust (i.e. from stacks and chimneys). SOx or Sulfur oxide refers to many types of sulfur and oxygen containing compounds such as, SO<sub>2</sub>, SO<sub>3</sub>, etc

Data is collected from ArcelorMittal mine sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: NOx (steel)**

Definition and boundary: The dust emission includes all major steel plants, including those with a coke battery, blast furnace/convertor and electric arc furnace. Mines, service centres, transportation, office buildings and units with low energy intensity (such as welded tubes units) are excluded from this calculation.

New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's dust emission (steel) include all emissions of ducted dust (i.e. from stacks and chimneys). NO<sub>x</sub> is a generic term for mono-nitrogen oxides NO and NO<sub>2</sub> (nitric oxide and nitrogen dioxide).

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: NO<sub>x</sub> (mining)**

Definition and boundary: The dust emission includes all our mining operations including beneficiation plants, pellets and boilers and power plants. New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's dust emission (mining) include all emissions of ducted dust (i.e. from stacks and chimneys). NO<sub>x</sub> is a generic term for mono-nitrogen oxides NO and NO<sub>2</sub> (nitric oxide and nitrogen dioxide).

Data is collected from ArcelorMittal mine sites by means of a standard template, which requests information on emission as yearly flow process by process and cover the whole site.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: tonnes

#### **Indicator: production residues and by-products reused (steel)**

Definition and boundary: Production residues and by-products reused includes all major steel plants, including those with a coke battery, blast furnace/convertor and electric arc furnace. Mines, service centres, transportation, office buildings and units with low energy intensity (such as welded tubes units) are excluded from this calculation.



New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's production residues and by-products reused is the quantity in tonnes of residues re-used at site level and externally compared the production of the year of residues.

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on emission as yearly flow.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: %

**Indicator: production residues and by-products reused (mining)**

Definition and boundary: Production residues and by-products reused includes all our mining operations, including beneficiation plants, pellets and boilers and power plants.

New acquisitions are included from the date of acquisition. Disposals are excluded from the date of disposal.

ArcelorMittal's production residues and by-products reused is the quantity in tonnes of residues re-used at site level and externally compared the production of the year of residues.

Data is collected from ArcelorMittal production sites by means of a standard template, which requests information on emission as yearly flow.

Where local site data is not available, estimates are made based on the production to emissions ratio of the prior year, and applying this to the current year production data.

Data is submitted by local site management to the Environment team, Chief Technology Officer's department (CTO)

Unit: %

# Enriching our communities

**Indicator: Economic contribution**

Definition: Economic contribution is based on wages and salaries, supplier and contractor payments, mining royalties, corporate income tax and local taxes, capex, dividends, R&D and ArcelorMittal Foundation projects. Although expenditure on R&D, capex and Foundation projects are subcategories of certain other categories given, such as payments to suppliers, they are notable contributions to society in terms of intellectual and manufactured capital, and are therefore extracted in order to provide more detail.

It does not include indirect contributions to the economy, such as through indirect job creation through the supply chain. Data is derived from financial records for the year in review.

Unit: USD (million)

**Indicator: Number of local stakeholder engagement plans**

Definition: the number of stakeholder engagement plans (SEPs) establishing an annual action plan on engagement with local stakeholders.

SEPs should be established according to the ArcelorMittal [External Stakeholder Engagement Procedure](#) on an annual basis. Ideally, there should be a unique plan for each site in recognition that the stakeholder set and priorities may differ from site to site, even if within the same country. The plan should be shared with management, and communicated in an appropriate manner with each stakeholder group.

Unit: number

**Indicator: Number of local grievance mechanisms**

Definition: the number of confidential mechanisms established to receive, process and respond to grievances from local stakeholders.

Unit: number

**Indicator: Number of local community projects supported by the ArcelorMittal Foundation**

Definition: The number of separate projects supported by the ArcelorMittal Foundation at a local level, plus number of solidarity holidays projects and minigrants supported during the year.

Unit: Number

**Indicator: ArcelorMittal Foundation community investment spend**

Definition: The amount of money invested by ArcelorMittal to carry out social projects to benefit our communities.

