



ArcelorMittal



Steel: the sustainability challenge

2014 sustainability report

2014 performance

Sales: (\$ million)

79,282



Crude steel production: (tonnes million)

93.1



Own iron ore production: (tonnes million)

63.9



Own coal production: (tonnes million)

7.0



EBITDA: (\$ million)

7,237



Number of employees: total

222,327



Lost-time injury frequency rate: total
(per million hours worked)

0.85



Research and development spend: (\$ million)

259



Steel recycled: (tonnes million)

31



Total dust emissions: (kg per tonne of steel)

0.62



Environmental and energy capex: (\$ million)

375



CO₂e emissions: per tonne of steel

2.09



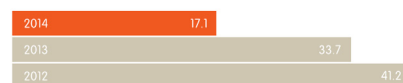
% of global procurement spend covered by assessments against our code

65



Community investment: (\$ million)

17.1



% of employees: completed code of business conduct training

76



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Message from the chairman and CEO

Dear stakeholders,

Those of you who are regular readers of our annual corporate responsibility report will have become familiar with our four pillars: investing in our people; making steel more sustainable; enriching our communities; and transparent governance. These pillars formed a very useful framework as we developed our approach to corporate responsibility following the creation of ArcelorMittal.

Over those eight years we believe we have become better at corporate responsibility, even though as a steel and mining business we face many social and environmental challenges. We have made safety our number one priority and are pleased with the progress we have made on our journey to zero, even if we still have a long way to go. We recognise that transparency is crucial if we are to foster trust and are proud to have ranked sixth in Transparency International's 2014 survey. We know we live in a carbon-intensive world and as a major consumer of energy we have put in place programmes to be more energy-efficient, thereby also reducing costs. We agree with our customers who want to operate transparent supply chains and have implemented a responsible sourcing program throughout the group. And we value our relationships with stakeholders and know we must have regular two-way dialogue with them, to not only tell them what we are doing and why, but also listen and respond to their questions and concerns. Finally we want our communities to prosper and thrive, investing \$17.1 million in 2014.

We are proud of what we have achieved, but we recognise that the world in which we operate is constantly evolving and we need to adapt our thinking and behaviour accordingly. The importance of being able to adapt is crucial in all aspects of our business. Since 2009 we have had to adapt to less demand for steel in the



developed nations, the emergence of China as the biggest producer and consumer of steel and the increasing demand from our customers for more sophisticated steel solutions. Now we are facing a lower iron ore price environment and increasing imports from countries such as China and Russia. We also need to ensure we are taking into account long-term social and environmental trends.

This year, despite all our good work and progress, we dropped out of the Dow Jones Sustainability Index – not because our score had dropped significantly but because the standard for entry is higher.

We decided this was the right time to take stock of our approach and consider where we need to evolve to ensure we are integrating social and environmental impacts and trends appropriately and effectively into the way we manage our business.

Responding to Ebola

Society today expects more of business. The world faces enormous challenges in the 21st century; from climate change to increasing

From the chairman and CEO

2014 sustainability report

pressures on natural resources; from the lifestyle expectations of those in the developed world to tackling poverty at the base of the pyramid in emerging markets. One example we unexpectedly faced in 2014 was the worst outbreak yet of the Ebola virus in West Africa. We have a five million tonne iron ore mine in Liberia and found ourselves operating in the middle of this terrible epidemic. Signs are that the outbreak is now under control, particularly in Liberia, and I am very pleased that to date none of our employees on our concession has got Ebola so far, thanks to the rigorous planning and implementation of the required health precautions by our team in Liberia. When a new and previously untested challenge like this appears, collaboration is vital. That's why ArcelorMittal started the Ebola Private Sector Mobilisation Group, to facilitate dialogue and action between private sector companies operating in the region and then to connect that group into discussions with concerned governments and NGOs. There is definitely strength in numbers when it comes to combating these types of unforeseen and unknown epidemics. I very much hope that the outbreak will end across all of West Africa in the coming months and that these economies can recover from a situation that has not only claimed thousands of lives but has also had a serious impact on their economies.

These types of issues have a direct impact on businesses, as well as individuals, governments and civil society. We are expected to be part of the solution and bring value to society more broadly through our products, the way we operate and our core purpose.

The vital contribution of steel

ArcelorMittal's core purpose is to make steel. We believe we do it very well, which is why we have grown to become the world's largest steel and mining company. We make steel for everything from cars to bridges to sports stadiums to cans to medical equipment. Steel is one of the most important components of the infrastructure of the modern world – which is why we like to say it is the fabric of life. Our employees are passionate about steel and the important role it has played.

Unfortunately this contribution can often be forgotten. In part this is because steel is invisible. The likelihood is that your car is made of it, but you don't remember that when you drive to work in the morning. Your office is probably held up by it but you don't consider that as you work on your computer.

We also make a significant economic contribution to society by nature of the fact that we are a very big employer with over 222,000 direct employees worldwide and many more contractors. This means we are a major economic driver of the regions and communities where we operate, generating employment and contributing to local taxes.

But we also recognise that as a steel and mining company, our operating footprint has an impact. In last year's report we identified the six most material issues to ArcelorMittal from a corporate perspective: occupational safety, greenhouse gas emissions, air and water emissions, accountability and transparency, occupational health and employee engagement.

Our 10 sustainable development outcomes

In refining our approach to corporate responsibility and sustainable development for the future, we used these material issues as a starting point and considered them alongside the long-term environmental and social trends and challenges that will shape the future operating landscape, as well as the risks and disruptions we are seeing already today. After a series of discussions across the business we identified what we call the '10 sustainable development outcomes' ArcelorMittal should focus on delivering over the long term. They are as follows:

1. Safe, healthy, quality working lives for our people
2. Products that accelerate more sustainable lifestyles
3. Products that create sustainable infrastructure
4. Efficient use of resources and high recycling rates
5. Trusted user of air, land and water

From the chairman and CEO

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6. Responsible energy user that helps create a lower carbon future
7. Supply chains that our customers trust
8. Active and welcomed member of the community
9. Pipeline of talented scientists and engineers for tomorrow
10. Our contribution to society measured, shared and valued

These are new words but we are not starting from scratch. Some of the outcomes, like safety, are reasonably well-established in the business already. Others are more ambitious and we recognise that they cannot be achieved overnight. Local implementation is vital and we are in the process of rolling the framework out across all our operations, asking each country to identify where they stand today against each outcome and put in place plans to improve over the longer term. Our sustainable development council also has an important role to play, bringing together heads of various functions including strategy, human resources, risk management and internal assurance as well as representatives from all our operating segments to discuss in depth what the individual outcomes mean for ArcelorMittal and how to drive progress towards their achievement.

Our performance in 2014

This report goes into detail on each outcome, but I will make a few specific comments on our performance in 2014. First, safety: our lost-time injury frequency rate has improved consistently reaching 0.85 in 2014 – consistent with 2013. We have put great efforts into improving our safety results and it is gratifying to see these efforts are having a positive effect. But I am disappointed to have to tell you that we lost 23 colleagues to fatal accidents in 2014. This is 23 too many and again we see too many repetitions of the same type of accident. We have a new head of health and safety and he will be focused on driving further improvement. We will not be satisfied until we eliminate all fatalities from our business.

Second: products that accelerate sustainable lifestyles and create sustainable infrastructure. I already mentioned that the role of steel is often overlooked. The reality is that whilst steel does have a significant carbon footprint in the manufacturing process, in application it can help reduce emissions significantly. A report by Boston Consulting identified that in certain products steel has a positive CO₂ emission savings ratio of six to one. That means for every tonne of CO₂ produced during the steelmaking process, six tonnes of CO₂ are saved through the application of the product. Looking at eight applications alone, the net CO₂ savings are approximately 350 million tons of CO₂ per year. This is not taken into account by emissions trading schemes. Whilst ArcelorMittal understands and supports the need for a less carbon-intensive economy, measures must be globally applied. Otherwise it threatens to potentially destroy industry and manufacturing in some regions of the world, whilst at the same time not achieving its aim of reducing carbon emissions globally.

Finally: a pipeline of talented scientists and engineers for tomorrow. Globally there is a shortage of STEM (science, technology, engineering, mathematics) graduates available for the manufacturing industry. Many industrial companies are concerned by this trend as it can potentially deprive them of the talent required for the future. We have therefore decided to focus a large part of our community investment expenditure on STEM to directly address both the requirements of our steel plants and boost education in our communities.

In conclusion, 2014 was an important year of transition for ArcelorMittal in our corporate responsibility and sustainable development efforts. We have spent considerable time and thought in the development of the 10 outcomes and are confident this is the right framework to address our material issues and improve performance across the group. I look forward to updating you on our progress next year.



Lakshmi N. Mittal
Chairman and CEO

About ArcelorMittal

With 115 million tonnes of annual production capacity and over 222,000 employees across 60 countries, ArcelorMittal is the world's leading steel and mining company.

Our markets

We are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks. With an industrial presence in 19 countries, the company covers all of the key steel markets, from emerging to mature.

Our approach

Our core philosophy is to produce safe, sustainable steel. In doing so, our top priority is safety and our goal is to be the world's safest steel and mining company. As a company, we are committed to our promise of 'transforming tomorrow'. Guiding us in this are our values of sustainability, quality and leadership.

Steel

We have steelmaking operations in 19 countries on four continents, in both developing and developed steel markets. In 2014, we had revenues of US\$79.3 billion and crude steel production of 93.1 million tonnes.

Around 38% of our steel is produced in the Americas, 47% in Europe and 15% in other regions, including Kazakhstan, South Africa and Ukraine. ArcelorMittal is number one for market position and market share in North and South America, Western Europe, Eastern Europe and CIS, and Africa.

We are focusing our efforts for future growth on the emerging economies, particularly Brazil and India, with joint ventures under way in the Middle East and China.

Mining

Our mining business is one of the pillars of ArcelorMittal's growth strategy. In 2014 we produced 63.9 million tonnes of iron ore and 7.0 million tonnes of coal. Our low-cost iron ore and coal resources provide security of supply and shelter from raw material price changes. Our mining business also offers substantial scope for profitable expansion, and we have a production target of 84 million tonnes of iron ore by 2015.

We currently have mining operations in nine countries: Algeria, Bosnia and Herzegovina, Brazil, Canada, Kazakhstan, Liberia, Mexico, Ukraine and the US.

Research and development

We have more than 1,300 full-time researchers and 11 laboratories worldwide. In 2014 we invested around US\$259 million in research and development. We use our researchers' expertise in steel to develop cleaner processes and greener products, including ultra-high-strength steels (UHSS) and Ultra-Low CO₂ Steelmaking (ULCOS), to make steel production more sustainable and help reduce not just our own environmental impact but that of our customers as well.

Our structure

ArcelorMittal has grown through the acquisition of numerous steelmaking and other assets, which constitute our major operating subsidiaries. The group is managed according to region, with a product specialisation within those regions. Every region is headed by a member of ArcelorMittal's Group Management Board:

- ArcelorMittal Europe is headed by Aditya Mittal

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2014 sustainability report

- ArcelorMittal Americas reports to Lou Schorsch
- Africa and CIS activities report to Davinder Chugh.

Shared services

ArcelorMittal, with its significant global presence, can use its size and worldwide reach to optimise services across the company, while also enjoying the benefits of using economies of scale. At the same time, we have a commitment to ensuring different parts of the business are empowered to make decisions, ensuring accountability at the right level within the company.

Our shared services include purchasing, energy, shipping, IT, legal, real estate and by-products sales. The shared services teams work to make sure best practice is followed throughout the group, while also sharing local good practices with the entire organisation.

We believe that a lean and effective organisation is essential to making sure the company is managed as efficiently as possible.

A listed company

ArcelorMittal is listed on the stock exchanges of New York (under the trading symbol MT), Amsterdam (MT), Paris (MT), Luxembourg (MT), Barcelona (MTS), Bilbao (MTS), Madrid (MTS) and Valencia (MTS).

The big picture

Steel and sustainable development

A common goal we all share – as individuals, companies, NGOs and nations – is to enjoy a good quality of life. By 2050 there will be nine billion people in the world. We need to find ways to prosper without overusing natural resources, hurting others or changing the climate. This requires enterprise, infrastructure and new ways of thinking about everyday products, from transport to toasters. Take a look around you: steel is a vital component of our daily lives. And our innovations are continually making products even more effective, efficient and easier to recycle.

At ArcelorMittal we call steel the fabric of life. We recognise that steel offers great opportunities for the future, but it also has its challenges. That's why this year we have launched a new framework which outlines 10 sustainable development outcomes. We know we have a lot to do. Our framework is the next step in that long journey to make steel one of the world's most sustainable materials.

The sustainability challenge

Steel has a vital role to play in creating a sustainable future, and as the world's largest steel and mining company we know that, as well as opportunities, this brings with it huge challenges.

Sustainability is all about taking a long-term perspective, and that's what we already do as a business. Steel-making and mining are industries where facilities are built and operated for many years, and are part of the same communities for decades. Steel itself is an enduring material, ideally suited for the construction of buildings and infrastructure. So we are used to planning, thinking and investing for the long term in order to create lasting value for our stakeholders, shareholders, and society as a whole.

Global challenges and opportunities

The world faces enormous challenges in the 21st century: from climate change to increasing pressures on natural resources; from the lifestyle expectations of those in the developed world, to tackling poverty at the base of the pyramid in emerging markets. These issues have a direct impact on businesses, as well as governments, civil society, and individuals. And businesses face other challenges, including the growing expectation that they should report more openly, act more responsibly, protect the environment, and support their local communities. All of these factors pose risks to companies as large as ours – risks to our profits, reputation, operations, and social licence to operate, if we fail to manage them. But they also present us with enormous opportunities, from the commercial potential of new greener products, to the innovation potential of a new generation of people entering our industry.

Steel as the fabric of sustainable living

Steel is part of the fabric of modern life, and we couldn't live the way we do without it. Buildings, roads, bridges, railways, cars, and many domestic appliances simply wouldn't exist without steel as a component. Steel has the potential to be one of the world's most sustainable materials,

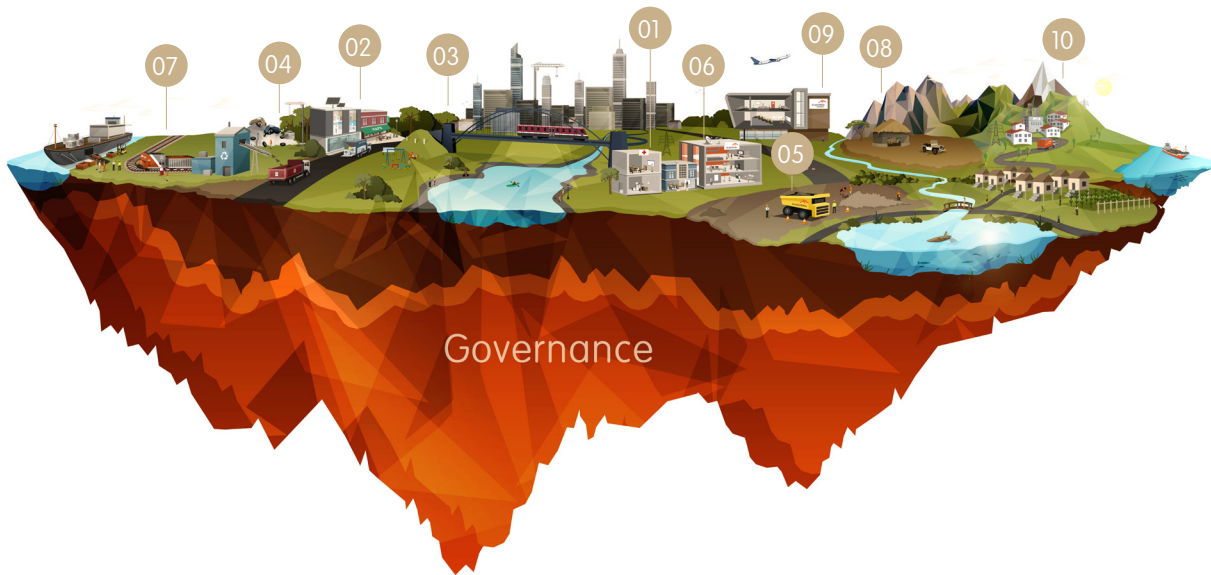
because it's strong, flexible and can be endlessly recycled. Innovative steel products are helping to reduce carbon emissions in vehicles and buildings, construct smarter cities, and generate renewable energy. But steel faces challenges too: we have to find ways to make steel that use less energy and emit less carbon, so that it can.

As the world's largest steel and mining company, we have a particular opportunity – and responsibility – to lead the way in ensuring steel fulfils its potential as an essential material of the future. We have the power to make a positive difference to our stakeholders and shareholders, as well as society as a whole. In order to do this, we need to address the risks and opportunities arising from social and environmental trends across our operations. We must also use our knowledge of the impacts of steel to persuade our customers – and their consumers – to make and choose products that are more sustainable. By doing this, we will ensure that the steel we make becomes the material of choice for a sustainable future.

Our 10 sustainable development outcomes

We have identified 10 sustainable development outcomes that will help us achieve this by defining the kind of company we want to be. We will create value as we progress against these outcomes. We are developing a new sustainable development framework around the outcomes that will help us secure the commercial success of our business in the medium term, while contributing to solving the world's sustainable development challenges in the long term. This is good for society, good for our stakeholders and good for us.

Our 10 outcomes



We have to contribute to making a more sustainable future possible. Our 10 sustainable development outcomes are a compelling, practical and demanding way to do this, from the way we make steel and use resources, to how we develop new products, and support our people and our communities.

- 1 Safe, healthy, quality working lives for our people.
- 2 Products that accelerate more sustainable lifestyles
- 3 Products that create sustainable infrastructure
- 4 Efficient use of resources and high recycling rates
- 5 Trusted user of air, land and water
- 6 Responsible energy user that helps create a lower carbon future
- 7 Supply chains that our customers trust
- 8 Active and welcomed member of the community
- 9 Pipeline of talented scientists and engineers for tomorrow
- 10 Our contribution to society measured, shared and valued

All underpinned by transparent good governance.

The big picture

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Leading the solution through 10 outcomes

We've built a good track record in corporate responsibility since ArcelorMittal was created in 2006. We've won awards for our reporting, invested significantly in our communities, and led the way in stakeholder engagement in many of our markets. But sustainability demands more than that.

We know it's not just about having robust processes, but creating the impact that's needed. From the products we make to the way we make them, from the quality of our employees' lives to how our communities perceive us, we need an approach that will help us avoid damaging disruptions to our operations and create substantial value.

The 10 outcomes are at the core of our new sustainable development framework, which will motivate action by our people at a local level and a global level. They are how we will create value for ourselves and for others. In 2015, we will work with our local operations to begin to make them a reality, wherever we are in the world. We will develop a way to measure our progress against them, including targets.

From four pillars to 10 outcomes

Previously our corporate responsibility approach was based on four pillars: investing in our people, making steel more sustainable, enriching our communities and transparent governance. Going forwards, the 10 outcomes will form the basis of our reporting, both at group and local levels, with an additional section on the transparent good governance that underpins our framework. This year, as we launch our new outcomes, we still report against the performance indicators we have used in previous years, but rather than structure our report around the four pillars, we are using our 10 new sustainable development outcomes to structure our report. Once we have developed a meaningful monitoring system for our 10 outcomes, we will use this to report our progress against each outcome.

Our sustainable development framework

Our sustainable development framework is designed to shape a consistent approach to the 10 outcomes across all our operations, whilst at the same time giving each country the flexibility to make the outcomes relevant to their local circumstances.

A consistent approach across our operations

Engaging the country level leadership team is essential, and we are working alongside our senior managers in each country as they begin this process, to help them to establish and champion their way of working, which in some cases will involve creating new sustainable development committees and in others making better use of their existing cross-functional meetings. They will assess the issues that could cause disruptions to – or create opportunities for – their business. This includes the long-term trends that are affecting their market, and the expectations their stakeholders have of them. Using this analysis, local management will produce detailed sustainable development plans, which they will then report against in their local sustainability reports.

Over the next year, we will be developing a meaningful mechanism to assess the maturity and progress of our operations against each outcome at a group level and also at country level.

By the end of 2015, we expect every country to have prepared their sustainable development plans and, by 2016, to be reporting annually on what they are doing. We will collate this at global level, so that we and our stakeholders have a full picture of what we have achieved, and where we need to do more.

Stakeholders: from engagement to understanding expectations

As a key part of this framework, we're asking our local managers to assess what the expectations of their stakeholders are. We are doing the same at a regional and a global level. This will mean evolving how we engage with our stakeholders, ensuring that we not only talk to them, but listen, learn, and respond as well. This is essential, as we have seen important value created when we have understood and responded to our stakeholders' expectations. For example, anticipating the needs of government and communities in Liberia in the face of the Ebola outbreak prompted us to form the Ebola Private Sector Mobilisation Group in 2014. Conversely, where we have failed to manage expectations, our business has suffered disruptions. We saw this in Liberia last year, where the frustrations of the local community at the slow speed of social change led to unrest.

This stakeholder-centric approach will be a key component of wider, medium-term, sustainable development plans, developed at country level and structured around the 10 outcomes. Each sustainable development committee will oversee progress against its plan.

Our materiality story

Our 10 sustainable development outcomes were the result of both analysis and consultation, building on our earlier materiality assessments.

From a corporate responsibility approach...

Since ArcelorMittal was founded in 2006, we have developed a well-respected approach to corporate responsibility based on four pillars – investing in our people, making steel more sustainable, enriching our communities, and transparent governance. Since 2007 we have had positive recognition for our corporate responsibility activities from the United Nations Global Compact, the World Business Council for Sustainable Development and Transparency International among others.

Corporate responsibility (CR) is about ensuring we understand and manage the expectations of local and global stakeholders. We already have several CR processes in place such as grievance mechanisms, stakeholder engagement planning and CR reporting. This extends to every aspect of the business from process to products.

Yet we have also lived through a number of disruptions to our business in the last few years – disruptions that we believe could have been minimised, had we managed our stakeholders' expectations better.

After many years of annual materiality assessments which we have published in previous reports, in 2013 we consulted more widely to understand what really matters to our stakeholders, and which issues are most material to our business. We examined who our key stakeholders really are, and what they consider to be important. In a process described in detail in our 2013 report, we identified the six most material issues for our business:

- safety
- health
- greenhouse gases

- transparency and accountability
- air and water emissions
- employee engagement.

We predicted another five that we believe will be increasingly important over the next five years:

- water
- resource efficiency
- ethics
- community relations
- our ageing workforce.

... to a sustainable development perspective

In 2014, we did further work, focusing this time on the global challenges of sustainability, and what they mean for us as the world's largest steel and mining company. We assessed global trends identified by the World Economic Forum, the World Business Council for Sustainable Development, the UN, and other influential organisations.

We looked at our stakeholders' expectations, using the results of our reputation surveys. We looked at our commercial challenges and what has been disrupting our business, and considered the regulatory, social and environmental risks and issues that affect our operations.

We then started a series of conversations across the business about steel and sustainable development. We included regional operations, senior management, a focus group of young leaders, and the Group Management Board. We discussed how the different challenges relate to our steel and mining business and how we can manage the risks of sustainability and capitalise on the opportunities, to achieve long-term, commercial success.

The big picture

2014 sustainability report

We developed the results of this work into 10 sustainable development outcomes. These outcomes are designed to describe in simple language what as a business we must strive to look like if we are to obtain the most value from addressing our material issues. As before, this approach is underpinned by transparent good governance.

Sustainable development is about understanding the material issues facing our business that arise from long-term environmental and social trends, as seen through the lens of the latest scientific and expert thinking, as well as the expectations of our immediate community of stakeholders.

By pursuing our 10 sustainable development outcomes, we will manage our stakeholders' expectations more effectively and be better prepared to respond to long-term trends. This will help us avoid business disruptions and create value for ourselves, our stakeholders and society as a whole.

The year in review

Reflections from Dr Alan Knight

Alan Knight joined ArcelorMittal in the spring of 2014, and has worked towards a step change in the way we think about social and environmental issues.

At ArcelorMittal we describe steel as the fabric of life. This is true for today, but it will also be true as we approach more sustainable lives. Steel will also be the fabric of sustainable lives. When you look at our environmental data, that view might sound a bit hard to believe – our carbon footprint alone is one of the largest for a company. But just look at our product story: many of the exciting innovations to make cars lighter, buildings more energy efficient, and wind turbines taller all come from the research and development being led by our company. The recyclability of steel is well known. Apply some innovation to this advantage and we have products that will be true to the most demanding requirements of a circular economy.

Then we have the social side. I joined ArcelorMittal in April and by July much of my focus was on the appalling Ebola outbreak in Liberia. I was proud of just how prepared our company was to protect our employees and communities. Huge credit must go to our mining colleagues for that success. It was also a privilege, through my chairmanship of the Ebola Private Sector Mobilisation Group, to be involved in helping coordinate the business response alongside the public sector across the whole of West Africa. I was overwhelmed by the good nature and determination of the entire private sector to help out, and support the courageous doctors and nurses on the front line. It was a unique moment in time and one that showed the true power of goodwill and collaboration. If we can apply that to other global challenges, we can indeed create a sustainable world.

There is a lot that our company needs to do, we have a long way to go and it will take time. But I know we have the guts to try. My first year has been about building on the strength of existing programmes whilst embracing a sustainable development ethos. This means looking at long-term environmental and social trends, and being ready to create the opportunities and avoid the risks they present us with.

This approach is now encapsulated in our sustainable development framework and our 10 outcomes that we are launching with this report. Our work is far from done. In 2015 we have to develop this ethos and the systems we need to put this thinking into practice, so that next year we can report back on the progress we have made.

There are many battles ahead, and we are preparing ourselves so that we can do our best to win them!

1 Safe, healthy, quality working lives for our people

We make intensive efforts to promote and safeguard the safety and wellbeing of our people, yet we still face challenges in creating a working environment that is free from harm. We need to ensure our workplaces are safe and healthy. We must use security responsibly where required. We want to create a great place to work by developing people to inspire, encourage and energise those around them; and through strong labour relations and a commitment to human rights.



Why is this important to us?

The protection of human dignity is perhaps the most important social issue for the 21st century, and crucial to the relationships between different nations, and between employers and employees. Despite international recognition of labour and safety standards, accidents, discrimination and unfair treatment in the workplace persist, and gender inequality is considered a major barrier to sustainable development. Employers wanting to attract, develop and retain the brightest talent must ensure they address these issues, and create a positive working culture that respects them.

The commercial imperative

What kind of challenges do we face?

What do we need to do?

What is the potential to create value?



