



ArcelorMittal

Towards **recovery**

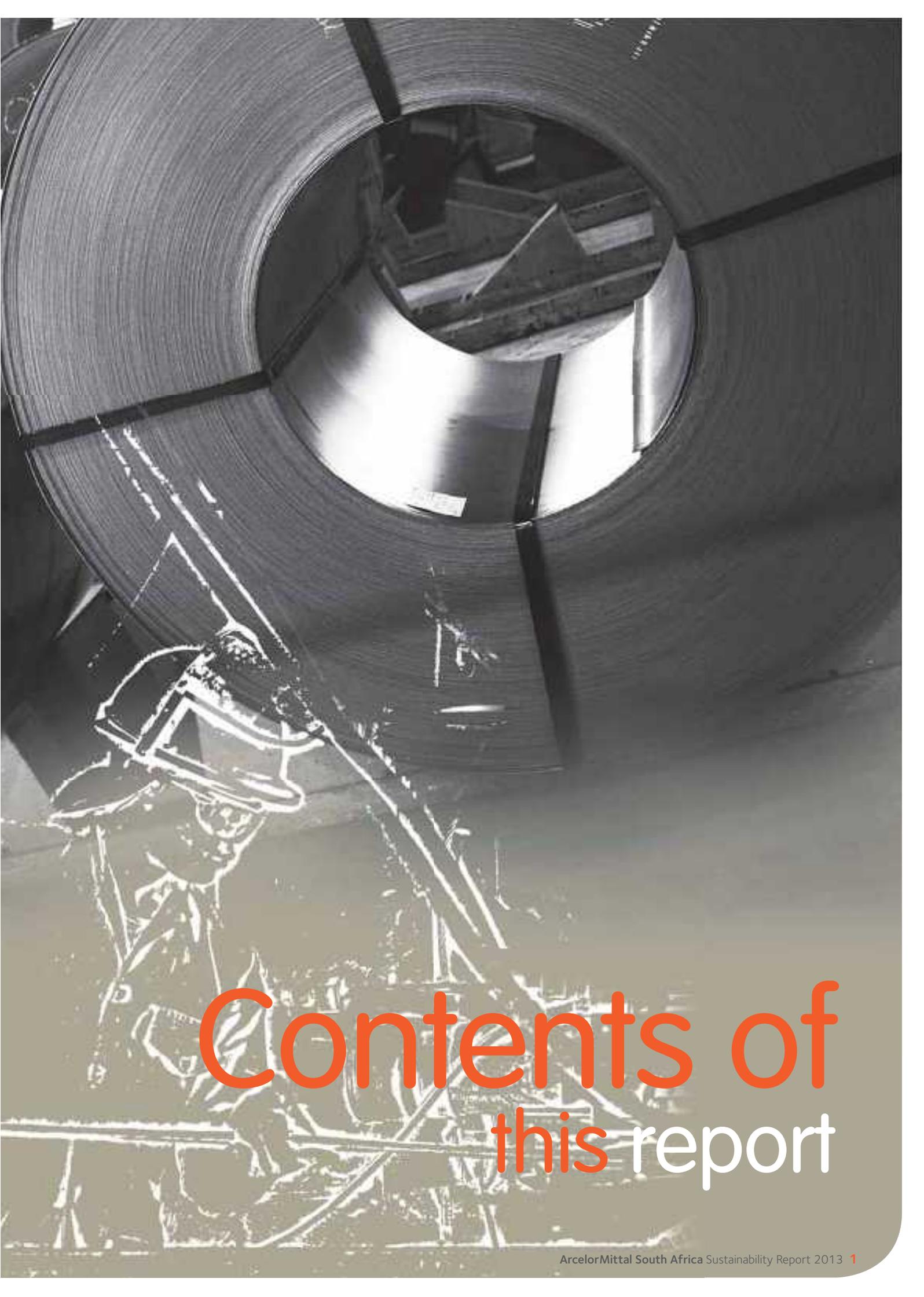
Sustainability Report – **South Africa 2013**



ArcelorMittal

Contents

About this report	2	Scope and boundary of this report	52	PAIA matter
	2	Forward looking statements	52	Carbon tax legislation
	2	Board responsibility	53	Improving energy efficiency
	3	Our three reports	53	Emissions to air
	3	Feedback	54	Waste disposal
Our business	6	An overview of our business	55	Water management
	6	Vision	55	Capital constraints
	6	Mission	55	Rehabilitation of legacy sites
	7	Our products and markets	58	Managing our investment in communities
	8	Our five operational sites	58	Investing in community upliftment
	10	Company structure	58	Education
Leadership message	12	Performance highlights at a glance	58	Health
	14	Message from the chairman	59	Social upliftment
	16	Determining our impact	59	Addressing community concerns
	17	Our footprint	59	Community concerns table
Our footprint	20	Contribution to South Africa	62	Anti-corruption
	22	Our value creation model	62	Human rights
	26	Our sustainability approach	62	Ensuring responsible sourcing
	27	Value added statement	66	Key performance indicator table
Our sustainability approach	28	Our corporate responsibility strategy	68	GRI table
	28	Strategic priorities	70	Key contacts and company contact details
	32	Determining what matters		
Determining what matters	33	Linking strategic imperatives, strategy, risks and stakeholders		
	36	Our stakeholders and how we engage them		
	40	Protecting the health and safety of employees		
Investing in our people	43	Labour productivity		
	44	People development		
	45	Talent retention		
	45	Employment equity		
	48	Employee engagement		



Contents of this report



Scope and boundary of this report

This annual Sustainability Report covers JSE-listed ArcelorMittal South Africa for the period from 1 January 2013 to 31 December 2013. The previous Sustainability Report was published in the 2012 financial year.

This report is prepared in accordance with the guidelines of the King Code of Governance for South Africa 2009 (King III) and the principles of the Global Reporting Initiatives (GRI). This is a self-declared GRI application level C report.

It should be read in conjunction with the Financial Report 2013 and the Integrated Annual Report 2013. Referenced extensively in the Integrated Annual Report 2013, the Sustainability Report contains additional detail on our corporate responsibility policies and practices, and on the ways in which we are investing in our people, making steel more sustainable, enriching our communities and ensuring transparent governance. Its scope covers the operations of ArcelorMittal South Africa, as outlined on pages 8 and 9.

The scope, boundary and measurement methods applied in this report are not materially different to those in the previous sustainability report.

The board and board committees were actively involved in finalising disclosures made in this report.

There were no significant changes to the company's size, structure or ownership during the year under review. However, the electric arc furnaces (EAFs) were shut down during the year, reducing production capacity by around 1.3 million tonnes.

Forward looking statements

Certain statements in this document constitute "forward looking statements", which involve known and unknown risks, uncertainties and other important factors that could turn out to be materially different from the actual future results.

These forward looking statements speak only as of the date of this document. The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Board responsibility

The ArcelorMittal South Africa board of directors (the board) acknowledges its responsibility to ensure the veracity of the sustainability report for the 2013 financial year. The board has accordingly applied its mind to this report and, in its opinion, this report addresses all material issues and accurately presents the sustainability performance of the organisation and its impacts.

The report has been prepared in accordance with the recommendations of principle 9.1 of the King III Code and the guidelines of the Global Reporting Initiative (GRI 3.1), to the fullest extent that our current management policies and processes enable. The board authorised this report for release on 30 April 2013.

Signed by the acting chief executive officer, who has been duly authorised thereto by the board.

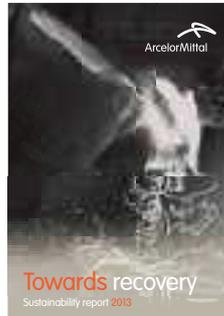
Dr HL Rosenstock
Acting chief executive officer

Our three reports



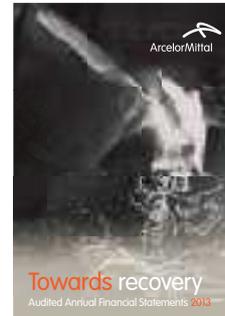
Integrated annual report (IAR)

This printed report (also available online at www.arcelormittal-reports.com/reports/ar_2013/integrated/index.php) is intended to provide readers with an overview of our operations during the year, and our performance in managing our most material issues, which are listed as strategic imperatives in this report. It also includes messages from leadership, operational reviews, the corporate governance and risk management reports, summarised financial statements and information for shareholders.



Sustainability report

Published on the web at www.arcelormittal-reports.com/reports/ar_2013/sustainability/index.php, in the April following the release of the IAR, the sustainability report provides detailed information on all our environmental, social and economic impacts – not just those deemed to be most material for the year under review. It includes our corporate responsibility ethos, and additional statistics not published in the IAR.



Full financial statements

The full financial statements, available on the disk that is packaged with the printed integrated annual report as well as on the company website www.arcelormittal-reports.com/reports/ar_2013/index.php, provide comprehensive insight into the financial position of the company for the year under review.