Unit: USD (million)

**Indicator: number of beneficiaries of ArcelorMittal Foundation projects**

Definition: the sum beneficiaries directly benefitting from each of those projects funded by the Foundation during the year.

Unit: number

**Indicator: Employee volunteering hours**

Definition: Hours spent by ArcelorMittal employees supporting International Volunteer Work Day, Solidarity Holidays and other local volunteering actions. In 2013, this did not include any volunteer hours from solidarity holidays, as these did not run. No attempt has been made to compute a financial value for these hours, since guidance on the terms of volunteering across the company is decided by the local business unit and is therefore variable across the company.

Unit: hours

# Transparent governance

**Indicator: % of employees completed code of business conduct training, anti-corruption guidelines training, human rights policy training**

Definition: employees are required to undertake these trainings every three years. The percentage reported for the year relates to the number of employees who have a valid training certificate at the end of the period.

Units: %

**Indicator: The number of board self-assessments**

Definition: The board self-assessment takes place at the level of the board of directors of the ArcelorMittal group's parent company.

Unit: Number

**Indicator: Total number of grievances reported**

Definition: The number of allegations or concerns raised by our stakeholders, either by employees, or community members or others, which were reported via local grievance systems. Issues can relate to a wide range of concerns from human rights to environmental management or health and safety.

Reports that relate to financial misconduct either by or against an ArcelorMittal employee or stakeholder are considered as whistleblowing incidents and are dealt with under our whistleblowing procedure and are not included.

Unit: Number

**Indicator: Number of suppliers assessed against the code for responsible sourcing**

Definition: Number of ArcelorMittal suppliers completing a responsible sourcing self-assessment questionnaire.

Following a realignment of the company's purchasing structure in 2013, data on the companies we actively engage with on responsible sourcing now only cover our global suppliers. Figures from previous years included some local levels of supplier engagement. This year's global figure will serve as a new baseline for future reporting.

Unit: Number

# APPENDIX 1

## CO<sub>2</sub> and Energy footprint default values

Table 1 - Electricity: CO<sub>2</sub> equivalent

Country	g CO <sub>2</sub> /kWh	Country	g CO <sub>2</sub> /kWh
Algeria	500	Luxembourg	220
Argentina	282	Macedonia	900
Belgium	220	Mexico	700
Bosnia Herzegovina	900	Morocco	700
Brazil	65	Poland	750
Canada - Ontario	84	Romania	700
Canada - Ontario	4	South Africa	900
Czech Republic	700	Spain	475
France	91	Trinidad & Tobago	500
Germany	590	Ukraine	900
Italy	500	United States	635
Kazakhstan	900	Venezuela	213

Table 2 – CO<sub>2</sub> and energy upstream for utilities

Upstream Energy and CO <sub>2</sub>			Default Values	
Product code	Stream			Upstream Energy
	Utilities		up CO <sub>2</sub> t/unit	up En GJ/unit
Ut-01	MWh	Electricity	depend on country	9.208
Ut-02	t	High Pressure Steam		3.350
Ut-03	t	Low Pressure Steam		3.050
Ut-04	t	Hot water		0.850
Ut-05	Wh/Nm <sup>3</sup>	High Pressure Oxygen	figures based on Up energy and electricity country CO <sub>2</sub> equivalent	710.000
Ut-06	Wh/Nm <sup>3</sup>	Low Pressure Oxygen		500.000
Ut-07	Wh/Nm <sup>3</sup>	Nitrogen		200.000
Ut-08	Wh/Nm <sup>3</sup>	Argon		200.000
Ut-09	Wh/Nm <sup>3</sup>	Compressed air		110.000
Ut-10		Hydrogen		

Table 3 – C content, CO<sub>2</sub> and ncv's (net calorific value)