Employing over 222,000 people across the world means we carry enormous responsibilities. When accidents happen, there are huge consequences for the person involved, their family and colleagues. Protecting the security of our own people, where necessary with armed guards, is another significant responsibility. And, despite investing heavily in the quality of our leadership, incidents may still arise where the dignity of individual employees is challenged in breach of our code of business conduct.

Safety is our number one priority and always has been. To produce steel and extract minerals with no fatalities or injuries, everyone must take responsibility for ensuring a safe environment, not just for themselves but also for their colleagues including contractors. Taking the same approach elsewhere will help us create a culture of wellbeing, engagement and integrity, in which everyone is committed to our success, where diversity is valued, and every individual is respected and developed. This means ensuring all our standards are observed by every employee, and if there are problems, we learn from them and apply the lessons across the business.

It is in everyone's interests to aim for a workplace entirely free from any safety incident. We want to go one step further and actively promote the wellbeing, integrity and personal development of our employees, because we know this makes our people happier and more productive in their work. Likewise, a diverse business is a more creative business, which is why we value equality and inclusion in our operations.

Our stakeholders' expectations

Employers are expected to take active steps to ensure they provide a safe, secure, fair, and diverse workplace. While safety regulations have been tightening across the world for some time, in many countries, regulations or voluntary codes now govern a broader range of areas such as the percentage of women on company boards, minimum wage levels, and freedom from harassment at work. We know from our stakeholder analysis that investors, unions, and other influential stakeholders increasingly expect companies to have comprehensive policies covering human rights, equality and diversity, and behaviour in the workplace, and as a result companies need to report publicly on these matters. Campaign groups actively track how well businesses are implementing these policies, and have many channels available to them to expose those that do not live up to those standards.

The outcome we need

Our workforce is safe and healthy, committed to our success, and operates with integrity. Diversity is valued and every individual is respected and their potential developed.

Achieving our new outcome

We have been working on the areas covered by our first outcome for some time, with tremendous efforts being made on health and safety at a local level right across our business. Our new sustainable development framework will enable our managers in every country, through their local sustainable development committee, to bring together all the issues relating to their workforce, allowing them to compare what works and what doesn't and share lessons. In this way we aim to develop a successful culture that combines the interests of safety, health, diversity, inclusion, wellbeing, skills, mutual respect and personal development. Working together, different functions will build a more creative, more effective, happier workplace.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

People

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS
Safety	A workplace free of injuries and fatalities.	Regrettably we did not prevent further accidents in 2014, and despite our efforts, 23 colleagues lost their lives at work – an unacceptable turn of events.	✘
		Our lost-time injury rate improved in the second half of the year but overall did not decline.	✘
		KPI: LTIFR: 0.85 (2013: 0.85). KPI: Operations certified by end 2014: 97%.	○
Health	Health programmes in all business units, adapted to local needs.	We supported sites to share and implement good practice across our sites on stress.	●
		KPI: absenteeism rate 2.17 (2013: 2.30).	○
Employee relations and engagement	Open and constructive dialogue with employees. A committed and highly motivated workforce.	Due to our regional reorganisation, we are unable to report on employee relations metrics for 2014.	NA
		As planned, we have rolled out an action plan for each segment to address the feedback from our climate survey at the end of 2013. KPI: Number of consultations with the European Works Council: 15.	●
Diversity and inclusion	A thriving workforce where everybody is treated equally and respected for the contribution they make.	We began our planned roll-out of women in leadership programmes in ArcelorMittal Americas; we also ran further training in Europe.	●
		We said we’d improve awareness of gender and inclusion among male employees and in 2014 we designed our Valuing Differences training which we will roll out in 2015.	●
Employee development	A flexible, trained workforce.	We expanded the network of regional campuses of the ArcelorMittal University to the Ukraine where we opened a new campus in 2014.	●
		KPI: No. hours of training per employee: 50 (2013: 47).	○

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

Safety and security

Our approach to date

Policy and targets

Since 2008 we have been on a 'Journey to Zero', with the aim of eliminating all workplace accidents and fatalities. We have a global health and safety policy, which ensures we have the right procedures at each site to cover how we work and use equipment, how we identify and manage risk, how we take responsibility for our own and others' safety, and how we learn from accidents and near misses. We know that many fatal accidents can be prevented if individuals are more aware of safety issues, follow simple safety procedures, and are more mindful of each other's actions. So, in short, we need to create a culture of shared vigilance. In mining, this is backed up by our Courageous Leadership programme. By the end of 2014, the level of certification of our operations to the international health and safety standard, OHSAS 18001 (2007) had reached 97% and we are continuing to work towards our goal of 100%. We aimed to reduce our lost-time injuries to 0.75 incidents per million hours worked in 2014, and in 2015 we want to cut this further to 0.65.

Monitoring and accountability

Members of our Group Management Board track the rate of injuries across the business, and members of our Group Management Committee are personally involved after any serious accident, to ensure lessons are learned. Our leadership is accountable for our safety performance through our executive remuneration policy, by which 20% of our Group Management Board members' incentive plans is dependent on our

safety record. Ten per cent of our top managers' incentive plans also relate to the safety performance of their own region or business.

Engaging employees

We have set out what every employee can do to contribute to a safer workplace in our 10 Golden Rules of Safety and we run an annual health and safety day that addresses specific issues with both employees and contractors. Working closely with our unions and our contractors is key here: our Joint Global Health and Safety Committee, which meets once a quarter and has liaison teams at every site, is the first partnership of its kind in our sector.

Beyond the workplace

There are also other factors affecting the safety, health and wellbeing of our employees, which often start beyond the workplace. These include alcohol abuse, smoking, and lack of physical exercise. We want a healthy workforce, as well as a safe one, so we encourage wellbeing and healthier lifestyles. Our sites are responsible for addressing this agenda, to ensure that our approach reflects local health priorities and regulatory requirements, as well as the local social context.

Security

We have a detailed security policy which sets out how and when our security personnel can use force, arms or firearms. We expect our officers to act in a manner that respects human rights at all times, and comply with all the applicable national, state and local laws. Our policy is based on the Voluntary Principles for Security and Human Rights and the UN Code of Conduct for Law Enforcement Officials.



What we did in 2014

Global:

Performance and progress

Last year we made further efforts to improve our performance. We increased the number of managers taking part in safety leadership training, we identified top priority sites for enhanced support and a safety audit programme, we held a knowledge sharing conference on safety, and we ran a new communication campaign as part of our work on Journey to Zero, which focused on the causes of accidents.

Yet despite all this work, 23 of our colleagues lost their lives during 2014; two in our mining operations and 21 in our steel plants. This is not acceptable, and it has been deeply distressing for all concerned. We know that every member of our workforce has to learn further and better lessons from these accidents – as well as our near-misses – and demonstrate this in the way they work with their colleagues. We have to ensure our fatality prevention standards are implemented across our operations, and our safety policies are updated to reflect the lessons we learn. But even where we have made extra efforts to do this, by supporting a number of top priority sites, fatalities have still occurred – 54% happened at such sites in 2014, even though they made up only 38% of the total hours worked. And most of the fatalities last year were the result of accident types we have seen before, specifically falling from height, burns and crushing.

More than anything else, we clearly need to persuade people to change the way they behave. We are working with our business units on a specific campaign looking at what caused the fatal accidents we have suffered in the past, and asking them to use this information to develop specific awareness campaigns in their own operations.

Since the company was formed, our Journey to Zero campaign has nonetheless made significant safety improvements. Our lost-time injury frequency rate (LTIFR) has fallen from 3.1 incidents per million hours worked in 2007, to 0.85 in 2014. There was particular progress in

the second half of last year, but overall we did not reduce the injury rate compared with our 2013 performance, nor did we meet our target of 0.75 for the year. By way of comparison, the latest information from the Worldsteel Association indicates that the steel industry average LTIFR was 1.61 in 2013, up from 1.45 in 2012. Meanwhile our accident severity rate – the number of days' absence from work following an accident expressed in days per thousand hours worked – fell slightly in 2014 from 0.09 to 0.08.

The safety record of our mining operations was better, with both the rate and severity of accidents falling again in 2014, including the number of fatalities. LTIFR was down to 0.56, whilst the severity rate was down to 0.06. This is testament to the effectiveness of our Courageous Leadership programme.

Lost-time injury frequency rate: steel
(per million hours worked)

0.91



Lost-time injury frequency rate: mining
(per million hours worked)

0.56



Morocco:

Reducing accidents to zero

Despite the unacceptable number of accidents in 2014, many of our sites achieved an outstanding safety record. The safety animation system of Sonasid, our joint venture steel producer in Morocco, uses information exchange and bottom-up feedback to ensure high

Performance – outcome 1

2014 sustainability report

engagement among employees. Communicating with employees on the shop floor is key to their safety programme, and as a result the site has reduced its lost-time injury frequency rate from 20 in 2006 to zero in 2014.

US:

Success in both steel and mining

Our plant in Cleveland, Ohio, completed the re-lining of one of its blast furnaces in 2014 – a complex job involving hundreds of employees and contractors. The plant involved its specially trained ‘green guardian’ safety champions to help manage the process, and thanks to the concerted efforts of everyone on site, the project was completed with only one lost-time injury. Cleveland also ran a safe driving campaign for road and rail users – there are nearly 200 railroad crossings on the site, and 800 delivery trucks arriving every day. The owners of the trucking companies took part in a safety day which brought together our own security and logistics staff, as well as police driving specialists and other key external stakeholders. Our mining site at Princeton, Virginia, won a major state safety award for the fourth year running. Their last lost-time injury was in July 2009, which is the equivalent of more than 1.3 million man hours ago.

Global:

Health and Safety Day

The theme for the 2014 health and safety day was ‘Stop, Think, Act ...’. Our employees made a video encouraging their colleagues to stop and think. This made a big impact, as it involved employees who had lost a colleague in an accident at work. The film was shown to 241,000 people across the world, of whom 198,000 were employees – 89% of our total – and the others were contractors.

Mining:

Managing security

In 2014 there were no reported incidents in which our security personnel and contracted security personnel were compelled to use force. However, developments at our iron ore mine

in Liberia in July (there is more information in outcome 8 on this) led to the active involvement of the Liberian National Police. Their specialist Emergency Response Unit used minimal force as an appropriate response to the level of threat posed during the incident.

In 2014, in recognition of the level of security risk at many of our mining operations, we appointed a head of security for mining, who will enable us to further drive forward our commitment to the Voluntary Principles for Security and Human Rights.

Health

Our approach to date

We actively promote good health, first because it's the right thing to do, and second because it helps maintain a productive and positive workplace. As well as eliminating accidents, our Journey to Zero also aims to reduce occupational diseases to zero. It's also about encouraging healthy lifestyles, and fostering wellbeing, both at work and at home. Some issues are common to almost all our sites – like the problems that can be caused by smoking, and drug and alcohol abuse – while others are specific to

particular regions, such as HIV/AIDS in South Africa. This is why health and wellness are managed at a local level, though supported by group-wide standards and policies.

We are members of the International Occupational Hygiene Association and have a network of occupational health and hygiene professionals. We regularly discuss occupational health and wellbeing issues with our Joint Health and Safety Working Committee.



What we did in 2014

Global:

Performance and progress

Absenteeism continued to fall in 2014. The number of days off work for illness (up to six months) across both our steel and mining operations is now 2.17 for every thousand hours worked, down from 3.16 in 2010. The performance in our mining operations was particularly promising, with an absenteeism rate of only 1.19. We believe that our programmes to discourage alcohol and tobacco consumption are key factors here. Nonetheless, we know there is scope to improve our health monitoring systems and we are discussing this with the European Works Council.

Global:

Raising health awareness

More than 400 sites ran their own health awareness programme in 2014, with approximately 177,000 colleagues taking part, including some 10,000 contractors. The subjects covered included nutrition, exercise, wellbeing, obesity and giving up smoking, and were presented with the aid of talks

and practical sessions such as yoga, meditation and massage, medical examinations and vaccination campaigns. Over 12,000 employees took part in our annual marathon, the Global Race, 35% more than in 2013.

Absenteeism rate: steel
(per thousand hours worked)

2.33



Absenteeism rate: mining
(per thousand hours worked)

1.19



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Global: Tackling stress

ArcelorMittal has been through a major restructuring programme in recent years, and we know this is stressful for our employees. With this in mind, we began a project in 2014 to investigate how we could better tackle stress in the workplace. We explored what other companies were doing in this area and we are now looking at stress awareness training and shop floor mental health.

Kazakhstan: Health checks

Our steel and mining sites in Kazakhstan offer a variety of health facilities to our 37,000 employees there, including clinics, a dental centre, and a short term rest facility for employees in high stress roles. These provisions are part of our collective bargaining agreement for employees in our operations. In 2014, our employees received over 14,000 consultations, including preventive medical and health advice, screening and treatment.

Liberia: Responding to Ebola

The Ebola outbreak was a significant disruption to our mining business during 2014. We helped to mobilise an effective response to the disease, contributed medical, financial and other resources to the wider community, and worked with other private sector organisations in the country to press for a coordinated international response including international aid agencies.

Our first priority throughout was the continued safety of our people. As soon as the outbreak first became apparent, we worked very hard to understand the virus and make sure that our facilities were ready to deal with it. This included providing thermoflash scanners to test for fever in all employees and visitors to our Liberian locations, and distributing full sets of personal protective equipment to our own hospitals and other hospitals and clinics in Nimba, Buchanan and Monrovia. We also constructed isolation units in Buchanan and Yekepa. We supported this with an extensive communications campaign

to ensure our employees knew what action to take to minimise the risk of contamination. Ebola awareness sessions were held in early 2014 by a leading infection-prevention and control expert, which helped our hospital staff, employees and communities better understand the disease and establish procedures to prevent it spreading. We currently have our own infectious disease expert nurse, who is working closely with our hospital teams. One of our employees tragically contracted Ebola in July and later died. But crucially, as a result of the rigorous efforts of our Liberian colleagues, none of our employees on our concession has been infected to date.

Our work to found the Ebola Private Sector Mobilisation Group is described in outcome 8.

Czech Republic: Aiming to be a non-smoking company

In August 2014, we set up a unique programme making use of state-of-the-art medicine to help our Czech employees give up smoking at our Ostrava steel plant. Those signing up to the six-week programme pay one third of the total costs, but are reimbursed once they have successfully completed the programme. This consists of an initial check-up, two follow-up sessions, a chest X-ray, pulmonary and other tests, and six doses of a treatment designed to help with withdrawal symptoms.

Employee relations and engagement

Our approach to date

Our company has a strong history of commitment to open dialogue with our people. This ensures we have a strong mutual understanding between the employees and leadership of each business unit, no matter how difficult the economic climate. Good communication makes our workforce feel respected, cared for, empowered and rewarded.



Employee engagement

We value a working environment based on mutual trust and respect for our employees, contractors and union representatives. Some of our communications channels are formal (like the biennial employee survey, and dialogue with our unions), and others are more informal. The aim in all cases is to give everyone the opportunity to give feedback, ask questions and offer ideas. Other ways of communicating include our monthly newsletter, the One magazine, our interactive intranet portal MyArcelorMittal, webinars on specialist topics and talks by experts at particular sites, such as the lunch and learn sessions held in South Africa, Paris, Luxembourg and elsewhere. These sessions with our senior management are a unique opportunity for a two-way communication on topics of interest for the company.

Employee rights

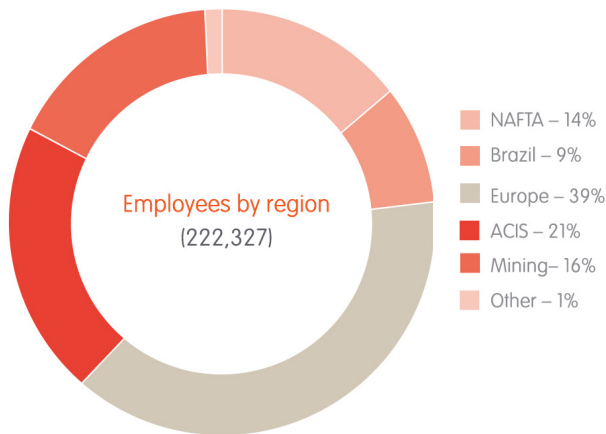
We support the right of every employee to freedom of association and we are a party to collective labour agreements with employee organisations in a number of countries. We are committed to maintaining non-discriminatory employee practices and upholding internationally recognised employment standards. This commitment is underscored by both our employee relations policy and our human rights policy. The latter covers unlawful discrimination, harassment, and violence in the workplace. We have developed our own tool to assess how well we are managing employee relations at each of our sites, and regularly consult with managers, workers and their representatives at plant level. In parallel with these efforts, we build strong labour relations through constructive dialogue with our unions and our European Works Council.

What we did in 2014

Global:

Employment and turnover

In 2014, we employed 222,327 people across our operations, of whom 39% were in Europe, 23% in the Americas, 21% in the ACIS region, and 16% in Mining. The turnover rate among our management in 2014 was 3%. We believe this indicates the strength of commitment among our 1,700-strong leadership population.



Global:

Collective bargaining agreements

In 2014 we entered into or renewed collective labour agreements principally in Belgium, Bosnia, Canada, Czech Republic, France, Germany, Kazakhstan, Liberia, Luxembourg, Macedonia, Poland, Romania, South Africa, Spain and Ukraine. Discussions with our unions in Brazil, USA and Trinidad and Tobago over new agreements were still ongoing at the end of 2014.

Global:

Adapting to the downturn

Since 2008 we have faced challenging market conditions and we have had to restructure some of our operations to reflect this. We continue to do what we can to minimise the impact on our workforce, working closely with our unions. In 2014, whilst economic conditions remain tough, we are seeing some signs of improvement. In

Number of strikes: exceeding one week in duration

2

2014	2
2013	2
2012	3

France, for example, we have hired 700 new people since we reconfigured the Florange steel plant into a centre of excellence in high-end steel. And in South Africa, a new one-year wage agreement was successfully negotiated without any strike action, despite four weeks of industrial action affecting other parts of the steel and metalworking sector in the country. However, during the year we also saw two occasions when our unions were on strike for more than one week. The first was in Gent during CLA negotiations, and lasted seven days. The second, at Contracoeux West, Canada, involved a lock out in August and lasted nine days following the union membership's rejection of the latest offer during CLA negotiations. The lock out ended with both parties agreeing to the introduction of a DC plan for future new hires.

Europe:

European Works Council

In 2014, there were 15 consultations with the European Works Council, where we had the opportunity to review our activities, identify and highlight our key challenges in Europe. We discussed safety, financial results, market outlook, quality, industrial relations, HR topics, recent developments and joint projects. In November 2014, 74 of the Council's members attended an interactive training session to share best practice in social dialogue.

Global:

The integrity campaign

We have always believed in strong business ethics, and transparent governance has been central to our approach to sustainability ever since the formation of the company in 2007. In 2014, we strengthened our commitment to an ethical

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way of working by expressing what this means to us according to three basic principles: honesty and transparency; respect and dignity; and exemplarity – in other words, being a good role model. These principles will guide us all, wherever we work, in our day-to-day decision-making. We have also formulated them into eight practical principles to guide our actions, including ‘honour your word’, ‘respect confidentiality’ and ‘lead by example’. We are now supporting our employees to understand how these apply in their own role, and providing examples of what they would mean in practice.

Diversity and inclusion

Our approach to date

We have robust policies covering diversity, human rights, and conditions of employment. We believe that individuals feel welcome and respected here, and that this is an environment where people can realise their full potential regardless of race, colour, gender, sexual orientation, age, religion, ethnic or national origin or disability. We ensure that older workers are valued, and support them in their planning for retirement. We have an extraordinarily diverse workforce,

with operations in more than 60 countries and employees from many more. We believe that a diverse workforce is more creative and more innovative, and we both need and value these fresh ideas and different perspectives. That said, we would like to ensure a better gender balance in the business, and we have set a goal of increasing the number of women directors on our Board from two to three by the end of 2015, based on a board of 11 members.



What we did in 2014

Global: Performance and progress

With a management population of some 1,700 people, a small number of women joining or leaving the company can have a significant impact on our statistics. This was the case in 2014: 10% of our managers were female, down from 13% in 2013, but this was accounted for by a small number of individuals leaving. We are determined to see more women in our management population in the future. Several initiatives have already been launched to that end, both at global and local level, with more to come in 2015.

Global: Women in Leadership programme

In 2014, we again ran the Women in Leadership programme on our corporate ArcelorMittal University campus in Luxembourg, as well as three regional sessions of our Women Emerging in Leadership programme in Poland, Chicago, USA, and Luxembourg. These provided opportunities for talented female employees to network and learn, and to meet members of our leadership team. In total, 153 women took part, and

they were both inspired and energised by the experience. We have further sessions planned in Europe and the Americas during 2015.

US: Encouraging women into steel-making

Looking to our future talent pipeline, our US operations ran a special programme to encourage more young women to consider a career in the steel industry, and many of our successful female managers took part. You can read more about this in outcome 9.

Global: Valuing differences

In 2015 we will launch Valuing Differences, a series of interactive workshops to provide employees with a deeper understanding of the impact of unconscious bias on decision-making and on how we behave in the workplace.

% of female managers



Case study

Women of steel: More women in the US are finding a future in the steel industry

This case study is based on an article was first published on The Times of Northwest Indiana, nwi.com



The steel industry has historically been a male-dominated sector. However, the number of women in the industry has been growing, and as the largest steelmaker in the world, we have been working to increase the number of women interested in the field, as well as recruiting more engineers and preparing more women for advancement and promotion in our own business.

One way we reach out to women is by sending female engineers out to give talks at University-level engineering departments such as Purdue University, Ohio State University, Penn State University and Colorado School of Mines. We want to inspire young engineers with the future they could have in steel. Some of our employees are visiting middle schools and high schools to talk to children about science, technology, engineering and mathematics, in the steel industry. We also work with qualified female engineers through the Society of Women Engineers, to promote opportunities and careers in the steel sector.

Mary Lynn Gargas-South is the human resources director for our steel business in the US producing ‘flat’ steel, such as that needed for car doors, sheet piles and steel coils. When she began working for us, she was the only female in a group of 200 employees. Now about 20% of the salaried or managerial employees are women, and 10% of the hourly workers.

Mary Lynn says, “We’ve got women who have worked here their entire professional careers,

who paved the way for future generations to carry the torch. They provided future generations with the opportunities to take that torch.”

Role models like Mary Lynn are working hard to show women and girls that the steel sector is exciting and dynamic sector to work in.

Toni Brown is a maintenance technician for the hot strip mill at our Burns Harbor site, and started working in the industry in 1977. When Toni first started at the mill, she wasn’t warned about the cold, and developed frostbite in her first week. “I’m just glad I stuck through some of the hardships because I don’t think I could work anywhere else and be as satisfied as I am today,” she says.

After working in the coke ovens in temperatures as low as minus 40 degrees celcius, Toni took charge of an important project to install energy-efficient lighting in the hot strip mill. This would save \$1.4 million over the next decade. “It’s much easier today for women who come in the industry... They can do whatever they want to do out here. The doors are wide open.”

There are career opportunities across the whole spectrum of roles in the sector, ranging from hourly to managerial. At ArcelorMittal, women hold the top positions in sales and marketing, and they lead teams, including the global automotive teams. As Mary Lynn says, “The sky’s the limit. Women can rise as far as they want to go.”

Employee development

Our approach to date

Our business will only be successful and sustainable in the future if we can attract, develop and retain the best talent, and inspire the workforce of tomorrow. We invest significant amounts to train our employees, enabling them to develop their careers, fulfil their potential, and make the best possible contribution to the success of the company.

At the heart of this is the performance review, a formal conversation which our 'exempt' employees (exempt from overtime pay) have with their line manager twice a year. Here they discuss not only what the company needs from them in order to pursue its strategic objectives, but how they can develop themselves in order to help us achieve this. They are supported with a wide range of personal, professional, technical and leadership development programmes,

provided at global level through the ArcelorMittal University. This is run by a network of learning professionals, backed by a governing board, who help our employees learn, grow and connect through strong leadership, management and technical programmes tailored to the development needs of both the group and the individual. These are run both online and offline. Training and development are also managed locally, to address both the needs of the site, and the needs of the employee. We strongly encourage our people to take responsibility for their own development.

Our induction programmes are also managed at local level, and help new team members to understand where we are going and how we will get there – in other words, not just our vision and strategy, but our values, and our commitment to integrity.



What we did in 2014

Training: Performance and progress

To help employees chart their personal and professional progress, 95% of 'exempt' employees (exempt from overtime pay) - took part in a performance review process with their line manager in 2014. This increased from 91% in the previous year, thanks to our online performance management tools. We spent a total of \$101 million on training and development in 2014, and the average full-time ArcelorMittal employee received 50 hours of training during the year. Of the training we offered, 63% was vocational, technical or functional, 17% related to health and safety, and 8% to leadership and management

Average: training hours per employee

50

2014	50
2013	49

skills. 2014 was an important year for the ArcelorMittal University, which opened a new campus in Ukraine, bringing the total to six, and another is planned for 2015 in Temirtau, Kazakhstan.

To promote a culture of personal progress, we also held a learning week for the second year running, focusing this time on the value of sharing knowledge, both for individuals and for the business: more than 48,000 employees took part in nearly 130 locations, four times the figure for 2013.

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We were proud to be included in the global Aon Hewitt Top Companies for Leaders list in 2014. We were commended in particular for our continued commitment to developing a strong and effective talent and leadership pipeline.

2 Products that accelerate more sustainable lifestyles

Achieving more sustainable lifestyles is a shared challenge, and steel has a massive contribution to make. It is already playing a key role, for example in making cars lighter, which reduces carbon emissions, and in providing goods and packaging that are easily recyclable. Its strength, durability, and recyclability make it a vital material to support sustainable lifestyles in everyday products from drinks cans to washing machines.



Why is this important to us?

A future of nine billion people enjoying high-quality lives will need products that use natural resources in ways that are ultra-efficient and help create what many now call the circular economy. The context is very different in developed and developing markets, but the answer is the same: innovation. To create and sustain quality lives we need to design more energy-efficient products, using materials that can be re-used and recycled, which can be produced using fewer resources and without negative consequences for the environment or society.

The commercial imperative

What kind of challenges do we face?



Manufacturers have always been able to choose different materials based on their cost, quality, and suitability, but the challenges of sustainability mean that there are other factors at play now. The use of materials in washing machines and food packaging needs to be assessed in terms of their full lifecycle impacts, which makes considerations like weight, recyclability and lifespan key. Years of successful innovation put steel at an advantage here, and the challenge for our industry is to maintain this.

What do we need to do?



We need to provide evidence of where steel's unique properties can be exploited to best create sustainable lifestyles. We already have the research to show where steel's environmental footprint is better than other materials, and we need to build on this and demonstrate to the manufacturers who use our steel, and society in general, where steel can make a positive contribution over its whole lifecycle.