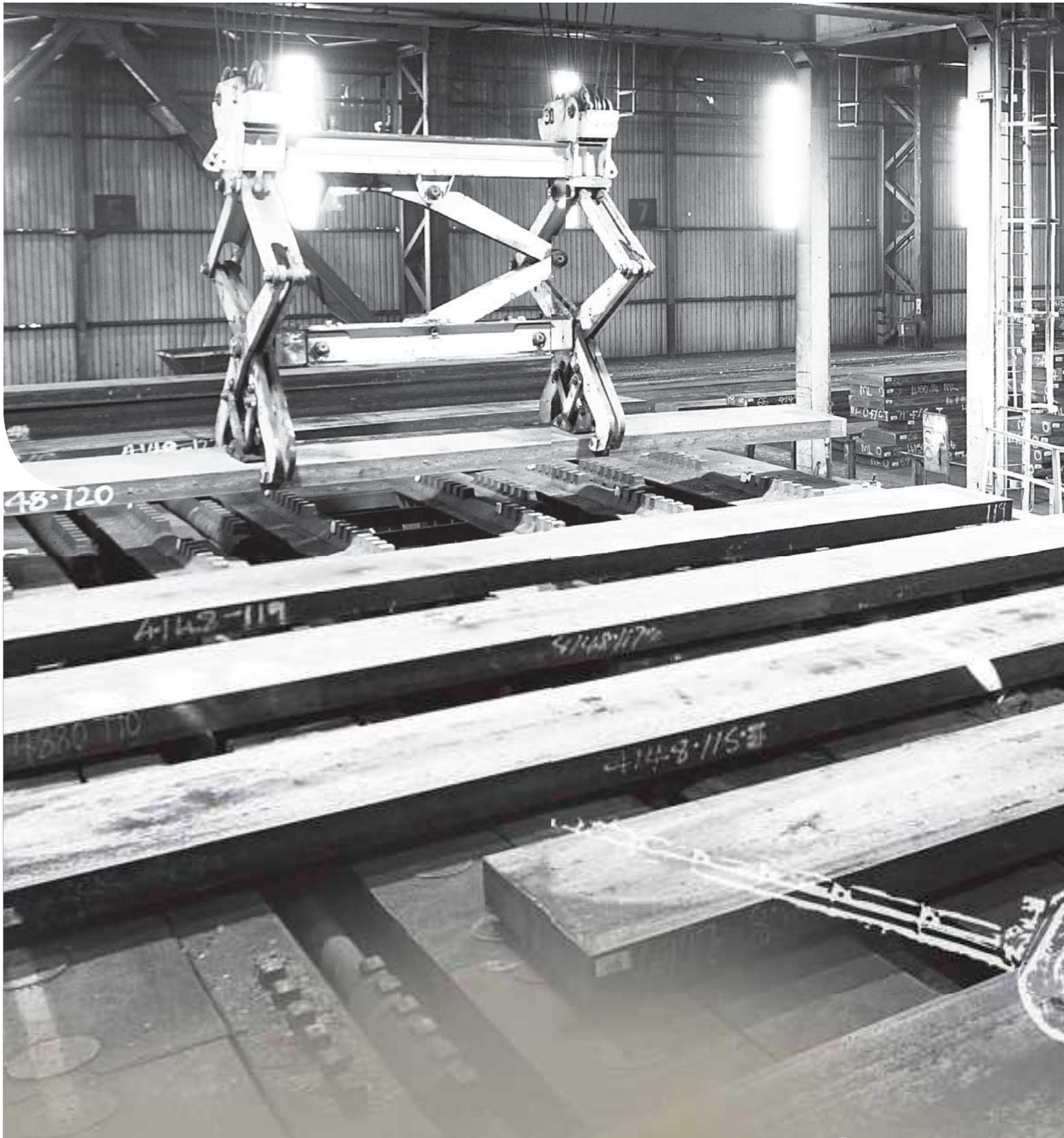
Please provide us with your feedback

We value feedback from our stakeholders and use it to ensure that we are reporting on the issues that are relevant to them.

Please take the time to give us your feedback on this report.

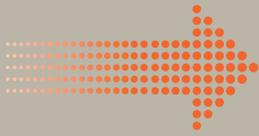
Visit the web link: www.arcelormittalsa.com/investorrelations/emailus.aspx





Our business





An overview of our business

ArcelorMittal South Africa is the largest steel producer on the African continent, with a production capacity of 6.5 million tonnes of liquid steel per annum. We supply over 60% of the steel utilised in South Africa and export steel to the rest of sub-Saharan Africa and elsewhere.

ArcelorMittal South Africa is part of the ArcelorMittal group, the leading steel producer in the world and the market leader in sectors such as construction, domestic appliances, packaging and automotive. The greater group has industrial sites in over 20 countries and a presence in more than 60 countries across both the developed and developing worlds.

Vision

We take pride in our market leadership position in South Africa and aim to extend our role to serve the broader sub-Saharan African continent. We value our customers and aspire to be regarded by them as their supplier of choice. We intend to accomplish this by producing quality steel products through the expertise of the best people in the industry. We will continuously strive to be among the lowest-cost steel producers in the world.



Mission

We aim to achieve our vision by:

- Producing safe, sustainable steel.
- Pursuing operational excellence in all business processes.
- Producing innovative steel solutions for our customers.
- Caring for our environment and the communities in which we operate.
- Striving to become an employer and supplier of choice.
- Living the brand values of Sustainability, Quality and Leadership.

Our products and markets

ArcelorMittal South Africa is an integrated steel producer. Our steel is produced in flat and long products that are suitable for further processing by downstream manufacturers for use in the construction, mining, automotive, packaging, appliance and general manufacturing industries. Steel manufacturing is complemented by a coke and chemical operation that produces commercial grade coke for use by the ferro-alloy industry, and processes by-products resulting from the steel manufacturing process.

Flat steel products

Flat steel products are produced at our Vanderbijlpark and Saldanha Works. These include slabs, heavy plate as well as hot-rolled coil, cold-rolled and coated products such as tinplate and hot-dip galvanised, electrogalvanised and pre-painted sheet.

The biggest market is the building and construction industry, followed by the welded pipe and tubes industry. Other significant markets are the packaging and automotive industries.



Long steel products

Our long steel operations produce a range of products at Newcastle and Vereeniging Works. These include bar, billets, blooms, hot-finished and cold-drawn seamless tubes, window and fencing profiles, light, medium and heavy sections, rod and forged products.

The biggest long steel product market is the building and construction industry. Other significant markets are the mining, automotive, agricultural, engineering, manufacturing and petro-chemical industries.



Coke and Chemicals

Coke and Chemicals' core business is the production of commercial coke for the ferro-alloy industry from coke batteries located at Pretoria and Newcastle Works. The business also processes and beneficiates metallurgical and steel by-products, including coal tar. These are sold as raw materials to make aggregates for road paving, cement, fertilisers, plastics, electronics and roofing.



Our five operational sites



ArcelorMittal

Headquartered in Vanderbijlpark in South Africa's Gauteng province, we have operations in Vanderbijlpark, Vereeniging, Saldanha, Newcastle and Pretoria. During 2013 we employed on average 9 016 employees directly, and indirectly generated employment for many more through downstream industries and suppliers.



Vanderbijlpark Works

Capacity of 3.0 million tonnes of liquid steel annually

Achieved world-beating safety performance, setting new records in LTIFR and incidents with lost time.

Profile

- Largest steel mill in sub-Saharan Africa
- Two blast furnaces
- LTIFR: 0.24
- Net operating loss: R1.3 billion

Revenue

R14.9 billion

Liquid steel production
2.1 million tonnes



Saldanha Works

Capacity of 1.3 million tonnes of liquid steel annually

Received the group's Performance Excellence Award for Operational Excellence – recognising outstanding implementation of World-Class Manufacturing.

Profile

- Combines the Corex and Midrex processes into a continuous production process
- LTIFR: 1.51
- Net operating income: R224 million

Revenue

R5.8 billion

Liquid steel production
1.1 million tonnes



Vereeniging Works

Capacity of 0.4 million tonnes of final product per annum

Quality and reliability improved as a result of the ongoing business improvement programme.

Profile

- South Africa's major supplier of speciality steel products, seamless tube and forge products
- LTIFR: 1.61
- Net operating income: R118 million

Revenue

R3.1 billion

Liquid steel production
299 kilotonnes



Newcastle Works

Capacity of 1.9 million tonnes of liquid steel annually

Operations were stable throughout the year, with no planned outages. Capacity utilisation up to 83%.

Profile

- One blast furnace, three oxygen furnaces and four rolling mills
- LTIFR: 0.64
- Net operating income: R791 million

Revenue

R8.5 billion

Liquid steel production
1.6 million tonnes



Coke and Chemicals

Capacity of 695 000 tonnes commercial coke

Consistent and stable performance throughout the year. LTIFR of 0.

