



ArcelorMittal

How will we achieve safe sustainable steel?

Corporate Responsibility Report 2008

How are we achieving our goal?



ArcelorMittal



103.3m

Market leaders

Car steel sales topped 103.3 million tonnes in 2008



\$1.2bn

Mine modernisation

We are engaged in a \$1.2 billion mine modernisation programme spanning over five years



1.0

Recycling steel

We recycle approximately 1.0 tonnes of steel every second



\$295m

Investment in R&D

We invested \$295 million in research and development to make steel more sustainable in 2008

The ArcelorMittal steelmaking cycle

Processes, operations, impacts, contributions

Processes



Our operations

- Active in iron ore and coking coal mining
- Mines in operation or under development in 14 countries

- We have steelmaking operations in over 20 countries including 66 integrated, mini-mill and integrated mini-mill steelmaking facilities
- We have approximately 316,000 employees in 60 countries

- Broad range of high-quality finished, semi-finished carbon steel products and stainless steel products
- Steel production of 103.3 million tonnes, largest share of world steel production
- Sales of \$124.9 billion
- R&D expenditure of \$295 million

- Steel is robust and long-lasting:
 - Construction life: 50+ years
 - Automotive life: 10-20 years
 - Consumer goods life: 6+ months
- Customers in approximately 180 countries

- Steel is 100% recyclable and can be re-used in many different ways
- 1.0 tonnes of steel are recycled by ArcelorMittal every second
- Industry-wide, almost 450 million tonnes of steel are recycled annually

Recycling

Our key impacts

- Workplace restructuring
- Employee development
- Employee Health and Safety
- Environmental management and climate change
- Community engagement

- Community health and well-being
- Local social and economic development
- Cleaner and greener products
- Supply chain management and fair business practices

Our notable contributions

- **Direct investment** in housing, schools and infrastructure around our plants
- **Indirect benefits** from wages paid, payments to suppliers, taxes paid and dividends distributed to local shareholders

Benefits from R&D investment include:

- High-strength and low-carbon steels
- Contribution to development in the renewable energy industry

\$12.6bn

Wages and salaries
In 2008, we paid approximately \$12.6 billion in salaries and wages



40

New products and design solutions
In 2008, over 40 new products and designs were commercialised – a new record. These were developed for a wide spectrum of customers



How will we achieve safe sustainable steel?

safe



sustainable



steel



Steel is a vital component of our buildings, transport systems, power stations, cars and household goods. Modern life simply could not function without it. But steelmaking also has a social and environmental footprint, and requires natural resources.

So how do we produce the steel the world needs, in a way that minimises our social and environmental impacts, and contributes to global efforts to development, and to tackle climate change?

We do not yet have all the answers, but we are investing in resources to find them. This report sets out the progress we have made, the challenges we face, and the ambitions we hold.

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“Becoming a leader means focusing on a clear strategy.”

Chairman and CEO's overview



On the cover of this year's report we ask 'how will we achieve safe sustainable steel?' That question is at the heart of corporate responsibility at ArcelorMittal. For us, it is not just about what we do, but how we do it.

Steel is undoubtedly the construction material for the 21st century world. It's a strong, versatile, and beautiful component of some of our largest and most arresting urban structures. But it's also endlessly recyclable, and can make a positive contribution to a building's energy efficiency, as well as reducing the amount of carbon it takes to build it.

Steel is not only helping to build the essential infrastructure needed by the world's developing markets, but also playing an increasingly important role in the battle against climate change. The renewable energy industry simply could not function without steel, in addition our new lighter steels are helping to reduce the weight of an average car by around 40%, without compromising either strength or safety.

The question is how do we make it in a way that's safer for our employees, and more sustainable for the environment. It's the question that this report tries to answer.

Our results in 2008

101.7m

shipped tonnes of steel

\$24.5bn

EBIDTA*

\$9.4bn

Net income

Meeting today's challenges

We have set ourselves the ambition of leadership in our sector, not just in our profitability and business performance, but in our approach to corporate responsibility. The creation of ArcelorMittal didn't just forge a new force for the steel industry, but gave us a unique opportunity to completely re-think the role and future of our sector, both in terms of its economic model, and its social and environmental responsibilities.

We gained the size and geographical reach to achieve a new ambition to 'transform tomorrow', by setting new standards for success and sustainability in steel.

Today the world looks very different. There hasn't been an economic downturn on this scale since World War II. The situation will take time to resolve, and no company or industry will be untouched. Couple these immediate difficulties with the looming threat of climate change, and we may even be seeing the emergence of an entirely new economic model, in which the criteria for long-term commercial and environmental sustainability will be totally transformed. This transformation will be at the heart of our corporate responsibility efforts.

In the current downturn we have to focus first on ensuring that our business itself is sustainable, which may mean that getting to our corporate responsibility goals will be slower than we had either expected or

planned. However, we are a company where progress is made in steady, pragmatic steps. One of those steps involves getting the right processes in place to deliver our long-term strategy, which includes how we improve, monitor, and measure our corporate responsibility performance.

A good deal of what we have done in the last twelve months relates to this.

We have also made considerable strides simply by sharing learning within our own business, in an effort to bring all our sites up to the benchmark of the best.

Some of our operations are already outstanding examples of industry leading best practice in social and environmental performance. Indeed some, like those in Brazil, have a long and proud track record in this area, and are regularly cited as role models for others. Likewise, our plants in Europe and the US have set the pace for our whole industry in carbon emission reductions. Reaching these high standards across the business is a priority for us.

Progress made in 2008

This report is about what we achieved last year, and we did indeed achieve a huge amount in 2008, as the pages that follow will show. Foremost, we developed a new corporate responsibility strategy, which categorises our previous 12 commitments into four priority areas, and is backed up by performance indicators. Some of these are already measured against targets.

The strategy is supported throughout the Company, from the Group Management Board, to employees at all levels across all our operations.

We have achieved certification of environmental, and Health and Safety management systems, in 91% and 37% of our operations respectively. We made some other major breakthroughs in Health and Safety, though these were overshadowed by two mining accidents in Kazakhstan. This led us to re-focus our efforts in this overwhelmingly important area.

Looking ahead

We know that the coming year will be a hard one for the global economy, and for our own industry in particular. We have led our sector in our response to the crisis. The way we have done this is by remaining flexible and agile – these are the qualities that have made us such a successful company in the past, and they will also be equally important in helping us to achieve leadership in the future, both commercially, and in terms of our social and environmental objectives. We have introduced a number of targets this year and aim to report against progress in the future as well as strengthening our target-setting further.

So the answer to the question 'how will we achieve safe sustainable steel?' is both simple and demanding. Simple, because we know what we need to do; but demanding because the issues we face are tough and complex, and in many cases will require substantial long-term investments. That said, we have already made significant and demonstrable progress. And we have one priceless advantage on our side – the energy and enthusiasm of our own people, who are committed to this agenda and are driving it on the ground, every day. Thanks to their know-how and imagination we are already finding new and practical answers to the challenges of safety and sustainability, and you can see some of these in action in this report.

Lakshmi N Mittal

Lakshmi N Mittal
July 2009

* EBIDTA defined as operating income plus depreciation, impairment expenses and exceptional items

Strategy overview

Our new corporate responsibility strategy is structured around four focus areas, which reflect the key priorities of our business and our stakeholders. We are now in the process of implementing these across the whole Company.

“ArcelorMittal has made an encouraging start on corporate responsibility reporting and set itself some ambitious goals. But that’s not enough on its own – genuine commitment is a must. As a vertically integrated steel producer, the company is well-placed to implement a holistic approach to corporate responsibility across the value chain.”

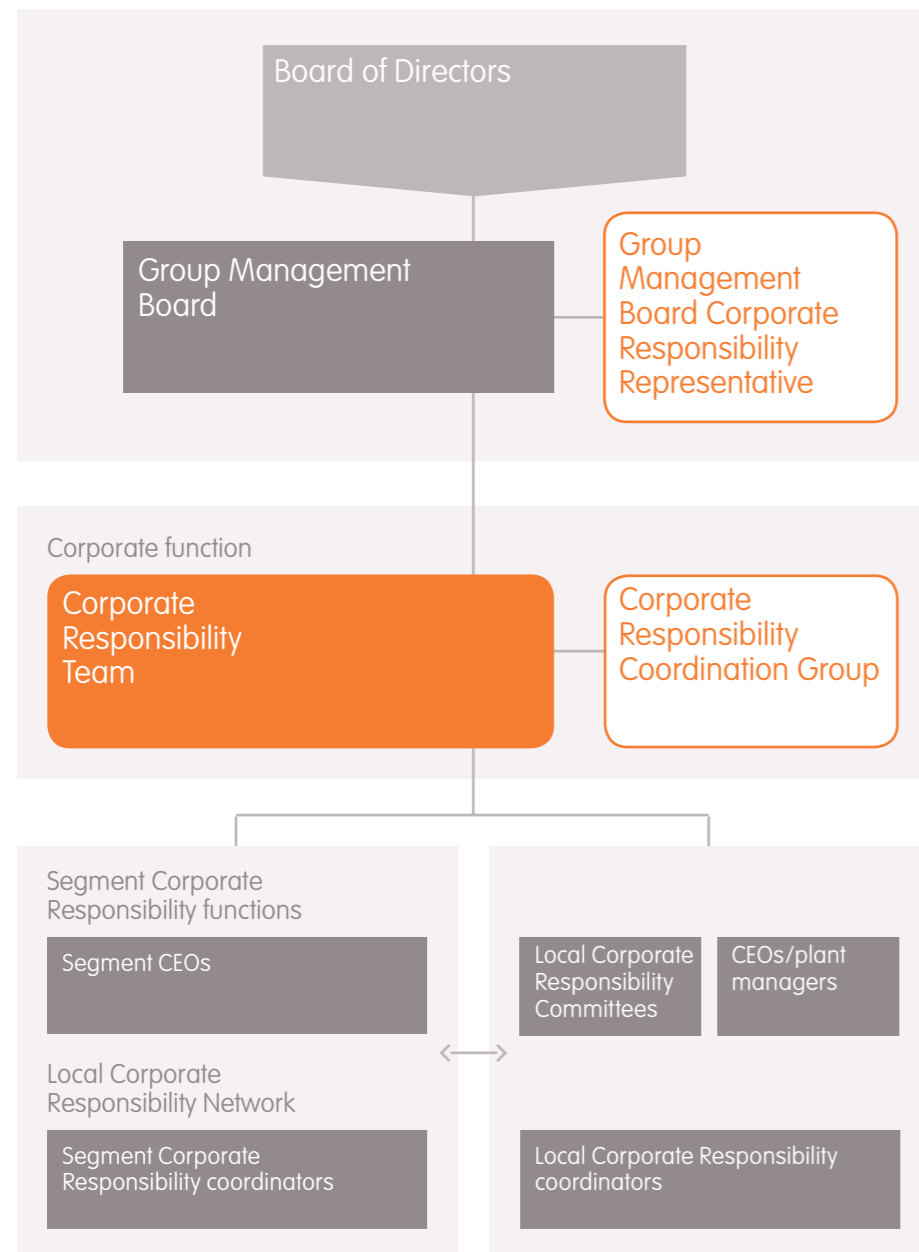
Aidan Davy, International Council on Mining and Metals (ICMM)

Strategy	Focus areas	Overview of Key Performance Indicators	Highlights in 2008
<p>Our position in our industry brings unique opportunities, and unique responsibilities. Large companies, in sectors like ours, have a responsibility to operate in a responsible and transparent manner.</p> <p>We see this as an opportunity to seize the initiative and define the way forward for ourselves. We want to instil pride in our workforce, gain admiration from our peers and build the trust we need to operate profitably and add value to our stakeholders.</p> <p>This is what our new strategy for corporate responsibility is designed to achieve. The following pages describe how we are going to reach this ambition.</p>	<h3>Transparent governance</h3>  <p>Our business strategy, operations and everyday practices are all underpinned by transparent corporate governance.</p>	<ul style="list-style-type: none"> Percentage of employees receiving Code of Business Conduct compliance training Number of whistle-blowing notification systems in place, and number of complaints substantiated after investigation Annual Board self-assessment including Board’s impact on external stakeholders 	<p>90% At the year-end 2008 over 90% of employees participated in training on the Code of Business Conduct</p> <p>12 country operations established local whistleblower notification systems</p>
	<h3>Investing in our people</h3>  <p>We want to make each and every person working on our behalf feel valued.</p>	<ul style="list-style-type: none"> Total injury rate Percentage of operations accredited to Health and Safety management system, OHSAS 18001 Number of hours of employee training received by grade/country/business Number of social dialogue interactions at different levels – from the Group Management Board down to plant level 	<p>\$20m invested by ArcelorMittal University in training programmes</p> <p>-1.0 Group lost time injury frequency rate was reduced to 2.3 per million hours worked (from 3.3 in 2007)</p>
	<h3>Making steel more sustainable</h3>  <p>We are using our expertise in steel to develop cleaner processes and greener products.</p>	<ul style="list-style-type: none"> Total Group carbon dioxide (CO₂) emissions per tonne of steel produced Percentage of production sites accredited to environmental management system, ISO 14001 Total investment spend on environmental capital expenditure 	<p>91% of all ArcelorMittal sites are certified to the ISO 14001 standard</p> <p>36m tonnes of CO₂ saved through recycling of scrap steel</p>
	<h3>Enriching our communities</h3>  <p>We play an important role in all the communities where we operate.</p>	<ul style="list-style-type: none"> Direct economic impacts of an operation through investment in plant and equipment, salaries, taxes paid and its economic effects on its immediate suppliers Number of community engagement plans as defined by the ArcelorMittal Community Engagement standard Monitoring and acting upon grievances received by local communities Measuring the number of people benefiting from ArcelorMittal Foundation social investments 	<p>\$57m invested in 587 community projects</p> <p>8,000 employees from 45 sites participated in our inaugural Volunteer Work Day</p>

Corporate responsibility management and governance

With such a large Group, and operations in so many countries, it is crucial that the strategy we set is reflected in the work being done on the ground. Our corporate responsibility framework is designed to make sure this happens, and give us the reporting structure we need to monitor our progress.

