



**TAKING RESPONSIBILITY
FOR TRANSFORMING
TOMORROW**

CORPORATE RESPONSIBILITY
REPORT 2007

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The Collect-a-can programme in South Africa, one of the most successful recycling projects in the country, boosts the recycling rate to 67%.

ArcelorMittal at a glance

Year ended December 31, 2007

- > Steel-making operations in 20 countries (industrial presence in 28 countries)
- > Sales of 116 million tonnes of steel products – 8.6% of global market
- > Sales of US\$105.2 billion
- > 311,466 employees in 60 countries

About this Report

This is the first ArcelorMittal Corporate Responsibility report. In January 2008, we published a Corporate Social Responsibility review. It aimed to provide an overview of our activities since the merger of Arcelor and Mittal Steel, our achievements and challenges towards economic, environmental and social issues. This first review opened a dialogue with internal and external stakeholders, and a number of questions have subsequently been raised, including:

Why publish a new report so soon after the release of the Corporate Social Responsibility review?

We are trying to reflect the rapid developments being made at the corporate and local levels across the Group. The main audience for the review was our own employees, and we disseminated over 11,000 copies internally. However, demand was also evident among many of our other stakeholders. Consequently, this report aims to complement our other external publications and dialogue processes.

The main distinction between this report and the previous review is the introduction of indicators and the improved disclosure of information. These indicators will develop and evolve over time as our reporting processes improve, but they provide an important snapshot of the existing state of affairs as well as a basis for an annual progress scorecard. We look forward to providing more complete results on our corporate website ahead of future reports. Further stakeholder feedback will be used to develop our reporting and overall corporate responsibility strategy.

Why corporate responsibility instead of corporate social responsibility?

The external debate around the most effective terminology (corporate social responsibility, corporate citizenship, sustainable development or corporate responsibility) is mirrored in our internal operations due to cultural differences and varying maturity of approaches.

Ultimately, corporate responsibility is our way of doing business and contributes to our objectives of becoming one of the most admired companies, transforming the future of the steel industry and living our sustainability values. But corporate responsibility is also more

than this; it should bring significant returns for the Group. We have begun quantifying what corporate responsibility means to us, and to define clear goals for the Group we have formalised our long-term strategy (see page 10).

Corporate responsibility is our way of doing business and contributes to our objectives of **transforming the future of the steel industry** and living our sustainability values.

Scope

The scope of the previous Corporate Social Responsibility review was largely determined by an internal assessment based on our understanding of matters affecting the sustainability of our business and stakeholder priorities. The approach for this report has been strengthened through incorporating feedback on the review, and further input from a questionnaire of key issues completed by our internal network of corporate responsibility practitioners (see page 14).

This report covers all steel-making operations over which we exercise management control and addresses key issues relating to some of our Greenfield projects. An analysis of our mining operations is addressed separately in the final section of the report (see page 62).

The report includes available data for 2006 and 2007, and any relevant information through the first half of 2008. Owing to the history of the Group pre-merger there are a number of different data collection systems in place. We are making efforts to align these systems. Also, we have launched an external assurance process to improve both internal validation and credibility of our future reports.

Long Carbon Americas and Europe

- Production consists of blooms, billets, bars and rebars, wire products and rails. Chiefly used in construction, infrastructure development
- US\$23.8 billion of sales in 2007

Stainless Steel

- Produces flat and long stainless steel and alloy products for customers in a number of industries including domestic appliances, automotive and construction
- US\$9.3 billion of sales in 2007

Flat Carbon Europe

- Coated products, tinplate, plate and slab products sold primarily to automotive, general industry and packaging industries
- US\$34.6 billion of sales in 2007

Flat Carbon Americas

- Sheet, strip and steel plate from slabs mainly for automotive sector as well as construction, packaging and domestic appliance industries
- US\$22.9 billion of sales in 2007

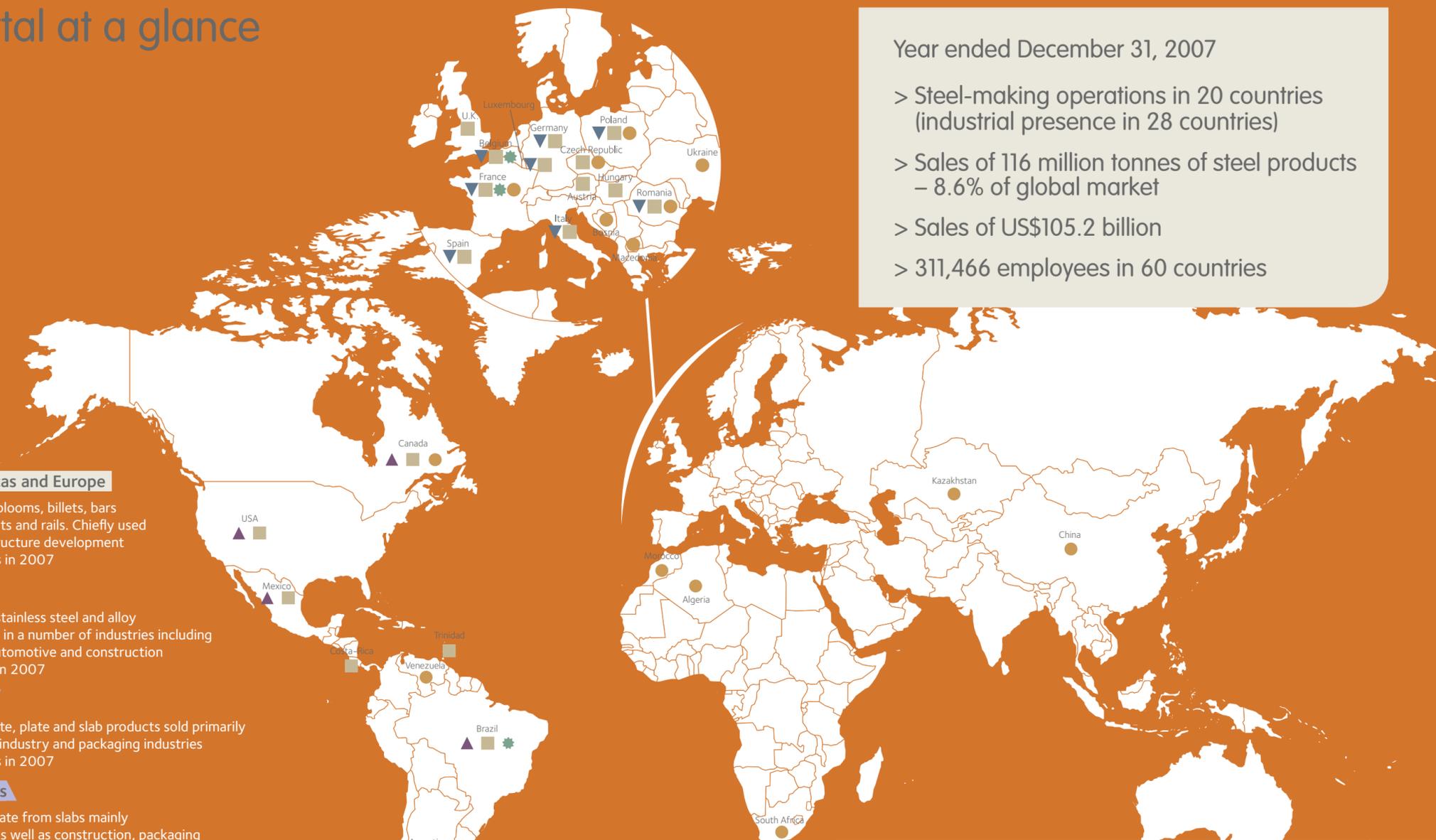
Asia, Africa and Commonwealth of Independent States and Others* **

- Produces a combination of flat and long products, and pipes and tubes for civil engineering projects
- US\$18.2 billion of sales in 2007

ArcelorMittal Steel Solutions and Services (AM3S)

- Primarily in-house trading and distribution arm and provision of value added and customised steel solutions
- 16.2% of sales in 2007

*as of January 2008, the pipes and tubes business has been transferred to the Long Carbon Americas and Europe division
 **see page 63 for map of mining assets



ArcelorMittal Global Activities



Chairman and CEO's Overview

Lakshmi N. Mittal



The successful integration of Arcelor and Mittal Steel has created a steel company with one culture, one direction and one strategy – a company fully aligned on leading the transformation of our industry towards a sustainable future. The launch of our new brand in 2007, *transforming tomorrow*, was developed to promote consistently high standards across the business and describes clearly where our ambitions lie.

We are the only steel company with a production capacity of over 130 million tonnes, with a balanced portfolio of assets across a wide range of products in both developed and fast-growth developing markets. We are also one of the most integrated steel companies in the world, with our operations extending from mining through steelmaking to distribution. Despite the uncertain outlook for the global economy – through a combination of size, scale and diversification – we have created a company with a truly sustainable profile.

For us, sustainability means being in a position to outperform the expectations of our customers, to deliver excellent return on our investment to our shareholders, to secure the long-term commitment of our employees by offering fulfilling careers, and to develop and transform the communities in which we operate. We want to be the champions of safe and sustainable steel.

Corporate responsibility plays a key part in the sustainability of ArcelorMittal. The leading companies of the 21st century must rise to the challenge of an increasing focus on how business is done. No longer is it good enough to say you are making profits. Stakeholders – whether employees, customers, governments, communities or shareholders – want to know how a business is run. Engaging with our stakeholders is essential to improving the transparency of our operations.

As the world's largest and most global steel company – and one of the 50 largest companies in the world – we are a meaningful contributor to the global economy. Also, the fundamental nature of our products means we play a key role in economic growth and development. Our growth strategy is aimed at maximising opportunities by focusing on three key areas of geography, product and value chain. We have not underestimated the importance of corporate responsibility within our

growth strategy to further enhance our business model. Not only will high standards and leading practices allow us to continually improve our operational performance but, importantly, it will improve access to new markets. By new markets we mean increasing our presence in developing countries and advance value-added products such as the growth in renewable energy technologies.

Corporate responsibility within our growth strategy will enhance our business model.

The very nature of our business brings many challenges and constraints, but we recognise that our position in the steel industry brings unique responsibilities. The key area in which we must continue to focus our leadership is Health and Safety. Whilst we are pleased with the improvements made in injury rates, we have much work to do to achieve an injury-free workplace. The tragic accidents at two of our Kazakhstan mines (Abaiskaya mine in January 2008, where 30 colleagues lost their lives, and five fatalities at our Tentekskaya mine in June 2008) demonstrate the challenges we still have ahead of us. In this report we have put forward action plans and initiatives being undertaken across the Group as we work towards the goal of zero injuries. We have also

established roadmaps for other key issues of concern, including meeting the climate change challenge where our carbon dioxide emissions footprint demands positive action.

Living our values of Sustainability, Quality and Leadership has supported our emergence as the 'World's Most Admired Metals Company' according to *Fortune* magazine's recent ranking of the 'World's Most Admired Companies'. It is my ambition that ArcelorMittal receives the same level of admiration for our corporate responsibility practices and performance.

Lakshmi N. Mittal

July 2008



Interviewing the Group Management Board

Gonzalo Urquijo, Responsible for Long Products, China, Stainless Steel, Pipes & Tubes, and Corporate Responsibility



What does corporate responsibility mean to you?

In one sentence, corporate responsibility is the way we do business. It is not something separate. Corporate responsibility is integral to our success. It not only helps to drive value internally but, by building good relationships with the outside world, it facilitates our growth. We have said before that our goal is to provide the leadership that will transform the future of the steel industry. We cannot achieve that goal without being a responsible corporation.

What developments have you seen in the Group with regards to corporate responsibility?

We now have a unified approach across the Group and a clear governance structure. Since the start of the year we have been conducting internal studies to identify the key social, economic and environmental issues that affect value creation.

We have held our first internal management conference on corporate responsibility. We now have a roadmap, and we are in the process of establishing measurable performance indicators in key areas. These will allow us to report on our progress year-on-year. And over recent months we have endorsed our commitment to internationally-recognised sustainable development and corporate responsibility standards.

How is ArcelorMittal going to benefit from taking this approach to corporate responsibility?

I can give you many examples. First, if we can lift our Health and Safety performance to world-class levels, we will not only reduce the risks to our people – which is our top priority – but also minimise the risks to our bottom line. By responding positively to the environmental challenge we will further reduce business risk and drive operational excellence through, for instance, more efficient use of energy and other resources. And by building our reputation for community engagement we will find governments and other parties more receptive to our international expansion. The positive response we received from the Liberian government to our mining proposals is testimony to that last point.

What are the challenges?

Sustainable development presents a huge challenge for the steel industry and its customers. We have to be seen to be tackling global issues proactively or governments will seek to do it for us. We must set about the task with transparency and rigour. First, that means measuring our performance: what doesn't get measured, doesn't get managed. Then it means setting targets and publishing the results. Internally, the challenge is to make corporate responsibility part of the everyday mindset and an integral

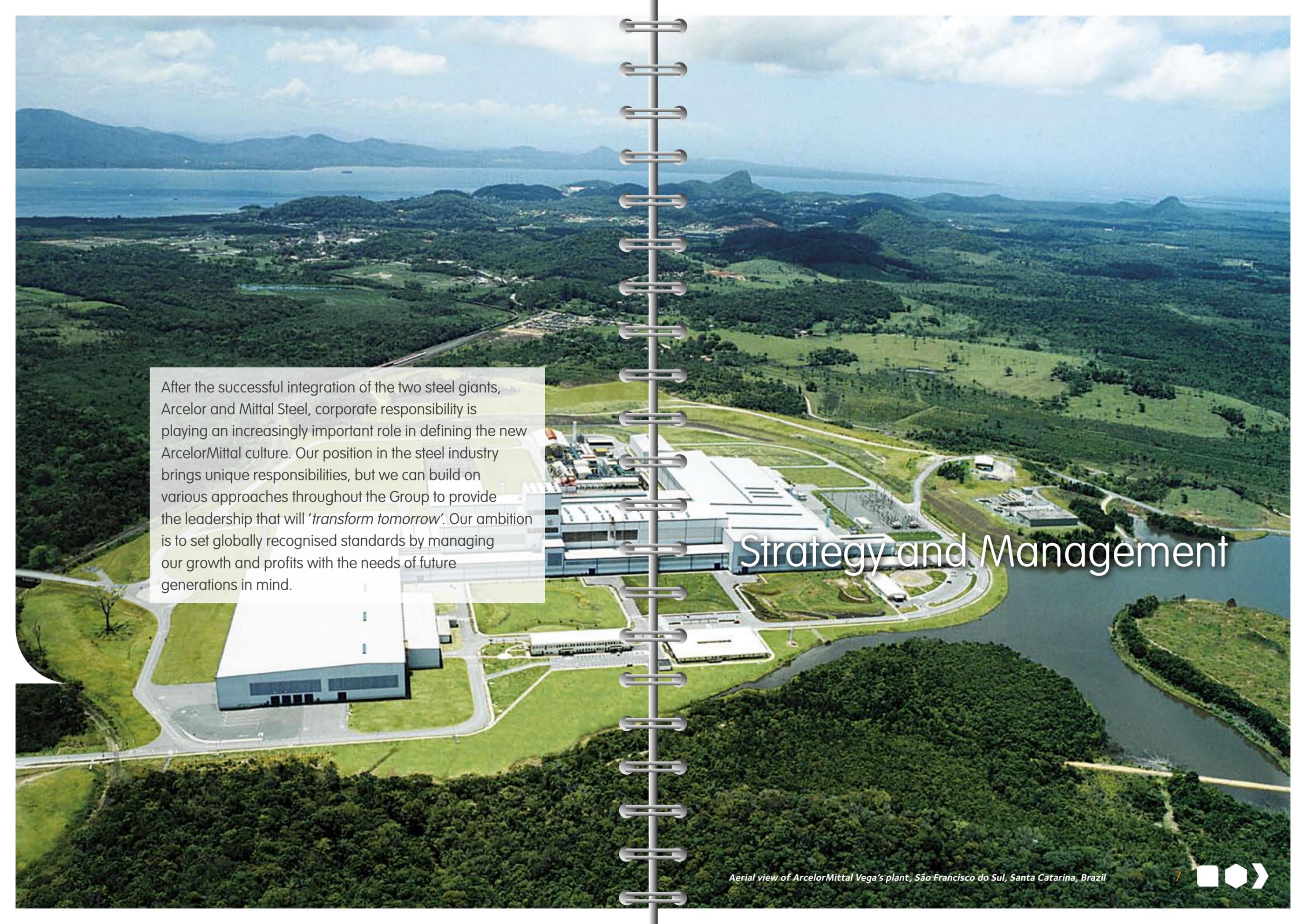
We now have a roadmap, and we are in the process of establishing measurable performance indicators in key areas.

part of decision-making. We are at the beginning of a very ambitious journey, but I see a lot of enthusiasm within the company. We will build on existing best practices inside the group and on international standards to raise the bar.

Where would you like ArcelorMittal to be in the short and long-term?

We are at the beginning of our reporting and corporate responsibility approach. In 2009, we will be in a position to produce a scorecard that shows our progress. Over the longer term, we want to deliver, on our commitments year after year and gain a competitive advantage in the process. We will know we have succeeded when we are rated one of the most admired companies in the world, and top graduates and people are queuing up to work for us.





After the successful integration of the two steel giants, Arcelor and Mittal Steel, corporate responsibility is playing an increasingly important role in defining the new ArcelorMittal culture. Our position in the steel industry brings unique responsibilities, but we can build on various approaches throughout the Group to provide the leadership that will *'transform tomorrow'*. Our ambition is to set globally recognised standards by managing our growth and profits with the needs of future generations in mind.

Strategy and Management

The Business Case for Corporate Responsibility

As part of our global rebranding in 2007, we adopted the motto, 'transforming tomorrow'. The new brand is founded on three key values – Sustainability, Quality and Leadership. Each of these values is reflected in our business strategy that targets ambitious but responsible growth while seeking to deliver quality outcomes for customers, shareholders, employees and communities alike.