Profile

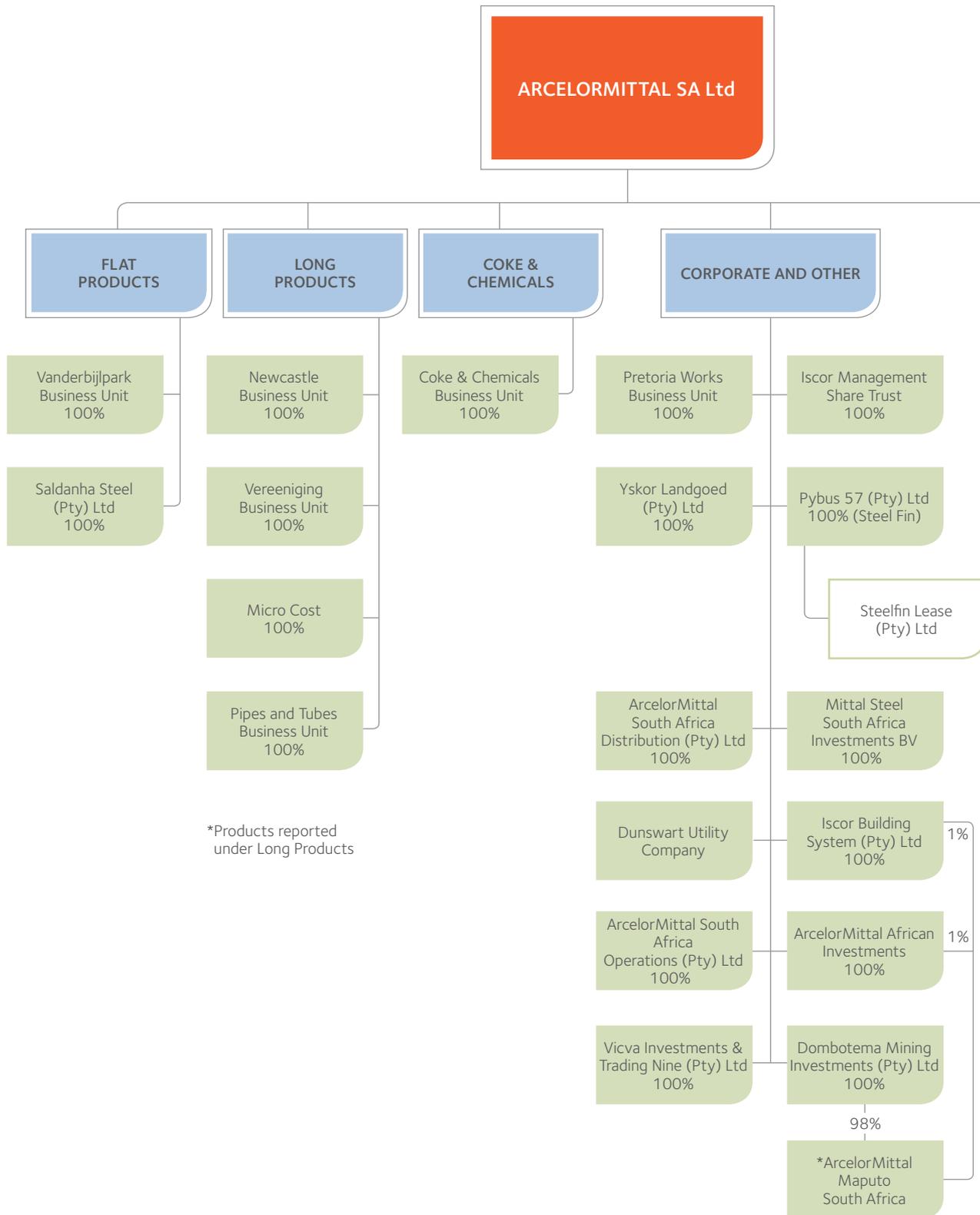
- Two coke batteries
- LTIFR: 0
- Net operating income: R479 million

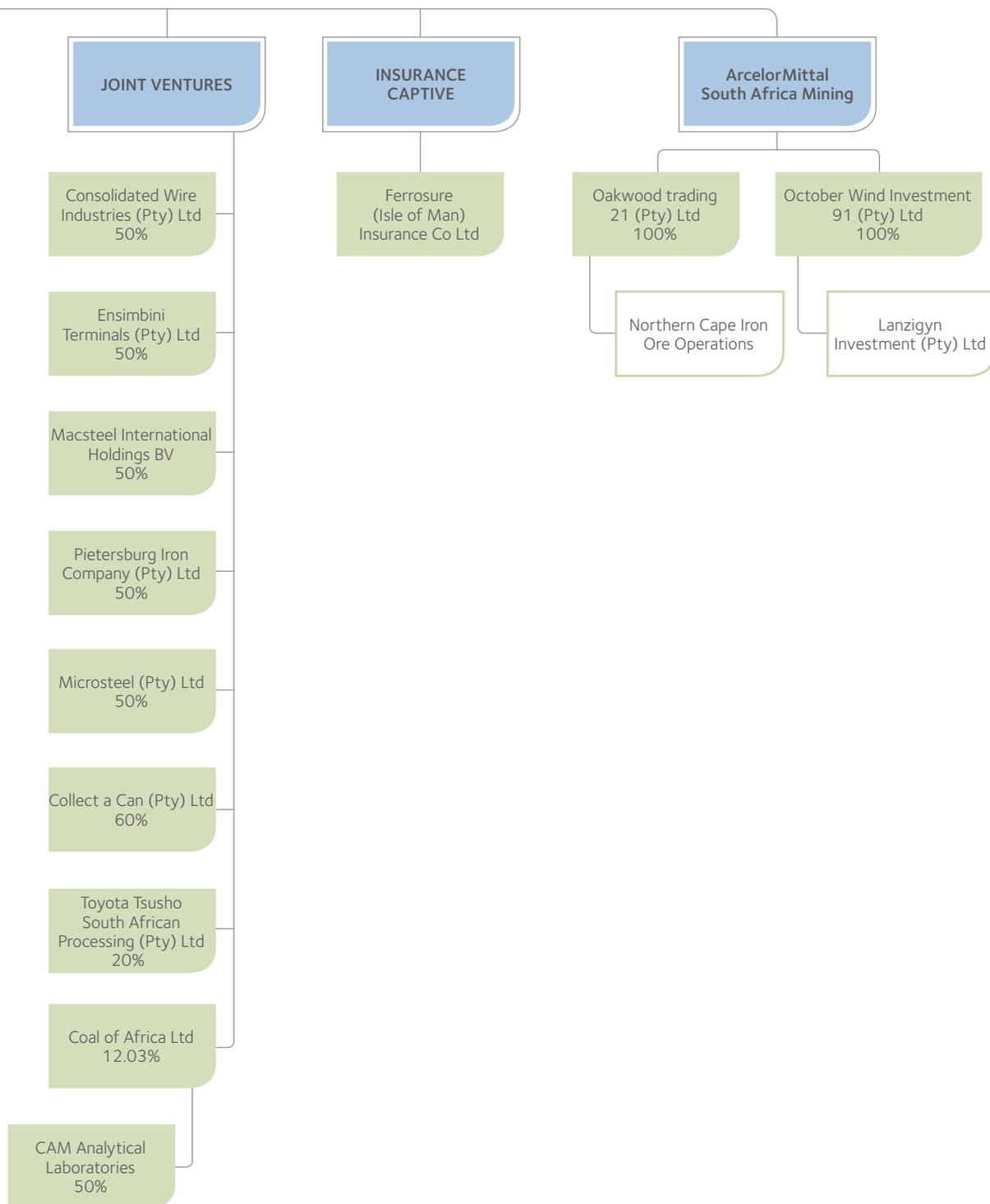
Revenue

R1.9 billion

Commercial coke production
391 kilotonnes

Company structure





Performance highlights at a glance

Towards profitability

Improved financial performance

- 58% rise in ebitda to R1.8 billion.
- Turned around operating loss of R477 million in 2012 to operating profit of R47 million – improvement of R524 million.
- Headline loss narrowed from R518 million in 2012 to R224 million.

Optimising our operations

Improved operational efficiencies

- Business improvement programme delivering improved productivity, full usage, yields and quality.
- Safe and speedy recovery from the Vanderbijlpark fire; lessons learned now being implemented.
- Industrial audit conducted to identify and mitigate risk of major failures.

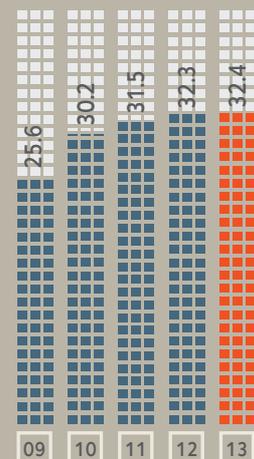
Prioritising our people

Health, safety and people development

- Zero fatalities for second calendar year running.
- LTIFR of 0.56 from 0.61 in 2012.
- Increased investment in training and development to R138.1 million, in spite of challenging economic conditions.

