

Sustainability  
Report 2009  
ArcelorMittal Brasil

MESSAGE FROM THE PRESIDENT  
ORGANIZATIONAL PROFILE  
LEADERSHIP MANAGEMENT  
TRANSPARENT GOVERNANCE  
INVESTING IN OUR PEOPLE  
MAKING STEEL MORE SUSTAINABLE  
ENRICHING OUR COMMUNITIES  
REPORT PROFILE



ArcelorMittal



Searching for a **safe and**  
**sustainable** steel



# Summary

<b>INTRODUCTION</b>	<b>3</b>
Message from the President	4
Organizational Profile	6
Leadership Management	11
<b>TRANSPARENT GOVERNANCE</b>	<b>12</b>
In Brazil and in the world	13
Values	14
<b>INVESTING IN OUR PEOPLE</b>	<b>16</b>
People Management	17
Professional Development	18
Health and Safety	20
<b>MAKING STEEL MORE SUSTAINABLE</b>	<b>23</b>
Water	24
Effluents	26
Energy	27
Emissions	29
Residues	31
Materials	33
Biodiversity	34
Impact Management	36
Commitment to Conservation	38
Product Responsibility	39
<b>ENRICHING OUR COMMUNITIES</b>	<b>41</b>
Generating Value	42
Suppliers	43
Communities	44
ArcelorMittal Brasil Foundation	45
Culture	47
Human Rights	49
<b>REPORT PROFILE</b>	<b>51</b>
GRI Index	52
Glossary	54
Awards and Recognitions	55
Credits	55



“The scenario is very promising. Learning from the crisis has made us stronger and more competitive”

Benjamin Mário Baptista Filho  
Director – president

In this chapter

Messages from the President

▼ Organizational Profile

Markets served

Sector challenges

Window for steel

Leadership Management

# Introduction

Having a corporate culture anchored in people, ArcelorMittal Brasil acts in all dimensions of sustainability to follow its strategy of continuous growth



# Message from the President

Each year we reaffirm our commitment to sustainability, especially to the human rights principles, environment protection and fight against corruption.



Benjamin Mário Baptista Filho

“We adopt the necessary decisions facing one of the most serious crisis already experienced by the world steelmaking sector”.

Benjamin Mário Baptista Filho  
Director – president

2009 was an important period for ArcelorMittal Brasil to demonstrate the maturity of its management model. We responded to the crisis with agility and efficiency, through coordinated and integrated actions with all the units. We really took advantage of the synergy of our businesses, as well as the relation history with our employees, suppliers and customers, and mostly we adopted the necessary decisions facing one of the most serious crisis already experienced by the world steelmaking sector.

## Our culture is prioritizing people and the quality of our products and services

Our actions have also been oriented by the commitment to sustainability. We search for efficient solutions to improve economical, social and environmental performance, acting within principals that allowed us to reverse negative perspectives and begin the recovery of the business level still in the end of the first semester. We reduced costs, adjusted stokes to the new market reality and adopted a severe cash flow control. At the same time, we kept our

culture to prioritize health and safety, people, the quality of our products and services, integration with society and care for the environment.

Therefore we have created the necessary conditions to preserve our managerial model, and by doing so, we have reached important results in the period. Part of such model is the continuous investment policy in qualification, as well as employees’ training and development, which placed us in a privileged position to overcome the crisis and strengthen the organization. That also allowed us to take the adequate decisions for the moment, always counting on strong leadership with quality in all management areas, and with sustainability in its multiple aspects.

In 2009, ArcelorMittal Brasil became the first steelmaking company to negotiate carbon credits in the Clean Development Mechanism (CDM) scope – an action which demonstrates the organization determination and pioneering to reduce the effects of climate changes – focus and priority in all governmental minutes all over the planet. That is one among the

several projects we have developed to reaffirm, every year, our commitment to sustainability, specially to the principles of human rights, working rights, environment protection and fight against corruption established by the Global Pact (UN), in which we are signatories.

## The new governance settings have strengthen several business areas

Internally, the quality of our management has also been determined by performing administration changes, due to the retirement of the executives José Armando Campos in April, and Carlo Panunzi in September. Resulting from a gradual and well planned succession process, changes occurred harmonically and did not alter the corporation strategy and directions. Still related to corporate governance, we need to highlight the fusion between ArcelorMittal Florestas and ArcelorMittal Jequitinhonha, creating ArcelorMittal BioEnergia. That new setting strengthens several business areas and will certainly bring us important gains in the economical, social and environmental aspects.

“In the Health and Safety area the program Journey to Zero Accident is a priority of the entire management”

Benjamin Mário Baptista Filho  
Director – president

The trust in our products and in our organization strength led us to keep part of our planned investments, even facing the need to preserve cash and reduce production. We continued with projects to increase capacity in strategic segments, highlighting the implementation of a second slab re-heating furnace in the Hot Strip Rolling Mill of ArcelorMittal Tubarão, in Espírito Santo, and the installation of the new galvanizing line in São Francisco do Sul Unit (Vega), in Santa Catarina.

Civil works in Monlevade are preparing the unit to double its capacity

In the long carbon segment, there have been infra-structure civil works in ArcelorMittal Monlevade, aiming at preparing the unit for the project to double its installed capacity. We have also maintained investments in the productive capacity maintenance of the plants and drawing plants, and also in increasing charcoal production.

New CDM projects are already ongoing and will be priority

The scenario for the coming years is very promising. We consider that 2010 will have better results than those obtained in 2009 in all aspects. Economical performance will be favored by the adjustment done in the product mix focusing internal market and heated segments such as civil construction, automotive and industry in general.

In the scope of Global challenges, we will prioritize the approval of new Clean Development Mechanism (CDM ) projects that are already ongoing. Our social development will also benefit from the continuity of actions of relation with communities and other social actors that are part of our public of interest.

Yet we will continue the search for innovative partnership models which can result in more and better benefits to all interested parties.

In terms of Health and Safety, the highlight will be the investment to continue the Journey to Zero Accident, which we consider a priority of the entire management. At the same time, in 2010 we are giving an important step towards our employees’ health consolidation with the implementation, in some units, of the program Zero Tobacco.

In 2010 some units will have already the Zero Tobacco program

Being sure that the learning enabled by the world economical crisis made us stronger and more competitive, we reaffirm our commitment to build a sustainable society, and we thank the shareholders and customers’ trust, as well as the effort and dedication of our employees.

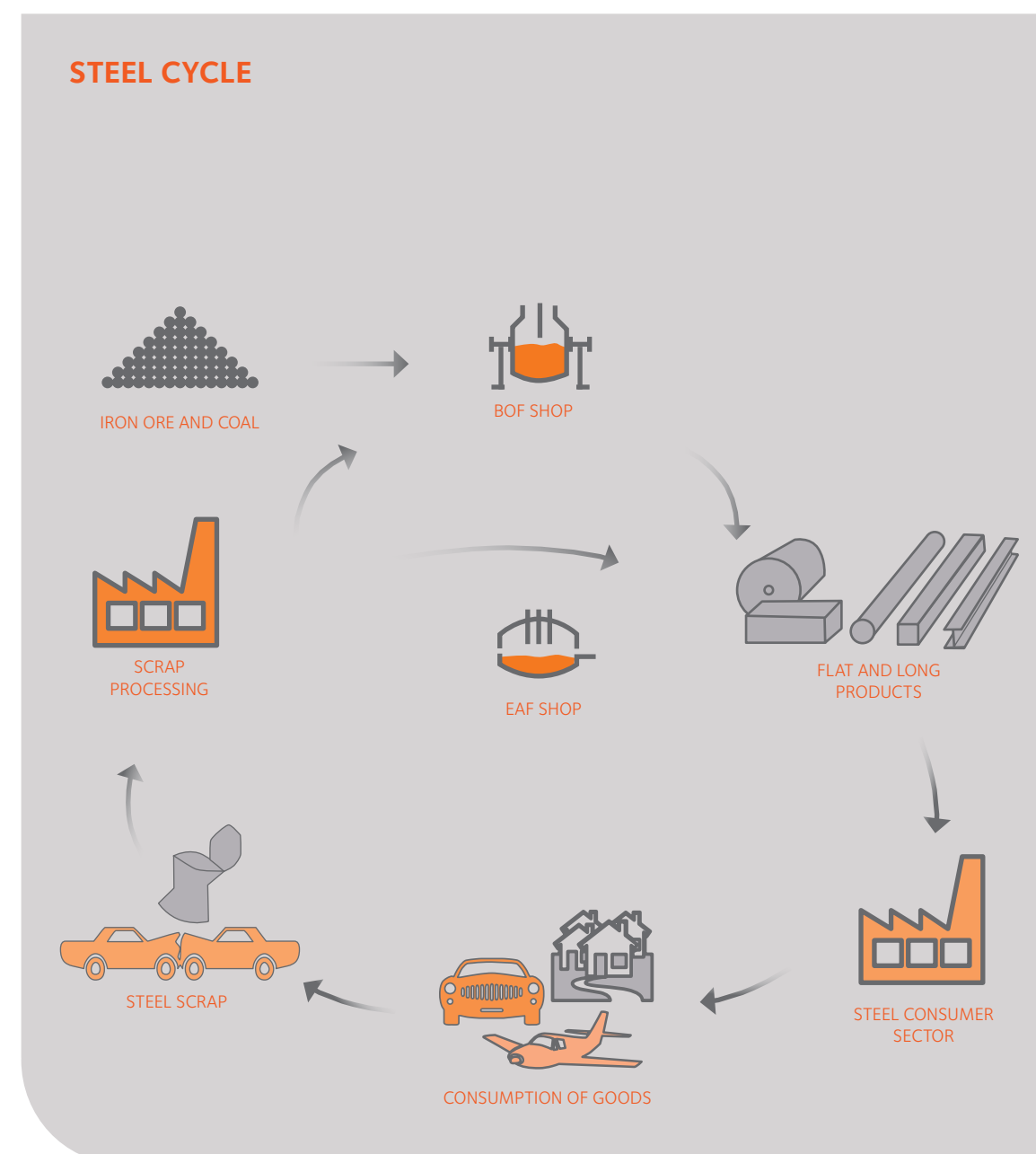
R\$ 11.520.341.000

ArcelorMittal Brasil net asset in 2009



# Organizational Profile

ArcelorMittal Brasil acts in the segments of flat and long carbon steel and has a highlighted position in the markets where it operates. It is one of the largest wire-rod producers and leader in the international slab market.





Serviced Markets

Acting in five countries, ArcelorMittal Brasil is committed to investing in innovation, knowledge and technology to find the adequate solutions for the sustainability challenges.

Long Carbon Steel

ArcelorMittal Aços Longos has 14 units and holds an annual capacity for 5.6 million tons of steel in products such as wire-rod, rebars, shapes and bars, besides 1.5 million tons of drawn products.

Those figures ensure leadership in South America as a supplier of steel products for the construction sector, as well as in the wire segment for industrial and agro use. ArcelorMittal Brasil has approximately 30% share of the long carbon steel Brazilian market, and it is one of the largest wire-rod producers worldwide, which is used in the manufacturing of steel cords for radial tires.

The long carbon steel production units are located in seven cities of three Brazilian states: Itaúna, João Monlevade, Juiz de Fora and Sabará (MG); Cariacica (ES), and São Paulo (SP).

Integrated with the long carbon steel structures are the joint venture units of Belgo Bekaert Arames (BBA), which together sum a production capacity of 900 thousand tons a year of drawn

products, holding the position of the largest wire manufacturer in the Americas and leader of the national market. The company has six production units in the cities of Contagem, Itaúna and Vespasiano (MG), Feira de Santana (BA), Hortolândia and Osasco (SP).

Flat Carbon Steel

ArcelorMittal Brasil has two flat carbon steel production units that operate in an integrated way. Tubarão unit, located in Grande Vitória (ES) has an installed capacity to produce 7.5 tons of steel a year of slabs and coils. Vega unit, located in the city of São Francisco do Sul (SC) has a 1.4 million tons annual capacity to produce cold rolled and galvanized products.

Leader in the international slab market, Tubarão unit directs its production of hot rolled products to the internal market. In 2009, the capacity was increased from 2.8 million tons/year to 4 million tons/year. This way the company reached a privileged position to respond to a growing demand in Brazil.

Vega unit production is focused on transforming steel, having the coils supplied by Tubarão plant as its main raw material, transported by cabotage along the Brazilian coast. The unit is specialized in producing cold rolled coils and galvanized coils for the automotive, household appliances and civil construction industries, among others.

Distribution and Solutions

ArcelorMittal Distribution and Solutions incorporates the units of ArcelorMittal Manchester and the partnership with Gonvarri, both focused on flat carbon steel processing for the construction and automotive sectors.

Mining and Energy

Complementing its presence in the value chain of steel, ArcelorMittal Brasil has mining businesses represented by ArcelorMittal Serra Azul and by Andrade Mine, both in Minas Gerais, and energy production resulting from the partnership in the hydro-electric plant Guilman-Amorin.

The strength of our steel

ArcelorMittal Brasil produces steel intake for different segments, such as the automotive, household appliances and civil construction industries, among others.



5.6 million

tons of steel in items such as rebars, shapes and bars – that is the annual production capacity of ArcelorMittal Aços Longos



7.5 million

tons of steel in slabs and coils – that is the annual production capacity of Tubarão unit, in Grande Vitória (ES)



## Challenges of the sector

Despite the impacts of the financial crisis in the world’s steelmaking industry, the sector ended 2009 growing, and in Brazil it closed the period with a production of 25.5 million tons of crude steel.

After a beginning of the year agitated by the reflexes of the world’s financial crisis, the steel sectors started giving signs of recovery as of April in Brazil, and GJobally in the middle of May. However the retaking pace was rather slow until the fourth quarter, when demand returned to grow more vigorously. The final result was a world production of crude steel of 1.22 billion tons in 2009, which represents a reduction of 8% when compared to the volume of 2008. In spite of the generalized production decrease worldwide, China and India presented an important growth. In the GJobal scope, data suggest that, in the steelmaking industry point of view, Asian economy acted and will act as a leverage of the world’s recovery.

## Growth perspective for the Brazilian market

The Brazilian market was leveraged by an economic recovery based on governmental policies of fiscal incentives and by the increase of credit offer; therefore there is a strong growth perspective in the coming years, especially in the civil construction and

automotive sectors. In 2009, those two sectors recovered fast as of the second quarter, enabling steel producers to place their stocks and yet, giving them the breath to close the year with a production of 25.5 million tons of crude steel. Those figures, although 28% less than those registered in 2008, are the growth result seen in the second semester, mainly in flat carbon steel.

Within that context, ArcelorMittal Brasil faced the crisis with actions which strengthened it towards future development: investments in internal process improvements, cost adjustments and investment maintenance in a long term basis. To adjust production to market conditions, the Company temporarily stopped the Blast Furnace 2 of Tubarão unit, using the opportunity to anticipate its revamping, previously scheduled for 2011. Other investments such as the implementation of the second slab reheating furnace of the Hot Strip Rolling Mill, also in Tubarão, and the increase of the galvanization capacity of Vega unit were kept, although in reduced pace. In the long carbon steel area, the civil works of planned improvements proceeded, and the units were prepared

for the investments which should happen as of 2010, such as doubling the installed capacity in Monlevade unit.

## The competence of teams and operating excellence sustained results

ArcelorMittal Brasil consolidated net revenue totaling R\$ 14.2 billion in the last fiscal year, represented by the sales of 9.4 million tons of products. The Company global production was equivalent to 35% of all crude steel produced in the country. Ebitda reached R\$ 3.4 billion (24% margin), and net profit of the fiscal year was R\$ 2.7 billion. Those results were sustained by the competence of teams and operating excellence of controlled companies. At the end of the year, the long and flat carbon steel plants worked with an occupation level of their installed capacity above 90%, prepared to respond to the growing demand.

The new structure of our product mix, as well as finalizing the expansion and improvement investments already performed, places the Company in a privileged position to respond to

R\$ 14.2 million

The company consolidated net revenue in the last fiscal year

R\$ 2.7 million

ArcelorMittal Brasil net profit in the last fiscal year

R\$ 9.4 million

tons of steel were produced by the company in 2009





Among new projects, we highlight the duplication of Monlevade unit which foresees an increase of the installed capacity to 2.4 million tons of crude steel a year.

the growing demand of steel in the national market. The Company is also evaluating new projects, among which there is the duplication of the installed capacity of Monlevade unit in Minas Gerais, including the implementation of a new blast furnace, a new sinter plant, increasing the steel shop and a new rolling mill. The project contemplates the increase of the unit installed capacity to 2.4 million tons of crude steel a year.

In flat carbon steel, after reactivating blast furnace 2 still in the first semester of 2010, an investment of approximately R\$ 300 million will take place in order to revamp blast furnace 1, equipment which has the world record in campaigns without revamping (26 years).

**In flat carbon steel, the goal is to invest R\$ 300 million in blast furnace 1 in 2010**

ArcelorMittal Brasil has consolidated, year after year, its brand as a reference of leadership, sustainability and quality in the segments of flat, long and stainless steel in the regional market. Aligned with the values of the world group, it develops concrete actions

implemented in the areas where it acts in a way to contribute to a growing integration with the Brazilian society.

The Company has earned a positive reputation in communities with which it interacts; thank the company citizenship programs and initiatives and relation with its publics. Those actions also ensured in 2009 important recognitions and awards, especially in the areas of social responsibility and environment.

**ArcelorMittal Brasil works with exclusive technologies in steel production**

All ArcelorMittal Brasil units are certified in the international norms of ISO 9000, ISO 14000 and OHSAS 18000 referring to quality management, environment occupational health and safety respectively, besides certifications in consumer segments and in specific areas. The Company works with cutting edge technologies in steel production – some of them exclusive – and that places it in a highlighted level in the steelmaking sector, qualifying the Company to offer the market a complete line of steel solutions for various applications.

The employees of ArcelorMittal Brasil and its controlled companies have a high educational background and professional qualification, being recognized by their efficiency and competitiveness. During 2009, those qualities were brought out when everybody faced the adversities of the world crisis. When responding to the limitations imposed by the economic scenario with agility and creativity, employees contributed decisively to reduce the recession impacts and strengthen the Company for the future.



All units are certified in the international norms of ISO 9000, ISO 14000 and OHSAS 18000

28

Total of ArcelorMittal Brasil industrial units

13,960

total of ArcelorMittal employees, not including those from the drawing mills.



HIGHLIGHTS

The objective of the World Cup Group is to supply products that allow sustainable constructions.

The work also includes special steel development and the creation of adequate logistics

INTEGRATING VALUES

ArcelorMittal Manchester Re-structuring Plan, begun in 2008, follows the well succeeded strategy of the fusion process performed by the flat and long carbon units of ArcelorMittal Brasil. The working basis is the alignment with the values of the Group, involving all people, prioritizing safety, search for constant quality and business sustainability. Based on those fundamentals, re-structuring promotes process integration in planned and transparent stages. Strategy is built by a wide communication program which keeps all employees informed and involved with the re-structuring process.

2009 was a decisive year for Manchester integration, with advancements in all the ten processes defined as priority in re-structuring. The major highlights took place in the areas of human resources, environment, marketing and information technology. One of the process milestones was the implementation of the SAP computerized management system,

finalized in July 2009. Used by all ArcelorMittal units worldwide, the new platform allowed Manchester to automate its internal processes, and at the same time, integrate them to the Group controls. Another relevant fact was to begin using ArcelorMittal Brasil Corporate Center, which brought advantages such as higher adherence to administrative culture, cost reduction and sharing of best practices.

The acquisition of 70% of Manchester shares in July 2008 was part of ArcelorMittal Brasil strategy to increase its share in the segments of Distribution and Solutions. Located in Minas Gerais, Manchester operates in the segment of processing and distribution of steel products such as coils, plates, blanks, pipes and shapes. Such line is mainly directed to the civil construction and automotive sectors. In 2010, by opening a new flat carbon processing unit, the company will increase its capacity in 240 thousand tons/year. Currently Manchester produces 300 thousand tons of finished and processed products.

A display for steel

ArcelorMittal Brasil sees the large sports events such as the World Cup 2014 and the Olympic Games 2016 an opportunity to show the advantages of using steel in the civil construction and infra-structure sector. Such strategy determined the creation of the World Cup 2014 Group in 2009, which gathers professionals from different areas of the Company. The focus of such work is to demonstrate that uniting the product portfolios from different units and businesses; ArcelorMittal Brasil is the only company in the country able to offer steel solutions adequate to different architecture and construction needs.

The World Cup 2014 Group was created to show the advantages of steel in civil construction

In a short term the intention is to offer the market products that enable

sustainable constructions, and therefore respond to the punctual growing steel demand. The main objective however is to use the opportunity to spread the culture of building with steel structures in Brazil, highlighting the advantages in terms of cost, applicability and agility. The idea is to show in practice that steel is the best solution, and that ArcelorMittal Brasil has the best steel solution.

The World Cup 2014 Group will support customers since project creation to finalizing constructions. The work also includes the development of special steels and the creation of adequate logistics to deliver products.

That action is added to the investments the Company has jointly performed with other organizations from the steelmaking sector. Through the Brazilian Center of Steel Construction (CBCA), the company supports projects aiming at promoting and increasing the share in steel construction in the domestic market.



STRENGTHENING MINING

As part of the strategy to increase share along the steel value chain, ArcelorMittal Group has incorporated Serra Azul Mining to its structure – located at approximately 60 km from Belo Horizonte (MG). The beginning of the new business integration has already started showing positive results in the entire management, but especially in the human resources area. Employees started having a wider and better benefit portfolio, aligned with the corporation culture of people’s valorization.

