



ArcelorMittal

ArcelorMittal's response to the report "ArcelorMittal: Going nowhere slowly" by Global Action on ArcelorMittal

In May 2009, a group of Non-Governmental Organisations (NGOs) including Friends of the Earth Europe and CEE Bankwatch Network, produced a report entitled "ArcelorMittal: Going nowhere slowly – a review of the global steel giant's environmental and social impacts in 2008-2009".

The ArcelorMittal Group does not endorse this report, as many of the allegations found in the report are inaccurate and based on distorted facts. Nevertheless, such allegations are taken seriously within the spirit of ongoing dialogue with NGOs. Recently, senior ArcelorMittal representatives, including Group Management Board member Gonzalo Urquijo, met with the NGOs behind the report to discuss their concerns. We will continue to engage with them on a regular basis. However, at this time, ArcelorMittal would like to respond to the core themes of the report, namely community engagement, transparency, health and safety and the environment.

Introduction

In the current circumstances our primary concern is to sustain our business, preserve as many jobs as possible, and help support the communities we operate in. Our capital expenditure commitments into Health, Safety and Environment initiatives remain significant; however, due to the current difficult operating environment, we have had to defer some of our important investments.

Community engagement

At ArcelorMittal we have a strong commitment to the highest standards of Corporate Responsibility. We have established a mandatory community engagement standard that demands us to have regular contact with stakeholders, including NGOs and other community organisations, as well as the establishment of communication channels through which stakeholders can raise any concerns. This is part of the ArcelorMittal Corporate Responsibility vision, accompanying principles and key performance indicators that are available at <http://www.arcelormittal.com> -> Corporate Responsibility.

Each of our operating units needs to comply with ArcelorMittal's Community Engagement Standard, which includes among other things:

- Identification of stakeholders and their issues
- Formalisation of a community engagement plan
- Stakeholder communications

The standard is already being applied in a number of our operations. In areas where we are building new facilities we also have to apply other international guidelines. For instance, in Liberia, we have developed a detailed Social Action and Resettlement Plan for affected communities which is designed to World Bank/ IFC Policy on Involuntary Resettlement.

In India, the Orissa Government has developed a comprehensive Rehabilitation and Resettlement policy to address the issue of displacement of local residents to take care of the perceived needs of the local communities. We are committed to fully comply with the Government's policy.

Transparent Governance

We have Group-wide Anti-Corruption Guidelines and a Whistleblower Process that is aimed at identifying any serious concerns with regard to irregularities in accounting, auditing or banking matters or bribery at the earliest possible moment. Furthermore, there are local grievance mechanisms and procedures in place at many of our sites to ensure honesty and transparency. Among others, our sites in Kazakhstan, Czech Republic, South Africa and Ukraine all have grievance procedures in place. We are working to enhance existing structures and implement procedures where they do not exist yet.

In late 2008, we issued Governance guidelines that have helped establish local governance procedures for Corporate Responsibility. The guidance stipulates the establishment of a cross-functional committee to review progress made against community engagement plans and to foster good Corporate Responsibility in the individual units. Currently, nearly half of our major production sites have an operational Corporate Responsibility Committee, while others are in the process of setting one up.

In 2009, we confirmed our support of the Extractive Industries Transparency Initiative (EITI) after being an active participant of the EITI in Liberia since May 2007. The EITI supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining. ArcelorMittal's corporate values, Corporate Responsibility practices, and the Code of Conduct and associated policies are in adherence to the EITI principles.

Health and Safety

The Health and Safety of our employees remains our number one priority and we have ensured that our investments into safety measures have not been affected by the current global recession.

In 2008, our Lost Time Injury Frequency Rate improved to 2.3 per million man hours, compared to 3.3 in 2007. Our Group Health and Safety Policy reflects our commitment to working vigorously towards a goal of zero accidents and injuries. We also have a plan in place to ensure that every ArcelorMittal site is registered to the international occupational Health and Safety management system specification OHSAS 18001:2007 standards by 2011, currently approximately 30% are registered. ArcelorMittal Ostrava (Czech Republic), ArcelorMittal Temirtau (Kazakhstan) and ArcelorMittal Kryvii Rih (Ukraine) are among those sites that have achieved OHSAS 18001 registration, while ArcelorMittal Zenica (Bosnia) is in the final stages of approval.