A commitment to the highest standards of corporate responsibility underpins that strategy. Our stated goal is to provide the leadership that will transform the future of the steel industry and societies around us. To succeed, we must demonstrate two things: sustained profitability through the economic cycle of steel and a willingness to address the environmental, social and wider economic challenges of our time in an open and transparent manner. It is our conviction that continuous business growth, sustainable communities and the creation of value for our shareholders, go hand-in-hand.

Creating Value through Leadership in Corporate Responsibility

In 2008, we embarked on a study to analyse the financial impact of corporate responsibility on the business and to investigate ways of integrating corporate responsibility issues into the mainstream corporate decision-making process. The results highlight the potential significance of the corporate responsibility agenda to our business, and how it can act as a driver



China, an emerging market with new business opportunities

in delivering our growth strategy. The study also detailed ways in which we can use a proactive approach to corporate responsibility as a means of realising our vision of being the most admired company in our sector.

The study generated a framework for how we can prioritise corporate responsibility issues that affect value creation

within our business, and thus develop an effective and meaningful corporate responsibility strategy in alignment with our business strategy. It allows us to quantify the financial value – which in turn will continuously improve our corporate responsibility performance.

Across our entire mining and metals value chain the study highlights three areas where corporate responsibility helps drive corporate value:

RISK MANAGEMENT

By managing the risks in our business that could result in significant value erosion, we retain what might be termed our 'licence to operate'. A corporate responsibility strategy that focuses on consistent regulatory compliance, a first-class Health and Safety record, continuous efforts to reduce noxious emissions and engagement with local communities is not only positive for all our stakeholders but also provides the essential platform for all our commercial activities.

Illustrative Mining and Metals value chains

Mining value chain



Metals value chain



OPERATIONAL EFFICIENCY

A sound corporate responsibility strategy is both environmentally positive and supportive of the bottom line. By focusing on areas such as energy efficiency, waste reduction and reduced consumption of water and other natural resources, we can improve our cost structure and, with it, profitability. We believe that exchange of best practices and progressive alignment with best-in-class within our Group are the most efficient tools to capture the enormous progress potential.

VALUE CREATION

The ability to demonstrate a record of good social and community development practices makes us an attractive partner for governments seeking corporate expertise in the development of their mineral resource base, and helps open up new business opportunities. Being renowned as both a good employer and a caring corporation can help us attract and retain top talent. Finding new markets for sustainable products can give us a competitive edge. Recognition of our active engagement in corporate responsibility issues can broaden our appeal to investors and, ultimately, reduce our cost of capital.

The business case for an ambitious corporate responsibility strategy is clear. In the coming months, we will develop an operational plan for implementing this strategy. The objective will be to integrate corporate responsibility performance measures into our reporting and drive performance through all our local operations.

Our Corporate Responsibility Roadmap

In the past year, we have put corporate responsibility governance and management structures in place and published a set of 12 commitments that sit at the heart of our corporate responsibility approach. An internal benchmarking process – which evaluated regional

policies, management systems and auditing across a number of countries – was undertaken in 2007. This exercise was extended to other major production facilities in early 2008 and more recently to our mining operations. We have further endorsed our commitment to the main international sustainable development and corporate responsibility standards.

Working from the basis of our 12 broad commitments, we have begun developing and disclosing a number of indicators and performance information on which future reporting and target-setting will be based.

The ability to demonstrate good social and community development practices makes us an **attractive partner for governments**, opening up new business opportunities.

We envisage completing this process by the end of 2008. We have also sought to develop these commitments in order to drive performance monitoring and improvement throughout the Group.

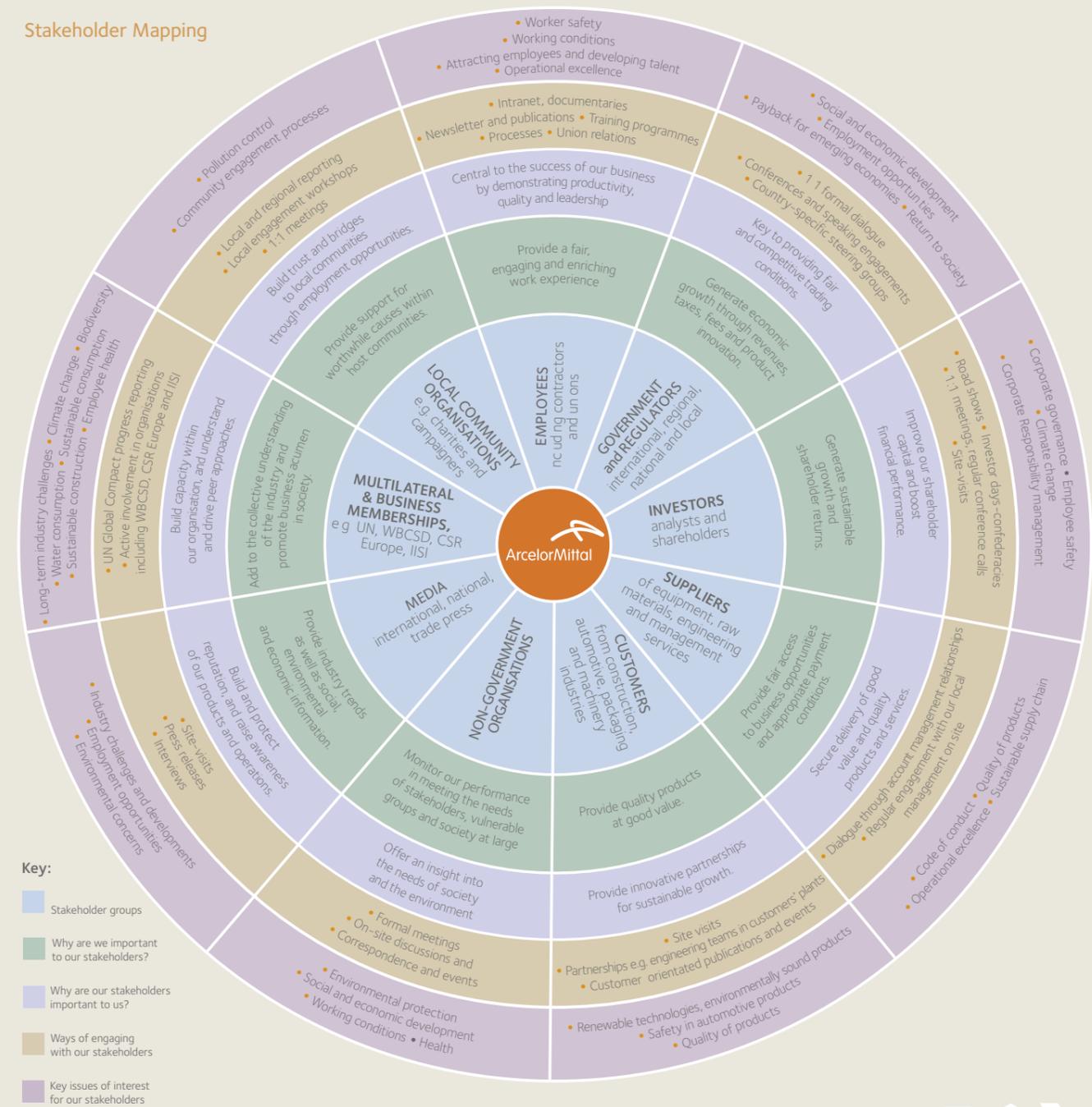
In future years, we will report our progress annually, and we will be benchmarking our performance against that of our peers.

Engaging our Stakeholders

We have over 311,000 employees, around 60,000 suppliers, more than 15,000 customers, an industrial presence in 28 countries, and a commercial presence in 60 countries. With our size and global reach we have an enormous effect on a variety of interest groups. Continuous engagement with these stakeholders is essential in improving transparency, enhancing

trust, building capacity within our organisation and maintaining our 'licence to operate'. We recognise the need for documenting and understanding stakeholders' expectations at global and local levels. We have launched such a process internally to ensure a harmonised and consistent approach to stakeholders across the units, the ultimate goal being to exceed expectations. The first step

Stakeholder Mapping



was to map our stakeholder groups, outlining why we are important to them, why they are important to us, what their key issues are and how we engage with them today. This is our starting point. As industry leaders with long-term investment plans we need a long-term approach to create value for all our stakeholders.

Examples of Engagement

Our goals for reporting on matters of social, environmental and ethical nature are numerous. Ultimately, it will increasingly become an effective internal management tool for collating and analysis of key metrics across all levels of the business. Viewed externally, the Corporate Responsibility report should complement existing approaches to engagement. Our reporting can never be considered a 'cure-all' by which to meet disclosure demands from all stakeholder groups. However, we hope it can be regarded as an essential tool to facilitate meaningful dialogue.

We have a wide range of initiatives and publications, and participate in a number of events. Some of these engagement exercises and partnerships are long-standing, others are newly-formed. Below is a summary of some key examples.

In addition to the intranet, corporate newsletters and internal magazines, an innovative approach to employee communications has been developed through distinctive corporate films: *Web TV*. Originally conceived as a tool for the integration process, ArcelorMittal **Web TV had 544,431 unique visitors** in its first season. The second season launched in January 2008 included episodes on the commitment to our Liberian project and addressed recruitment challenges. All new episodes of Web TV can be viewed at www.arcelormittal.tv

Numerous site visits are organised throughout our global operations. We continually open our doors to customers, government representatives, individuals from local communities and schools, journalists and investors. In 2007, for example, we arranged two investor trips and more than 15 press trips to our facilities.

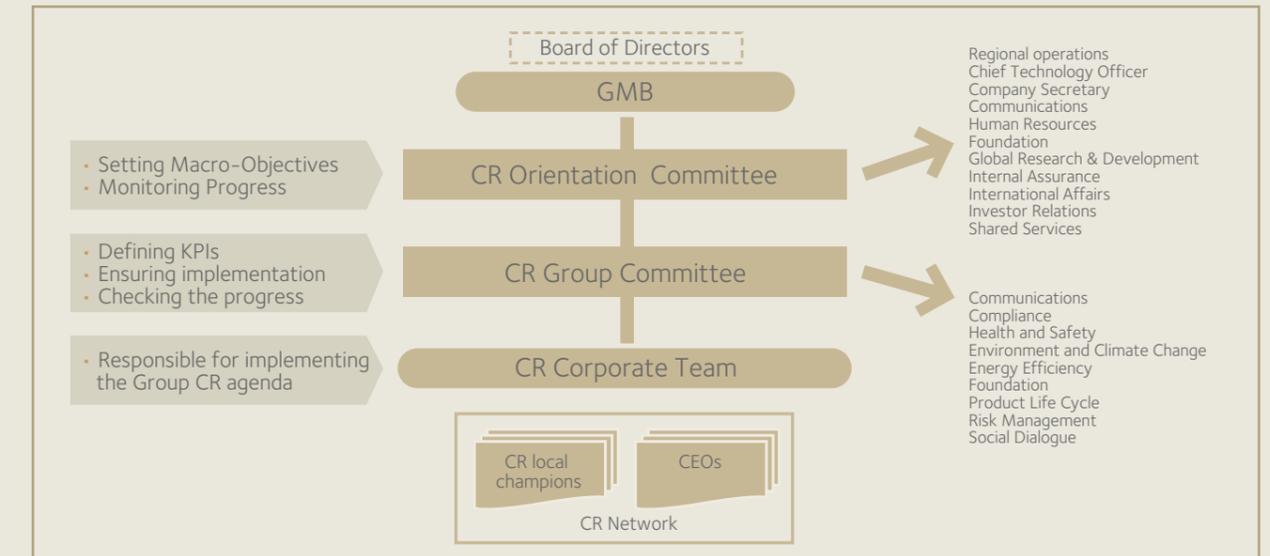
Our membership in key corporate responsibility and sustainable development organisations, such as the World Business Council for Sustainable Development (WBCSD) and CSR Europe, provide forums for us to learn from our peers, share experiences and ultimately build capacity within our Group. Since joining the WBCSD in December 2007 we have begun participating in a number of workshops relevant to our business. We are a member of the UN Global Compact and support several initiatives, including the 'Caring for Climate' project. Furthermore, we belong to industry bodies, contribute to the International Iron & Steel Institutes' (IISI) sustainability report, and currently chair its CO₂ data collection taskforce. We strongly believe that these global initiatives help us to progress internally and contribute externally to the achievement of Millennium Development goals.

Our local and regional operations have formed relationships with local stakeholders such as non-governmental organisations (NGOs), and this process is being formalised through ArcelorMittal's standards on stakeholder engagement. Dialogue with NGOs is a critical part of our corporate responsibility strategy. We also seek to partner with local small and medium-sized businesses to develop diversity in our supply chain.

In addition to other corporate documents such as annual and activity reports, there are additional publications and dialogue channels targeting specific stakeholder groups. The ArcelorMittal Commercial Sections department is developing a 'Sustainability in Steel for Construction' brochure specifically aimed at customers. Importantly, to reach local stakeholders our regional operations have produced their own environment and corporate responsibility reports. All these publications as well as further data will be made available at the corporate responsibility section of www.arcelormittal.com when available.

Corporate Responsibility Management

Corporate responsibility within the Group is fully supported by the ArcelorMittal Board of Directors and the Group Management Board. The Board approved a specific corporate responsibility governance structure to address our responsibilities to our employees, communities, society and other external stakeholders. This structure was established in 2007 and is detailed below.



Corporate Responsibility Orientation Committee

The Corporate Responsibility Orientation Committee is ultimately responsible for corporate responsibility activities and performance in the Group. The Committee sets the direction and strategy, prioritises actions within the corporate responsibility management team, approves policies and reviews performance.

In recognition of the multi-disciplinary nature and approach to corporate responsibility within ArcelorMittal, the Committee comprises senior managers from a range of departments and segments.

The Orientation Committee is chaired by Gonzalo Urquijo, member of the ArcelorMittal Group Management Board and responsible for Long Products, China, Stainless Steel, Pipe & Tubes, and Corporate Responsibility. Mr Urquijo reports regularly to the Board of Directors on corporate responsibility activities and performance.

The Orientation Committee met for the first time in October 2007 to establish the goals and responsibilities of its members. Subsequent meetings take place bi-annually.

Corporate Responsibility Group Committee

The Corporate Responsibility Group Committee supports the overall approach through implementing the Orientation Committee's directives. The Group Committee comprises representatives for Health and Safety, environment and energy, compliance, product sustainability, supply chain, social dialogue, risk management and the ArcelorMittal Foundation. The Group Committee implements relevant corporate responsibility policies by adopting appropriate management systems. Critically, it also evaluates risks and opportunities within ArcelorMittal and decides on appropriate action plans.



The Group Committee is chaired by the Vice President for Corporate Responsibility and reports on performance to the Orientation Committee. In addition, the Vice President for corporate responsibility leads the corporate team responsible for coordinating and implementing common standards across the Group. This will be increasingly achieved through the dissemination of relevant toolkits and guidelines, and regular meetings.

The inaugural Group Committee meeting was held in February 2008, where agenda items included the introduction of publicly-disclosed performance information and a mining operations assessment. The Corporate Responsibility Group Committee will meet at least quarterly.

Madrid hosts first Corporate Responsibility Knowledge Management Programme event

Some 70 individuals from around the Group including local corporate responsibility managers, country managers, heads of corporate functions and CEOs got together for an inaugural Knowledge Management Programme (KMP) event on corporate responsibility in Madrid in February 2008. The three-day meeting discussed a broad range of issues and helped define the strategy and roadmap for the future, and clarify respective roles across the corporate responsibility community. In particular, it provided a Group-wide framework within which delegates could advance their local strategy.

KMPs are a key part of the knowledge-sharing and performance enhancement process within ArcelorMittal. By bringing together on a periodic basis all the key people involved in a given function or technical area, they facilitate the exchange of best practice and knowledge throughout the Group, stimulate fresh thinking and help build peer group networks.

A number of varied topics were presented by external speakers and senior members of staff. This included how corporate responsibility can help forge

relationships with governments, investors and communities; and that the involvement of local communities was critical for the success and sustainability of ArcelorMittal. The need for an improved safety performance was prominently discussed; and whilst world-class standards have been established and are being implemented, the importance of management leading-by-example was highlighted.

In all, new ideas were promoted that will provide the basis for future action. Corporate responsibility toolkits and trainings were requested by all participants, to improve common knowledge and standardization across the Group.

Corporate responsibility needs to be implemented through formal programmes that drive performance across the business. To that end, delegates were invited to offer input into our Health and Safety, community relations, innovation, and environment programmes to improve common knowledge and standardisation across the Group. Delegates highlighted in their feedback the need for toolkits and training on corporate responsibility.

Developing our Commitments

At the time of the merger of Arcelor and Mittal Steel we developed an internal benchmark which led to the definition of 12 broad commitments that are in recognition of the significance placed on corporate responsibility within our core business strategy.

Since these commitment areas are wide-ranging in scope we have set objectives around each issue. Some of these objectives have associated performance indicators which can be introduced immediately and are discussed in this report. Other areas, largely because of

Workplace	Environmental	Communities	Corporate Governance
Health and Safety	Greenhouse gas emissions	Local economic development	Board independence
Social dialogue	Waste, water resources and pollution	Foundation for social investment practice	Equal rights among shareholders
Training and development, and world-class labour standards	Research and Development of product sustainability	Human rights and community engagement	Shareholder dialogue

These commitments were initially communicated to employees and investors. Addressing specific areas of performance such as reducing greenhouse gas emissions and improving safety, they also underline our commitment to excellence in areas such as corporate governance, social dialogue and labour standards.