What is the potential to create value?



Steel is strong, safe, flexible and easily recyclable, which means it can be a big part of the answer to today's environmental and social challenges. A tonne of steel also produces less CO₂ than either aluminium, magnesium or carbon fibre over its whole lifetime, thanks to its infinite recyclability. The high-strength steels we have developed to make cars lighter are a good example of the value we can create. Though the challenges are clear, the opportunities are also extremely significant.

Our stakeholders' expectations

Governments, regulators and NGOs are waking up to the need to make our modern lifestyles work with fewer resources and a lower environmental impact. For example, the automotive industry must meet stringent vehicle emissions limits in Europe and the US, so our automotive customers are looking for lighter materials. Manufacturers in industries like white goods and electrical equipment face their own version of these challenges. Meanwhile, regulations requiring the recycling of packaging materials have long been established in Europe and elsewhere. Consumers also have higher expectations, and are more aware of the social and environmental credentials of what they buy. If the price is comparable, many say they prefer the greener alternative. This means that high profile brands are seeing the benefits of being able to prove that their products and their supply chain are independently certified, meet social and labour standards set by multi-stakeholder groups, or can offer a demonstrable carbon benefit.

The outcome we need

Commercial designers and manufacturers, as well as end-users, choose steel for products that need strength and durability. They make that choice because they understand steel contributes to more sustainable lifestyles.

Achieving our new outcome

We want all our employees to understand the contribution our products make to sustainable development, so that they understand the need not just for this but all our 10 outcomes.

We are setting up a new research project to examine how the new products in our development pipeline can contribute to more sustainable lifestyles. We will also look at how this will help the manufacturers who buy our steel, as well as their customers and consumers. We need to assess where we can create further value by working in partnership with some of these groups.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Sustainable lifestyles

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS	
Product innovation	To develop products that support a low-carbon and sustainable future.	We grew our pipeline of new products for sustainability, with 80 new products currently under development which are aimed at reducing CO ₂ emissions and fuel consumption.	●	
		We undertook a lifecycle study of our AHSS lightweight steel solutions for electric and traditional compact and commercial cars. The environmental benefits were 14-26%.	●	
		We carried out two peer-reviewed environmental product declarations for construction products: Granite®/Estetic® coloured organic coated steel coils, and mineral wool sandwich panels.	●	
Key:	Met target: ●	Partially met target: ◐	Did not meet target: ✘	No target but progress made: ○

R&D

Our approach to date

Innovation means not only developing new products, but evolving new production processes, and new business models. Our R&D teams include 1,300 full-time researchers in 11 labs across the world. Our track record in new product development has been recognised in numerous awards, and gives us the skills and experience to respond to the challenges of a sustainable world.

Our expertise in lifecycle analysis is a major factor here, given that steel's advantages are not only delivered

during a product's use phase, but at their end-of-life and recycling phase. We've carried out 45 lifecycle studies since 2006, across a number of sectors, and several have been peer-reviewed by external experts. These studies ensure that the choices we make about product design have a positive net environmental impact. We've also trained around 450 ArcelorMittal people in lifecycle analysis techniques, both in our product development teams and our marketing department, so that they are aware of the benefits this approach brings, and use it more in their own work.



What we did in 2014

Performance and progress

Our annual R&D expenditure in 2014 was \$259 million. We worked on 23 specific programmes developing sustainable products for the automotive, construction, metal processing, appliances and electrical steels markets, and these involved a combined expenditure of more than \$108 million. We currently have 80 new products under development in R&D which aim to reduce CO₂ emissions and fuel consumption. In 2014, we launched 20 new products that contribute directly to sustainability, 13 in the automotive market, and the others in the construction, appliances and electrical steels sectors. Greg Ludkovsky, our head of global R&D, received the Lifetime Achievement Award in the Platts Global Metals Awards in 2014.

Jean-Sebastien Thomas: a personal contribution

In 2014 we lost a highly valued colleague, Jean-Sebastien Thomas, who had been central to the development of a sustainability discipline within our global R&D division since the company's

259 m

R&D Spend (\$)

formation, and was a recognized leader worldwide in the field of lifecycle analysis (LCA). Jean-Sebastien died unexpectedly in December 2014, and this was a great loss to the company, his colleagues and the wider world of sustainability. LCA is one of the leading tools for measuring the complete environmental impact of products on society and Jean-Sebastien's contribution to our work on LCA has been pioneering, and he published numerous studies and papers on the subject. He also chaired the Worldsteel Association's expert LCA group, working to ensure the value LCA brings is recognised in regulatory standards. And he was instrumental in driving the annual SAM (Society and Materials) conference since it began in 2006, an international event which has focused the attention of practitioners

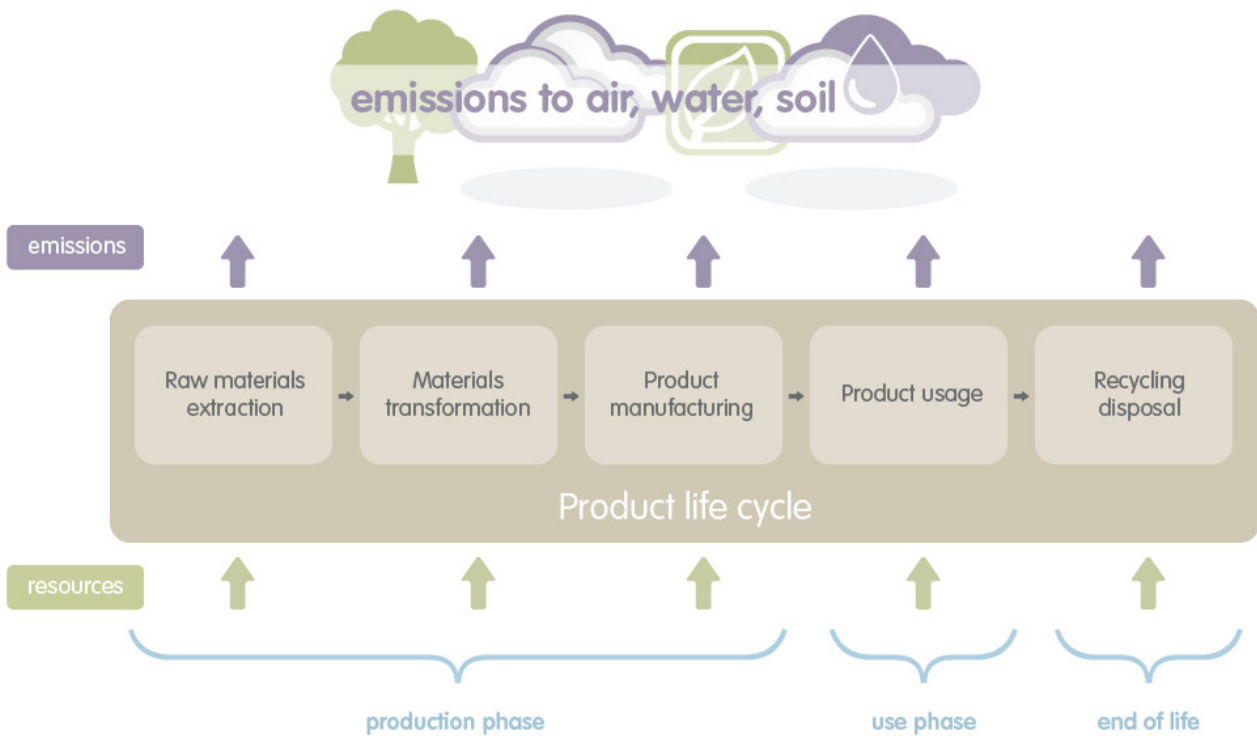
Performance – outcome 2

2014 sustainability report

in industry, public bodies and academia on the relationship between society and materials in a future post-carbon society. In 2014, Jean-Sebastien masterminded a new project to develop a tool to measure how our own R&D projects

contribute to sustainability. We will continue with this project, so we can track the progress of our sustainability research and evaluate its contribution to the business and society more accurately in the future.

Life cycle assessment principles



Automotive

The weight of a car is key to its fuel efficiency, but it's a challenge to improve this while also ensuring safety and recyclability. We have made this challenge central to our product development strategy.



Our approach to date

Over the last 20 years, the strength of steel has multiplied 10 times, giving it significant advantages over competitor materials like aluminium. We have played a key role in the technological advances that have made this possible. Many of our innovations have been the result of our close long-term partnerships with automotive customers: by understanding and meeting their needs, we create viable new products for the market as a whole. Since it was first launched in 2010, our S-in-Motion® range of 60

lightweight high-strength steel components for the car industry has made reductions amounting to up to a 20% in the weight of vehicles possible. A car using the lightest solutions from the S-in-Motion® range could reduce its carbon emissions by up to 6.23g per kilometre. What is more, the reduction in carbon emissions resulting from this innovation over such a car's life has been calculated as equivalent to four times the carbon emitted during the steel's production¹.

What we did in 2014

Performance and progress

We launched 13 products for the automotive industry in 2014, many of them developed in partnership with our major customers. We extended our iCARE® range of electrical steels that improve the driving range of electric vehicles by enhancing the efficiency of the traction engine. The Usibor® and Ductibor® steel ranges were extended with new variants. Usibor® was specifically developed to help manufacturers meet their weight reduction targets and so comply with emissions regulations, while Ductibor® adds crash resilience. The weight reductions provided by these steels contributed to Peugeot's 308 model winning Car of the Year 2014. Fortiform® is a new product range which could help cut the weight of some parts of an average vehicle by a further 20%, without compromising safety or performance.

Meanwhile the new 'door ring' solution we engineered with Honda and Magna was recognised in four awards in Europe and the US. This new door ring replaces a multi-piece spot-welded component with one single, high-strength unit, making it stronger, safer, lighter and more cost effective.

We also launched a significant new variant of the S-in-Motion® range for pick-up trucks, which drew on the extensive lifecycle analysis work done by our researchers, and could reduce a typical truck's weight by up to 23%.

¹ Wortler, M. et al, Steel's Contribution to a Low-Carbon Europe 2050, the Boston Consulting Group/Steel Institute VDEh, June 2013

Packaging

Steel is used in packaging for food, drinks and other liquids. Its resilience and light weight contribute to more sustainable modern lifestyles by ensuring food safety and reducing carbon emissions from transport. And, because it's magnetic it is easy to recover, so recycling is economical.



Our approach to date

Strength, resilience and shelf life

Steel packaging protects its contents from oxygen, light, and other external elements, and so conserves food without the need for refrigeration. It keeps food usable for longer and helps to prevent food waste – that's why food banks often ask for food to be donated in cans. The strength of steel helps to avoid damage during handling and transport, and thanks to technical improvements, we can now produce thin tinsplate steel that is equally strong, but much lighter, thereby reducing transport emissions as well as the amount of raw materials needed per can.

Food and environmental safety

Steel cans usually have a thin layer of tin, or chromium combined with an organic coating, to avoid corrosion and ensure food safety. We continue to explore new coatings for our products, which extend their life, reduce their environmental impact, and avoid potential hazards. For example, EU regulations banning the use of chromium VI by 2017 due to health concerns have been a spur to innovation across the industry. We have been working on this issue for 15 years in partnership with customers that manufacture cans, and also our competitors. Following concerns about the impact of bisphenol A on human health, we have also developed steel for packaging to ensure food safety.

What we did in 2014

Performance and progress

We have a number of more sustainable packaging products under development, and invested \$2.4 million in four programmes in 2014. These included further developing steel for food packaging that avoids the need to use chromium VI and bisphenol A.

We are also reducing the thickness of steel to reduce the weight of the cans, and this will ultimately cut carbon emissions from transport. We are using our lifecycle analysis expertise throughout the development process, from design to production.

Steel has the highest recycling rate of any packaging material in the European Union. We continue our work with municipal authorities to improve packaging recycling rates – see outcome 4.

3 Products that create sustainable infrastructure

With the twin challenges of climate change and a growing world population, our long-term prosperity will depend on high-quality construction, energy and transport infrastructure that's sustainable to produce, flexible to use, and endlessly recyclable. This is especially important for the world's cities, which will house nearly 70% of the population by 2050.



Why is this important to us?

The future demands a vast investment in infrastructure – in roads, bridges and railways, hospitals, schools and offices, in clean energy generation, water infrastructure, and coastal defences. Global wind power capacity alone is projected to increase eightfold by 2050. More and more, global commentators look to new approaches to building design and construction to ensure that the resources used have the optimum impact over their lifespan. Steel has an important role to play here.

The commercial imperative

What kind of challenges do we face?



As the demand for more sustainable construction materials rises, steel will have to prove its credentials against other alternatives, such as concrete and timber. This represents both a challenge to our industry, and a significant opportunity. We have a track record in developing and commercialising more sustainable products for infrastructure customers, and want to build on this in the years to come. A large part of the challenge surrounds the legacy that today's infrastructure creates for the future, such as how useful and how valuable the materials we use now will be at the end of their current life.

What do we need to do?



We are investing in innovation – developing new products and engineering components for the construction and infrastructure sectors, and working alongside our customers to meet their needs and anticipate future trends. But we need to work harder to provide evidence of the contribution steel can make to sustainability. Although steel can be produced with half the energy that was required 40 years ago, we still need to reduce that and cut the carbon emitted, and ensure more steel is re-used or recycled at the end of its useful life. This is a key element of 'circular economy' thinking, which we explore in outcome 4.

What is the potential to create value?



The steel industry is meeting much of the world's need for sustainable construction and infrastructure. It is strong enough to build skyscrapers, versatile enough to meet any construction challenge, and endlessly recyclable at the end of its useful life. Our researchers can calculate where steel will bring added sustainability value compared with other materials, due for example to its lower 'global warming potential' score. And our innovations can ensure that modern infrastructure produces fewer carbon emissions and is more energy-efficient – from bridges, to railways, to the turbines used in the renewable energy sector.

Our stakeholders' expectations

The expectations of the governments, public sector organisations and the commercial customers who commission large-scale buildings and infrastructure projects are changing. We are seeing third-party environmental certification schemes, such as BREEAM in the UK and LEED in the US, as well as labelling schemes like the ECCA Premium® label in Europe and the ABNT Eco label in Brazil. Many major infrastructure projects now demand these certifications, which in turn is driving demand for construction materials which are more sustainable than conventional alternatives. However, in today's economic climate, the construction industry is under pressure to ensure this is possible at a competitive cost.

The outcome we need

Steel is the first-choice material for the governments and public bodies that commission and approve building and infrastructure projects, and the firms that design and construct them. They know steel is part of the answer, not part of the problem.

Achieving our new outcome

We want to review the contribution our products make to sustainable development and so we have set up a new research project to examine how the new products in our development pipeline can create sustainable infrastructure and to what extent these are meeting the needs of the industries we serve. Across the company we need to assess how to create further value by collaborating with architects, engineers and direct customers to develop new products.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Sustainable infrastructure

EXISTING COMMITMENT	PROGRESS IN 2014	STATUS
Product innovation	We launched five new product ranges for specialist electrical steels and two steel coatings ranges for use in industrial, commercial and construction sectors.	●

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

Buildings

Steel can meet a wide range of expectations that emerge from the need for more sustainable buildings and cities. For example, lighter-weight steel considerably reduces the energy needed to construct a building. Steel structures allow buildings to be assembled easily and then dismantled at the end of their life, so their components can be re-used or recycled.



Our approach to date

The buildings sector is a complex one, with many professions involved in the choice of materials used. Our researchers liaise with designers and construction companies to ensure we meet their current needs and anticipate future trends. We are a member of the World Business Council for Sustainable Development working group on Energy Efficiency in Buildings, and have productive long-term partnerships with prominent research institutions and universities around the world. We have also designed our own ISO-compliant software, LicaBuilt®, which allows designers to assess the lifecycle impacts of buildings and construction products such as facades in terms of their water consumption and waste generation, carbon emissions, and energy efficiency.

Energy efficiency

Around 90% of the carbon emissions associated with a traditional building occur after it has been constructed, through the energy used to heat and light it. We offer products that solve a number of construction challenges in one go, reducing both the time taken in the building process and the cost of running it. Examples include pre-assembled insulated floor systems, engineered beams that allow service pipes to run through them, and roofing products with built-in solar panels, such as Phoster. We have also developed ranges of high-strength

lightweight steels such as Histar®. These cut the amount of materials needed and so less carbon is emitted in their production, transportation and assembly. As a result of these kinds of developments, the emissions of a new low-carbon building are considerably reduced, and the usage phase can account for as little as 30–60% of the lifecycle emissions, rather than 90%. This puts the focus on the emissions during the re-use and production phases of the materials used.

Reducing zinc and chromium

Zinc and chromium can be used as coatings for steel to prevent corrosion, because they help prevent oxidation. But there are health concerns relating to chromium VI, which have led the European Union to ban its use. We have worked hard to develop alternatives, and a good example is our ‘Nature’ range of steels, which offer more sustainable and resource-efficient painted coatings for roofing and cladding. The use of zinc is another area of stakeholder concern: some five million tonnes of zinc are extracted globally each year for construction, which is having a significant impact on this finite resource. We are exploring ways to reduce the amount of zinc we need, and encouraging more effective recycling: at the end of a building’s life, when zinc coated steel scrap is recycled to the electric arc furnace, up to 80% of the zinc coatings on steel is recovered and recycled by the zinc industry.

What we did in 2014

Energy efficiency: insulation

The demand for more efficient insulation has prompted us to develop a range of new products that reduce both construction and running costs for buildings. Steel insulation panels filled with mineral wool can be used as cladding in roofs and walls, and also prevent thermal leakage, improve acoustic insulation, and provide structural strength. In 2014, we carried out an Environmental Product Declaration for this product in accordance with EN15084, using the techniques of lifecycle analysis, which enables architects and engineers to reference reliable information on the environmental impact of the products they use.

Replacing hazardous compounds

Six of the products in our 'Nature' range of pre-painted steels were awarded the European Coil Coating Association's new 'premium' quality and sustainability label in 2014, in recognition of our efforts to reduce the use of hazardous compounds in our coatings. In South Africa, we launched Chromadek®, a colour-coated roofing product that eliminates chromium VI by dispensing with the need for either pre-treatment or primer.

Reducing zinc

We are developing a new coating process that uses less zinc, and in 2014 we investigated a number of alternative production technologies for this process. We also launched Optigal™, a type of steel designed for use in roofing and cladding, which needs less zinc to offer protection because it uses small amounts of aluminium and magnesium instead. An assessment we undertook for its Environmental Product Declaration has shown that Optigal™ halves the amount of zinc required, and reduces the main impacts of zinc production, such as the depletion of fossil and mineral resources.

Infrastructure



Steel contributes to more sustainable infrastructure in many ways, due to its strength, versatility, portability, longevity and recyclability.

Our approach to date

Railways are a great example of sustainable infrastructure. A double-track railway can carry the same number of passengers every hour as a six-lane highway, but with a significantly lower environmental impact. And when a rail's useful life ends, it can be fully recycled as scrap, which likewise reduces the consumption of natural resources. This is why it is so important to analyse materials over their whole lifecycle.

We have developed significant expertise in lifecycle analysis, and we've used it to help create a leading-edge software package,

AMEco. This allows those who design bridges and buildings to assess the full impacts of the materials they use, including their contribution to global warming and energy consumption. The system is recognised under ISO14040-44, and is freely available to those designing new projects.

Investing in the right infrastructure is a vital part of society's response to climate change, and we have an important role to play in supporting these adaptation measures. For example, we are creating new products and components for flood defences, hurricane-resistant construction, as well as the weather-resistant coatings described in the Buildings section.

What we did in 2014

Railways and bridges

An independent lifecycle analysis and assessment study in 2014 concluded that steel outperforms other materials in both performance and sustainability for the construction of bridges. The study was undertaken by Beco, part of the Ernst & Young group, and showed that steel road bridges are more than twice as sustainable as bridges constructed with composite materials, and perform very well compared to concrete. The only bridge type where steel was not the optimum choice was bicycle bridges, mainly because lighter foundations can be used to support this type of bridge.

Manufacturing steel rails is a complex and technically demanding process, and our site in Gijón, Spain, has developed particular expertise in this niche area. In 2014, we supplied 30,000 metres of new rails to Cameroon Railways, which

will speed up the nation's railways and improve safety. We also supplied rail sections for the Klang Valley Mass Rapid Transit Project in Kuala Lumpur, Malaysia.

Flood defences

Floods in Europe have caused millions of euros worth of damage in recent years, and dykes and embankments needed to be upgraded as a result. We offered our sheet pile walls as a quick and effective solution. These can not only prevent dykes collapsing, but also increase the height and strengthen the dyke's overall stability. It's quicker to do this reinforcement work with ready-made steel products than concrete and, we believe, it also has a lower environmental impact. In Germany, we supplied 70,000 tonnes of steel sheet piles for repair works in Löbnitz-Bad Dübén and Deggendorf during 2013 and 2014.

Energy generation

Both electrical and structural steels are essential components in all forms of energy generation, and can bring significant environmental benefits.



Our approach to date

For many years we have supplied the oil and gas sector with tubular steel for pipelines, and structural steel for oil rigs. As society moves to cleaner and more efficient ways to generate energy, we have been making significant contributions here too, and innovation has been essential to this.

We are supplying steel for the towers, generators and foundations of wind turbines, both onshore and offshore, and turbine towers in particular have benefited from the significant weight reductions in steel in recent years. We have also produced a range of products for the solar industry, including SolarWall®, which uses solar radiation to heat buildings, and can reduce

energy costs by up to 50%. We specialise in state-of-the-art steel for nuclear power stations, which requires expertise in different types of nuclear reactor, from pressurised water to fast breeder reactors.

We also produce highly specialised components called electrical steels, which make it more efficient to generate, transform and distribute electricity. These are used in power stations, wind turbines, transformers and electric car motors. Research by the Boston Consulting Group in 2013 found that the carbon emissions saved by using efficient steel electricity transformers was over 17 times those emitted during the steel's production¹.

What we did in 2014

Europe: Energy efficiency through improved electrical steels

Regulatory developments like the EU Ecodesign Directive are demanding higher levels of efficiency from electrical steels, and we are responding with a number of dedicated research projects. Three of these were undertaken in 2014, including one to help reduce transmission losses. We also produce electrical steels for hydropower generators, and in 2014 we worked on new coatings for these products which will avoid the need for formaldehyde, and so protect the health and safety of maintenance workers.

South Africa: Renewable energy

During 2014 we continued to supply steel for the wind turbines that form part of the South African government's renewable energy project. This will see eight wind energy towers built across the Eastern and Western Cape by 2015.

Brazil and South Africa: Nuclear energy

In 2014, we won a contract to supply steel for six new generators at the Koeberg nuclear power station in South Africa, which is operated by Eskom, South Africa's public electricity company. We are also supplying long steel bars for Brazil's nuclear power plant in Angra dos Reis.

¹ Wortler, M. et al, Steel's Contribution to a Low-Carbon Europe 2050, the Boston Consulting Group/Steel Institute VDEh, June 2013.

4 Efficient use of resources and high recycling rates

In response to the squeeze on resources, the world is moving from a 'take-make-dispose' model of consumption to a more circular approach, in which as little as possible is wasted, and as much as possible reused. Steel's recyclability gives it an inherent advantage here, but there are commercial and technical challenges to overcome if we are to lead in this field.



Why is this important to us?

Every aspect of the way resources are used is now under question – from manufacture, to product design, to how goods and services are ‘owned’. Global commentators are predicting a shift towards a new type of economy in which everything is recycled or re-used and nothing, be it raw materials or energy resources, is wasted.

The commercial imperative

What kind of challenges do we face?

What do we need to do?

What is the potential to create value?



Steel products can be infinitely recycled and productively re-used, which makes them ideal components of a circular economy. At the same time, global supplies of scrap are limited, so we must ensure that all steel products are made in ways that maximise their sustainability benefits over their entire lifecycle. However, steel’s lifecycle benefits are not always understood and so competition mounts from materials such as aluminium, concrete and carbon fibre, which cannot be recycled as easily or extensively. There may also be challenges and opportunities for us springing from the new business models that are emerging as part of the circular economy. This is a complex issue, and such challenges and their solutions may have profound implications for us and our stakeholders.

We need to ensure that our production processes make even more efficient use of resources. We need to do further work with the stakeholders involved to drive up recycling rates around the world until no steel is ever sent to landfill. We need to do more to ensure that the recyclability of materials is taken into account when regulators assess their sustainability, and we need to determine where steel is better placed than other materials to deliver a circular economy. To stay ahead of the curve, we need to work with the manufacturers that buy our steel, to develop innovative ideas for the circular economy.

We have the skills to lead the creation of a whole new generation of resource-efficient, re-usable steel products for a circular economy. We intend to be at the forefront of this transition, building on our proven forward-thinking capabilities in innovation and R&D. By creating this long-term competitive advantage for our business and our investors, we can also deliver a wider good for our stakeholders. This must be coupled with our work towards our other outcomes, if we are to realise the full contribution we can make to sustainable development.

Our stakeholders' expectations

From resource efficiency ...

The regulatory framework across the world is becoming more and more demanding. Many countries already impose targets and penalties on landfill use, to help improve resource efficiency and cut waste. Governments and consumers also expect businesses to be more accountable for their products after they sell them – to accept 'stewardship' for their sustainability impacts, both in their transportation, use, and end-of-life phases. Sectors like construction still generate large amounts of waste, and our customers in that industry are looking at what this means for them. We believe steel provides an obvious way forward.

... to circular thinking

More and more global commentators agree that recycling alone is no longer enough, and a circular economy is what the world now needs. Even if recycling rates were to reach 100%, the world would still need more steel than currently exists. Academics such as Dr Julian Allwood at the University of Cambridge point to the need to design products that use fewer materials, last longer, and are produced more efficiently, to find ways of re-using scrap rather than recycling it. Leaders in the construction industry are exploring the re-use of steel rather than using recycled content, and new business models that enable products to be leased for the service they provide, rather than sold. Our challenge is to produce steel which is more sustainable, both during production and in use.

The outcome we need

We are an acknowledged leader in building a more resource-efficient economy, and so we are creating competitive advantage and significant value for both our customers and society. We understand the technical, logistical and commercial challenges this represents, and we are ready to unlock the opportunities it offers our business.

Achieving our new outcome

Making efficient use of raw materials is already central to the success of our business. Within our new sustainable development framework, we are asking our business units to explore how they can support the circular approach to steel production and use. For example, how their operations can improve access to scrap steel, generate fewer production residues, develop products that can be re-used rather than simply recycled, and turn more by-products from steelmaking into valuable materials in their own right. We will work with them to consider how to mitigate any risks that could result from the shift towards the circular economy and how to create value from the opportunities it could present. This could mean collaborating with both suppliers and customers to develop innovative re-usable products, and exploring the potential of alternative business models.



Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Resources

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS	
Recycling steel	To ensure steel’s recyclability is adequately valued in product markets.	We investigated the value of dismantling vehicles before they are shredded in terms of the resulting scrap. We also worked on steel product lifespans, and material flow analysis.	●	
	To enhance our capabilities in steel recycling.	We applied the ROMEO model at Acindar (Argentina) and Kryviy Rih (Ukraine).	●	
		KPI: Steel scrap we recycled: 31 million tonnes. CO ₂ reductions from scrap recycling: 40 million tonnes.	○	
Residues and by-products	Optimal reuse of by-products and other residues.	Through the use of our ROMEO modelling tool, we have made savings of some \$40 million in our recycling of by-products since the tool was introduced in 2010.	○	
Key:	Met target: ●	Partially met target: ◐	Did not meet target: ✘	No target but progress made: ○

Recycling steel

Recycling steel is a vital part of the circular economy, because it allows the loop from production to use to production to be closed, meaning fewer resources are used and less carbon emitted.



Our approach to date

Most industrial and consumer products can be made using recycled scrap, but with scrap in short supply, we must ensure it is used where it is most economical, which is mainly in construction products.

As demand grows in emerging economies, the gap between the demand for, and availability of, scrap steel is growing. In 2012, for example, there was only enough scrap in Europe to meet about half the region's demand, the equivalent of 37% of global requirements. Since the average recycling rate for steel today is 85%, and some products such as small appliances are recycled much less than this, it's vital to identify and tackle the obstacles to recycling. We have developed leading-edge knowledge and capabilities in steel recycling together with the Worldsteel Association, and we are working on a number of projects to improve recycling.

Steel recycling

We are already one of the biggest recyclers of steel in the world, recycling around 30 million tonnes every year. We do this both in the blast oxygen and electric arc furnace routes to steelmaking. Our reputation surveys in the past two years have showed that we are acknowledged

as a leader in this field. For example, we have had a packaging recycling research department since the early 1990s, and we started working with municipalities in France to improve recycling rates for steel packaging long before other materials companies did anything similar. Our work has enabled even the smallest and most isolated areas to have their steel packaging recycled, and has ensured that steel recycling has contributed to both regional and national economies.

Product development

Recycling is also an integral part of our new product development process: when our global R&D division creates a new product, we ensure that the steel in it is recyclable and will not have a negative environmental impact. This is especially important for integrated products that contain other materials as well as steel, such as those for the automotive and construction industries.

Recovering steel

We are encouraging governments and regulators to make better provision for recovering scrap, and our R&D centre in Maizières, France, is working on processes that will help recover more from waste streams containing steel.

What we did in 2014

Lifespan of steel products

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

Source: work in progress of ArcelorMittal global R&D in conjunction with Worldsteel

Global: Performance and progress

In 2014, we recycled 31 million tonnes of scrap steel at our plants, both primary scrap resulting from our own processes, and scrap we purchased for use in our furnaces. The use of scrap avoided some 40 million tonnes of CO₂ emissions that would have otherwise occurred if we had used raw materials.

Global: R&D

Our global R&D division is currently working with the Worldsteel Association on a number of recycling projects. We are collaborating with the automotive industry to investigate how much more value can be gained by dismantling vehicles before they are shredded. For example, this can help recover valuable copper. We are also working with a number of European universities on steel product lifespans, and how the stock of steel flows from one use to the next. This is creating a single authoritative source of recycling data on a country-by-country and product-by-product basis, which will help identify the obstacles to more recycling, both by market and by use.

Morocco:

Developing a local scrap economy

Following the launch of a huge taxi renewal campaign for safety and environmental purposes, taxi drivers in Morocco are said to have delivered around 45,000 vehicles to car manufacturers in return for a scrapping premium. Our Sonasid joint venture started recycling end-of-life vehicles (ELVs) in 2013, in partnership with a local subsidiary of a global car manufacturer. The successful partnership has allowed Sonasid to develop a know-how on ELV recycling, which has led to a partnership with the National Duties and Taxes Department. By reintroducing ELVs into the steel production cycle, we are developing the economic potential of some 40,000 tonnes of a local source of good quality and cost-effective scrap, and evolving a highly resource-efficient model.

Steel recycled: (tonnes million)

31

2014	31
2013	31
2012	29

Case study

Sourcing scrap from ships:
Responsible ship dismantling in Morocco



One way to make steel more sustainable is to make more of it from scrap, recycling old steel into something new. That's the aim of a new project in Morocco. By 2014, the demand for scrap at Sonadid's Jorf Lasfar site far exceeded the capacity of the Moroccan scrap market, and importing scrap from overseas made little strategic sense, either economically or in terms of sustainability.

One answer was to source scrap from the disused ships temporarily moored in Moroccan ports. In addition to being a good source of scrap steel, removing these ships is also good for the environment, for the local tourism industry and the capacity of the ports. There are currently around 70 such ships.

In 2012 Sonasid ran a pilot project to dismantle the Remora II vessel, including removing the liquids from its tanks. The ship was then towed to the port of Jorf Lasfar for dismantling, one kilometre away from Sonasid's steel plant. Managing this process has enabled us to ensure that international health, safety and environment standards for the dismantling

of ships (the Hong Kong convention) are embedded in this new local industry. Following this success, we've now developed a joint venture with a global shipbreaking operator, which will conform to international safety and environmental standards, especially in the handling of materials such as asbestos, heavy metals, fuels and ozone-depleting substances. The venture will start in 2015, and will also create at least 30 local jobs. Using the scrap steel from the ships will avoid the emission of four tonnes of CO₂ for every five tonnes of steel produced. Moreover, some 3000 tonnes of CO₂ will be saved every year by not transporting scrap from Europe.

We aim to be a leading example in Africa of how the steel industry is developing the local economy in a resource-efficient way, by improving the carbon intensity of steel, cleaning up the local environment, ensuring safe working conditions, and responsible supply chain standards. In short, we are working towards greater sustainability for steel, over its whole lifecycle.

Residues, by-products and waste

We have developed leading-edge knowledge and capabilities in the use and re-use of resources. We have lifecycle analysis experts, and our global R&D division has a dedicated team working on the re-use of residues from the steelmaking process. These teams ensure that we maximise the value from our operations and turn what could be considered waste into by-products to be re-used.



Our approach to date

We have always re-used the residues of the steel production process as far as we can, and where this is not possible, we sell them for external re-use or recycling. Our global R&D division has developed its own modelling tool for this work, 'ROMEEO', which examines the impact of every aspect of a proposed solution, to ensure that a financial saving in one place does not create a negative environmental impact elsewhere. ROMEEO has been implemented at 11 of our steel

plants, generating savings of around \$40 million since its roll-out in 2009.

Slag from both the blast furnace and blast oxygen furnace is a prime example: it can be used in cement production, as aggregate for road-building or as fertiliser. Slag can also be returned to the furnaces for use as flux and as a supplemental source of iron. Thanks to ROMEEO, we have started or increased the recycling of blast oxygen furnace slag at five of our European sites. We also drive the re-use of what is known as 'oily mill sludge'.

What we did in 2014

Global: Performance and progress

In 2014, 81% of our steel production residues were converted to by-products, either within our own business or through third parties. Internally, we re-used 18 million tonnes of slag in 2014. Both these results were the same rate as achieved the previous year. In mining, 10% of our residues were re-used as by-products, a slight decrease over 2013. Meanwhile, 11 million tonnes of slag from our steelmaking processes were sold to the cement industry in 2014 for use in place of clinker, enabling them to avoid over eight million tonnes of CO₂ emissions.

Global: Maximising value from residues

Our global R&D division worked on 22 sustainability projects aimed at using raw

materials more efficiently, and nine projects designed to increase the re-use of by-products. One of these was to apply the ROMEEO model to explore alternative ways to deal with blast furnace dust at our plant at Kryviy Rih, Ukraine. We are comparing whether it is more effective to re-use dust directly in the sinter plant, or turn it into briquettes for the blast furnace. Another project was at Acindar in Argentina, where we are preparing for new landfill restrictions in 2018. Information provided by the ROMEEO model has helped local managers plan how to create value from the dust from our electric arc furnace, and so avoid landfill waste.

The ROMEEO model has also helped sites in the re-use of what is known as 'oily mill sludge'. Our plant at Fos-sur-Mer, France, injected 945 tonnes into the blast furnace rather than sending it to landfill, which generated savings of over \$115,000.

5 Trusted user of air, land and water

Without air, land and water, we have no economy, no society, no eco-systems. They are all essential resources for our business, but ones which we share with others. As the world's population grows, these resources are under increasing pressure. We must be trusted to use them and share them responsibly.



Why is this important to us?

Natural resources are at a premium: water demand is predicted to outstrip supply by 40% by 2030, according to the World Economic Forum, while clean air is becoming a real challenge in today's increasingly urbanised world. Natural capital – the world's fresh water supplies and land-based ecosystems – is vital to both business and society, since it provides society with countless benefits every year. It's no surprise that this is the focus of two of the emerging new UN sustainable development goals.

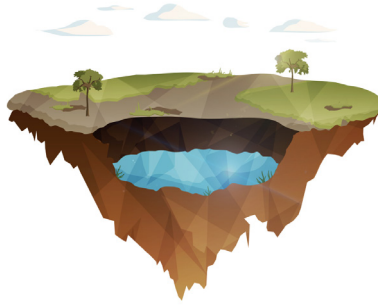
The commercial imperative

What kind of challenges do we face?



Our sector depends heavily on natural resources: mining sites have an impact on extensive areas of land, which later need restoration; older steel mills have often had a poor reputation for air quality; and steelmaking requires large amounts of water (even though its net use is actually relatively small). In addition, our steel and mining operations may have impacts relating to noise and vibration, wastewater and soil protection. Where we don't get these right, our business can face disruptions, and we know the risk of pollution, fines or reputational damage is likely to increase.

What do we need to do?



Developing the trust of our stakeholders to use natural resources responsibly is essential to maintaining our social licence to operate and pre-empting disruptions to our business. We need to continue to reduce air pollution and protect sensitive natural habitats – and prove that we do so. We must further bring the perspectives of our stakeholders into our business outlook, and anticipate new regulations, so that we can prevent problems before they arise, and act quickly if they do. We need to engage better with our stakeholders on these challenging issues, knowing that this is the only way to build and retain trust over time.

What is the potential to create value?



We are learning the value of being more open about actual and potential issues, so that we and our stakeholders can build a common understanding of the problems we face. While our operations may have some unavoidable impacts on local air, land and water resources, we can create more innovative ways of enhancing habitats and protecting biodiversity by seizing the opportunity to work alongside our stakeholders. Our long-term partnership on Sustain our Great Lakes is an excellent example, as is our work on the environmental management plan for East Nimba, Liberia.

Our stakeholders' expectations

As populations grow, so too do expectations of access to clean air, land and water. The expectations of governments and communities in this area are also rising: in most countries where we operate, governments are requiring more data on companies' environmental emissions, and demanding that these are progressively reduced. Businesses that do not comply face fines and sanctions, while those that disclose poor performance face a different kind of risk: the erosion of their licence to operate, and increased pressure from NGOs and community groups. Likewise, customers across the world expect more sustainability information and certification, and are beginning to include this as a criterion for their supply chains. And as climate change results in more droughts, floods and other extreme weather events, access to the basic resources that sustain us will become ever more critical. This is why global commentators are stressing the need to protect the 'natural capital' on which we depend. This is the business reality within which we – and companies like us – now operate.

The outcome we need

Our local communities and stakeholders trust us to share the vital resources of air, land and water, because we operate responsibly and transparently, and have clearly improved our impacts. We understand these impacts, and work collaboratively to protect and enhance the natural capital we and our communities and partners rely on.

Achieving our new outcome

Our operations already carry out a range of environmental assessments relating to air, land and water issues. We are asking the management of all our operations – both steel and mining – to complement these by assessing the perspectives of our stakeholders, as well as long-term social and environmental trends. For example, they will review the expectations of local landholders and community concerns relating to pollution. We will plan how to reassure our stakeholders that their concerns are being properly addressed as part of our sustainable development framework.

98%

of our production sites are certified to ISO14001 standards

\$2.6^{bn}

was invested between 2007 and 2014 to improve our environmental performance

17

R&D projects were aimed at improving our air and water impacts in 2014

\$375^m

Capex investment for environmental and energy improvements approved in 2014, 81% more than 2013. Over half was spent on reducing emissions to air, land and water

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Air, land and water

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS	
Air	To continue investment in air pollution control.	<p>We continue to invest to reduce air emissions, committing \$200 million in 2014.</p> <p>We did not publish a new environmental policy in 2014.</p> <p>KPI: dust emissions per tonne of steel: 621g (2013: 660g).</p> <p>KPI: Steel plants with ISO 14001 certification: 98%.</p>	<p>●</p> <p>✘</p> <p>○</p>	
Land	To support local biodiversity.	We published our biodiversity management plan for Liberia.	●	
Water	Responsible management of our water use.	We completed the design of minewater treatment plants for two mines in Kazakhstan.	●	
Key:	Met target: ●	Partially met target: ◐	Did not meet target: ✘	No target but progress made: ○

Air

Our approach to date

Our environmental policy [link] commits us to effective environmental stewardship and preventing pollution. Of our industrial operations, 98% were certified to ISO14001, meaning they are monitoring, actively managing and continuously improving their environment impacts.



Steel

Dust is one of the main environmental impacts of steelmaking, and creates visible pollution both inside and outside the plant. Over the past 25 years, the use of new technology has significantly reduced the amount of dust generated by a typical steel plant. This requires significant capital expenditure, and each year we commit large sums of investment to do this. We also continue to invest in monitoring our emissions, improving our production processes, and using techniques such as 'green belts' of trees to filter dust in the air. Other pollutants, such as nitrogen oxides (NOx) and sulphur oxides (SOx), have also been significantly controlled in recent decades.

Mining

In our mining operations, we are careful to identify the potential impacts of our operations on air quality, and make plans to mitigate them, and we control our emissions as required by legislation. For example, we try to limit the dust from iron ore stocks by spraying water over them.

What we did in 2014

Global:

Performance and progress

More than half of the \$375 million in capital investment committed in 2014 to environmental projects was focused on addressing air emissions from our operations. Over the year, the dust emissions from our steelmaking operations amounted to 58 million tonnes in total, or 621 grams per tonne of steel produced. This represents a slight increase over the previous year, but with our continuing capital investment programme in our steel plants, we believe that we will continue to follow our long-term downward trend in dust emissions, in large part due to our environmental investments. Since we began tracking these at group level in 2010, on a per tonne basis across the group our dust emissions have fallen by 24%.

Our NOx emissions per tonne of steel produced fell 4% to 1.1 kg in 2014, while our SOx emissions per tonne increased by 3%. Since 2010, we have achieved a reduction of 14% and 19% in NOx and SOx emissions per tonne respectively.

In our mining operations, our dust emissions fell 6% to 5.3 million tonnes in 2014. (We do not report emissions per tonne of mineral mined, since the processes of coal and iron ore mining are not comparable.) We saw a 3% drop in our NOx emissions over the previous year, and a 26% drop in our SOx emissions in 2014, largely due to changes in fuel type at our iron ore pellet plants.

Global:

R&D

In 2014, researchers in our global R&D division worked on 13 projects to develop ways of reducing air emissions from our operations, including a promising new technology for sinter plants. More than 70 process improvements were introduced at our plants over the year to reduce pollution, and more than 80 are expected in 2015. For example, we launched an initiative to improve the efficiency of de-dusting systems by revamping certain mechanical and electrical components used in the steelmaking process.

Total dust emissions: (kg per tonne of steel)

0.62

2014	0.62
2013	0.66
2012	0.78

NOx: kg per tonne of steel

1.15

2014	1.15
2013	1.19
2012	1.22

SOx: kg per tonne of steel

1.95

2014	1.95
2013	1.88
2012	1.88

Environmental and energy capex: (\$ million)

375

2014	375
2013	207
2012	321

Czech Republic:

Modernisation programme at Ostrava

At our steelworks in Ostrava, Czech Republic, we run a power plant on site, which is one of the sources of NOx and SOx and also dust at the site. As part of a \$150 million programme to modernise the power plant and cut emissions, we are installing a new \$74 million energy-efficient boiler. This will ensure the power plant complies with new European emission limits before they come into effect. By the time the new boiler is fully operational in 2016, we estimate the power plant will emit 1,000 tonnes or 49% less NOx than before, reducing the site's overall NOx emissions by 23%. It will also emit 10 tonnes or

Performance – outcome 5

2014 sustainability report

12% less dust annually, reducing the site's overall dust emissions by 1%.

Ostrava also announced an investment of \$6 million in new de-dusting equipment during 2014, which will extract the dust generated during unloading into a new bag filter. This is the best available solution for de-dusting, as it is able to filter even very small particulates. The project is part of the company's ongoing \$130 million environmental improvement programme, of which 85% is subsidised by EU funds.

Canada: Challenges for Dofasco

In recent years our Hamilton steelmaking operations, run by our subsidiary Dofasco in Canada, have worked hard to ensure that we both plan and react appropriately where our operations may have an environmental or community impact, consulting through a Community Liaison Committee and less formal community meetings, and regularly with the Ontario Ministry of Environment and Climate Change.

As part of our operations in Hamilton, we operate three plants to produce coke, a fuel for our three blast furnaces. As a result of air emissions from these coke plants in 2012, we were fined in May 2014. Meanwhile in June 2013, after more than two years of studying our coke needs in Canada, as well as the performance and life expectancy of our coke plants, we decided that one of Hamilton's coke plants would be closed in March 2015. Then, in early 2014 we finalised details of a \$87 million investment over five years in order to undertake a major restoration of our other two coke plants. This will improve both their efficiency and environmental performance.

Despite these initiatives, we know we don't always get it right. In September 2014, there was a leak at one of our steel finishing lines, where hydrochloric acid is used to 'pickle' the steel before galvanising. The waste solution leaked due to a faulty pipe connection and whilst we informed the Ontario Ministry of Environment and Climate Change immediately, and also later wrote to neighbouring households, we know we

could have been a better neighbour by informing members of the community more promptly about the incident and any potential impact.

Brazil and Argentina: Improving and monitoring air quality

We operate steel plants at Tubarão and Cariacica, in the state of Espírito Santo, Brazil. We are now working with the Instituto Estadual de Meio Ambiente e Recursos Hídricos to improve the local air quality monitoring programme. This uses two new monitoring stations at Enseada do Suá Bay and Vila Velha, which are able to detect fine airborne particulates known as PM2.5. Meanwhile in Argentina, we made an important investment at our Villa Constitucion site in 2014, which involved installing de-dusting equipment to prevent air pollution while still enabling the facility to reach full capacity.

Bosnia and Herzegovina: Mixed blessings

At Zenica in Bosnia and Herzegovina, we operate a 120 year-old steel plant that has been in need of comprehensive modernisation. Air emissions from the site, including dust, NOx and SOx, are a major concern to the local community. To address this we began a \$52 million environmental programme in 2008 to upgrade the equipment, and have been working closely with the local government to ensure that this programme has a measurable impact. Whilst this has resulted in significant improvements, we haven't solved the issue entirely and local concerns still exist. We will continue our progress with further investments in 2015.

Land

Our approach to date

Steel

When we plan to open a new steel plant or mine, we go through a rigorous preparation process which includes a thorough assessment of the potential impacts of the new plant on local people, nearby ecosystems and habitats, as well as water and soil erosion. We then consult openly and sensitively with local stakeholders, so that we can achieve the best possible balance between their needs and our own. Once the site is operational, we work in partnership with local stakeholders to monitor, manage and protect local biodiversity. The steelmaking process produces a number of residues that may be re-used, recycled, stored for future use or disposed of as waste. The key forms are slag, sludge, scale and dust.

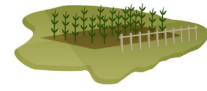
Mining

Mining activities can have extensive impacts on land, habitats and biodiversity and our operations aim to follow International Finance Corporation standards, which set out best practice in land management. This includes the assessment and management of environmental risks

and impacts, the conservation of biodiversity, and the sustainable management of living natural resources.

The main residues generated by mining are mineral wastes, such as displaced rock or ‘overburden’, and ‘tailings’. Tailings are the residues left when the ore is extracted, and these are discharged to a storage facility, usually held in water, and held in place by a ‘dam’. It is vital these are managed carefully to ensure they are structurally sound, and do not pose a risk to local people’s health and safety, or to the environment. This responsibility extends beyond the life of the mine, and this is why we design comprehensive mine closure plans for our mining sites, in consultation with local stakeholders.

We are also a signatory to the Gaborone Declaration for Sustainability in Africa. The declaration aims to “ensure that the contribution of natural capital to sustainable economic growth, maintenance and improvement of social capital and human well-being are quantified and integrated into development and business practice”.



What we did in 2014

Global:

Progress and performance

In 2014, 6% of the residues resulting from our steelmaking process were regarded as waste for landfill, a 37% improvement over 2013, largely due to increased re-use of by-products at our European 'long carbon' steel plants, and higher sales of by-products to external markets within the ACIS region. In our mining operations, however, 33% of the residues produced were treated as waste in 2014, an increase of one-third over 2013. The vast majority of this 'landfill' – 84% – was in the form of displaced rock or 'overburden', whilst some 16% took the form of tailings.

The use of production residues as by-products from both steel and mining is reported on in outcome 4.

Liberia:

Protecting natural habitats

It's been a year of great achievement for biodiversity in Liberia. After many years of proactive collaboration with a number of government bodies and NGOs, we finalised a management plan for the East Nimba Nature Reserve, a unique habitat some 10 kilometres from our mine, which is home to a number of important and rare species. It's the first time the reserve has had a plan of this kind. To date, our biodiversity surveys have identified 64 species on the International Union for Conservation of Nature Red List of globally threatened species; our experts have identified several species unique to the area, and a number of previously unrecorded species, including the *Cephetola wingae* butterfly, which has been named after the ecologist running our Biodiversity Conservation Programme in Liberia.

Mining:

Managing risks from our tailings dams

Having commissioned independent assessments of the long-term stability of our tailings storage facilities in Ukraine, Mexico, Brazil and Kazakhstan since 2011, we extended this in 2014 to our facilities in Canada, USA and Bosnia. The sites have now prepared action plans from the audit findings, and as a result we have approved several related capital investments. We are also finalising a corporate standard for monitoring our tailings dams, to ensure that we follow good practice across the group in line with international standards.

South Africa:

Environmental disclosure

At the end of 2014 a South African court ordered our Vanderbijlpark Works to disclose an environmental report originally commissioned in 2002 by Iscor, a company which later became part of ArcelorMittal. The report contained a series of studies designed to assess the state of the environment round the site. The report was intended to provide a road map for managing and improving the area for the following 20 years. We did not consider the studies of a good enough standard, and so they were not issued publicly. Since then, various local groups put pressure on us to issue the report, which culminated in the court judgement in November. We have now shared the report with the complainant, and given local people more details about what we have done to improve the environment, and what we plan to do going forwards. From this we have learned that transparency is key, and we can only build trust by building relationships of mutual respect. This will be our principle going forwards. We report on the progress we've made in remediating tailings waste sites at Vanderbijlpark Works in our South Africa integrated annual report.

Water

Our approach to date

At both our steel and mining sites, we actively manage the risk of water contamination, to prevent risks to human health and the environment. Water treatment facilities play a vital role in managing our emissions to water, and improving the water efficiency of our operations.



Steel

Steel plants require water for cooling and processing, which is why many of our steel operations are situated on the coast, or close to major lakes, canals and rivers. Even where water is plentiful, we generally re-use our supplies many times before we discharge them: internal analysis has shown that some of our steel plants recycle each cubic metre of water as many as 75 times. Water treatment plays a vital role in improving the water efficiency of our operations, as well as managing our emissions to water.

Our sites measure the water withdrawn as well as the water discharged. The net use of water for every tonne of steel produced usually represents the amount of water lost during the steelmaking process, to evaporation. ArcelorMittal has disclosed information on its water use to the Carbon Disclosure Project (CDP) annually since 2010.

In 2010, we carried out a water survey of 134 of our steel production sites. This found that 20 of our steel plants were located in regions that are already experiencing water stress or scarcity. The water initiative that followed has been described in our previous corporate responsibility

reports. With the support of our global R&D division, we continue to look for further opportunities to recycle and re-use water where our sites identify water as an issue. We intensify our monitoring according to the needs and circumstances of the areas in which we operate. In Brazil, for example, where pressures on water use are mounting, we carry out extensive monitoring of our water use and discharge, and we report on this in detail in the annual Brazil sustainability report. Our dedicated water treatment lab located in Asturias, Spain, also investigates the application of green technologies to minimise pollutants, and increase the life of our equipment.

Mining

Water used at a mine needs to be treated before discharge. Water also performs a broad range of tasks in the mine, including dust suppression, transporting tailings and, most importantly, concentrating the extracted minerals. Some of our mines, such as the El Volcan mines in Mexico, use special thickeners to avoid the use of tailings ponds (see Land section), and are therefore much more efficient, since more water can be recirculated. This minimises land disturbance as well.

What we did in 2014

Global:

Performance and progress

For every tonne of steel we produced in 2014, our water intake was 23.3 cubic metres, one per cent up on 2013. We know this does not represent our actual net water use, since we not only recycle the water we withdraw multiple times, but we discharge most of it too. As part of our work towards this outcome, we will evolve our reporting on water consumption to ensure that it is more meaningful to our stakeholders and our site managers. This means assessing its materiality at a local level, and where it is material, developing our monitoring capacity by investing in new equipment, training, and assurance processes. It is our ambition to provide a global average net water use figure each year. We currently believe this to be between four and five cubic metres per tonne of steel annually.

Global:

Researching technology

Water treatment is an important aspect of a steel mill's operations, both to maintain its efficiency, since water can be recycled hundreds of times, and to ensure that water discharged is clean. In 2014, our researchers at our water treatment lab in Asturias, Spain, worked on four projects relating to our use of water in our operations. One of these focused on developing more sustainable biocides. This work will mean we can use natural processes to deal with the pollutants that arise in the steelmaking process.

US:

Maximising water re-use

When the US-based Indiana Harbor site's water discharge permit came up for renewal last year it included new environmental conditions. This prompted the team to explore whether wastewater could be re-used rather than simply treated and discharged. The site is now one of the few steel plants in the US that has a wastewater system designed to achieve zero discharge. This water ends up as a clean steam discharge to

the atmosphere. The water had previously been discharged into the Indiana Harbor ship canal and eventually to Lake Michigan.