Group corporate responsibility governance structure



Driving performance through the organisation

In the 2007 corporate responsibility report we described a three-tier corporate responsibility governance and management structure we had put in place after the merger.

Since then our approach and understanding has matured. It has become clear that we would benefit from a more streamlined and responsive framework.

The new structure was approved at the end of 2008. It is designed to be simpler and more flexible, so that we can identify and respond to new corporate responsibility risks and opportunities more quickly. We should be able to reflect stakeholder issues and concerns to the Board more effectively, and be more operationally efficient.

As the diagram shows, we have stripped out two layers of management hierarchy at corporate level, by establishing a direct link between the Corporate Team and the Group Management Board (GMB). We have also created a new corporate responsibility Coordination Group to act as a sounding board for the corporate responsibility team.

Roles and responsibilities at corporate level

Our Board of Directors oversee corporate responsibility across the Company. The GMB representative for corporate responsibility is Gonzalo Urquijo. He reports to the GMB at least every quarter, and to the full Board of Directors at least twice a year.

Day-to-day management is led by the Vice President for Corporate Responsibility and International Affairs, supported by a corporate team. This team is responsible for governance, control, strategy, communications, standards, and policies, and oversees reporting from the operating businesses, so that we can measure our performance at Group level. The team also supports our network of local coordinators across the business, helping them to build capacity and share best practices. The corporate team also manages the ongoing relationships with some of our most prominent global stakeholders, including Socially Responsible Investment funds and international non-governmental organisations (NGOs).

The corporate responsibility Coordination Group acts as an adviser to the corporate team, and constitutes senior management from other corporate areas. The Group meets to review and set standards, examine possible risks and emerging social and environmental trends, monitor the implementation of strategy, and guide our reporting and stakeholder communications. It also has a specific remit to challenge management. We see this as one of the Coordination Group's most important roles. We want to ensure that we are constantly

challenged to improve our performance, to set standards that go beyond compliance, and to foster a culture in which responsible behaviour is expected.

Roles and responsibilities at local level

To support the roll-out of our new corporate responsibility structure we have defined the respective roles and accountabilities at both corporate and local levels.

The aim is to ensure that there is both local ownership, and local capacity. The managers who run our many different operations worldwide are supported to understand the issues and concerns that affect their local community, which will vary widely from country to country. This is why all of our local CEOs have to establish a local corporate responsibility governance structure, appoint a coordinator, and implement the new Management Framework in their own area. This framework is designed to give consistency across the Group, and to help us make continual improvements over time, while being flexible enough to adapt to different local circumstances.

Our local coordinators take the lead in developing plans to implement the global corporate responsibility strategy, ensuring that this is done in the way that best reflects local priorities. They are also responsible for ensuring that Group-level policies and standards are implemented. They will conduct local impact studies on an ongoing basis to assess our social and environmental footprint, and manage the local stakeholder engagement programme, as well as being responsible for performance monitoring.

Process for developing our corporate responsibility strategy



Local Corporate Responsibility Forums, Committees or Councils operate either at plant or country level, or sometimes both. These groups act as a sounding board for local management on corporate responsibility issues, and monitor progress. They would typically include managers from Human Resources, Environment, Health and Safety, and Legal departments, as well as line managers from the business and Trade Union representatives.

In Poland, the Corporate Responsibility Council includes the CEO, representatives from Environment, Technology, Human Resources, Legal, Tax, Health and Safety, Communications, Unit Directors from four locations, Trade Union members and the corporate responsibility coordinator. The key objectives are to improve internal dialogue across the company as well as to enable the business to respond to issues more effectively and efficiently.

By January 2009, 52% of our major industrial units had their corporate responsibility governance principles in place or were in the process of doing so, and 78% had appointed local corporate responsibility coordinators.

Corporate responsibility management framework

1. Leadership and vision

- Setting the ambition

2. Understanding the context

- Internal self-assessment
- Identification of strategic priorities and targets
- Testing the approach with stakeholders

3. Identifying key programmes and actions

- Developing plans

4. Implementation

- Delivery
- Communications

5. Assurance

- Internal audit
- External audit

6. Monitor, review and report

- Performance measurement
- Review and improve
- Report externally and to the Board

Capacity and competencies

Our network of corporate responsibility coordinators will be instrumental in achieving our ambitions. We have developed a set of corporate responsibility-related competencies to support them in doing that, which have been designed to build capacity, driving our performance and developing our people.

Our coordinators need an in-depth understanding of our social, environmental and economic impact. They need to be aware of current and emerging trends in sustainable development and climate change, and be able to develop effective strategies to address them for their own operations. They also need to be able to establish and maintain productive relationships, both within the company and with our external stakeholders. Our network is engaged through induction and online programmes, monthly newsletters, update calls and periodic master classes on topics such as skills development and stakeholder mapping that aim to share best practice. There is also a dedicated intranet site which provides access to resources and support.

Developing the new corporate responsibility strategy

After building upon the original 12 commitments to corporate responsibility, developed at the time of the merger between Arcelor and Mittal Steel, the new corporate responsibility strategy was approved by the GMB in August 2008.

It was the result of a detailed process which began in 2008 with a study of sustainable development practices in the mining business, and an examination of current good practice in corporate responsibility reporting. With these results in mind, we undertook two more detailed studies on the costs, benefits and risks associated with two particular issues directly relevant to our business: HIV/AIDS in South Africa; and the impact of reducing the carbon emissions from some of our steelmaking processes.

We looked more widely at the steel and mining value chains, before developing a draft corporate responsibility vision based on the four areas of governance, workplace, environment, and communities. We then held internal workshops attended by senior representatives from amongst others; Finance, Legal, Health and Safety, Environment, Human Resources, Communications, ArcelorMittal Foundation and operational representatives. They debated both our overall vision, and what key performance indicators (KPIs) we should set ourselves to achieve in each of the four areas. The final strategy was endorsed at our Leadership Convention in New Delhi, India, in September 2008.

Assessing our footprint in Ostrava, Czech Republic

In March 2008, we undertook our first comprehensive country and site assessments, which will enable us to implement our global corporate responsibility strategy more effectively at local level.

ArcelorMittal Ostrava, in the Czech Republic, was chosen to be the pilot study, and we carried out this first assessment with help from the Technical University of Ostrava. The assessment was based on a modified version of the WBCSD Measuring Impact Framework, and was completed in March 2009. The results will help shape a detailed operational strategy for ArcelorMittal Ostrava, and help us identify what key issues the plant should be focusing on.

The work on the ground in Ostrava has been supported by the corporate team, and we will adapt what we have learned for use by other units across the business. This will include a guidance manual which will help our local operations evaluate their impact on society, prioritise their reporting, run management workshops, and draw up action plans. The next phase of assessments are currently being planned, and the guidance manual is scheduled for publication in late 2009.

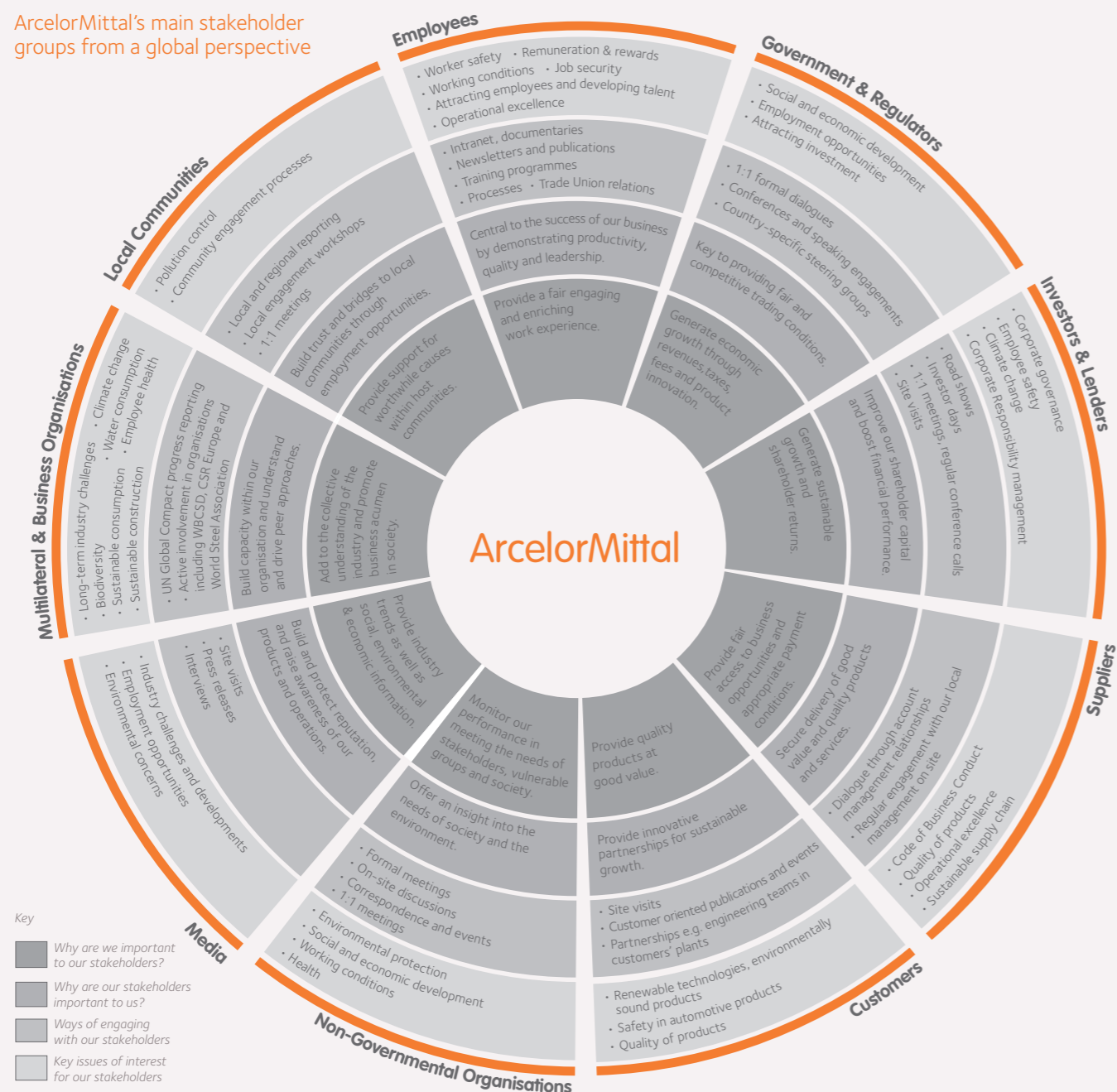


Stakeholder engagement

To ensure we address as wide-ranging concerns and issues as possible, we have identified our global stakeholder groups, and developed a community engagement standard for local use.

Stakeholder map

ArcelorMittal's main stakeholder groups from a global perspective



How we engage with our stakeholders

The map on page 10 displays our main global stakeholder groups. As a steel and mining company with industrial operations in over 20 countries, we touch the lives of a wide and diverse range of people. This makes it even more important that we are open, accessible and accountable to the many groups who are affected by our operations.

This was one of our most important areas of focus in 2008. We established a Group-wide community engagement standard. This requires all our local and regional operations to run their own engagement programmes. We also produced a practical handbook, which helps our units run effective and constructive engagements in their own areas. The key elements for us are to map local stakeholders and to capture the issues or concerns that are most important to them. This is helping us to turn the map into a living and evolving central database. With this we can track progress as well as discern emerging trends, which will help us plan more effectively for the future.

There is a lot more about this on pages 40 and 41, explaining what we are doing at local level in countries as diverse as Kazakhstan, South Africa, India, and the Czech Republic.

Canvassing stakeholder opinions

The work we are doing at the local level has been supplemented by an independent survey of some of our global stakeholders. This covers industry bodies in the automotive, construction and packaging sectors in both North America and Europe. We are also canvassing the views of academics and external groups like the European Bank for Reconstruction and Development (EBRD), the International Council on Mining and Metals (ICMM) and CSR Europe. In some cases we are members of these organisations, in others we are not.

We are asking them for feedback on our new corporate responsibility strategy and our reporting, as well as our stakeholder engagement work. We are also asking them for their input on what leadership in corporate responsibility would look like for ArcelorMittal, and what the key sustainability issues are for our sector, both now and in the medium- to long-term.

The results establish that we are still in the early stages of our journey with corporate responsibility. There was general agreement that we need to focus more effort on ensuring that our global strategy and ambitions are reflected in what we are doing locally at each site. Most of our respondents acknowledged that our reporting so far has been honest, coherent, and accessible.

However, they want us to work harder on improving our data disclosure and identifying our key impacts. Some respondents' contributions are included within this report.

We will be using these results to help us define our priorities for the coming year, and fine-tune our reporting processes.

Methods of engagement

We have a number of other ways to engage with our stakeholders on an ongoing basis. We have a global intranet for employees, as well as a range of internal and external publications and the popular Web TV service, which is also available to the general public at www.arcelormittal.tv.

We publish reports on specific aspects of our business – a good example would be the 'S-in Motion' publication, aimed at customers, which showcases the new lighter steels we are now producing for the automotive industry. Site visits are organised at our plants, and we encourage local residents, opinion-formers, schools and academia, investors and members of the press to come and see our operations for themselves.

Many of our sites are also scrutinised by external assessments. For instance, the EBRD concluded audits of our facilities in Bosnia, Kazakhstan, Macedonia, Romania and Ukraine, in March 2009. This will lead to follow-up meetings between us and the EBRD to respond to the audit findings.

Given the economic background to which we are now operating, regular and constructive dialogue with Trade Union and employee representatives has become even more important. There is more detail on this on page 22.