A number of these commitment areas were immediately addressed upon completion of the merger, specifically improving board independence and equal rights among shareholders to align with recognised best practices. In contrast, initial feedback received suggested that there were two key areas absent from the primary list: supply chain and business ethics. Consequently, these have been integrated into our commitments.

the difficulty of aligning reporting systems across the Group post-merger, are in development.

By establishing a baseline in performance for these objectives, we will move from the 12 commitments approach to more measurable performance indicators, target-setting and disclosing an annual scorecard.



Corporate responsibility objectives

Commitments	Objectives
Workplace	<ul style="list-style-type: none"> Reduce safety incidents towards the goal of zero injuries Exceed legally-required trade union and collective labour agreements dialogue Improve levels of training and quality of programmes among employees
Environment	<ul style="list-style-type: none"> Reduce carbon intensity and energy consumption of steel production Reduce water usage and emissions (dust, SOx, NOx) in steel production Improve environmental management at site level through complete certification to the ISO 14001 environmental management system Increase use of steel in innovative products; safe and renewable technology
Community	<ul style="list-style-type: none"> Measure total impact on society through economic development Improve effectiveness of social investment practices Implement highest human rights standards
Governance	<ul style="list-style-type: none"> Maintain high corporate governance standards and continuously improve shareholder dialogue
Business ethics	<ul style="list-style-type: none"> Implement the code of conduct within the Group, continuously train and raise awareness, and measure its effectiveness
Supply chain	<ul style="list-style-type: none"> Raise awareness of our own values within our supply chain; reduce environmental impacts and improve social development beyond our immediate operations

Our Governance

We are committed to the highest standards of corporate governance, ensuring the equitable treatment of all shareholders, an independent board, clearly defined roles and responsibilities for directors and senior management, and ethical behaviour at all levels. We are further committed to the fullest possible disclosure of all material matters relating to management processes. It is our conviction that transparency and good governance go hand-in-hand.

Our corporate governance rules reflect stringent New York Stock Exchange standards (as applicable to foreign private issuers) and the ten principles of Corporate Governance of the Luxembourg Stock Exchange, as implemented in and subject to the provisions of the Articles of Association.

Management structure

Our management structure is headed by a Board of Directors, which has overall supervision of the Group and is responsible for its strategic direction. Executive powers within the Group derive from the Board, which can mandate specific executive powers to other corporate bodies. It is truly international in character, reflecting the Group's multinational reach. Eight nationalities are represented on the Board and there are several members with a strong background in employee relations and trade unions.

The Board delegates the day-to-day management of the company to a committee of senior executive managers known as the Group Management Board (GMB), all of whose members it appoints. The GMB is solely answerable to the Board and manages the company within the strategic parameters defined by the Board.

Board of Directors

Currently, 12 of the Board's 16 members are independent. With the exception of Lakshmi Mittal, who became Chairman on the retirement of Joseph Kinsch in May 2008, all are non-executive. The Independent Directors can meet separately from the rest of the Board. In 2007, there was one such meeting called.

To reinforce the role of our Independent Directors, a new post of Lead Independent Director was created in May 2008, replacing the position of President. In the wake of the successful integration of the two companies, the latter post was considered no longer relevant to the Group's needs. The Lead Independent Director's responsibilities are to coordinate the activities of other Independent Directors, liaise between the Chairman and the other Independent Directors, and call meetings of the Independent Directors as and when necessary. After being nominated in April, Lewis B. Kaden was elected the first Lead Independent Director at a board meeting on 13 May 2008. He brings 38 years' experience in corporate governance, dispute resolution, labour and employment law and economic policy to the post. Earlier on the same day, he was re-elected by the shareholders by accumulating 99.7% of votes cast. This can be seen as a clear endorsement by our shareholders of the new role.

Among other changes announced in April 2008, the rules governing the composition of the two standing Board Committees – the Audit Committee and the Appointments, Remuneration and Corporate Governance Committee – were reinforced to ensure each is composed of at least three Independent Directors. Previously, each Committee had been made up of four Directors, which for the Appointments, Remuneration and Corporate Governance Committee did not all need to be independent.

Group Management Board

The Group Management Board (GMB) operates on a delegated mandate from the Board of Directors and is responsible for the day-to-day management of the company. It is currently composed of seven members, headed by Lakshmi Mittal as Chief Executive Officer.



This combination of roles is quite common in Europe, the US and Asia. For reference, almost half of the 40 companies that comprise the CAC 40 Index in France combine the roles of Chairman and CEO. In ArcelorMittal's case, it clearly contributes to good governance. Managers are not typically significant shareholders. As such, there could be an inherent conflict of interest between managers and shareholders. But, at ArcelorMittal, we are in the unique position where our Chairman and CEO is also the largest shareholder. There is therefore a direct alignment of interest between our senior management and external shareholders. Having the same person in both roles also establishes a clear line of authority and strategic vision, which is a key requirement in a company as large as ArcelorMittal. This will be counterbalanced by the role of the Lead Independent Director.

The GMB has a number of clearly defined functions. Its primary responsibilities are for defining the strategy, the performance of the Group and its business units, the appointment of senior managers, the maintenance of good relations with governments and other bodies, and the preparation of financial statements and budgets for the Board and reports for shareholders. Each member is responsible for a different business segment or functional area.

The management is also responsible for internal controls and has implemented a risk management and control system that is designed to determine risks in relation to the achievement of business objectives and identify appropriate responses. The system is also designed to ensure compliance with relevant laws and regulations. The system has been mapped in accordance with the recommendations of the Committee of Sponsoring Organisation of the Treadway Commission (CoSo), which are intended to provide a reasonable level of assurance.

Shareholder Dialogue

Transparency, quality of disclosure and clear communication with shareholders are the most important aspects of good corporate governance. We have used external investor relations perception studies to assess our own performance in this area and will use this approach as a key performance indicator going forward.

In the 2007 Institutional Investor Research Group (IIRG) study, our investor relations was ranked 3rd among 51 metals and mining companies by sell-side analysts (7.53% of votes) and 1st by buy-side analysts (15.81%).

Rankings are broken down by attribute, allowing us to evaluate our performance in different areas. We scored highly, for example, in providing access to senior management and in the quality of information provided by site-visits and conference calls. We scored less well with the speed of our response to enquiries and quality of information on our website – areas that we aim to address. Our target is to remain in the top decile year-on-year for both sell-side and buy-side rankings. We will also expand the number of perception studies on which we draw.



To build on this performance, we launched a 'shareholder partnership' initiative in 2008. A small sample of large shareholders were invited to participate based on their different profiles, knowledge and representativeness of our shareholder structure. Through this partnership the participants will be invited to regularly discuss and comment on our financial, industrial and strategic initiatives. The first shareholder partnership discussion took place in May 2008.

DISCUSSING CORPORATE RESPONSIBILITY WITH SHAREHOLDERS

In April 2008, at a ArcelorMittal investor event in New York, the GMB presented 'Corporate Responsibility for Growth and Reduced Risk' to illustrate the Group's approach to corporate responsibility in creating shareholder value. This presentation is available to view at www.arcelormittal.com

In addition to the increasing interest in corporate responsibility among our investors, we engage directly with socially responsible investment (SRI) and sustainability

analysts, and rating agencies through one-on-one meetings and questionnaire responses. Building on our quarterly investor roadshows, we are planning to undertake our first SRI-targeted roadshow in the near future.

Health and Safety and Ethical Issues

The Health and Safety of our workforce ranks before any other consideration in our business, and Health and Safety issues rank high in both Board and GMB meetings. This is reflected in the recent restructuring of Health and Safety management. The Corporate Health and Safety department now reports directly to the Group's Chairman and CEO, a move that reflects the importance placed on Health and Safety performance at the highest level.

At the same time, we take our reputation for honesty and integrity seriously. A number of policies and procedures are in place to encourage the highest standards of behaviour in all of our dealings throughout the company.

CODE OF BUSINESS CONDUCT

The Code of Business Conduct applies to all directors, officers and employees of the Group worldwide. It defines the ethical and legal obligations of everyone engaged in the Group's business. It also establishes mandatory guidelines to which all can refer in situations where the proper course of conduct may not seem clear.

The Code covers legal compliance, competition and antitrust issues, anti-corruption measures, conflict of interest, fair dealing and a number of other subjects. The Code is discussed in further detail below. A Group-wide training programme supports the implementation of the Code.

INSIDER-DEALING REQUIREMENTS

Our Insider Dealing Regulations are in compliance with the applicable national and international regulations. They are designed to ensure appropriate treatment of price-sensitive information and avoid insider dealings and market abuse. Appropriate training is provided for all employees potentially in possession of inside information.

WHISTLEBLOWER POLICY

A Whistleblower Policy is in place for the reporting of any irregularities regarding accounting or auditing issues, as well as ethical violations. Reports can be made online or by mail. They are investigated by the Audit Committee of the Board. The policy is in conformity with the Sarbanes-Oxley Act of 2002.

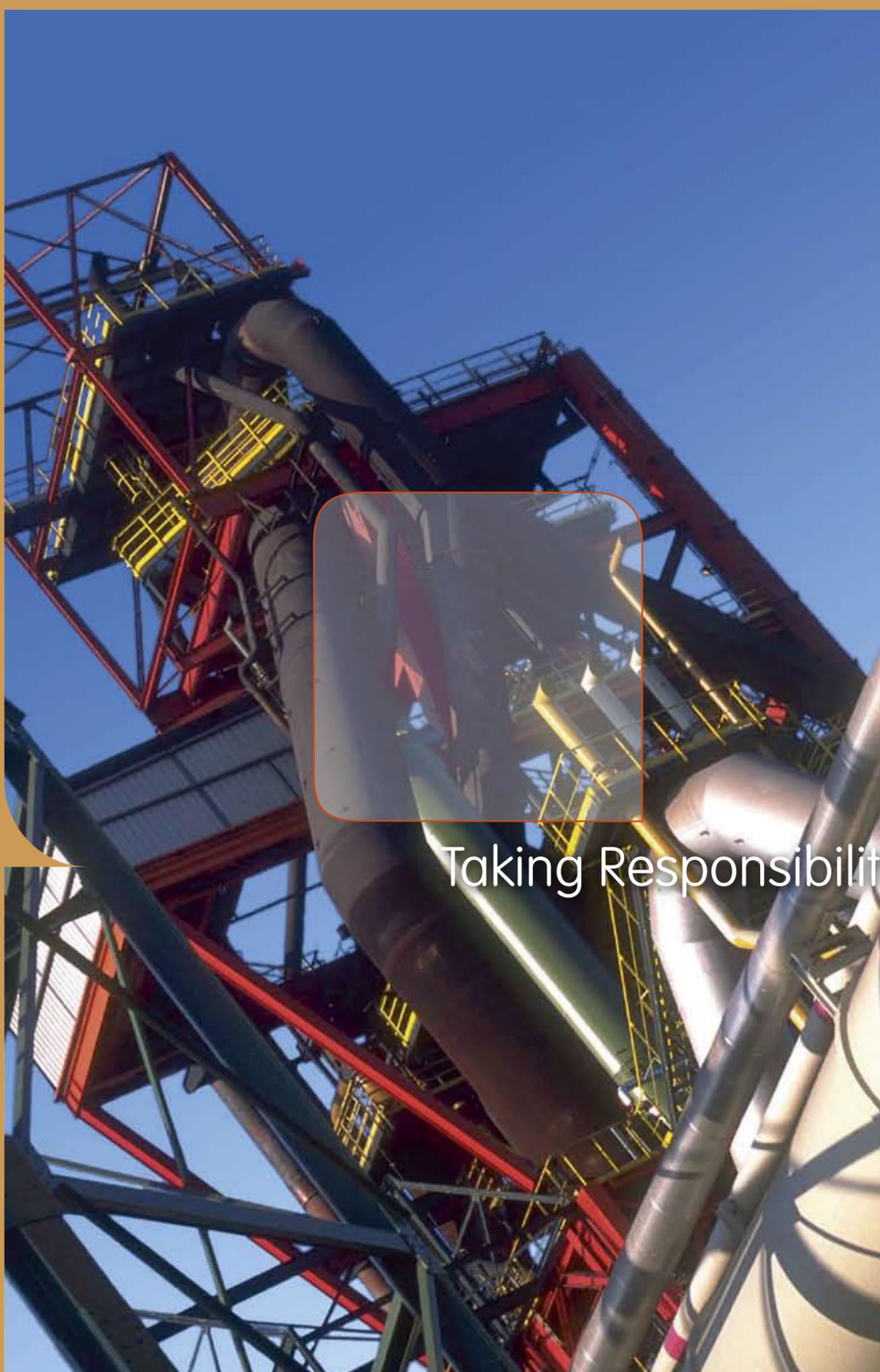
Implementing the Code of Conduct

Our Code of Business Conduct is essential to the safeguarding of our reputation. It has been designed to ensure that our clients, suppliers and all others with whom we have dealings can trust us to be fair, reliable and transparent. It is also there to make sure our employees work in a safe environment – one that is free from prejudice and malice and offers equal opportunities to all.

The Code was launched in February 2007 as part of our wider Compliance Programme. A training programme designed to familiarise employees with the programme's content is close to completion. The training operates on the principle of cascading. Managers are trained by members of the legal department and are then required to impart the same training to their own teams. By the end of June 2008, all employees should have received their training. Beyond initial training, making employees aware of the Code of Conduct is an ongoing process. This is done through classroom training and programmes as well as regular Intranet and internal publication reminders and tips.

All members of the Group Management Board, Business Unit CEOs, chief financial officers, and heads of function are required to submit quarterly compliance certification. These certificates ensure that the code of conduct has been distributed to all employees within the appropriate business unit and compliance training programmes are in place. Material violations relating to anti-corruption (namely the Foreign Corrupt Practices Act), competition law, employment law as well as Health and Safety and environmental non-compliance are submitted through the quarterly compliance certificates. This process is monitored by the corporate legal department.





Taking Responsibility



in the Workplace

Ensuring the highest standards of Health and Safety is our overarching priority. We are committed to the well-being of all our employees and aim to become the safest steel and mining company in the world. Employees should expect a safe working environment and a rewarding one. Innovative training and development plans as well as our leading union dialogue agreements are essential to attract and retain the best talent.



In 2007, lost time incident rate reduced to

3.2

per million hours worked
(from 3.9)

Rolled-out new safety standards, 'Golden Rules' and behavioural safety audit programme

- Global Health and Safety agreement signed with trade unions
- In 2007, **US\$216 million** spent on safety measures
- Standardised health reporting system introduced
- New initiative for governance of ArcelorMittal University launched and budget doubled to **US\$19.6 million** in 2008
- Total direct expenditure on learning and performance was **US\$112 million** in 2007



Health and Safety Policy and Management

The Health and Safety of our workforce, including contractors at our sites, is our number one priority, overriding any other business goal. Through our Health and Safety Policy, revised in March 2007, we are committed to the Health and Safety of all our employees, both on and off the job, as part of a clearly stated objective of zero injuries and incidents.

We operate in high potential hazard industries but zero injuries are achievable. We recognise the challenges ahead of us to reach excellence, including behavioural changes. We aim to progress rapidly through effective leadership, involvement of the workforce, an increasing focus on occupational health, training and exchange of best practices.

Our Health and Safety policy is now driven by a Global Health and Safety Committee made up of representatives from each of the business areas and headed by the Vice President Corporate Health and Safety. Meeting quarterly, the Committee is responsible for agreeing new processes and standards and aligning

all Health and Safety activity around the Group. In June 2008 we signed a Global Health and Safety Agreement with the International Metal Workers Federation, the United Steelworkers and the European Metalworkers Federation, which will establish Joint Health and Safety Committees in all of our plants. Further details on it are given on page 33.

Since May 2008, the corporate Health and Safety department reports directly to the Group's chairman and CEO, a move that reflects the overriding importance placed on Health and Safety performance at the highest level.

Performance

We are aware that, while we have some sites with excellent safety records, overall injury rates and number of fatalities are unacceptable.

In 2007, overall injury rates for our own employees within our steelmaking operations were less than the previous year. On average across the Group, an accident with lost time as a consequence occurred 3.2 times for every million hours worked, compared to 3.9 per million hours worked in 2006. Several sites reported no lost time accidents in 2007.

In 2008, internal targets have been introduced relating to lost time injury frequency rates (LTIR). Sites that in 2007 reported a LTIR greater than 6.0 have a 30% reduction target during the year. Similarly, sites with a LTIR between 1.0 and 6.0 have a 20% reduction target. Sites with a LTIR of less than 1.0 also have a 20% reduction target, but this includes accidents with or without lost days.

In 2007, in our steel operations, we regrettably experienced 38 events resulting in 40 fatalities amongst our employees and contractors. A further eight fatalities occurred within our mining operations.

As can be seen in Figure 2, we have identified the main causes of fatalities within the Group. By categorising events we can further improve our approach and management such as the rolling-out of appropriate standards.

All accidents are analysed in detail before being shared within the Health and Safety network and management team. Consequent monetary investment and detailed action plans are approved and implemented.

Safety is the priority item in all Group Management Board meetings. Top management is fully aware of its duty and responsibility concerning safety, and this importance is now reflected in executive bonus schemes based on the internal targets.

In 2007, we spent US\$216.4 million on safety measures¹. This capital expenditure represents 4% of the total amount of Group capital expenditure for the year.

¹ Excluding safety and awareness training programmes, housekeeping expenses and dedicated safety programmes such as the Kazakhstan coal mine safety programme

In June 2008, we signed a **Global Health and Safety Agreement with trade unions** that will establish **Joint Health and Safety Committees** in all of our plants.