South Africa:

Zero effluent discharge (ZED)

Our Newcastle site has just opened a new \$40 million facility to treat wastewater, as part of a wider initiative designed to eliminate effluent at all our South African sites. It will be fully commissioned early in 2015. Considerable investments at our Saldanha and Vanderbijlpark steel plants had already resulted in ZED status. Regrettably, Vanderbijlpark lost its ZED status after process water was repeatedly discharged into the stormwater collection system and due to constraints in water treatment capacity during the year. This status was subsequently reinstated. An amount of \$8 million was approved for effecting remedies with preliminary projections indicating that Vanderbijlpark's ZED status could be sustained during 2015.

Kazakhstan:

Treating mine water

We continued to work on building new water treatment plants at two of our mines in Kazakhstan. These represent a major investment and will help ensure we don't generate ground or water pollution at our mining operations. At the Shakhtinskaya mine, we completed the engineering designs for the plant in 2014 and aim to start construction in 2015, while at our Saranskaya mine, we are moving from concept to design stage of the plant.

Romania:

Meeting targets

We launched a programme to reduce water consumption in Romania in 2011, following a tenfold increase in the cost of raw water, setting a target of 12 cubic metres of water use per tonne of liquid steel by 2014. We met this target and, since 2010, water consumption has fallen by approximately 44%. Much of the improvement has result from simple maintenance operations such as mending leaks in the pipe network, replacing pumps and valves, and monitoring input and wastewater



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flows. One of the main success factors has been the collaboration between different teams at each part of the site, as well as specific training on water use and better analysis of our data.

6 Responsible energy user that helps create a lower carbon future

Steel is an energy- and carbon-intensive industry. As the world's largest steel producer, we have one of the world's largest corporate carbon footprints. We want our stakeholders to trust us that we are cutting our energy consumption and carbon emissions wherever we can. However, our focus is not just on our own processes: through innovation and new product development we are also helping our customers find ways to reduce their energy consumption and carbon emissions.



Why is this important to us?

Energy efficiency is not only an effective first response to reducing carbon emissions: it also reduces costs, not only for us but those who make use of our steel. Continued research into energy efficiency and other low carbon technologies is also vital to enable the changes society is looking for.

The commercial imperative

What kind of challenges do we face?



Energy costs flow straight to our bottom line - our energy bill in North America rose by around \$350 million in the first half of 2014, after the worst winter in 50 years forced up the price of gas – and so energy efficiency is a key part of our response. More than most other industries, the steel industry would be significantly affected by an increase in the price of carbon or more stringent emissions trading schemes, but national or regional schemes will only move the problem elsewhere, so we are convinced that a global solution is needed rather than different regional schemes.

What do we need to do?



The rising cost of energy is a business risk which we can and do mitigate, for example, by using and recovering energy more efficiently in our steel and mining operations or by exporting our waste heat for the benefit of others. We also need to continue to research new technology that could make the steelmaking process less energy and carbon-intensive, while doing everything we can to ensure our steel is fully recycled, so that we can maximize the potential to reduce carbon emissions over its full lifecycle. We also continue our work on more sustainable product design and need to do more to measure the value of our steel over its entire lifecycle.

What is the potential to create value?



We're already saving a lot through our energy efficiency measures at our steel plants, making our business and our customers more resilient to future increases in energy prices. If our research develops further technologies to reduce energy consumption, this resilience will be enhanced. In our products, meanwhile, our specialised lightweight steel is already creating value in the automotive industry by helping vehicles to reduce fuel consumption; and our electrical steels are enabling huge improvements in energy efficiency in the power generation sector and in electric cars.

Our stakeholders' expectations

As regulation increases and its scope widens, companies are expected to be more transparent about how much energy they use, how much carbon they emit, and how their products and supply chain perform in both of these areas. Shareholders, consumers and increasingly our customers are expecting this too and as a result, the European Union is developing more ambitious carbon targets for 2030. The EU Emissions Trading Scheme (EU ETS) will be one way of achieving these targets, and policymakers expect us to share our understanding with them about how these schemes will work in reality. The EU ETS is the first such scheme around the world: Kazakhstan, Quebec and Mexico are following suit. In South Africa, a bill to tax carbon dioxide emissions is under discussion, and in the US, the Environmental Protection Agency has taken the first steps towards implementing a comprehensive greenhouse gas policy. The need to address these expectations is one reason why ISO50001 – the energy management standard designed to help organisations improve their energy performance – is possibly the most rapidly implemented ISO standard there's ever been.

The outcome we need

We are trusted to minimise energy use and carbon emissions by every means that is technically and commercially possible. We develop innovative products that help other industries to reduce carbon emissions and drive carbon and energy improvements in our steel production. And our stakeholders see us as contributing positively to a lower-carbon future.

Achieving our new outcome

Achieving this outcome will involve building on our existing approach to energy and carbon research, ensuring a joined up approach to energy and carbon across our operations, taking into account the expectations of our customers, investors, regulators and employees, as well as long-term global thinking on climate change. We are asking the management of all our operations to review and plan their approach in line with our sustainable development framework.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Energy

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS
Energy efficiency	Efficient use and conservation of energy.	<p>We have now rolled out our Energize initiative to nine sites across Europe and are on track to meet our 9% target by 2016.</p> <p>We made overall energy gains amounting to \$200 million, mostly in our European sites.</p> <p>KPI: Primary energy per tonne of steel: 23.8 GJ (2013: 23.7 GJ).</p>	<p>●</p> <p>○</p>
Climate change	To reduce our CO ₂ emissions from steel production by 8% per tonne of steel by 2020, compared with 2007.	<p>We are making concerted efforts to reduce the energy footprint across our operations; we are researching ways to reduce the carbon emissions from the steel production process; and we are investigating seven new practical uses for the CO₂ produced by our steel mills.</p> <p>KPI: CO₂ per tonne of steel: 2.09 tonnes (2013: 2.14 tonnes).</p>	<p>●</p> <p>○</p>

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

Energy efficiency

Our approach to date

Energy efficiency is an important way to manage our carbon emissions, particularly in our steelmaking plants. We have a number of programmes that are making a real difference here.

Steel:

Managing energy

Our energy policy is implemented across the business through a framework of good practice which is compatible with ISO50001. We have an energy manager at every site, supported by a network of technical energy professionals, energy procurement experts, and R&D specialists. We share knowledge and good ideas, including quick-win success stories, with an annual event where all our energy managers can network and learn about new and existing approaches. One opportunity in some plants is to re-use the waste gases from our steelmaking processes as fuel instead of burning natural gas: for example, through new technology which re-uses high-pressure gases (known as flue gases) from the blast furnaces to drive electricity generators.

Steel:

Energy ambitions

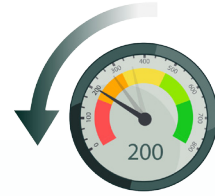
Our steelmaking business aims to achieve energy savings of \$200 million every year by 2020, compared with 2007. There are many different ways to achieve

this: for example, our US sites have committed to reducing the energy intensity of 17 plants by 10%, through an energy efficiency training programme in partnership with the US Department of Energy. At our European sites producing ‘flat steel’ products like car doors, we have run the ‘Energize’ initiative. This aims to cut energy costs without major capital investment, by reducing energy losses, strengthening energy management, and better monitoring the energy we use. One example is the use of camera technology to inspect parts of steel plants that are difficult to access, enabling us to detect leaks and spills which aren’t usually visible.

Mining:

Managing fuel consumption

Our mining operations are responsible for less than five per cent of our carbon footprint and the energy consumed makes up half of that. Our mining division is rolling out fuel management programmes across our sites, which include tighter controls on fuel use, efficiency initiatives for equipment and fuel economy improvements.



What we did in 2014

Global

Progress and performance:

In 2014, the energy we consumed across our sites, net of any that we sold from our own onsite power plants, amounted to the equivalent of 23.8 GJ per tonne of liquid steel, a marginal rise on 2013 overall. This included our consumption of energy from natural gas and coal, as well as from the pre-processing of other inputs to our steel plants such as electricity, industrial gas pellets and burnt fluxes.

Nonetheless, by the end of 2014 we had achieved close to \$200 million in energy gains as a result of our energy management, the commitment of our people, and innovation. Of this, \$58 million was in the Americas. Sixteen of our European steel plants have now achieved ISO50001 certification in energy management. By the end of 2015, all our European steel plants will be compliant with the requirements of the EU Energy Directive. This requires large companies to audit their energy consumption in order to help them identify ways to reduce it.

In 2014, eight energy-related capital projects were approved, making up nearly half of the \$375 million environmental improvement investments allocated during the year.

R&D:

Innovations in our energy processes

During 2014, our global R&D division worked on nine projects aimed at improving energy efficiency in our production processes. One of these has taken a holistic approach to all the variables that can affect the consumption of energy. The aim is to develop a model which simulates energy use and CO₂ emissions for an entire integrated steel plant, and quantifies the effect of new improvements or changes to processes. In addition, a new process control scheme to cut energy usage in our heating furnaces was also developed, which could deliver reductions of between two and three per cent.

Europe:

The Energize programme

Our European steel plants producing 'flat carbon' products, such as food cans and car doors, have a target to reduce the energy intensity of their steel¹ by nine per cent by 2016 against a 2011 baseline. By the end of 2014, we were halfway towards that target and are on track to achieve it. Our Energize initiative has been key to this. It starts with a full audit of the site's energy processes, which allows us to identify ways to improve energy performance, drawing on success stories elsewhere. We evaluate the costs and benefits of the proposed change, agree a plan, and put them into action. By the end of 2014, Energize had been implemented at eight sites and these had achieved notable results of between five and eleven per cent reductions in energy intensity, far higher than those not participating. In March 2014, the Energize programme received Ener.con's annual award for Europe's best energy-efficiency project in the asset-intensive industry.

Global:

Sharing lessons

Sharing best practice among our network of energy experts has been a theme of our work in 2014. In Europe, we ran an event in Agoras in June and an Energy Day, and in the US we held an energy 'round table'. In December we held a global Knowledge Management Programme meeting which brought energy experts together to discuss new ideas, benchmark themselves against other sites, and share what has worked and what hasn't. This is great way to maximize the opportunities to improve energy efficiency across our numerous and often complex operations.

Americas:

Continued progress

Energy efficiency efforts in the Americas alone resulted in savings of \$58 million in 2014, with a corresponding reduction of 186,000 tonnes of CO₂. This resulted from a mixture of process improvements and capital investment. In the US,

¹ Measured as the equivalent energy required to produce one tonne of hot-rolled steel coil.

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we continued to enrol energy champions across our sites in pursuit of our 10% commitment. At Indiana Harbor, the energy champions team has developed a plan to save \$300,000 in the first year alone, focusing simply on optimising the operation of equipment. Colleagues at our Vinton site in Texas have shared the energy benefits of ‘hot-charging’ – a process which keeps the

partly-finished steel hot before it goes for shaping and finishing rather than letting it cool (which would mean it has to be reheated later). Meanwhile our Dofasco site in Hamilton, Canada, is saving an estimated \$7.3 million a year in energy costs, having invested a net \$8.3 million in energy upgrades.

Case study

Indiana Harbor devises plan to ‘meet and beat’ electricity efficiency goals



At our Indiana Harbor site, energy management efforts have already paid off in quick-wins worth hundreds of thousands of dollars. Efforts began with the Indiana Harbor energy conservation team, formed in February 2014. “It started with just a few engineers brainstorming,” recalls Katelyn Scheck, project engineer at the 12-inch bar mill. “Now it has grown to this really big group and we are working together to make a bigger difference.”

“One of the main motivations we had is that most plants don’t run 24/7,” adds Marcelo Murta, engineer at the ArcelorMittal Americas – Long Carbon Chief Technology Office (CTO). “So, we started shutting off equipment in the same way that you would do at your home when you leave the house and you want to be sure that all the lights are off.”

The group quickly identified one big problem. “The biggest consumption of energy at the plant is air compressors,” explains Larry Kandalec, senior mechanical engineer in the steelmaking department. “First, you have to fix the ‘leaks’ and then you want to manage the usage.”

They started by shutting off air compressors whenever there was a delay or the furnace was down, saving a considerable amount of electricity. Next, they worked on the use of air and water pumps. Three-hundred horsepower water pumps are used at Indiana Harbor and often four would be working at the same time, when just one was enough to keep the water circulating.

“After that, we started going after small hydraulic pumps, small water pumps and just about everything else,” Larry continues.

Measurement is a critical component of any energy programme and the Indiana Harbor long carbon team utilises a sophisticated computer system that tabulates data from meters.

The savings with the programme will easily exceed US\$300,000 in the first year alone. Going forward, the team is looking at ways to make pumps run more efficiently, to install more energy-efficient motors and to assess the feasibility of using smaller units to run the air compressors.

Carbon performance and regulation

We also support global initiatives to reduce emissions through carbon reduction targets, and emissions trading schemes, so long as they are fairly applied across different sectors and regions and guarantee a global level playing field.



Our approach to date

Steel

Our existing target is to cut the carbon intensity of our steel by eight per cent by 2020 against a 2007 baseline, to be pursued by identifying opportunities to save energy across our portfolio, making more use of recovered steel scrap in our furnaces, and investing in research into new technologies that could substantially reduce the carbon intensity of steelmaking in the long term.

Although our work on energy efficiency is delivering substantial cost savings to the business, what it may not do is translate directly into carbon reductions, or improvements in our CO₂ intensity figure. The reasons are complex. Whilst energy efficiency is a prime factor, the quality of the raw materials we use, and the way our production is distributed between different sites, can both have a profound impact on our carbon results and, in the worst case, completely mask any actual improvements made. For example, better energy performance at one plant can be outweighed by an input of low grade scrap or iron ore elsewhere.

While our progress may be slower than we originally anticipated, and we have not yet been able to secure any major new technologies to reduce the carbon intensity of the steelmaking process, we are continuing to invest in this, and we are committed to reducing the overall carbon emissions from our steel plants.

We calculate and report the greenhouse gas emissions from our steel plants using the guidelines of the Worldsteel Association, which are based on the Greenhouse Gas Protocol. The only material greenhouse gas emitted by these operations is carbon dioxide. Our reporting on the carbon intensity of our steel has been externally assured for the past seven years. We have participated in the Carbon Disclosure Project since 2005.

Mining

Methane gas is released as a by-product from mining, and to ensure that the mine's working environment is safe it has to be extracted – usually to the atmosphere. This generates significant greenhouse gas emissions, because methane is a far more potent greenhouse gas than carbon dioxide. We started reporting methane emissions from our mining business as part of our greenhouse gas footprint in 2013. Reducing methane emissions from coal mines is a challenge, and until very recently no one had found viable ways to re-use it. In 2013, we started to capture methane gases at our Lenina coal mine in Kazakhstan and use it to produce electricity. This generates power for the mine, saves money and avoids the release of these greenhouse gases.

Carbon trading and the EU ETS

Our business works within a number of national, regional and international

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From the chairman and CEO

About ArcelorMittal

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Performance

About this report

frameworks which aim to drive down carbon emissions by making them gradually more expensive. We play an active role in public and industry forums to ensure that steel's contribution to a lower carbon world is recognised by policymakers and other stakeholders. Our requirements are twofold: firstly to ensure that carbon targets and processes are consistent across all regions, creating a level playing field for all steelmakers; and secondly to ensure that targets are set at levels that are technically

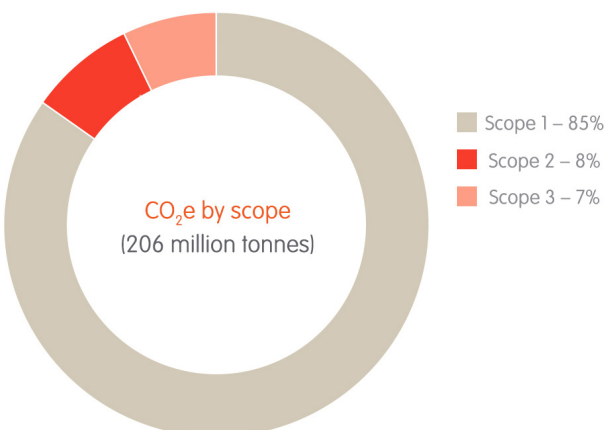
and economically feasible. The most established of these frameworks is the European Emissions Trading System (EU ETS), and at present, we are working to ensure that European carbon targets do not render European steel uncompetitive, which would merely cause our markets to import cheaper steel and steel products from elsewhere. This would have no benefit to the global climate and at the same time it could cost the livelihoods of many thousands of people.

What we did in 2014

Global:
Performance and progress

In 2014, our overall greenhouse gas emissions amounted to 206 million tonnes of carbon dioxide equivalent (CO₂e). CO₂ emissions from our steel operations accounted for the vast majority of these – 95%. Of these, 85% were direct emissions (scope 1). See our basis of reporting document online for more details.

Greenhouse gas emissions from our mining operations amounted to five per cent of our total footprint, approximately half of this in CO₂ and the remainder in the form of coalbed methane.



CO₂e emissions: per tonne of steel

2.09

2014	2.09
2013	2.14
2012	2.13

Our steel output increased in 2014 by one million tonnes, and this explains some of the increase in our emissions. We saw a two per cent reduction in our CO₂ emissions per tonne of steel during the year, from 2.14 tonnes per tonne of steel in 2013 to 2.09 tonnes in 2014. We believe this was largely due to changes this year in the emissions factors used to calculate the CO₂ from the electricity we consume. (Considering only the boundary of our steel production sites, electricity was on average less carbon-intensive in 2014 than previously.)

For more information about how we determine our greenhouse gas emissions, please refer to the Basis of reporting document on our website.

Europe:
EU2030

In October 2014, the EU heads of state and government agreed on an ambitious European energy and climate policy framework for the

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period 2020 to 2030. This included a CO₂ reduction target of 43% by 2030, compared to 2005 levels, for those sectors covered by the EU ETS. They also indicated that this scheme should not impose undue CO₂ costs on European industries like steel that have to compete globally so long as they are operating efficiently – something that will be assessed against a ‘best plant’ benchmark. This would mean that those production and manufacturing sites that are not so efficient will have to buy additional carbon allowances on the market and so will have an incentive to improve their carbon efficiency to the level expected. We believe that this will benefit European society as a whole, and will also enable us to continue contributing to significant emission reductions in Europe through innovation, in both our processes and products.

Research into new technology

Steel's full potential as a sustainable material will only be fully realised if we can find ways to make it that either reduce our own emissions or those of other industries. Our investments in this area will be critical.



Our approach to date

We have invested substantial amounts in researching new and more efficient methods to produce steel. Across the whole European steel sector, carbon emissions per tonne have been cut by 50% in the last 40 years, and many steel plants are now operating close to their maximum efficiency, with the

technology currently available. A number of technological innovations are possible, particularly to find productive uses for our carbon emissions. We are working with a range of partners to try to do this, with the ultimate goal of finding a solution that will make a considerable difference to the carbon footprint of steel production.

What we did in 2014

R&D:

New ways to deal with CO₂

Since CO₂ is a by-product of the current steelmaking process, finding new practical uses for the CO₂ produced by our steel mills, instead of emitting it into the atmosphere or storing it underground, is of great interest to us and to society. We're currently investigating seven different options, which are at varying stages of advancement: some are still very much in the early laboratory phase, while others are closer to reaching commercial implementation. One of these is the capture and use of CO₂ to produce fuels and chemicals.

R&D:

Low-impact steelmaking

In 2013, we launched a new research programme called Low-Impact Steelmaking (LIS). This is focusing on some important new approaches to the existing steelmaking process that could benefit the steel industry as a whole, including ways to re-use the gas produced during steel production. It involves the construction of a state-of-the-art laboratory at our Dunkerque plant, where new techniques can be tested and

assessed. The project, which will be operational in 2015, is run by a consortium of French universities and scientific laboratories, and our global R&D centre at Maizières-Les-Metz, and is supported by the French Energy and Environment Agency. We have committed \$25 million out of the total \$43 million budget for the project to date. Within the LIS programme, we are also continuing to work with others to develop alternative processes for reducing iron ore that will avoid the sintering and coke-making stages of iron production, both of which are costly and carbon-intensive. For example, the Ulcowin pilot in Maizières, France, is reducing iron using electrolysis, whilst the Hisarna pilot in Ijmuiden, Holland, is using oxygen and coal fines to reduce iron directly. The latter pilot is not so much aimed at reducing the CO₂ emissions in the process itself, but at producing a highly concentrated CO₂ waste gas, which is suitable for the direct re-use of CO₂ – something we are exploring in our Valorco project.

Climate change

Our approach

Tackling steel's carbon intensity . . .

We are making concerted efforts to reduce the energy footprint of our steel by improving energy efficiency across our operations. These are described in the Energy section of outcome 6. In the section on Research into new technology, we describe how we are looking into ways to reduce the carbon emissions from steel production.

. . . designing lower carbon products

Our expertise in lifecycle analysis likewise ensures that these benefits are realised over the whole life of a product, not just in the initial production or use phase. For example, research by the Boston Consulting Group found that overall, six times less carbon is emitted through the use of our innovative steels in products than is emitted during their production². The ratio for car products is six to one, and for efficient electrical steels it is 17 to one. Our global R&D division works with the companies who buy our steel to explore new ideas and bring them to market: steel products that can save both energy and carbon, and take the world towards a lower carbon future. You can read more about this in outcomes 2 and 3.

. . . for a more circular economy . . .

Steel's great advantage is that it can be re-used an infinite number of times. For example, with a 90% recycling rate, one new tonne of steel equates to 10 tonnes of useful material for the future. This has to be factored in when assessing the emissions produced to make the first tonne of steel. Our global R&D division is looking at the many ways that steel products can contribute to a more 'circular' economy, in which as little as possible is wasted, and as much as possible is re-used. There are particular opportunities in packaging and construction, and there is more on this in outcome 4.

. . . and a more resilient world

We continue to develop products that will help the world be more resilient in the face of more volatile weather patterns resulting from climate change. These include flood defences, hurricane-resistant construction materials, and affordable steel structures for low-cost housing. These are described in outcome 3.



² Wortler, M. et al, Steel's Contribution to a Low-Carbon Europe 2050, the Boston Consulting Group/Steel Institute VDEh, June 2013.

7 Supply chains that our customers trust

We need to manage our supply chain actively and effectively, so our stakeholders and customers can be confident our suppliers behave ethically, and work towards upholding robust environmental and social standards. With a supply chain that involves thousands of firms and around \$50bn in spend every year, this is both a challenge and an enormous and unique opportunity.



Why is this important to us?

Companies as large as ours are expected to take responsibility for their supply chains, and not just their own behaviour. At the same time, even an average-sized business will now have a supply chain that stretches across many jurisdictions, and in our case across the whole world. The complexities involved require commitment and collaboration.

The commercial imperative

What kind of challenges do we face?



We must demand the same high standards of social, environmental and ethical performance from our suppliers as we do from ourselves. We risk losing customers if our competitors can offer more robust proof of the sustainability of their own supply chain. We could also face a reputational risk if, for example, suppliers are not managing their environmental or social standards well.

What do we need to do?



We need to understand our value chain even better so that we can manage the risks, and seize the opportunities. We will do this by developing our work to identify suppliers and products that could pose a risk, undertaking 'deep dives' into specific areas, and collaborating with others to share learning and further drive up supply chain standards across the industry.

What is the potential to create value?



We believe that a responsible supply chain is almost always a more efficient, more competitive, and more resilient one. By continuing to take a responsible approach, we will be better placed to minimise risk and seize new opportunities, especially with customers in sectors which are starting to expect greater transparency in the supply chain, like automotive, construction and packaging. We can also keep our own costs down in the long term by helping our suppliers improve quality, cut energy use, and save water. We can even help them grow their business, by helping them to develop alternatives to their existing product ranges.

Our stakeholders' expectations

Pressure on companies to ensure their supply chains are responsibly managed is increasing, both from governments and other stakeholders. For example, tenders for many public sector contracts require bidders to demonstrate the sustainability of their products. Likewise, consumers are increasingly aware of the social and environmental issues associated with companies' sourcing decisions, and businesses that make irresponsible or unsustainable decisions can expect to attract negative media attention. As a result, the manufacturers and designers who buy our steel want to know more about the standards that apply in our supply chain. We are also seeing a proliferation of certification schemes, voluntary standards and product labelling in our markets. Just as timber, fish and jewellery have become subject to international sustainability standards, the steel and mining industries are now under the spotlight, and we are seeing a growing momentum towards global standards.

The outcome we need

We are confident that our suppliers live up to our own high standards because we know we manage our supply chain responsibly, and are trusted to do so by our customers and stakeholders.

Achieving our new outcome

Building on our existing work on responsible sourcing, we are reviewing our approach to procurement as part of our new sustainable development framework. This will help us to work towards ensuring we have supply chains that we and our stakeholders can trust. It will involve looking at long-term social and environmental trends, at the expectations of the manufacturers who are our customers, and assessing not only the risks but the opportunities to be had by collaborating with others. We will also deepen our existing approach to global suppliers to better understand the risks in our supply chain.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Supply chain

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS	
Responsible sourcing	An embedded approach to responsible sourcing in our business processes.	We continued to train our buyers in our code, but owing to changes in the way global procurement was managed in 2014, we are not in a position to report on the % of buyers trained.		
		Rather than undertake a ‘deep-dive’ exercise covering sustainability risks in our supply chain, we started to deepen our existing approach to global suppliers to better understand the risks in our supply chain.		
		KPI: We assessed 181 global suppliers – accounting for 65% of our global spend.		
Key:	Met target: 	Partially met target: 	Did not meet target: 	No target but progress made: 

Our approach to date

In 2014 we spent over \$59 billion on our supply chain, of which 29% was procured at global level through a single purchasing channel, including raw materials, industrial equipment and operating products. We do it this way to ensure the quality of our raw materials and thus the quality of our products. It also means we can have more influence over both our costs and our sustainability risks. Where we procure locally, our local management is responsible for addressing the issues specific to their own supply chains.

Our code for responsible sourcing

Our code for responsible sourcing sets out the same high standards for our suppliers as we expect of our own operations. It was established in 2010, in consultation with customers, suppliers, peer companies, and NGOs, and observes international best practice. It covers health and safety, human rights, labour standards, business ethics and environmental management, and has evolved to incorporate new developments, such as global standards on conflict minerals.

The code is the starting point for our approach to assessing our supply chain. Since 2010 we have shared it across our supply chain and our suppliers are asked to acknowledge it or commit to equivalent standards. When we register a new supplier, we require them to agree to the terms of the code. We have developed a training programme for our buyers – we have over 1,200 across the world. We undertake a quarterly supply chain risk review covering issues such as fraud, corruption and environmental risks, and where we identify a risk, we follow this up by engaging with the relevant suppliers. Some recent examples are highlighted below. We are now exploring the value of including additional and third-party checks. We also invite all our global suppliers to complete an annual questionnaire: any which do not meet our standards will be evaluated on an ongoing basis until they are able to comply

and, if necessary, we will propose an action plan to them to help them monitor their progress towards meeting our standards.