C content, CO <sub>2</sub> EF and ncv's		Default Values			
Product code	Stream	C content	C content	Calorific value	Calorific value
<b>Products</b>		<b>C [t/t]</b>			
PR-01	Merchant Sinter	0.0000			
PR-02   PR-04	Pig Iron	0.0470			
PR-03	DRI	0.0200			
PR-05 à Pr-34	Flat Steel	0.0004			
PR-05 à Pr-34	Long Steel	0.0010			
<b>Cond Fuels</b>		<b>C [t/t]</b>	<b>C [t/m<sup>3</sup>]</b>	<b>ncv [MJ/t]</b>	<b>ncv [MJ/m<sup>3</sup>]</b>
CF-01a à CF-01c	Coke	0.8800		30 135	
CF-02	Coke Breeze	0.8500		29 925	
CF-03	Coking coal	0.8200		32 230	
CF-04	Anthracite	0.7900		29 300	
CF-05 à CF-07	BF injection Coal	0.8000		31 140	
CF-08	Petroleum Coke	0.8500		31 935	
CF-09   CF-14   CF-15	Heavy oil (d=0.85)	0.8650		39 845	
CF-10   CF-11	Light oil (d=0.85)	0.8450	0.7183	41 982	35685
CF-12	LPG	0.8218		46 030	
CF-13	Charcoal (d=0.25)	0.7000	0.1800	18 810	4703
CF-16	Used Plastics	0.7200		46 000	
CF-17	Used Tyres	0.6000		35 000	
<b>Gas Fuels</b>		<b>C [kg/m<sup>3</sup>N]</b>		<b>ncv [MJ/m<sup>3</sup>N]</b>	
GF-01	Coke Oven gas	0.2390		19.685	
GF-02	Blast Furnace Gas	0.2390		3.185	
GF-03	Smelting Reduction Gas	0.4287		7.660	
GF-04	BOF Gas	0.4662		9.190	
GF-05	Natural Gas	0.5495		35.920	
<b>Materials</b>		<b>C [t/t]</b>		<b>Eq. Energy (MJ/t)</b>	
Ma-01   Ma-02	EAF Electrodes	0.9990			
Ma-03	Ferro Chromium	0.0650			
Ma-04	Ferro Manganese	0.0750			
Ma-06   Ma-07	Scraps	0.0010			
Ma-08	Limestone	0.1200			
Ma-09	Burnt Lime	0.0065		3 600	
Ma-10	Crude Dolomite	0.1300			
Ma-11	Burnt Dolomite	0.0065		3 600	
Ma-12	Fine Iron Ore	0.0005			
Ma-13	Lump Ore	0.0015			
Ma-14	Pellets	0.0001			
Ma-15	Bedding				
<b>Residues</b>		<b>C [t/t]</b>	<b>C [t/m<sup>3</sup>]</b>	<b>ncv [MJ/t]</b>	<b>ncv [MJ/m<sup>3</sup>]</b>
Res-01	Tar	0.9250		37 670	
Res-02	Benzole	0.9185		46 040	
Res-03	Naphtalenic oil		0.7183		35 685
Res-04	CDQ Dust	0.8800		30 135	
Res-05	Coke quenching breeze	0.8800		29 925	
Res-06   Res-10	BF gas cleaning dust	0.4000		13 698	
Res-07	BF gas sludge	0.4000		13 698	
Res-09	DRI screening fines	0.0200			
Res-13	Flat steel scraps	0.0004			
Res-13	Long steel scraps	0.0010			

**Table 4 - Energy equivalent for the different streams**

Stream type	Equivalent energy	unit
Burnt lime	3600.000	MJ/t
Burnt dolomite	3600.000	MJ/t
Pellets	1250.000	MJ/t
Electricity	9.210	GJ/MWh
HP steam	3350.000	MJ/t
LP steam	3050.000	MJ/t
Hot water	850.000	MJ/t
Low purity oxygen	4.600	GJ/103m3
High purity oxygen	6.540	GJ /103m3
Nitrogen	1.840	GJ /103m3
Argon	1.840	GJ /103m3
Compressed air	1.010	GJ /103m3

**Note:**

*The values in this document are derived either from externally published sources or internal ArcelorMittal analysis by our research and development teams and the chief technology officer's department.*