Figure 1. ArcelorMittal Lost Time Injury Rate in steel operations*

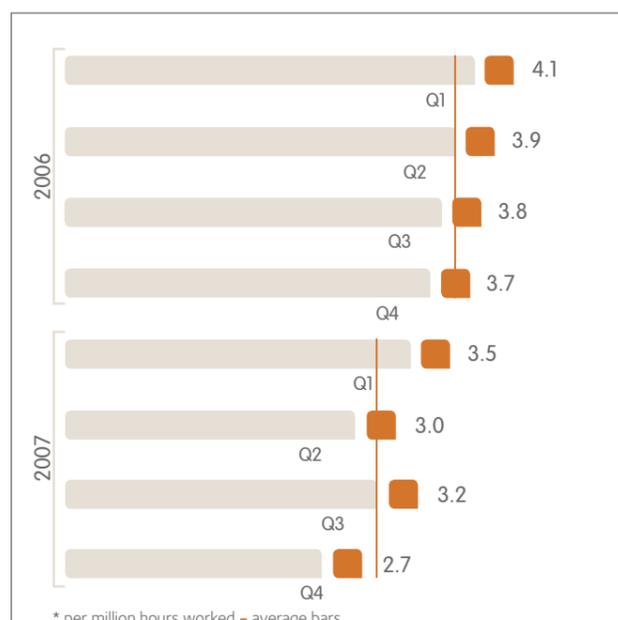
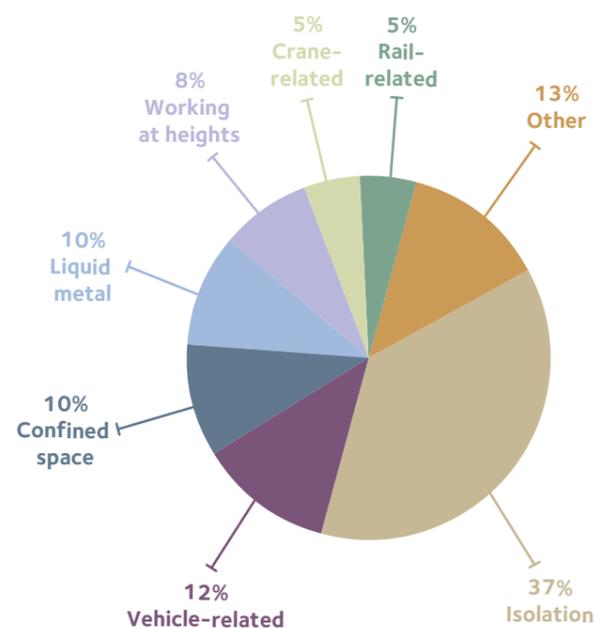


Figure 2. Breakdown of the causes of fatal injuries in steel operations (employees and contractors) in 2007



Processes and Standards

A number of new processes and standards are being introduced in 2008. **An injury tracking database is now in place to track all information on injuries, lost man days and other significant events.** It will be expanded in the coming months to incorporate restricted work day injuries and occupational health measures. It incorporates a 'return-of-experience' system for disseminating lessons learned from individual incidents.

Fatality Prevention Standards

A set of Fatality Prevention standards was introduced in January 2008, designed to establish best work practices in situations where severe accidents have occurred in the past. The first four standards cover:

- Isolation procedures to ensure the maintenance or repair of any energised equipment only takes place once a power source is locked off
- Protocols for working at height, ensuring the use of platforms and safety harnesses
- Railway-related procedures
- Working in a confined space

Every ArcelorMittal production site has now reviewed its conformity with the standards and are in the process of implementing them. All remaining sites are expected to apply the standards by the end of 2008. Further standards are being devised and will be introduced in 2008 and 2009.

Process Safety Standards

New Process Safety Standards are also being introduced. They are designed to lay down clear safety procedures in every major steelmaking process – including the protective equipment required. The first, covering



the operation of electric arc furnaces (encompassing liquid metal-related injuries) is now in place. It will be followed by a succession of further standards over the course of this year and next.

On top of these standards, a set of 'Golden Rules' were recently launched.

These include:

- Coming to work in a 'fit and able' condition
- Using fall protection or prevention equipment when required
- Following isolation and confined space entry procedures
- Not disabling safety devices

Shop Floor Audits

A new Operations Standard involving frequent plant – 'Shop Floor' – audits at every level from first-line managers to corporate senior management was introduced during 2008 to increase commitment to safer ways of working. The new Standard represents management practices already prevalent in our safest plants and applies it uniformly across the Group. It goes hand-in-hand which a change in the remuneration of senior managers, which now also reflects their Health and Safety responsibilities and performance, as well as relating to the LTIR targets.

Shop floor audits aim to review work practices and reinforce existing standards, identify opportunities for improvement, provide positive feedback on safe work; and correct activities that are unsafe. They involve regular, open observations of work practices and discussions with staff aimed not at censuring existing ways of doing things but identifying better and safer ways – while correcting anything that is seen to be potentially unsafe. This dialogue is a means for verifying that both the

Personal and Process Standards are being implemented and demonstrating clear commitment to safety on the part of line managers. The auditing process will be monitored by the corporate Health and Safety department.

Tailored training programmes, have been devised by the ArcelorMittal University in 13 languages, to support managers in the conduct of audits, and accredited trainers are now running courses in the Standard in multiple plants and countries.

The new approach has already proved its worth. As part of a local initiative to effect major changes in safety attitudes and performance, the General Manager of the Saldanha steelworks in South Africa has, with his management, been conducting shop floor audits and engaging staff in on-the-spot safety discussions for some months. The effects have been dramatic. Saldanha experienced zero injuries in the first quarter of 2008, this compares to an average of 2.76 lost-time injuries per million hours worked in the same quarter of 2007.



ArcelorMittal Health and Safety Day

The annual ArcelorMittal Health and Safety Day is designed to reinforce Health and Safety awareness throughout the Group. The aim is to communicate Health and Safety issues, share best practice and involve staff in discussing new targets and associated programmes – from Group to plant level. **All 310,000 employees, together with 140,000 contractors, take part in the day's activities** in a way that builds on the Group's team-based culture.



Training exercise during Health and Safety Day 2008

The 2008 Health and Safety Day was held on March 6. Its theme, 'A step forward in leading by example', was to remind staff of the importance of committing personally to Health and Safety rules, inspiring those around them to do the same, and making a daily effort towards improving Health and Safety performance as part of the Group-wide objective of achieving zero injuries.

Local programmes and initiatives were made available for sharing on the ArcelorMittal Intranet, and numerous Health and Safety experts were available locally to provide support and advice. As in the previous year, members of both the Group Management Board and Management Committee spent the day visiting plants and taking part in Health and Safety discussions. Furthermore, many of ArcelorMittal's external stakeholders were invited to this local event, an additional opportunity for us to engage with them on this crucial issue and to further develop the Group's safety objectives.

Mining Accidents

In January 2008, a methane gas explosion in the Abaiskaya coal mine in Kazakhstan claimed the lives of 30 miners. This was distressing for the entire company, and solidarity was expressed by both internal and external stakeholders. Top management of the Group devoted all the time required to assist the families and provide support and aid. Subsequent to investigations, a set of recommendations for reinforcing coal mine safety was accepted and a detailed action plan set in motion. Follow-up reports on that action plan are now provided on a weekly basis to the Group Management Board to ensure that every step is being urgently and effectively implemented in order to ensure the safety of all the employees engaged in our mining operations.

An accelerated modernisation programme is now underway at all eight mines in the Karaganda region. **The investment of US\$262.8 million** in 2008 covers not only new equipment, together with safety consultancy and training, but a programme of work to investigate the feasibility of a methane degassing programme. Boreholes were drilled at three mines in March 2008. Once they have reached target depth, they will be tested for rates of methane extraction. If successful, we anticipate drilling a series of boreholes ahead of the mining face at each coal mine to extract methane before the mining process commences. Our eventual goal is to improve the management of methane gas. The results of our test drillings will be known in the third quarter of 2008. Other safety upgrading is ongoing, including additional gas detecting equipment, rock-bolting technology improvement, ventilation shaft and fan enhancement and, most importantly, workforce training. **It is our intention to bring the Karaganda coal mines to best practice safety levels.**

Safety in other mines

Recently acquired Russian coal mines in Siberia will also be benchmarked and will benefit from worldwide expertise and best available techniques. All efforts

A modernisation programme is now underway at all eight mines in the Karaganda region of Kazakhstan.

are made to accelerate investment decisions and procurement, the latter being critical in Kazakhstan. ArcelorMittal Kazakhstan is also in dialogue on a continuing basis with the Government and relevant ministries to ensure a common understanding of issues and acknowledgment of progress made so far.

Safety is a priority for our Group. We remain confident that, based on recently introduced initiatives and programmes, we will be able to significantly improve our safety performance.

Targeting Occupational Health and Well-Being

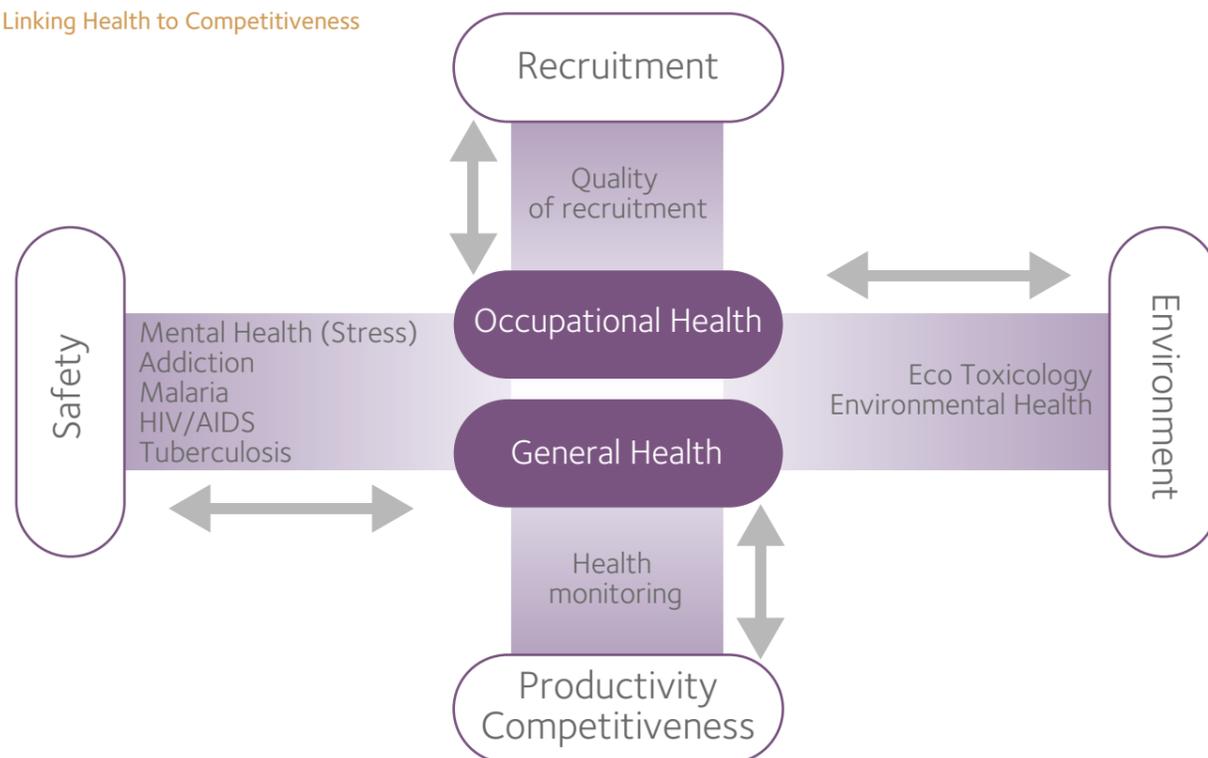
A new, long-term, global strategy for health will be finalised over the course of 2008. This will focus on occupational health issues including reducing the impacts of dust emissions and noise on employees. The strategy also encompasses general health and well-being issues, including tobacco, alcohol and HIV/AIDS.

Building on our social responsibility commitment and legal requirements we are changing the way occupational health issues are addressed across the Group. A third component has been introduced, linking health to safety, the environment, recruitment, productivity and our overall competitiveness (see chart).

We have a number of key objectives for 2008.

A standardised Health Reporting System (HRS) is being introduced that will allow us to measure

Linking Health to Competitiveness



the impact and quality of our health programmes.

In a similar approach to safety we can introduce relevant key performance indicators (KPIs) so that the HRS can track illness and absenteeism rates and root causes. It will make it possible to compare health indicators with those for safety, the environment and productivity. The HRS, along with the KPIs, will be introduced into at least 30% of our business units by December 2008.

As part of the process of defining our health strategy, and in recognition of the wide diversity of environments in which we operate, a series of Group-wide health standards will be introduced. Among other things, these will define minimum requirements for routine medical examinations and emergency treatment. To complement the standards, pilot projects will be undertaken at various business units across the Group.

We also recognise the important role health plays in recruitment. For our Greenfield projects, our ability to offer adequate health services is vital to our recruitment efforts. Programmes for evacuation and temporary health services will be put in place.

A new health audit system will be introduced. It will draw on information acquired through questionnaires regarding the current health status of our workforce, and will complement the existing safety audit.

A new **global strategy for health** will be finalised over the course of 2008.

As part of our effort to eliminate fatalities in our operations, a special emphasis is being placed on health programmes in order to tackle drug and alcohol addiction and consumption, HIV/AIDS, and the reinforcement of emergency systems. We intend to enrich our health programme in South Africa and are introducing new initiatives in both Kazakhstan and Ukraine, as well as at corporate level.

MEETING NEW REGULATORY DEMANDS

The Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH) regulation by the European Commission came into force on June 1, 2007, followed by the revised edition of the UN Globally Harmonised System of Classification & Labelling of Chemicals (GHS) in July. We share its objectives of protecting human health and the environment, and have set up a specific task force and a technical platform to ensure that business units, suppliers and customers are compliant within its timescales. REACH and GHS specialists are working with other steel producers at the European level (EUROFER) and with company partners (Nippon Steel) at the international level on consistency in implementation and of technical processes.

Tackling the Challenge of HIV/AIDS in South Africa



Unknown volunteer undergoing Aids Test. ArcelorMittal South Africa Vanderbijlpark Works Wellness Week, November 2007

One of the most pressing and challenging issues for the sustainability of our South African operations, is the HIV/AIDS epidemic. We are engaged in a major programme that aims at tackling the issue head-on. Its primary thrust is to change the behaviour of vulnerable groups, but it also aims to address perceptions – including the issue of stigmatisation – and improve employees' access to Voluntary Counselling and Testing (VCT) events as well as follow-up support.

The programme seeks to:

- Encourage employees to test for HIV/AIDS via a 'Know Your Status' campaign
- Provide a support programme for HIV-positive employees which monitors compliance with treatment offered by external networks
- Institutionalise effective governance structures to enhance visible leadership and advocacy at all levels

The programme includes educational and awareness programmes using poster campaigns, articles in local company journals and newsletters, industrial theatre, voluntary counselling and testing events, and the availability of free condoms. It commenced in 2007 and will continue throughout 2008.



Developing Talent

Attracting and retaining talent plays a key role in ensuring our sustainability as a business.

Our Human Resources team works to:

- Recruit and develop tomorrow's leaders
- Enable employees at all levels to realise their potential
- Build and maintain good relations with employees and their representatives.

Training and Development

Launched in 2007, our Corporate University is the focus of internal training and development. Its budget has been more than doubled in 2008, to **US\$19.6 million**. All programmes are tailored to the ArcelorMittal vision, mission and brand values, and are designed to be delivered through local training centres.

Examples include:

- Health and Safety Academy and Health and Safety training for all employees and sub-contractors – 8,000 people are being trained in safety in Romania alone
- Intensive language training in English and local languages to facilitate integration – the 'Global English' online course will be extended to 4,000 users in 2008
- Core Leadership and Management Skills programmes – **more than 380 sessions, covering 8,000 participants in 23 countries, are scheduled for 2008**, a sixfold expansion compared with 2007
- Talent pipeline programme to grow future leaders – more than 400 people will attend revised programmes in 2008, up from 73 in 2007

- Technical and functional academies – **more than 2,000 people are registered to attend steel, mining and functional programmes in 2008**

In 2008, a new initiative for the governance of ArcelorMittal University was launched. Based on discussions from 2008, a Learning Council was created focusing on three major activities:

- Drive the Training KMP action plan forward
- Advise on implementation / roll-out ability of ArcelorMittal University initiatives
- Mobilise a global network of training design and development experts

The main priority will be the development of group-wide learning policies with structured bottom-up feedback from regional learning functions. The Learning Council will be composed of a diverse team, representing the head of the ArcelorMittal University and up to ten Learning and Development leaders from across the globe.

There are a number of different definitions for training and development in use. One of the responsibilities of

the Learning Council is to define the precise indicators relevant to the Group. Currently, using the definitions of the American Society for Training and Development, **total direct expenditure on learning and performance in 2007 was US\$112 million**. We made an **estimated 494,000 hours of learning provision** (as stand-alone activities and not embedded in work activities) available throughout the year.

Knowledge Management Programme

Our Knowledge Management Programme (KMP) is designed to speed the flow of best practice and techniques around the Group by bringing together all the key people involved in a given function, technical area or business unit. It plays a key role in our drive for continuous improvement. Following an expansion of the programme, some **20 different KMP events were held in the course of 2007**.

There are also regional programmes complementing the Corporate University and local training centres. In South Africa, we have recently introduced virtual classrooms interlinking our sites across the country. With training officers at one site, and using a variety of audio and visual equipment, we can have real-time classes, video conferences and recorded presentations. This reduces the stresses on the fixed-location training centres. It is also a model for developing our future mining academy, transferring knowledge from our good practice sites to countries where we are increasing our presence, such as Senegal and Liberia.



Headquarters of ArcelorMittal hosting the Corporate University

Performance Management and Leadership Development

Our performance management process provides a means of aligning individual behaviour with Group values and competencies, while recognising the contributions, strengths and development needs of employees in every location. At its core is the Global Executive Development Programme (GEDP), which provides a systematic process for managing an individual's performance. The process is transparent, with regular feedback and coaching to support development and boost motivation.