Another advantage may be noticed in the economic performance, which did not suffer any alteration due to the crisis at the end of 2008. Serra Azul supplies iron ore to the steel plants of the Group, therefore the fall in demand was not felt. In 2009, its production reached the level of 3 million tons of sinter feed and grained. In 2010 there is a growth perspective of 500 thousand tons.

The health and safety area was also benefited by the connection with ArcelorMittal Brasil as of the intensification of investments in management improvements. In 2009 after the external audit held by the International Register of Certificated Auditors (Irca), the first step was taken so that Serra Azul Mine can reach its goal to be certified within the norm criteria of OSHAS 18001 until the end of 2011.

Still in the mining sector, ArcelorMittal Brasil retook, in November 2009, the operations of Andrade Mine, located in Monlevade, 11 km from that industrial unit. The mine – current production capacity of 1.5 million tons of iron ore/year – had been leased to Vale and will respond to the future expansion plans of the unit.



# Leadership Management

Each year the constant search for efficiency in all processes allows the Company to reach higher indicators in people, business, environment and social responsibility management

World leader in steel production, ArcelorMittal is present in more than 60 countries. Its industrial units located in 27 countries have an annual production capacity of 118 million tons of steel. Such highlighted position brings along several opportunities, but imposes challenges and responsibilities equally important. In the sector, to be able to produce with quality, generate wealth and promote sustainable development, it is necessary to operate in a strategic, integrated and transparent way.

## ArcelorMittal searches for continuous improvement of processes, considered reference in steelmaking worldwide

Business success also depends on actions and initiatives which reinforce the Company commitment to “Transform Tomorrow”. This way, the new strategy for the Group corporate responsibility aims at instilling pride into collaborators, earning admiration of colleagues and adding value to the several publics of interest of the organization.

Aligned with this global vision and inserted within the Group as a growth

platform of flat and long carbon steel businesses, ArcelorMittal Brasil searches for continuous improvement of processes, considered a quality reference in the steelmaking industry worldwide.

Acting in five countries – Brazil, Argentina, Costa Rica, Trinidad Tobago and Venezuela – the Company formed from the asset union of ArcelorMittal Aços Longos, Tubarão unit and Vega unit, is directed by the commitment to invest in innovation, knowledge and technology to find the adequate solutions for the sustainability challenges.

That way of acting has positioned the corporation as the main actor in the international productive sector. In 2009, ArcelorMittal Brasil became the first steelmaking company worldwide to obtain certification to trade carbon credits, according to the criteria established by the Kyoto Treaty. Health and safety indicators are among the highest in steelmaking, and on January 1<sup>st</sup>, 2010 one of the industrial plants became the first unit of ArcelorMittal Group to reach the status of Zero Tobacco. Continuous investments in education and qualification of teams, as well as in benefits and working

processes lead the Company year after year to be a highlight in organizational climate in employees’ view, according to different rankings.

## The company is committed to investing in innovation, knowledge and technology

In 2009, with the severe demand crisis, ArcelorMittal Brasil had the opportunity to test the efficiency of its processes to face the challenge imposed by the fall in markets, keeping its values and principles. Showing agility and integration all units gathered efforts to reverse the negative picture presented. By doing so, it has results were above perspectives and in less time than foreseen.

The main pillar of that strategy was the 18 thousand employees who participated actively in initiatives to face the crisis, and continued operating the several industrial units with safety and quality. At the end of the fiscal year, ArcelorMittal Brasil accounted for a total production of 9.5 million tons of long and flat carbon steel, net revenue of R\$ 14.2 billion and net profit of R\$ 2.7 billion.



Our clear vision of the future allows us to constantly create new opportunities

In this chapter

- World Governance
- Brazil
- Vision, Mission and Values
- Our business
- Global Pact
- Development Objectives of the Millennium

# Transparent Governance

ArcelorMittal Brasil Corporate Governance is guided by the values of sustainability, quality and leadership, which offer us the necessary conditions to adopt best practices and guarantee the organization success



HIGHLIGHTS

ArcelorMittal Brasil governance follows the principles of the world group, based on management ethics, quality and transparency

In 2009, there was a wide change in the organization structure in Brazil due to the retirement of two members of top management

The three pillars to transform tomorrow

Recognizing the responsibilities inherent to the leader position in the steel industry, ArcelorMittal Group has establishes as its fundamental commitment to act in order to ensure the quality of life of future generations. The goal is transforming tomorrow with global actions that are planned and performed with three main values:

Sustainability

Our commitment to the world around us is beyond basic aspects, and considers the needs of people in whom we invest and the communities we support and where we operate. This long-term approach forms the central axle of our business philosophy

Quality

Our vision surpasses the limits of the present to descry what future steelmaking will be like. The quality of our products depends on the quality of our people. Therefore our aim is to attract and foment the development of the best professionals, to offer better quality solutions to our customers.

Leadership

Our clear vision of future allows us to constantly create new opportunities. Such entrepreneur spirit led us to the steelmaking industry vanguard. Now we are moving beyond of what the world expects from the steel industry.

World Governance

The corporate governance model of ArcelorMittal Group reflects the principles of management ethics, quality and transparency and should be formed from the reality of the organization businesses. The structure for decision-making is open and clear so contributing to understanding the true impacts of the sector, to precisely evaluate future consequences and to develop risk management in all operations. The Group pursues an active engagement with stakeholders, aiming at anticipating the demands of each segment and responding to them.

The Administration Council, the highest administrative structure in the world’s management hierarchy is responsible for the final word in decision-making processes. Right below, the Group Management Board (GMB), formed by eight executives led by the CEO Lakshmi N. Mittalk, directs businesses and determines the global strategies of the parent company, besides defining and following administrative actions in the countries where the Company operates.

Brazil

ArcelorMittal Brasil has a corporate governance structure supported by the same fundamentals which guide the model adopted by the controlling group worldwide. The Company Administration Council formed by eight members elected in a General Assembly (AGO) every two years, establishes strategic guidelines and follows businesses closely. The counselors shall elect directors, choose independent auditors and supervise company management.

The Fiscal Council functions in a non-permanent way and it is formed by three to five members chosen by AGO. The Board has two to nine members elected by the Administration Council. Its main responsibility is to manage the Group businesses in the country, yet deliberating on any issue not subjected to the exclusive competence of AGO or the Administration Council.

The Company also aims at reinforcing its corporate responsibility principles by actively participating in business and

civil organizations, in Brazil and abroad, always with the objective to contribute to the search for sustainable paths to develop businesses, especially in the steel sector.

ArcelorMittal Brasil corporate governance is anchored in the basic guideline of developing strategies to supply the markets with quality steel, encouraging social economic advance in the regions where it operates and reducing as much as possible the environmental impacts in all productive chain links.

In 2009, ArcelorMittal Brasil promoted a wide change in the governance structure due to the retirement of two members from top management: José Armando Campos in March, when he became the president of ArcelorMittal Brasil Administration Council, and Carlo Panunzi in September, who also became a member of the Administration Council. The process was held harmonically by replacing those executives with professionals within the organization, which allowed keeping the Company strategies and management.





# ArcelorMittal BioEnergia

## UNITING CULTURES

ArcelorMittal BioEnergia, a result of the fusion of two units that produce renewable solid bio-reducer (charcoal) – ArcelorMittal Florestas and ArcelorMittal Energética Jequitinhonha – was officially born on July 1st, 2009. The unification process begun in 2008 has the main objective of providing synergy and scale gains, ensuring intake supply for the Group units with a competitive cost and sustainable production.

ArcelorMittal BioEnergia has approximately 2,880 own and contractor employees

The biggest challenge along the process was to unite two strong and rooted cultures, once the original companies had more than 30 years of history. The experience of ArcelorMittal Brasil itself was fundamental to structure the project whose goal was to perform the integration in only

11 months. After detailed assessment of the structure of each company, unification guidelines and strategies were determined for each sector, prioritizing health and safety actions. The Group values were the base to build the new company, in which the good practices identified by the managers were incorporated, as well as the experience of each unit.

Production capacity is 2.5 million m3 a year of charcoal

ArcelorMittal BioEnergia has operations in seven administrative units in Minas Gerais and one in Bahia, totaling 282 thousand hectares of total area, from which 171 thousand hectares are planted with eucalyptus. With 2,880 own and contractor employees, the company has a production capacity of 2.5 million m3 /year of charcoal.



## Vision

Reference company in the Brazilian forest sector

## Mission

Producing renewable energy with cutting edge technology, ensuring compatible quality and cost through the eco-efficient use of planted forests, acting with social and environmental responsibility and in the relation with communities, in order to guarantee the competitiveness of ArcelorMittal pig iron.

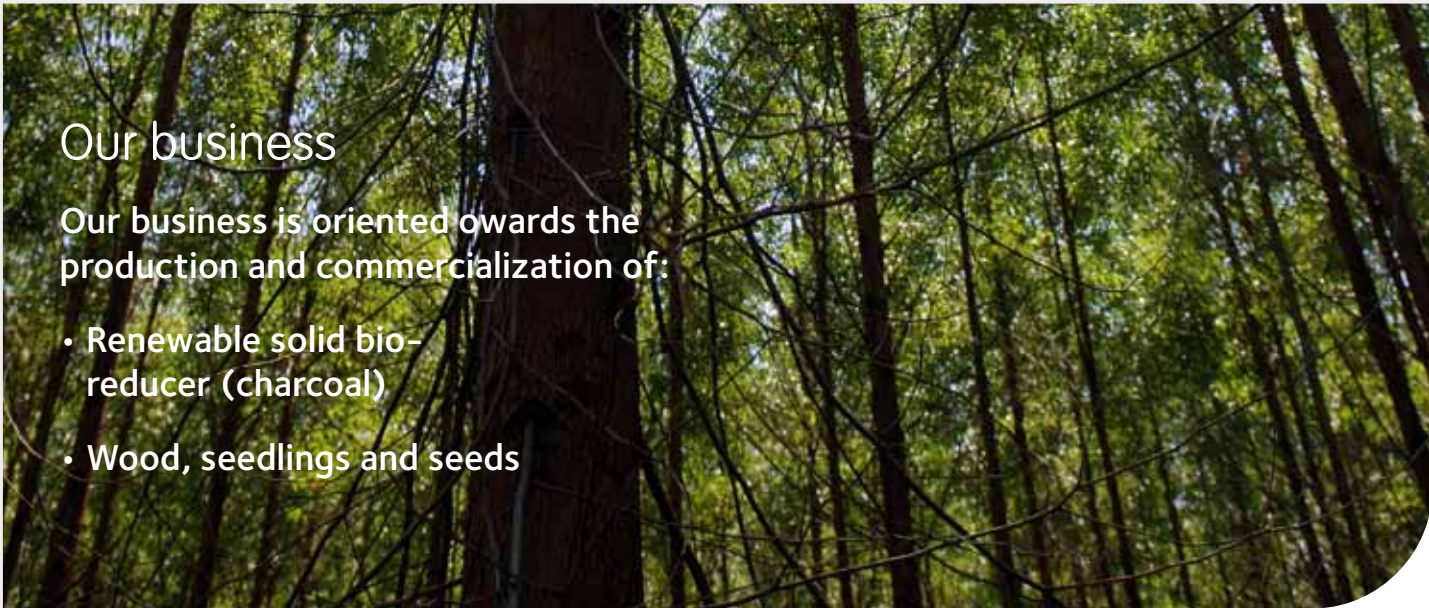
## Values

Trust, respect, integrity, ethics, excellence and commitment

## Our business

Our business is oriented towards the production and commercialization of:

- Renewable solid bio-reducer (charcoal)
- Wood, seedlings and seeds







1  
Terminate starvation and misery



2  
Quality basic education for everybody



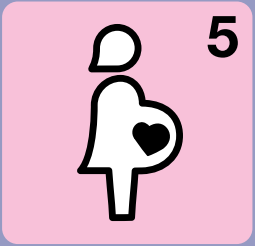
3  
Equality between sexes and valorization of women



4  
Reduce children mortality

Development Objectives of the Millennium

ArcelorMittal Brasil is also committed to actions towards the Eight Development Objectives of the Millennium – a set of goals established in 2000 by the United Nations Organization, aiming at making the planet more human, solidary and sustainable. In its every day routine, the Company aims at aligning the business management to the eight goals stipulated by the UN, also involving its employees and people from the communities where it operates, focusing on promoting voluntary work and actions of corporate citizenship.



5  
Improve pregnant women's health



6  
Fight AIDS, malaria and other diseases



7  
Everybody working in favor of development



8  
Quality of life and environmental respect

ArcelorMittal Brasil was one of the first companies in the country to sign the Global Pact



1  
Support and respect human rights protection recognized internationally



2  
Make sure not to participate in human rights violations



3  
Support freedom of association and effective recognition of the right to negotiation



4  
Eliminate all forms of forced or compulsory labor



5  
Effectively abolish children labor



6  
Eliminate discrimination at work



7  
Support a preventive approach to environmental challenges



8  
Develop initiatives to promote more environmental responsibility



9  
Encourage the development and diffusion of environmentally friendly technologies

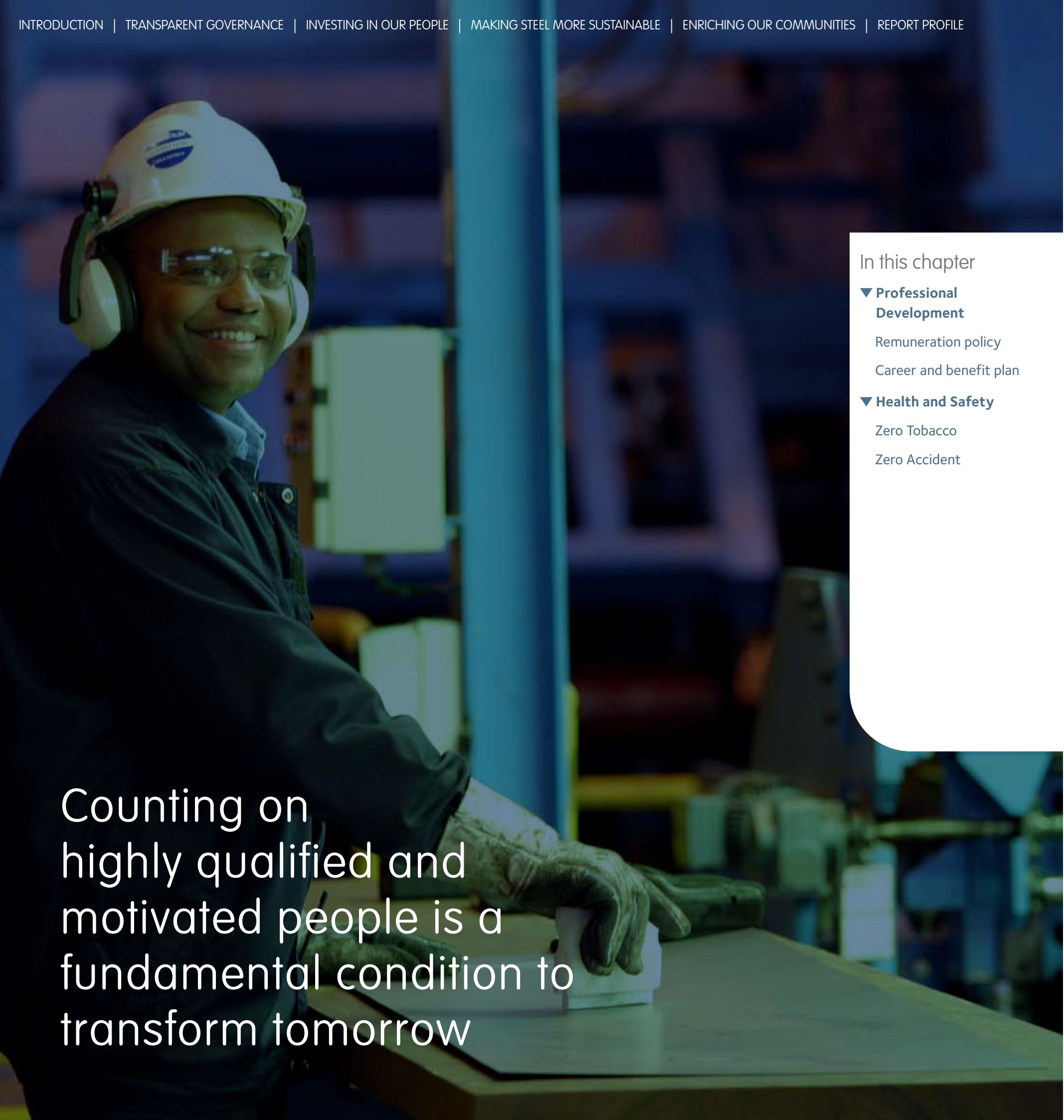


10  
Fight corruption in all its forms, including extortion and bribery

Pacto Global

As one of the first companies to sign the Global Pact of the United Nations Organization, ArcelorMittal Brasil keeps active the commitment to promote a more sustainable and inclusive economy, rooted in ethical principles and a responsible social and environmental management.

The Company actions are aligned with the ten principles of the Pact, which come from the Universal Declaration of Human Rights, the Declaration of the Work International Organization on Fundamental Principles and Rights at Work, Rio Declaration on Environment and the United Nations Convention against Corruption.



Counting on highly qualified and motivated people is a fundamental condition to transform tomorrow

In this chapter

▼ Professional Development

- Remuneration policy
- Career and benefit plan

▼ Health and Safety

- Zero Tobacco
- Zero Accident

# Investing in our people

The culture of valorizing people placed ArcelorMittal Brasil in a differentiated position to face the challenges experienced by the steel sector in 2009. Built during years with continuous investments in professional and human development, and a fair remuneration and benefit policy, such culture allowed the Company to quickly and efficiently respond to the impacts of the world crisis





Employees demonstrated in practice the trust they have in the Company, the pride in the work they perform and the capacity they have to overcome obstacles. 2009 results proved that counting on highly qualified and motivated people is a fundamental condition to transform tomorrow.

ArcelorMittal Brasil People Management Policy is anchored in three main aspects: continuous investment in professional qualification and competence, career plans, salaries and benefits considered a reference in the country, and excellence in organizational climate, with emphasis on prioritization of people’s health and safety.

The goal is to attract and maintain the best professionals, offering them not only opportunity of professional development, but also of professional growth as active citizens and aware of the role they may exercise in building sustainability.

Number of collaborators

BY TYPE OF JOB	
ARCELORMITTAL BRASIL	
Board	15
Management	402
Supervisor	632
Operational	6,552
Administrative	2,572
Trainees	515
Apprentice	329
Technician	2,943
Total	13,960

Exclusive agreement

Adjustments performed in production to face the financial crisis begun in October 2008, imposed one of the most severe challenges ever experienced by the Company in the past years. Facing the need to cut team members, ArcelorMittal Brasil designed a strategy to avoid large scale dismissals, keeping its policies of retaining professionals, which includes voluntary resignation plans, outplacement of employees in conditions to retire and the repositioning of people.

At the end of the first semester of 2009, steel demand started growing again and the balance of the actions taken to keep employees turned out to be positive. In the flat carbon steel area, initiatives included the preservation of intellectual capital and prioritization of own employees in relation to contractors, the elaboration of a communication plan to share with employees the challenges of the crisis and the reduction of overhead expenses. Therefore there were no dismissals in flat units. In long carbon steel units, the dismissal index was less than expected, thank to negotiation efforts that involved employees, unions and public power.

One of the highlights of such action happened in Belgo Bekaert Arames wire unit, in Contagem, Minas Gerais. The initial diagnosis pointed the need of 306 redundancies. The company searched for alternatives to reduce such number and managed to make an agreement considered an example by the unions. In a unique negotiation in Brazil, employees



approved the contract adjournment for a period of two to five months, receiving 55% of their nominal salary and using working hours in trainings.

During the crisis, the company kept the policy to retain professionals

The agreement also determined that employees would receive a qualification scholarship from the Labor Ministry equivalent to the unemployment insurance. Approximately 150 people had their contracts suspended, but did not need to follow the five month-period.

Most of them went back to normal work within 2.5 months and the dismissal of 100 people was avoided.

Factors such as the employees’ trust in the recovery capacity of the company, and the maturity of the relations with unions contributed to fulfill the proposal.

The experience of Contagem was replicated in the units of Sabará (MG) and Cariacica (ES). In the former, the deal was signed, but was not applied. In Cariacica unit a mixed proposal was approved, which included the contract suspension of 50 employees, besides the Voluntary Resignation and hour database.

5.44%

ArcelorMittal Brasil rotation rate in the Southeast region

Rotation rate

ARCELORMITTAL BRASIL	
PER GENDER (%)	
Men	14.54
Women	19.82
TOTAL	15.09
PER AGE (%)	
From 30 to	17.01
From 30 to 50	11.03
More than 50	32.22

Outplacement figures

ARCELORMITTAL BRASIL	
PER GENDER (%)	
Men	1,711
Women	268
PER AGE (%)	
From 30 to	754
From 30 to 50	819
More than 50	406

## Professional development

In 2009, despite the crisis, ArcelorMittal Brasil invested more than R\$ 13 million in training and qualification

ArcelorMittal Brasil People Management sees qualification and development as a human resources master guide. Employees have access to qualification programs which include from technical training up to incentives to complement education, such as subsidies for language studies, university and specialization courses, In 2009, despite the crisis, the Company kept those projects ongoing and invested R\$ 13.126.444,25 in the area, from which R\$ 8.046.451,79 were for technical functional trainings. The training average of operational level professionals remained among the highest ones in the Brazilian market, with 76.42 hours per employee.

### The Company competence management reaches all professional categories

The Company competence management is structured in such a way to reach all professional categories through the GEDP (Global Executive Development Program), ArcelorMittal and the Employee Performance Management. Such programs have the required profile to fit the several organization functions and aim at managing people's development and incrementing and aligning leadership competences.