Conflict minerals

There is continued concern that some conflicts around the world are being financed by the trade in minerals such as tin, tantalum, tungsten and gold. From a portfolio of more than 2,000 steel products, only a very limited number contain tin and tungsten, which are necessary for the functionality or production of certain products. We don't directly purchase these minerals, or have any direct relationship with any mines or smelters that process these minerals. Nonetheless, we were involved in drawing up the 2011 OECD guidance aimed at ensuring companies carry out adequate due diligence on their supply chains on this issue. The legal framework covering this issue is the US Dodd-Frank Act, which requires companies to either make a disclosure each year to the US Securities Exchange Commission certifying that no such minerals used in a company's products have been sourced from the Democratic Republic of Congo or adjoining countries, or to file a report if any such minerals have been used in a their products. We comply with this legislation, and our most recent submission can be viewed in full on our website.

REACH and GHS regulations

European legislation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) covers the manufacture, import and use of certain chemical substances in Europe, and the Globally Harmonized System (GHS) covers the same issues worldwide. These regulations are designed to protect human health and the environment, and require suppliers and producers throughout the supply chain to report on their use of these substances. We have actively engaged in the development of the REACH and GHS processes, and comply in full with their requirements. There is more detail on this on our website.

What we did in 2014

Progress and performance: Assessing our suppliers

In 2014, we continued to screen all new global suppliers using our code for responsible sourcing. In addition, 181 global suppliers representing 65% of our procurement spend at global level, and including 100% of our strategic and core suppliers, were evaluated with a specific questionnaire. This assessment looks at the management systems that a supplier would have in place to address the issues within the code for responsible sourcing. Often a low score is reflective of a lack of policies and procedures, rather than a poor environmental or social performance. Of those assessed, 26% were found to be 'not acceptable' (down from 28% in 2013), and 30% ranked as 'average' (up from 28% in 2013). In 2015, we will strengthen our monitoring of these categories of suppliers by continuing to develop specific action plans to help them improve.

Customers: Managing sustainability enquiries

Supply chain management is an evolving issue, and one which is attracting increasing attention, from governments, regulators, NGOs and customers. We saw a significant increase in customer enquiries about sustainability in our supply chain in 2014. Many of these requests came from our automotive industry customers, and related to minerals, specifically conflict minerals. There were also questions about charcoal, and other customers asked about our tin supply chain, after issues were raised by Friends of the Earth and the Dutch IDH sustainable trade initiative about 'informal' tin mining on two islands in Indonesia. We are engaging with IDH to understand how we can support the development of more responsible mining in these locations, and in 2015 we will encourage our customers to join this discussion.

% of global procurement spend covered by assessments against our code



Local procurement: BBBEE in South Africa

In South Africa, all companies have to work within the BBBEE framework – the broad-based black economic empowerment system established by the government to ensure that wealth is shared across a wide spectrum of previously disadvantaged groups. Our current score, level 7, does not reflect our commitment to transforming the South African economy, and we want to improve it. As part of our plan, we have developed an enterprise supplier development strategy, including the establishment of two new centres – an enterprise hub and a technical hub, designed to strengthen local businesses near our operations. We have also identified eight core areas where we can develop more local suppliers, including fuel, materials, line spares, and equipment and maintenance.

Conflict minerals: Participating in a UN webinar

Having been involved in developing the OECD guidance on conflict minerals, in 2014 we were invited to present at a UN Global Compact webinar on 'traceability in minerals and diamonds'. We talked about our approach to responsible sourcing, and how we trace the minerals we use, in line with OECD guidance. We focused in particular on tungsten and tin, as a case study. We shared what we have learned, including the training we provide to our buyers, and the support we give to our suppliers on this issue.

Engaging with our suppliers: Buying safe products

We recently discovered that some of the protective garments used by the employees and contractors in our steel plants were failing to pass safety tests after laundering. We are not prepared to accept the additional safety risk to our people, so we are arranging substitute garments. At the same time, we are investigating the cause of the problem and working with our suppliers to implement the latest changes to ISO18001 safety standards to ensure all new garments supplied are compliant and safe.

8 Active and welcomed member of the **community**

Wherever we operate, we invariably have a significant presence, both in physical scale and as an employer in the local economy. Active two-way engagement is therefore critical. We must understand the expectations of the local community and they must understand ours.



Why is this important to us?

Companies are expected to play an active part in their local neighbourhoods – to see them not just as physical locations, but as communities of which they are part, and which they strengthen over time. This is not just about giving money to community projects – though that has a role – it’s about understanding the needs and issues of local people, supporting the local economy and employment, and protecting the local natural assets that people depend on, now and in the future.

The commercial imperative

What kind of challenges do we face?



The heart of the issue here is our social licence to operate. This means developing the trust and support of governments and the people who live near our operations. It means maintaining thoughtful dialogue, without which there is a risk that our stakeholders develop unreasonable expectations of us, and even the potential for conflict. It also means dealing with issues that are our responsibility, and lending a helping hand when there are other problems, for example, giving support after a flood or natural disaster.

What do we need to do?



We need to communicate openly and regularly with our communities, so they know more about who we are, what we do, and what we contribute. By continuing to behave as good neighbours and engaging in active dialogue at local level, we can avoid the misunderstandings that can lead to disruptions and distrust. We also need to go one step further, by playing an active role in creating communities that are thriving and resilient, and making thoughtful, well-targeted contributions.

What is the potential to create value?



If we are trusted by our local communities, we will be able to work collaboratively with local stakeholders. This will help us to run successful, responsive and efficient operations, and protect and enhance our reputation wherever we are in the world.

Our stakeholders' expectations

It's not only local communities that have higher expectations of the role companies should play – the media, governments, NGOs and wider society all expect companies to behave as responsible corporate citizens, and contribute positively to social and economic development.

The outcome we need

We are welcomed as good neighbours, actively engaging at a local level, and making a positive contribution to more resilient and thriving communities through our day-to-day operations as well as through thoughtful well-targeted investments.

Achieving our new outcome

We are now asking managers at country level to create a sustainable development plan to progress against all the 10 outcomes. This will be informed by their analysis of stakeholder expectations, as well as the long-term social and environmental trends affecting their operations. The work we have done at a global level using feedback from our local management has identified the importance of being a welcome and active member of the community, so that we can respond adequately to the challenges of sustainable development. So, one aspect of each country's sustainable development plan will be their responses to local stakeholder expectations: how they will achieve better dialogue, better understanding, and better relationships with the local community as one of their critical stakeholders. If we achieve this, then our investment in the community will be a more meaningful contribution to their longer-term needs.

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Communities

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS
Community engagement	Understanding and responding to the priorities of local communities.	See ‘stakeholder accountability’ under Transparent good governance.	NA
Community land use	Sound approach to land use that respects human rights including the rights of indigenous peoples.	We report on the impact of our operations on farmer families in Liberia under outcome 8 (community land use) and also in our Liberia sustainability report, but we do not have in-depth data this year.	◐
ArcelorMittal Foundation	A sustainable contribution to the communities in which we operate.	We have aligned our community investment strategy with our sustainable development approach, rather than via a separate foundation. See outcome 8 – community investment. KPI: community investment spend: \$17.1 million.	● ○
Key:	Met target: ●	Partially met target: ◐	Did not meet target: ✘
			No target but progress made: ○

Community dialogue

We have always worked hard to engage positively with our community stakeholders. We've learned that effective dialogue involves listening as well as communicating, and in future we will focus more on understanding expectations.



Our approach to date

We have come a long way in our comprehensive approach to stakeholder engagement. For many years we have asked each of our sites to identify the issues important to the communities local to their operations, and draw up an engagement plan tailored to local needs. In 2014, 50 sites had such plans. They are also asked to develop a formal process stakeholders can use to raise issues or grievances, and 32 of our sites have such a process in place. However, events of the past few years have highlighted to us that, whilst we have good procedures in place, we need to do better at proactively listening to the wide range of community members that have a stake in our business.

Dialogue with stakeholders needs to be regular, open and honest. Dialogue

is not the same as communication: it involves listening and responding, not just conveying our own perspective, though it's important to do that as well. Some of the difficulties and disruptions we've faced recently in countries like Liberia and South Africa might have been avoided if we had listened more closely, and managed expectations better. That's why we are moving from an emphasis on stakeholder engagement, to one focused on understanding and addressing stakeholder expectations, as a central part of the engagement process. Where people have reasonable comments or opinions to offer we will respond appropriately, but not all stakeholder feedback is reasonable, and in those cases we will discuss people's assumptions with them and explore what they can realistically expect from us.

What we did in 2014

Liberia: Managing expectations

Liberia is a good example of the importance of understanding and managing community expectations, not only in delivering on those expectations that are reasonable, but in being proactive in constantly explaining where we are unable to deliver on expectations; and also in ensuring that all our expectations are understood. In Nimba county, Liberia, we have a large iron mine. We have created thousands of jobs for local people, invested \$500 million in roads, schools,

hospitals, and training, initiated an extensive programme to improve the livelihoods of those affected by our operations and by the end of 2014 we had also paid \$6 million to local farmers (see the Community land use section).

Members of the local community however, expected the benefits to their livelihoods to be more substantial, and the transformation to happen sooner. This led to demonstrations outside our mining sites, which regretfully escalated to violence, criminal damage and police intervention. The demonstrators alleged that we had not fulfilled the terms of our mining agreement, paid wages, or compensated people

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for houses and crops affected by our operations. They also claimed we had not invested in local infrastructure. The demonstrations were, in large part, the result of misunderstandings.

We accept we can improve how we manage these expectations, and we will be changing and improving the way we engage with and listen to local communities as a result. After the demonstrations, we stepped up our local meetings, which were very helpful and led to a strengthening of our relations with communities, the government and NGOs. A total of 212 community engagement meetings were held during 2014, and 56 grievances were reported during the period, of which 40 were addressed. We remain committed to Liberia, which is in desperate need of foreign investment after a damaging civil war, as well as the devastation caused more recently by Ebola. You can read more about this in the Community investment section.

France:

Living up to our promises

France is one of our most important markets, and home to several production sites as well as research centres. But in the years after 2008, the falling demand for steel created huge challenges at these plants, and we were compelled to restructure our operations in 2012, with our plant at Florange most affected. This had a very negative impact on our reputation in France, especially with government. Partly driven by this, we commissioned an independent survey of our reputation among key stakeholders in France and three other countries in 2013, which confirmed that we had to do more to rebuild our reputation in France. As a result, we have redoubled our efforts to explain the rationale for our decisions, and communicate what we have done to prevent job losses and ensure a future for the site. We ran the reputation survey again in 2014, and the results in France were much improved, with many respondents noting that the reality at Florange is much better than some of the media coverage had suggested, and that we are delivering what we promised.

Mexico:

A mixed year

In 2014, our operation in Mexico received an award for ‘Best CSR Practices’ from CEMEFI, the leading institution focusing on philanthropy and social responsibility in Mexico. The specific focus of the award was the ArcelorMittal artistic and cultural centre project ‘Pireri’, which we are supporting. Any award like this is always welcome, but we are also very conscious that there are other issues which we have to focus on Mexico. We continue to face issues with local people who claim access to the land within our mining concession. We also had a leakage from our slurry pipeline, causing some claims of environmental pollution. Despite doing all we could to rectify the problem – including an independent study that concluded that the leakage hadn’t caused any environmental harm – we could have communicated in a better way. Because perceptions differ, some of these issues are not straightforward to resolve, so communicating more effectively with our stakeholders about them has to be a key part of our response going forward. The CEMEFI award is a source of pride, and it is also a spur to do better in future.

Baffinland, Canada:

Committed for the long term

We have a 50% stake in Baffinland Iron Mines, which began mining iron ore in the remote Nunavut region of the Canadian Arctic in 2014, but which will not be fully operational until the first shipment of ore in the summer of 2015. Our aim for the project is to identify and develop the resources on North Baffin Island safely and efficiently, and unlock their wealth-generating potential for the benefit of all stakeholders. We want not just to meet but exceed the expectations of the local Inuit Land Claims Beneficiaries, by providing long-term employment skills. We have consulted with them extensively, as described in previous reports, ensuring everyone has a chance to give us feedback. And we want to protect this ecologically unique habitat.

In 2014 Baffinland received approval to ship ore from Milne Port at certain times of the year.

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More recently, we asked for permission to ship additional tonnage through Milne Inlet, which would extend the shipping season to the winter, when the inlet is covered with ice. This proposal is now subject to regulatory review. We expect to be part of the Baffinland environment for long time, and we are managing our presence and our relationships with all stakeholders with that in mind. That's why Baffinland was so pleased to win the 2014 Murray Pyke Award at the Nunavut Mining Symposium, which recognises an exceptional contribution to the economic and social development of the Nunavut region made by a mining or exploration company.

Community investment

Our approach

Our investments into the community must be done in the same spirit as our community dialogue – not just efficiently run and robustly measured, but adapted to specific local needs and circumstances, and aligned with our skills and strategy as a business. So our community investment will be divided between the priorities of the local community, and the

global theme of STEM education and skills, which all our sites will support. You can read more on this in outcome 9. Local community investment projects will be decided by local managers based on their own community challenges and stakeholder expectations. We will aim for this investment to be split 60% for local projects, and 40% for STEM initiatives by 2020.



What we did in 2014

In 2014, we spent a total of \$17.1 million in community investment programmes across our operations, which directly benefitted over 527,000 people. In addition, 5,172 employees took part in one of our volunteering programmes, offering a total of 27,346 hours to communities local to our operations. Despite the impact of these programmes, our investment was regrettably lower than in previous years. Due to severe business challenges in 2014 in some countries, new memoranda of understanding with some host governments were not renewed, resulting in the drop in community investment.

Algeria: Supporting women

In 2014, we provided support to the Association of Algerian Women for Development (AFAD), which helps women who have been ostracised, abused or mistreated. Women play a key role in economic development in emerging economies, and are often the main breadwinner for the family. We have worked with AFAD since 2008, and in that time it has helped more than 900 women and their children. A shelter has been built, workshops and training have been developed, and in 2012, AFAD started offering microfinance loans, so that the women can take control of their own futures and support themselves and their families. The businesses they are building are helping to sustain the whole community.

17.1m

Community investment (\$)

Bosnia and Herzegovina: Responding to the floods

In May 2014 over 1.5 million people, or 30% of the population of Bosnia and Herzegovina, were affected by the worst floods ever recorded in the country. Roads, railways and farms were submerged, and over 100,000 homes were swept away. One million people were left without clean water. There was little coverage in the international press, or help from the international community, and yet the impact was considered locally to have been worse than the civil war. Our operations in Zenica and Prijedor did what they could to help, offering emergency payments to cover food, water, and sanitation equipment. Our own employees also got involved in fundraising and supporting their own communities. Bosnia's recovery will be a long-term task – it will take years to reconstruct the country's infrastructure and communications – and we will play our own role in that long-term effort. We have committed \$500,000 to the relief effort to reconstruct roads, and to dredge the Berek river to help prevent future floods. By the end of 2014, 63% of this had been paid.

Morocco and Czech Republic: Employee volunteering

Every year, our employees can apply to join one of our 'solidarity holidays'. These bring teams of our people together to help on a specific community project for two weeks. In 2014, 90 employees took part in solidarity holidays in nine countries. Here are just two examples of the contribution they made. In 2014 a team of volunteers worked together to install a new drinking water system in the village of Douar Laassara, close to our operations in Jorf Lasfar, Morocco. Before this, the village had depended on water drawn from a single well. The teams managed every aspect of the project, from obtaining the necessary government permits to building the housing for the taps.

In August 2014, a team from our plant at Ostrava, Czech Republic, worked with a local charity to help refurbish a dilapidated building, so that it can be used by homeless people. The Ostrava site is also providing the machinery needed to complete the project. Once finished, the building will offer 'starter apartments', enabling homeless people to take control of their lives and become independent. They will be supported by workers from the charity, encouraged to find a job, and given training in areas like household finances.

Community land use

Our approach to date

We are committed to respecting best practice in community land use and protecting indigenous peoples' rights. This is part of our human rights policy. We do everything we can to avoid involuntary resettlements, and where this proves to be unavoidable we aim to adhere to international standards and

comply with the national or relevant regional authorities' guidelines on resettlement and compensation. In practice this means consulting the people affected and devising an approach that will best benefit them, and offer a better quality of life as a result.



What we did in 2014

Liberia:

The resettlement and livelihoods programme

Our mine in Liberia needs more land, so that we can manage the 'tailings' residues more effectively and safely. Many local people will be affected by this, including 1,500 farmers who will lose their farming land. We have established a Mine Resettlement Coordination Committee, which includes representatives from our company, local authorities, civil society and local communities. The committee will ensure there is independent oversight of the compensation process, and any mediation that might be necessary. By the end of 2014, 901 affected farmers had received financial compensation for loss of land.

We have also developed a livelihoods programme for those affected by the resettlement plans. Our aim is to reach three adult members in each household by offering skills training, so that they can set up their own businesses. 1,657 will receive certificates of achievement or participation. The skills covered include tailoring, hairdressing, and arts and crafts. This programme is part of our long-term commitment to making a positive contribution to Liberia, especially in the wake of the Ebola outbreak, which we have helped to tackle, in partnership with other companies, NGOs and government organisations.

The implementation of these programmes, including allocating alternative land plots and supporting people who are particularly vulnerable, did not progress as effectively as we had planned in 2014 due to the wider challenges in our Liberia operations. With the 2014 Nimba demonstrations in mind (see Community dialogue section) we understand the need to manage the expectations of the community during this difficult time.

Case study

Liberia: Mobilising the response to Ebola



The scale of the Ebola outbreak in West Africa is unprecedented, and needed a massive coordinated global effort. As the largest international company operating in Liberia, we had an important role to play, not just in protecting our own workforce (you can read more about this in outcome 1), but helping the wider public sector response. We spent over \$1.3 million on the Ebola response, including the construction of a special treatment unit and two holding centres in Nimba County. We also donated ambulances, equipment and medical supplies, and funded an Ebola contact tracing project in partnership with a local NGO. One of the most significant contributions we made was to set up the Ebola Private Sector Mobilisation Group, or EPSMG, a coalition of more than 100 companies at its peak, who came together to share experience in tackling the Ebola outbreak.

The original aim of the EPSMG, set up in August 2014, was to share information about the disease, efforts to contain it, and its impact on the commercial mining sector in West Africa. We set the group up as part of our wider efforts to tackle the disease, and one of our principal objectives in doing so was to ensure we were doing all we could to protect our employees and contractors, their families and their communities. We believed we could do this best by learning together with other companies across West Africa. The group expanded very quickly and soon included businesses from many sectors, such as palm oil, logistics, and transport and agriculture,

as well as well as 40 NGOs and government bodies. Country groups were formed in Sierra Leone, Guinea, Liberia, Senegal and Mali to act quickly on the ground.

And as the membership grew, the aims of the group moved from simply information-sharing to the mobilisation of resources to support the wider humanitarian and healthcare response. The group forged strong relationships with key international aid agencies such as the UN (including UNMEER and UNICEF), the International Red Cross and Resolve. These relationships have been critical, not just in fighting the spread of ebola and in caring for those affected by the disease, but also in encouraging the public and NGO sector to look at their business sector not only as donors but as active partners on the front line.

For further information see www.epsmg.com

The future residents of the houses in the Trinidad & Tobago project are from low-income families, who would otherwise have no way of affording a home of their own. The families will be involved in constructing their houses, and will be trained in construction skills as they do so. These activities are being supported by volunteers from both the community and our own employees. The idea of the project is not only to provide housing, but to provide additional skills within the local economy.

9 Pipeline of talented **scientists and engineers** for tomorrow

The economy of tomorrow will rely on science, technology and engineering skills, but as the demand for these roles increases, it will get harder and harder to attract the very best.

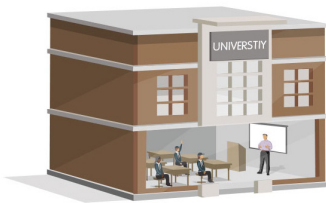


Why is this important to us?

The skills associated with science, technology, engineering, and mathematics (STEM) are critical for sustainable development. Sectors like construction, automotive and our own industries of steel and mining all require top-quality engineers to develop more sustainable production methods, rethink the assumptions we make about how we use and re-use resources, and develop the technology for clean energy generation.

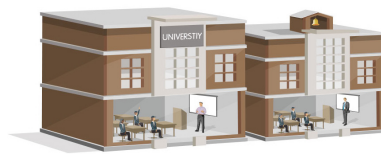
The commercial imperative

What kind of challenges do we face?



In Europe and North America, the average age of our employees ranges from 42 to 50. As this generation of European and North American steelworkers moves towards retirement, we risk losing the skills they have developed. There are fewer young people electing to study STEM subjects in these regions, which means a growing shortage of engineering talent for us to draw from. We need people with top-class STEM skills to generate the new ideas and products that will help us rise to the challenge of sustainable development.

What do we need to do?



We need to replenish our pool of engineers and technicians before the skills gap has a negative impact on our business. But we know this is a long-term issue, and we have to commit to it for the long term. In other words, we need to start while children are still at school, and inspire them with the idea of a future in science, technology or engineering. When they are older, we need to support them to develop careers based on the scientific, mechanical and electrical skills that our business needs.

What is the potential to create value?



Our size, geographical spread, and range of functions mean we have a lot to offer those wanting to develop skills in science and technology. And if we can find the right people with the right skills, we know we can contribute to a more sustainable future for everyone – not just by leading our industry in sustainability, but by designing products that deliver the same benefits but use fewer resources. We also see value in bringing more women into STEM-based careers, and this is a high priority for us and our industry.

Our stakeholders' expectations

Between 2015 and 2025, the number of jobs requiring STEM skills is likely to grow by about one million across the world. Governments want business to invest in STEM education, both for the future of their own economies and the benefit of wider society. Our communities also want us to support their local economies, and we will support our social licence to operate if we help local people to gain new skills and increase their employability.

At the same time, the average age of our employees has been rising, and in some countries is as high as 50. As they retire and we look for younger people to replace them, we know the best new talent is looking for an employer with a proven track record in developing skills and providing high-quality training.

The outcome we need

We have built a healthy pipeline of well-trained and talented engineers, scientists and technicians, both for our own future, and for society as a whole.

Achieving our new outcome

Our new sustainable development framework brings our STEM work together under a common global umbrella for the first time. It recognises both the programmes targeted at our own strategic workforce needs and those aimed at the needs of society as a whole. We will implement this at local level by asking our local management to review their progress, tying together their analysis of long-term trends among their workforce, the educational trends within their own country, and the expectations of potential recruits. We will also explore the risks and the opportunities of collaborating with others to broaden our impact on STEM education.

Our approach to date

STEM as a social good

Many of our local operations have already identified specific STEM programmes to address the ongoing needs of their local communities. Many of these are projects with schools, colleges and universities, to encourage students to choose STEM subjects, and identify those with a particular aptitude in this area. As well as providing teaching aids and technological support, we invite students to visit our steel plants, so they can see where these skills could take them, and how important they are to a company like ours. We want to do more to actively motivate them to build a career in the steel and mining industries of the future.

STEM as a strategic workforce issue

Within the company, our human resources teams work to build a pipeline of talented people for the future. This starts with the technical and professional training we provide through the ArcelorMittal University's 12 faculties, where the subjects include mining, R&D and steelmaking. It also extends to

partnerships with academic and other organisations, and offering internships and PhD sponsorships through joint research projects. In some countries we offer young people from our local communities the chance to take up internships and training with us. We have long-term partnerships with a number of leading academic institutions around the world – 20 in steel construction, 14 in steel-forming, and six in physical metallurgy. These are designed to develop productive and practical collaborations on specific issues, and ensure we can attract the best students.

In order to assess the potential gaps in our workforce, and potential skills shortages in the wider labour market, we have created our own proprietary strategic workforce planning tool. This gauges the level of skills and the changing age profile of the current employee population at a particular site, and maps that against its future requirements. Following a pilot in 2014, we aim to roll this tool out in every country where we have an operation, so that we can plan our workforce and address any potential shortages of qualified people.

What we did in 2014

Global: supporting research students

In 2014 we hosted more than 100 engineering students in their final year on long-term internships. We also supported more than 60 PhD students across the world on a variety of programmes.

US: Encouraging interest in STEM

In the US, our Great Science Academy programme introduces schoolchildren in the Great Lakes to space and aeronautics, biomedical technology, design and innovation. The feedback suggests that 90% of the students who start the

programme aged 11 continue with STEM subjects, and are more likely to study a STEM subject at college or university.

US: Girls in STEM

We have set up partnerships with four non-profit groups in the US, to encourage girls to study STEM, and choose it as a career. We are reaching over 1,000 school-age girls through the Girl Space STEM programme run by the Girl Scouts of Greater Chicago & Northwest Indiana; 200 girls are taking part in the 12-week TechGYRLS initiative organised by the YWCA of Metropolitan Chicago; 250 high-school girls are enrolled in the Gaining Knowledge, Making Strides programme run by the Step Up Women's Network; and the Society of Women Engineers has an Aspire

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Outreach scheme, which aims to connect thousands of successful women engineers to girls throughout the country.

Poland:

A broad-based programme

In Poland, we support a programme called 'ZainSTALuj sie' (literally, 'Install'), which works with schoolchildren and technology students to help them develop skills that would be useful in the workplace. The steel industry is used as the example, and the hope is that students will come away with an appreciation of the industry as a potential employer. We ran workshops for around 430 young people in 2014, as well as providing careers advice for around 200, exam support for over 80, short-term internships for 33 students, and site visits for 175. In addition, 170 students took part in the ArcelorMittal Game, a competition designed to stimulate students to think logically and strategically as a team. The best group won an educational trip to the Copernicus Science Centre in Warsaw.

Romania:

Students exploring steel

The steel industry is not always the first choice career option for younger people. In Galati, Moldova, we've developed a project to help students explore the possibilities of working in the steel industry. The project began in 2012, and is run in partnership with the educational community. There are four elements: a one-day site visit, a three-week practical module involving teachers and mentors from the site, and a series of one-day workshops on specific topics, such as project management, safety, and human resources, with 80 students and professors included in each session. The final element is a summer school internship, in which students are hired to work on real projects for a two-month period at Galati. They are selected each year from different universities in Romania and Western Europe. We hope many of them will choose to follow a career with us after this.

In 2014, 36 interns were selected from 170 applicants, up from 20 interns and 70

applicants in 2012. Of the 2014 interns, eight students from the summer school became ArcelorMittal employees.