To help develop the leadership skills needed for the future, we have developed a Competency Framework involving eight competencies that characterise desirable performance among our people.

There are five key competencies:

- Change management
- Decision making
- Results orientation
- Strategic thinking
- Teamwork

They are supported by three additional competencies used for building organisational performance:

- Stakeholder orientation
- Effective communication
- Learning and development

The Competency Framework helps to ensure consistency of skills across the Group, identify the behaviour and values required to be a successful manager, provide an objective standard for evaluating professional abilities and performance, provide employees with a clear view of the competencies they may need to develop for their careers, and build performance and corporate culture.

A renewed bonus scheme was set up in 2007 and covers the Group's top 500 executives. It will be extended to cover more than 2,000 employees in 2008.

It is complemented by local rewards systems that cover the wider employee population.

Also, in 2008, we launched a 'Speak Up' survey, which will help us measure our overall managerial performance. The goal of the survey is to assess how we combine competitiveness and human resources management. Initially, the confidential survey will be rolled out in Kazakhstan and the Ukraine, and then globally. Presentation of the results will be made during the ArcelorMittal Leadership Conference in September 2008. The results will help enrich a manager's understanding at all levels and to help build local and Group-wide action plans - helping us improve the way we lead in the company.

Workforce Planning

A workforce planning process was put in place in all the Group's operations in 2007. Its objective is to provide a reference framework and follow-up tools in relation to organisation, workforce development and the skills required for each process area. This will aid productivity, sustainability and the further development of know-how. The planning process is aligned with the Group's mission, included in the budget cycle and will be maintained as a continuous improvement initiative.

Resourcing

We give internal candidates priority whenever job vacancies arise. Employees can apply and be notified



of vacancies on an internal website: JobMarketOnline. More than **13,000 employees** have visited the site since its launch in

March 2007, and nearly **4,000** have submitted their profile and preferences, which can be accessed in eight

languages. We place great emphasis on international mobility, and there has been a marked increase in the number of people undertaking international assignments as a result of opportunities offered via the JobMarketOnline website. An external version of the website was launched at the end of 2007.

Through the Business Leaders Resourcing Programme, 58 MBA and 15 Master graduates in Finance were monitored in 2007. As part of the programme, an Executive Career Panel manages recruits' development needs and provides mentoring.

A Group Engineering and Technical Programme was introduced in 2007 with the aim of creating a global pool of engineers and technical specialists. The aim is to recruit up to 300 high achievers each year - over and above local needs. After initial assignments and intensive training in their home country, they are assessed for their suitability for international assignments.

Diversity

With a presence in more than 60 countries, ArcelorMittal is a multinational in the true sense of the word. As a Company, we carry no particular passport. When it comes to career progression, we favour no nationality over another. The make-up of our Board of Directors and senior management testifies to this diversity: eight different nationalities are represented among our Board of Directors, four in the Group Management Board and nine in the Management Committee. We encourage international mobility to foster talent wherever it arises.

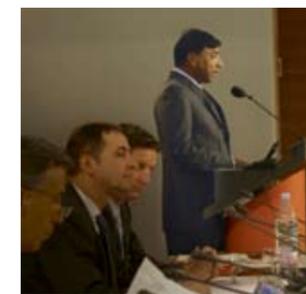
Our Group Code of Business Conduct prohibits discrimination or harassment on the grounds of race, colour, sex, age,



religion, ethnic or national origin, disability or any other unlawful bias. We work hard to ensure all business units are in compliance with the code at all times. Nevertheless, to fulfil greater ambition, we are in the process

of developing internal programs around diversity as part of our commitment to the UN Global Compact and other international best practices.

Social Dialogue with Trade Unions and Employees



The ArcelorMittal European Works Council

We are committed to the development of a constructive partnership with trade unions, based around continuous and open dialogue at multiple management levels, mutual respect and the free flow of information. We regard our employees as

key stakeholders in the business and subscribe to the process of collective bargaining.

ArcelorMittal and Unions sign Global Agreement on Occupational Health and Safety

In June 2008, we signed a Global Health and Safety Agreement with all of our trade unions - the European Metalworkers' Federation, the United Steelworkers and the International Metalworkers' Federation - which will establish Joint Health and Safety Committees in every plant. These committees will be required to meet at least once a month. The process will be monitored by a Joint Global Health and Safety Committee comprising both management and trade union bodies which will meet on a quarterly basis. The new agreement builds on the arrangements already agreed in Europe with our European Works Council. The first of its kind in the steel industry, it recognises the vital role played by trade unions in improving Health and Safety.

We believe that the partnership approach, which has proved so successful in establishing common objectives between management and unions in our US plants, can be replicated throughout the Group to deliver both security of employment for our workforce and value for shareholders. Working together to ensure a sustainable business delivers gains to all stakeholders.

To that end, we are introducing a new process of dialogue, from the shop floor level upwards, throughout the Group. The process is based around monthly meetings between management and employee representatives. It will be implemented plant-by-plant over the coming months. Its aim is to put regular, constructive discussions at the heart of ArcelorMittal's employee relations.

Restructuring

Wherever a major plant restructuring is required, we seek not only to honour our social responsibilities but to find alternative employment for those affected and retain their skills within the Group. The sustainability of our industry depends crucially on the continued availability of trained and experienced people.

Restructuring projects include an information and consultation process with the unions on our proposal. As part of the process, we strive to find an alternative job for every employee affected - relocating them for instance to our plants in nearby areas.

In France, we are planning on setting up a new Technical Education Centre for the Lorraine region. Approximately one-third of our workforce in France is due to retire over the next ten years. Finding enough people to fill these roles is likely to be a major challenge. With an initial investment of €5 million, the Technical Education Centre will provide the facilities and technical equipment necessary for the education of up to 120 students on two-year courses. On graduating, students would be employed either by us or our subcontractors.



Taking Responsibility



for the Environment

As the largest steel company in the world we have a considerable environmental footprint. We are aiming beyond regulatory compliance, working towards operational excellence through significant investment and continuous management improvements. There are large constraints and challenges, not the least in addressing climate change, but our policies, goals, management systems and action plans are now in place. Having a product that is 100% recyclable and an industry-leading Research and Development capability puts us in an ideal position to meet these challenges.



US\$214

million investment in
Research and Development
in 2007

79%
of sites
certified ISO 14001

- Increased environmental management certification to 79% of production sites
- Conducted first comprehensive review of environmental impact
- Climate change committee and roadmap established
- Energy policy launched in May 2008
- **US\$500 million** to be spent on energy efficiency programmes between 2008-2012
- ArcelorMittal USA wins ENERGY STAR® Partner of the Year
- Total environmental capital expenditure in 2007 was **US\$306.5 million**



Environment

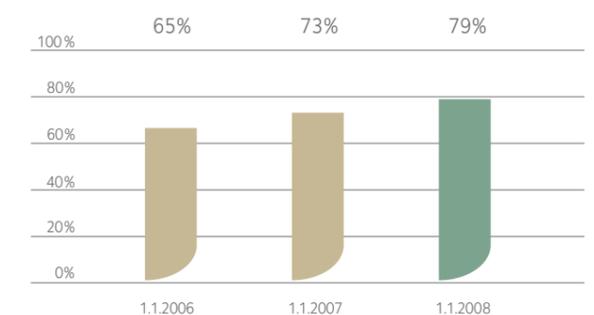
Demand for steel is inextricably linked with economic growth. Steel is one of the building blocks of development. There is no substitute for the role it plays in key areas of infrastructure and construction. As the emerging world develops, its per capita consumption of steel inevitably rises. Increasing industrialisation, the expansion of cities and rising prosperity are all expected to contribute to demand growth of 3% to 5% a year for the next decade. This growth cannot be stifled without also stifling the reasonable aspirations of developing countries. Steel production has significant environmental impacts – the challenge is not to find ways of reducing steel usage but to develop the technologies that will lessen the impact steelmaking has on the environment.

Policy and Management

Our environmental policy, launched in July 2007, defines the principles that will guide our practices worldwide. It is based on the themes of responsibility and environmental excellence through our value chain, from mining operations to various steelmaking processes and distribution.

ISO 14001, the internationally recognised standard for environmental management systems, forms the core of our management approach. Certification is now mandatory for all ArcelorMittal production facilities. By year-end 2007, 79% of production sites had attained certification.

Level of environmental management certification (ISO 14001) of 162 ArcelorMittal sites



To align environmental reporting for all operations within the Group post-merger, to establish a baseline reporting level and to communicate reporting goals across a much expanded number of sites, we have conducted the first comprehensive review of our environmental impact.

Where the review has identified areas of uncertainty or gaps, these will be addressed in future reporting periods. **A database, 'OpsEnvironmental', has been established to compile and monitor all relevant data for our facilities worldwide,** and it is continually being developed to align with best practices.

OUR CLIMATE CHANGE ROADMAP

Steel production is highly energy intensive. Significant carbon dioxide (CO₂) emissions arise as a by-product of the iron reduction process. This is the chemical reaction between carbon and iron ore in a blast furnace that produces molten iron, which is then converted to steel. On average, every tonne of primary steel produced from iron ore results in 1.5 to 2 tonnes of direct CO₂ emissions. In the main alternative process, the electric arc furnace (EAF), emissions are significantly less but production is limited by the availability of scrap and scrap substitutes. In 2007, approximately 73% of our

crude steel production came from blast furnace routes and 24% from EAF production.

Estimates vary but the World Resources Institute has determined that steel-making accounts for approximately 3.2% of global man-made CO₂ emissions. Owing to the size of the new Group's asset portfolio **our steel-making operations emitted approximately 239 million tonnes of CO₂ in 2007.** Meeting the global climate change challenge is a global responsibility, but clearly our footprint necessitates action and we have a significant part to play.

Over the last 30 years, technical developments introduced within the industry have reduced relative CO₂ emissions in Western Europe countries by nearly 50%. These process achievements, particularly in the blast furnace process, are now close to their technical limits.

Despite these constraints we have begun to take a proactive, multi-faceted approach to addressing the climate change challenge, recognising short, medium

and long-term goals through technological support, use of market mechanisms, supporting and informing regulatory dialogue and promoting innovation. To reflect the importance of climate change in all aspects of the business, a **multi-disciplinary climate change committee has been established,** which includes senior management representatives from the finance, treasury, M&A, international affairs, technology, R&D, and corporate responsibility departments as well as environment and energy representatives.

Reducing carbon emissions will require significant capital investment and technologies, the costs of which can only be optimised with effective carbon markets and a suitable policy framework. Ongoing actions that will support us in our efforts to address climate change are:

Internal Benchmarking for ArcelorMittal sites

At ArcelorMittal, we currently use two production routes that have a significantly lower CO₂ footprint than conventional processes. Direct Reduction of Iron Ore (DRI) is based on natural gas. We are the biggest DRI producer in the world. Another method is based on biomass fuel, using charcoal for the production of pig iron from eucalyptus forests in Brazil. However, these processes have geographic limitations, being dependent on the availability of cheap natural gas, and climatic conditions for growing eucalyptus forests that are rare outside Brazil.

Although many European and Americas sites are very close to their technical limits for CO₂ reduction, many of our other sites are far from this level of performance.

CO₂ emissions in the steel industry are difficult to determine owing to the multiple processes involved, differences in plant structures and variables such as power generation and differences in products manufactured. However, we have developed an internal methodology that monitors the CO₂ efficiency of steel production. This methodology compares plants against

Aerial view of the 46,000 acres of ArcelorMittal eucalyptus forest in Brazil



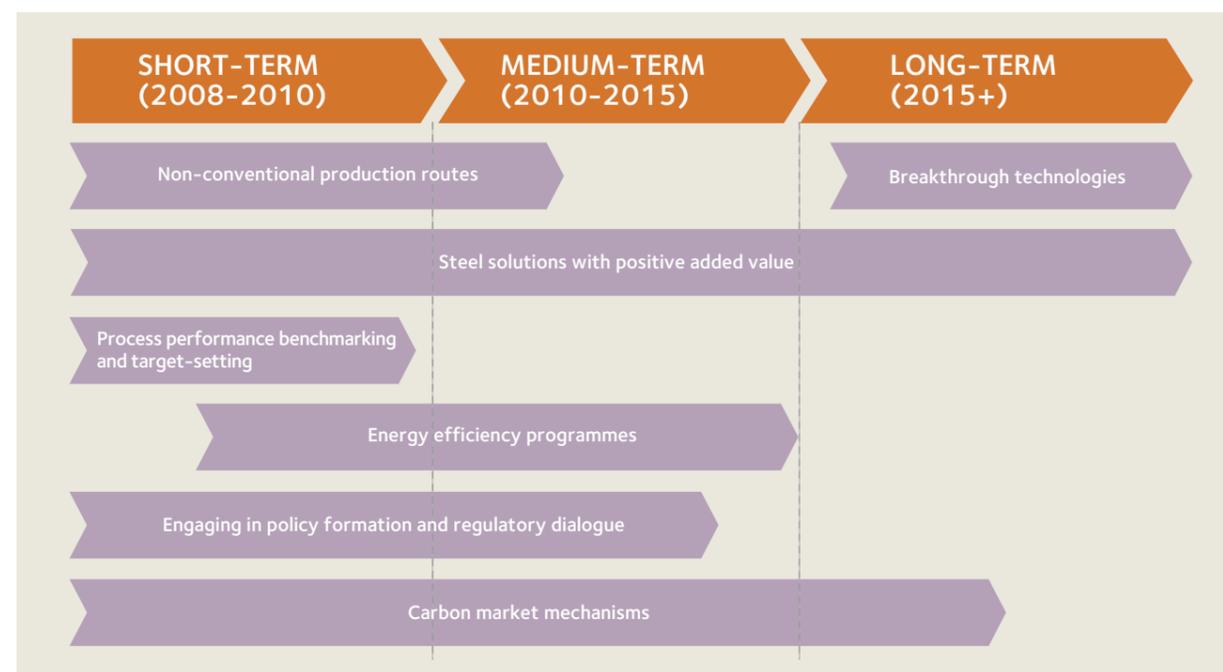
an average reference performance for the Group. The methodology can be used to determine resource allocation between sites and share best practice. We are also now in a better position to model emissions scenarios and establish realistic but challenging targets.

Results from the first study in 2006 estimated total CO₂ intensity (including direct CO₂ and electricity-related emissions) for each production route within the Group. Results for 2007 are more complete and are considered a more accurate baseline for our steel-making operations. The two main production routes, **Integrated and EAF, have separate total intensities of 2.460 tCO₂ per tonne of steel, and 0.580 tCO₂ per tonne of steel, respectively.**

At ArcelorMittal, we currently use two production routes that have a significantly lower CO₂ footprint than conventional processes.

Our reporting process is largely compliant with the Greenhouse Gas Protocol; the international accounting tool for quantifying and managing greenhouse gas emissions. However, because of the complexities involved within the steel industry we have begun to engage with the World Resources Institute and World Business Council for Sustainable Development to develop and road-test a more accurate and effective tool. This will also allow us to more accurately measure our total footprint, including mining activities and transportation of raw materials and our products.

ArcelorMittal Climate Change Roadmap



Contributing to policy formation and engaging in regulatory dialogue

The global challenge of climate change has to be addressed through global solutions. For a product like steel, which is freely traded, it is important that climate change policies do not create competition distortions. We need policies that are acceptable to developed as well as developing countries, and offer incentives for energy efficiency and for innovation. **We have advocated the adoption of a sectoral approach** and are working with the International Iron & Steel Institute (IISI) in taking this forward. Our dialogue extends beyond European Union boundaries as we are engaging in coordinated communication with US and Canadian legislative bodies.

Energy

Steel production is highly energy intensive. In 2007, **our total energy consumption was approximately 2,565 petajoules, or 22.3 gigajoules per tonne of liquid steel.** To reflect the importance of energy as a strategic issue, a new Group-wide energy policy was launched in May 2008. The policy is aimed at guiding decision-making and behaviour at all levels and encompasses the procurement of energy-related commodities, the integration of energy considerations into process and equipment design, technology selection and procurement, and individual employee behaviour.

Consequently, **an energy management system is being rolled-out across the Group.** The system includes the establishment and monitoring of corporate performance objectives, benchmarking best practice operations, the generation of technology standards and best operating practice guidance, and investment and technology upgrades. **Between 2008 and 2012 we will spend more than US\$500 million on energy efficiency and optimisation programmes.**

At the same time, trials are under way to establish the viability of recycling coke oven gas into the production of DRI. Indications are that this produces higher yields than recycling the same gas into a power plant. Using

the resultant DRI in blast furnace steelmaking has the potential to achieve a significant reduction in energy consumption, and therefore in CO₂ emissions.

Recycling and value-added products

Steel production carries a high carbon cost, but it can also be a part of the climate change solution. First and foremost, the intrinsic feature of steel – its recyclability – means environmental benefits over its entire life-cycle. **Steel can be endlessly recycled throughout a long-lasting industrial life and, in some sectors, such as the automotive industry, 95% of the steel used is recycled. Globally, recycled steel brings about 600 million tonnes of CO₂ savings annually.** ArcelorMittal is the biggest recycler of scrap steel in the world.



Packs of steel scrap

Steel is an essential component in the development of renewable energy technologies, most obviously wind generators, but also solar power structures and wave or tidal energy installations. More details on the importance of steel in a carbon-constrained environment can be found on pages 44-47.

Use of market mechanisms

We believe that market mechanisms, if designed properly, can help reduce the costs of compliance with climate change regulation, introduce incentives for new technologies, and offer a means of collaboration between industrialised and developing countries. Assuming carbon market growth, we have set up an investment team within Mergers and Acquisitions to invest in opportunities that deliver long-term value to the steel industry and



ArcelorMittal named an ENERGY STAR® Partner of the Year

In March 2008, ArcelorMittal became the first steel company ever to be named an ENERGY STAR® Partner of the Year for Energy Management by the US Environmental Protection Agency and the US Department of Energy. The award, for outstanding contributions to protecting the environment and reducing greenhouse gas emissions through energy efficiency, was in recognition of a long-running and continuing, effort on the part of all US plants to cut their energy use.