### The Transforma Program had the participation of more than 173 executives

Corporate programs evaluate professionals' potential and performance, internal movements and promotions and the job rotation, as well as opportunities of national and international mobility. Although investments in people development were decreased in 2009, ArcelorMittal Brasil kept its continuous improvement policy and prioritized actions which were more adequate for the moment, such as the Transforma Program.

Focused on building leaderships aligned with the company culture and strategic orientation, Transforma reached all units installed in Brazil and had the participation of 173 employees, totaling 5,932 hours of training.

The organization also has the Structured Plan of Career and Succession, which enables to manage and conduct the professional career.

In ArcelorMittal Flat Carbon and in Piracicaba unit there are programs to prepare for retirement, aiming at managing the employee's end of career.

The Internal Training Catalogue also contemplates administrative trainings, computing, work safety, Abraman certification (Brazilian Association of Maintenance), ABM (Brazilian Association of Metallurgy), Materials and Mining) and NR (Regulating Norms), among others. Besides that, the Company invested in important advancements, such as the elaboration of the project Leaders Engaging Teams, considered vital

to encourage people's involvement with Company strategies – specially facing the need to overcome the financial crisis. During 2009, once the program content was defined there were three pilot groups to validate the course and identify possible adjustments and improvements. Those groups had the total participation of 54 employees. In 2010, the project will continue and have seven groups to qualify 140 leaders.

Programs to develop leaderships

TRAINING	NUMBER OF PARTICIPANTS	TOTAL TRAINING HOURS
Coaching Executivo	4	90
Leaders Engaging Teams	54	1.020
Motivation of Effective Leadership – MLE1	46	1,104
Effective Management of People and Teams – Gepe	35	840
Effective Motivation and Learning – MAE	18	288
Program to Qualify Results – PCR	8	640
Program of Executive Development – PDE	10	1,730
Skills, Tools and Competences – STC	1	220
Total	176	5,932
Man/hour training – KP	33,7	-

5,932

hours of training were used by the Transforma program

140

shall be qualified by the program Leaders Engaging Teams in 2010



Remuneration Policy

The remuneration policy is also determined by the strategic objective to attract and retain qualified professionals in all working levels. The lowest salary paid at ArcelorMittal units in December 2009 was R\$ 790, 70% higher than the national minimum wage of R\$ 465,00.

The benefits offered to employees are among the most complete of the country

The criterion to compose salaries considers keeping competitive remunerations balanced with the market, within a methodology of jobs and remuneration.

- Food tickets
- Medical assistance (hospital, dental, ophthalmological and psychological)
- Complementation illness-aid
- Medical offices in the company
- Recreational club
- Financing and loans\*
- School kit for employees’ children in junior and high school\*
- Free basic medications\*
- Private health insurance
- Crèche reimbursement
- Collective life insurance\*
- Maternity and paternity leave
- Shares acquisition plan
- Disability coverage
- Own medical centers – SIM clinics
- Subsidy for professional specialization and educational qualification (junior high, high school and university)
- Transportation
- Uniform

\*Benefits not offered by all units

Besides that, we adopt the variable remuneration through results share to all employees. In 2009, an average of 3.5 salaries was distributed to employees, according to the hierarchical level.

Benefit and career plan

Another important factor to retain and satisfy employees is the career plan, developed to offer concrete opportunities of ascending within the organization in Brazil and in countries where ArcelorMittal Group operates.

The benefit package offered to ArcelorMittal Brasil employees is among the most complete of the country, surpassing legislation demands. See table below.

R\$ 790

is the lowest salary paid at company units – 70% higher than the minimum wage

A NEW GENERATION OF PROFESSIONALS

The growth perspective of the Brazilian steel sector in the coming years, points at a scenario with a high demand of qualified professionals, especially engineers specialized in metallurgy areas. Following one of the values that guides all Group companies, ArcelorMittal Brasil has developed actions to approach educational institutions and their students in order to show itself as a quality employer and attract those future professionals.

One of the main actions is the Attraction Project in force since 2007 throughout the Company, which promotes initiatives to capture the attention of engineering students. The project highlights ArcelorMittal characteristics – the ones that interest such public the most – such as the opportunity to have international careers, the culture to invest in employees’ technical development and the quality history of organizational climate. In 2009 the project continued, also promoting international trips to students that joined certain covenants.

Besides that, the Company invested during the year in building partnerships with other agents from the sector, mainly with the Brazilian Association of Metallurgy, Materials and Mining (ABM). That resulted in the creation of two new projects named Metallurgical Engineer: An Ascending Career and Talents for Steelmaking. The first was launched in 2009 and targets high school students and those from technical courses in the metallurgy area and the ones preparing to enter university still defining their

careers. The objective is to encourage them to choose the metallurgical engineer profession, and therefore increase the number of professionals graduated in this area in the coming years. The Talents for Steelmaking is a strategic action which gathers several other companies, in order to structure new joint initiatives to qualify professionals who will respond to future demands, due to the ongoing expansion projects of the sector.



## Health and Safety

Several procedures are annually adopted so that all units can reach their goals and Zero Accident

Health and Safety is a priority matter for ArcelorMittal group worldwide. Annually several procedures and improvements are implemented so that all units can reach their goals, acquire the best health profile and reach Zero Accident. ArcelorMittal Brasil is a reference in the Group in what concerns indicators and prevention culture.

### ArcelorMittal Brasil invests in several prevention programs and treatment of serious diseases

At the industrial and administrative units there have been actions to value direct and indirect employees’ physical and mental integrity, to reinforce and multiply our values and practices. Such management also has anomaly monitoring systems and activities follow-up to identify and prevent occurrences.

Several actions are used to promote health. One of the most significant concerns periodic medical exams to monitor the health conditions of each

employee. According to the outcome, actions are implemented to treat the main risk factors found. By doing so, employees are informed about their risks and are oriented about the prevention of future diseases, mainly through changing habits such as sedentarism, inadequate food and smoking.

ArcelorMittal Brasil has programs of education, training, advising, disease prevention, risk control and treatment of serious diseases for employees and their families and retirees. The company also invests in preventive health actions targeting the reduction of risk factors such as cholesterol, obesity and smoking. Periodic medical exams performed by the company assess personal risks related to the employee’s quality of life, besides occupational risks. In 2009, Tubarão unit trained 2,572 collaborators on specific health and safety themes, totaling 52.402,58 hours, which means and average of 20.37 hours per employee.

2,572 collaborators were trained in health and safety in Tubarão unit



Average of training hours per year, per employee

OCCUPATIONAL CATEGORY	QUANTITY OF TRAINING HOURS		QTDE. DE EFETIVOS		TRAINING HOURS PER EMPLOYEE	
	2008	2009	2008	2009	2008	2009
General Administrative Sevices	19,048.57	10,024.09	309	294	61.61	34.11
Administrative Assistant	4,856.98	2,816.52	54	59	90.78	47.54
Apprentice	339.50	1,173.83	349	333	0.97	3.52
Assistant	11.50	173.25	12	9	0.95	19.61
Technical Assistant	62,923.18	17,320.32	224	140	280.49	124.01
Director	45.75	97.16	11	14	4.29	7.20
Trainee	35,355.55	15,171.80	830	519	42.58	29.26
Manager	3,760.83	5,912.44	134	153	28.03	38.66
General Manager	730.92	1,739.92	47	53	15.63	32.83
Area Manager	10,578.51	10,142.91	155	159	68.21	63.66
Graduate Level	175,030.39	96,141.70	1,971	2,038	88.80	47.18
Specialized Operator	27,622.12	1,481.93	471	271	58.60	5.47
Operator	339,983.23	205,056.45	5,782	5,894	58.80	35.06
Supervisor	53,950.08	43,121.19	537	588	100.40	73.38
Administrative Technician	7,455.85	5,362.33	285	338	26.21	15.85
Specialized Technician	174,050.87	213,363.82	1,571	1,935	110.76	110.29
Operational Technician	30,330.93	17,243.23	656	664	46.24	25.98
Global Result	946,074.76	646,342.89	13,400	13,461	70.60	48.01



The Internal Commissions for Accident Prevention (CIPA) and the Safety Committees are present in all units and formally represent 100% of employees

68%  
of ArcelorMittal Brasil  
units have OSHAS 18001  
management systems

Identification, evaluation and treatment of indicators related to personal risks allow Tubarão unit to define the health profile of each employee. With such device it was possible to reach a historical record in 2009: 88.1% of professionals are in their best health profile (zero risk) and 95% are in their best dental health profile.

Other actions in Tubarão health area include the vaccination against H1N1 of 9,882 people, among employees and contractors, dengue monitoring in the company area with identification, analysis and chemical treatment of possible spots, and the partnership with Hemoes and Redome to register bone marrow donors.

In the safety area, ArcelorMittal Brasil units offer training programs for vacation return and leaves, integration for new employees and contractors, behavioral workshops, safety daily dialogues and monthly meetings of the Internal Commission for Accident Prevention (CIPA).

Still in the safety area, the set of routine actions foresees attention tests for machine operators, before starting work, daily, weekly and monthly meetings, personal approaches,

individual performance evaluation on accident prevention and safety workshops.

In 2009, a work to unify health information was begun, starting with the implementation of a computerized system that uses as one of its tools, indicators collected in those monitoring. That continuous investment allows the health management integration of ArcelorMittal Brasil units.

In the safety area, actions include daily, weekly and monthly meetings

Aligned with the world goals of ArcelorMittal Group, approximately 70% of ArcelorMittal Brasil units have Health and Safety Management Systems with certification based on the criteria of the Occupational Health and Safety Assessment Series (OSHAS) 18001). More than ensuring management efficiency in the search for continuous improvement, certifications contribute to spread the concepts of occupational health and safety, involving all employees – own and contractors – with the effort to keep the re-certification

and continuously improve health and safety conditions. The units that are not certified yet are implementing actions in order to be so.

Internal Commissions for Accident Prevention (CIPA) and the Health and Safety Committees are present in all group companies, formally representing 100% of employees. In Tubarão unit, the work safety policy comprises the collective agreement with the Steel Workers Union (Sindimetal). The formal agreements with unions comprise the health and safety areas, covering individual protection equipment, committees formed by governance and workers and participation of workers' representatives in inspections, audits and accident investigations, besides trainings and education on anomaly systems.

Aiming at providing well being and quality of life to its direct and third party employees, ArcelorMittal Group has established a global pact that deals in detail with the health and safety aspects. All units of the Group should be in compliance with that agreement. In ArcelorMittal Brasil units it is applied through CIPA.



HIGHLIGHTS

In 2001, 8.7% of people in the company smoked  
In 2009, that number came close to zero

Program focuses on reducing the number of accidents and increasing prevention culture

Health and safety indicators at work

	FLAT	LONG
IR: Injury Rate	0.02	0.20**
TLD: Total of Lost Days	3.86	8.72
TA: Total Absenteeism*	1.81	3.76
Total deaths in the period	0	1

\* Medical absenteeism considering all leave periods in percentage (Lost Hours / Possible Working Hours) X 100

\*\* If considered only accidents with lost time (With Lost Time – 18 cases)



Zero Tobacco

Since January 1<sup>st</sup> 2010, ArcelorMittal Tubarão has become a Zero Tobacco company. That means nobody is allowed to smoke any longer in its facilities, including employees, suppliers and visitors.

In 1994, 34.9% of employees were smokers. An specific awareness program together with actions to promote health and therapeutic support so that everyone could be free from addiction, there was a progressive reduction of that index. In 2001, smokers represented only 8.7%. In 2009, such figure moved close to zero, and nowadays it is not allowed to smoke within the company.

The Zero Tobacco program is a goal to be reached by all ArcelorMittal Brasil units. The Company guideline is to invest in continuous actions to contribute to the gradual elimination of tobacco consumption among own employees and contractors.

In Vega unit the goal is to be a Zero Tobacco company as of July 25, 2010.

The long carbon units have developed a series of initiatives that follow such guideline, respecting the demands and culture of each area. One of the

actions already performed is the use of information collected in the periodic exams to identify employees who need support. At the same time, there are educational campaigns on the risks of tobacco exposure, making employees and their families aware of it. The work to eliminate the use of tobacco is done together with the health and safety area and supported by the Internal Commissions for Accident Prevention (CIPA).

In Sabará unit, the date to make the company become Zero Tobacco has already been determined: January 1<sup>st</sup>, 2011. To reach that goal, several actions were developed in 2009, which will continue in 2010. Among the initiatives, there was the creation of outdo or smoking areas, the prioritization of the subject during periodic exams and awareness events, such as lectures and meetings. The decision of not smoking in the company was widely communicated to encourage more resistant smokers to become engaged.

Another important action was the creation of the Recognition Moment, which happens in the CIPA meetings, when ex-smokers are congratulated by their colleagues.

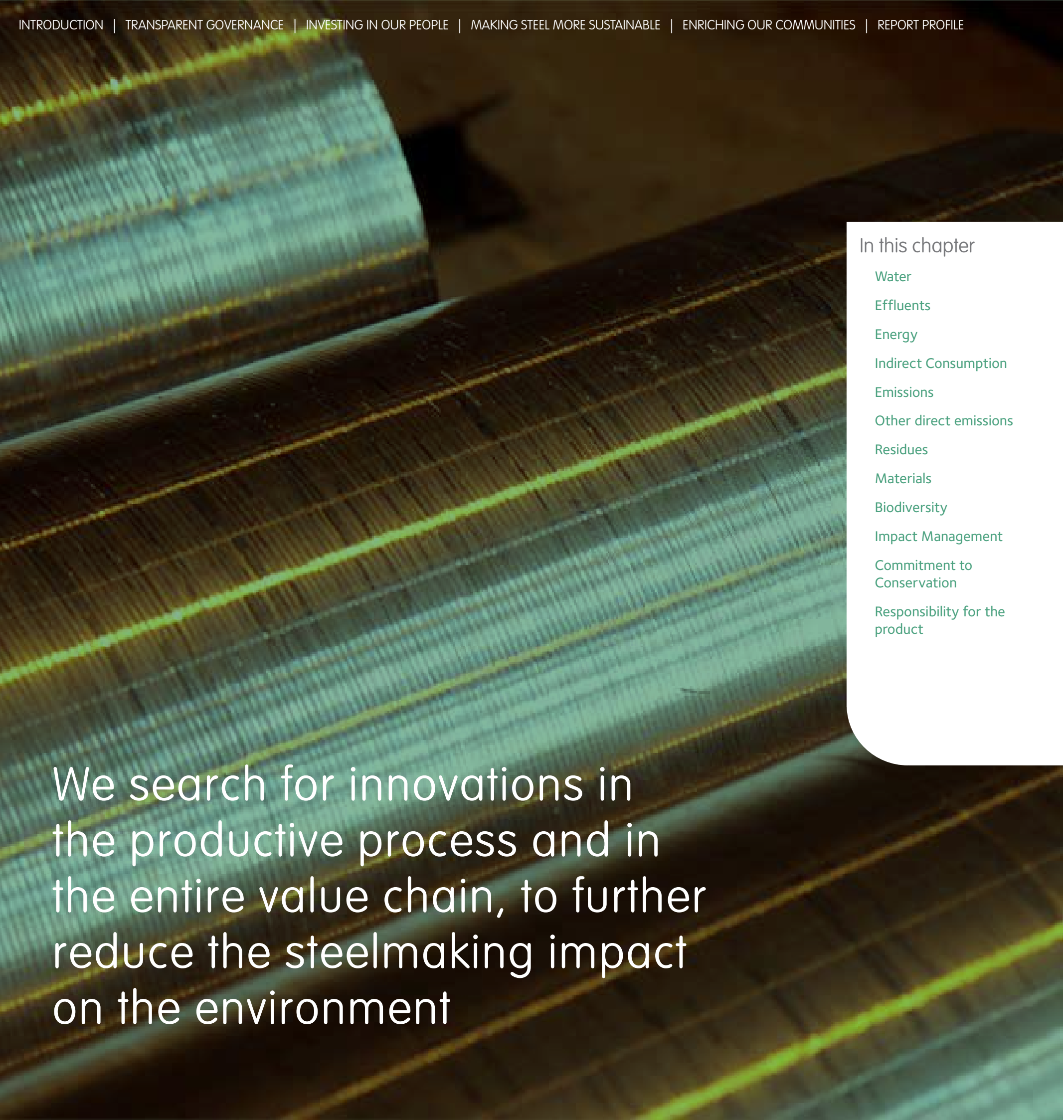
ZERO ACCIDENT

TIn 2009, all ArcelorMittal Brasil units participate actively in actions to reach the goals of the Journey to Zero Accident Program, held by ArcelorMittal Group. The main focus is to reduce accidents, and it involves the consolidation of the value to life, people awareness and the multiplication of the prevention culture to the partners of the productive chain.

At the beginning of the year, there was an event to present and debate all projects created by the units. After analyzing each initiative, participants elected the most efficient practices and that could be multiplied more easily. Resulting from that work, each unit determined its action plan and moved on to the implementation phase.

Among the actions developed in 2009, it is important to highlight the audits performed in three main models. The first and more usual is the internal audit that went through procedure standardization. The crossed audit – when people from a unit assess another – was intensified, promoting the exchange of experiences. The third model was the shop floor audit – a world guideline of the Group. Such evaluations are done by top management people, including CEO, directors and general managers, and also by middle managers and supervisors. In focused visits, the leading group re-affirms the commitments to the Journey to Zero Accidents to employees.





We search for innovations in the productive process and in the entire value chain, to further reduce the steelmaking impact on the environment

In this chapter

- Water
- Effluents
- Energy
- Indirect Consumption
- Emissions
- Other direct emissions
- Residues
- Materials
- Biodiversity
- Impact Management
- Commitment to Conservation
- Responsibility for the product

# Making steel more sustainable

Steel is one of the materials that best responds to the sustainability challenge: strong, versatile and endlessly recyclable. It responds to the needs of several fundamental sectors for people’s quality of life, and therefore ArcelorMittal holds the responsibility to make the product more sustainable



98,36%

is the index of water re-circulation in ArcelorMittal Brasil

ArcelorMittal Brasil commitment to reduce the impact of its activities on the environment is shown through continuous investments in processes development towards:

- Biodiversity conservation, mainly surrounding industrial units
- Rational use of water with consumption reduction and increase of reuse indexes
- Reduction of residue generation and enabling new ways of recycling
- Control of direct and indirect air emissions, focusing on continuous reduction, mainly greenhouse gases, among others
- Reduce energy consumption and maintain a clean energetic matrix, which includes its own generation from process gases
- Promote environmental education to internal and external publics; contribute to world efforts to the environmental conservation
- Personal and organizational commitment to following environmental legislation and Company principles

ArcelorMittal Brasil is diligent to reinforce such commitment and it has been outstanding within the Group and the

world steel industry, as a reference of excellence in practices and environmental indicators. All units have a history in common – intensive investments in the environmental area with actions recognized by their pioneering and efficiency. In 2009, the Company was awarded the Época Prize of Climate Changes, promoted by Época magazine, for the best strategy to face such challenge in the Brazilian industrial sector.

Another important recognition in 2009 was the prize Give Credit to Environment, offered by the Ministries of the Environment and Science and Technology and by the magazine Meio Ambiente Industrial. The award was granted to ArcelorMittal BioEnergia due to the experience with the Program Forest Producer which is about planting eucalyptus forests in the Zona da Mata in Minas Gerais in partnership with local rural producers.

The set of actions developed to respond to that commitment is described in the Environmental Management Systems, created and implemented in each of ArcelorMittal Brasil industrial units. Such systems are responsible for maintaining and improving procedures, guiding the search for environmental performance continuous improvement.

In the Steelmaking sector, all units are certified in ISO 14001. In the Drawing

sector, Belgo Bekaert Artefatos de Arame (BMB) and Belgo Bekaert Arames (BBA) are certified in ISO 14001. ArcelorMittal BioEnergia, besides ISO 14001, it has the Forest Stewardship Council (FSC) seal, that proves its capacity to handle forest resources in an environmentally correct way, socially fair and economically viable.

Water

Essential natural resource for life, water is also a fundamental intake in the steel production process. ArcelorMittal Brasil considers the management of such resource as strategic priority,

and invests in actions to reduce consumption and increase reuse, besides contributing to initiative to preserve natural sources, in partnership with public power and other organizations.

One of the main results of such strategy is the records of some of the best performance indicators of water resources management. An example is the re-circulation index of the water used in industrial processes which is kept in 98.36% in ArcelorMittal Brasil (considering the units of Vega, Tubarão, Cariacica, Juiz de Fora, Monlevade and Piracicaba).



Water resources management is a strategic priority for the company. That is why we have some of the best performance indicators in water use

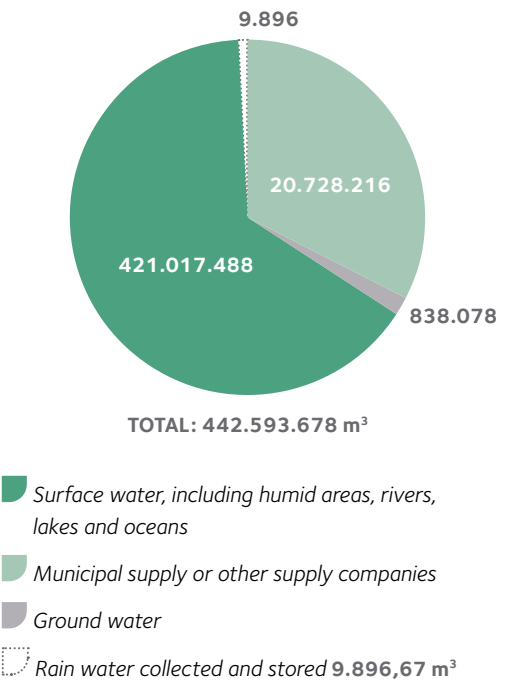


Long carbon steel units reached important results in 2009. In Itaúna, there was a reduction of 68% of drinking water consumption, and the use of industrial water fell 81%

That means the company managed to significantly reduce the need for new water intake and it also generates a considerably reduced volume of effluents.