In 2008, we signed a Global Health and Safety Agreement with all of our trade unions. Consequently, we established Joint Health and Safety committees in every plant which are required to meet at least once a month. Reflecting this commitment, in 2008 we spent US\$162 million on health and safety measures. In Kazakhstan alone, we spent US\$91 million on health and safety investments in 2008.

We also have additional investments which includes the provision of training for employees. For example, in 2008, ArcelorMittal Zenica provided Health and Safety training and workshops to 2,533 employees, fire fighting training to 2,349 employees, training for operating in gaseous zones to 79 employees and first aid to 80 employees.

However, this commitment to Health and Safety extends beyond our sites to include our communities as many of our social investments focus on health. In the USA, our partnership with the American Red Cross has resulted in the 'Creating Safer Communities' programme. In India, we have set up Mobile Health Units in our two project areas, Jharkhand and Orissa, which have helped treat over 57,000 local residents in 2008.

Environment

ArcelorMittal is committed to striving for environmental excellence through significant environmental investments and continuous management improvements. Reflecting this, we have set a Group target that all units must become ISO 14001 certified. Currently, 91% of our production sites are certified. This includes our plants in Ukraine, Kazakhstan, Macedonia and South Africa – our sites in Bosnia and Romania are in their final stages of the certification process.

ISO 14001 places requirements on:

1. Compliance: commitment to comply with relevant environmental legislation;
2. Continuous improvement: commitment to continual improvement and prevention of pollution;
3. Communication: establish and maintain procedures for receiving, documenting, and responding to relevant external communication.

In 2009, we set a carbon dioxide (CO₂) reduction target for integrated steel production of 8% by 2020. To support the journey to this target we also have Group-wide Environmental and Energy Policies that are mandatory for each site. We are also one of the leading companies in the Ultra Low Carbon Steelmaking (ULCOS) project, which looks to develop breakthrough technology in order to reduce CO₂ emissions in the steel industry.

In 2009, ArcelorMittal USA was selected for the 2nd consecutive year as an ENERGY STAR® Partner of the Year for excellent Energy Management – the only steel company to achieve this respected distinction.

In March 2009, ArcelorMittal Zenica, installed state-of-the-art monitoring equipment in its five plants which measure and monitor dust emissions and gas pollutants.

ArcelorMittal Skopje in Macedonia, has purchased equipment for air monitoring. Air, water, waste and noise monitoring is conducted by an external certified laboratory.

ArcelorMittal Kryvih Rih, has recently implemented its Environmental Management System of which monitoring and measuring emissions, dust, waste and water data forms one part. It has also established a toll-free Environment hotline to ensure transparency, similar to the 'Green Line' that operates at our plant in Ostrava, Czech Republic. In 2008, ArcelorMittal Ostrava's environmental investments totalled US\$91 million and included air quality monitoring which covers six sites and is supervised by the Health Institute in Ostrava.

Recently in Romania, ArcelorMittal Galati announced the biggest environment investment in Romania, worth US\$20 million, to install de-dusting equipment that captures gas and dust emissions.

At some sites the current financial crisis has affected our ability to invest in environmental improvements. However, all of our environmental investments will resume immediately when the financial climate allows us to do so, in line with our policy commitment of striving for environmental excellence.

Going forward

We have clear road maps for embedding responsible business behaviour into the Company, which is driven from the top. Regular progress monitoring is done through the Group Management Board and the Board of Directors. We are also subject to regular external audits and reviews conducted by independent parties.

Our investment commitments into environmental initiatives will resume as soon as we are in the position of doing so. In the meantime we will conclude environmental and social assessments that will inform our future progress.

A lot of excellent stakeholder engagement is already happening across our operations, and we make conscious efforts to continuously improve the quality of our engagement, and to share these best-practices within the Group. During the remainder of 2009 we will prioritise our actions in this field to make marked improvements. Tangible evidence of this includes the publication of regular external progress statements and our direct stakeholder engagement through formal and informal events and meetings. We believe continuous engagement with civil society will contribute to sustain our business and the communities we operate in for the long-term.

More information can be found on www.arcelormittal.com > Corporate Responsibility