Taking the lead in our sector

As the largest steel and mining group in the world we are expected – and want – to play a leading role in the future development of our industry, and help to shape the issues that are affecting our business and our stakeholders. We see this as an integral part of our vision to ‘transform tomorrow’, and we put it into practice by working with a number of influential external bodies. We deliberately restrict the number we engage in, because meaningful involvement takes a lot of time and resources, and we need to be sure we are focusing our efforts where they will make the most difference.

One of our most important memberships is the World Steel Association, which we are currently chairing. We are a leading member of their sustainability forum, which is setting the sustainability agenda for our sector, and produces a periodic report on this for the whole industry. You can find this report at www.worldsteel.org, as well useful fact sheets on the key issues relating to steel and sustainable development. We also chair the Worldsteel CO₂ data collection task force, and serve on a number of other committees including one on Safety and Occupational Health.

Collaborative engagement

We do not just work with our industry peers to achieve common goals; we also engage and collaborate actively with a variety of stakeholder groups on specific issues. A good example of this would be the recently established ‘Community Development and Corporate Responsibility Forum’ in Point Lisas, Trinidad and Tobago. Here we are part of an association with other corporate responsibility managers and practitioners from other local companies within the business park where our operations are located. There are a number of companies operating in the local area, some with their own approach to socio-economic development in local communities. The association’s main objective is to coordinate all these different programmes to encourage information sharing on best practices, ideas for capacity building and ultimately improve local community development.

Which issues are most important to us and to our stakeholders?

When we started the preparations for this report we began by undertaking a materiality exercise. As the name suggests, this was designed to identify the issues that are crucial to our own business, as well as those that are the highest priority for society in general.

With so many issues we could potentially address, we wanted to ensure that the subjects we covered in this report would be the right ones, and that we gave the greatest attention to the areas we impact the most.

The exercise involved both the corporate responsibility team and the heads of function at corporate level, and involved ranking the issues according to their potential societal impact, and their importance to the sustainability of our own business. For example, we have found that employee development is a higher priority internally than it is externally, but climate change is crucial, both for our business, and for the wider world.

The activity was validated against our risk assessment procedures. We also drew on the discussions we have had with investors. We then validated the whole exercise by having it viewed by our external assurers.

In this report you’ll find a selection of key questions at the start of each of the four main chapters. These questions reflect the most crucial issues identified as a result of the materiality exercise.

The WBCSD* Energy Efficiency In Buildings initiative – an example of a multi-industry approach

This is a programme with one simple but hugely ambitious objective: to work towards a ‘zero net energy building’. In other words, if we can combine extremely high energy efficiency with increased use of renewables, it should be feasible to construct buildings that are energy neutral. As things currently stand, homes, offices and factories consume around 40% of the world’s gas and electricity, so if their energy performance could be radically improved it would play a pivotal role in reducing CO₂ emissions. Many of the tools, techniques and materials needed to do this are already available, so changing hearts and minds is a crucial first step towards long-term positive change.

This is important since most construction industry experts tend to under estimate how much less energy a typical building could potentially use, and over estimate the cost of greener and more sustainable alternatives.

The heart of this initiative is sophisticated computer model, which has been developed to test practical new approaches, according to a mix of financial, technical, behavioural and policy variables. We are one of the 14 major companies – and the only steel industry representative – working with the WBCSD on this initiative. We are using our expertise in construction, and what we have learned about the

energy efficiency potential of steel, to help drive some of the technical solutions currently under development. Other member companies that are contributing their scientific expertise and financial resources include representatives from the cement, chemicals, property development and utilities sectors. If we are successful we could help cut more CO₂ emissions than the entire global transport sector put together.

For more information see www.wbcd.org/web/eeb.htm

* World Business Council for Sustainable Development





“Transparency in our supply chain can help us push for real improvements in social and environmental standards”

Babs, Supply Chain Manager
ArcelorMittal Distribution,
Luxembourg

90%

At the year-end 2008 over 90% of employees participated in training on the Code of Business Conduct

12

country operations established local whistleblower notification systems

Key questions

- Q1 How do we ensure that we behave ethically as a business?
- Q2 How can we be more open about our business and corporate responsibility performance?
- Q3 How rigorous is our corporate governance?
- Q4 What can we do to influence ethical standards in our supply chain?

Transparent governance

We believe in open and visible governance, which is grounded in business reality. We will take steps to understand our true impacts, predict future consequences, and manage risks consistently across our operations. We will engage meaningfully with key stakeholders, and respond in a transparent manner.

Highlights

Group-wide Anti-corruption Guidelines developed

Formally endorsed Extractive Industries Transparency Initiative (EITI)

Q.

How do we ensure that we behave ethically as a business?

We believe that good business practices are the essential foundation for long-term and sustainable business success. A reputation for high standards of ethics, accountability, and transparency is an invaluable business asset, and underpins our ambition to be a leader in our sector.

A.

Combine robust policies with practical on-the-job guidance

We have detailed policies in place to address specific issues, which aim to follow best practice in these areas.

For example, we have a comprehensive Code of Business Conduct which has been rolled out across the whole Group, and is available at www.arcelormittal.com. The Code covers all our dealings with companies, suppliers and individuals, and addresses specific compliance issues such as anti-trust, anti-corruption, insider dealing, conflicts of interest, non-discrimination, Health and Safety and environmental performance.

The Code applies to all employees and is underpinned by a compliance certification procedure. Senior managers who are responsible for business segments, units or functions have to renew their certification every quarter. We also have Anti-trust Guidelines, Insider Dealing Regulations and newly developed Anti-corruption Guidelines, which supplement the Code of Business Conduct with more detailed rules and guidance. These Guidelines were approved in early 2009, and will be rolled out across the Group, backed-up by comprehensive training.

Policies and procedures can only go so far. We believe it is even more important to create a working environment in which these issues are understood, taken seriously, and in which all our employees are made fully aware of their own obligations and

responsibilities. We back up our formal policies and procedures with practical guidance and training, and detailed information on the Company intranet. At the 2008 year-end, over 90% of our employees had received compliance training.

We have also had centralised procedures in place to handle whistleblowing since 2007, and a global system available at www.arcelormittal.com. These conform with the Sarbanes-Oxley Act of 2002, and we are now supplementing them with additional processes at local level, which allow employees to report any suspected accounting irregularities, auditing and financial issues, as well as any other fraud issues. These systems are managed by representatives from the relevant legal and internal assurance departments. By the end of the first quarter of 2009, 12 countries had implemented this new system, and three were close to doing so. We inform employees about this via the intranet, email, newsletters and notice boards. Local systems encourage employees to raise concerns by email, a telephone hotline or by post.

Q.

How can we be more open about our business and corporate responsibility performance?

We believe in openness and transparency in everything we do, and nowhere more so than in our public disclosures. This applies as much to our financial reporting to shareholders, as it does to our corporate responsibility reporting to other stakeholders.

A.

Give shareholders more opportunities to talk directly to the Company

We are increasingly including material about our corporate responsibility performance in our mainstream investor relations programme, but last year we also held our first roadshow focusing specifically on Socially Responsible Investment. This gave us the opportunity to present our corporate responsibility strategy to over 30 European fund managers and analysts, and invite views and discussion. The feedback we have received has helped us structure this report, and fine-tune elements of our corporate responsibility programme. The approach and outcomes of our

roadshow have been included as a best practice case study in the United Nations Principles for Responsible Investment 2008 Annual report.

Part of our openness approach is about treating all our shareholders equally and communicating with them proactively. This broad and active communications policy includes road shows, plant visits, conference calls and meetings with retail and private investors. An excellent example of this in practice is the global interactive shareholder event we held in June 2008. Shareholders were given the chance to talk directly to the Chairman about the strategy and performance of the Company and the prospects for the steel industry via the virtual reality website, 'Second Life'. ArcelorMittal is listed on ten different stock exchanges, so this gave private shareholders across the world the chance to ask their own questions, and engage in an internet-based dialogue with the Company.

Use internationally-recognised frameworks to improve transparency

In January 2009, ArcelorMittal became the 40th company to join the Extractive Industries Transparency Initiative, or EITI. This sets out best practice standards for companies in the mining and oil and gas sectors to follow when disclosing the payments they make to governments. We had already worked with the EITI in Liberia, a country recovering from 14 years of

"Companies earn credibility with the wider world by being proactive and open, rather than defensive and reactionary."

Roger Heimbuch,
Auto/Steel Partnership

(Industry organisation leveraging resources of other automotive, steel and related organisations)

civil war and where responsible foreign investment will be vital for its reconstruction and long-term economic development. We were the first overseas company to invest in Liberia after the war, and in December 2006 we concluded a successful review of our mining development agreement with the Liberian government. We believe this will bring significant investment to the country, and make a major contribution to our own mining strategy. We will also be making significant investments in social and economic projects throughout the lifetime of the mine.

This part of the contract was overseen by a working group of different local stakeholders including ArcelorMittal Liberia, government representatives, and civil society organisations such as the 'Publish What You Pay' coalition. The Liberian EITI (LEITI) published its first report in February 2009, which included details of our own payments to the government. At present, the implementation of the mining development agreement is facing significant delays due to the economic crisis, but we remain absolutely committed to the EITI. See www.eitransparency.org and the www.leiti.org.lr for more information.

Q. How rigorous is our corporate governance?

With stock exchange listings in six different countries, we are bound by a rigorous set of corporate governance regulations. Our aim, however, is to go beyond the letter of these codes, and establish ourselves as a leader in our industry by setting ourselves even higher standards and objectives.

A. We aim to have robust governance policies, and a genuinely independent Board

The composition and management of our Board is an important element of good governance. The Board consists of 16 senior and experienced business people from across the world, 12 of whom are completely independent according to the New York Stock Exchange (NYSE) listing standards. During 2008 the Board met ten times. There are also separate Board committees covering Audit; and Appointments, Remuneration and Corporate Governance, both of which are made up entirely of independent directors. During 2008, the Audit Committee met 12 times, and the Appointments, Remuneration and Corporate Governance Committee met six times. The day-to-day running of the company is the responsibility of the GMB.

In April 2008, the Board of Directors decided to create the role of Lead Independent Director to replace the former role of 'President' of the Board of Directors. Mr Lewis B. Kaden was elected as the first Lead Independent

Director. The agenda of each meeting of the Board of Directors is agreed by the Chairman and the Lead Independent Director. The Lead Independent Director may, if he decides it is appropriate or necessary, schedule meetings of the independent members of the Board of Directors outside the presence of management and of the non-independent directors. The Lead Independent Director chairs the Appointments, Remuneration and Corporate Governance Committee of the Board of Directors.

For all our latest corporate governance developments please refer to www.arcelormittal.com under 'Investors & Shareholders – Corporate Governance', and the 2008 Fact Book.

In early 2009, we introduced a new self-assessment procedure for our Board of Directors, which aims to make the Board more effective in its responsibilities. This involves a questionnaire for the Board and supplements for the Board Committees. The results are presented to the Appointments, Remuneration and Corporate Governance Committee. This in turn presents recommendations for improvement to the Board Committee. The process will be repeated annually, and will serve as a model to be implemented by the boards of our principal subsidiary companies.

Q.

What can we do to influence ethical standards in our supply chain?

Supply chain engagement has grown rapidly in importance, as the public, the media, and non-governmental organisations (NGOs) look to large businesses to create a 'multiplier effect' by demanding higher social and environmental performance from their suppliers.

In the last year, our trade organisations, unions, regulators and lenders have increasingly raised the issue of fair and ethical standards in our supply chain; highlighting issues ranging from working conditions to environmental protection. Likewise, many of our own customers make similar demands on us, from adherence to ethical codes and standards, to ongoing engagement.

Like any large international business we have the opportunity to make an enormous positive difference by using our buying power to push for environmental and social improvements in our supply chain.

A. Engage more actively with all our suppliers

Corporate responsibility principles are already a key element of our purchase contracts, which include clear standards in the areas of safety, health, social dialogue, and environment, which we expect our suppliers to meet. We also encourage our suppliers to join us in committing to the UN Global Compact.

That said, we have a large and complex supply chain with over 60,000 suppliers and contractors at any one time. The economic downturn is also making it harder to press for performance improvements than it has been in the past. So while we would like to be making faster progress, and will not lose sight of our longer-term objectives, we are realistic about what we can achieve now.

In the medium-term our sustainable supply chain plan will help us build a robust and integrated approach to these issues, which will be driven by our purchasing function. It will help us respond to external demands, achieve safer and more sustainable steel, and work with suppliers fairly and ethically to promote better labour standards and more effective environmental protection. We have already started to analyse our supply chain, focusing first on our biggest suppliers, and those that might pose the largest risk. This is a detailed and lengthy process, and we will only start to see the first results towards the end of 2009.

Our South African operations have an additional obligation to work within the Broad-Based Black Economic Empowerment framework, or BBBEE. This is a process the government is using to ensure economic equality between different racial groups. BBBEE sets out regulations covering procurement, enterprise development, equity ownership, skills development and employment equity. During 2008, we entered into a new strategic partnership with a Belgian corporation, Exchange, to develop a mentoring programme for black-owned businesses. We also made progress with a new development fund, which will have over \$12 million to invest in loan finance, mentoring, and management services to small- to medium-sized enterprises in our own supply chain, as well as the wider steel industry. There are more details about our compliance with BBBEE regulations in the ArcelorMittal South Africa sustainability report.

Leading the way in Brazil

Our operation in Brazil is widely regarded as one of the country's leaders in corporate responsibility. It has had a supplier engagement programme called TEAR, since 2004. This programme has now become the model for a nationwide scheme run by Instituto Ethos and the Inter-American Development Bank. This aims to forge closer links between major companies and the firms in their supply chains. In the last two years ArcelorMittal Brazil has worked with 15 of its suppliers, helping them to incorporate social and environmental standards into their business practices.