Even reaching reference indicators ArcelorMittal Brasil keeps on investing intensively in new actions of water management, being always aware of improvement possibilities.

Total of water withdrawal per source  
Source (m³)



Approximately 5% of the water used in Tubarão unit comes from Santa Maria da Vitória river, corresponding to approximately 2,300 m3/hour, and its intake and distribution are done by the state consortium (CESAN). The other 95% of the water used by the company come from the sea, through its own pumping station. The return to the ocean is done by an adequate long run channel, which allows heat exchange with atmospheric air in such a way that the effluent does not present significant temperature gradient. By doing so, the company follows the legal limits of effluent discharge. For 2010, Tubarão unit has the goal of maximum freshwater consumption of 3.5 m3/tab. Tubarão unit does not use ground water in its operating units, nor receives liquid effluents from other organizations.

Approximately 95% of the water consumed in Tubarão is taken from the sea

In Vega unit, all the water used is supplied by Casan (Companhia de Águas e Saneamento de Santa Catarina), taken from Saí Mirizinho river affluent, located in the continental part of the city of São Francisco do Sul. The source

was chosen by Casan because it is not used to supply any cities in the region. After environmental studies, the intake system was projected to pump a maximum of 60 l/s in dry periods – the plant consumption forecast was a third of that volume. Currently, due to process optimization, Vega unit consumes around 12 l/s.

In BioEnergia, the use of water in the forests fell approximately 11%

In ArcelorMittal Aços Longos, several units also had important results related to the use of water in 2009. In Belgo Bekaert Arames in Hortolândia and Contagem, intake from the roofs of the factories (rain water) allowed to save 9,000m3 of water from water wells – 5,000 m3 in Hortolândia and 4,000 m3 in Contagem. In Itaúna unit, there was a reduction of 68% of drinking water consumption in the period. The use of industrial water for irrigation fell 81%, with the decrease of average consumption from 2,424 m3 in 2007 to 460m3 in 2009. In ArcelorMittal BioEnergia, water consumption in the forests also fell 11% if compared to 2007 data.



SURPASSING GOALS

The areas of eucalyptus seedling production in ArcelorMittal BioEnergia have been developing several ways to reduce water consumption. One of the priority projects of 2010 is the multiplication of a well succeeded experience implemented in 2005 in Bom Despacho unit, Minas Gerais.

The first step was to improve consumption monitoring to measure it more precisely. So it was verified that the average monthly consumption was 16,200m3. Based on that information and studies of reference companies, managers established the maximum consumption goal of 11 thousand m3/month, meaning a reduction of 32%.

In order to reach that objective, several procedures were adopted, including the replacement of valves to avoid waste and the re-distribution of seedlings in beds to improve the use of water. Results came out in less than one year and surpassed the goal: in September 2006, the unit recorded a consumption of 10,3 thousand m3, that is, 36.17% less.

The process continued with adjustments and improvements year after year. In 2009, the average consumption was 8.1 thousand m3/month, reflecting the gains obtained through the implementation of new measures, among them the use of hydrated gel in the beginning of the seedling production process. Therefore the reduction compared to the 2005 consumption was 55%, generating water savings of 110 thousand m3 per year.

Most Brazilian units have effluent treatment stations built according to the type of discharge

Effluents

Besides ensuring continuous reduction of the discharged effluents volume, ArcelorMittal Brasil invests in actions to minimize the impacts they cause to the environment, by means of adequate treatment. Most industrial units have effluent treatment stations built according to the type of discharge, besides monitoring systems of the quality of final water.

Units analyze materials to guarantee compliance with legislation

Currently, ArcelorMittal industrial units that produce steel are considered benchmarking in water resources management in the Group. In 2009, some units implemented actions allowing the gradual increase of the water re-circulation index, and found new ways to use that resource, such as rain water to replace the system.

ArcelorMittal Brasil industrial process also generates liquid effluents that require treatment. Effluents generated in the industrial process as well as sanitation sewage are sent to specific treatments, according to their characteristics. The material goes through physical, chemical and biological analysis and ultra-violet disinfection (in some units), in such a way to ensure that treatments are in full compliance with the environmental legislation in force. The entire process is monitored and after treatment effluents are sent to the water body.

In ArcelorMittal Aços Longos, besides tests and physical chemical analysis, there are tests with living organisms to verify the eco-toxicity of treated effluents. The marine and freshwater organisms, especially sensitive to pollutants and cultivated to serve as “test organisms” are submitted to different concentrations of effluents to know the toxicity potential. The eco-toxicological tests follow methodology defined by state and federal legislations, and results have shown thresholds within what is established by legal regulations.

In BMB Vespasiano unit, the water re-circulation project aims at reducing total consumption to 4.2 m3/t – in a one year period, the number was 7.75 m3/t. To reach the goal, several projects foresee cooling water re-circulation, generated in some productive processes.

Total water discharge

UNIT	MAXIMUM DISCHARGE
BBA Contagem	259,136
ArcelorMittal Sabará	434.32
BBA Nordeste	12,546
ArcelorMittal Itaúna	24,259
BBA Hortolândia	21,383
BMB Vespasiano e Itaúna	340,102
BBA Osasco	126,201
ArcelorMittal Vega	175,501
ArcelorMittal Tubarão	5,082,289
ArcelorMittal BioEnergia*	11,527
ArcelorMittal Cariacica	60,094
ArcelorMittal Juiz de Fora	159,264
ArcelorMittal Piracicaba	70,967
ArcelorMittal Monlevade	96,360

\*Not considering Jequitinhonha unit

6.440.064 m³  
is the total discharge of ArcelorMittal in 2009





20%

is the economy in energy consumption of the long carbon steel units, with the use of hot metal for the EAF production

Energy

In energy management, ArcelorMittal Brasil works to keep a sustainable energetic matrix with the maximum use of opportunities of its own generation from process gases. Such strategy combined with actions to reduce and rationalize consumption, has enabled the Company to contribute actively to global efforts related to climate change issues. Besides that, it strengthens sustainability of industrial operations by becoming less exposed to the risks of energy offer reduction in public systems.

Units also invest in awareness and training of professionals

Among ArcelorMittal Tubarão initiatives currently adopted in the energy area, some are highlighted: production maximization in more efficient plants of air fractioning and electric energy generation, contributing to a lower internal consumption and more sales availability in the market, besides ensuring the blast furnaces operation with a stable blow (mechanical energy) and low fuel rate; electric energy generation from fume heat generated in coke production; vapor generation

for the industrial process; maintenance of zero consumption of combustible oil and minimization of natural gas use; use of dry coke quenching to generate vapor; generation of other utilities for the productive process (oxygen, nitrogen, argon, compressed air, etc), keeping self-sufficiency in consumption and electric energy sales.

Among ArcelorMittal Aços Longos actions, we can highlight the use of hot metal in the EAF production, which enabled economies of 20% in energy consumption. As of the fourth quarter 2009, mineral coal fines and metallurgic coke used in blast furnace A in Monlevade unit were replaced by charcoal, generating an energetic gain of 7.8% if compared to the third quarter. Charcoal, produced from the planted eucalyptus forests, is appointed as a sustainable alternative for the environment, once its levels of carbon dioxide (CO2) emissions are much lower than those from mineral coal burn. Besides that, the growing eucalyptus forests absorb gas carbon from the atmosphere, collaborating to reduce global warming. Other actions involve workers' training and awareness of daily habit changes, consequently bringing effective gains in the total energy consumption. In ArcelorMittal Cariacica,

employees have been oriented to identify equipment that is kept on unnecessarily during production stoppages.

In Tubarão, the energy generation improvements from fume heat of coke production is a reality already

Improvements in conservation and efficiency were also extended to Belgo Mineira Bekaert (BMB). In 2009 it finalized the process to replace the production shed lamps with more economic ones. Another action was the replacement of high yield engines, changing the continuous current by alternate current. So they reached a reduction of 1.09% in energy consumption, considering data from the Semi-product Management (GSP).

There are also initiatives under research and development or that have not had their results consolidated. They will surely bring important economic and environmental gains. In ArcelorMittal BioEnergia for instance, we are researching energy co-generation through fumes resulting from the carbonization process. Other long carbon units used mineral coal fines in

the EAF to generate frothy slag which increases equipment efficiency at the moment of metallic scrap fusion.

In Hydro-electric plant Guilman-Amorin, operational control of the forced ventilation system, considering room temperature, and the use reduction of electric equipment during the manufacture and assembly of civil structures, enables reduction of 7.75% in auxiliary services.



# Along the years, ArcelorMittal Brasil has implemented improvements that go from intensifying the maintenance of its own fleets to the creation of marine steel transportation

## Indirect consumption

In 2009, ArcelorMittal Tubarão consumed 5,56 GJ transporting employees, reducing 0,63 GJ compared to 2008. The Company has a contract with two transport companies: Viação Satélite for collective transport, and Vix Logística for light transport. In the collective transport, 71 buses were used, six less than in 2008 so there was a reduction of 104,423 liters in the period.

The light transport company reached a reduction in 2009 of 1,423 liters of diesel consumption and 69.233.17 liters of gasoline, due to the fleet reduction and demand adjustment, besides reduction measures.

Both companies joined the Program “Despoluir” from Fe Transportes (Federation of Transport Companies of Espírito Santo and Rio de Janeiro)– that conducted periodic evaluations

of the fume level launched by the diesel vehicles in the atmosphere – and dedicated themselves to collect contaminated residues, made by a company environmentally regulated. Vix Logística also works with residues management (cartridges, tonners and batteries). Another action of those partner companies of ArcelorMittal Tubarão is the use of biodiesel in vehicles of the fleet.

## The rational use of collective transport generated economies of more than 100 thousand liters of fuel in Tubarão

In ArcelorMittal Aços Longos, the traffic center implemented a management model which allowed the environmental gains and reduced the specific cost of transport of each ton of steel. The initiative aims at increasing the productivity of trucks and avoiding the so called “empty return” of the vehicles, when they return without any load after deliveries. Such model enabled the adequate identification of flows and a better definition of load routes, types and volumes. In 2009 the trucks from the long carbon units went through a

total of 1.019.159 kilometers. 239.167 kilometers (23.47%) were traveled by trucks that returned loaded to the company. Vehicles which left loaded went through 494.157 kilometers (48.49%), and the ones that returned empty to the units correspond to 285.834 kilometers traveled (28.05%).

Along the years, ArcelorMittal Brasil has implemented changes and improvements that go from intensifying the maintenance of its own fleets to the creation of marine steel transportation. At the same time, it has multiplied experiences with its partners, holding educational programs which aim at making truck drivers from contracted companies aware in order to transport our products.

## The new fleet management model increased the productivity of trucks in long carbon units

ArceloMittal Brasil does not register its indirect emissions resulting from business trips and employees’ transportation, because they represent less than 1% of the emission direct total of the company.

## Direct energy consumption

SOURCES	(GJOULE)
Charcoal	121,080,805
Low purity oxygen	24,838
High purity oxygen	1,397,346
Diesel	325,870
Combustible oil	115,309
Natural gas	3,055,461
Electricity	124,596,982
Nitrogen	166,072
Hydrogen	17,904.45
Charcoal	778,912
Argon	1,931
Compressed air	182,385
Gasoline	9,045
Total	251,752,860.45





ENERGY FOR SALE

The co-generation model adopted by Tubarão unit is based on two of the most important aspects of sustainability – environmental and economic matters. The plant generates all the energy it consumes, thank to a complex system of gas reuse resulting which come from its production. By supplying the unit, such materials are not launched in the atmosphere, contributing to a significant reduction of emissions, including gases related to the greenhouse effect.

One of the energy generation systems of Tubarão – that uses gasses from the steel shop – was the first steelmaking project to obtain permission to trade carbon credits. The unit has been energy self-sufficient since 1998 and for three years has traded the surplus for the public sector. In 2009, the unit sold 6.783.121 GJ (including electric energy, O2, N2, argon and tar), value below the one in 2008, which was 9.149.148 GJ. From 2007 to 2009, its total energy production was 1.069,1 medium MW, from which 166,3 medium MW were commercialized through agents from the Free Market of Electric Energy, registered in the Chamber of Commerce of Electric Energy (CCEE)>

Even having a surplus energy production, Tubarão continues to search for improvements to use its co-generation capacity to the most. In 2009, there was an additional investment in the construction of a new gas mixer station. That initiative enabled the company to respond to the demand increase of the Hot Strip Rolling Mill (LTQ), resulting from the coil production increase, keeping the balance in the energetic matrix of the plant. With that new equipment, the LTQ started consuming gases from the steel shop together with the gases used previously, which came from the coke plant and blast furnaces. For the period of 2010 and 2011 it is foreseen the revamp of the thermo-electric centers 1 and 2, therefore keeping its energetic efficiency.



Emissions

The steel industry is among the industrial sectors that emits more carbon dioxide (CO2), considered the main gas that causes the greenhouse effect. That is why ArcelorMittal Group, a segment leader, considers essential for the sustainability of its operations assuming the main actor’s position in the search for innovations and processes that reduce its emissions.

CDM project of Tubarão was certified in 2009 to sell carbon credits

ArcelorMittal Brasil has decisively contributed with concrete actions to reach that objective, such as the Clean Development Mechanism (CDM) projects ongoing in several Company units. One of those projects received, in 2009, the approval to trade credits, according to the requisites from the Kyoto Protocol.

The organization also aims at the implementation of programs and the use of technologies with more energetic efficiency in productive processes and energy co-generation. Other initiatives look for the increasing the sustainable use of fuels from renewable sources

and consumption optimization of natural resources.

The Company also promotes the use of by-products as intake in other industries (such as the use of blast furnace slag in cement manufacture to replace clinker), and the maximization of steel recycling internally. The concern to reduce emissions led ArcelorMittal Brasil to join the Ulcos Project (Ultra Low CO2 Steelmaking), a research program promoted by the World Steel Association WSA) to develop new technologies in steel production.

ArcelorMittal Aços Longos has several carbon projects to reduce CO2 emissions. Among them, there is the production unit of renewable bio-reducer, the injection of charcoal fines in the coke blast furnace, the use of blast furnace gas in the billet re-heating furnace, the use of renewable bio-reducer in the blast furnaces of Juiz de For a and the Program Produtor Florestal. Together, the five projects can reduce around 10 million tons of CO2 in a period of ten years. Juiz de Fora unit also works with the ArcelorMittal Aços Longos Sustainability Program, which focuses on the development and implementation of cleaner technologies, and is structure in four main initiatives: Industrial Project, Forest Project, Community Project and Carbon Credit Project.

CO<sub>2</sub> Emissions

IN TONS	
Electricity, heat or vapor generation	60,761
Physical chemical benefiting	12,530,847
Indirect emissions	261,640
Total	12,853,248

Up to 2020, the goal is to reduce CO2 emissions in 10 million tons

In Cariacica unit, the replacement of filter sleeves of the dedusting system reduced 50% the emissions of particulate material, when compared to 2008. In Monlevade, the use of charcoal fines replacing coke and mineral coal in the blast furnace A reduced specific CO2 emissions in 14,275 tons in the fourth quarter 2009 – a 3% fall in relation to the previous quarter. Other ongoing actions in ArcelorMittal BioEnergia will also enable important reductions of atmosphere pollutant gases. The unit has conducted research to develop a system of energy co-generation through fumes from material carbonization, and is analyzing the possibility to replace fossil fuel by biodiesel in that process. Other initiatives consist of improving the process of nitrogen fertilization and adjusting equipment used in soil preparation. In Tubarão, there was a reduction of

# 406,000 tons

of CO2 were not emitted due to CDM project in Tubarão

406.000 tons of CO2, with the CDM project “Co-generation of electric energy through the BOF shop gas recovery”. In 2009, the unit average was 2.1 tons of CO2 equivalents per tons of crude steel, number within the maximum goal forecast of 2.2 tons of CO2/ tons of steel. The main factors which enabled such result were the fuel rate proportional to the pace of production. Comparing 2008 and 2009, there was practically no variations. For 2010, Tubarão goal is still 2.2 tons of CO2/ton of crude steel.

### Other direct emissions

Although the strategy to reduce emissions is focused on greenhouse gases, ArcelorMittal Brasil also works to keep itself as a reference in emission indicators of other materials, such as particulate. Continuous monitoring and investment

NO<sub>x</sub>, SO<sub>x</sub> and other air emissions.

EMISSIONS IN TONS	
NO <sub>x</sub>	7,842.91
SO <sub>x</sub>	13,265.97
Persistent organic pollutants (POP)	0.83 (g)
Volatile organic compounds (VOC)	28.33
Hazardous air pollutants (HAP)	36.80
Fugitive and chimney emissions	490.9*
Particulate material (PM)	3,085.99

\*Particulate material

in new control ways are the main tools of the current management.

### In ArcelorMittal Brasil, the CFC emissions sources are have been eliminated since 1999

ArcelorMittal Brasil also measures air quality, monitoring the total particles in suspension, nitrogen oxide and sulphur

oxide. Results indicate values below the thresholds established by the legislation in force and secondary standard.

In 2009, there was a reduction of air emissions in the long and flat carbon units, which perform monitoring through periodic measurements by specialized companies. Tubarão unit eliminated all CFC emission sources in 1999 and it also does not emit CH4, N2O, HCFs, PCFs and SF6 gases.



### PIONEER IN CARBON CREDITS

Tubarão unit was the first integrated steelmaking company worldwide to commercialize carbon credits, according to the criteria established in the Kyoto Protocol. Having the certification of emission reduction obtained in 2009 in the United Nations Framework Convention for Climate Change (UNFCCC), the company performed the first operation when it negotiated a total of 209 thousand tons of avoided emissions with the German bank KfW.

That was one more step of the process begun in 2005, when the UNFCCC approved the project “Co-generation of electric energy through the BOF shop gas recovery”, developed by Tubarão unit. The initiative enables the use of gasses of the steel manufacturing process to generate energy and avoids the emission of around 45 thousand tons of CO2 a year. Until 2012, the company expects to commercialize additional 100 thousand tons of carbon credits, only through such project.

The contribution commitment to Kyoto Protocol, as well as collaborating with other world initiatives towards the fight against greenhouse effect, is present in the strategy of all ArcelorMittal Brasil units. Besides reducing emissions, the action enables the organization to keep a clean and competitive energetic matrix – a critical factor for the steel industry sustainability.

Currently there are other CDM related projects in ArcelorMittal Brasil units, which together have potential to reduce greenhouse gas emissions in approximately 15 million tons in the next ten years. Among them there are:

- Sol Coke Plant – the coke producer, located in Tubarão plant, developed a process to fully use gasses generated in mineral coal burning. The project is being validated and should be registered by UNO in 2010;
- Barge Terminal – created in September 2006, it enabled sea transportation of 1.1 million tons/year of hot rolled coils, from Espírito Santo to Santa Catarina. Besides avoiding the emissions generated by truck transportation, the terminal reduces road traffic;
- ArcelorMittal Juiz de Fora – the plant is using renewable solid bio-reducer (charcoal) in its blast furnaces. The project reduces gas emissions and decreases dependence on mineral coal which is a non-renewable energy source;
- Program Produtor Florestal (Forest Producer) – increases the production of eucalyptus wood for charcoal manufacturing, generating carbon stock.



DOUBLE ECONOMY

In May 2009, ArcelorMittal Juiz de Fora started the operation of the blast furnace gas reuse system, as energy source to re-heat billets in the rolling mill, replacing natural gas. Such process will enable a reduction of 80% of the area natural gas consumption, which generates a cost economy of R\$ 18 million/year. Besides that, it reduces the greenhouse gas emissions, once the blast furnace residual gas will not be burned any more.

The system consists of a pipeline of 1.4 meters of diameter by 900 meters length, installed 8 meters from the ground. That device takes the blast furnace gas to the rolling mill re-heating area, going through a system of heat exchange that raises the gas temperature to 300oC. Simple and efficient, the project may be extended to other steelmaking plants of ArcelorMittal Group, which have a structure similar to the one in Juiz de Fora.



Residues

Reducing generation, sorting out in the origin, storing adequately and investing in reuse – those four actions are the base of ArcelorMittal Brasil residue management. Employees’ awareness and process changes are tools that have enabled to reduce the residue volumes generated, even with the production increase. The stage of sorting out by materials and adequate storage are fundamental steps for the success of such strategy, because they allow recycling optimization. Finally, with investments in research and technology the company has been able to transform critical residues – such as slag – into by-products that enable new productive arrangements and even social environmental actions.

Revenues with residues in flat and long carbon units was more than R\$ 50 million

In ArcelorMittal Brasil Aços Longos the method of residues destination is always determined by the environment areas of industrial units, supported by the corporate areas of environment and supplies. Another important initiative was the approval of the use of up to 15% of byproducts monthly sales to invest in research and development of new sustainable projects in the residue and by-product area by the company Top Management. In 2009 the industrial units of the steelmaking sector presented an average of 78% residues and by-products reuse index. ArcelorMittal Aços Longos generated a net revenue of R\$ 22.519.254,00 with the sales of such products in the period.