In late 2005, ArcelorMittal USA was challenged to reduce energy intensity by 6% over a three-year period – using 2005 usage as its baseline. An energy committee was set up with representatives from every US facility. In January 2006, it launched a three-year energy reduction programme aimed at achieving quick wins while at the same time building a base for continuous reductions in energy usage. Success

in hitting the target would equate to a saving of US\$192 million in energy costs by 2009.

At each plant, an energy team was assembled, comprising the plant manager, a plant 'energy champion', departmental energy leaders and leaders in accounting, procurement, and environmental and human resources. The team's job was to engage employees in energy awareness and identify ways of improving energy efficiency in their plant.



help tackle global warming. This will allow us to enter new markets and gain experience with new technologies and project types. Either directly or through funds, we will purchase carbon credits for compliance or invest in projects that generate compliance grade carbon credits. We will also explore venture capital ideas that can be accelerated with carbon revenues.

Breakthrough technologies

Over the long-term (2015 and beyond) we will continue to be one of the leading companies in the EU-sponsored 'Ultra Low CO₂ Steelmaking' (ULCOS) project (see www.ulcos.org). The objective of this initiative is to develop breakthrough technology in order to reduce CO₂ emissions in the steel industry by more than 50%. The project is now in its second phase, where four breakthrough candidate 'routes' have been selected and will be evaluated on an industrial scale.

Upon completion, a five year long pilot phase will confirm the technical and economic viability of the project. Almost all technologies will require carbon capture and storage (CCS). Market mechanisms can help draw an additional revenue stream to CCS and support its commercial viability.

WATER USE

In contrast to climate change, which is a truly global challenge, water scarcity in our steelmaking operations is a more localised issue. Total fresh water intake (including surface and ground water) within the Group is significant, at an **estimated 2.2 billion m³ in 2006.** However, a large proportion of this consumption occurs at our North American sites where access to resources is effectively unrestricted. A number of sites, including Dunkerque and Fos-sur-Mer in France, additionally use sea water for cooling purposes.

Our overall objective is to reduce fresh water consumption in total, net water usage is considered a more meaningful indicator to drive performance improvement across our sites. Therefore, from a total reported intake of 2.197 billion m³, 1.960 billion m³ is discharged. This equates to an intake of 20.9 m³ per tonne of steel and discharge of 18.6 m³ per tonne of steel. Therefore **net water usage is 2.3 m³ per tonne of steel.**

In areas where water is a limited resource, many sites have made large efforts to reduce their consumption. Some eight sites in Brazil, Spain and South Africa currently operate with zero effluent.

EMISSIONS TO AIR

An analysis of our vented dust emissions (from stacks and chimneys) shows a large variance within the Group. This allows us to identify worse-performing sites in order to bring them up to best practice. As is the case with the collection of CO₂ emissions data, the overall figures are influenced by the type of production process. Future reporting will show trends per production type, which will put the overall 2006 level of 0.993 kg per tonne of steel production into a more meaningful context. The same is true of sulphur dioxide (SO₂) emissions (2.191 kg per tonne of steel production) and nitrous oxide (NO_x) emissions (1.389 kg per tonne of steel production).

Significant annual investment is aimed at upgrading our sites with best available technology. **Total environmental capital expenditure in 2007 was US\$306.5 million.** In addition to investments we exchange best practice within our external networks and partnerships and internally; our annual environmental KMP being a key example.

BIODIVERSITY AND LAND MANAGEMENT

Adjacent to our active sites we own a significant amount of land for future expansion on which industrial activities have taken place in the past. We systematically review land rehabilitation and have undertaken biodiversity studies at a number of sites.

Environmental Engagement at ArcelorMittal Dunkerque, France



Engaging with our neighbours and local communities is a strong part of ArcelorMittal Dunkerque's daily

environmental management. By participating in local working groups consisting of community and local government representatives as well as other companies allows the plant to reduce its own individual as well as the industry's collective environmental impact.

At the beginning of 2008, a new facility for de-dusting and collecting heat from the sinter plant began operations. Giving priority to this type of investment arose from the formal dialogue with the surrounding community. At the same time, Dalkia, the company in charge of the Dunkerque's heat network determined that they could take advantage of the heat generated through the plant's production processes. Consequently, the Dunkerque heat network is now one of the first European networks in recycling energy.

A detailed study of biodiversity in our facilities was undertaken in 2006. This included collection and analysis of policies and initiatives, evaluation of the effectiveness of biodiversity approaches with environmental management systems, a review of activities with relevant environmental conservation organisations, and development of recommendations. The result was the creation of a biodiversity database for our Brazilian and Western European operations. This database will now be expanded globally. With the overall objective of defining a distinct biodiversity policy, a revised survey will be launched during 2008.

Great Lakes Restoration Programme

There is a large industrial presence in the North American Great Lakes region. In April 2008, we, along with the US National Fish and Wildlife Foundation and federal agency partners, announced 16 projects selected to receive a total of US\$1 million in funding through the ArcelorMittal Great Lakes Restoration Programme.

The 16 selected projects will restore and enhance the environmental integrity of the lakes by controlling invasive species, restoring wetlands and other habitats, promoting the recovery of threatened species, and educating citizens on how to protect the ecosystem. These projects are funded



by a three-year US\$2.1 million bi-national grant from the ArcelorMittal USA Foundation, which has been bolstered by

US\$3 million in matches from the National Fish and Wildlife Foundation, the Environmental Protection Agency, the Fish and Wildlife Service, the Forest Service and the National Oceanic and Atmospheric Administration. The contributions will then be leveraged by grantees to enable a total on-the-ground impact of US\$9 million throughout the Great Lakes watershed.

The management of biodiversity at ArcelorMittal has led to important research partnerships including the Tour du Valat, a research centre for the conservation of Mediterranean wetlands, at Fos-du-Mer, France. We also have a number of reforestation projects near our operations in countries such as Brazil, Spain, Romania, Ukraine and Kazakhstan.

Land Rehabilitation



Our plant in Zaragoza, Spain is an example of major land rehabilitation in action. The former ArcelorMittal Zaragoza plant was situated in a populated area. Due to its industrial activities, gaining further administration authorisations for extensions and licences would have been difficult. With the support of the local municipality the entire plant was moved to a newly created industrial area 10 km from the original site. The previous site was then converted into an urban area for public use.

MANAGEMENT OF RESIDUES

Our operations have undertaken intensive efforts over recent years to reduce the volumes of final residues disposed of by landfill or incineration. Use of residues by third parties through recycling is often dependent on local market conditions, and residues can be stored temporarily whilst markets evolve. Our focus is on the identification of new markets for recycling residues. We are also improving our reporting for the management of residues. However, preliminary data for 2006 shows non-used residues (including elimination by landfill or destruction) of 113.6 kg per tonne of steel produced. Of this amount, 80.0 kg is stored. **The global utilisation rate for residues is over 80%, of which nearly 20% is internally recycled.** Residues can be used efficiently in other industries reducing the use of natural resources. This includes steelmaking slag for civil construction such as road basements and embankments. Also, blast furnace slag can be used in cement production avoiding large amounts of CO₂ emissions inherent in clinker.



Product Innovation

Steel is 100% recyclable and is an essential product in building the infrastructure of the modern world. In addition to the intrinsic properties of steel we place a high priority on the development of environmentally and socially-beneficial processes and products. We employ over 1,400 researchers in 14 research centres in Europe, the USA, Canada and Brazil.

In 2007, we invested US\$214 million in Research and Development (R&D). A significant part of that was aimed at either reducing the environmental impact of our production processes – through lower energy or raw material consumption – or developing new products and solutions with our customers to improve the environmental footprint and safety aspects of the final product.

A dedicated team within R&D evaluates processes, products and solutions using the Life Cycle Assessment (LCA) methodology. This analyses every stage in the life of a piece of steel:

- Production phase – from the mining of iron ore to final coating
- Usage phase – depending on the material's strength, weight and durability
- End-of-life recycling

Production Phase

In the production phase, R&D plays a key role in the climate change roadmap detailed on page 38. Looking at the medium term, considerable effort is devoted to saving energy in all our processes with a specific focus on furnaces and the optimal use of our gases. As for the longer term, **our leadership of the ULCOS project puts us at the forefront of research aimed at materially reducing the carbon emissions in steelmaking** by the middle of this century.

We are also engaged in projects aimed at further reducing other emissions – such as NO_x, SO_x and volatile organic compounds. Here the focus is on reducing output from our coke ovens, sintering plants and organic coating lines.

In January 2008, we inaugurated 'Arceo' – an industrial prototype for a vacuum plasma coating line located in Liège, Belgium. This technology, developed in partnership with the Walloon Region, will open up a host of new uses for flat products. This includes anti-bacterial and self-cleaning surfaces, or steel with better anti-corrosive properties. Importantly, this process does not use solvents or chemical preparations, nor does it generate effluents or gases that require treatment.

Usage Phase

We continue to develop products and solutions that help our clients produce less environmentally harmful products – such as wind turbines, greener buildings or lighter, more fuel-efficient automobiles (see box below).

Increased production of steels used for electrical engines and applications, as well as rail transportation, contributes to the reduction of CO₂ emissions. Rail transportation emits five times less CO₂ per mile than road transportation.

End-of-life Phase

Since the advent of the electric arc furnace (EAF) at the beginning of the 20th century, scrap steel has been extensively recycled to manufacture new products. In the automotive sector around 95% of the steels used are recycled.

Steel's role in Renewable Energy

Our steels are widely used in the renewable energy industry. Two examples are wind turbines, for which we produced 250,000 tonnes of special steels in 2007, and Arsolar, our award-winning solar panels. In both cases, the energy produced far exceeds the energy embodied in our steel.

Typically, an 80 metre-high wind turbine uses 150 tonnes of steel



and its installed capacity is 2MW. Its average annual production of electricity is about 5GWh*, which means that each kilogram of steel helps produce 120MJ of wind electricity a year.

One square metre of Arsolar roof cladding (6 kg) bears photovoltaic cells with an installed capacity of about 80W. This generates 120kWh* per year. Thus each kilogram of steel helps produce 70MJ of solar electricity each year.

* Source: World Energy Outlook – International Energy Agency

Steel as a Sustainable Building Material



Federation Tower, Moscow

Steel is essential to traditional infrastructure development, and it is also at the forefront of the growing 'green' building markets and the need to reduce the environmental impact of construction activities. Our new High Strength Steels (HSS) developed for the construction market, such as HISTAR® steels, are contributing to a major reduction in greenhouse gases by making it possible to use lighter structures. Substituting HISTAR® for common steels achieves weight reductions of 32% in steel columns and 19% in beams.

* Source: IISI steel LCI; recycling rate 95%

** MPa is a unit measure of strength

*** By using the model of the Life Cycle Greenhouse Gas Emission Assessment of Automotive Materials developed by UCSB, it is possible to calculate the CO₂ saving per tonne of steel – which is around 22.7 kg during the life of the vehicle

This year, we have produced 49,750 tonnes of HSS sections, which have taken the place of 66,330 tonnes of more common products. At 842 kg of CO₂ emissions per tonne produced*, that represents a saving of 13,900 tonnes of CO₂ – which roughly equates to the annual emissions of more than 4,000 vehicles.

Using HISTAR® in the Federation Tower in Moscow resulted in 30% less CO₂ being emitted in the steel construction process.

We are a leading contributor to the Living Steel project, a global programme managed by the IISI. The project aims to stimulate innovation in housing design and construction in order to address environmental, social and economic pressures arising from rapidly increasing urban populations (see www.livingsteel.org).

The Role of High Strength Steel

Reducing the weight of a vehicle materially improves its fuel efficiency. It is estimated that **the use of Advanced High Strength Steels (AHSS)** with resistances of 450 MPa** or more and High Strength Steels with resistances of 350 MPa or more will **reduce a vehicle's weight by 25%** and 10% respectively.

In 2007, we produced one million tonnes of AHSS and 4.2 million tonnes of HSS for the automotive industry. Combined, that replaced the production of 5.99 million tonnes of more common steels, a weight saving of 0.79 million tonnes. In turn, this reduction has prevented the emission of 17.93 million tonnes of CO₂ into the atmosphere*** – roughly twice the amount of CO₂ emitted during the production phase. Moreover, at the end of the vehicle's life, 95% of the steel can be recycled.

Partnerships

We have a large number of collaborations with universities and public research institutes across the globe. The objectives of these relationships include:

- To improve access to and recruitment of high-quality graduates
- To support our own research through leading scientific groups and remain at the cutting-edge of innovation
- To involve local scientific support where the Group has a strong presence

In 2007, we had **436 formal partnerships** with universities and public research institutes, representing a total expenditure of **US\$9.4 million**.

During the last two years our network of scientific partners has grown dramatically. Beginning from a strong Western European base, it is now continuously expanding to reach the Americas, Asia, CIS and Eastern Europe.

In 2007, we had 436 formal partnerships with universities and public research institutes, representing a total expenditure of US\$9.4 million. This includes funding for scholarships.



The Princess Elisabeth station in the Antarctic is covered with 25 tons of ArcelorMittal stainless steel, which is able to withstand extreme conditions.

ArcelorMittal Scientific Council

In January 2008, the first meeting of the new Scientific Council took place. The council is an external body which advises R&D management on differentiation opportunities, suggests a prospective vision, and assesses our overall scientific and innovative position. The eight members of this council have been chosen according to the high level of academic recognition they have obtained in their fields. One plenary meeting, to be attended by members of the Group Management Board, will review work in progress and draw up a programme for the following year. Quarterly meetings will be organised to review various issues and offer opportunities for further dialogue. The Scientific Council is an important part of maintaining our leadership position in innovation.



Taking Responsibility for



Sustainable Business

We are an important contributor to the world's economy, not just through financial contributions but by creating a product that is essential to the development of the modern world. This does not have to come at a cost to our stakeholders. Consistent with the objective of '*transforming tomorrow*' we are committed to being a good corporate citizen. This includes engaging, supporting and developing our local communities.

- › In March 2008, first quarterly review of Kazakhstan stakeholder plan
- › Socio-economic studies completed for Indian Greenfield projects
- › Social action programmes underway in Liberia and Senegal
- › In 2007, the Foundation supported 587 social projects with monetary value of

US\$ **47.9** million



› Corporate Responsibility in the Supply Chain

We have a leading position in global markets with an extensive supply chain involving 60,000 suppliers and contractors. From upstream operations, mining and raw material suppliers, to the most sophisticated steel products and downstream and distribution activities, we have a truly global reach due to our fully integrated business model. Our corporate responsibility extends beyond our own immediate operations, and we have a degree of accountability for the performance of our entire supply chain.

Our corporate responsibility principles for procurement practices:

- › Seek to build strong relationships and partnerships with suppliers, customers, partners and sub-contractors
- › Commit to responsible business practices and demand the same from our partners
- › Meet and exceed the expectations of our customers by delivering high quality, social, safety and environmental standards
- › Assist willing suppliers and sub-contractors to raise standards when performance is found to be below required practice
- › Support and prioritise economic development through local small and medium-size suppliers

To date, corporate responsibility issues are addressed in our 'General Purchasing Conditions'. We specify expectations in terms of Health and Safety, social dialogue and environmental protection. This includes the standardised safety procedures contained in 'Contractor Safety Management', which forms the guiding principle for negotiating all new local and global contracts. We welcome several practices of contractor safety programmes and action plans across the Group. As part of our endorsement of the UN Global Compact we invite all contractors to take steps to support relevant principles.

Tubarão site, Brazil



We have a number of important initiatives within the Group. A large proportion of our inbound logistics involves environmentally less harmful forms of transportation. The use of rail is significantly more energy-efficient than road transport, emitting five times less CO₂ per mile. Specifically, we have reduced the idle movements of transport in some of our facilities. In Poland, the introduction of a Global Positioning System (GPS) for monitoring locomotives led to a 10% reduction in energy consumption in 2007. In Brazil, we reduce road transportation by shipping materials via sea barges from our Tubarão site to our Vega plant in the State of Santa Catarina.

In Brazil, we reduce road transportation by shipping materials via sea barges from our Tubarão site to our Vega plant in the State of Santa Catarina.

We need to build on these local initiatives in order to share best practice. With such a large supply chain, incorporating and effectively enforcing standards throughout is a challenge for our Group. The most challenging aspect is ensuring the proper implementation and continued application of an effective risk-control framework. For that purpose, we will target the highest risk within our supply chain rather than all 60,000 suppliers and contractors.

Consequently, we have launched the ArcelorMittal 2008 Supply Chain Corporate Responsibility programme.

Its objectives focus on four key areas:

- ▶ **Influence suppliers** through awareness and training programmes
- ▶ **Supplier diversity** by increasing support for local small and medium-sized businesses, as well as minority and disadvantaged suppliers
- ▶ **Supplier community development** through training local labour forces
- ▶ **Environmental protection** by optimising supply chain networks, selecting energy efficient transportation, reducing material movement distances, improving routes through technological application, and reducing waste in supply chain processes

Our Group Purchasing Department has begun implementing the Supply Chain Corporate Responsibility programme by identifying relevant indicators and control measures. The plan is an important part of the overall corporate responsibility strategy and will deliver clear business benefits. Further development is planned through training of teams and especially a dedicated awareness programme on corporate responsibility.

Delivering Economic and Social Value

With a footprint that spans more than 60 countries, and an industrial presence in 28 of them, our operations contribute substantially to the prosperity and development of local economies.

This contribution comes in a variety of forms – the remuneration of our 311,466 employees, payments to local suppliers, and taxes paid. In 2007, we paid wages and salaries totalling US\$11.22 million and local income taxes of US\$3.45 billion. The expenditure of our employees and suppliers, together with the taxes they in turn pay, has a further multiplier effect on local GDP.