At the end of the first phase of the programme the steelmaking sector has achieved the best results. Overall, all 15 companies in ArcelorMittal's group developed codes of ethics, made real improvements in their production or management processes, and gained new clients.

"Even though we were the champion in our sector we gained a lot just by participating in the programme. Our suppliers have made real progress, both commercially and in terms of their corporate responsibility performance, and we have gained a deeper understanding of the sustainable development issues in our own business."

Aloisio, General Manager South and Central America Purchasing, ArcelorMittal Brazil





“Our Health and Safety Day allows us to focus and educate employees so they are motivated to improve their health and wellness along with safety performance”

Lisa, Health and Safety Manager
ArcelorMittal Dofasco,
Canada

\$20m

invested by ArcelorMittal University
in training programmes

-1.0

Group lost time injury frequency rate
was reduced to 2.3 per million hours
worked (from 3.3 in 2007)

Key questions

- Q1 How do we promote constructive industrial relations?
- Q2 What can we do to make our workplaces healthier and safer?
- Q3 How can we create the workforce for the future?

Investing in our people

Our people are at the heart of our business. Their success is our success. We need their ideas and rely on their hard work and commitment. We treat them with dignity and respect, investing in their development, and providing them with a safe and healthy working environment.

Highlights

'Journey to Zero' Health and Safety programme rolled out

New Global Joint Health and Safety Committee in operation

Launched new Diversity and Inclusion Policy

Q.

How do we promote constructive industrial relations?

Effective employee relations contribute to the sustainable growth of our company, through social dialogue with our employees and Trade Unions. We do this by acting in accordance with ethical principles; and establishing a work environment that ensures quality of life and stimulates behaviours that conciliate economic, professional and personal interests.

A.

Be open and fair

We have always believed in the importance of regular and open dialogue with our employees, and this is even more important during a downturn. The current recession has forced us to temporarily suspend some plants and put others on part time working hours. This is never easy, and our priority is always to manage these processes in a responsible manner, by carrying out full consultations about proposed changes, treating people fairly, and communicating openly. In some cases, where plants are temporarily suspended, it is our aim to establish training and redeployment opportunities for production workers. This helps to preserve core skills and reallocate people into other jobs.

We are also having to find other ways to reduce our overall costs. Regrettably this has included a programme of voluntary redundancies across the Group. We met with our European Works Council in November 2008 to discuss these plans, which will involve around 9,000 non-production employees. The process has been run in accordance with local employment regulations and contracts, and we believe, in an open and fair manner. Our CEO and GMB have also met with the Secretariat of the European Works Council to discuss the effects of the crisis on the economy, and on the steel industry in particular. The Council is understandably concerned about the impact on our European operations, and the temporary suspensions we have announced. Joint press release statements are issued after any significant meetings.

The same principles of openness and fairness underpin our approach to employee relations in general, and we have a detailed policy framework covering this whole area, including subjects like collective bargaining, discipline and grievance procedures, and relationships with Trade Unions.

For example, we published our first full Employee Relations and Benchmarking Guidelines in October 2008. These are designed to ensure certain minimum standards across the Group, implement uniform practices and increase capacity in all our operations. That said, local circumstances differ widely across the Group. We are endeavouring to roll the guidelines out across the business, but the suspensions facing many of our local operations are making this a slower process than planned.

Consultation is crucial in the current downturn, but regular employee engagement is important whatever the economic backdrop. In 2008, we held 28 formal meetings with the European Works Council.

We also have regular meetings between management and employees at all our plants, which cover any issues that are important for that site, whether it is training and development or Health and Safety. Our Global Joint Health and Safety Committee is a first for the steel industry, and its work is described in more detail on page 24.

Health & Well-being measures: HIV/AIDS in South Africa

ArcelorMittal South Africa has had a HIV/AIDS programme since 2001. The three key elements of our work are a 'Know Your Status' campaign to encourage voluntary testing, a support programme for HIV-positive employees and work in the wider community with stakeholders at all levels to increase awareness and challenge prejudice.

So far around 25% of our South Africa employees have been tested, and 64% of the infected employees are being given treatment and support. This is a good start, but we wanted to step up our work in this area, and this started with an anonymous survey at the Newcastle Works in November 2008. Some 88% of employees took part and 69% of our permanent employees reported that they knew their status. This has since been followed by wider work to raise awareness and encourage behavioural change.

Our other sites in Saldanha and Vereeniging between 74 and 98% have been tested. We believe that many people who suspect they might be HIV positive do not come forward to be tested. These people are one of our key priorities and we will be concentrating our efforts on them in 2009.



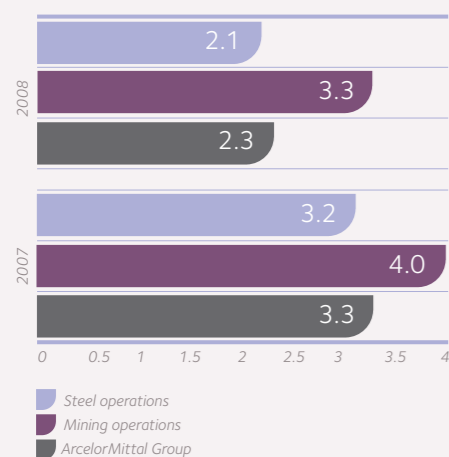
Q.

What can we do to make our workplaces healthier and safer?

Steelworks and mines are potentially dangerous places to work, which is why Health and Safety is the highest priority for us. It has a permanent place at the top of the agenda for every weekly GMB meeting.

Much of the work we have done in the last year has been to implement the Health and Safety framework across all our operations, and begin to bring the whole business up to the high standards being achieved by the best. We are confident that we will see real improvements from now on; with the main emphasis being on actions to reduce accidents. Despite the budget constraints imposed by the current downturn, we are maintaining significant levels of investment in safety measures and equipment.

Lost time injury rates
per million hours worked



A.

Share best practice

One practical way we are making our workplaces safer is by encouraging our sites to gain certification to the internationally recognised Health and Safety standard OHSAS 18001. We have a work plan in place to ensure that every ArcelorMittal site is registered to the standard by mid-2011. All our Stainless industrial facilities have now passed this week-long audit process, which assesses occupational Health and Safety at the site. 2008 saw the Ostrava plant in the Czech Republic, and Hunedoara, in Romania, added to their number. By the end of 2008, 37% of our sites* had formal OHSAS 18001 certification, with a further 27% in the process of doing so in the immediate future.

There is no doubt that our new Global Joint Health and Safety Committee is a key factor here. This arose from the worldwide agreement we signed last year with the International Metal Workers Federation, the United Steelworkers and the European Metalworkers Federation. This is a first for the steel industry, and will help us achieve higher Health and Safety standards, more effective training and better co-operation between management and employees. In Autumn 2008, members of the Global Joint Health and Safety Committee met in Kazakhstan, where our Temirtau plant and mining areas have formed dedicated site committees to work on this agenda. This has included the implementation of occupational health prevention programmes, contractor selection, the Health and Safety auditing process and training. Another meeting was held in Timoteo, Brazil, where Personal Protective Equipment (PPE) and safety measurement criteria were key topics of discussion. The next phase of meetings are planned for Mexico, Romania and the Czech Republic during 2009.

Our Group-wide Health and Safety Day is another great example of changing behaviour. This annual event, observed in all of our worldwide operations, involves workshops, videos and discussion sessions, as well as

visits by members of the Board of Directors, GMB, Management Committee, Business Units and Health and Safety specialists. The aim is to give all our sites the chance to learn from other parts of the business, and galvanise the effort and enthusiasm of employees at all levels to help us make real progress in Health and Safety. The 2009 Health and Safety Day coincided with the International Labour Organisation (ILO's) World Day for Safety and Health at Work on 28 April 2009.

Continue the 'Journey to Zero'

Our ultimate aim is zero accidents, anywhere, at any time, across the whole Group, and we are starting to see real improvement in many parts of the business. For example, as of April 2009, the Prijedor Mines in Bosnia & Herzegovina have gone 2.4 million working hours without a lost time accident (LTA). In January 2009, ArcelorMittal Isbergues, a Stainless unit in France, reached a major safety milestone of five years – around 7.2 million working hours – without an LTA. In many cases this level of performance gains external recognition; our South African works at Vanderbijlpark has received an award from IRCA Global, an international risk management company, for reaching three million working hours without an LTA.

So while we have achieved a demonstrable improvement in our lost time injury frequency rate, or LTIF, we did suffer two mining accidents in Kazakhstan in 2008. A methane gas explosion caused 30 fatalities at our mine in Abaiskaya in January, and an unpredictable geological failure caused a coal and gas explosion which took the lives of five miners at Tentekskaya in June.

We are continuously working to develop a safer working environment as part of our ambitious 'Journey to Zero' programme. However, there were 52 fatality events in our mining and steel operations resulting in 89 fatalities last year. This compares with 48 fatalities in 2007. Clearly this is not

* Excludes AMDS, primarily an in-house trading and distribution arm of ArcelorMittal. In 2008, 11 of 429 sites were certified to OHSAS 18001

acceptable, and we have put in place new and improved safety and fatality prevention standards across the whole business, which cover all main areas of possible risk. As these measures become embedded in our operations we will reduce the overall safety risk and see tangible improvements.

We have also completed many of the measures we put in place in our mines in Kazakhstan, after the recent accidents. We have implemented all the recommendations of the Kazakh government commissions who investigated these accidents. Over \$250 million was invested in advanced technologies and modernising production during 2008. This included \$91 million for new safety measures. For the last three years we have used leading safety consultants to run safety training for our mine specialists in Kazakhstan. Despite the current economic constraints we remain committed to our plans for further safety improvements in the region. Mining in Kazakhstan, largely due to high methane gas content, remains a high risk operation but it is our continued goal to bring these mines to best practice safety levels.

Our ambition is a zero accident rate across the whole business. Our 'Journey to Zero' programme has already allowed us to make progress towards that goal and to bring about a change in mindset. This is now a

Group-wide initiative, after it was piloted at our plant in Hamilton, Canada. This whole approach is based on changing employees' beliefs, as well as their behaviour. Research with other companies has proved that there is a high correlation between what people believe can be achieved in the area of Health and Safety, and how well their sites perform. In the five years since the initiative began in Hamilton the LTIF dropped from 10.55 (per million hours worked) to 0.99, which is a 91% improvement.

One of the most important tools we are using in this journey is called REX, or 'Return of Experience'; an injury tracking and reporting database. It helps us monitor where the most accidents are occurring and learn from previous experience, and it is now available on the Company intranet.

We are also spending significant amounts on Personal Protective Equipment (PPE) and machinery right across the Group, maintaining high levels of overall safety spend year-on-year.

Invest more in health and well-being

We are also focusing on health management. We have many examples of excellent practice across the Group, and we are now working hard to share

these ideas and processes as widely as possible. Our health strategy focuses on issues such as reducing the impacts of dust emissions and noise on employees, as well as general health and well-being issues like substance abuse.

In general, we focus on common health issues such as respiratory and cardiovascular diseases, as well as hearing impairment and musculoskeletal conditions. Many of our operations also face serious challenges from HIV/AIDS, tuberculosis and malaria. Our corporate approach is complemented by social promotion activities such as a collaborative agreement with IFBV, a Luxembourg-based NGO, which aims to reduce malarial disease of our employees and local communities in Senegal.

Link rewards to Health and Safety performance

We have now introduced a new executive remuneration policy that links pay and benefits to our Health and Safety performance and our internal lost time injury frequency rate targets. 10% of GMB bonuses now depend directly on making safety improvements, as do 8% of bonuses for the next tier of 3,000 senior managers.

Supporting a Health and Safety culture

Equipment maintenance is a crucial part of a genuine Health and Safety culture. Employees are three times more likely to be injured during maintenance work than during their usual daily activities.

Most injuries occur because a safety procedure is not followed, and this can often be because the employee concerned is unaware of what processes should be followed.

We have developed a new tool to help our people overcome this. The 'Visual Management Handbook' is a set of plant practices which is designed to generate safer, better, and quicker ways of handling both maintenance and routine operations.

It helps bridge the gap between all management layers, and provides everyone in the plant with a common language. Visual management can include marking safe paths through a site or making sure all gauges are at eye level. It can also include new ways of communicating the Health and Safety message internally. For example in Burns Harbor, USA, a duck symbol is used to warn workers of areas with low headroom.

The handbook has now been translated into ten languages, and has been distributed across all our operations.

"I am convinced that visual management is as good for productivity as it is for Health and Safety, wherever we have started using this technique we have seen a significant positive improvement in employee safety."

Robert, General Manager
Operational Excellence



17,751

employees from 23 countries participated in University academies and induction programmes

40,000

training days through the ArcelorMittal University in 2008

The ArcelorMittal University

Our corporate University offers a detailed and comprehensive set of training programmes. It provides everything from English language teaching to professional engineering qualifications.

There are four separate 'academies' in the University: the E-Academy, which provides online training modules including English as a foreign language; the Functional Academy, which offers training in disciplines like Finance, HR, and Sales, as well as a dedicated Steel and Mining curriculum; the Leadership Academy, which concentrates on career development; and the Management Academy, which helps our senior people to acquire the skills they will need to achieve outstanding performance and progress within ArcelorMittal. Additional academies have recently been launched for our finance and purchasing departments.

During 2008, the University invested just under \$20 million in training, and had 17,751 participants from 23 countries in its academies and

induction programmes. This represents almost 40,000 training days throughout the year. High levels of satisfaction were recorded for all our programmes during 2008.

"What I've really valued about the ArcelorMittal University programme has been the chance to step out of my daily job and gain new perspectives as well as new skills. Some of this has come from the teaching and the imaginative challenges our class has been asked to deal with, but even more has come from the people I've met from all across the business. I now have a large network of colleagues throughout the world, all with different backgrounds and different expertise. The ongoing value of those contacts is immense."