Several actions helped the company reach such results. In Itaúna unit, the total volume of class 1 residues (impregnated by grease and oil) dropped from 7.510 Kg in 2008, to 3.490 Kg in 2009 – a 54% reduction. In Cariacica, the qualification of companies to recycle used personal protection equipment (PPE) allowed the recovery of 10 tons of residues. In ArcelorMittal BioEnergia, selective collection was implemented in all units, as well as systems to return agro-toxic packaging and residue management. In Sabará unit (MG), grinding clay was used in the manufacture of concrete aggregates, and scale and shot dust are reused in the steel shop. Those and other measures decreased the volume discharged in landfills and contributed to reduce the visual pollution in the units.

In Monelvade unit, the new Recyclable Raw Material plant (RRM) is an update of the current version, which will increase residue consumption in sinter production from 40Kg to 50Kg per ton of sinter (25% of internal reuse). The plant will have reception, segregation and dosage of material through the use of conveyor belts and proportioning scales, so that it is possible to use materials that could only be used previously in other processes such as industrial landfills and briquetting.

In Itaúna unit, class 1 residue generation fell 54% in 2009

With proportioning scales, it will be possible to control each quantity of chemical element in the sinter load, avoiding production losses and maintenance stoppages.

78%

is the index of residue and by-products reuse in the steelmaking industrial units



Residues total weight

ARCELORMITTAL AÇOS LONGOS		
TYPE OF RESIDUE	HAZARDOUS (T)	NOT HAZARDOUS (T)
Reuse (it does not alter the properties to use in another process)	1,076.74	403,854.57
Recycling (It alters properties and use as product)	2.090,24	1.000.702,49
Co-processing	946.81	82.46
Incineration (Or use as fuel)	86.94	619.93
Landfill	-	241.97
Underground residue injection	Not applicable	Not applicable
Local storage	16,689.81	47,179.58
Industrial landfill	21,974.4	51,080.05

SLAG REEFS

The steelmaking process produces a large quantity of slag, solid and inert residue (that is, not hazardous), but it needs adequate destination. Since 2002, ArcelorMittal Brasil has had a well succeeded case of the reuse of such material, by its transformation in by-product used in cement industry and also as base for paving public roads. Since then, slag has been transformed in revenue source, and not in residue.

In 2009, the public who went to “Feira do Verde” in Vitória (Espírito Santo) had the opportunity to get to know one more adequate use of the product. Tubarão unit built in its stand a giant 6 ton-aquarium, to show the positive effects in the marine environment of the Artificial Reefs Project. The initiative consists of installing, in the future, hundreds of those reefs constructed with steel shop slag in pyramid shape along the coast of Espírito Santo. As time goes by, such pieces will be colonized by algae, shellfish, sponges, plants and other species which attract more fish, octopuses and lobsters to the location.

The project was idealized by Ecos Institute and has Tubarão unit partnership – it supplies the slag and supports its implementation. Other partners are Sebrae, Serra Cityhall ES), the fishermen’s village of Serra V-11 and the State Secretary of Agriculture, Supply and Fishing. In 2008, the initiative was awarded the prize Brazilian Environmental Benchmarking. Besides the installation of slag pyramids, the project also has environmental education actions and income generation to the community involved.

In Piracicaba unit, the search for new applications for by-products resulted in a project that developed blocks of steelmaking aggregate for civil construction. Used in the construction of the Experimental Model Home, in the HQ of the Inter-cities Consortium of the River Basins Piracicaba, Capivari and Jundiáí – Consortium PCJ – those blocks use the by-product as raw material and may be an alternative instead of the natural aggregate, obtained from quarries and river beds. In the steelmaking aggregate process, the burning is replaced by pressing, avoiding pollutant gas emissions, water is re-circulated and there are no losses in the process, once the shred goes back into the bulk. Assembled in “lego” shape, the block also facilitates the construction and does not require the use of mortar and specialized work force.

Another advantage is the cost 40% less, if compared to conventional bricks. The project was developed in partnership with the University of São Paulo (USP) – they performed the studies and technical tests, and manufactured the blocks.

Another application of the by-product is the precast agglomerate, made of the electric furnace dust

The search for different by-products applications in Piracicaba also gave birth to the Precast Agglomerate (APF), product made of the electric furnace dust – a hazardous residue which contains elements with high reuse potential. The APF can be re-introduced into the furnace or sold to pig iron producers, and its composition allows other residues, such as scale

and slag from the furnace. In long carbon units, results were equally positive. In 2009, Tubarão residue management has a reuse index of 99.4% (27.9% recycling/reuse; 68.9% commercialization, and around 2.6% treated and stored in benefiting plants, available for recycling/reuse or commercialization). The goals for 2010 are reducing BF gas sludge through market development, and increase consumption of fine BOF sludge. Tubarão unit generated net revenues of R\$ 28,8 million in 2009 with by-product sales in the period.

In Tubarão, the index of residue reuse was 99.4%

In ArcelorMittal Vega, solid residues generated in the productive process are conditioned in adequate containers near production lines, and temporarily stored in a warehouse, from where they are sent to a final destination, according to the rating of each residue. Vega does not have any system of residues final discharge in the interior of its installations; all residues are sent for treatment to specialized external companies. There are periodic inspections *in loco* to verify compliance with the environmental legislation and with the license conditions of providers of those services.

The unit aims at significantly reducing the disposal of residues in landfills. Metallic scrap and hard zinc are entirely destined to recycling in the steel industry. Iron oxide produced in the acid regeneration unit is commercialized as intake in the magnet industry. Part of the oxide which is not commercialized is disposed in industrial landfills.

ARCELORMITTAL TUBARÃO		
TYPE OF RESIDUE	HAZARDOUS (T)	NOT HAZARDOUS (T)
Reuse	1,306 (tar dross)	250,626 (industrial residues)
	43.66 (batteries)	15,532 (dust from steel shop secondary dedusting)
	25,800 units (lamps)	29,511 (limestone fines – calcite and dolomite)
	9,25 (óleo vegetal)	148,802 (BOF slag)
	81,29 (lubricating oil)	99,226 (coarse and fine BOF sludge)
	60 (grease)	-
Internal civil works and commercialization	-	432,759 (BOF slag)
Controlled landfill	-	974.7 (organic-restaurant)
	25,240 (edge waste)	-
	171,120 (water contaminated by oil)	-
	3.12 (ambulatory residues)	-
	28.66 (residues contaminated by oil)	-

ARCELORMITTAL VEGA		
TYPE OF RESIDUE	HAZARDOUS (T)	NOT HAZARDOUS (T)
Recycling (alters properties and use as product)	955.65 (lubricating oil, Hydraulic oil, emulsions and hardening fluid)	54,152.92 (metallic scrap)
	0.00 (printer cartridges and tonner)	4,783 (iron oxide)
	55.16 (grinding sludge)	735,04 (hard zink)
	4,84 (empty contaminated packaging)	43,37 (plastic, paper and cardboard)
	0.00 (mercury lamps)	-
Recovery	65.70 (chromium bath)	0.00 (used eatable oil)
Incineration (or used as fuel)	-	80.10 (wood)
Industrial landfill	3.22 (ambulatory residue)	158.53 (organic residue)
	25.57 (v residue contaminated by oil and grease)	0.00 (debris)
	-	123 (iron oxide)
	-	69.21 (biological mud from sewage treatment stations)
Others (co-processing)	466.47 (chemical mud sewage treatment stations)	-
	46.74 (residue contaminated by oil and grease)	-
	18.13 (degreasing dross)	-
	10.22 (recovered oils)	-



18,2 million

tons of intake associated with material benefiting were consumed by the company in 2009

Materials

ArcelorMittal Brasil has as guideline the continuous investment in new processes related to the use of raw materials in our production. In 2009, the Company consumed 18.2 million tons of intake associated with material benefiting, less than the 19.2 million tons used in 2008.

Materials recycled in the company are also used. In 2009, the reuse was bigger than in 2008

ArcelorMittal Aços Longos and Tubarão unit also consume materials from recycling performed in several units of the organization. In 2009, the two companies reused 2.631.978,40 tons of recyclable materials, compared to 2.425.883 tons in 2008. Vega unit does not use recyclable material in its production process.

Material consumption per type

INTAKE	(T)	INTAKE	(T)
Hydrochloric acid (HCl) 33%	203.5	limestone / dolomite	1,359,930
Corrosion inhibitor	9.3	iron ore	6,011,519
Sodium hydroxide (NaOH) 20%	44	sinter	1,626,824.25
Sodium thiosulfate 65%	326.3	coke	1,215,415
Humid hardening fluid (Qwerl)	220.2	charcoal	184,684
Metal rolling oil	9.3	metallic scrap	2,051,766
Zing ingot	11.1	lime	426,460
Anti-foaming	5.6	EAF electrode	2,685
Chromium acid	48.8	charcoal for PCI	41,409
Grease	3.4	carvão mineral para PCI	716,191
Graxa	466	coke breeze	38,167
Protection oil	22,724.70	heavy oil	3,061
Zinc	10,559	soap	297
Mineral coal	1,367,681	lead	96
Pellets	3,040,670	scale	58,441.90
Ferroalloy and other materials*	62,528	zinc	1,245
Total (t)			18,243,701.35

\*(Fe, Mn AC Fe Mn Mc Fe Si Mn Ferrovanadium, Ferrocolumbium, Nitrogen Manganese, Copper, Aluminum pellet, Fluorite etc)

Use of recyclable materials

TYPE OF MATERIAL USED	(T)
Acquired scale	31,822.90
Blast furnace dust (acquired)	121,379.60
Acquired steel scrap (national)	1,833,112
Briquette	149,681
Steel scrap: internal recycling	495,982.9
Total (t)	2,631,978.40

HIGHLIGHTS

Investments in new processes associated with the use of raw materials

Reuse of 2.61 million tons of materials in 2009

CLEAN LOAD

ArcelorMittal Brasil began in 2009 a series of crossed audits in the radiologic protection systems of the units that produce steel. The idea is promoting the exchange of information and experiences, by the evaluation of a plant's systems by a group of specialist from another unit. Such initiative reinforces the guidelines of ArcelorMittal Radioactivity Committee, which are aligned with the prioritization strategy of Environmental and Health and Safety Management.

The Radiologic Protection Systems have equipment of radioactivity detection which mostly analyzes scrap loads used as intake in the steel shops. Therefore they point out any contamination sign of the material which will be

incorporated to the production process. Annually, ArcelorMittal Brasil steel units use approximately 3 million tons of steel scrap, and all this material is verified by the equipment.

In ArcelorMittal Monlevade, where steel scrap corresponds to approximately 5% of the metallic load used in the steel shop, the Radiologic Protection System started to be implemented in 2002 and since then, has been improved with new detection equipment and procedures. Analyses are performed starting at the reception until the final dispatch of the product. For 2010, the unit plans to install new equipment to assess the storage area of the BOF sludge – residue from the steelmaking process.



Reducing impacts on biodiversity is one of ArcelorMittal Brasil environmental guidelines. Therefore the company strongly invests in the identification and monitoring of areas where it is present

R\$ 63,679,213

Total of ArcelorMittal Brasil environmental investments in 2009

Biodiversity

Companies that have large scale industrial plants, and many times located in sensitive areas have the challenge to actively act towards reducing its impacts on biodiversity. That is one of ArcelorMittal Group guidelines, and to which Brazilian

units have significantly contributed with examples of well succeeded experiences.

ArcelorMittal Brasil invests in the identification and monitoring of areas located within or near each of its units. Based on those studies, data referring to environmental

impacts are updated, including the identification of risk scenarios, definition of corrective and preventive measures and assessment of those actions efficacy.

In Vega, the creation of the Private Reserve of Natural Patrimony contributed to preserve endangered species

One of the main studies held by the units aims at identifying the main species of local fauna and flora, especially those threatened with extinction. In 2009, Guilman-Amorin concluded the report of Conservation Plan of fish and Fauna Monitoring (mastofauna, avifauna, herpetofauna and ictiofauna), and defined indicators of the environmental, operational and managerial conditions to manage biodiversity in relation to the ictiofauna theme.

In flat carbon steel, Vega unit also collects data on the local biodiversity. In the first year, they identifies the mastofauna, avifauna and flora.

In the second year the ictiofauna, entomonofauna and herpetofauna were identified. The actions follow ArcelorMittal Brasil orientations, and based on the information obtained up to this moment, the unit operations have not affected the endangered species. The work shows that the number of species and individuals has increased with the creation and maintenance of the Private Reserve of Natural Patrimony in the company area (see box).

Study shows that the number of individuals increased after the creation of private reserve

Vega also has another area not contiguous to the land where the industrial unit is located – 0.75 Km2 – where the maritime pipeline of treated effluents goes through. It is an environmental area characterized as sandbanks in several successional stages, inserted in the State Park Acaraí. The place is considered as the last untouched sandbank area with all successional stages in Santa Catarina.





High biodiversity index protected areas

BioEnergia	Bahia region (Prado, Caravelas and Alcobaça)
	Own soil
	Region entirely protected by Decree 750/93
	Forestry and bio-reducer production
	63,614 km²
	Unit located in the Atlantic Forest Biome with 46% of its area formed by native vegetation
BioEnergia	Rio Doce region (Dionísio, São José do Goiabal, Marliéria and São Pedro dos Ferros)
	Own soil
	Region entirely protected by Decree 750/93, where there is the third largest lake complex of Latin America. Those regional areas are situated on the borders of the State Park of Rio Doce – Perd, part of its transition zone.
	Forestry and bio-reducer production
	84.922 km²
	Unit located in the Atlantic Forest Biome with 27% of its area formed by native vegetation. Fauna and flora monitoring done in some native reserves present index of species richness compatible with Perd.
BioEnergia	Carbonita region (Carbonita, Senador Modestino Gonçalves and Diamantina)
	Own soil
	6,700 ha of Private Reserve of Natural Patrimony within the areas of the regional.
	Forestry and bio-reducer production
	134,800 km²
	Unit located in the chaparral biome, with 33% of its area formed by native vegetation. Fauna and flora monitoring done in some native reserves present index of species richness compatible with those from the Conservation Units of the same region
BioEnergia	Center-west region (Abaeté, Bom Despacho, Dorés do Indaiá, Martinho Campos and Quartel Geral)
	Own soil
	Seedlings production, forestry and bio-reducer production
	70,000 km²
	Unit located in the chaparral biome, with 20 % of its area formed by native vegetation.
Hydro-electric unit Guilman-Amorin	Geographic location: middle course of the Piracicaba River, cities of Nova Era and Antônio Dias
	Not applicable
	Private Reserve of Natural Patrimony (PRNP) inside the plant property area
	Energy generation and transmission
	Size of operational unit: 263 km²
	Biodiversity richness: <ul style="list-style-type: none"><li>• PRNP, Legal Reserve, APP, Classification of the Piracicaba River: Class 2 (Legislation MG)</li><li>• Scenarios of current environmental fragility of the Piracicaba River basin: aquatic eco-systems (medium); and terrestrial eco-system (medium to high), according to MME/EPE (2007)</li></ul>

ArcelorMittal Tubarão	Location: middle course of the Piracicaba River, cities of Nova Era and Antônio Dias
	Total area belonging to the company: 1,338 ha
	Position related to the protected area: inside the company site, totaling 102 ha
	Type of operation: administrative offices and production area
	Unit size: 13.38 km²
	Biodiversity richness: the company has eight lakes, and six of them are inter-connected forming the Praia Mole stream
ArcelorMittal Juiz de Fora	Location: Juiz de Fora (MG)
	Total area belonging to the company: own soil
	Position related to the protected area: inside the company site
	Type of operation: administrative offices and production area
	Unit size: 2.000 ha - 13,5 ha of constructed area, 382 ha of Permanent Preservation Area and 400 ha of Legal Reserve area
	Biodiversity richness: terrestrial eco-system of 471.15 ha
ArcelorMittal Monlevade	Location: João Monlevade (MG)
	Total area belonging to the company: own soil
	Position related to the protected area: inside the company site and in its surroundings
	Type of operation: administrative offices and production area
	Unit size: 578,20 ha – 60,20 ha of constructed area and 518 ha of PRNP
	Biodiversity richness: there will be actions to respond to the indicator
ArcelorMittal Cariacica	Location: Vitória (ES)
	Total area belonging to the company: own soil
	Position related to the protected area: inside the company site and/or in its surroundings
	Type of operation: administrative offices and production area
	Unit size: 113 ha – 0,78 ha of constructed area, 59,81 of Permanent Preservation Area
	Biodiversity richness: terrestrial eco-system of 25 ha
ArcelorMittal Vega	Location: São Francisco do Sul – Santa Catarina – Brazil
	Total area belonging to the company: sub-superficial and/or underground soil that can be its own, leased or administrated by the company: 2,2 Km²
	Position related to the protected area: PRNP inside the company site:0,76 Km². Sandbank preservation area, together with the pipeline: 0,75 km².
	Type of operation: manufacture / production
	Unit size: 0,1 km²
	Biodiversity richness: <ul style="list-style-type: none"><li>• The attribute of the protected area and the area of a high biodiversity index out of the protected area (terrestrial, freshwater or marine ecosystem): The PRNP (Private Reserve of Natural Patrimony) is inserted inside the land</li><li>• Rating by the state of conservation (e.g.: IUCN Category, Ramsar Convention, national legislation, internet site of Rede Natura 2000, etc).</li></ul>

40,000

40,000 tree seedlings produced in the company own nursery were planted in Tubarão area

Impact management

ArcelorMittal Aços Longos performs toxicological and ecologic risk analysis, health and safety risk analysis and in programs of risk management. The company keeps an updated database with rich biodiversity areas, environmental education programs in communities and for its internal public. The company has fire brigades to protect preservation areas.

The Longos plan aims at returning the modified area to its original state

In locations where the Longos units have areas of Legal Reserve, PRNPs, permanent preservation and forest handling, there is private security, fire brigades and covenants with the Environmental Police Force to, if necessary, avoid and fight against any unexpected events that may bring risks to the areas mentioned above. For the areas that need occasional restoration, ArcelorMittal Aços Longos has recovery programs for degraded areas and emergency action plans,

which tend to bring back to its original state any modifications caused due to its industrial operations.

The impact analysis uses indexes of richness, diversity and frequency of species

ArcelorMittal BioEnergia assesses all inherent fauna environmental impacts, and proposes repairing and conservation strategies, aiming at mitigating the identified impacts, using indexes of richness, diversity, similarity and frequency of species in studied areas. The company performs inventory of species, monitoring of bird and mammal communities, identifying and assessing impacts, proposing strategies and actions of fauna conservation.

In 2009, all maintenance services of Tubarão unit greenbelt were done, such as tree pruning, fertilization and new plantings in order to enrich the forest. By doing so it

Significant impacts

UNIT	NATURE OF IMPACT	IMPACT DESCRIPTION
ArcelorMittal Aços Longos represented by Guilman-Amorinn Hydro-electric plant		<ul style="list-style-type: none"><li>Affected species: aquatic micro-biological communities; fish communities from the middle course of the Piracicada River</li><li>Directly affected part of the river course: around 20 Km, which includes lentic environment (reservoir) and lotic environment , with a modified flow of its natural flow</li><li>Impacts will happen during the entire working life of the plant and they are irreversible</li></ul>
ArcelorMittal Aços Longos represented by ArcelorMittal BioEnergia	<ul style="list-style-type: none"><li>Reduction of species</li><li>Changes in ecological processes out of the natural level of variation</li></ul>	<ul style="list-style-type: none"><li>Affected species: endangered, endemic, locally rare, migrating and forest dependent species</li><li>The impacts identified on the fauna hit the areas of native reserve, surrounding the forest handling location, and the most sensitive environments are aquatic and those of riparian or gallery forests; also in old plantations where there are developed sub-forests colonized by the fauna</li><li>Impact duration depends on the size, extension and impact duration in the area or region, but generally the impact retrieves when the generating activity is ceased</li><li>All fauna impacts identified up to the moment are reversible, because within the magnitude they occur, they do not generate imminent risk of local extinctions.</li></ul>
ArcelorMittal Vega	<ul style="list-style-type: none"><li>All air, water and solid residue emissions are minimized trough environmental management, which follows ISO 14001 requisites, not presenting any emissions out of the established environmental standards</li><li>The biodiversity monitoring program identified the main flora species of the local avifauna and mastofauna, including endangered species. Currently the data collection of the ictiofauna, entomofauna and herpetofauna is ongoing.</li><li>40.000 m2 of areas which had been used during the construction phase were re-forested with native trees; the other areas not occupied by the factory site are still covered with native Atlantic Forest vegetation</li></ul>	<ul style="list-style-type: none"><li>Affected species: Data collection of the ictiofauna, entomofauna and herpetofauna is done. According to the data collected, the quantity of species and animals have increased in the last years, if compared to other local eco-systems</li></ul>



HIGHLIGHTS

Inventory and monitoring of bird and mammals species

Handling program of wildlife in the Atlantic Forest

Endangered species by risk level

Critically endangered	Guilman–Amorim: 1 / BioEnergia: 1 / ArcelorMittal Vega: 0 / ArcelorMittal Tubarão: 0
Endangered	Guilman–Amorim: 4 / BioEnergia: 2 / ArcelorMittal Vega: 0 / ArcelorMittal Tubarão: 0
Vulnerable	Guilman–Amorim: 8 / BioEnergia: 16 / ArcelorMittal Vega: 0 / ArcelorMittal Tubarão: 0
Nearly threatened	BioEnergia: 14 / ArcelorMittal Vega: 0 / ArcelorMittal Tubarão: 0

Protected or restored habitats

AREA	SIZE (HA)	LOCATION	SITUATION (AT THE END OF REPORTED PERIOD)	PARTNERSHIPS (TO PROTECT OR RESTORE)
Hydro–electric unit – PRNP	253.50	Antônio Dias (MG)	-	Environmental Police Force
Hydro–electric unit – Legal Reserve	182.6	Antônio dias and Nova Era	-	Environmental Police Force
BioEnergia – RRD	34.20	Dionísio	100% restored	State Park of Rio Doce
BioEnergia – RBA	2.00	Alcobaça, Caravelas	100% restored	None
Centro de Distribuição Belgo	7	Belo Horizonte	80% restored	None
ArcelorMittal Vega	76	São Francisco do Sul (SC)	Being evaluated by Ibama	None
ArcelorMittal Tubarão	102	Permanent Preservation area	Preservation area formed by sandbanks, vegetation in medium state of regeneration and mangrove	None
ArcelorMittal Tubarão	35	Environmental Education Center	Reforestation with growth species, native species, fruit, riparian vegetation and vegetation in medium state of regeneration	None
ArcelorMittal Tubarão	27	Plant greenbelt	Lakes and streams with vegetation	None

was possible to reduce the speed of winds whichhit the raw material piles, therefore reducing the suspension of particulate material. 40 thousand tree seedlings of several species produced in the company own nurseries were planted. The company also develops vegetal barriers to reduce winds around the new slag and coal yard near Sol Coqueria and Tubarão North Reception.