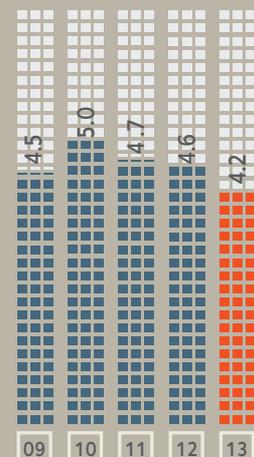
Revenue

R32 421 million

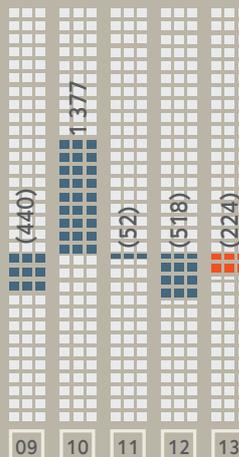


Steel sales

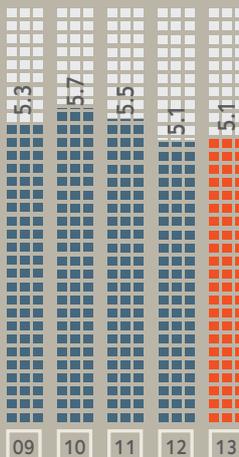
4.2 million tonnes



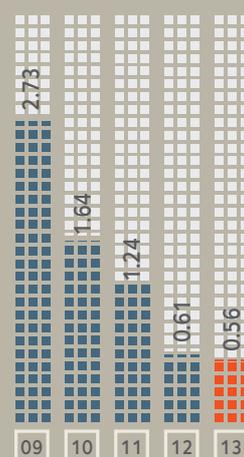
Headline (loss)/earnings
(R224) million



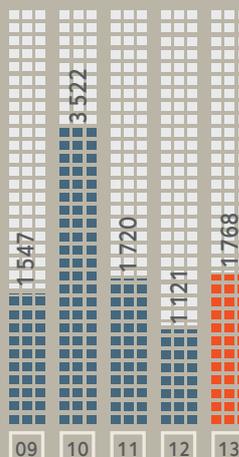
Liquid steel production
5.1 million tonnes



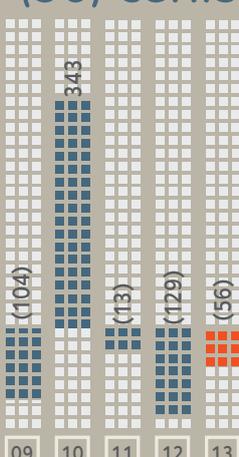
Lost time injury
frequency rate (LTIFR)
0.56



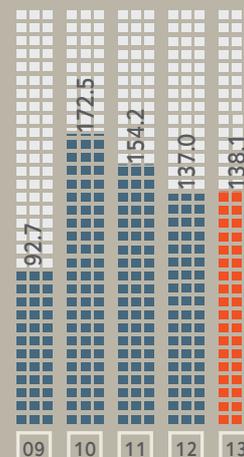
Ebitda
R1 768 million



Headline (loss)/earnings
per share
(56) cents



Training expenditure
R138.1 million



Message from the chairman



This year, South Africa marks the momentous milestone of 20 years of democracy. It is a milestone of which citizens – both corporate and private – should be proud. Our transition from Apartheid to democracy was peaceful, inclusive and set a new global standard for how people from myriad backgrounds and with vastly conflicting views, can resolve their differences amicably and live in harmony.

But we should not become complacent. Much remains to be done. This milestone also presents an opportunity for us to take stock of where we are in achieving the goals set out at the birth of our rainbow

nation. In too many cases, we are still falling short of the noble objectives to deliver health, prosperity and a better life to all South Africans.

The revised National Development Plan 2030, published by the National Planning Commission in 2013, provides a tangible view of what the South Africa of the future should look like and what it should deliver to citizens.

At ArcelorMittal South Africa we recognise that the responsibility for achieving these goals does not rest with government alone. Private and corporate citizens have an important role to play in building a South Africa that benefits all citizens.

At ArcelorMittal South Africa we recognise that the responsibility for achieving these goals does not rest with government alone. Private and corporate citizens have an important role to play in building a South Africa that benefits all citizens.

Mpho Makwana
Chairman

In the Foreward Message to National Development Plan 2030, Chairperson Trevor Manuel makes this point. "South Africa belongs to all its people and the future of our country is our collective future," he writes, "Making it work is our collective responsibility." It's a point that's reiterated throughout the document and in its concluding paragraphs, where the authors write, "To build an inclusive nation, the country needs to find ways to promote a positive cycle, where an effective state, inspirational leadership across all levels of society and active citizens, reinforce and strengthen each other."

What are we, as corporate South Africa, doing to further the achievement of the NDP's goals? This is a question ArcelorMittal South Africa posed during the year under review. In answering it the company embarked on a journey to understand, map and quantify the impacts – both positive and negative – that its business has on the social, environmental and economic landscape of the country.

Working in partnership with external consultancy, the Boston Consulting Group, we produced the first ArcelorMittal South Africa Factor Report. Through it, we quantified our impact as an economic growth engine; as an employer, job creator and skills developer; on local communities; on the environment; as an enabler of South African development through the supply of steel; and as a catalyst for change in South Africa.

The results of the Factor Report (outlined on page 16 to 21) provide interesting reading. The company provides jobs, directly and indirectly for 14 800 people, and has contributed R27 billion in direct GDP and R11 billion in indirect GDP contribution. For every R1 million spent by ArcelorMittal South Africa 3.5 formal jobs are created country-wide. In 2013 it delivered 60% of the steel needed by the South African market for critical infrastructural development. The company actively supports the development of the downstream steel industry, and in 2013 paid R213 million in export rebates to local customers. It invested R138 million in training during 2013 alone, R42 million of which went to technical training.

These are just some of the positive ways in which the company is contributing to the achievement of the National Development Plan objectives.

However, its environmental footprint and broad-based black economic empowerment ranking are areas that require further work. In line with an internal drive to become a more transparent and self-critical organisation, the company's mandate was for the Factor Report to encompass negative as well as positive impacts. While celebrating the positives, it recognises that the first step to addressing its negative impacts is to acknowledge, understand and quantify them.

In addition to detail on the ArcelorMittal South Africa Factor Report, this sustainability report – which should be read in conjunction with the 2013 integrated annual report and 2013 financial report – provides stakeholders with information on the company's role as a corporate citizen, the ways in which it is creating economic, social and environmental value and the stakeholders that are impacted by its business.

We trust it will provide readers with accurate and balanced insight into the things we are doing well and things we are still grappling with.

Mpho Makwana
Chairman

Determining our impact

Government's National Development Plan (NDP) articulates the key strategic objectives for South Africa – creating jobs and livelihoods; expanding infrastructure; improving education and training; building a capable state; transforming urban and rural spaces; transitioning to a low-carbon economy; providing quality healthcare; transforming society and uniting the nation; fighting corruption; and enhancing accountability.

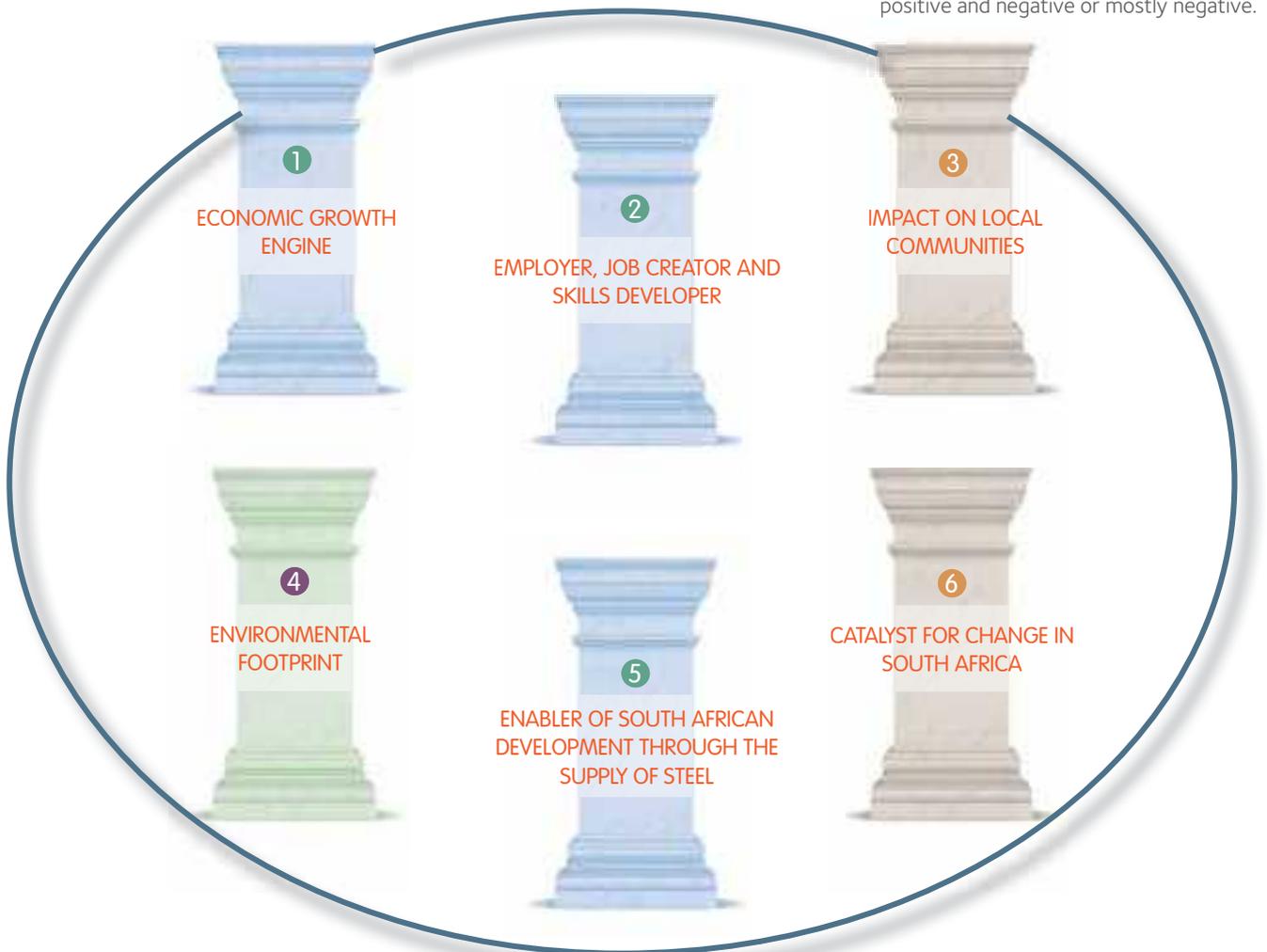
It calls on public and private enterprises to play a role in realising these goals. To be able to accurately assess the contribution that ArcelorMittal South Africa is making to these critical objectives, we need to develop a comprehensive understanding of our footprint in South Africa.