Jean-Marc, ArcelorMittal Distribution Solutions

ArcelorMittal University academies

University/Academy	Number of participants/registrations		Number of training days	
	2007	2008	2007	2008
Management	1,195	9,832	1,297	12,279
Leadership	87	296	1,569	4,165
Steel and Mining	257	829	1,338	2,758
E-Academy	3,855	7,568	6,648	20,036

Q.

How can we create the workforce for the future?

A.

Develop our own employees

We have a number of programmes and training schemes to help our employees develop their skills and progress in their careers. These range from technical and professional training, to leadership and personal development. Our Group-wide Engineering and Technical Programme is designed to create a global pool of engineers and technical specialists, and aims to recruit and train up to 300 high-achievers each year.

We also have an international Executive Development Programme, which helps us to identify the leaders of tomorrow and accelerate their progress.

Encourage diversity and inclusion

Few companies have such a global presence as we do, or such a diverse workforce. We genuinely value what this brings to our business, and we have backed up this belief with a new Diversity and Inclusion Policy, which has been implemented from April 2009. We want a workforce that includes people from different cultures, generations, genders, ethnicities, nationalities, abilities and

social backgrounds, and encourages them to fulfil their full potential and share in our ambitions.

The new policy sets out a formal framework to address and eliminate discriminatory behaviour and harassment, and establishes internal processes that will support equality and inclusion, and provide training and awareness on the advantages of diversity.

Make the sector appealing to talented young people

The whole steel industry faces a long-term shortage of recruits with the right technical and engineering qualifications. We want to encourage more young people to consider a career in steelmaking and communicate the exciting opportunities that working in this industry can offer.

We have set up a number of educational programmes with schools; some focus on improving science and mathematics skills, while others give students the chance to explore issues like recycling and the contribution the steel industry can make to sustainability.

We have a number of these programmes in Brazil, India, South Africa, Europe and North America. In Germany, for example, ArcelorMittal Hamburg has had a training centre since 1974, which is led by a highly experienced metallurgist. It gives young engineers and professionals the opportunity to take responsibility for special projects and gain a deeper understanding of specific areas of

steelmaking. These young people come from a variety of degree backgrounds including metallurgy, material science, process technology, and mechanical engineering. The centre broadens their skills, allowing

"Students are taking an increasing interest in how businesses perform socially and environmentally. Companies like ArcelorMittal have the chance to seize the initiative by reaching out to them and building partnerships for the future."

Rod Eastman, Mohawk College Enterprise

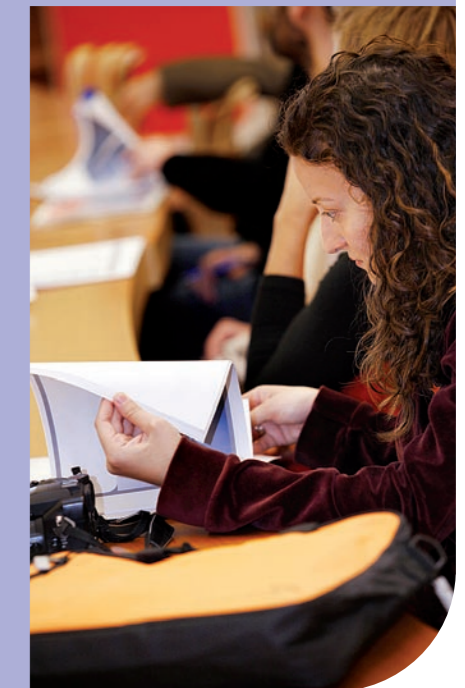
us to identify what we need for the future, put the right people in the right positions and benefit from the fresh ideas brought in by graduates.

Developing the steelworker of the future

Recruiting bright and skilled young people is one of the most important long-term challenges facing the steel industry. Steel is rapidly moving away from its heavy industrial past to a high-tech future, and we will need creative, adaptable employees who can succeed in that environment. The sector's recruitment challenge is aggravated by the fact that a whole generation of qualified workers is set to retire in the near future. In the Canadian province of Ontario alone, one-third of the workforce and half the skilled tradespeople will retire in the next five years.

There is already a shortage of young people with the right engineering and technical skills in countries like Canada and it can cost around CDN\$250,000 to train an apprentice. Our plant at Hamilton, Ontario, is one of our most technologically advanced in the Group, and relies on attracting recruits that do not just have the right theoretical skills, but also practical on-the-job experience.

The plant is now addressing this by working in active partnership with the local Mohawk College, which trains around 90% of the site's apprentices.





“Our investments will bring efficiency improvements and also environmental benefits to our local neighbourhoods”

Petr, Furnace Operator
ArcelorMittal Ostrava,
Czech Republic

91%

of all ArcelorMittal sites are certified to ISO 14001 standard

36m

tonnes of CO₂ saved through recycling of scrap steel

Key questions

- Q1 What are we doing to help tackle climate change?
- Q2 How can we make our products and processes more sustainable?
- Q3 How can we improve our own environmental performance?

Making steel more sustainable

We are working on breakthrough technologies to redefine the steelmaking process and contribute positively to the global challenge of climate change. We are using our expertise in steel to find ways to operate more efficiently, to develop pioneering new processes and more sustainable practices, and to work in partnership with our customers and suppliers to help them achieve their environmental goals.

Q.

What are we doing to help tackle climate change?

Steelmaking is a carbon-intensive industry. Our operations alone account for around 0.7% of the world's annual total of carbon dioxide (CO₂) emissions – the equivalent of the whole output of the Czech Republic.

This places an emphasis on us to reduce carbon emissions, and as well as other steel producers, to help move the world towards a lower carbon economy.

We are working on technological solutions that could transform the carbon profile of our industry, but these are a long way ahead and in the meantime we are focusing on the changes we can make in the short- to medium-term. One of these is to promote more recycling, we are also saving resources by being more efficient at what we do and we are investing in greener, cleaner technologies.

A.

Reducing our CO₂ emissions by 8% by 2020

Over 65% of the world's steel is produced by the primary blast furnace route and every tonne produced this way results in around two tonnes of direct CO₂ emissions. We make maximum use of the more efficient electric arc furnace (EAF) method wherever we can, but we are constrained by the availability of scrap which is used in the process. Approximately 25% of our crude steel was produced using EAF in 2008.

In total, our steelmaking operations emitted approximately 223 million tonnes of CO₂ in 2008. Owing largely to production cuts this is 8.2% less than the previous year. Furthermore, this Group-wide figure can be somewhat misleading, since it adds together some of the best and worst performing plants in the Company. For example, the steel industry has already cut its carbon footprint in Europe by more than 50% in the last 30 years, but achieving significant further reductions is a tough challenge. Likewise, many of our European, North American and South American sites are close to the technical limit of what can

currently be achieved in reducing CO₂, but there is still scope to bring our less-developed plants up to the standards already being achieved by the best. This is a major priority for us, and a key focus for 2009.

We have developed a detailed benchmarking system to quantify our total CO₂ emissions as a Group. The aim was to establish a baseline level of performance for the Group, as well as what we might realistically be able to achieve if we phased out older technologies and improved the efficiency and energy use of our operations. We then combined this assessment with detailed action plans from our major sites, to identify obvious gaps, set realistic targets, and – most important of all – accelerate the sharing of best practice across the world.

Our Climate Change Steering Committee has been strengthened and is now chaired by GMB Member, Christophe Cornier. The Committee is responsible for coordinating global efforts to address the challenge. After analysis of our 2007 CO₂ performance we have set ourselves the target of reducing emissions by 170 kg per tonne of steel produced by 2020; equivalent to an 8% reduction in absolute emissions.

This will be achieved through process, energy efficiency improvements, and optimising recycling. The target is applicable to all production sites but given the complexities of the variety of steelmaking processes, this target excludes certain approaches that use scrap and scrap substitutes such as Direct Reduced Iron (DRI). This would bring further CO₂ savings but is dependent on the availability of external resources. As a result of recent constraints, such as facility capacity usage, emissions intensity and tonnes of CO₂ produced increased by 1.7% to 2.176 per tonne of steel produced in 2008. However, we are confident that our long-term target will be reached, which we will report progress against in future years.

Working with the European steelmaking sector to develop the breakthrough technologies of the future

We are one of the key members of the EU Ultra Low CO₂ Steelmaking project, or ULCOS.

This is a €1.0 billion programme covering nearly 50 steel companies across Europe, which aims to reduce the sector's carbon emissions by 50% by the middle of the century.

A number of possible approaches have already been assessed and we are now planning to put one of the most promising options into a pilot at our plant at Eisenhüttenstadt, Germany and an industrial-scale demonstrator trial at our plant in Florange, France. This technology combines carbon capture and storage with 'Top Gas Recycling'. In other words, it uses pure oxygen instead of air and recycles gas at the top of the blast furnace, which results in a 25% reduction in the amount of carbon used. 50% of the CO₂ can then be potentially captured and stored at one of our sites in Lorraine, France.

This is a first for the steel industry, and could be a major breakthrough in the fight to combat climate change. However, it will require significant new investment, some of which still needs to be secured.

There is more information on this at www.ulcos.org.

Encouraging more recycling

Steel is one of the few raw materials that can be recycled indefinitely, which gives it huge potential as an environmentally-friendly construction and manufacturing material. Every year more than 25 million tonnes of our products are recovered and recycled, making us the world's largest recycler of scrap steel. This saves around 36 million tonnes of CO₂ on an annual basis.

We are also doing what we can to recycle the waste products from our own operations. For example, the electric furnaces at our former site at Isbergues, in Northern France, are now being used to process residues from our Dunkerque plant in France and our Gent and Charleroi plants in Belgium into useful by-products like pig iron, road-building slag, and even zinc oxide dust, which we can sell to specialist producers who can use it to extract zinc.

The recyclability of steel

Steel is indefinitely recyclable



450m

- tonnes of steel are recycled annually, more than all other recyclable materials put together
- steel's magnetic properties make it easily recoverable from waste streams
- 68% of steel cans are recycled globally – saving 13 million tonnes of CO₂ per year

(Source: World Steel Association data)

New uses for slag

One of the major by-products of the steelmaking process is Blast Oxygen Furnace slag (BOF). A plant like ArcelorMittal Tubarão, Brazil, produces up to 650,000 tonnes of BOF slag every year, so finding safe and productive ways to re-use this material is high on our sustainability agenda. This sounds fine in theory, but the specific properties of slag pose a number of technical challenges, which our R&D teams have been working on for the past ten years, often in partnership with local universities.

As a result of this work, the quality of the slag generated at Tubarão is now good enough to be used in a whole range of innovative and

practical ways. For example, we now have trademark products for use in road-building projects – Revsol has paved 230km of primary routes since 2006, and Acerita® has sold 400,000 tonnes since 2005, and been awarded a national prize for technological innovation. Other uses for slag include sewage filtration, seashore protection, and railway ballast, and as a raw material for cement, or as a replacement for natural aggregates like stone.

Perhaps the most imaginative idea of all is to put slag to use to build artificial reefs. We are developing 360 reef units in Brazil, which will be installed offshore as part of a partnership project with the local

ECOS Institute. The hope is that these will encourage marine biodiversity and in turn benefit local fishing and tourism.

"This is one of the most obvious and pragmatic ways that we can make steel in a more sustainable way. The results so far have been very encouraging and we are continuing to explore new opportunities to re-use not just slag, but all our other industrial by-products as well."

José, Manager – Internal Infrastructure, ArcelorMittal Tubarão, Brazil

\$295m

spend on R&D in 2008

14

different ArcelorMittal research centres around the world

Q.

How can we make our products and processes more sustainable?

Steel is helping to drive economic growth across the developing world, and it is often a vital element of the infrastructure these countries need to improve living standards and tackle poverty. So while steel is necessary for social and economic development, this inevitably comes at an environmental cost. This is one of the most intractable challenges the steel industry has to face, and we are investing significant amounts of resources to minimise the price the planet has to pay.

We have over 1,500 researchers in 14 different research centres across the world, and we are putting their leading-edge expertise behind the development of more sustainable products and processes. These range from more efficient processes in our own plants, to the production of new steels that drastically reduce energy loss, and could have a significant impact on the efficiency of cars of the future.

A.

Take a life cycle approach

With growing public and government pressure for concerted action to tackle climate change, companies across a whole range of sectors are starting to assess the impact of their products and services across their entire life cycle, from raw materials to production, use and final disposal.

We now have a dedicated Environment, Life-cycle and Materials team. It uses the Life Cycle Analysis approved under ISO 14040-44 to quantify the end-to-end impact of our steel products, and works with our R&D specialists to evaluate and validate the new products we now have under development. Some of this work also involves partnerships with external experts and university academics.

Develop lighter steels for manufacturing and building

Our new ultra-light high-strength steels, or HSS, are one of our most important R&D success stories. These steels can reduce the weight of industrial gas cylinders by 50% and the weight of car parts by up to 40%. This leads to better fuel consumption, as well as lower emissions. We are now working on the next generation of steels that have the potential to reduce the weight of an average car by a further 20%.

Many of the same issues apply in construction, which accounts for significant man-made CO₂ emissions, and consumes much of the world's natural resources. Traditional steel already has environmental advantages, because its high strength-to-weight ratio reduces the amount of materials required, but we have now developed an even more efficient high-strength alternative called HISTAR™.

This was created in collaboration with the Centre de Recherches Métallurgiques in Liège, Belgium, using a pioneering 'Quenching and Self-Tempering' process. The new steel, produced at the heavy section mill of ArcelorMittal Differdange and Belval, Luxembourg, offers an unprecedented combination of strength, safety and weldability. Using HISTAR™ can reduce the weight of steel columns by 32%, and beams by 19%, which can reduce the CO₂ produced during construction by as much as 30%.

HISTAR™ is already being used in high-rise buildings, stadiums, bridges, powerplants, and iconic structures like the Freedom Tower in New York, the Emirates Tower in Dubai, and the 492m high Shanghai World Financial Centre in China. Around 60,000 tonnes of HISTAR™ were sold in 2008, which equates to savings of nearly 17,000 tonnes of CO₂, and an even stronger version is already in development.