The company compares the richness of native vegetation and reforesting areas

As far as biodiversity, the unit keeps a Program of Wildlife Handling in a biome area of the Atlantic Forest. In order to re–introduce wild animals captured out of their habitats, the fragments 2 (CEA), 3 (Praia Mole) and 5 (North Reception) are used. To measure its results, the company compares the richness level among the native vegetation areas and the reforesting areas, besides the study of the greenbelt mastofauna.

The habitats affected by operations which house endangered species are: aquatic environments, grassland areas in the chaparral and forest environments

Seedlings nursery with flora species of the Atlantic Forest in a 1.152 m2 area

Tubarão unit implemented in 2007, a seedlings nursery with flora species of the Atlantic Forest located in a 1.152 m2 area, near its Environmental Education Center. The production will be used in a re–vegetation program in areas of the new operating units. The next step is enriching the existing forests in the company, offering better conditions to biodiversity, besides distributing seedlings to neighboring communities.

The habitats affected by operations which house endangered species are: aquatic environments, grassland areas in the chaparral and forest environments, specially riparian or gallery forests located in Legal Reserves and APPs (chaparral and Atlantic Forest).

Guilman-Amorin PRNP is the first official reserve from Minas Gerais. The area handling plan was approved in 2009, and elaborated according to all requirements of the environmental legislation

Commitment to conservation

In 2009, the Private Reserve of Natural Patrimony (PRNP) Guilman-Amorin had the approval of its Handling Plan by the State government of Minas Gerais, becoming the first state reservation with official operation. More than a historic milestone, the fact emphasizes the quality of the plan elaborated according to all requirements foreseen in the legislation.

Sector reference, Guilman-Amorin was ranked among the best in the country

Created in 1998, the reserve occupies an area of 253.5 hectares in the Atlantic Forest biome and integrates the biodiversity management of the Hydro-electric Guilman-Amorin. Its main objective is to allow fauna and flora conservation activities in the area that comprises the medium valley of Piracicaba River, affluent of Doce River, in the city of Antônio Dias. Considered a reference due to the results it has reached, the PRNP was ranked among the best Brazilian reserves by the publication 35<sup>th</sup> Caderno, edited in 2008 by the Nation Council of the Atlantic Forest Biosphere Reserve, in partnership with the Ministry of Environment and Unesco.

253,5  
hectares is the area of  
Guilman-Amorin reserve

In Vega PRNP in Sanat Catarina, the main advancement in 2009 was the agrarian regularization of the lands that compose its total area of 76 hectares of Atlantic Forest. That is a fundamental step to finalize the legal process to create the reserve, which should occur in 2010. The management team is already elaborating the Handling Plan which will be implemented after regularization.

One of the activities foreseen is the Biodiversity Study to measure and catalogue existing species, enabling the follow up of its evolution in the coming years. Composed by floodplain areas, the reserve is very relevant for the conservation



of typical species from marshes – essential eco-systems for the environmental balance of the region. The vegetation of those marshes houses nests of aquatic birds and works as a habitat to small mammals such as capybaras.

Environmental education

The company understands as its own responsibility the act of spreading knowledge about sustainability and people’s awareness about the role of each one in environmental preservation actions. That is why it invests in environmental education programs, in partnership with public and private education institutions, in the communities where it operates.

Aware and engaged, our professionals are continuous improvement agents of the management systems

Internally, the environmental education programs integrate the set of employees’ qualification events, and are extended to contractors that operate in the units. Aware of and engaged in the environmental performance goals, employees are continuous improvement agents and have a fundamental role in the management systems efficiency.

MULTIPLYING VALUES

The ArcelorMittal Environment Award, one of the most important initiatives of environmental education of the company, completed 18 years in 2009. Happening through a composition and drawing contest, the award encourages educators and students from the enrolled schools to think and debate environmental themes. The initiative growth along the years shows its capacity to attract and retain new publics in each edition.

In 2009, the award involved 940 schools in 41 cities of four states (Bahia, Espírito Santo, Minas Gerais and São Paulo). More than 316 thousand children and adolescents joined the activities.

In 2010, the ArcelorMittal Environment Award will be extended to schools in the city of São Francisco do Sul in Santa Catarina, where Vega industrial unit is located, and to Belo Horizonte, where ArcelorMittal Brasil head offices are located. The theme will be “I, you and Nature’s Gift”.





100%

In 2010 the goal is to respond to all occurrences related to products

Procedures to prevent accidents

The Company adopts several procedures to prevent accidents:

1) **Products: they do not have any component able to produce degenerating diseases, because they have neither contamination nor composition with heavy metals and asbestos, among others;**

2) Identification and trackability: all products are identified and may be tracked in the production chain. A bar produced for the automotive industry an Sabará unit, for instance, can be tracked up to the billet generated in Monlevade plant;

3) **Productive process inspection: there are stages to guarantee that materials delivered to customers will not be changed. Sparking is an example – a method to distinguish the degree of carbon and steel alloys through sparks;**

4) Safe transport: the Company operates with trucks, heavy trucks and barges specially developed to transport rolls and coils. Some are dedicated to selected customers, such as vehicles with a differentiated fixation system of

drawn bar bundles. Such system avoids the use of wood wedges and consequently possible accidents with nails used in its fixation, also guaranteeing the product integrity;

5) **Quality certificate: information on supplied products are guaranteed through tests in certified equipment, gauged according to internationally recognized standards, or also in compliance with national and international norms;**

6) Destination of returned products: in non-compliance cases, returned materials are destined correctly, and most of times sent to plants as metallic scrap.



Product responsibility

All materials shipped by ArcelorMittal Brasil respects loading norms, which facilitate unloading at the customers’ and avoid tumbling. Packaging for export is elaborated with atoxic material without nitrates. The International Logistics Management elaborated a booklet to prevent damages to wire rod, and it shows how coils and rolls should be handled in the port. In case something unexpected happens, technical assistance is immediately contacted to assist the customer.

In 2009, there were no complaint records about customers’ health and safety

ArcelorMittal Brasil Aços Longos has a methodology to evaluate customers’ satisfaction through questionnaires that include products and services characteristics. Such questionnaire should be formally delivered to the customers’ representatives, during previously scheduled visits or sent via email.

After receiving, compiling and analyzing results, technical assistance should release them to the companies. Data collection is performed monthly and results are presented together with general and specific improvement plans per customer. Those plans are approved by the company top management. In 2009, the average result of customers’ satisfaction evaluations for slabs, hot rolled

coils, cold rolled coils and galvanized coils reached the established goals, which means that the products and services supplied by Tubarão and Vega units are fulfilling their consumers’ expectations.

A systematic follow up of the progress of customers’ satisfaction level is done through consultations every six months.

Customers’ complaints

CONTROL ITEMS	2008	2009	JAN/10	2010 GOALS
Total customers’ complaints (%)	1.09	0.73	0.67	0.71
Customers’ complaints about quality (%)	0.10	0.08	0.07	0.08
Customers’ complaints about services (%)	0.24	0.15	0.15	0.15
Customers’ complaints about commercial reason (%)	0.74	0.50	0.45	0.48
OR Products finalized on time (%) – 30 days	71.38	75	85.70	77
OR Service and Commercial finalized on time (%) – 10 days	66.63	78.60	81.60	81
Product – OR follow up in 24 hours (%)	100.00	98.70	100	100
Product – Technical answer to OR in 4 working days (%)	97.28	96.10	100	100

% ton complaint X per ton shipped  
The 2010 goals were based on results reached in 2009

## All products manufactured by ArcelorMittal Brasil are identified and may be tracked until the end of our production chain

Through the OR (Occurrence Registration) ArcelorMittal is able to control the non-compliances generated by complaints about problems with product quality, occurrences generated due to failure during the logistic process, and occurrences generated due to failures in the sales order.

ArcelorMittal controls the following items: Total Customers' Complaints, customers' Complaint about quality, customers' Complaint about commercial services, OR of products finalized on time (30 days), OR of service and commercial finalized on time (10 days), following OR in 24 hours and OR Technical Answer in four working days.

**In 2009, there was significant improvement of indicators compared to 2008**

ArcelorMittal releases information on its products in a transparent, objective and safe way. Product identification

is done through marking slabs with spray paint and labels in the case of hot rolled coils, pickled, cold rolled and galvanized coils and wire rod. The content marked may be customized according to customers' needs. All shipped materials have two labels with bar codes, EAN 128 codification, with information on lot, weight, steel, gauge, production date and product code. Customers also receive a product Certification of Quality Inspection, in which they can find relevant information, among them chemical composition, mechanical properties, dimensions, weight and a certificate of no radioactivity.

Coil packaging is made with recyclable steel strips and may also be used by customers. Slabs and coils that present any breakage risk or handling problem are identified with a mark or differentiated label, warning customers about the risk. Information on handling and storage of rolled products are supplied to customers by a product catalogue published by the company.

## There are several procedures to prevent accidents during product delivery

For exported materials, two external labels are added. To facilitate sorting out materials in the port, a colored strip is added, according to the destination location. For material warranty, a magnatest seal is placed on the back of the label to certify that the product characteristic is the same on the label and in the quality certificate. Besides that, a quality certificate is attached to the shipped product.

In 2009, ArcelorMittal Aços Longos registered a total of 0.73% complaints (ton complaint / ton shipped). In ArcelorMittal Aços Planos the index is 0,04%.

### Quality certificate

Information on products is guaranteed by tests in certified equipment, gauged according to internationally recognized standards or also in compliance with national and international norms



0.73%

is the total complaint index in ArcelorMittal Aços Longos



0.04%

is the total complaint index in ArcelorMittal Aços Planos



The operation of companies of ArcelorMittal Brasil size require a permanent work of relation with neighbor communities

In this chapter

- Value generation
- Governmental financial help
- Suppliers
- Communities
- ArcelorMittal Brasil Foundation
- Priority in education
- Culture
- Social promotion
- Brand audit
- Human Rights

# Enriching our communities

With continuous and consistent investments, we aim at contributing to the sustainable development of the communities in which we are inserted, our partners in the steel value chain and society in general. Our line of work is based on creating relation nets, integrated and strengthened by actions that valorize education, social promotion, culture and health





HIGHLIGHTS

Generation of added value in 2009 was R\$ 4,74 million, 30% less than in 2008

Fiscal incentives totaled R\$ 6,9 million in 2009

We develop our own programs and partnerships that guarantee our economic performance, and generate benefits to society, especially to neighbor communities

ArcelorMittal Brasil – Distribution of Added Value

IN MILLION OF REAIS	2009	%	2008	%	2007	%	2006	%
Employees	1,483	31	1,520	22	1,269	21	1,248	21
Taxes	(187)	-4	2,224	32	2,226	37	1,918	32
Financers	566	12	1,484	22	(798)	-13	289	5
Shareholders	2,883	61	1,630	24	3,247	55	2,565	43
Total Added Value	4,745		6,858		5,944		6,020	

Value generation

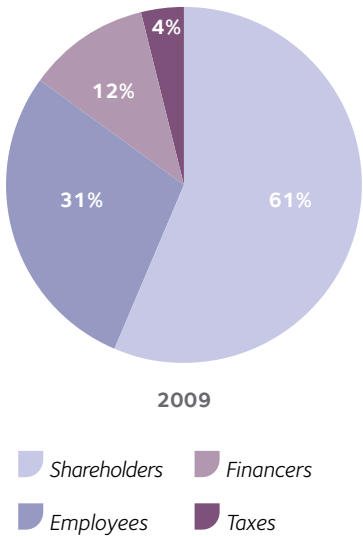
In 2009, the Company generated R\$ 4,74 of added value, 30% less than in 2008. A significant part of that value was used to remunerate shareholders and to remunerate employees’ work and financers, feeding an entire chain of richness generation and contributing to leverage development in the country and in the regions where it operates. The tax negative value (see graph) refers to Social Contribution and Deferred Income Tax.

Following ArcelorMittal Group global guidelines, as well as the corporate culture of each of our units in Brazil, we developed our own programs and partnerships which ensure that the Company financial and economic performance generates benefits to society, especially to communities surrounding its industrial plants.

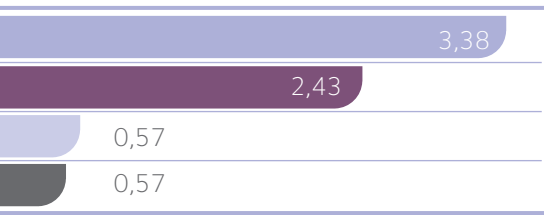
Governmental financial help

In 2009, ArcelorMittal Brasil received tax incentives totaling R\$ 6,9 million. The organization aims at optimizing the use of fiscal benefits granted by the government, in municipal, state and federal scopes, by means of incentives and benefits in compliance with pertinent legislation. Such benefits encourage the installation or enlargement of businesses which may have a positive impact on the local economy. Among the benefits received by the Federal Government within the scope of Income Tax and Social Contribution, the following are highlighted:

Destination of generated resources (R\$ million)



Government financial help (R\$ million)



Workers' Food Program  
Rouanet Law  
Incentive to Sports  
Childhood and Teenage hood Fund  
Total R\$ 6,96 million





In order to guarantee that our service providers are in compliance with legislation, we have held audits since 2003. In 2009, 45 suppliers of the long carbon units were audited and more than 5,800 items were verified

23,5%  
of the acquisitions of long carbon unit's intake and other materials were done regionally or locally in 2009

SUPPLIERS' COMPLIANCE

Aiming at contributing to keeping service providers in compliance with the legislation requirements, ArcelorMittal Brasil long carbon units have held an annual audit cycle since 2003. More than verifying compliance with legal requirements in what concerns contract rules and labor, social security and fiscal matters, auditors act as consultants helping suppliers follow the legislation updates. By doing so, ArcelorMittal Brasil (Company) guarantees the sustainability of its strategic partners, substantially mitigates legal risks and multiplies corporate values related to company governance, granting solidness and reciprocity to commercial relations.

Every year there are visits to service provider companies that work within the facilities of the long carbon industrial units or that are strategic suppliers. In such visits, there are verifications of the work place, and auditors have the opportunity to interview employees to ensure good work conditions. Together with the fiscal and legal areas, the fiscal- tributary, labor and social security aspects are verified, besides the collection of federal, state and municipal obligations. Other aspects included in the audits are: payroll, safety and hygiene conditions at the work place, overtime and additional time payments, and compliance with the obligations established in the collective labor agreement. When auditors verify any sign of non-compliance, they elaborate an action plan with corrective measures and do the follow up of its application in the company, until the situation is solved.

In 2009, there were 45 audits in companies that operate in long carbon industrial units. Auditors interviewed 64 employees and verified a total of 5,874 items. The work detected 288 situations considered as non-compliances, and up to the beginning of 2010, 81% of those situations had been solved. Suppliers consider that audits enable the strengthening of commercial relations with ArcelorMittal Brasil and offer management gains when they point out improvement opportunities.

Suppliers

Practices adopted by ArcelorMittal Brasil and Tubarão unit exemplify the policies adopted by the Group and contribute to the local market development. Tubarão and Cariacica units act as maintainer companies of the Integrated Program of Suppliers' Development and Qualification (Prodfor), which aims at suppliers' business inclusion. The program focuses on helping small and middle sized companies implement a quality management system, able to make them advance towards following the supply standards required by the large maintainer companies of the Prodfor. The program has been consolidated and has grown along the years, today also comprising certifications in environmental and occupational health and safety systems.

In 2009, 23.5% of the acquisitions of ArcelorMittal Aços Longos intake and other materials were done regionally or locally, guaranteeing employment generation, tax collection and improvements of the social and economic conditions for those communities.

Relations with local partners, besides leveraging the regional economy dynamics, enable the development of



actions to multiply corporate values and good practices in the areas of quality, health and safety and social environmental responsibility.

Our suppliers also receive support in qualification programs

The document General Conditions for Service Acquisition – available on ArcelorMittal Brasil internet page – describes the requirements to suppliers before hiring services, and conditions include items related to people management and environmental issues. Besides that, the contract terms are in

compliance with the principles of the Social Pact, encouraging suppliers to internally adopt the necessary measures to support the UN agreement.

At the same time, the supplying companies receive the support of ArcelorMittal Brasil in qualification and development programs. With that support, they became more prosperous and competitive, because they are able to respond to requirements based on social environmental criteria.

HIGHLIGHTS

Investments in several actions towards social development

The goal is to certify 80% of our partners in 2010

Communities

The operation of ArcelorMittal Brasil units requires a permanent work of relation with the neighboring communities. Such engagement happens through actions of social development and education improvements, investments in health and promotion of local culture. In order to do so, the Company keeps a policy of transparent dialogue with the communities, to jointly develop programs according to the demands of each place and aligned with the sustainability principles.

ArcelorMittal Brasil will pay for the certification of NGOs to make them even more qualified

ArcelorMittal Brasil also keeps on improving the relations with different social partners, so that they can use methodology of economic evaluation for the impact of their actions. Tubarão unit will also promote the certification of all partner NGOs which are not certified in Oscip or Federal Public Utility. Besides updating knowledge on the subject, the unit will pay for the certification to make

the NGOs even more attractive to new investors – and consequently, with bigger chances to obtain new resources and better results. The goal is to certify 80% of social partners in 2010.

Arcelor Mittal Brasil also intends to strengthen its own actions with

projects in neighboring districts surrounding our units, establishing a set of activities that goes from affective sexual education in schools, passing by professional qualification and employment to youngsters, to income generation to their adult family members.



We intend to strengthen our own actions with projects in neighboring districts surrounding our units. Actions go from sexual education in schools to professional qualification of youngsters

FOCUS ON HEALTH

Even before beginning its facilities construction in 2001, Vega unit invested in actions to promote health to the local population. Together with public power and the communities’ representatives, the company performed a diagnosis of social priorities that showed the support need in the health area.

From that perception, R\$ 3 million were invested and destined to build four health centers, among others, that made medical services available for 2.2 thousand families. Structured according to principles defined by the Ministry of Health, such centers work focused on disease prevention, performing actions of social promotion and recovery of the family well being, through continuous and qualified medical services.

Vega unit investments in health also include donation of equipment and ambulances, revamping of first-aid centers and training to form teams of the Family Health Program.

In August 2008, civil works were started to build a new hospital for the city of São Francisco do Sul, in partnership with the local City Hall and a consortium of city companies, under the coordination of Vega unit. The new hospital will absorb an investment in the amount of R\$ 7,2 million, from which R\$ 3 million are the responsibility of private initiative. The unit will invest around R\$ 1 million in equipment purchase.

In Tubarão unit, the efforts to improve the population’s health services of Vitória resulted in an action of hospital management consultancy of the Hospital Santa Casa de Misericórdia. In 2009, the company began a work to guide and change the culture of service teams from the hospital, and that generated significant gains in agility and quality of several procedures in the users’ reception. Therefore the risk of death due to delay of medical services to patients is expected to be reduced, besides significant decrease of users’ dissatisfaction indexes.



ArcelorMittal Brasil Foundation aims at potentializing the positive impacts of its actions, valorizing and respecting the characteristics of each place

ArcelorMittal Brasil Foundation

With 21 years of activity, ArcelorMittal Brasil Foundation is a nonprofit organization specially directed towards the company relation with the neighboring communities, contributing to their development through social programs.

By means of partnerships with other entities, such as NGOs, public organs and community leaderships, the Foundation aims at potentializing the positive impacts of its actions, valorizing and respecting the characteristics and demands of each place.

The objective is to form more conscious, productive and participative citizens

ArcelorMittal Brasil Foundation actions benefit around 800 thousand people a year. The main focus is educational actions for children and teenagers, to form more conscious, productive and participative citizens. The Foundation Programs comprise the areas of education, culture and social promotion,

being contemplated by specific projects in the health and environmental education areas.

One of the sustainability strategies which anchor the Foundation actions is the work of methodology transfer to the cities serviced.

Around R\$ 820 thousand were destined to programs in the education area, main focus of the entity’s actions

In 2009, ArcelorMittal Brasil Foundation invested R\$ 5.938. 487,13 in social programs, from which R\$ 948.359,00 were its own resources and R\$ 4.990.128,13 in tax incentives. From the total invested in the period, R\$ 819.984,00 were invested in education programs, main focus of its actions. The resources were directed to the programs Quality Learning (PEQ), Educating in Diversity, Affection-Sexual Education Program (Peas), Digital Citizenship, Young Entrepreneurship, ArcelorMittal Environment Award, Tomorrow Citizens and in initiatives in the health area, such as the program See and Live, Hearing Well to Learn Better and Always Smiling.