France:

Investing in university-level talent

In 2014, our global R&D centre in Montataire, France, ran a third automotive innovation competition for local engineering students. The project aims to build relationships with schools and colleges, as well as encouraging young people to tackle real-life problems. Ten specific challenges were presented to the students for 2014, all aimed at saving weight and retaining crash resistance in vehicles. These are very real issues for our automotive customers, and therefore for the R&D centre. Three schools and two universities took part.

South Africa:

Building the skills the economy needs

In South Africa, there is a severe shortage of skills in the sciences. As part of our agreement with the government, we have developed three Science Centres near our operations in Sebokeng, Saldanha and Newcastle to support the nationwide STEM effort. We have invested over \$1 million in these centres to improve performance in mathematics and science at schools and stimulate interest and curiosity in these fields. These three centres also provide information, knowledge and skills training to teachers, students, school-leavers and the general public in the communities around our operations. The Saldanha centre hosts a Girls' Science Club, and has supported a number of students to enter STEM competitions and exhibitions to boost their confidence and skills. In 2014, some of our electrical engineers went with their professional body to visit Esokwazi High School in Sebokeng to talk to children about their career choices, and opportunities at ArcelorMittal.

Germany:

Apprenticeships volunteering

We believe that an awareness of social issues is an important asset for our apprentices. At our

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Eisenhüttenstadt steel plant in Germany we launched a project in 2008 to encourage our apprentices to get involved in the community. The programme now involves all our apprentices at the site, including mechanics, electricians and industrial clerks. Each apprentice spends two weeks volunteering during the second year of their apprenticeship, for example in hospitals, kindergartens, homes for the elderly and disabled and so on. This creates value for both the apprentice and the company. The experience of volunteering helps the apprentices gain new skills and experiences, resulting in stronger social competence and improved communication and interpersonal skills. The apprentices improve their knowledge of team-working which in turn provides benefits to the company. Since the project began, approximately 500 apprentices have taken part in the programme, and about 20 institutions and social and medical care organisations have benefited as a result.

Case study

The Steelworker for the future®: Engaging with young people in the US



In the US, we have developed a degree programme focused on the steel industry in partnership with a number of local colleges across five states. The ‘Steelworker for the future®’ programme is encouraging more students to pursue exciting careers in steel as a modern, fast-moving and essential industry. We show how the modern steel industry needs people with technical skills, new and innovative ideas, and a willingness to change.

What started as a pilot programme in Indiana in 2008, now involves 10 community colleges near our operations across the states of Illinois, Indiana, Ohio, Pennsylvania and West Virginia.

Mike Rippey, ArcelorMittal USA Chairman says, “Developing a skilled workforce of tomorrow is essential. We must properly educate our young people and encourage careers in manufacturing as a step towards a sustainable future, for our employees, the company, and our nation’s economy.”

The programme introduces students to a modern manufacturing environment, and helps them experience its challenges by learning practical tasks such as how to repair an electric motor on the production line, and troubleshoot a robotic piece of equipment. It is structured as a two-and-a-half year degree programme and includes classroom training with a focus on electrical or mechanical engineering. There is also the opportunity to be involved in on-site training at one of our steel plants, during which students get the chance to apply what they have learned and earn credits for their degree. Furthermore, the pay they receive during this internship covers the full cost of their academic programme.

More than 275 students have benefitted from taking part in the Steelworker for the Future® so far and graduates who are hired at an ArcelorMittal facility can expect to earn \$90,000 on average after three years of employment.

10 Our contribution to society measured, shared and valued

Businesses not only contribute to society through the taxes they pay, but by creating employment, sustaining smaller suppliers, and supporting local economies. We need to measure this contribution, and ensure it is widely understood.

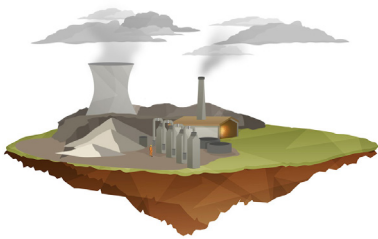


Why is this important to us?

Across the world, companies are increasingly expected to make more than a financial contribution – our stakeholders and communities want us to play a wider social role locally, nationally, and internationally. For all these reasons, it's vital that companies develop better measures of the real long-term value they create.

The commercial imperative

What kind of challenges do we face?



Our social licence to operate depends on the perceived value we deliver to our stakeholders: economic, social and environmental. Where this is deemed to be negative, not positive enough, or simply where we do not have the data, we can lose the trust of governments and communities. We have to be aware that this could cost our business – whether through changes in policy or taxation, or in disruptions to our everyday operations. Unless we have a well-founded reputation, we risk losing customers or potential recruits too.

What do we need to do?



We need to be able to measure the different types of value we create accurately, make this information open to scrutiny, and communicate it meaningfully. We need to consider not only salaries and dividends, tax contributions and payments to suppliers, but the skills training we provide, the investments we make in local infrastructure and to prevent pollution, the impact we have on the sustainability of other industries, and the value our products bring to both consumers and society at large.

What is the potential to create value?



We already make a significant contribution to society, but we need to demonstrate it better. This will help build trust not only in our communities, but among our investors, and our employees will be proud to say they work for us. It will also help prevent disruptions. As our local operations take responsibility for measuring and valuing their own impact, they will make better decisions, and form more resilient business strategies. We will become a partner of choice for governments, and an employer of choice for the talent of the future.

Our stakeholders' expectations

Mining companies, more than in many other sectors, are expected to make significant economic and social contributions to the communities where they operate. The agreements with host governments – memorandums of understanding – set out these requirements in great detail. Steelmaking companies can also face similar challenges from their host governments and communities.

Recent disclosures about corporate tax payments in the retail sector make the media and consumers more aware of the issue of the contributions companies make. Greater scrutiny of company tax structures is shining the spotlight on the contributions business makes to government revenues. Stakeholders and investors also attach great importance to transparent disclosure, as a crucial element of better governance. The Extractive Industries Transparency Initiative is an example of this, and we have been involved in it since 2007, both on the board and in Liberia.

Sustainability frameworks like the Global Reporting Initiative (GRI) and the Integrated Reporting Framework, as well as concepts such as 'net positive' and 'shared value', are driving companies like ours to measure and report on the social and environmental value we create through our operations, investments and products.

The outcome we need

We can show the value of the contribution we make to society, and our stakeholders understand and appreciate it.

Achieving our new outcome

We have reported on our socio-economic contribution at a corporate level for a number of years, and we want to do so in a more meaningful way at a local level. As part of our sustainable development framework we will ask our local managers to consider how they demonstrate the positive and negative social and economic impacts of our business. We will also ask them whether there are opportunities to be had in measuring these better, either themselves or by collaborating with others. Most of our local operations produce their own sustainability report and we are making a big effort to improve and extend the information these local reports provide, asking them all to work towards alignment with the GRI G4 framework by 2016 to report on their socio-economic impacts.



Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

Measurement

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS	
Socio-economic development	The development of strong and sustainable economies.	We initiated a three-year programme to measure the social value of steel, led from our global R&D division.	●	
		Owing to the Ebola outbreak, we did not undertake a socio-economic impact study in Liberia as planned.	✘	
		KPI: We made an economic contribution to society of \$79 billion.	○	
Key:	Met target: ●	Partially met target: ◐	Did not meet target: ✘	No target but progress made: ○

Economic contribution



Our approach to date

At present we monitor the safety of our workforce, assess the interests of our stakeholders at site level, and report on our implementation of labour standards and human rights. At a global level we also assess the economic value created through our procurement, tax payments and R&D investments. With the exception of a small

number of studies – we have not yet combined these and our environmental measurement into a comprehensive assessment of net social impact. Nor have we assessed the social impact of our steel products. However, we are taking some initial steps in this direction, which we will build on as we pursue this new outcome.

What we did in 2014

Global:

Direct economic contribution

Our most significant positive contribution to national and local economies is through the business we do with our suppliers, the wages and salaries we pay, the taxes we contribute, and the long-term capital investments we make. In 2014, this added up to \$78.8 billion, and it is broken down in the graphic on page 110: we paid \$12 billion to our workforce in wages and salaries; \$881 million in corporate income tax and local taxes; and our mining sites contributed over \$73 million in royalty payments for the sale of minerals we extracted.

Measuring our impact

We are members of the World Business Council for Sustainable Development (WBCSD), and have recently used their ‘measuring impact framework’ to assess the value our operations in South Africa contribute to the local and national economy (see the case study below). We had planned to take the same approach in Liberia, but this has been put on hold for the time being, as a result of the Ebola outbreak. During 2014, we also participated in the WBCSD’s ‘redefining value’ programme with the WBCSD to share ideas on measuring and managing the impact of business on society.

The social value of steel

We started a new project in 2014, working with two leading universities in France and Canada, to develop a methodology to assess the social value

of steel along the whole value chain. This adds a social dimension to our existing expertise in lifecycle analysis, and aims to enable us to develop more meaningful and comprehensive information about the sustainability impacts of steel to our stakeholders, in particular governments, regulators and customers. We are sponsoring a doctoral student, who will carry out research at one of our European steel plants as well as with stakeholder focus groups, in order to develop the methodology.

Future leaders scheme

For a number of years we have taken part in the WBCSD’s ‘future leaders’ scheme. This allows us to send a highly talented individual to spend a year participating in a research project with similar nominees from other member companies. We find the scheme a very valuable aspect of our leadership development, and it is an exciting way to expose non-sustainability specialists to an aspect of this subject. The focus in 2014 was on ‘bridging the capital – accounting for social and natural capital in business decision making’.

Case study

Measuring impact in South Africa



We have been part of the South African economy for over 85 years. In May 2014, our South African business published a study that for the first time set out to quantify our economic, social and environmental impacts, both positive and negative. The key objective of the 'Factor Assessment' was to develop a methodology to measure these impacts, which would produce clear and practical action plans, and measurement criteria. The methodology was underpinned by a four-step framework which was developed by the World Business Council for Sustainable Development. These steps were as follows:

The report identified six key areas of influence:

- as an **engine of economic growth**: as the leading steel producer in South Africa, we form a structural component of the national economy through our employment, procurement and taxes. Our direct and indirect contribution in 2013 amounted to 1.3% of GDP.
- as an **employer, job creator, and skills developer**: in 2013 we employed 9,000 people directly and over 14,900 people including indirect employees. We provide training and development for our own employees as well as technical training for engineers, investing nearly \$13 million in 2013 and providing 120,000 training seats.
- through our **impact on local communities**: we spend 24% of our procurement budget on local suppliers, and engage actively with community initiatives.

- through our **environmental footprint**: we are one of South Africa's largest consumers of key resources such as water, energy and raw materials. Since 2005, for example, we have reduced the water used for steel-making by 48%, and our abstraction rate is now below the average for global steel companies.
- by **supplying steel for South Africa's development**: South Africa's National Development Plan aims to increase capital expenditure to 30% of GDP by 2030, and steel can play a major role in this. ArcelorMittal currently provides 57% of domestic steel.
- as a **catalyst for change** in South Africa: we are leading the way in areas such as health and safety; we have robust anti-corruption procedures; and comprehensive employment policies. We are actively involved in national debates and forums.

The methodology used for the report gives an accurate and balanced view of our footprint in South Africa, praising the positive, and identifying priority areas for improvement.

The value of such a study has been particularly clear to see in South Africa, given the importance of Broad-Based Black Economic Empowerment (B-BBEE). Our Factor Assessment study and the subsequent 2014 update have been important not only to share in our 2014 South Africa sustainability report but to inform our strategy to improve our B-BBEE rating by focusing more on local employment, enterprise and skills, procurement and social development.

Transparent good **governance**

High standards of business ethics and governance have been fundamental to ArcelorMittal since the company was founded. We aim to treat our own people and our stakeholders with dignity and respect, and we want to listen thoughtfully, learn from our experience, and lead by example.



Performance – governance

2014 sustainability report

Progress at a glance

Below is an update on the next steps we said we would take in our 2013 report against the commitments we made under our previous ‘four-pillar’ corporate responsibility approach. For this report, we have structured these to fall under our 10 new sustainability outcomes, and next year we will be revising these commitments as our framework develops. Consequently, whilst this review is ongoing, we have not defined our next steps against the previous commitments this year.

	EXISTING COMMITMENT	PROGRESS IN 2014	STATUS
Corporate responsibility governance	Open and transparent governance.	We reviewed the significance of our material issues identified in 2013 and developed our 10 sustainable development outcomes that we need to achieve. Our CR council was renamed our sustainable development council. KPI: Number of Board self-assessments: 1.	● ○
		<p>Business ethics</p> <p>High standards of integrity among employees and all other stakeholders.</p> <p>86% of our target population was trained in our data protection procedure (our target was 85%).</p> <p>We successfully developed a roadmap to foster a culture of integrity throughout the company, and launched our integrity campaign. KPI: Employees trained in our code of conduct: 76% (2013: 84%). KPI: Number of operations with a local confidential whistleblowing system: 30.</p>	● ●
Stakeholder accountability	Meaningful engagement to ensure we understand and address stakeholder issues.	In 2013 we said we would issue a new stakeholder engagement procedure in 2014. Our new sustainable development (SD) framework, launched this year included guidance on moving from stakeholder engagement to stakeholder expectation management and on using stakeholder engagement to aid better SD planning. We need to review our reporting of stakeholder engagement plans and grievance mechanisms.	◐ ✘
	High quality corporate responsibility reporting at local level.	60% of our local reports last year were aligned with the GRI framework, up from 33% in 2013.	●
Human rights	<p>A workforce aware of its rights and responsibilities.</p> <p>The integration of human rights into our everyday governance and business practices.</p>	<p>We did not conduct in-country human rights assessments in 2014.</p> <p>% of employees trained in human rights: 76%.</p>	✘

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

Why is this important to us?

Compliance with regulations is a core responsibility, but this alone is not enough. Organisations today must strive to create a positive culture in which everyone wants and knows how to do the right thing.

Our stakeholders' expectations

Our stakeholders expect a strong independent Board of Directors to perform effective and independent oversight. The US and Europe, in particular, have significantly tightened the rules companies must abide by, and increased the civil and criminal penalties that can apply, especially in relation to corruption and anti-trust.

Compliance is becoming more demanding, and the voluntary codes driven by stakeholders or imposed by law are broadening the scope of what governance covers. For example, stakeholders, shareholders, the media and consumers all expect us to disclose how we implement human rights and environmental standards, and to measure and publish our social and environmental impact. This includes what taxes we pay and where.

The global accounting profession, along with investors and business leaders, are motivating companies to take these issues into account in their decision-making, and report publicly on their performance. Likewise employees expect their company to observe high standards, and the best talent increasingly look for employers whose values align with their own.

These issues also have a commercial dimension: the companies that buy our steel products have to be confident that their own business is not threatened by risks in our production processes or supply chain. In a digital age, reputations that have been built over decades can be damaged in minutes.

The commercial imperative

Any company with over 222,000 employees, operating in over 60 countries, with thousands of suppliers and customers, has to be especially careful to behave appropriately, respect local culture and apply consistently high standards of

business practice, whatever the local regulatory environment. As stated by our Chairman and Chief Executive Officer, Lakshmi Mittal, integrity and reputation are key assets that must be preserved at all times.

Good corporate governance brings with it significant benefits: a stronger standing with governments and regulators, enhanced investor and customer confidence, and reassurance for both our employees and our communities, which means a lower likelihood of business disruptions. The potential costs of poor governance, equally, are real and significant: from criminal charges and substantial financial penalties, to long-term reputational damage, and a fundamental undermining of our social licence to operate. And if we fail to manage our stakeholder relationships well, we risk campaigns against us, strikes, and even lawsuits and loss of business.

Our approach

Good governance is a guiding principle for us. It means ensuring that, as a company, we comply fully with the external regulations and reporting requirements that come with being a listed company, and commit to acting responsibly and with integrity, and that individual employees behave as good corporate citizens.

It is vital that we are clear about the standards of behaviour we expect from our directors, officers, and employees, and anyone who acts on our behalf, and that they understand the importance of acting with integrity. This is enshrined in our code of business conduct.

As part of our approach to risk management we take into account any uncertainties that can affect our business and our stakeholders, including those arising from not achieving our environmental, social and ethical objectives. The effectiveness of

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2014 sustainability report

our response to those risks is monitored through audits conducted by our internal assurance team.

For information on our governance structure, our approach to remuneration and risk, and details of our Board Of Directors and our Group Management Board, please see our website, with further details in the Form 20f that we file to the US Securities and Exchange Commission.

Sustainable development governance

The way our company manages sustainable development and corporate responsibility is evolving. The principles of governance, however, remain the same.

Accountability

The Board of Directors is ultimately responsible for our sustainable development performance and strategic direction, and reviews performance quarterly. The Board delegates the operational management of sustainable development to the Group Management Board (GMB), and 20% of their bonus is linked to safety performance.

Oversight

The sustainable development council (formerly the corporate responsibility council) is mandated by the GMB to coordinate corporate responsibility and sustainable development across the group, and to oversee our performance. It is chaired by Henri Blaffart, Executive Vice President for Human Resources and Corporate Services, and reports directly to the Chairman and CEO. Its members include senior managers from each of the four segments of the business – Europe, Americas, ACIS and Mining – and also from the corporate functions of environment, health and safety, human resources, risk, communications and corporate responsibility. The council holds quarterly meetings, to ensure that it takes a strategic view of the issues it discusses. In 2014, these included water, health, integrity, the ‘circular economy’ and carbon, as well as the 10 sustainable development outcomes.

Implementation:

Corporate

A small corporate team of experts supports and coordinates the practical implementation of corporate responsibility and our new sustainable development framework across the business. It maintains regular contact with all our industrial operations via a network of country contacts, and supports them to identify long-term social and environmental trends and the expectations of global stakeholders, including international NGOs and socially responsible investors. Going forward, the team will also help our local managers to measure their progress against the 10 outcomes.

Implementation:

Local

Every plant manager and local CEO is responsible for managing issues in their own operation, supported by local coordinators, who map stakeholder expectations and develop an appropriate response. In 2015, these coordinators will work with their senior managers to roll out the new sustainable development framework. This will involve coordinating a sustainable development committee, ensuring a joined-up analysis of stakeholder expectations between different functional areas of the business, and supporting the development of a medium-term sustainable development plan.

Ethics and integrity

We believe in integrity: this means being honest and transparent, treating people with dignity and respect, and setting a good example. This is embedded in our code of business conduct and applies to all our employees in everything we do – from the way we treat our own people, to our relationships with our stakeholders.

Policies and procedures

Our commitment to integrity is underpinned by a comprehensive framework of policies in areas such as human rights, anti-corruption, and insider dealing, as well as a robust code of business conduct. The code applies to all directors, employees, and third parties who act on our behalf, and covers issues such as avoiding potential conflicts of interest, ensuring fair relationships with customers and suppliers, protecting data, and the proper use of company assets. Both employees and stakeholders can report any breaches of our policies and standards via the confidential whistleblowing facility on our corporate website, and in addition we now have confidential whistleblowing hotlines in 30 major countries of operation.

% of employees: completed code of business conduct training

76

2014	76
2013	84
2012	80

Some of the markets we operate in are more challenging than others when it comes to applying these principles, and where we perceive there to be additional risks we take steps to identify and address them, by organising focused workshops and events, building an awareness campaign, and enhancing our monitoring. We have also developed a new tool to assess risk.

During 2014, we updated our anti-corruption procedure in relation to issues such as due diligence, gifts and entertainment, conflicts

of interest and risk, and this was approved by the GMB. The Audit Committee received 99 complaints relating to alleged financial issues reported through our whistleblowing facilities, which were reviewed by our internal assurance department and audit committee. None were found to have been significant.

Training

We back up our code with detailed training depending on people's roles, and this training has to be refreshed every three years. Our employees can access all our compliance policies on our intranet, and we also hold face-to-face training sessions at our sites. In 2014, 76% of our employees were up to date with the training required in relation to our code of business conduct, which is mandatory every three years. This is down from 84% in 2013. The percentage was higher in Europe and in corporate functions, but lower in North America, where this training is not included in collective bargaining agreements. In the ACIS region, our training rates were low in a number of countries, and we know we have to work harder to improve them. Training levels for anti-corruption were also down, to 82% from 86% in 2013, for broadly the same reasons. Data protection training levels were higher, at 86%, and the numbers going through this training increased five-fold during the year after a concerted drive to raise numbers.

Anti-trust

In 2014, 83% of our employees in relevant roles went through anti-trust training; clearly we have more to do in this area. We are currently facing a number of historical anti-trust proceedings, investigations and follow-on claims involving our subsidiaries. These are detailed in our 2014 Form 20f filing to the SEC, section 8A.

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The integrity campaign

A major achievement for 2014 was the launch of our integrity campaign across the business. It was designed to reinforce our code of business conduct, and help our people understand how the theory of business ethics translates into the decisions we take – or choose not to take – in our everyday operations. The campaign defines integrity as honesty and transparency, respect and dignity, and exemplarity – in other words, being a good role model. We have also expressed these as eight principles, which include, for example, ‘honour your word’, ‘respect confidentiality’, and ‘lead by example’. We are now supporting our employees to understand how these apply in their own roles through a campaign to convert the principles into practice, with a rolling series of articles across multiple communications channels with practical examples of how problems can arise.

Kazakhstan and Ukraine: Ethics days

We ran ethics and compliance days again in 2014 in Ukraine and Kazakhstan, where our compliance training rates are typically low. These included a conference on integrity for top and middle managers with speakers from various functions such as compliance, human resources, security, and internal assurance. This conference focused on how honesty and transparency, and exemplarity apply in our day-to-day decision-making.

Human rights

Respect for human rights is fundamental to the culture of integrity we want for ArcelorMittal. It is integral to our approach to sustainable development across all 10 outcomes, and governs how we behave towards our employees, contractors, suppliers, and the communities in which we work.

Policy

Our human rights policy is aligned with the UN and International Labour Organization's standards, and supports the UN Guiding Principles on Business and Human Rights introduced in 2011. It includes commitments to our workforce, local communities and business partners, and covers health and safety, labour rights, and the rights of communities and indigenous peoples. Our policy was developed in collaboration with NGOs, investors, and academic experts with experience in business and human rights, and was published in 2010. It applies to every employee and is available online in 20 languages. Since 2010, we have introduced more detailed policies in areas such as the use of force, arms and firearms by our security personnel.

The 10 outcomes and human rights

Both the labour and security aspects of our human rights policy are specifically addressed in our first outcome, while those relating to local communities, including the use of land and water, and the rights of indigenous peoples, are addressed in outcome 8. Human rights issues form part of our code for responsible sourcing, covered in outcome 7.

Training

We ran an intensive programme of communications and training across the business when the policy was introduced – the biggest such initiative we had ever run – to raise awareness about these issues and ensure our employees understand what human rights means for their own specific roles. Each employee is expected to renew their human rights training every three years.

Over the past three years, 76% of our employees have undertaken human rights training, down from 86% in 2013. As with our Code of Conduct training, we need to work hard to bring training levels back up again. We continued to share our experiences with other companies and organisations, through webinars and business events during the year. Many of these were done through CSR Europe, whose human rights working group we co-lead.

Local implementation

We have developed a tool for our local operations to use to assess their human rights risks, and human rights are also covered in our internal audit process. Our priority is to conduct these assessments in countries where we know there is a higher risk, including Brazil, Algeria, Mexico, Ukraine, and Liberia.

Stakeholders

Productive relationships with our stakeholders are crucial to our business. By establishing a positive working dialogue, we will be more aware of our stakeholders' expectations, and better able to address them. This should help us avoid the misunderstandings that can generate costly disruptions to our operations.

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Our key stakeholders

Our key stakeholder groups are our employees, shareholders, governments and regulators, our customers, and the communities in which we work. Lenders, unions, suppliers, NGOs, business multilateral organisations and research institutions are also important. In 2013, we carried out a review of our stakeholders, bringing in peer group analysis, a review of emerging best practice across the world, and an assessment of our different stakeholder groups based on the principles of the AA1000 Stakeholder Engagement Standard 2011. This has given us renewed confidence that we have identified the stakeholders who are most important to us. Understanding and managing their expectations is a fundamental principle of our new sustainable development framework.

Reporting to stakeholders

Last year we made a number of achievements in our non-financial reporting. Here are the highlights:

- we issued local corporate responsibility reports in 20 countries covering our social and environmental performance in 2013, and 12 of them conformed to the GRI framework
- we were ranked sixth out of the biggest 105 publicly listed companies assessed by Transparency International's Transparency in Corporate Reporting project.

- the World Business Council for Sustainable Development ranked our report equal sixth in their annual assessment, and featured it as an example of good practice
- we reported on carbon, water and our supply chain to the Carbon Disclosure Project
- we completed questionnaires for numerous investor analysts, customers and NGOs
- we continued to submit information to the Extractive Industries Transparency Initiative for our Liberia operations, and to participate on its board.

The reputation survey

We commissioned our first independent reputation survey in 2013. This covered governments, customers, employees, influencers and financial analysts in four countries: France, Germany, India, and the USA. We ran the same survey again in 2014, to track the progress made, and extended the research to four more countries: Brazil, South Africa, Belgium, and Kazakhstan. Some messages were consistent across both surveys: we are still considered the leading champion for steel among customers in particular, ranking first among our peers this year. Highlights here included our reputation for product quality and our track record on innovation and recycling. Our commitment to the community, on the other hand, remains a concern across a number of stakeholder groups, particularly in France, where we have restructured our operations in recent years. Environmental and labour issues are also becoming increasingly important considerations. This may be related in part to broader perceptions of steel as a 'dirty' business, and the fact that we are the largest company in our sector. Clearly our size and breadth puts us in a leadership role, which

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gives us a responsibility to lead our industry in defining good practice. Where our reputation is wanting, we use the information from the survey to build targeted action plans to improve it.

We describe how we engage with our employees in outcome 1, and with communities in outcome 8. For other key stakeholder groups, our approach is described below.

Governments and regulators

We get involved in policy debates where the subject is important to us, our employees or the communities in which we operate. Our government affairs team is responsible for explaining our position on specific issues to policymakers and stakeholders, and works with other players in our industry to understand and anticipate regulatory changes, especially in Europe, the North American Free Trade Agreement region, South Africa, and other countries which are central to the steel industry. When we engage in lobbying, we do so in an open and transparent way. For example, we have signed up to the European Commission's Register of Interest Representatives, which provides further information on the work we do with European institutions, and the money we spend on lobbying and other public policy work. We work closely with the European steel industry association (EUROFER) and other local trade associations, to promote a fair and competitive marketplace in Europe, and we campaign for more free trade agreements around the world. We believe free trade supports our industry and encourages economic growth. We also work actively with national steel associations, such as those in South Africa, Brazil, Mexico, the USA, the Ukraine and in EU countries, to express our concerns about the impact that increases in electricity prices are having on our sector. We are taking an active part in supporting the European Commission's Steel Action Plan on the future of the European steel industry.