We are also working on using steel to help improve the efficiency of electrical engines and rail transport, and developing new uses for it in renewable energy. Our plant in Gijón, Spain, supplied over 230,000 tonnes of steel plate for wind generators in 2008 (a 16% increase on the previous year), and our Belgian plant in Gent is working on using steel for wind turbines on towers over 100 metres high to gain further efficiency.

The Arsolar® solar panels developed by our construction division won a Batimat Golden Innovation award in 2007 – one of the world's most important building and construction fairs organised every two years in Paris. It generates electricity from solar energy. During a 30 year lifetime, 100m² of Arsolar® Plus can save 75 tonnes of CO₂ in Western Europe and up to 400 tonnes in other locations. Our solar product has recently been renamed amhelios with new solutions launched into the market.

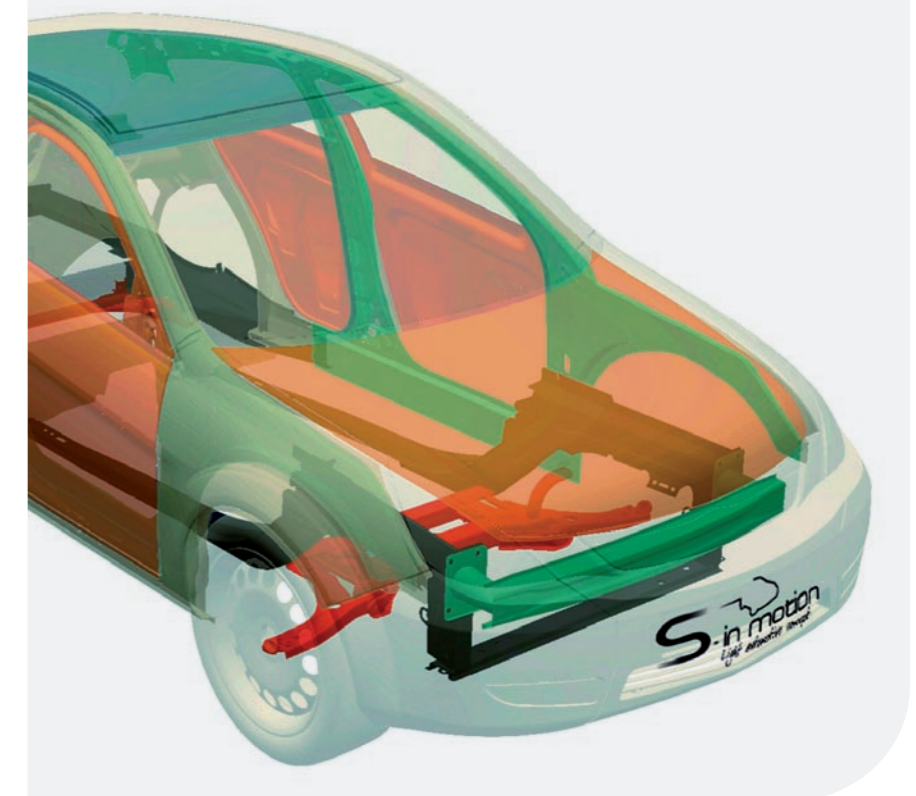
"Climate change is a massive challenge for the steel industry. The engagement of steel companies such as ArcelorMittal in the ULCOS project gives us hope for positive change."

Jean-Pierre Taverne, APEAL – Association of European Producers of Steel for Packaging

Steel on the move

'S-in motion' is one of our most exciting R&D projects. We are putting our expertise in advanced high strength steels to work to produce new materials for the car industry that will reduce weight and cost, while maintaining safety and performance. The project follows on from our successful ArcelorMittal Body Concept initiative, or ABC, which was launched at the 2004 EuroCarBody conference, and managed to achieve a 20% reduction in the weight of a typical car.

We then worked with a number of leading players in the automotive industry to design steel components for specific parts of the vehicle chassis, to achieve the optimum result in terms of both cost and safety. For example, the Lower Arm Control Design range includes a number of different products that can cut weight by up to 42%, as well as reduce costs.



Q.

How can we improve our own environmental performance?

Our aim is to cut our environmental impact as much as technically feasible, and we have a Group-wide Environment Policy which covers every aspect of our operations, from mining to steelmaking and distribution. Next year our overall footprint is expected to reduce quite significantly, but this will be mainly the result of cuts in production. In the meantime we need to continue to make improvements in readiness for the upturn.

A.

Achieve ISO 14001 certification across the whole Group

This internationally recognised standard for environmental management systems is now mandatory for all our production facilities. 91% of our production sites had achieved it by the end of 2008, and the rest are expected to be certified by the end of 2010. A similar plan will be established for our mining operations.

We have also carried out a review of all our environmental impacts across the Group, and our 'OpsEnvironmental' database monitors air, water, energy and waste data from all our facilities worldwide.

Use fewer resources

The Group-wide Environment Policy has been supplemented by a new ArcelorMittal Energy Policy and energy management system, which were launched in May 2008. Together they cover every aspect of how we purchase, use and monitor energy. This ranges from technology upgrades to the integration of energy efficiency priorities into our equipment design.

A good example is our participation in the Sustainable Energy Europe campaign. This involves sharing new ideas and best practice across the whole of our Flat Carbon division in Europe, with a particular emphasis on reducing the energy lost in gas flares. This is important because the energy efficiency of a typical integrated steel plant will rely on two factors: the amount of energy used, and the amount lost in flared gases. The aim is to reduce flare losses to 2.2% of the total production, which equates to a reduction of 600,000 tonnes of CO₂ emissions.

The economic downturn has delayed some elements of our energy management programme, but some are still on course. For example, we have defined the energy management objectives for each plant for 2013, which would result in average potential savings of 5%. The objectives include a clear list of best practice operations,

and we are developing further guidance and technology standards. Some of these are specifically linked to present market conditions, and as such will continue throughout 2009.

For the second year running our US operations have been named an 'Energy Star Partner of the Year' by the US Environmental Protection Agency and the Department of Energy. We are the only steel company to achieve this distinction, which recognises the quality of the ArcelorMittal USA energy management and its 4.1% improvement in energy intensity over the last three years, as well as the work that has been done to raise awareness of this issue with its employees, business partners and the general public. The savings made are equivalent to \$131 million every year.

In early 2009, ArcelorMittal Kryviih Rih in Ukraine won three prizes in a national energy efficiency competition. Its new system for heating blast furnaces has helped save 12 million m³ of natural gas in 2008, and won first prize for 'best energy efficient project investment'. Kryviih Rih implemented 179 different energy efficiency measures during 2008, which resulted in savings of 19,000 tonnes of equivalent fuel and over 15,000 MW/h of energy.

We are also aiming to cut our water consumption and re-use more of it. Our total fresh water intake (including surface, ground water and community networks) amounts to approximately 2.9 billion m³ per year. Some of our operations are in sites prone to drought or water shortages and these are our highest priority for improvement. Eight sites, however, in Brazil, Spain and South Africa currently operate with zero effluent.

This is also why some of our community projects focus specifically on water. In Mexico, for example, our operation has just signed a new partnership with the local Committee for Drinking Water and Sewer Systems, which will install a pipeline system for both our own plant and the local community of Lázaro Cárdenas.

Reduce our wider impacts

Carbon is not the only emission we are seeking to reduce. We are also cutting dust, nitrous oxide (NO_x), sulphur dioxide (SO_x), and volatile organic compounds from our furnaces, coke ovens, sintering plants and coating lines. These compounds are an inevitable by-product of the steelmaking process, but continued improvements in our environmental management can make a big difference, as can upgrading our production equipment. In 2008, we spent \$228 million on this sort of work across the Group.

We have started an extensive programme to modernise the Ostrava power plant in the Czech Republic, including the desulphurisation of its boilers and the installation of a new dust control system at the sintering plants. The desulphurisation project alone will cost over \$70 million, but will reduce SO₂ emissions by 50%, and emissions from the sintering plant by at least one-third. These projections have been validated by the Technical University

of Ostrava. Other modifications underway at the site range from the sealing of sintering carts to work on the combustion gas collectors, which will reduce dust emissions by more than 50 tonnes a year.

State-of-the-art cleaning vehicles are already on-site, and collected 1,800 tonnes of dust in 2008.

In January 2009, our operations in Galati, Romania, began the installation of de-dusting equipment which was finalised in May. The investment of \$20 million allows for more efficient capturing of gas and dust emissions, going beyond EU norms, which will lead to a decrease in dust emissions by approximately 95%.

Protect the environment and encourage biodiversity

Steel plants are always large and some industrial sites of ours are also situated near sensitive or significant wildlife habitats. We undertake biodiversity studies at sites like this, and do what we can to rehabilitate

land that we do not presently need, for use in the future.

Our plant at Olaberria, Spain, is a good example. The site is surrounded by forests, but we also had over 18 hectares of disused land, including two old landfill sites. There was an obvious opportunity to create a new area of forest, both as a habitat, and as an amenity for local people. The regional council offered subsidies towards the cost of clearing, cleaning, and planting, and our task was to ensure that the work was done in the right way, and with the best results.

We engaged forestry specialists, and planted nearly 30,000 trees of different species. As the new forest has established itself there have been sightings of wild boar and roe deer, as well as smaller mammals and many different species of birds. The local reaction has been very positive, both from residents, the regional council, and the media. It is the first time we have done a project like this, or on such a scale, and the learning is being shared with other sites planning similar schemes.

Open Environment Day in Genk, Belgium

Plant open days have proved to be one of our most successful ways to engage with local stakeholders, and build greater understanding and trust. At our stainless steel plant in Genk, Belgium, there have been persistent complaints about dust and noise. The management team at the plant decided to open up the site to local people, so that they could see for themselves what was being done to address their concerns.

The site invited representatives from stakeholder groups, including local government, NGOs, the media, Trade Unions and local residents. They were taken on a tour around the plant, and then took part in an open discussion forum with both the management team and independent health and pollution experts. The Genk plant has since developed a more active local communication programme, which includes publishing an annual newsletter and

encouraging more active feedback from local citizens. There are plans to enlarge and improve the protective 'green zone' around the plant, and a new partnership with the Flemish Institute for Technological Development, which will work towards further improvements in dust and noise control.

"Good mutual understanding is a minimal starting point in a context of being 'Best Neighbours'. In order to solve problems and take initiatives, industry and local communities must share a joint responsibility."

Wim Dries, Genk community Alderman and Assistant Mayor





“The mobile health units we are funding are bringing basic healthcare to thousands of people in this rural neighbourhood”

Bibhudendu, Corporate Responsibility Manager, ArcelorMittal, India

\$57m

invested in 587 community projects

8,000

employees from 45 sites participated in our inaugural Volunteer Work Day

Key questions

- Q1 How do we contribute to the health and prosperity of our communities?
- Q2 How do we engage with our local stakeholders?
- Q3 How do we promote human rights?
- Q4 What type of local projects and organisations are we supporting?

Enriching our communities

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

Q.

How do we contribute to the health and prosperity of our communities?

We have industrial operations in over 20 countries across the world, and many of these sites are in developing countries facing social and economic challenges. This makes it even more important that we do what we can to encourage economic growth and development in these communities. Some of the activities we had planned for 2009 have unfortunately been delayed by the current economic downturn, but we are still committed to making a positive contribution to the communities in which we operate in the medium- to long-term.

A.

By supporting local economic development

In 2008, we paid approximately \$12.6 billion in salaries and wages, and spent millions of dollars on buying goods and services from local suppliers. We also spent over \$5.0 billion on plants and equipment, around one half of it outside the EU, and paid around \$3.7 billion in total tax (\$2.8 billion in corporate income tax and \$0.9 billion in local taxes). We have recently developed a Total Tax Contribution (TTC) framework, which is a reporting mechanism designed to increase transparency around our tax payments. TTC supports dialogue with governments and interested stakeholders relating to accountability, transparency and our commitment to identify economic value.

In some countries we have contractual obligations including environmental, asset retirement and investment commitments. These require significant spend on socio-economic development in a country during the lifetime of the investment. Efforts are being made to more accurately account for these values and obtain a truer figure for our economic value added.

We have been an important party in the provision of basic infrastructure in countries like Bosnia, Kazakhstan, Liberia and Senegal. We have built roads and transport links, provided water and energy, and helped construct ports and hospitals. Over time these facilities will be handed over to local municipalities. In developed markets like the USA, we have made surplus land within our sites available to the local community.

In some developing markets we have to take the responsibility for providing basic healthcare for our employees, and in many cases we make these facilities available to local people as well. In more mature markets the focus is on promoting healthy and safe lifestyles, both for our employees and our local communities.

Both ArcelorMittal Mexico and ArcelorMittal USA have partnered with the Red Cross. In Mexico, the partnership has focused on the provision of equipment, first-aid kits and supplies to be used in natural disasters, as well as with the American Red Cross supporting a telephone helpline. In 2009, ArcelorMittal USA's partnership created a programme called 'Creating Safer Communities'. The programme includes events that provide an opportunity to educate the local community and employees on a variety of activities including fire

safety, first aid and disaster training. These events will be piloted at eight of our sites in 2009.

We aim for constructive relationships with our community and government stakeholders, and wherever we operate our ambition is to promote the responsible use of natural resources, and to contribute to the wider social and economic development of an area.

In Liberia, we have a \$1.5 billion iron ore mining project. We have already made significant progress on the development of the project and related infrastructure improvements, which eventually will employ around 3,400 people, and create another 20,000 jobs indirectly. This would be in addition to social and economic development investments, training, and the provision of health care and education. To protect the long-term needs and interests of the company and its employees, we are currently implementing a cautious programme of cutbacks but continue to contribute to Liberia's development. The original investment plan will resume once the world markets have improved.