R\$ 5.938.487,13

That is the total invested by ArcelorMittal Foundation in social programs in 2009



Priority in Education

ArcelorMittal Aços Longos units also invested in different actions and social projects in 2009. In that period, the company strengthened its relation with society and aimed at helping local communities to develop their own initiatives, establishing a consistent relation of trust with a long term vision.

Tubarão unit invested R\$ 5.5 million in social responsibility actions in 2009

The actions aim economic development and life quality improvement in the influence areas of Tubarão and Vega units, always prioritizing education projects aiming at employability,

income generation, citizenship and contributing to the environment preservation and conservation.

**Programs are also directed to income generation, health and citizenship**

Projects in the areas of health, urban development, safety and culture are also supported, normally developed in partnership with other companies, governments and governmental organs.

In 2009, Tubarão unit invested R\$ 5.500,00.00 in social responsibility actions towards the community, benefiting around 360 thousand people. In that period, the plant also implemented the Program of Economic Evaluation of Social Projects. It is a pioneering action, created to measure

Vega unit invested R\$ 1,7 million in social projects in the areas of education, environment, health and culture, benefiting more than 12 thousand people

the impact of initiatives that the unit supports, and effectively know the social transformation that they provoke in the serviced communities. The program also reinforces the Company concern with guaranteeing to the third sector the same level of professionalism and efficiency of the corporate world. To effectively implement such methodology, the company decided in 2009 to work together with the NGOs, helping them consolidate all stages to collect data and apply questionnaires to the beneficiaries, in order to develop indicators and start gauging results – that will be done in 2010.

Tubarão unit created program to measure the impact of its actions

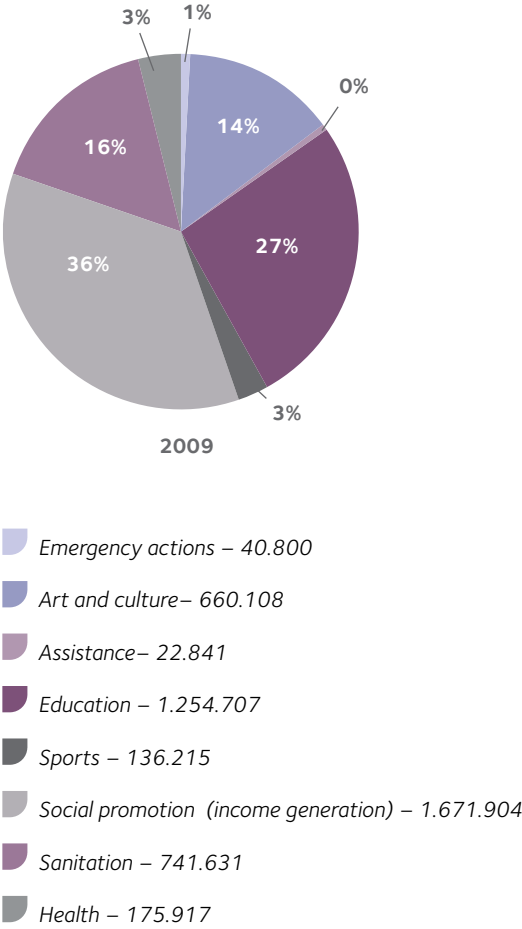
In Vega unit, 2009 established the continuity of actions of relation with the community where it is inserted, in São Francisco do Sul (SC). The company invested R\$ 1.700.000,00 in social projects in the areas of education, environment, health and culture, benefiting more than 12 thousand people.

Highlight goes to health actions, one of the company priorities. Since the beginning of its installation, Vega unit has already helped build four health centers in São Francisco do Sul. The latest, opened in February 19, 2009, had an investment of R\$ 350 thousand for the building construction, equipment purchase and qualification of the service team. Around 365 families, approximately 1,460 people benefit from the new center.

Vega Program of Education and Employability has already qualified more than 160 people

In 2005, Vega unit began the Program Education and Employability that gives technical training to the local community, responding to the need of implementing actions towards the population’s professional qualification. In 2007, courses of Welding Processes were started qualifying 15 welders in 2008, and Nursing Technician, where 23 professionals were trained in 2009. The program, since its beginning, has qualified more than 160 new professionals.

Social Responsibility (Tubarão investments per area)



365

Families will benefit from the new health center that Vega unit helped build in São Francisco do Sul

QUALIFICATION OF WELDERS

ArcelorMittal Brasil Foundation began in 2009 the program Welding Cities, in partnership with the National Service of Industrial Learning (Senai), from Juiz de Fora. The objective is to offer the opportunity to youngsters from 18 to 24 years of age to be qualified as welders, preparing them to enter the working market as specialized work force. The free classes follow Senai methodology and incorporate as additional content the education for entrepreneurship and citizenship. The idea is to encourage not only professionalization, but also the adoption of corporate values, such as safety, quality, discipline and commitment.

The expectation is qualifying 64 youngsters per year, and also contribute to their insertion in the working market of the region. To do so, besides relying on the partnership with Group companies such as ArcelorMittal Juiz de Fora and Belgo Bekaert Arames, the project created a communication channel with local companies which have a high demand for welders. The initiative also has the participation of Esab, a company specialized in welding equipment, Juiz de Fora City Hall, Votorantim Metais and White Martins, and support from Petrobras and the Program of Mobilization of the National Industry of Petrol and Natural Gas (Prominp).

The first class of Welding Cities in Juiz de Fora was formed in February 2010. The 15 participants of the project took the entire course with a 280 hour-duration, with theoretical and practical classes on welding, besides complementary disciplines such as mathematics, safety, citizenship and entrepreneurship. The company perspective is to multiply the experience in partnerships with other ArcelorMittal Brasil units.

Tubarão unit supported a similar action in the city of Serra, in the Grande Vitória region, through investments in the Aica Project (Integrated Services to Children and Adolescents). Therefore, 100 vacancies were offered in the course of Shielded Electrode Welder, for youngsters and adults of the region. After a journey of 40 hours, around 90 people were qualified and received Senai certification. In 2010, the project Welding Cities will be replicated to the city of Serra to intensify the specialized qualification of welders, improve their results and complement their professional studying hours.



# 26 cities

benefited from the offer of quality cultural programs in 2009

## Culture

ArcelorMittal Brasil actions to promote culture are aligned with ArcelorMittal Foundation global guidelines, prioritizing investments in education. In 2007, with the publication of the Cultural Investment Policy, a process to support projects linked with the three axes begun: Publics and Audiences; Cultural Managers; and Artists. The policy guidelines guided the work of ArcelorMittal Brasil Culture Committee, formed in 2008 – area responsible for evaluating and approving the projects that will be sponsored by the Company.

## Qualification of managers foresees professionals with a wide vision of culture as a development factor

In the area of management qualification, the Company promotes courses, seminars and post-graduation courses. The objective is to build professionals with a wide vision of culture and its diversity as a factor of local development, so they will be able to elaborate cultural projects and build a managers’ net. In 2009, eight cities were contemplated by those actions.

Qualifying artists comprises workshops, drama investigation nuclei and show exhibitions. In 2009, the work was developed in six small cities of Minas Gerais. In those locations, the Foundation actions represent an increase of cultural options and contribute to valorize local identity.

## Movie sessions in São Francisco do Sul have already gathered more than 51 thousand people

ArcelorMittal Brasil also acts towards building publics and audiences in the areas of visual arts, dance, music and theater, among others. In 2009, 26 cities of Minas Gerais, Espírito Santo and São Paulo benefited from the offer of quality cultural programs, together with workshops to the general public. A good example is the Musicalization Project, developed in São Paulo and Osasco, benefiting 200 students of public schools, by teaching classical music, with emphasis on reading music scores and knowledge of musical elements, besides violin and flute classes. Youngsters also played in concerts open to the public, conducted by Maestro João Carlos Martins, from the Bachiana Foundation.

Another project that reinforces the company action towards cultural development in the communities where it is inserted is the “São Francisco em Cinema”, a Vega unit initiative that has collected since its creation in 2006, 30 tons of food and gathered almost 51 thousand participants. In 2009, the project promoted free movie sessions for 10,319 people and collected 6,5 tons of food. The event for São Francisco do Sul community takes place in the last weekend of the month and the ticket is exchanged by 1 kilo of food which is donated to charity institutions. The program is sponsored by Vega unit and promoted by the City Hall and the Association of Future São Francisco.

[Click here](#) to see ArcelorMittal Brasil Investment Policy.

## Social Promotion

In social promotion actions, ArcelorMittal Brasil invests on sustainable projects which have continuity and offer a participation opportunity to internal publics, especially to employees. In the last years, volunteer initiatives have been strongly encouraged, consolidating the Pro-volunteer Program, through which the Company, by means of the

Foundation, guides employees and family members to participate more directly in actions to transform society. In 2009, around 17,000 thousand people benefited from the volunteer committee initiatives.

## Volunteer Program encourages employees to help transform society

Created in ArcelorMittal Tubarão in 2009, the Volunteer Project for Retirees follows the same guidelines. The program combines the unit retirees’ professional experience with the need of nonprofit entities, supported by the company, to acquire knowledge in the management area. Studies performed in the United States, Europe and Asia demonstrate the benefits of such initiatives to the associations which have significant improvements in their management,

and also to the retirees themselves. In 2009, 13 entities adhered to the project and absorbed 13 volunteers who are already working.

## V Day proposes activities which include even the revamping of the main facilities of social institutions

In 2009, all units joined the V Day, held in December 4. The activities programmed by the committees of each unit to better serve local reality, included the donation of toys and even the revamping of the main facilities of social institutions. In Sabará, 53 company volunteers gathered to perform works of painting, gardening and repairs of the Municipal School Vereador José Lopes, re-vitalizing the vegetable garden and improving the building facilities where approximately 500 children study.



## V Day activities follow the orientation to search for partnerships with the different social actors

Also in the V Day, Tubarão unit held a craftwork fair within its facilities, to show and sell products made in income generation projects of “Grande Vitória”, supported by the company. During six hours of exhibition, there was an average collection of R\$ 500,00 per participant institution, showing what employees had already pointed out in previous surveys: acquiring good produced by social projects is a sustainable way of contribution. In another action, a group of collaborators began the work of revamping and re-vitalization of the Ngo “Casa do Menino” facilities, one

of the most important institutions for children and adolescents in Vila Velha region.

### In 2010, 22 organizations will receive resources from Tubarão to develop projects

The V Day activities respond to the company orientation to search for partnerships and cooperation agreements with the different social actors (third sector organizations, governments, and health and education institutions, among

others). The objective is to strengthen the relation nets to potentialize resources towards the objective of improving the communities’ quality of life. Partnerships with NGOs from Espírito Santo, aiming at supporting innovating social projects and towards local problem solving, are the highlight of those investments. In 2010, the traditional partnership between the company and third sector organizations of Grande Vitória will compose a budget of R\$ 4.7000.000,00. Totaling 22 organizations will receive resources from Tubarão unit to develop the proposed actions.

In 2009, there were no records of any complaints from the community surrounding Tubarão unit, though the communication channels currently available. Aiming at improving such channels, the communication area is implementing a new tool.

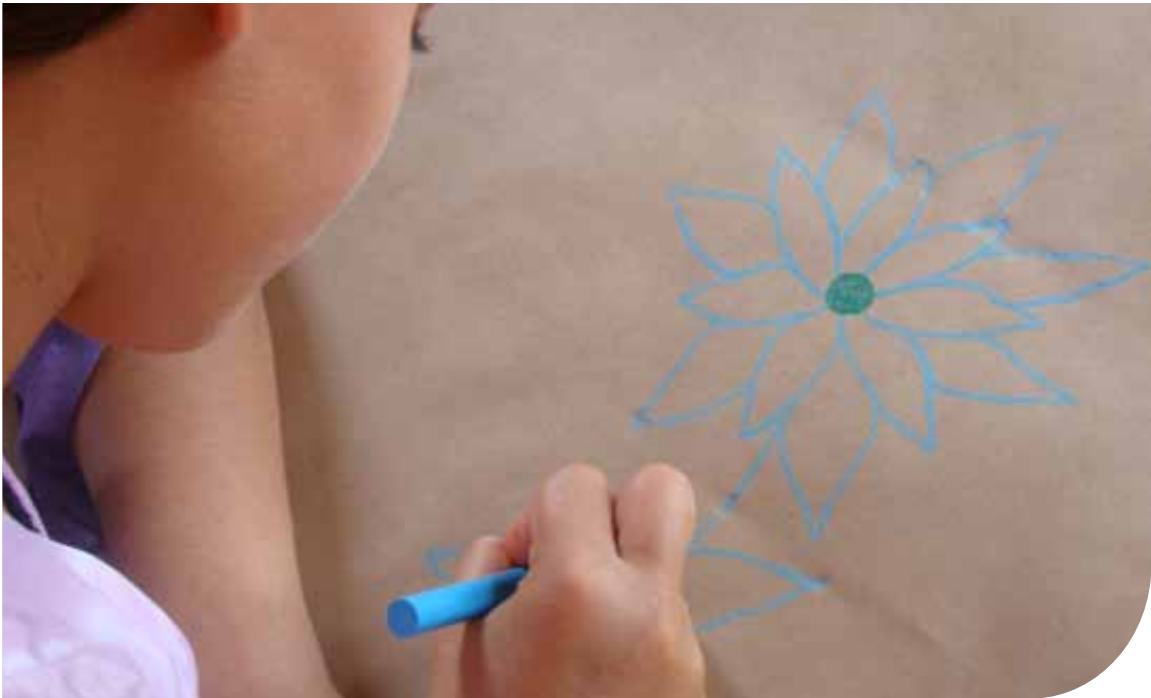
### Units keep severe process control to eliminate the impact of activities

Juiz de Fora unit also keeps severe controls of its processes in order to eliminate the impacts related to the activity. The LAI comprised themes related to the environment.

The Ipar (Hazard Identification and Risk Assessment) is related to health and safety actions. In order to assess the social, environmental and economic impacts of its activities, the unit promotes every two years a quantitative and qualitative survey with opinion leaders to evaluate the company image and the repercussions of its actions in the community. In the latest survey in 2008, the company received a positive evaluation from 91.4% of interviewees. The survey is held by the Center of Social Research of the Federal University of Juiz de Fora. In 2009, there were no records of any community complaints referring to processes and programs from Juiz de Fora unit.

### Image audit

Among the actions to evaluate the impacts of its activities on society, ArcelorMittal Brasil monthly collects the news published in the press. Notes and reports mentioning the company are rated according to the criteria of the Media Exposure Quality (IQEM), which enables to follow the press’ views, and consequently the readers’, about the way of acting in several aspects. Information is collected and evaluations go through an annual consolidation which enables to pin point advancements and improvement opportunities.



### DIGNITY AND ATTENTION

It all started with a visit of the volunteer group of ArcelorMittal Piracicaba to the health center Jardim América four years ago. In that place, the neighborhood elderly receive health services and have therapeutic treatments. The idea came up right away: developing a work with creative activities to involve that public, creating friendship bonds, making the aware of how important it is to continue treatment and encouraging self-esteem.

That is how the Project Digna Idade was born, and today it is a reference in the volunteer area, because it has reached significant results in a short period and with a monthly cost of only R\$ 350,00. The improvement of the elderly quality of life is proven by the engagement of the health center professionals, who started sending their patients to Digna Idade as a treatment extension.

The project occupies one of the rooms of the health center and promotes weekly craftworks workshops, always on Thursdays. The intention is only to have fun and to make participants busy with a creative activity that can be performed in groups. There is no intention to generate income or professionalize it. The production of handmade pieces is not as important as affection and attention exchange, to create new friendship bonds and to strengthen the elderly willingness to take care of their health.

In 2009, the Digna Idade was chosen to represent ArcelorMittal Brasil in the Performance Excellence Awards, a World award of the Group. Easy to be multiplied, it is a project that may inspire volunteers to develop similar actions anywhere worldwide.



86%

of the organization professionals received training on ethic matters, corruption and human rights

LIFE AND CITIZENSHIP

2009 marked the beginning of the Integrated Campaign of Blood Donation promoted by the Volunteer Committees of several ArcelorMittal Brasil units. Besides contributing to the blood centers of each city, the concentration of actions on the same date favors employees’ mobilization and awareness of the importance to donate blood.

The campaign was done in two stages, one in July and another in December, and resulted in the collection of a total 248 blood bags, involving the units of Belo Horizonte, Cariacica, Contagem, Hortolândia, Juiz de For a, Osasco, Piracicaba and Sabará.

ArcelorMittal Monlevade continued with the Program Life Donors, held since 2006 in partnership with the Foundation center of Hemotherapy of Minas Gerais (Hemominas), which goes to the donor’s city to collect blood four times a year. The program has the participation of employees and also people from João Monlevade community and neighbor cities. Mobilization happens through a wide communication in the local press, poster distribution and radio announcements.

In 2009, the program collected 422 blood bags in three stages of blood donation. The fourth stage was exclusively dedicated to the registration of bone marrow donors in the National Registration of Bone Marrow Donors (Redome), and summed 321 candidates to the 3,159 already registered in the first campaign in 2006. In that stage in Tubarão unit, more than 1,010 people among employees and contractors from the entire company were registered, highlighting the new collaborators that joined the five day-campaign massively.



Human rights

Keeping ethic, transparent and trust relations between ArcelorMittal Brasil and its stakeholders is one of its business sustainability pillars. To perform its relations management, the Company has the orientation from the Code of Conduct, which establishes norms and procedures required from the professional when he/she acts on behalf of the organization. The code content that deals with themes related to ethic matters, corruption and human rights, was object of training offered to 16,295 employees in 2009, number corresponding to 86,45% of the company total number of employees.

670 people were trained on the privileged information policy

In the period, ArcelorMittal Brasil also trained 1,215 people on its Policy of Competition Defense, destined to professionals of the areas of marketing, sales, supplies, fusions and acquisitions, relations with investors, legal and others, besides members of the Administration Council and the Board. The training referring to

the Privileged Information Policy was given to 670 people, also from target areas such as finance, fusions and acquisitions, relations with investors, communication, international relations and members of the Administration Council and the Board.

Goal for 2010 is to train all professionals on the new Anti-corruption Policy

The company also has a Denouncement Policy to report improper behaviors related to matters of accounting, audits, finance or involving bribery. It is an open channel so that employees can report irregular behaviors to their immediate superiors, legal department or internal audit, without being exposed. In case the individual practicing illicit behavior is one of those people, there is the possibility to denounce digitally and anonymously to higher hierarchical spheres.

For 2010, the organization goal is to re-certify the policies of the Code of Conduct, Competition Defense and Privileged Information. The Company also intends to train all its employees

on the new Anti-corruption policy that will be adopted and is being elaborated. In 2009, such policy was communicated and distributed to all employees, but none of them had specific training on the theme. Anyhow, there are no law suits in which ArcelorMittal and/or its employees exercising their functions have been convicted by practice of corruption acts in 2009. It is also important to highlight there are no administrative or legal sanctions of relevant materiality to be reported. All administrative processes and existing fiscal-tributary, civil and labor law suits are being held in good faith by the company.

Another objective is to pass on the guidelines of the Antitrust laws to 1,650 people

ArcelorMittal Brasil also has the objective in 2010 to pass on the guidelines of the Antitrust Competition Defense laws to 1,650 employees from the areas of sales, marketing, supplies, finance, fusions and acquisitions, international relations, communication, relations with investors, legal and audit. There

All contracts of the organization with service providers have clauses about fiscal, labor, environmental obligations, work safety and children’s labor

will also be regular trainings for new employees before they complete two months of employment.

Contract with suppliers must also comprise the company Code of Ethics

To ensure the good practices of social responsibility and defense of human rights, all ArcelorMittal Brasil contracts with service suppliers have clauses referring to fiscal, labor, and environmental obligations, work safety and children’s labor obligations. In all material purchase orders there are items related to the need to comply with article 7<sup>th</sup> paragraph XXXIII of the Federal Constitution (children’s labor) and environmental and work safety obligations.

In ArcelorMittal Aços Longos and ArcelorMittal Aços Planos the payments to service suppliers will only be done after proving obligation collections, through presenting the receipts together with the invoices. Practices adopted by the General Purchase Management of the Central and South Americas establish that contracts with suppliers, including corporate contracts, must compulsory comprise the Company Code of Ethics and incorporate instruments to act in programs to reduce the consumption of energy, water, paper, light and intake.

Public Policies

ArcelorMittal Brasil Foundation develops shared programs with public power, companies and partner NGOs, respecting local needs and regional identity. To reach effectively long term transforming results. the Foundation includes program methodology transfer to the cities serviced, which guarantees the initiative sustainability, once it offers to public power all tools to continue developing that social action. Therefore, the Company contributes to elaborate proposals of public interest towards social, cultural and environmental aspects. The work has already originated two programs that became public policy in several cities: the Program Quality Teaching (PEQ) and the Program of Affection-Sexual Education (Peas).

Foundation projects in partnership with other entities have become public policies

To get acquainted with the needs and interests of the communities where the company acts, the Foundation annually visits the cities and meets with public power representatives and ArcelorMittal local unit to discuss the objectives of each of the parties, related to the social

investment in the city, and defines the best option for each reality.

ArcelorMittal Brasil partnership with the Public Ministry deals with community development

In 2009, there was the First State Meeting of Community Development, in Vitória, Espírito Santo. Themes such as family planning, early pregnancy, pedophile, children’s labor, public security, health policies, local and sustainable development, and several other subjects composed the event. Held by the Public Ministry, the event discussed projects and actions related to human rights and obligations of the population in general, and offered a number of services. Social Security orientation and workers’ social benefits, blood collection and registration of bone marrow, haircuts, document issuance, information on drugs and many other services available to the public for free. The objective of the partnership of the Public Ministry and ArcelorMittal Brasil was to gather entities and organs that deal with subjects related to community development. For 2010, the goal is visiting all cities where the Foundation operates and meeting with public power and the company local unit.