It was with this in mind that, during the year under review, we undertook an extensive project to determine the social, environmental and economic impact that our business has on South African society.

The ArcelorMittal South Africa Factor Study, as this project was named, identified and measured six pillars or areas of influence:

1. **Economic growth engine.**
2. **Employer, job creator and skills developer.**
3. **Impact on local communities.**
4. **Environmental footprint.**
5. **Enabler of South African development through the supply of steel.**
6. **Catalyst for change in South Africa.**

Within each of these pillars, a number of impact areas were assessed, and ranked as being either mostly positive, a mixture of positive and negative or mostly negative.



- Mostly positive
- Positive and negative
- Mostly negative

ECONOMIC

SOCIAL

ENVIRONMENTAL

Our footprint

1. ECONOMIC GROWTH ENGINE

- R27 billion (0.9%) in direct GDP and R11 billion (0.4%) in indirect GDP contribution
- R47 million in economic value added in 2013
- R1.5 billion in taxes contributed
- R2.0 billion procurement spent on QSE and EME



Structural component of South Africa's economy

ArcelorMittal South Africa is South Africa's leading steel producer and contributes to GDP mainly through its steel production operations. Indirect GDP contribution results from activity related to the erection of steel containing structures and steel-based manufacturing as well as activities related to the supply of raw materials for steel manufacturing.

Value add in a challenging market environment

Value added reflects the economic value directly created by ArcelorMittal South Africa and is equal to total revenues less incurred expenses. Economic value add in 2013 was R47 million which represents an improvement over 2012, despite a continued challenging market environment.

Supporting national endeavours

As a major corporation, ArcelorMittal South Africa is a major South African taxpayer. ArcelorMittal South Africa's share of taxes contributed to SARS amounted to R1.5 billion in 2013 including both corporate and employee taxes.

Supporting broad-based economic activity

ArcelorMittal South Africa has a potentially significant role to play in developing and supporting economic activity among South Africans. R2.0 billion was spent on QSE and EME (7.9% of total spend) companies in 2013.

2. EMPLOYER, JOB CREATOR AND SKILLS DEVELOPER

- Over 14 800 jobs in direct employment
- Over 120 000 training seats (individuals trained per session) provided with R138 million invested in training
- R42 million invested in technical training; multiple global steel innovations introduced to South Africa
- R25 billion spent on over 2 000 suppliers, but more emphasis on supplier development required



Long-term jobs provider

ArcelorMittal South Africa and its predecessor, Iscor, have been providing employment within South Africa for over 85 years.

In 2013, nearly 9 000 people were directly employed by ArcelorMittal South Africa, the majority of whom were in skilled jobs. Including indirect employees, total employment due to ArcelorMittal South Africa is over 14 900.

Focus on training and development

As a major player in a skills-based industry, ArcelorMittal South Africa recognises the importance of training and development.

In 2013, ArcelorMittal South Africa provided over 120 000 seats in technical, health and safety, and administrative trainings. In addition, ArcelorMittal South Africa supported the development of ~1 800 learners and apprentices.

In all, a total investment of R138 million was made in training across all levels, both within and without ArcelorMittal South Africa.

Promoting technical innovation

ArcelorMittal South Africa leverages innovations in steel from global operations and introduces them to South Africa, transferring valuable new skills and expertise, e.g. pre-fabricated Arval steel.

In 2013, ArcelorMittal South Africa invested R42 million for technical training of engineers, artisans and apprentices to increase local technical skill base.

Creating jobs through economic linkages

ArcelorMittal South Africa supports the local South African economy and creates jobs through its procurement spend. A total of R25 billion was spent on more than 2 000 suppliers in 2013, of which R2.0 billion was on 1 079 small and micro enterprises. However, opportunity exists to actively develop supplier skills and capabilities through enterprise development programmes.

Our footprint *continued*

3. IMPACT ON LOCAL COMMUNITIES

- 70% of new employees recruited locally; 16 million tonnes of material transported on local road and rail
- 40 local community organisations engaged in 2013, with outcomes documented
- 24% spend (R5.9 billion) on local content suppliers with R1.0 billion on QSEs and EMEs
- R37.4 million invested in local communities in 2013



Driver of local economy

ArcelorMittal South Africa is a focus of economic activity at all its operational locations.

The steel value chain creates a number of direct and indirect jobs, many of which are in local communities.

Local impact is not all positive.

Transportation of raw materials and finished goods, while creating employment, also creates environmental and noise pollution and in particular, accidents. ArcelorMittal South Africa transports 62% of all material by rail, thereby reducing congestion on SA's roads.

Committed to improving community engagement

ArcelorMittal South Africa recognises the need for strong community relationships and is continuously working to improve its community engagement.

ArcelorMittal South Africa engaged with 40 local community organisations in 2013, with key concerns documented and response provided.

Increasing spend with local suppliers

While a significant business partner, ArcelorMittal South Africa currently spends

24% (R5.9 billion) of its procurement budget on local suppliers (based in towns where ArcelorMittal South Africa is operational). Excluding state-owned companies and iron ore suppliers, 34% of spend is on local businesses.

ArcelorMittal South Africa supports small local businesses with R1.0 billion spent on QSEs and EMEs from local communities. However, ArcelorMittal South Africa is committed to increase this further through enterprise development.

Striving towards better social services

ArcelorMittal South Africa's commitment to supporting and developing its communities has long been in evidence.

ArcelorMittal South Africa is committed to providing education, health, social upliftment and employee volunteering in the communities it serves. It has supported two schools, three science centres, a health clinic and rehabilitated 158 houses in 2013. ArcelorMittal South Africa also provides its employees with local and international volunteering opportunities.

R37.4 million invested in local communities in 2013.

4. ARCELORMITTAL SOUTH AFRICA'S ENVIRONMENTAL FOOTPRINT

- 125PJ of energy 17.5 billion litres of water and 13.4 million tonnes of raw material consumed
- 47.75% improvement in water abstraction since 2005. Continuously improving effluents management
- 15.2 million tonnes of CO₂ emitted (Scope 1 and 2)
- 2.5kt of dust and 23.5kt of SO₂ emissions
- 1.65 million tonnes by-products disposed; 290ha of land under restoration



Intensive use of resources

Steel production is a resource-intensive industry. ArcelorMittal South Africa consumed a total of 125PJ of energy and 13.4 million tonnes of raw material in 2013. 17.5 billion litres of water was abstracted. This makes the company one of South Africa's largest consumers of key resources.

Improved water and effluents management

Since 2005, ArcelorMittal South Africa has been able to reduce its water intake for steel production by 47.75% and now has an intake rate below average for global steel companies.

ArcelorMittal South Africa is also continuously working towards improvements in effluent management in compliance with South African requirements at each of its operating sites.

CO₂ emissions

CO₂ is a significant contributor to climate change and a major by-product of steel production. ArcelorMittal South Africa's CO₂ emissions footprint is significant with 15.2 million tonnes of CO₂ emitted in 2013.

SO₂ and particulate emissions

ArcelorMittal South Africa is working to improve its dust and SO₂ based emissions performance. ArcelorMittal South Africa has invested R500 million in dust extraction systems resulting in a reduction in particulate emissions to 2.5kt.

SO₂ emissions increased from 2012 to 2013 due to the quality of coal used in processing.

By-products disposal, restoration and recycling

ArcelorMittal South Africa generates significant by-product volumes with 1.65 million tonnes disposed of in 2013.

Currently, 39% of total by-product is land filled. However, opportunities are continuously sought to recycle or sell by-products wherever possible.

Recycling is a key initiative at ArcelorMittal South Africa with 973 023 tonnes of scrap steel recycled annually.

To date, R220 million has been invested in rehabilitation of 290ha at six waste disposal sites, and at effluent storage areas.

5. ENABLER OF SOUTH AFRICAN DEVELOPMENT

- 5 million tonnes of steel produced with ~60% of South African steel supplied by ArcelorMittal South Africa supporting key domestic industries
- 3.5 formal jobs created economy-wide for every R1 million spent by ArcelorMittal South Africa
- Developed local steel processing industries through joint ventures. Export rebates of R213 million paid out to local companies in 2013



Major provider of domestic steel

Steel is at the heart of South Africa's ambitious plan to increase capital expenditure to 30% of GDP by 2030 as laid out in the NDP. ArcelorMittal South Africa currently produces 5 million tonnes of steel annually, providing 57%¹ of domestic steel requirements in 2013 and can play a role in meeting the increased demand of the future.