In a number of developing countries, we are the largest foreign investor. In many – such as Kazakhstan, Liberia, Bosnia, and Senegal – we have been, or continue to be, responsible for major infrastructure investments such as roads, transportation systems, ports and hospitals. While the number of jobs created directly in our steel or mining activities has a substantial impact on employment, this is significantly augmented by the indirect effect of our infrastructure investments. Where we lead the way as a foreign investor – as in Liberia – we work actively to encourage other investors.

Wherever we have made acquisitions in developing countries, we have subsequently invested heavily to modernise plant and improve product quality, thereby enhancing the competitiveness of the local economy. Our investment in new plant and equipment in 2007 totalled US\$5.4 billion. Of this total 66.2% was outside the EU 15 countries.

We play a major role in capacity-building in many of these economies, contributing to

schooling and training. Our investment in Research and Development, with 14 research centres in Europe, the US, Canada and Brazil, and our network of partnerships with universities, all contribute to the expansion of the technical skills base in the local economy.

At ArcelorMittal, we continue to see opportunities to invest in developing economies. We recognise that such investment brings certain risks. But that risk is balanced not only by the anticipated return on our investment but by the economic value we bring to the local economy.

Capacity building based on steel development project, Senegal





Community Development

“It is imperative that ArcelorMittal be a partner with and invest in the communities in which we operate.”

Aditya Mittal, Member of ArcelorMittal Group Management Board, CFO, M&A, Strategy, Flat Americas

Engaging with our Communities

We engage actively with our communities wherever we operate. All play a key part in helping the Group achieve its business objectives – not least because the presence of a healthy, well-educated workforce is an important ingredient in our success. But we also recognise that our responsibilities go beyond the narrow requirements of our business. We have a wider responsibility to contribute to the well-being of our people, their families and the societies in which they live.

Many of our sites are located in emerging markets and in remote places where we are often the only significant industrial presence in the region. It is therefore important that we ensure there is adequate

infrastructure, health care and education; stimulate economic development, and respond to specific local needs wherever they arise. We are promoting a multi-stakeholder approach and engagement mechanisms. We encourage all our units to systematically promote transparency around their operations through regular dialogue and cooperation with the communities.

Communicating with communities extends to local governments. For example, in Ostrava, Czech Republic, an intensive stakeholder dialogue campaign has been launched. Regular meetings are held with the Governor and Mayor of Ostrava, and with the Minister of the Environment and the Minister of Trade & Industry in Prague. Furthermore, in April 2008, we launched a formal collaboration with the Technical University of Ostrava for transparent discussions on the environmental-related technology developments being implemented in the plant.

Human Rights

A commitment to human rights is one of our initial 12 corporate responsibility commitments. We support the United Nations Declaration of Human Rights and the core conventions of the International Labour Organisation (ILO). We are also a signatory to the United Nations Global Compact (UNGC). The corporate responsibility team is in the process of developing internal awareness programmes for human rights issues.

Community Health and Infrastructure Development

Given our geographical footprint and rapid growth in emerging markets, many of the communities in which we operate have pressing health and education needs and lack basic infrastructures. In many instances, we not only provide the required services around our facilities but take on wider community initiatives. The projects we support range from an innovative family health programme in Brazil to an emergency services shelter in Canada. In Kazakhstan, we provide the city of Temirtau with



Social projects, Brazil

electricity and heating at what are the lowest prices in the country and operate a wide range of municipal services. Wherever appropriate, we work to drive long-term community partnerships around our projects, contributing to social as well as economic development.

Education and Professional Skills Development

In the area of social and economic development, we focus on developing skills and supporting small and medium sized enterprises in our communities. We have derived critical benefits to our own operations

Stakeholder engagement in Kazakhstan

In March 2008, ArcelorMittal Kazakhstan met with local stakeholder groups for the first quarterly review of our engagement plan aimed at strengthening links with local communities and representative bodies. Some 70 representatives of Kazakh NGOs, local mayors and union representatives attended this first review in Temirtau.

We set out a formal process for engaging key stakeholders, including:

- Establishment of a Community Liaison System with local officers in each site and division to serve

as the principal contact between management and communities

- Creation of a formal grievance procedure which will guarantee documented answers to complaints within 10 days
- A process of public disclosure with a focus on Health and Safety and the environment, which will allow public access to all information submitted to the government

The programme represents a long-term commitment, which should serve as a model for a number of other operations elsewhere in the world.

from the increased availability of skilled workers and improvements to the local supply chain. At the same time, many of our projects have acted as economic multipliers, creating gains for the community that go well beyond our initial investment.

In Brazil, for instance, a job and income generation programme has transformed the lives of more than 5,700 people by encouraging residents, traders and suppliers to interact and develop new business ideas. In Kazakhstan we collaborated with a local organisation on the building of state-of-the-art facilities for the Karaganda Metallurgical Institute and donated US\$50 million to the funding of the University of Astana. In China, we contributed US\$5 million for the building of the Hunan Valin Metallurgical Centre and scholarships. We are involved in a number of training programmes for the communities, especially in the fields of environment and education.

Our reputation for constructive engagement is widely recognised. When signing a Memorandum of Cooperation with ArcelorMittal in November last year, representatives of Mozambique's Ministry of Industry and Commerce cited the Group's strong record of financial and social investments around the world.

Corporate Responsibility in our Greenfield Projects

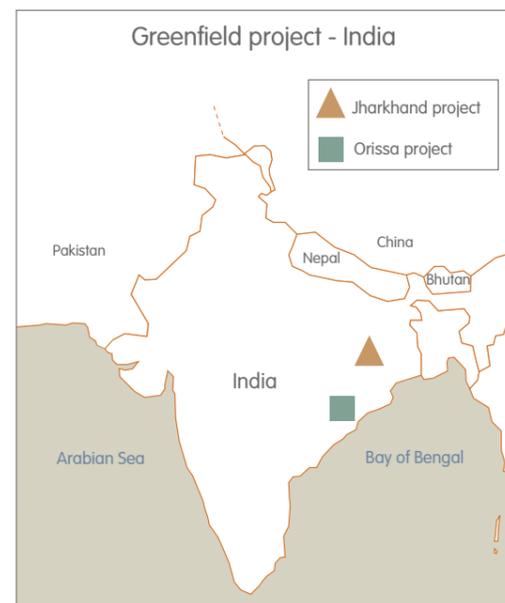
Where we are involved in the establishment of Greenfield operations, we work to minimise the disruption to local people and communities. If resettlement is unavoidable, we recognise the sensitivities involved and the importance of taking the needs of all stakeholders into account. Issues such as the presence of cultural heritage sites and activities, the development of new infrastructure and the imperative of ensuring people's continued livelihoods and access to water and fuel, must all be taken into account.

Resettlements are generally conducted by the local and national governments. However, **at ArcelorMittal we make it a priority to engage in the resettlement and rehabilitation process.** In particular, we encourage

reference to international standards with regard to community engagement and compensation.

At Group level, we maintain and, where possible, exceed minimum practice standards by developing regional action plans and toolkits. Our regional activities ensure that our resettlement activities on the ground are in line with international best practice and government expectations. Three of our major Greenfield projects are in India, Liberia and Senegal.

RESETTLEMENT AND REHABILITATION IN PRACTICE: INDIA



Our plans to build two large steel plants in India, for a combined investment of US\$24 billion, provide a substantial, and very high-profile, test of our commitment to Corporate Responsibility and sustainable investment. The two Greenfield sites chosen for the plants are in the states of Orissa and Jharkhand. Both are in the process of rapid industrialisation but continue to have largely agrarian populations. Both investments will require the Resettlement and Rehabilitation (R&R) of local people – with as many as 10,000 affected in Orissa alone. We are committed to acting sensitively and responsibly for all the communities involved, as well as to undertaking our activities with complete transparency.

In both states, we have conducted detailed census and socio-economic studies of the populations within the affected areas as the basis of an action plan that addresses all R&R issues and that has been submitted to the government in Orissa (in Jharkhand we are waiting on the finalisation of the state R&R policy). In addition to consulting with state authorities, central government and NGOs, we have set up core groups at the village, block or district level to provide a platform for dialogue and build the trust and confidence of the communities.

Underlying the action plan are six key principles:

- ▶ All new schemes need to be implemented before people are displaced
- ▶ Rehabilitation housing must be made available
- ▶ Common facilities must be in place
- ▶ The opportunity to earn a livelihood must be created for all affected families
- ▶ Disturbance to the social fabric must be minimised during resettlement
- ▶ Youths must be engaged in responsible activities

Together with the government and district administration we are identifying available land suitable for resettlement, and a land acquisition programme will commence later this year. A compensation framework for individuals and families that find themselves subject to resettlement

has been devised. These include one-year maintenance allowances, the grant of land free of cost, house building assistance, transport allowances and cash grants for those opting for self-relocation. Studies are underway to determine the shops and other services to be provided in the resettlement areas.

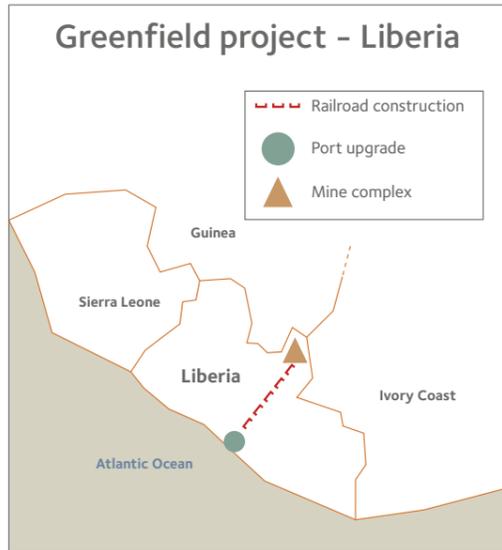
In parallel, **we have set up mobile health clinics in both places and renovated primary health centres. Workshops have been held at which NGOs and local media have been represented.** We are proposing scholarships to facilitate children's education. To assist with skills development, we are setting up both industrial and vocational training institutes and working with existing ones to devise curricula that will help local people find work or become gainfully self-employed – and assist us in the development of our own future labour force.

The plan includes the whole community and not just families affected directly by our projects, and it is designed to protect the social, cultural and economic fabric of the region. It is built on local consultation and participation, and will be closely monitored and evaluated at every step. There are, rightly, high expectations of us in India. We believe the action plan will ensure that we not only meet those expectations, but exceed them.



Poster in a Kheonjar district village (Orissa State) to inform about physical handicap assessment and necessary fitment

ACTION PROGRAMMES IN LIBERIA



As the first major company to enter Liberia since the end of a long and damaging civil war, we understand we have a particular responsibility to the country and its people. We have targeted this project to produce over 15 million tonnes of iron ore concentrate annually. Confidence in the development progress made by the country in the past two years has allowed us to increase our planned capital investment to US\$1.5 billion.

This planned investment in an iron ore mine, together with railway and port developments, will create around 3,500 jobs directly and as many as 20,000 indirectly. These are significant numbers in a country suffering 80% unemployment. A recruitment programme is now under way. As of March 2008, ArcelorMittal Liberia had created more than 1,600 jobs for Liberians either employed directly or through contractors. This number will continue to rise as the railway rehabilitation programme progresses.

Through our Mining Development Agreement (MDA), we are also committed to social and community development. We are focusing on three core areas: economic development, environmental protection, and Health and Safety programmes.

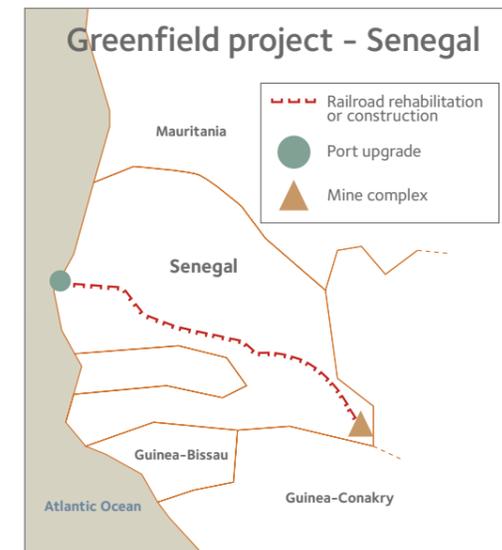
Significant activities are already under way including the rehabilitation of hospitals and schools. About 150 additional houses will be ready in Yekepa and another 80 houses rehabilitated in Buchanan by June 2008. A thorough assessment of the hospital facilities has been undertaken with recommendations to upgrade the facilities and support through the construction period. Furthermore, external environmental and social impact assessments have been undertaken.



The Liberian EPA (Environmental Protection Agency) has issued the required permits for drilling at Tokadeh and is currently evaluating the project brief on rail and port rehabilitation.

We have already engaged with local populations through community liaison officers, public hearings, educational programmes, and capacity building. We are committed to further, ongoing dialogue with local and international stakeholders in Liberia along with NGOs, such as United Nations' agencies, the US Africa Development Foundation and the Liberia Agency for Community Empowerment. We have already participated in international events to promote the Liberian economy by attracting other investors and encouraging Liberian expatriates to return home.

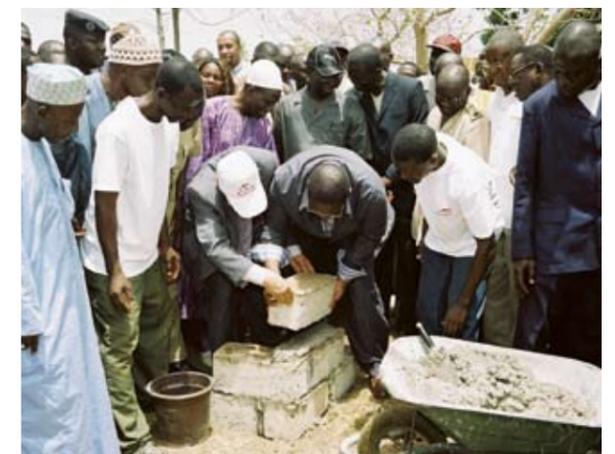
SOCIAL INITIATIVES IN SENEGAL



Our Group is the largest foreign investor in Senegal, where we are conducting exploratory works in a region rich in iron ore. At the newly created exploration facilities in the village of Bofeto, we have begun introducing initiatives under the framework of Corporate Responsibility. We provide hostel facilities to students from the region and have started work on building two health centres.



In May 2008, a workshop was organised at Kedougou, Senegal's most important mining town, to discuss the implementation of social programmes in the mining sector. In attendance were several mining companies, including ArcelorMittal Mining Senegal, and representatives from NGOs, various governmental bodies, and local communities. The Senegalese Minister of State for Mines and Industry addressed the workshop, outlining the potential of business opportunities for the local populations and the development of local infrastructures.



Foundation stone at mining school in Kedougou, Senegal

ArcelorMittal Foundation

The ArcelorMittal Foundation was created in May 2007.

Its **vision** is 'to be the world reference in terms of social actions to enhance development'.

Its **mission** is 'to promote ArcelorMittal's commitment to local communities where it is present and to contribute to their development in a sustainable way'.

Fundamental to our work with communities is a firm belief that our future and that of society are interlinked. The growth of the ArcelorMittal Group is directly related to the wellbeing of communities. The ArcelorMittal Foundation was established to work with our regional operations in order to bring a more coordinated, strategic approach to our activities in this area. Its goal is to prioritise future initiatives in a systematic manner while considering both local needs and regional strategy.

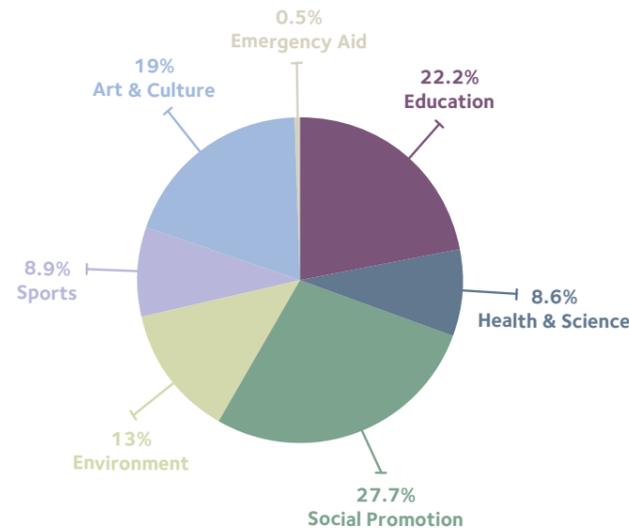
The Foundation has identified health, education, safety, social inclusion and economic development as necessary factors in building sustainable communities. In addition to managing its own projects, the Foundation coordinates and supervises social programmes undertaken by the Group around the world, operating through a network of champions within each plant. It applies common guidelines, selection criteria and methodologies, and shares experience to spread best practice.

In 2007, the Foundation supported **587 social projects** with a total monetary value of approximately US\$47.9 million.

The Foundation works with selected local and global NGOs to enhance the efficiency of social projects, and it encourages the involvement of ArcelorMittal employees through the promotion of volunteering opportunities.

In 2007, the Foundation supported 587 social projects with a total monetary value of approximately US\$47.9 million (not including donations in kind). The budget for 2008 is US\$56.8 million (including US\$13.5 million relating to legal commitments on agreements with governments and banks).

Breakdown of donations per area of activity (2007)



Objectives and Role of the Foundation

Our strategy focuses on building local capacity – thereby helping communities become the agents of their own development. This approach is:

- **Sustainable** – it enables each community to achieve independence in the medium to long term
- **Local** – it takes into account the specific nature and culture of each locality and it involves local community representatives
- **Integrated** – it involves the participation of the community, local authority, NGOs and private partners

The following case studies demonstrate this strategy in action:

Brazil: Supporting Micro Credit Projects

Two projects supported by ArcelorMittal Turbarão in South East Brazil were nominated in late 2007 by Caixa Bank as being among the ten best local management practices.