By providing jobs, training, and skills

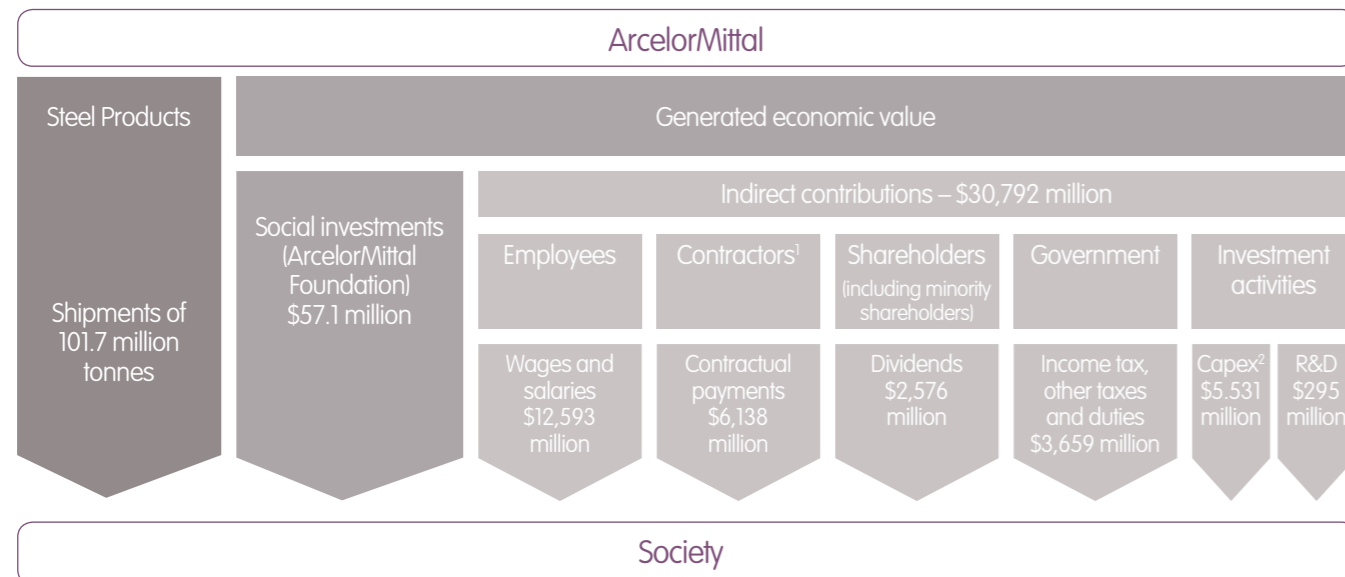
Education and skills development is a community priority and a business priority for us as a company. We need skilled workers to staff our own operations, but we also take the initiative to build local capacity for the future, and help local residents gain new skills. In South Africa, we are working hard to meet the government's long-term targets in relation to the number of black people we employ, but we are severely hampered by the shortage of technical and engineering skills in the country. We have a number of initiatives in place to address this, both inside and outside the Company, and some of these have now been adopted by external organisations such as the Manufacturing, Engineering and Related Services Sector Education and Training Authority.

Overall, we have invested heavily in local training and education programmes across the world, many of which have active links to our own R&D centres. In developing markets the emphasis is often on basic literacy and numeracy skills while in countries like the USA we support the government-endorsed Science, Technology, Engineering and Mathematics (STEM) teaching, and work with schools to encourage students to consider a career in the steel industry.

By working with local organisations

One of the ways we ensure that our support is appropriate and relevant is by working with local groups and non-governmental organisations (NGOs) to help us direct our investment where it will make the most difference. We also support small-scale community projects designed to encourage sustainable growth. Most of these organisations are run by local citizens.

Economic value added in 2008



Footnotes 1 – Does not include all supplier payments
2 – Capital expenditure

Supporting skills development in South Africa

Through a recent partnership with the Department of Education we are aiming to build ten new schools throughout the country using new steel technology.

The first school, Mamelodi Primary, is scheduled for completion by the end of 2009. The remaining nine schools will be built over the next seven years.

The Mamelodi project is another crucial pillar in our strategy of investing in skills development, training and education. This strategy includes promoting maths and science skills at high schools; an extensive bursary programme for engineers and other technical skills;

and upgrading the skills of our employees.

This investment not only ensures that we have a pool of skilled resources for our own operations, but also contributes towards addressing the skills shortage in the country in general. Under the government's Joint Initiative on Priority Skills Acquisition (JIPSA) programme, we are one of the companies that have committed to producing more engineers than we need for our own business.



Supporting underprivileged neighbourhoods in Brazil

In 2008, ArcelorMittal Tubarão and the ArcelorMittal Foundation supported project, BemBank, was included in the UN Habitat's list of best practices for 2008. The award was launched in 1995 during preparations for the second United Nations Conference on Human Settlements (Habitat II) as a means of identifying best practice among projects that work to improve living conditions on a sustainable basis.

BemBank looks to support underprivileged neighbourhoods of the Espírito Santo State capital, Vitória. Over 31,000 people live in these neighbourhoods and many suffer from poverty, financial exclusion, difficulties in accessing credit, unhealthy housing and poor water and electricity connections.

One of the first priorities was to establish a line of housing credit offered by the BemBank as well as to support a local brick factory and home construction enterprise. This has resulted in 24 housing loans and over 700 hours of skills training for local residents.

As one of the main sponsors of the project, ArcelorMittal Tubarão participates in the training programmes, lending its expertise in certain areas. Furthermore, two of its engineers have developed innovations that have improved the production processes at the brick factory, resulting in over 1,000 bricks being produced per day.



Q.

How do we engage with our local stakeholders?

We recognise that what we do has an impact on others. We need to understand exactly what these impacts are and manage them responsibly, taking people's rights and priorities into account.

A.

Through dialogue, discussion and a range of different local events

At the time of our 2008 Annual General Meeting (AGM) a coalition of environmental and community organisations issued a report that criticised us on a number of fronts, including environmental pollution, and Health and Safety. One of the report's key themes related to a perceived lack of consultation with sites surrounding our operations across the Group. Immediately after the AGM, senior management including GMB members met with coalition representatives to express a willingness to enter into dialogue and inform them of the work we have been doing and our plans in the areas of Health and Safety and environmental management. This has since been followed up with formal and informal dialogue with coalition representatives.

We have started to invest significant time and resources in improving and growing our community engagement programmes. We now have a mandatory Community Engagement standard that all our major industrial sites have to follow. We have backed this up with a detailed manual and an online training course that offers practical guidance about setting up and running community engagement activities.

Our South African business has run three community engagement events so far, each time following the guidelines in the manual. They have identified the local people with the greatest interest in and influence on our plant, and established their key concerns and priorities. What they have found so far suggests that economic development, education, and job opportunities are the most important issues locally.

Our plant at Ostrava in the Czech Republic held an open day for local citizens in December 2008. It was a follow-up to a meeting held at the city council three months before, and anyone who had raised a question or issue then was invited to take part. Visitors were able to take tours of the plant, so they could see for themselves what the company was trying to do to reduce noise and pollution. For example, state-of-the-art bag filters are being installed at the sinter plant, which should make a difference to the amount of dust emitted into the atmosphere.

In ArcelorMittal Mexico, we have recently undertaken our first local stakeholder mapping process. Using

guidance from the community engagement manual we have identified our most important stakeholder groups. This is an ongoing exercise but initial meetings have defined key issues of interest per stakeholder group.

Community engagement is still being conducted in the units that have experienced recent slowdowns and closures. In Sonora, Mexico, we visit the local mining community every fortnight to try and maintain trust during this difficult period.

As these examples demonstrate, the central element of any stakeholder engagement activity is a spirit of openness and honesty. It is important to communicate clearly, engage at many different levels, and be sensitive to different and often conflicting points of view.

Since late 2008 we have been developing a Group-wide community engagement database, to support our efforts on the ground. It will record and coordinate our engagement with NGOs and other stakeholder groups; improve the effectiveness of the engagement; ensure consistent and appropriate responses; and allow for the early identification of issues. This will give us a much clearer picture of stakeholders' concerns across all our markets and allow us to monitor more closely what we are doing to address them. This database is supported through online training.

Reaching our Indian stakeholders via radio

One of our largest greenfield sites in a rural area is in the state of Jharkhand, in Eastern India. People there need to be informed and educated on what the new plant will bring to the region, or what changes it might make to their own prospects. We wanted to find ways to get our message across, and start genuine, regular two-way dialogue with local residents.

The most successful idea so far has been a programme of broadcasts on Radio Dhoom, a popular local FM radio channel. We have planned four separate types of communication, ranging from short spots concentrating on specific development issues, to a weekly discussion programme which allows people to voice their own views and raise the issues that concern them. We are also planning to have some senior ArcelorMittal managers take part in debates on air, so that they can answer questions and reassure the community about the Company's intentions. Everything is broadcast

in the local tribal language and Hindi. The programme has presented a number of issues ranging from creating awareness of the Resettlement and Rehabilitation policy; capacity-building and skills development; and the empowerment of women. We have also set up a listeners' panel of around a thousand local residents, which will be a key part of our community engagement programme.

"Considering the low levels of literacy in the region, the choice to use radio has obvious benefits such as immediacy, reach and interactivity. It is helping us to inform, educate and communicate with our communities directly through a series of interesting and thematic programmes."

Mr. Vijay Bhatnagar, CEO, ArcelorMittal India & China



Volunteer Work Day 2008

To coincide with the UN International Volunteer Day, December 5, 2008 saw ArcelorMittal employees from across the world giving up their time to help their local communities through our inaugural Volunteer Work Day. More than 8,000 employees from around the world participated in over 200 initiatives. Here are just a few of the highlights:

- Over 3,000 employees in Brazil got involved in painting, gardening, electrical repairs and hundreds of other small tasks to help local residents.
- Teams in Costa Rica organised work at two schools, repairing some of the buildings, improving the schools' security and building a playground.
- In the Czech Republic, 400 employees from Ostrava helped with activities ranging from reading to schoolchildren, to the restoration of a building used by a charity for mentally disabled people.
- Employees in France supported fundraising for the muscular dystrophy charity Téléthon.
- Staff in Ukraine took part in social work with young people, including support for charities and the collection of toys and books for a local orphanage.
- Activities undertaken by our colleagues in Liberia included street cleaning and tree planting.



Q.

How do we promote human rights?

The nature of our business means that we sometimes have to deal with situations that raise sensitive human rights challenges, especially in relation to greenfield developments or new mining projects. And whilst many of our greenfield projects have been postponed, managing corporate responsibility issues are still very relevant today.

A.

By observing international standards, and handling issues sensitively

We will try to avoid re-settling people if we can, but in some circumstances we have no alternative – our Indian sites in Jharkhand and Orissa are recent examples. In these cases we work hard to handle the process in a fair and open manner, observe the highest international standards, including conducting social and environmental impact assessments, and respect local cultural and social concerns. Our policy is to work with local groups, and invite all the people affected to get involved in planning their new community, and developing new jobs and amenities.

Presently, our internal human rights efforts are focused on awareness-raising. Relevant individuals from across the business including HR, Employee Relations and Procurement are using a compliance assessment tool, with preliminary results due later in 2009. Prominent human rights experts and relevant NGOs have been invited in to speak to management, and we are participants in external events to gain a better understanding about this top subject. For example, in December 2008 we joined ten other large corporations for a one-day roundtable on human rights in New Delhi. It was organised by the Business

Leaders Initiative on Human Rights, and provided an opportunity to discuss best practice, and examine how this complex agenda is being played out in India. The next step will be to widen the discussion to include key stakeholders such as Trade Unions, government and NGOs, with the aim of finding practical and realistic solutions to some of the country's more intractable human rights challenges.

We also support the United Nations Universal Declaration of Human Rights, the Core Conventions of the International Labour Organisation (ILO) and the United Nations Global Compact.

Q.

What type of local projects and organisations are we supporting?

In May 2007, we set up the ArcelorMittal Foundation, to drive our community investment across the world. It is currently supporting 587 projects in 27 countries. In 2008, social investments amounted to over \$57 million.

A.

Our focus is on education, Health and Safety and social promotion

We always look for initiatives that will maximise long-term economic growth and entrepreneurship, while respecting the needs of local people. Likewise we always prefer to fund projects that can quickly become self-sustaining, since that benefits the maximum number of people.

Every Foundation project also has to observe certain key criteria:

1. A clear focus on communities around or close to one of our units.
2. A focus on education, Health and Safety, or social promotion.
3. Direct benefits to a significant number of people.
4. The ability to monitor the project on an ongoing basis.
5. Clear, measurable results and performance indicators.

Our initiatives are aligned with the United Nations' eight Millennium Development Goals (MDGs) – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by 2015 – form a blueprint for much of ArcelorMittal's social investment. Given our footprint in emerging markets, the MDGs are a strong incentive to support our corporate responsibility strategy in those markets and show how steel can contribute to achievement of these goals.

Habitat for Humanity

In early 2008, the ArcelorMittal Foundation set up a new partnership with Habitat for Humanity. It is an international NGO dedicated to building affordable housing. Our partnership is a long-term commitment, with three elements: financial support; volunteering opportunities for our employees; and a design scheme to use our expertise in steel construction to develop new, sustainable and low-cost approaches to building family homes.

A pilot study has been launched in Romania under the name 'Casa Buna', meaning 'Good House' – a two-floor house for four families that can easily be constructed. The model uses a simplified design method for light steel frames developed by our own R&D department in Liège, Belgium. The durable structure is designed to last longer than similar priced models, and once disassembled almost all the materials can be recycled.

Other potential projects using an adapted 'Casa Buna' model have been identified in Costa Rica and Argentina. Around 30 colleagues volunteered to help the construction

of ten houses in Costa Rica. In the first year alone about 145 families will benefit from the programme. The ultimate goal is to build more durable homes using steel structures and roofing in countries that are prone to natural disasters, as well as training communities to adopt safer construction practices.