ArcelorMittal South Africa provides steel for a range of domestic industries with the majority of supply (71%) going towards construction, automotive, mining, energy, chemical and water sectors. As a major supplier to domestic industries, ArcelorMittal South Africa indirectly supports 9.7% of GDP and 900 000 jobs.

5 million tonnes of steel produced with ~60% of South African steel supplied by ArcelorMittal South Africa supporting key domestic industries.

Benefits of local steel

The production of local steel is beneficial for the domestic economy by adding value of over R20 billion in beneficiation over exporting raw materials, creating direct and indirect jobs, providing tax revenues for government (R294/tonne²) and serving as a key factor in reducing supply lead times compared to imported steel. ArcelorMittal South Africa has a major role to play as the leading producer of South African steel.

Independent economic analysis calculates that 3.5 jobs are created economy-wide³ for every R1 million final demand by the iron and steel industry.

Supporter of domestic industries

Creation of downstream steel industries is key to maximising beneficiation. ArcelorMittal South Africa actively participates in developing and supporting secondary steel industries through joint ventures. Examples include CWI, Collect-a-Can and TTSAP. R45 million contributed in strategic rebates for developing new market opportunities.

In 2013, ArcelorMittal South Africa paid out over R200 million in export rebates to support financial sustainability of steel fabrication industries including pipes and tubes, forged products and automotive components.

Developed local processing industries through joint ventures. Export rebates of R213 million paid out to local companies in 2013.

1. Calculated using World Steel Association estimates for SA consumption.
2. Includes corporate tax, municipal taxes, VAT and employee PAYE taxes. Total steel production at 5.096 million tonnes.
3. Quantec multipliers.

6. CATALYST FOR CHANGE IN SOUTH AFRICA

- 8 819 received health and safety and 1 667 received anti-corruption training
- 11% female employment, 57% HDSA and 75% unionisation
- ArcelorMittal South Africa at B-BBEE Level 7
- Open disclosure of financial, environmental and social indicators
- Voluntary participant in several debates at national level



Leading the way in health and safety and anti-corruption

Over 8 800 employees in 2013 received health and safety training. ArcelorMittal South Africa achieved zero fatalities in 2012 and 2013 with a lost-time injury rate of 0.561 which is below average for peer SA companies. ArcelorMittal South Africa has also adopted several health initiatives to ensure employee well-being. In 2013, 1 667 employees received anti-corruption training and regular audits are conducted and actions recorded.

Employment equity and representation

ArcelorMittal South Africa is making improvements in employment equity. Female workforce participation has risen to 11% in 2013 from 9% in 2010 below SA mining companies but above average for global steel companies. HDSA comprises 57% of employees, lower than average for peer SA companies. ArcelorMittal South Africa also supports workers' rights with a majority (75%) of ArcelorMittal South Africa employees unionised.

Supporting broad-based economic development

ArcelorMittal South Africa is certified at B-BBEE Level 7. Key areas for improvement include employment equity and supplier and

enterprise development. In 2013, 5.2% of spend was with majority black-owned and less than 9% on small and micro enterprises.

Transparency and following due process

Annual reports published disclosing financial, environmental and social indicators are in line with Global Reporting Initiative guidelines, and are supplemented by periodic financial and other reports. As the subject of pending litigation, ArcelorMittal South Africa is currently following due process according to South African law in four legal cases.

Participation in national strategic debates

ArcelorMittal South Africa, voluntarily participates in multiple forums on matters of national and industrial significance. These include the Economic Forum of the Reserve Bank, the Manufacturing Circle, the Advisory board to the Minister of Higher Education, working groups on environmental and safety issues, industry trade organisations SAISI and SEIFSA, and is a voluntary participant in several debates at national level.

Contribution to South Africa

Report methodology

The ArcelorMittal South Africa Factor Report was commissioned by the chairman of the board and senior management. A team from the Boston Consulting Group (BCG) provided external expertise and independent support for assessment of the company's footprint. They worked together with an internal team from the corporate affairs division of ArcelorMittal South Africa, under the guidance of a steering committee of the executive committee, and selected members of the board.

The Measuring Impact Framework, developed by the World Business Council of Sustainable Development, provided the methodology used in conducting the report. This four-step process involved setting boundaries, measuring direct and indirect impact, assessing the contribution to development, and prioritising issues for management attention and response.

In conducting the study, we drew on a number of internal and external sources of information. This included current internal data, development strategies and policies, benchmarks against local and international peers, the views of stakeholders, and reports by the media, as shown in the diagram:

Data collection assessment/follow up

- What current internal data is available for given impact?
- What is the indicator trend over the last three years?



Benchmarks

- How does ArcelorMittal South Africa's performance compare with local, and international peers?



Media

- What does media say about ArcelorMittal South Africa's performance with respect to the relevant indicator?



1. ECONOMIC GROWTH ENGINE



- R27 billion (0.9%) in direct GDP and R11 billion (0.4%) in indirect GDP contribution
- R47 million in economic value added in 2013
- R1.5 billion in taxes contributed
- R2.0 billion procurement spent on QSE and EME

2. EMPLOYER, JOB CREATOR AND SKILLS DEVELOPER



- Over 14 800 jobs in direct employment
- Over 120 000 training seats provided with R138 million invested in training
- R42 million invested in technical training; multiple global steel innovations introduced to South Africa
- R25 billion spent on over 2 000 suppliers, but more emphasis on supplier development required

3. IMPACT ON LOCAL COMMUNITIES



- 70% of new employees recruited locally; 16 million tonnes of material transported on local road and rail
- 40 local community organisations engaged in 2013, with outcomes documented
- 24% spend (R5.9 billion) on local content suppliers with R1.0 billion on QSEs and EMEs
- R37.4 million invested in local communities in 2013

Development strategies and policies

- To what extent are ArcelorMittal South Africa's performance and objectives for the indicator aligned with relevant development agenda?

- 125PJ of energy and 13.4 million tonnes of raw material consumed
- 17.5 billion litres of water abstracted
- 47.75% improvement in water abstraction since 2005. Continuously improving effluents management
- 15.2 million tonnes of CO₂ emitted (Scope 1 and 2)
- 2.5kt of dust and 23.5kt of SO₂ emissions
- 1.65 million tonnes by-products disposed; 290ha of land under restoration

4. ARCELORMITTAL SOUTH AFRICA'S ENVIRONMENTAL FOOTPRINT



Stakeholders

- What were stakeholders' views on ArcelorMittal South Africa's performance with respect to the relevant indicator?

- 5 million tonnes of steel produced with ~60% of South African steel supplied by ArcelorMittal South Africa supporting key domestic industries
- 3.5 formal jobs created economy-wide for every R1 million spent by ArcelorMittal South Africa
- Developed local steel processing industries through joint ventures. Export rebates of R213 million paid out to local companies in 2013

5. ENABLER OF SOUTH AFRICA'S DEVELOPMENT THROUGH SUPPLY OF STEEL



- 8 819 received health and safety and 1 667 received anti-corruption training
- 11% female employment, 57% HDSA and 75% unionisation
- ArcelorMittal South Africa at B-BBEE Level 7
- Open disclosure of financial, environmental and social indicators
- Voluntary participant in several debates at national level

6. CATALYST FOR CHANGE IN SOUTH AFRICA



Our value creation model

Inputs



Input materials consumed	
Iron ore:	6 606 649t
Coal:	4 461 055t
Scrap:	973 023t
Fluxes (dolomite + lime):	1 402 727t



Energy	
Electricity purchased:	3.67TWh



Water intake	
	17 515 297 kL



Human and intellectual capital	
Employees*:	9 016
Hired labour*:	1 869
Service contractors*:	3 918
Training spend:	R138.1 million

**Average for year*



Financial capital	
Capital expenditure:	R1 569 million

Key:
 t = Tonnes
 kt = Kilotonnes
 TWh = Terrawatt hour
 kL = Kilolitres

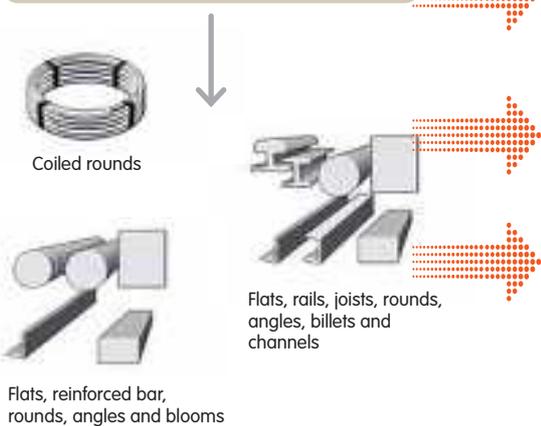
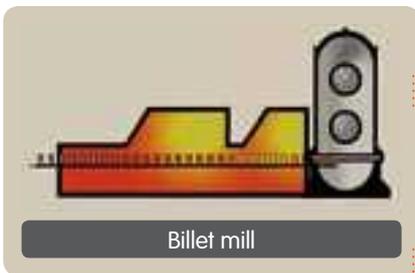
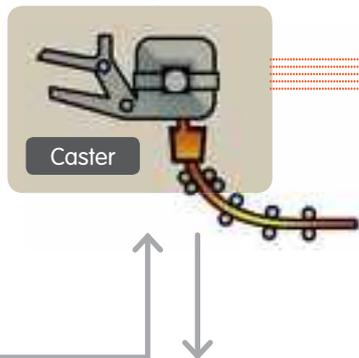
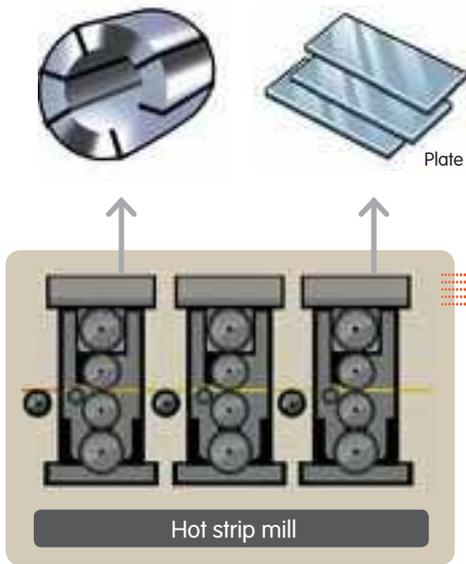
Steelmaking process