In 2014, in the US, we filed quarterly Lobbying Disclosure Reports with Congress, which covered the total amount we spent on lobbying, the agencies we approached, and the issues we addressed, including the environment, greenhouse

gases and lifecycle analysis, energy, trade, waterways, social policy, and R&D. We also made a similar disclosure in Brazil, and submitted our views to the European Commission on a number of policy developments, including the EU Emissions Trading Scheme 2030 framework, which is described in outcome 6.

Non-governmental organisations

We have developed constructive relationships with many NGOs around the world, some local and some international. In 2014, we engaged with a number of different NGOs. The issues discussed included air emissions, water, biodiversity and land access. At a global level, we started discussions with WWF on sustainability, and will continue this engagement in 2015.

For example, in the US, Sustain our Great Lakes is a public-private partnership to conserve the valuable habitats provided by the lakes; in Liberia, our work to combat Ebola led to the formation of the Ebola Private Sector Mobilisation Group, and we have been working since 2013 with a number of local partners and international organisations on our biodiversity conservation programme in Nimba, with the aim of ensuring that we minimise the ecological impacts of the first phase of our mining operation, and, where possible, that we enhance vital natural habitats.

These are great examples of what we can achieve and the difference we can make by collaborating with a wide range of stakeholders. In addition to working in partnership, we also engage with local and international NGOs where they want to drive improvements in our standards. For example, in Bosnia and Herzegovina, we engage with the NGO Ekoforum on air emissions, which is an important issue for both regulators and the local communities near our steel plant. You can read more about this in outcome 5.

Business and multilateral organisations

We are members of a number of multi-lateral and business organisations, including the UN Global Compact, CSR Europe, the World Steel

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Association, EUROFER, the World Business Council for Sustainable Development, and the Extractive Industries Transparency Initiative. Memberships like these allow us to learn from other companies and expert groups, contribute to the debate about issues that affect our business, share good practice, and promote good corporate governance and a responsible approach to business in general.

We contribute to a better knowledge of sustainability within our industry through our work with the Worldsteel Association: we are involved in committees and working groups looking at lifecycle analysis, environment, climate change, health and safety, autosteel, and sustainability reporting.

We do the same in broader industry groups. For example, we took part in a sustainable cities event with CSR Europe in Brussels, discussing some of our latest innovations in this area; and after the Ebola outbreak we were invited to a UN high level meeting to share what we had learned about mobilising the private sector.

We also nominated an employee to join the World Business Council for Sustainable Development's 'future leaders' scheme. This scheme offers valuable experience for our leadership, and is an exciting way to give non-sustainability professionals more insight into the subject. In 2014, the focus was on 'bridging the capital – accounting for social and natural capital in business decision-making'.

Research institutions

We are proud of our research expertise, and much of this is down to our long history of partnerships with academic institutions. We have around 30 research and academic collaborations, many of which focus on technical research in highly specialised areas that complement our internal expertise. For example, the CRM Group of Belgium is a strategic partner of our global R&D division. The group specialises in the engineering of metallic materials and works with us on a number of our engineering solutions, such as the Phoster project, an integrated solar roofing solution for generating electricity. We also work with leading universities across the

world, including Carnegie Mellon, East Chicago and Purdue in the US; McMaster in Canada; the University of Lorraine and the Institut Jean Lamour in France; the University of Oviedo in Spain; and the University of Liège in Belgium.

We also support networks on steel construction (20 universities), steel forming (14 universities) and physical metallurgy (six universities); and we are part of science and technology networks such as SOVAMAT (SOcial VALUE of MATerials); VINIF (Virtual Institute of Nano-Films), and SUSCOS (European Master in Sustainable Construction).

Our global R&D division is an associate partner in the European Institute of Technology's new Knowledge Innovation Community project. This brings together the best EU players in higher education, research and business to focus on the biggest challenges the world faces, with the aim of developing innovative products and services to address them. We are taking part in the raw materials community, which will focus on recycling, resource efficiency, and the 'circular economy'.

Customers

We have customers in around 170 countries across the world, in sectors as diverse as automotive, domestic appliances, engineering, power generation, infrastructure, and construction. Overall, our approach to customer relationships is overseen at group level by our commercial coordination and marketing council, which meets 10 times a year and is made up of the chief marketing officers of our major business units. The highly technical and specialised products we offer are supported by our world class global R&D division, which work alongside our customers to develop the solutions they need. We pride ourselves on the strength of the long-term partnerships we have built with our customers, and many of our innovations are the result of working with them at the design stage, to meet specific needs.

To track how well we respond to our customers' needs, each business unit carries out regular customer satisfaction surveys. In 2015, as part of our integrity campaign, the majority of these will, for the first time, include questions on integrity.

About this report

Our sustainability report is an integral part of our corporate reporting and disclosure, and is published each year alongside our annual review.

Developments in our reporting

Our approach has evolved this year from reporting on our material issues under four pillars, to what we need to do about those issues, namely to achieve our 10 sustainable development outcomes. We have changed the name of our report from 'corporate responsibility' to 'sustainability' to reflect this change.

This approach of reporting on issues that matter most to our business and stakeholders is in line with the trends encapsulated in the Global Reporting Initiative's revised guidelines, G4, against which we are reporting this year. You can find details in our GRI index on our website.

Although we have a new structure for our report, we are still reporting mostly the same data as last year, as disclosed in relevant sections, and you can see the progress from 2013 in our table in the Performance section. We continue to receive assurance from Deloitte Audit.

In the coming year, we will be developing a way of meaningfully monitoring progress against the 10 outcomes, and will explain this in next year's report.

Reporting format

As last year, the full content of this 2014 sustainability report is contained on the pages of our website, where you will also find links to our other reporting and disclosures. We believe that online reporting is the most practical and efficient way to communicate with the widest number of stakeholders. We provide the website for those who wish to browse online, and we also provide this pdf of the full report for those wishing to download, print and read the report offline.

Local reporting

As part of our long-term plan to ensure we report to stakeholders more meaningfully on the issues that matter to them and to us, we are asking our operations to publish local reports against the 10 outcomes in line with GRI G4 from 2016. We have created a new section of our online reporting format, the Local Picture, in order to link our group report directly to our local reporting. This section will evolve over time.

Scope, boundaries and methodologies

This report is for all our stakeholders. Structured around the 10 outcomes launched this year, it explains our material issues and how we manage them with the aim of having a positive impact on all our stakeholders throughout our value chain.

Scope and boundaries

This sustainability report covers ArcelorMittal and its significant operating subsidiaries, excluding joint ventures and associates where we do not have operating control, except for those noted below. A list of these subsidiaries, joint ventures and associates can be found in our Form 20f filed with the US Securities and Exchange Commission.

All data is reported for the period from 1 January to 31 December 2014. Our reporting cycle is annual, and the previous report (called the 'corporate responsibility report') was published in April 2014.

Health, safety and environmental data is disclosed separately for our steel and mining operations except where it is clearly combined. Other data, unless otherwise stated in the basis of reporting document, covers both our steel and mining operations. The boundary of operations that such data covers is broader for health and safety data than environmental data. The latter covers only major industrial operations, since we believe this is where our material impacts lie. More details on the boundary for each outcome are provided in our GRI index and in our basis of reporting document which can be found on our website.

In accordance with GRI G4, the boundary of each material aspect has been stated in the GRI index accompanying this report, referring to the stage in the value chain for which it is material.

Changes to scope and boundaries in 2014

We are continuing to report against mostly the same indicators as in 2013. In addition, we will report our greenhouse gas emissions by scope,

according to guidelines agreed by the Worldsteel Association and our employee turnover rate. Our 2014 performance data includes the following additions to our organisational perimeter:

- Mary River (mine, Baffinland joint venture, Canada): although our first iron ore deliveries will be in 2015, iron ore is already extracted but placed in stock
- Monessen (coke plant, USA)
- Calvert (rolling mill, USA).

It excludes the following operations:

- Boukhadra & Ouenza (mines, also known as Tébessa, Algeria)
- Annaba (steel plant, Algeria).

Reporting methodologies

The indicators against which we report are calculated using company guidelines, referred to as the 'basis of reporting', which you can download from our website.

Forward-looking statements

This sustainability report may contain forward-looking statements that represent the expectations, beliefs, plans and objectives of ArcelorMittal's management regarding its financial and operational performance in 2014 and beyond, and assumptions or judgements based on such performance. Future performance expectations are forward looking and accordingly involve estimates, assumptions, judgements and uncertainties. A number of factors may cause actual results or outcomes to differ materially from the expectations of our management. These risk factors are outlined in ArcelorMittal's Form 20f, filed each fiscal year with the US Securities and Exchange Commission.

Reporting principles

We support the reporting principles set out in the GRI G4 guidelines. For defining report content, these are: stakeholder inclusiveness; sustainability context; materiality; and completeness. For defining report quality, these are: balance; comparability; accuracy; timeliness; clarity; and reliability.

This table sets out how our 2014 sustainability report responds to each element of the GRI G4 reporting principles.

CATEGORY – CONTENT		
PRINCIPLE	WHAT IT MEANS	OUR RESPONSE
Stakeholder inclusiveness	The report should identify its stakeholders and explain how the reporting organisation has responded to their reasonable expectations and interests.	See 'Transparent good governance' for details on our stakeholders. Please also see 'The big picture' for how we are moving from a model based on engagement to one based on understanding and managing expectations.
Sustainability context	The report should present the organisation's performance in the wider context of sustainability.	See 'The big picture' for ArcelorMittal's sustainability context.
Materiality	The report should cover aspects that: <ul style="list-style-type: none"> • reflect the organisation's significant economic, environmental, and social impacts; or • would substantively influence the assessments and decisions of stakeholders. 	See 'The big picture' for details of our materiality journey.
Completeness	The report should include coverage of material aspects and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organisation's performance in the reporting period.	Our coverage of material topics is explained in the 'scope, boundaries and methodologies' section.

About this report

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CATEGORY – QUALITY

PRINCIPLE	WHAT IT MEANS	OUR RESPONSE
Balance	The report should reflect positive and negative aspects of the organisation's performance to enable a reasoned assessment of overall performance.	Throughout our report we identify both the challenges and the opportunities that we face, including open discussion of the disruptions to our business that have occurred during the year. We also report fully on the same indicators as last year, regardless of whether performance has improved or declined.
Comparability	The organisation should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and that could support analysis relative to other organisations.	We have changed the way we report this year, to reflect the launch of our 10 sustainable development outcomes. Nonetheless, we continue to report against largely the same indicators, and have provided a performance table that compares 2014 performance with that of 2013 and 2012. We have also reported on the next steps we said we'd take in our 2013 report, in the 'progress at a glance' tables.
Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the organisation's performance.	We explain our methodology for calculating performance in our 'basis of reporting' document. Deloitte Audit has provided limited assurance for certain environmental and safety data, as set out in their report.
Timeliness	The organisation should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.	We report sustainability information annually, alongside our Form 20f.
Clarity	The organisation should make information available in a manner that is understandable and accessible to stakeholders using the report.	The Sustainability section of our website forms our sustainability report, and we also provide a pdf download of the report for those stakeholders wishing to print and read it offline.
Reliability	The organisation should gather, record, compile, analyse and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.	As noted above, Deloitte Audit has provided limited assurance for certain environmental and safety data, as set out in their report.

About this report

2014 sustainability report

Assurance

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

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

Scope of assurance

We asked our group auditors, Deloitte Audit, to provide limited assurance on our application of the GRI guidelines, having adopted GRI's new G4 reporting framework this year. As last year, we also asked Deloitte to provide limited assurance on the following sustainability performance indicators, in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements (ISAE3000):

1. CO₂e per tonne of steel
2. Total CO₂e (steel only)
3. Lost-time injury frequency rate
4. Primary energy consumption (steel).

Deloitte Audit provides an independent third-party assurance statement which can be found below. This assurance covers the pages within this downloadable pdf version of our 2014 sustainability report, published in April 2015.

As part of the assurance process, Deloitte Audit provides a private management report to ArcelorMittal's sustainable development council, and presents findings and recommendations of the assurance process.

Assurance statement

Independent assurance report on the Sustainability Report of ArcelorMittal, Société Anonyme, for the year ended 31 December 2014

To the Management of
ArcelorMittal, Société Anonyme
24-26, boulevard d'Avranches
L-1160 Luxembourg
Grand-Duchy of Luxembourg

Objectives and scope of work performed

This report has been prepared in accordance with the terms of our engagement letter dated 19 February 2015 to provide limited assurance on the Sustainability Report of ArcelorMittal, Société Anonyme, (the "Company", "ArcelorMittal" or "Group") for the year ended 31 December 2014 (the "Report") on the following subject matters (the "Subject Matters"):

- adherence of the Report to the Global Reporting Initiative G4 Sustainability Reporting Guidelines (the "GRI" or "GRI Guidelines") with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness;
- adherence of the disclosures in the Report to the GRI 'In Accordance – Core' criteria and the appropriateness of the GRI Content Index as referred to and summarised on page 132 of the Report. The complete version of the GRI Content Index is published by the Company on www.arcelormittal.com.
- fair presentation in all material aspects in accordance with ArcelorMittal's Basis of Reporting, of selected indicators (the "Indicators"), marked with a "*" on pages 133 to 135 in the Report, which are:
 - Primary energy consumption (steel only)
 - Total CO₂e emissions (steel only)
 - CO₂e emissions per tonne of steel
 - Lost Time Injury Frequency Rate ("LTIFR")

Responsibility of the Management of the Company

The Management of the Company is responsible for the preparation of the Report in accordance with GRI Guidelines and ArcelorMittal's Basis of Reporting and for the information and statements contained within it. The Management is responsible for determining the Company's sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to conduct a limited assurance engagement on the Company's Report and draw conclusions on the Subject Matters based on the work we performed.

We carried out our procedures on the Subject Matters in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). To achieve limited assurance the ISAE 3000 requires that we review the processes, systems and competencies used to compile the Subject Matters on which we provide limited assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

In order to draw our conclusion on the Report, we undertook the following procedures:

- Interviewed a selection of ArcelorMittal senior management who have operational responsibility for corporate responsibility matters, including the group Corporate Responsibility team, sustainable development

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- council members, data owners and those with operational responsibility for performance in the Subject Matters to understand the governance structures used for managing corporate responsibility, engagement with stakeholders on corporate responsibility matters, as well as implementation of corporate responsibility related policies and initiatives in 2014 and the monitoring of these activities.
- Visited five sites across the world to review the systems to capture, collate and process source data for the Indicators listed above. The sites visited to examine relevant 2014 data and processes were:
 - Dunkerque (ArcelorMittal Atlantique et Lorraine), France
 - Vanderbijlpark (ArcelorMittal South Africa), South Africa
 - Bremen (ArcelorMittal Bremen), Germany
 - Indiana East (Indiana Harbor), United States
 - Cleveland (Cleveland), United States
- Selected two sites across the world to perform desktop reviews of the systems to capture and collate data for the Indicators listed above. The sites for which relevant 2014 data and processes were desktop reviewed were:
 - Krakow (ArcelorMittal Poland), Poland
 - Kryviy Rih (ArcelorMittal Kryviy Rih), Ukraine (Steel & Mining Sites)
- Read and analysed selected relevant public information relating to ArcelorMittal and industry sustainability practices and performance during the year.
- Obtained an understanding through inquiries, analytical reviews, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to:
 - the development and approval of the Report, including selection of material sustainability matters to be reported on in line with GRI Guidelines, related key performance indicators and other matters to be reported on; and

- collation, aggregation, validation and reporting of sustainability performance data and disclosures, for the selected Indicators.
- Verified that the GRI G4 Content Index contains the relevant general and specific disclosures required by the GRI 'In Accordance – Core'.
- Assessed if the Report meets the GRI requirements on report content principles and quality principles.
- Read the content of the Report against the findings resulting from our work.

For the 2014 limited assurance, we have not completed any analysis, testing or review of prior year performance information included within the Report.

Limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

The accuracy and completeness of the information disclosed in the Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our independent assurance report should therefore be read in connection with the GRI Guidelines as well as with the Company's definitions of indicators as included in the Basis of Reporting document, which is available on www.arcelormittal.com. The complete version of the GRI Content Index is published by the Company on www.arcelormittal.com and therefore the Report should be read in connection with this.

A limited assurance engagement is substantially less in scope than a reasonable assurance

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engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Conclusion

Based on our work conducted as above, nothing has come to our attention that causes us to believe that:

- the Report of ArcelorMittal for the year ended 31 December 2014, does not adhere to GRI Guidelines with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness;
- the disclosures in the Report do not adhere to GRI 'In Accordance – Core' criteria and that the GRI Content Index as referred to on page 132 of the Report is not appropriate;
- the selected Indicators marked with a “*” on pages 133 to 135 of the Report and enumerated above are not presented fairly, in all material aspects, in accordance with ArcelorMittal's Basis of Reporting.

For Deloitte Audit

Société à responsabilité limitée
Cabinet de révision agréé

Nicolas Hennebert, Réviseur d'entreprises agréé
Partner

April 16, 2015
560, rue de Neudorf
L-2220 Luxembourg

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GRI and UNGC content index

As set out in the content index provided on our website, our 2014 report complies with the 'core' standard of the Global Reporting Initiative (GRI) G4 framework. It also serves as our 2014 communication on progress of our implementation of the United Nations Global Compact (UNGC) principles.

Summary of GRI G4 disclosures

Here you can find a list of the GRI G4 general and specific standard disclosures we report against in this global corporate sustainability report for 2014; it covers all aspects we consider to be material at a global level. Some additional indicators are considered material in particular locations, for example G4-EN11, 13 and 14, related to biodiversity; you will therefore find those indicators covered in the relevant local reports. On our website we provide a complete GRI content index providing readers with information about our materiality boundaries and where to find each disclosure in our report.

association and collective bargaining; security practices; indigenous rights; supplier human rights assessment; local communities; anti-corruption; supplier assessments for impacts on society; compliance.

Additional disclosures for the mining and metals sector

We also report on the following aspects specifically for the mining and metals sector:

- Economic: economic performance
- Social: indigenous rights; labour/management restrictions; emergency preparedness.

General standard disclosures

We report against all the general standard disclosures required by the 'core' G4 standard: strategy and analysis; organisational profile; identified material aspects and boundaries; stakeholder engagement; report profile; governance; and ethics and integrity. Some are specifically covered in this report; others are included in our Form 20f filed with the US Securities and Exchange Commission.

Specific standard disclosures

We report against at least one specific standard disclosure for each of the following aspects:

- Economic category – economic performance; indirect economic impacts
- Environment category – materials; energy; water; emissions; effluents and waste; products and services; compliance; overall; supplier environmental assessment
- Social category – employment; occupational health and safety; training and education; diversity and equal opportunity; supplier assessment for labour practices; freedom of

Our performance

Data table ¹

Group	Indicator	Value	Performance		
			2012	2013	2014
	Sales	\$ (million)	84,213	79,440	79,282
	Net income	\$ (million)	-3,469	-2,575	-974
	Basic earnings per share	\$	-2.17	-1.46	-0.61
	Crude steel production	tonnes (million)	88.2	91.2	93.1
	Steel shipped	tonnes (million)	83.8	84.3	85.1
	Own coal production	tonnes (million)	8.2	8.1	7.0
	Own iron ore production	tonnes (million)	55.9	58.4	63.9
	EBITDA (note 2)	\$ (million)	7,679	6,888	7,237
1 Safe, healthy, quality working lives for our people	Number of employees – NAFTA		31,386	31,100	31,410
	Number of employees – Brazil		20,181	20,521	20,860
	Number of employees – Europe		101,042	91,571	86,054
	Number of employees – ACIS		54,439	50,774	47,445
	Number of employees – mining		37,374	36,775	34,876
	Number of employees – other		1,697	1,612	1,682
	Number of employees – total		246,119	232,353	222,327
	Fatalities – total	number	29	23	23
	Fatalities – steel	number	22	19	21
	Fatalities – mining	number	7	4	2
	Lost-time injury rate – total*	per million hours worked	1.0	0.85	0.85
	Lost-time injury rate – mining	per million hours worked	0.7	0.63	0.56
	Lost-time injury rate – steel	per million hours worked	1.05	0.91	0.91
	Accident severity rate – total	per thousand hours worked	0.09	0.09	0.08
	Accident severity rate – steel	per thousand hours worked	0.10	0.09	0.08
	Accident severity rate – mining	per thousand hours worked	0.07	0.06	0.06
	Absenteeism rate – total	%	2.43	2.3	2.17
	Absenteeism rate – mining	%	1.46	1.24	1.19
	Absenteeism rate – steel	%	2.57	2.48	2.33
	Manager turnover rate	%			3
	Industrial operations (including mining) certified to OHSAS 18001	%	95	95	97
	Employees covered by collective bargaining agreements	%	85	94	–(note 3)
	Man-days lost to labour disputes	%	0.06	0.12	–(note 3)
	Number of formal consultations with the European Works Council	number	24	20	15
	Number of strikes exceeding one week in duration	number	3	2	2
	No. training hours per employee (note 4)	hours		49	50
	Managers that are female	%	11	13	10

Our performance

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	Indicator	Value	Performance		
			2012	2013	2014
2 & 3 Products that accelerate more sustainable lifestyles and create sustainable infrastructure	Research and development spend	\$ (million)	285	270	259
	4 Raw materials used by weight				
4 Efficient use of resources and high recycling rates	Iron ore	million tonnes	108.9	113.3	110.4
	Pulverised coal injection (PCI) and coal	million tonnes	43.1	42.0	45.9
	Coke	million tonnes	28.1	28.0	28.8
	Scrap and direct reduced iron (DRI)	million tonnes	36	36.8	39.8
	Steel recycled	million tonnes	29	31	31
	CO ₂ saved from steel recycled	million tonnes	36	40	40
	Production residues and by-products re-used (steel only)	%	86	81	81
	Production residues and by-products re-used (mining)	%	14	12	10
	Slag to cement industry	million tonnes	10	10	11
	Slag re-used	million tonnes	16	18	18
5 Trusted user of air, land and water	Environmental and energy capital expenditure	\$ (million)	321	207	375
	Industrial operations certified to ISO 14001 (steel only)	%	98	98	98
	Air (note 5)				
	Dust emissions (steel) per tonne	kg/tonne of steel	0.78	0.66	0.62
	NO _x (steel) per tonne	kg/tonne of steel	1.22	1.19	1.15
	SO _x (steel) per tonne	kg/tonne of steel	1.88	1.88	1.95
	Total dust emissions (mining)	thousand tonnes	12.0	5.6	5.3
	Total NO _x (mining)	thousand tonnes	16.7	17.6	17
	Total SO _x (mining)	thousand tonnes	11.5	18.0	13.2
	Land				
	Production residues to landfill/waste (steel)	%	6	9	6
	Production residues to landfill/waste (mining)	%	20	24	33
	Water				
	Water intake (steel)	m ³ per tonne of steel	24.7	23.1	23.3
	6 Responsible energy user that helps create a lower carbon future	Primary energy consumption (steel)	GJ/t liquid steel	23.5	23.7
Primary energy consumption (steel)* (note 6)		million GJ (PJ)	2,085	2,160	2,221
Total CO ₂ e footprint (steel and mining)		million tonnes CO ₂ e	200	207	206
– Scope 1 CO ₂ e (steel and mining)		million tonnes CO ₂ e			174
– Scope 2 CO ₂ e (steel and mining)		million tonnes CO ₂ e			17
– Scope 3 CO ₂ e (steel and mining)		million tonnes CO ₂ e			15

Our performance

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	Indicator	Value	Performance		
			2012	2013	2014
6 Responsible energy user that helps create a lower carbon future (cont'd)	Total CO ₂ e footprint (steel)*	million tonnes CO ₂ e	189	195	195
	Total CO ₂ e footprint (mining)	million tonnes CO ₂ e	11	12	11
	CO ₂ e emissions per tonne of steel*	tonnes CO ₂ e per tonne of steel	2.13	2.14	2.09
7 Supply chains that our customers trust	Global procurement suppliers assessed against code for responsible sourcing	number	295	243	181
	% of global procurement spend covered by code assessments	%		50	65
8 Active and welcomed member of the community	Employee volunteering	hours	30,000	21,400	27,346
	Community investment spend	\$ (million)	41.17	33.7	17.1
	Number of beneficiaries of community projects	million	6.11	3.06	0.53
10 Our contribution to society measured, shared and valued	Estimated economic contribution (note 7)	\$ (million)		78,019	78,839
	Corporate income tax	\$ (million)		102	337
	Royalties	\$ (million)		63	73
	Local taxes	\$ (million)		538	544
	Employee salaries, wages and pensions	\$ (million)		12,588	12,718
	Supplier and contractor payments	\$ (million)		59,349	59,062
	Capital expenditure	\$ (million)		3,452	3,665
	Other payments	\$ (million)		2,625	2,440
Transparent good governance	Number of Board self-assessments		1	1	1
	% of employees completed code of business conduct training	%	80	84	76
	% of employees completed anti-corruption training	%	94	86	82
	% of employees completed human rights training	%	85	86	76
	Number of operations with a local confidential whistleblowing system		21	30	30

Data marked with * has been externally assured by Deloitte Audit.

Notes

- The indicators in this table were developed over the period 2007-2013 as part of our approach to reporting under the four pillars of investing in our people, making steel more sustainable, enriching our communities, and transparent governance. This data table has evolved in line with the requirements of the Global Reporting Initiative. In 2014, we adopted 10 new sustainable development outcomes, and although these indicators were not selected to measure progress against these outcomes, they are listed here under our 10 outcomes.
- EBITDA is defined as operating income plus depreciation, impairment expenses and exceptional items. See our Annual Report for further details.
- Due to the creation of a regional management structure in 2014, this data is not available at corporate level at the time of publication.
- Training hours per full-time employee. Previous disclosures concerned training at the ArcelorMittal University only. For 2013 onwards, we have consolidated data on health and safety training and local, formal and on-the-job training conducted at site level.
- From 2014 onwards we report dust, NO_x and SO_x emissions per tonne of steel produced as a more meaningful indicator than the absolute volume of dust, NO_x and SO_x generated.
- In 2012 the scope of energy use data was expanded to match the scope of the CO₂ footprint calculation. In previous years we had reported energy use for the seven most energy intensive (steel) processes.
- Estimated economic contribution includes the items detailed, and, in addition, shareholder dividends and payments to creditors.



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To receive a printed copy of the sustainability highlights 2014 booklet, please contact:

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We welcome your feedback on this report. Please send it to: crfeedback@arcelormittal.com