The Gerar Project in the Terra Vermelha community involves the **provision of micro credit and professional management and computer training to help people start new businesses in a cooperative environment**. The project is being carried out in partnership with the local NGO, Move. It has so far benefited more than 7,500 people.

The BEM Bank project aims to encourage sustainable work and income opportunities for the inhabitants of the São Benedito area in Vitoria. To help stimulate local demand and development, the bank works with a currency called 'Bem', which circulates only among the region's 31,000 inhabitants. The project, which involves the local NGO, Artideias Association, has so far directly and indirectly benefited around 1,000 people.

South Africa: Science Centre and Centre of Excellence

Working with the Gauteng Department of Education, ArcelorMittal South Africa is engaged in a major initiative to improve local mathematics and science education. Some 1,900 learners and teachers now attend classes, from highly trained teachers at the ArcelorMittal Science Centre and Centre of Excellence. They enjoy ultra-modern facilities, which have recently been expanded to include a high-tech computer centre.

Among the project's aims is the goal of improving the students' grades by ten percentage points and to training at least 40 educators every year. Educational and daily transport costs are funded by ArcelorMittal South Africa, which spent US\$1.4 million on the project in 2007. A career guidance programme is being developed by means of which learners with the potential for careers in engineering are being identified.

Many children in Cape Town, South Africa, are also benefiting from the financial support provided by the Foundation through the ArcelorMittal Saldanha to



Bel Porto School transportation programme. Of the 230 children at the school, nearly 60% come from disadvantaged backgrounds. Bus services are provided to assist children getting to and from school, with some students living up to 100 km away.

Global Partnerships: Habitat for Humanity

In 2008, the ArcelorMittal Foundation signed a partnership contract with the International NGO, Habitat for Humanity. In the first phase, the contribution will be threefold. The first element is financial support, allowing the NGO to build or rehabilitate houses. The second part is volunteer support, which would provide the possibility for ArcelorMittal staff to participate in local and international projects. ArcelorMittal employee volunteers will be supervised by experienced technicians on building sites and make a lasting contribution to partner families.

The third component is a technical design pilot. In this pilot, Habitat for Humanity will propose specifications to which the Foundation can elaborate steel solutions – with the stringent obligation to cut costs to help serve families at lower cost. A first study has been launched under the name 'Casa Buna' and will be implemented in Romania.

Three countries have been initially selected for support Romania, Costa Rica and Argentina and the vision is to expand the joint programme in order to serve hundreds of families per year. Already in this first year about 145 families and an estimated 700 people will be supported by the ArcelorMittal programme.



Mining

Our vertically integrated business model has been one of the hallmarks of our success over the years. Our upstream activities in iron ore and coal allow us to hedge against raw material price fluctuations. Our strategy is to actively expand and develop our raw material base to raise self-sufficiency levels and reduce our dependence on third-party suppliers. The growth of our mining assets over recent years has been rapid.

Wherever we operate we seek to develop our mining activities in a sustainable manner, addressing the needs of our people, their communities and the environment. We aspire to best practice in this area – as we do throughout the Group. We recognise that the performance of our mining assets represents a very significant element of our overall corporate responsibility performance. **A corporate responsibility strategy for our mining activities is of paramount importance, and we will apply the same high standards that we apply in our steel operations.**

Asset Review

To provide a baseline assessment of current management practices, we commissioned an external review of our mining operations. The review, delivered in 2008, assessed the management processes of each mining unit in eight areas: governance, ethics, occupational health and safety, environment, human rights, human capital, community engagement and performance data. The review process included a questionnaire and site visits to four operational assets. The results were graded against a set of best practice management criteria and then compared with the performance of a number of multinational mining companies, based on publicly available information.

Owing, in part, to the rapid growth of our mining operations, the review highlighted a wide dispersion of grades across the Group, with a considerable gulf between the best and worst assets. Key findings of the benchmark included varying levels of Code of Conduct implementation, ISO 14001 certification, and mine closure planning. The review indicated that operations are strongest in the area of employee development, with initiatives for recruitment and retention involving a number of collaborations with local universities and many that target key issue areas including Health and Safety. Across our operations there are examples of good practice:



- QCM Canada has designed an engagement plan with communities of interest by having a Regional Advisory Committee meet local stakeholders on a regular basis and provide recommendations to the CEO for response
- ‘Train the trainer’ programmes on the Code of Conduct have been recently provided at Kriviy Rih, Ukraine by advisors from corporate departments
- Tebassa, Algeria, has implemented a 24-hour compliance hotline, details of which are advertised on the bulletin boards at the location
- Peña Colorado Mexico has established a rural development programme to encourage alternative livelihoods for local communities

Mining operations



- In Bosnia, cultural initiatives have been developed at our Prijedor mine aimed at post-conflict national reconciliation
- A number of environmental, safety and community awards including Kryvih Rih's 'Ecological Excellence' award for investments in construction of environmental and safety facilities, a Clean Industry Certificate from the Federal Attorney for Environmental Protection for Peña Colorado, and Health and Safety awards from the Quebec Mining Association for QCM

- Addressing the global skills shortage within the industry

- Organising training programmes and workshops to develop mining managers' understanding of overall corporate responsibility objectives ahead of guidance development and roll-out
- Developing local economical development around our mines through an improved strategy in supporting small and medium enterprises and developing microfinance
- Systematically engaging in dialogue with local stakeholders according to Group guidelines and practices (see also section on Greenfield projects management in Liberia and Senegal)
- We recognise the sustainable development principles of the International Council on Mining and Metals (ICMM) and will be improving our engagement in order to further understand and progress with implementation

Next Steps

Our approach to corporate responsibility within our mining operations, is less formalised than that of our steel operations, and we are working on addressing this imbalance. Building on the initial preliminary review, the immediate steps of our overall action plan include:

- Incorporating relevant mining representatives into the overall corporate responsibility governance structure
- Ensuring consistency of mining corporate responsibility implementation programme with Group's corporate responsibility strategy and policies
- Undertaking a risk assessment programme for mines in order to prioritise corporate responsibility issues. This will include:
 - Implementing the Karaganda's mines safety programme in a timely manner (see page 27),

The overall corporate responsibility strategy is applicable to our operational mines and our Greenfield projects. Most of these projects will be operational in 3 to 4 years from now. **During this period, we have to carefully manage our stakeholders' expectations, implement leading corporate responsibility programmes and overall demonstrate our ability in 'transforming tomorrow'.**

Index

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

To assist certain readers in the navigability of this report and other ArcelorMittal publications, we have included a summary table of the GRI GR3 guideline parameters on which we currently report as well as the UN Global Compact principles. The full table can be found at www.arcelormittal.com

Key					
✓ - Fully report		○ - Partially report		x - Do not report / not applicable	
AR - Annual Report		20F - Bold Future Form 20F			
GRI reference	Description summary	Pages	Comment and Additional Sources (if applicable)	Reporting level	UN Global Compact
1.1	CEO statement	3, 4		✓	
1.2	Description of key impacts, risks and opportunities	-	Disclosed throughout the report	✓	
2.1-2.9	About ArcelorMittal; structure, location of headquarters, markets served	Inside front cover	See also AR, 20F and arcelormittal.com	✓	
2.10	Awards received in reporting period	-	Some major awards are disclosed	○	
3.1-3.12	About this Report; reporting period, cycle, contacts, reporting boundary	1		✓	
3.13	Policy for seeking external assurance	67	External assurance process launched	○	
4.1-4.10	Governance procedures, shareholder mechanisms; overseeing management of economic, social and environmental performance	13-19	See also AR and website	✓	1, 2, 6
4.11	Addressing the precautionary approach	44-47, 67	See also AR and 20F for approach to risk management	✓	7
4.12-4.13	Application of external initiatives		Disclosed throughout the report	✓	
4.14-4.17	Stakeholder identification and engagement	11, 12		✓	
EC1-EC4	Economic value generated and distributed; climate change risks; benefit plans obligations and government financial assistance	38, 41, 53	See also 20F	✓	
EC5-EC7	Practices for spending on local suppliers and hiring from local communities	51, 52		○	
MM1	Sites identified where local economic contribution and development is particularly significant	56-59	See information on Greenfield projects; Liberia, India and Senegal	○	
MM2	Value added disaggregated to country level	-		x	
EN1, EN2	Materials use and percentage of recycled input	43		○	8, 9
EN3-EN7	Energy consumption and efficiency initiatives	40		○	8, 9
EN8-EN10	Water use	41, 42	Discussion of total water consumption net water usage indicator development	○	8, 9
EN11-EN15, MM3	Biodiversity	42, 43	Discussion of biodiversity database development	○	8, 9

GRI reference	Description summary	Pages	Comment and Additional Sources (if applicable)	Reporting level	UN Global Compact
EN16-EN18	Greenhouse gas emissions and reduction initiatives	39		✓	8, 9
EN19	Emissions of ozone-depleting substances	-		x	
EN20	Other significant air emissions	42		○	8, 9
EN21	Total water discharge	42	See water consumption and net water usage	○	8, 9
EN22, MM4-MM6	Total waste disposal	43	Discussion of waste residues	○	8, 9
EN23	Total number and volume of significant spills	-		x	
EN26	Mitigating impacts of products and services	44-47	See production innovation	✓	8, 9
EN28	Monetary value of significant fines	-	See 20F	○	
EN29	Significant impacts of transportation	52		○	8, 9
EN30	Total environmental expenditure	42		✓	
LA1-LA3	Employment types and turnover	Inside front cover	Total number of employees only	○	6
LA4-LA5	Labour relations	33	Qualitative discussion of labour relations only	○	3, 6
LA6-LA9	Safety and occupational health rates and initiatives	24-29	Lost time and fatalities discussed. Further indicators on injury rates and occupational diseases in development	○	
LA10-LA12	Training levels and skills management	31	Report training levels against American Society for Training and Development. ArcelorMittal-specific indicators in development	○	
LA13-LA14	Diversity and equal opportunities	32	Qualitative description of diversity only	○	6
HR1-HR3	Human rights in investment and procurement decisions	52		○	1, 2
HR4	Number of incidents of discrimination	-		x	
HR5	Support for freedom of association	33		✓	3
HR6-HR7	Identification and elimination of child, forced and compulsory labour	19		○	4, 5
SO1	Assessment and management of impacts on communities	54-57		○	
SO2-SO4	Risk, training and response to corruption	18, 19	See implementation of Code of Conduct	○	10
SO5-SO6	Public policy position statements and political contributions	-	See 20F	✓	
SO7	Anti-competitive legal actions and outcomes	-	See 20F	✓	
SO8	Monetary value of non-compliance	-	See 20F	✓	
MM7-MM8	Significant incidents affecting communities	-		x	
MM9	Resettlement policies and activities	56, 57		✓	
MM10	Operations closure plans	62, 63	See mining review section	○	
MM11	Identifying communities' rights and grievance mechanisms	63	See mining review section	○	
PR1-PR3	Customer Health and Safety and product labelling	29	See information on UN and EC regulation on chemicals and safe use (REACH and GHS)	○	



UN Global Compact Principles

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

Approach to Assurance

Risk Management and Internal Assurance

A new risk management process and organisational structure has been introduced into the Group. This includes risks related to corporate responsibility, of which several (environment, Health and Safety and reputation) have been identified as top risks at Group-level. Management for each business segment is responsible for managing risks relating to their operations.

The Group Management Board (GMB) and Management Committee are responsible for risk-mitigation at Group-level. The CEO has ultimate responsibility and ownership of the risk management process. Major segment and Group risks are reported to the GMB and Audit Committee in order to allow the monitoring of the risk portfolio. The Board of Directors is informed twice a year about the progress of risk management efforts. The Internal Assurance team, reporting to the Audit Committee, apply internal controls to ensure accurate reporting.

Our Group's Asset Risk Management policy was finalised in October 2007. The goal of the policy is: "to ensure and demonstrate that assets deliver the required function and level of performance in terms of service or production in a sustainable manner at an optimum whole life cost without compromising health, safety, environment or reputation". This is supported by a number of principles encompassing open communication within the Group to create risk transparency and awareness, employee commitment in asset risk management, and the development of guidelines and best practices to share across the Group.

Reporting Assurance

Following the publication of the first stand-alone Corporate Social Responsibility Review in January 2008, this Corporate Responsibility Report provides information on our forward looking strategy and objectives. We have also introduced a number of indicators and performance information with which to monitor ongoing progress. Presently, there are varying levels of completeness for these performance indicators, with some still being refined and developed.

We are clearly at the early stages of reporting on our corporate responsibility activities but recognise that external assurance provides both internal validation and credibility amongst all our stakeholders. Therefore, we have engaged an external assurance provider to develop our assurance roadmap. The first step will be to assure the initial set of corporate-level performance indicators and information introduced in 2008. This will then be broadened to encompass more subject areas, apply recognised standards and to ensure progress towards annual targets.



Further Information

Contact Details

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

We welcome feedback on this report and our wider approach to corporate responsibility. Please email sustainability@arcelormittal.com with your views. Investors are encouraged to email sri@arcelormittal.com

Local and Regional Reports

This Report represents ArcelorMittal's Group-level approach to corporate responsibility. In recognition of local and regional stakeholders, a number of Group companies and departments produce their own separate reports. These are available from www.arcelormittal.com (reports in development will also be made available on the corporate website). The next Group-level corporate responsibility report will be published in 2009.

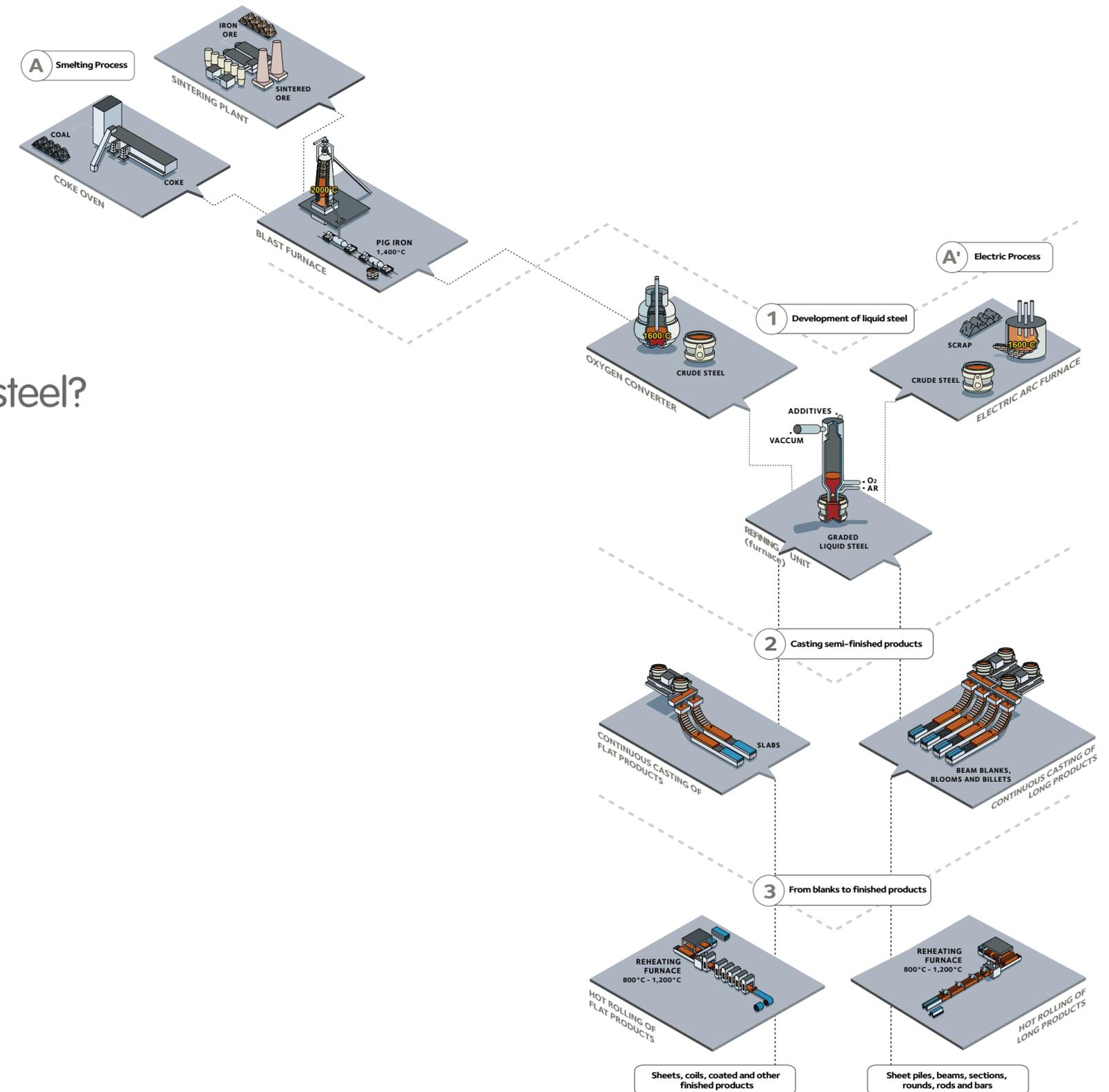
To contact any of the practitioners in the large Corporate Responsibility network, please use the contract details above and we will try to put you in communication with our regional operations.

Useful Websites

International Iron & Steel Institute	www.worldsteel.org
International Council for Mining & Metals	www.icmm.org
Living Steel Project	www.livingsteel.org
Ultra Low CO ₂ Steelmaking Project	www.ulcos.org
UN Global Compact and UN Caring for Climate	www.globalcompact.org
World Business Council for Sustainable Development	www.wbcsd.org
CSR Europe	www.csreurope.org
International Labour Organisation	www.ilo.org

How to make steel?

A three-step process



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