Waste outputs

CO ₂ :	15 199 600t
Dust:	2 543t
SO _x :	23 485t
Waste disposed:	1 652 386t

Stakeholders impacted



Value outputs

Financial outputs – IAR and Financial report

Revenue (R million):	32 421
Ebitda (R million):	1 768
Profit from operations (R million):	47
Ebitda margin (%):	5.5

Product outputs

Flat steel products	2 771 kt
Domestic market:	2 003 kt
Export market:	768 kt
Long steel products	1 459 kt
Domestic market:	1 123 kt
Export market:	336 kt
Coke and chemicals	
Market coke:	545 kt
Tar	109 kt
Other	994 kt

Safety – pages 40 to 43

LTIFR:	0,56
Fatalities:	0

Socio-economic outputs

Socio-economic development – page 58	R37.4 million
Procurement spend	R25 billion

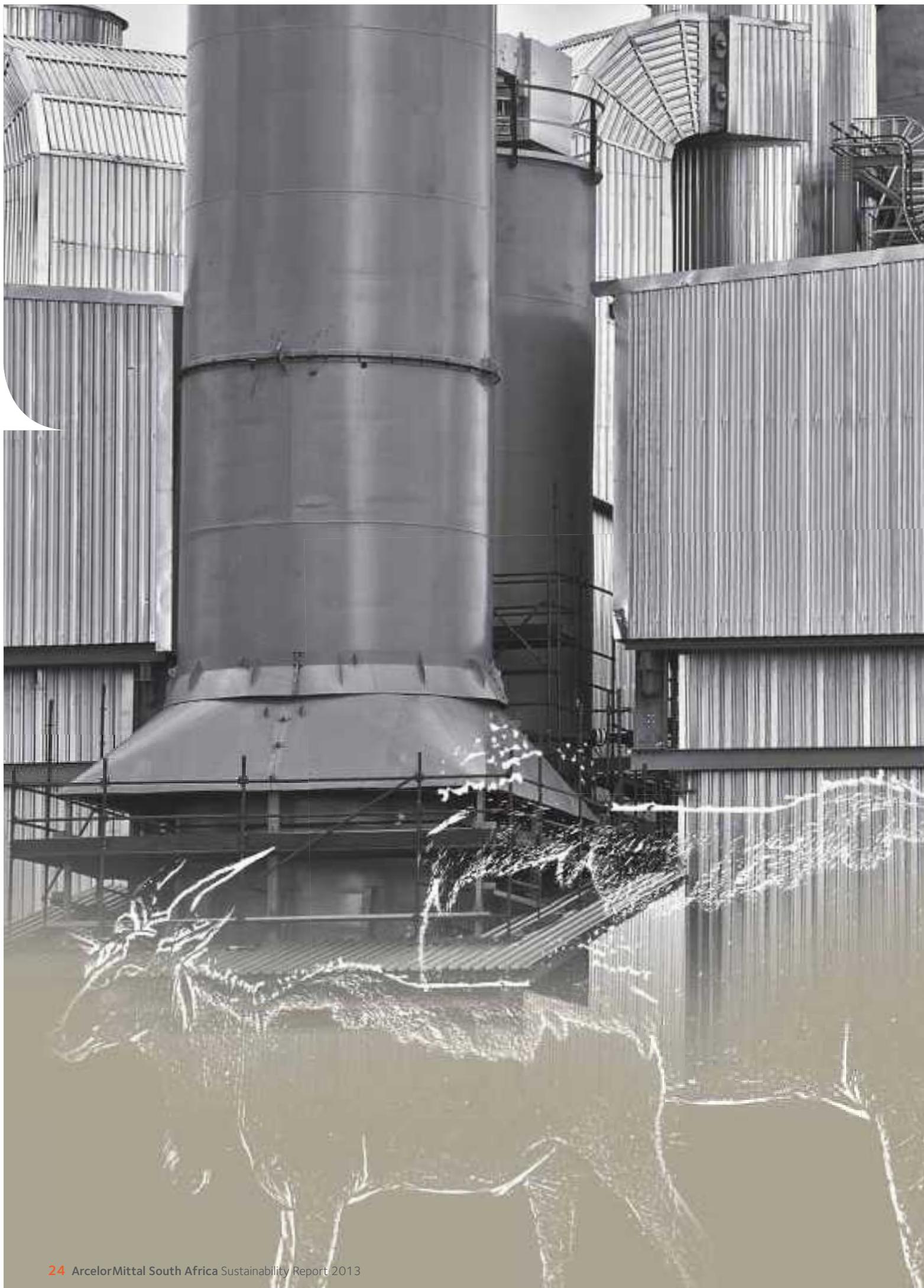
Shareholder
Investors
Employees

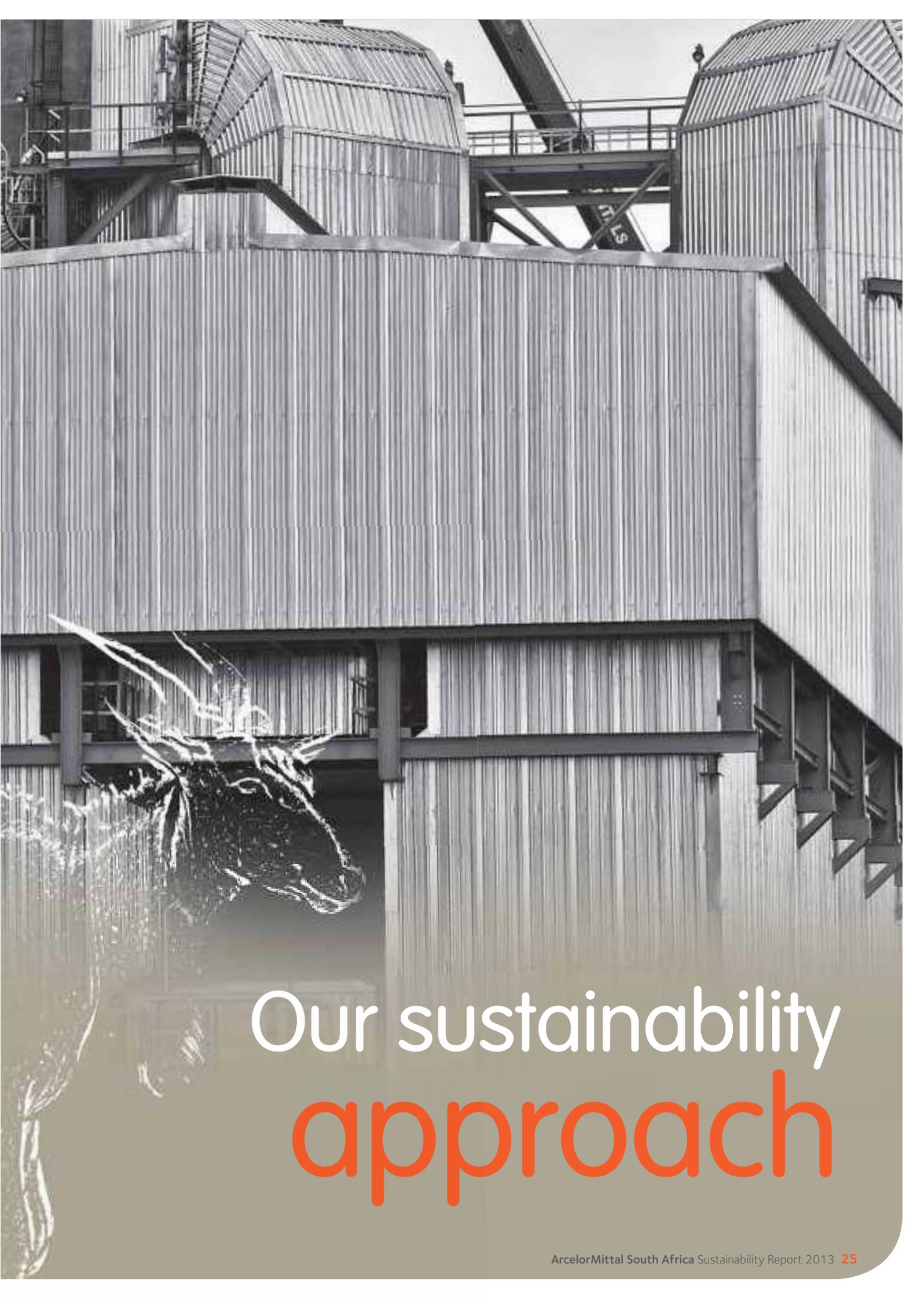
- Customers
- Automotive
 - Building and construction
 - Beverage
 - Infrastructure

Employees
Contractors

Local communities

Suppliers
Local business





Our sustainability approach

Our sustainability approach

Achieving safe, sustainable steel

Sustainability is one of our core values. We recognise that our commitment to the world around us extends beyond the bottom line. It includes the people in whom we invest, the communities we support and the world in which we operate. This long-term approach is central to our business philosophy.