"The leadership of ArcelorMittal in entering a new strategic partnership with Habitat for Humanity is an example we hope other companies will follow. Casa Buna represents not only a new model of home construction to provide decent and affordable shelter for low income families, but also an example of how the corporate and non-profit sectors can work together to fight poverty. We hope that this innovation will become a low-cost, safe and energy efficient housing solution both in Romania and globally."

Don Haszczy, Area Vice President, Habitat for Humanity International



Summary of progress

We have defined key performance indicators to monitor the four areas of our corporate responsibility strategy. Most are already monitored by the business, and the rest are under development. In the future we will be reporting our progress against these criteria.

Overview of Key Performance Indicators (KPIs)

Key areas	Key Performance Indicator (KPI)	How we did in 2008	What we aim to do	Page
Transparent governance	Percentage of employees receiving Code of Business Conduct compliance training	<ul style="list-style-type: none"> Quarterly monitoring of Code of Business Conduct training supplemented by Anti-trust Guidelines, Insider Dealing Regulations, and new Anti-corruption Guidelines Over 90% of employees had some form of training on the Code of Business Conduct in 2008 	<ul style="list-style-type: none"> Continually raise awareness of ethical issues among employees Further compliance training to be introduced in 2009 	16
	Number of whistle-blowing notification systems in place, and number of complaints substantiated after investigation	<ul style="list-style-type: none"> Centralised whistle-blowing procedures in place supplemented by additional local-level processes for employees to report suspected accounting irregularities, auditing and financial issues as well as any other fraud matters By the end of first quarter 2009 12 countries had implemented new localised systems Investigations currently only disclosed internally 	<ul style="list-style-type: none"> Target to have at least 19 localised systems in place by the end of 2009 	16
	Annual Board self-assessment including Board's impact on external stakeholders	<ul style="list-style-type: none"> First self-assessment completed in the first quarter of 2009 Currently results are internal only and to be presented to the Appointment, Remuneration and Corporate Governance Committee 	<ul style="list-style-type: none"> Use process and results to continually improve Board effectiveness Aim to implement similar self-assessments in boards of important subsidiary companies 	18
Investing in our people	Total injury rate	<ul style="list-style-type: none"> Presently continuous monitoring of lost time (LTIF), severity rates and number of fatalities. Some sites collect LTIF and absent work data Group LTIF reduced by 1.0 to 2.3 per million hours worked 	<ul style="list-style-type: none"> Current focus is on ensuring reporting accuracy of present indicators Working with World Steel Association Safety and Health Committee (SHCO) on safety data collection approach 	24
	Percentage of operations accredited to Health and Safety management system, OHSAS 18001	<ul style="list-style-type: none"> Continuous monitoring of OHSAS 18001 now in place 37% of Group certified¹ 	<ul style="list-style-type: none"> Target of 100% certification by mid-2011 	24
	Number of hours of employee training received by grade/country/business	<ul style="list-style-type: none"> Monitoring of investment, participants and training hours at ArcelorMittal University only ArcelorMittal University invested nearly \$20 million, had 17,751 participants, and nearly 40,000 training days in 2008 	<ul style="list-style-type: none"> Maintain level of investment and training amounts at the University Aim to extend training data capture beyond the University 	26
Making steel more sustainable	Number of social dialogue interactions at different levels – from the Group Management Board down to plant level	<ul style="list-style-type: none"> Employee Relations Guidelines developed Monitoring of European level consultations, 28 formal consultations with European Works Council during 2008 	<ul style="list-style-type: none"> Continuous improved transparency and dialogue but specific monitoring of effectiveness of dialogue currently being reassessed 	22-23
	Total Group carbon dioxide (CO ₂) emissions per tonne of steel produced	<ul style="list-style-type: none"> Annual monitoring of CO₂ emissions by all process routes Analysed 2007 performance to establish target 	<ul style="list-style-type: none"> Target to reduce emissions by 170 kg per tonne of steel produced by 2020; equivalent to 8% reduction in absolute emissions Continual involvement in breakthrough technology development 	30
	Percentage of production sites accredited to environmental management system, ISO 14001	<ul style="list-style-type: none"> Continuous monitoring of ISO 14001 certification in place 91% of steel production sites certified in 2008 (compared to 79% at year-end 2007) 	<ul style="list-style-type: none"> Target of 100% certification by end of 2010 for steel production sites; plan for mining sites to be finalised 	34
Enriching our communities	Total investment spend on environmental capital expenditure	<ul style="list-style-type: none"> Continuous monitoring in place of environment and energy specific capital expenditure Approximately \$235 million spent on environment investment and energy saving projects in 2008, representing over 4% of total expenditure 	<ul style="list-style-type: none"> At some sites the current financial crisis has affected our ability to invest in environmental improvements. However, intention is to resume when financial climate allows us to do so, in line with environmental policy commitments 	35
	Direct economic impacts of an operation through investment in plant and equipment, salaries, taxes paid and its economic effects on its immediate suppliers	<ul style="list-style-type: none"> Group-level model developed for direct economic impact but excludes full supplier impacts Additional Total Tax Contribution framework developed In 2008, highlights include nearly \$12.6 billion in employee wages and salary, \$3.6 billion in taxes, \$5.5 billion in capital expenditure and \$295 million in R&D 	<ul style="list-style-type: none"> Aim to account more accurately socio-economic and environmental commitments of e.g. Mining Development Agreements Working with the World Steel Association Sustainability Forum to develop industry 'economic value distributed' approach 	38
	Number of community engagement plans as defined by the ArcelorMittal Community Engagement standard	<ul style="list-style-type: none"> Community engagement standard approved in June 2008 	<ul style="list-style-type: none"> Stakeholder engagement database to be launched July 2009 to record engagements Publish Group-wide guidance 	41
Enriching our communities	Monitoring and acting upon grievances received by local communities	<ul style="list-style-type: none"> Stakeholder grievance procedures and mechanisms established at major sites 	<ul style="list-style-type: none"> Stakeholder engagement database to be launched July 2009 to record actions in response to grievances Publish Group-wide guidance on governance procedures in line with best practice 	41
	Measuring the number of people benefiting from ArcelorMittal Foundation social investments	<ul style="list-style-type: none"> Nearly 600 projects and \$57 million in social investments New template for social investment project monitoring developed 	<ul style="list-style-type: none"> Social investment project monitoring template to be rolled out across the Group with the aim of more accurately recording the value and beneficiaries of social investments 	42-43

¹ Excludes distribution services sector AMDS. Results for 2008 for AMDS were 11 of 411 units certified.

² Excludes specific safety-related training.

Bureau Veritas' independent assurance statement

To the stakeholders of ArcelorMittal

Bureau Veritas UK has been engaged to provide external assurance to the stakeholders of ArcelorMittal over its Corporate Responsibility Report 2008 'How will we achieve safe sustainable steel?'.
Bureau Veritas commends ArcelorMittal for producing its third external corporate responsibility publication since January 2008 and undertaking external assurance after only one year of full corporate responsibility reporting.

The preparation of the Corporate Responsibility Report 2008 is the sole responsibility of ArcelorMittal. Our aim is to provide assurance to stakeholders on the accuracy, reliability and materiality of the information therein and to express our overall opinion as per the scope of assurance. The objectives, scope, methodology and limitations of our work are detailed below.

The preparation of the Corporate Responsibility Report 2008 is the sole responsibility of ArcelorMittal. Our aim is to provide assurance to stakeholders on the accuracy, reliability and materiality of the information therein and to express our overall opinion as per the scope of assurance. The objectives, scope, methodology and limitations of our work are detailed below.

Objectives and scope of assurance

The objectives and scope of the assurance were to:

1. Review integration and implementation of ArcelorMittal's corporate responsibility approach across its global operations;
2. Review underlying systems for governance of corporate responsibility, identification and management of issues, and performance metrics (such as data collection, compilation, review and consolidation methods); and
3. Verify performance data, factual information and activities undertaken by ArcelorMittal over the reporting period January 2008 to March 2009 as presented within the corporate responsibility report.

Bureau Veritas recognises the need for a robust, transparent assurance process to ensure credibility and to act as a tool to drive performance improvement in ArcelorMittal's corporate responsibility reporting and strategy. This is achieved by providing an impartial commentary on the reporting process and proposing summary recommendations for further development within this statement.

Methodology

To conduct the assurance we undertook the following activities:

- Interviews with 15 key individuals at ArcelorMittal's Luxembourg and London offices to build an understanding of the corporate responsibility strategy, identification and management of key issues and risks to the company and its stakeholders;
- A review of the appropriateness of ArcelorMittal's corporate responsibility governance arrangements through interviews with members of the Corporate Responsibility Coordination Group and reviewing relevant documentation;
- Verification of performance data and factual information contained within the Report through a process of document review, data sampling and interrogation of supporting databases and associated reporting systems; and
- Visits by Bureau Veritas' global auditor network to seven major operational facilities across six main countries of operation (Canada, Mexico, Brazil, South Africa, Belgium and Ukraine) to evaluate integration and implementation of corporate responsibility at site level.

Opinion

Based on our work, it is our opinion that ArcelorMittal's Corporate Responsibility Report 2008:

- Includes information that is reliable and provides a reasonable account of relevant activities and performance over the reporting period on corporate responsibility activities;
- Clearly communicates the key challenges and issues it faces, providing readers with additional understanding and context; and
- Highlights ArcelorMittal's commitment and recent progress in addressing material issues and embedding corporate responsibility governance, management and relevant practices across its global operations.

Recommendations

Bureau Veritas presents some priority recommendations for consideration by ArcelorMittal below. These and further detailed recommendations have been provided to the management of ArcelorMittal in a separate internal Management Report.

- Corporate responsibility reporting activities through to the next reporting period need to focus on the finalisation of key performance indicators (KPIs) and ensure that the understanding and ability to capture the required information exists throughout the whole company;
- Although guidance on stakeholder engagement has been rolled-out globally there is still continual need

for training, monitoring and reporting to ensure that this process leads to beneficial interaction for all ArcelorMittal's stakeholders in future; and

- Increased communication/training of ArcelorMittal's corporate strategy for corporate responsibility should be promoted at a market/site level. Such communication should better emphasise the integration of corporate responsibility considerations into core business strategy.

Limitations and exclusions

The opinion above has been formed on the basis of, and is subject to, the inherent limitations outlined below in this independent assurance statement. The assurance work was planned and carried out to provide reasonable, rather than absolute, assurance and we believe it provides a reasonable basis for our conclusions.

Excluded from the scope of our work is information relating to:

- Activities outside the defined reporting period;
- Company position statements (including any expression of opinion, belief, aspiration, expectation, aim or future intention provided by ArcelorMittal); and
- Financial data which is taken from ArcelorMittal's Annual Report and Accounts, audited by an external financial auditor.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement by Bureau Veritas of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 180 years history in providing independent assurance services, and an annual turnover in 2008 of €2.55 billion.

Our assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes in accordance with best practice. The assurance team does not have any involvement in any other Bureau Veritas projects with ArcelorMittal and there is no conflict between the other services provided by Bureau Veritas and that of our assurance team.

Bureau Veritas has implemented a Code of Ethics across its business which ensures that all our staff maintains high ethical standards in their day-to-day business activities.

Bureau Veritas UK Ltd
London, June 2009



GRI Index

To develop and inform our own existing internal reporting systems and disclosure we have begun using and referencing the Global Reporting Initiative (GRI) sustainability reporting guidelines including the mining and metals sector supplement (see www.globalreporting.org).

To assist certain readers in the navigation of this report and other ArcelorMittal publications, we have included a full table of the GRI G3 guideline parameters on which we currently report as well as the UN Global Compact Principles which can be found at www.arcelormittal.com

UN Global Compact Principles

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
	Principle 2	Businesses should ensure that they are not complicit in human rights abuses
Labour Rights	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	Principle 4	Businesses should support the elimination of all forms of forced and compulsory labour
	Principle 5	Businesses should support the effective abolition of child labour
	Principle 6	Businesses should work to eliminate discrimination in respect of employment and occupation
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery

Contact details

For further information and details on ArcelorMittal's business and operations please visit the corporate website www.arcelormittal.com

We welcome feedback on this report and our wider approach to corporate responsibility. Please email your views to crteam@arcelormittal.com

Investors are encouraged to email sri@arcelormittal.com

To contact any of the coordinators in our large corporate responsibility network, please use the contact details above and we will put you in communication with our regional operations.

Local and regional reports

This report represents ArcelorMittal's Group-level approach to corporate responsibility. In recognition of local and regional stakeholders, a number of Group companies and departments produce their own separate reports. These are available from www.arcelormittal.com

Useful websites

Association of European Producers of Steel for Packaging
www.apeal.org

Auto/Steel Partnership
www.a-sp.org

CSR Europe
www.csreurope.org

European Bank for Reconstruction and Development
www.ebrd.com

Extractives Industries Transparency Initiative
www.eitransparency.org

International Council on Mining and Metals
www.icmm.com

International Labour Organisation
www.ilo.org

Living Steel Project
www.livingsteel.org

Steelworker for the Future training programme
www.steelworkerforthefuture.com

Ultra Low CO₂ Steelmaking Project
www.ulcos.org

UN Global Compact and UN Caring for Climate
www.globalcompact.org

Principles for Responsible Investment
www.unpri.org

World Business Council for Sustainable Development
www.wbcsd.org

World Steel Association
www.worldsteel.org

This Corporate Responsibility Report contains forward-looking statements that represent the expectations, beliefs, plans and objectives of ArcelorMittal's management regarding ArcelorMittal's financial and operational performance in 2008 and beyond, and assumptions or judgments based on such performance. Future performance expectations are forward-looking and accordingly involve estimates, assumptions, judgments 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 at www.arcelormittal.com in 'Investors and Shareholders – Activity Reports and Documents – SEC Filings'.

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