THE VALUE OF DIVERSITY

Diversity is an inherent factor in a company with industrial units in 28 countries. For ArcelorMittal Group, such characteristic is a challenge and also an opportunity to build a modern and flexible work environment, which enables the revelation of all employees’ originality and talent. That is the main objective of the Diversity and Inclusion Policy, launched worldwide in 2009.

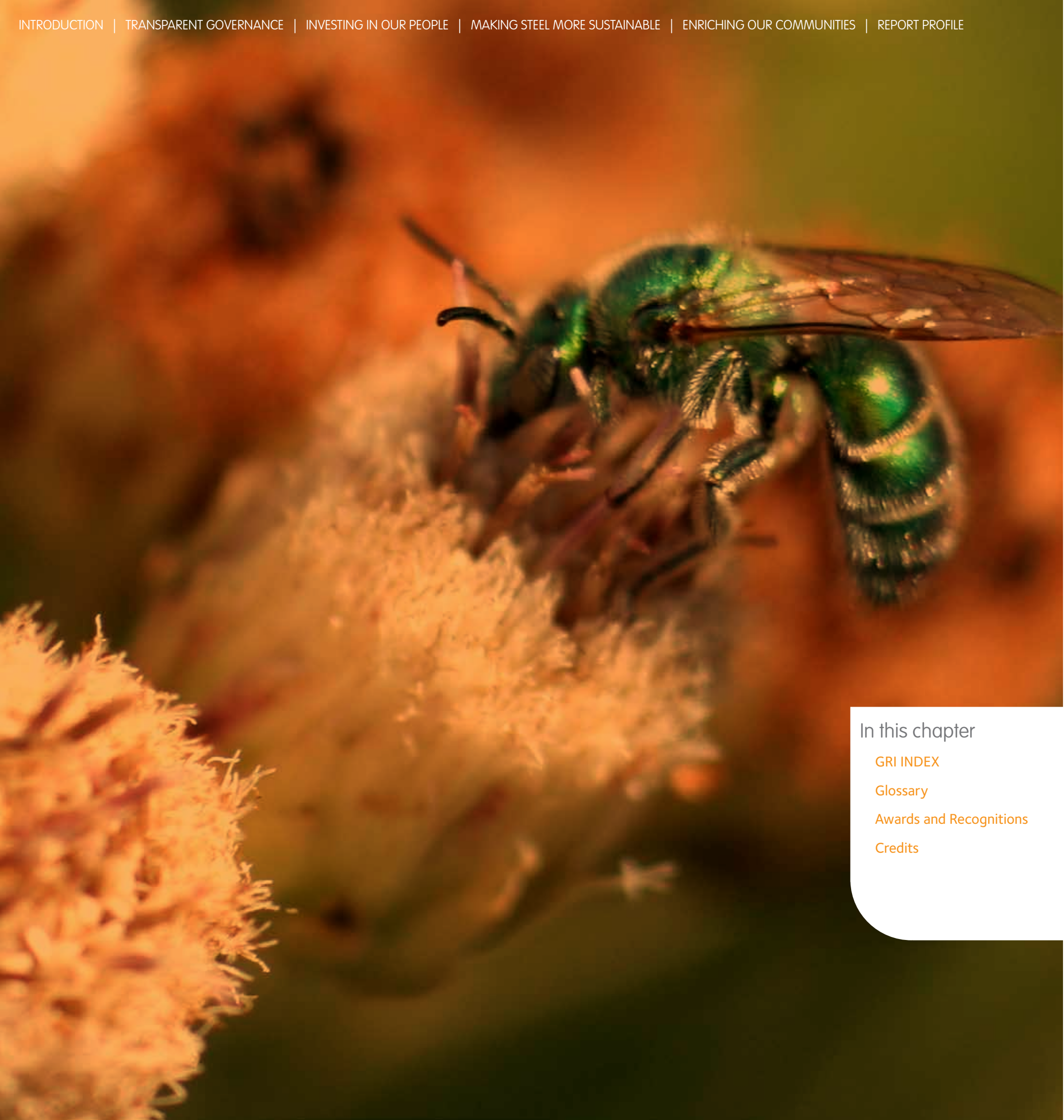
ArcelorMittal Brasil – having a history of valorizing diversity and promoting its employees’ inclusion – began in November 2009 an institutional campaign to prepare its internal public for the launching of the new policy on May 21, 2010, date stipulated by Unesco as the World Day of Cultural Diversity. The campaign aims at spreading the concept of respecting the differences in culture, race, age, gender, deficiencies and social background. Projects to include people with special needs are among the actions to promote diversity, which will be strengthened with the implementation of the new policy.

The Project Somar, launched in 2007 by Tubarão unit has been promoting the training of people with special needs for the local working market. In 2009, the program concentrated investments to train mechanics and electric technicians – two professions with great chances of employment in the region of Grande Vitória, in Espírito Santo. The courses, held in partnership with Senai, had in 2009 the participation of 84 students in three classes, and they will have traineeship in the company.

All long carbon units are involved with the PCD Project, also developed in partnership with Senai, to train people with special needs. In 2009, the first recruiting and selection process took place, resulting in a class of 21 students, with people from Belo Horizonte and Sabará; two classes in a total of 40 students in João Monlevade; and one class of 20 students in Juiz de Fora. Internally, in order to contribute to the inclusion in the work place of those newly hired employees, the company is developing communication actions with the employees, including training for those who will be their direct managers.







In this chapter

- GRI INDEX
- Glossary
- Awards and Recognitions
- Credits

# Report profile

ArcelorMittal Brasil considers that the 2009 Sustainability Report responds to the demands and credits for application level B of the GRI guidelines

# About the report



This sustainability report presents to the several publics of interest information related to ArcelorMittal Brasil economic, social and environmental performance in the period of 2009. The publication follows the Global Reporting Initiative guidelines, and concerns the company efforts, advancements and challenges to improve its processes in the steel production cycle. The report brings ArcelorMittal Brasil initiatives to reduce the impact of its activities on the environment and the communities in which it operates, besides information on corporate governance practices and strategic vision of the company. Its content was defined by the transversal working group, based on research held in 2008. Responses to indicators refer to the period from January 1<sup>st</sup> 2009 to December 31<sup>st</sup> 2009, and comprise the operations which refer to the Brazilian flat and long carbon steel units, as well as part of information on the Distribution, Energy Production and Mining segments.

## Report content

	C	C+ B	B+ A	A+
G3 Profile	Respond to the items: 1.1; 2.1 a 2.10; 3.1 a 3.8, 3.10 a 3.12; 4.1 a 4.4, 4.14 a 4.15	Respond to all criteria enumerated for Level C+: 1.2; 3.9, 3.13; 4.5 a 4.13, 4.16 a 4.17	The same required for Level B	
Information on G3 management way	Not required	Information on the management way of each indicator category	Management way released for each indicator category	
G3 performance indicators & performance indicators of the sectorial supplement	Respond to a minimum of ten performance indicators, including at least one of each of the following performance areas: social, economic and environmental	Respond to a minimum of 20 performance indicators, including at least one of each of the following areas: economic, environmental, human rights, labor practices, society, and responsibility for the product.	Respond to each G3 essential indicator and from the sectorial supplement, with due consideration of the materiality principle, in one of the following ways: (a) responding to the indicator or (b) explaining the omission motive.	

ITEM	SUBJECT	PAGE
STRATEGY AND ANALYSIS		
1.1	President's statement.	3
1.2	Statement of main impacts, risks and opportunities.	3, 7 and 10
ORGANIZATIONAL PROFILE		
2.1	Name of the organization.	5
2.2	Products and services, including brands.	6
2.3	Operating structure.	6
2.4	Location of the organization head office.	36
2.5	Countries and region where the organization operates.	5
2.6	Type and legal nature of property.	10
2.7	Serviced markets	6
2.8	Organization size	5
2.9	Changes during the period covered by the report.	3, 7, 9
2.10	Awards received during the period covered by the report.	49
PARAMETERS FOR THE REPORT		
3.1	Period covered by the report.	01/01 to 31/12, 2009
3.2	Date of previous report.	01/01 to 31/12, 2008
3.3	Emission cycle of reports.	Annual
3.4	Contact data in case of questions related to the report and its content.	About the report
3.5	Definition of report content (themes, priorities, stakeholders).	Defined by the internal permanent working group
3.6	Report limit.	Operations which refer to the Brazilian flat and long carbon steel units, besides part of information on the Distribution, Energy Production and Mining segments
3.7	Specific limitations regarding the report scope or limit.	
3.8	Base for the report in what concerns other facilities that may significantly affect the comparability between periods and/or organizations.	About the report
3.9	Techniques of data measurement and calculation bases.	GRI Protocols
3.10	Re-formulations of information given in previous reports.	About the report
3.11	Significant changes compared to previous years (scope and/or measurements)..	There was none
3.12	Table indicating information location in the report.	GRI Table
3.13	Policy and current practice related to the search of external verification for the report.	There was none.
GOVERNANCE, COMMITMENT AND ENGAGEMENT		
4.1	Governance structure of the organization.	12
4.2	President of the governance group.	12
4.3	Percentage of independent, non-executive counselors.	Annual Report
4.4	Mechanisms for shareholders' recommendations to the Administration Council.	12
4.5	Relation between remuneration and performance of the organization.	Bonus based on economic, environmental, social and work management goals
4.6	Processes in force in the top governance organ.	12
4.7	Qualifications of members of the top governance organ.	12
4.8	Statements of mission and values, code of conduct and internal principles.	13



<b>4.9</b>	Responsibility for the implementation of economic, environmental and social policies.	12 and 14
<b>4.10</b>	Performance self-assessment processes.	12
<b>4.11</b>	Explanation on if and how the organization applies the principle of precaution.	Annual Report
<b>4.12</b>	Principles and/or other initiatives developed externally.	12
<b>4.13</b>	Participation in associations.	14
<b>STAKEHOLDERS' ENGAGEMENT</b>		
<b>4.14</b>	Relation of stakeholders' groups engaged by the organization.	10
<b>4.15</b>	Base to identify and select stakeholders with whom to engage.	12
<b>4.16</b>	Approaches for stakeholders' engagement	10
<b>4.17</b>	Concerns raised trough stakeholders' engagement	7, 9 and 10
<b>WAYS OF MANAGEMENT AND PERFORMANCE INDICATORS</b>		
ECONOMIC PERFORMANCE INDICATORS		
<b>EC1</b>	Direct economic value generated and distributed.	40
<b>EC2</b>	Financial implications and other risks and opportunities resulting from climate changes.	23
<b>EC3</b>	Coverage of the obligations of the benefit pension plan.	16
<b>EC4</b>	Significant financial aid received from the government.	40
<b>EC5</b>	Proportion variation of the lowest salary compared to the local minimum salary.	18
<b>EC6</b>	Policies, practices and proportion of expenditures with local suppliers.	41
<b>EC7</b>	Local hiring	42
<b>EC8</b>	Investment impact on infra-structure offered to public benefit.	42
ENVIRONMENTAL PERFORMANCE INDICATORS		
<b>EN1</b>	Materials used by weight or volume.	32
<b>EN2</b>	Percentage of material used from recycling.	32
<b>EN3</b>	Direct energy consumption discriminated by primary energy source.	26
<b>EN4</b>	Indirect energy consumption discriminated by primary source.	27
<b>EN5</b>	Energy saved due to improvements in conservation and efficiency.	26, 27 and 28
<b>EN6</b>	Initiatives to supply products and services with low energy consumption	26
<b>EN8</b>	Total of water withdrawn by source.	24
<b>EN9</b>	Water sources significantly affected by water withdrawal.	23 and 24
<b>EN10</b>	Percentage and total volume of recycled and reused water.	24
<b>EN11</b>	Location and size of possessed area.	33 and 34
<b>EN12</b>	Significant impacts on biodiversity of activities, products and services.	33 and 34
<b>EN15</b>	Endangered species	35
<b>EN16</b>	Total of direct and indirect greenhouse gas emissions	28 and 29
<b>EN17</b>	Other relevant indirect greenhouse gas emissions	29
<b>EN18</b>	Initiatives to reduce greenhouse gas emissions and reductions obtained.	29
<b>EN19</b>	Emissions of substances which destroy the ozone shield.	29
<b>EN20</b>	NOx, SOx and other significant air emissions.	28
<b>EN21</b>	Total water discharge by quality and destination.	25
<b>EN22</b>	Total weight of residues by type and disposal methods.	30
<b>EN23</b>	Number and total volume of significant spills.	There were not any significant spills within the period
<b>EN24</b>	Weight of transported residues considered hazardous.	31
<b>EN25</b>	Description of protection and index of biodiversity of water bodies and habitats.	33

<b>EN26</b>	Initiatives to mitigate environmental impacts.	23
<b>EN28</b>	Value of fines and total number of sanctions resulting from non-compliance with the laws.	There were not
<b>EN29</b>	Environmental impacts referring to products and employees' transportation.	27
<b>EN30</b>	Total of investments and expenditures in environmental protection.	33
SOCIAL PERFORMANCE INDICATORS		
<b>LABOR PRACTICES</b>		
<b>LA1</b>	Total of works by type of employment, employment contract and region.	16
<b>LA2</b>	Total number and rotation rate of jobs by age range, gender and region.	16
<b>LA3</b>	Comparison between benefits of full time and temporary employees.	18
<b>LA4</b>	Percentage of employees within collective bargaining agreements.	47
<b>LA5</b>	Description of notifications (deadlines and procedures).	After meeting with unions (Normally in September), significant changes are informed and brought up for discussion
<b>LA6</b>	Percentage of employees represented in health and safety formal committees.	20
<b>LA7</b>	Injury, occupational diseases and lost days rates.	21
<b>LA8</b>	Education, prevention and risk control programs.	20 and 21
<b>LA9</b>	Themes related to safety and health, covered in formal agreements with unions.	20
<b>LA10</b>	Average of hour per training per year.	17
<b>LA11</b>	Competence management and continuous learning programs.	17
<b>HUMAN RIGHTS</b>		
<b>HR1</b>	Description of policies and guidelines to handle all human rights aspects.	41
<b>HR2</b>	Contracted companies submitted to evaluations related to human rights.	41
<b>HR3</b>	Evaluation policies and treatment of human rights performance.	47
<b>HR4</b>	Total number of discrimination cases and measures taken.	There were no discrimination cases
<b>HR5</b>	Policy of freedom of association and the level of its application.	The Company guarantees the right of all employees to freedom of association and, therefore to collective agreement.
<b>HR6</b>	Measures taken to contribute to abolish children's labor.	In 2009, there were no occurrences relate to children's labor. In 2010, the company will perform work safety inspections and audits, to ensure safe and healthy conditions to all its collaborators
<b>HR7</b>	Measures taken to contribute to eradicate forced labor.	There were no occurrences of children's labor or related to slave labor, neither cases of discrimination of any kind (sexist, racial or religious, among others)
<b>HR9</b>	Total number of violation cases of indigenous people's rights and measures taken.	The Company is not located near indigenous areas
<b>SOCIETY</b>		
<b>SO1</b>	Programs and practices to evaluate and manage the impacts of operations on communities.	42
<b>SO2</b>	Units submitted to risk assessments related to corruption.	47
<b>SO3</b>	Percentage of employees trained in anti-corruption policies and procedures.	47
<b>SO4</b>	Measures taken responding to corruption cases.	47
<b>SO5</b>	Positioning regarding public policies.	48
<b>SO6</b>	Policies of financial contributions to political parties, politicians or institutions.	48
<b>SO8</b>	Description of significant fines and total number of non-monetary sanctions.	47
<b>PRODUCT RESPONSIBILITY</b>		
<b>PR1</b>	Policy to preserve consumers' health and safety during product use	37

PR2	Non-compliances related to the impacts caused by products and services.	37
PR3	Type of information on products and services required by labeling procedures.	37 and 38
PR4	Non-compliance related to labeling of products and services.	38
PR5	Practices related to customer’s satisfaction, including research results.	38
PR6	Programs of adherence to laws, norms and voluntary codes.	ArcelorMittal is in compliance with all legislations and publicity codes
PR7	Non-compliance cases related to product and service communication.	There were no non-compliances related to product and service communication
PR8	Proven complaints related to violation of customer’s privacy.	There were no complaints in the period
PR9	Fines for non-compliances related to supply and use of products and services.	There were not.

SECTORIAL INDICATORS		
INCOME CAPTURE, ADMINISTRATION AND DISTRIBUTION – MONETARY MANAGEMENT		
MM1	Economic contribution to local development.	41
BIODIVERSITY		
MM3	Biodiversity management.	33
MATERIALS		
MM4	Product(s) derived from secondary materials.	32
MM5	Eco-efficiency assessment.	23
MM6	Residues management.	30
COMMUNITY		
MM7	Incidents and effects in communities.	37
PROMPTNESS FOR EMERGENCIES		
MM12	Promptness for emergencies.	37
HEALTH AND SAFETY		
MM13	New cases of occupational diseases.	21

## Glossary

**Recovered area:** senvironmental space recovered by remediation, decontamination or restraint /isolation of contaminated areas, making the area viable for new uses, without risks to human health and ensuring its economic productivity and its social functions

**Ebitda:** English abbreviation for profit prior to interest, income tax, amortization and depreciation. It shows company performance when considering only the gains generated by its main activity .

**Eco-toxicity:** Control indicator of effluent quality and impacts on aquatic organisms.

**Effluent:** any type of liquid that comes out of a system, such as pipelines, canals and reservoirs. An industrial effluent is the discharge of pollutants done by industrial sources. Effluent standard is the quantity and quality of effluents that are allowed to de thrown into a water course.

**BOF slag:** by-product of steel production resulting from the aggregation of several elements which

are not present in the finished material. It comprises several oxides, such as CaO and MgO, and it is expandable due to the chemical reactions of those oxides. Limitations found in the material are basically: heterogeneity, high degree of quicklime and lack of hydraulic activity.

**FSC abbreviation for Forest Stewardship Council :** organization that certifies the good handling of Brazilian forests, following criteria that conciliate ecological safeguards, social benefits and economic viability.

**Global Reporting Initiative (GRI):** international agreement whose mission is to elaborate and disseminate the Guide to Elaborate Sustainability Reports, globally and voluntarily applicable by organizations that wish to publicize the economic, environmental and social aspects of their activities, products and services. Currently more than 5 thousand companies worldwide have adhered to the GRI principles and publish sustainability reports based on its guideleines.

**GMB abbreviation for Group Management Board:** They have weekly meetings to manage ArcelorMittal Group operations. That includes implementing strategies defined by the council that follows such work closely, and monitoring measures defined by each of the regional business units.

**Corporate Governance:** system through which societies are driven and monitored, involving decision making and relations among shareholders, administration council, board, independent audits and fiscal council.

**Opacity:** capacity of smoke to retain the passage of light. The more opaque, more quantity of particulate material. If the smoke is black, it means it is generating pollution due to lack of maintenance in engines.

**Blast furnace process:** pprocess to reduce iron ore in high temperatures, fed by a mixture of mainly coke (from

mineral coal) and the final result is pig iron (raw material for steel production).

**Legal reserve:** area located in the interior of a property or rural possession which is not a permanent preservation area. The objective to decree and rate an area as a Legal Reserve is to guarantee its conservation and the recovery of its ecological processes, as well as biodiversity conservation and protection of local fauna and flora. It may vary according to the bioma and property size. The concept of Legal Reserve is in the Forest Code, article 1<sup>st</sup>, 2<sup>nd</sup>, III.

**Private Reserve of Natural Patrimony (PRNP):** category of conservation unit created by the willingness of rural owners, that is, no land expropriation. Creating a PRNP is a way that the owner has to make a commitment to conservation. That includes protection of water resources, handling of natural resources, development of scientific research, maintenance of climate balances, among other environmental services.

**Stakeholders:** the several company publics of interest, that is individuals or organizations directly or indirectly involved, or whose interests may be positively or negatively affected by the activities of a company.

**Added Value:** it measures the richness generated by the company from the difference between sales revenue and costs of recourses acquired from third parties.



# Awards and Recognitions

## “Tear” Program – Knitting Sustainable Nets

One of the winners of the award Making the Difference, promoted by O Globo journal, in the category “Razão Social”. The program developed by Ethos Institute, had ArcelorMittal Brasil as an anchor company in the steelmaking chain. The same program was considered reference by the World Business Council for Sustainable Development (WBCSD).

## Época Award of Climate Change – Época magazine

ArcelorMittal Brasil was awarded in the Strategy category due to its CDM projects and carbon credits.

## Award Give Credit to the Environment – Ministries of Environment and Science and Technology and Revista Meio Ambiente Industrial (Industrial Environment magazine)

ArcelorMittal BioEnergia was recognized by the Program Forest Producer

## “Paulista” Award of Quality Management – Paulista Institute of Management Excellence

ArcelorMittal Piracicaba won the category Large Companies

# Credits

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**General coordination:** General Management of Communication and Institutional Relations

**Information and Indicators:** Working Group – Communication for Sustainability

**Content, writing and design:** Report Comunicação

**Photographs:** ArcelorMittal file

Specific or complementary information on each controlled company may be obtained on Internet at [www.arcelor.com.br](http://www.arcelor.com.br). In case of doubts, suggestions, criticism or complaints, contact the ArcelorMittal Brasil general manager of Communication and Institutional Relations, writing to [comunicacao.corporativa@arcelormittal.com.br](mailto:comunicacao.corporativa@arcelormittal.com.br).