Steel is a vital component of modern life but it also has an impact on the environment, consumes natural resources and its manufacture involves some risks that require careful management. We strive to produce steel in a way that protects the safety of our employees, minimises our environmental impact and contributes to global efforts to tackle climate change.

There are definite reasons why we see sustainable development issues as being integral to the achievement of our core strategy. Some relate to protecting value – where the focus is on risk management, legal compliance and operational efficiency – while others emphasise creating value. We believe that there is a strong causal link between addressing these issues and achieving our strategic objectives. Growing our business is ultimately dependent on a stable political environment and attracting and retaining the most appropriately skilled and experienced employees to ensure good customer service and quality products. A fundamental competitive advantage is to be among the low-cost producers in the world. Our national contribution in terms of job creation and skills development helps to foster a more stable political environment, which is good for business.

Our sustainable development strategy focuses on the safety of our employees, skills development and retention, as our employees are the cornerstone of our business. Simultaneously, we must address our production costs as well as quality and service to our customers by pursuing plant reliability, actively identifying improvement areas at our plants and improving yields.

We are guided by the ArcelorMittal group corporate responsibility (CR) strategy, which focuses on four pillars:

- investing in our people;
- making steel more sustainable;
- enriching our communities; and
- transparent governance.

In order for the company to be successful in the long term, we must address the climate change and environmental impacts we face.

Governance

Our commitment to sustainable development is co-ordinated at group level, and follows the ArcelorMittal group Corporate Responsibility framework. It is with ultimate responsibility residing with our board of Directors. The board receives strategic and operation-specific inputs from specialised committees. One of these is the safety, health and environment (SHE) committee, which reviews performance in a SHE context, and considers and approves recommendations on sustainable development as well as SHE guidelines and policy. The board also receives input from the audit and risk committee. In line with King III requirements, the audit and risk committee plays a critical role in monitoring our risks, internal controls, reviewing our integrated report and external assurance processes. The composition and activities of these various committees are outlined in more detail in the annual financial statements report to stakeholders.

The executive committee (EXCO), chaired by the CEO, is responsible for ensuring that the group's strategy is executed in a sustainable manner. It meets on a monthly basis to monitor the implementation, effectiveness and challenges faced in executing our strategy. The corporate safety, health and wellness department and the corporate environmental department report on a monthly basis to the EXCO on performance in these areas. These departments are supported by a network of specialists that has been established throughout our operations to

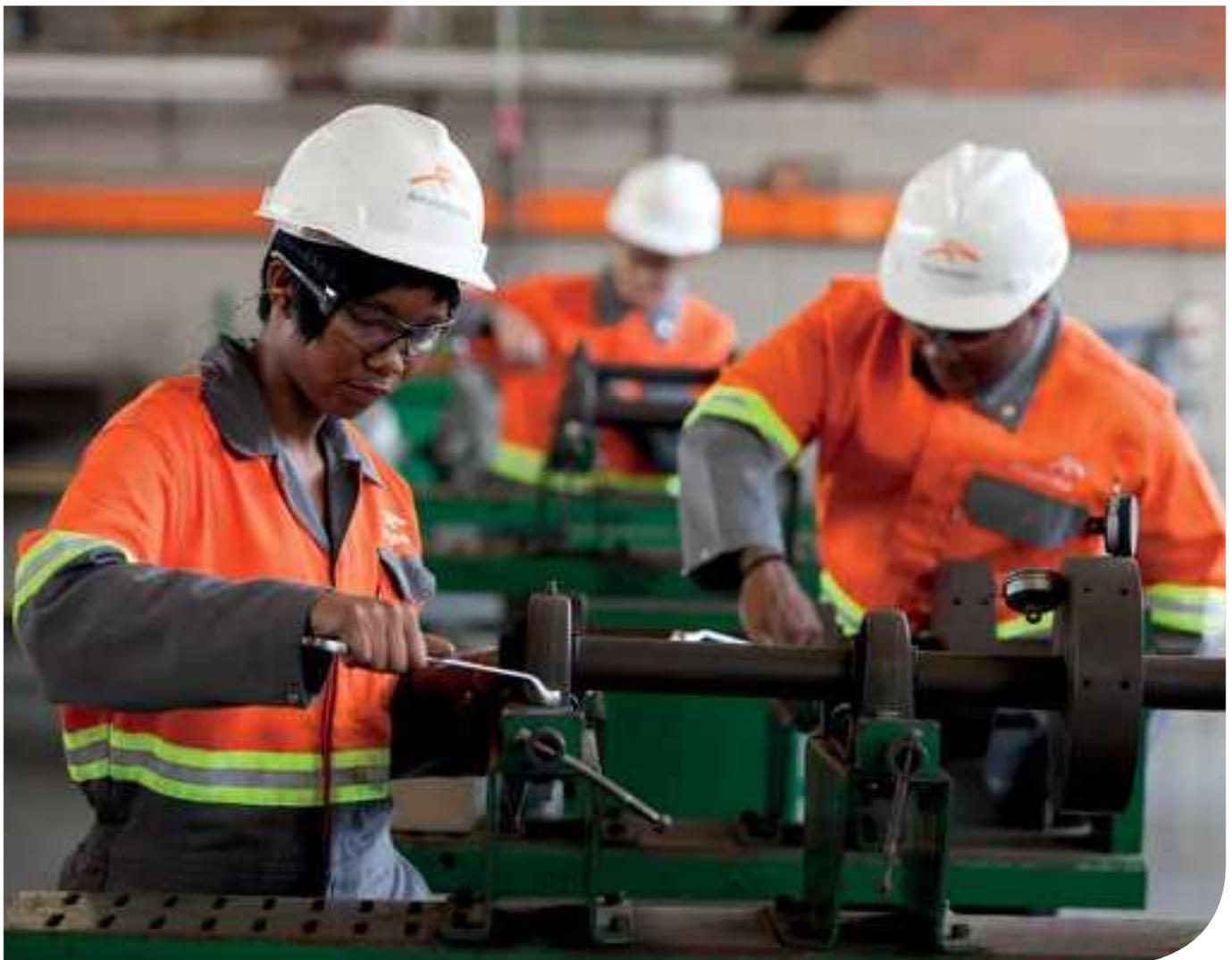
share experiences in addressing a range of sustainable development-related issues – such as auditing, process safety, greenhouse gas management, air quality, water, waste management and site remediation. Each of our businesses has dedicated SHE staff responsible for assisting line management with SHE implementation. Some of the other aspects that contribute to our broader sustainable development performance – such as ethics, human resources, skills development, transformation and human rights – are managed by specific corporate functions within the group.

The King III Code of Governance calls for integrated sustainable development reporting. Underlying this call is the desire that companies should demonstrate more clearly how social, economic and environmental considerations impact on their growth drivers, and how these issues are being integrated effectively with the company's strategy and throughout its operations and sphere of influence. The remainder of this report reviews the steps that we have been taking – and are planning to take – to manage and address the strategic imperative of sustainable development.

Our unique position as an industry leader provides us with the opportunity to make a difference. We want to instil pride in our workforce, gain admiration from our peers and build the trust we need in order to operate profitably and add value for our stakeholders. This is what our corporate responsibility strategy is designed to achieve.

Value added statement

	2013 Rm	2012 Rm
Revenue	32 421	32 291
Purchased material and services	(27 509)	(26 873)
Finance income	7	10
Investment income	5	90
Value created	4 924	5 518
Distributed:		
– Employees	3 408	3 356
– Providers of debt	391	401
– Government	221	92
– Community investment	37	40
– Reinvested in group	1 550	1 249
Total distributed	5 607	5 138



Our corporate responsibility strategy

Our corporate responsibility strategy

Our position as a leader in the South African steel industry brings both opportunities and responsibilities. Through our corporate responsibility strategy we recognise that our commitment to the world around us extends beyond the bottom line, to include the people we employ and in whom we invest, the communities we support and on whom our business impacts, and the world in which we operate.

Our operating philosophy is to produce safe sustainable steel. Our approach to corporate responsibility plays an important part in ensuring that this company-wide philosophy guides all our operations.

This corporate responsibility strategy is built around four key pillars – Investing in People, Making Steel More Sustainable, Enriching our Community, and Ensuring Transparent Governance. It is designed to instil pride in our workforce, gain admiration from our peers and build trust in the communities in which we work. We also have a responsibility to operate profitably and sustainably to deliver returns to shareholders.

Strategic priorities

Investing in our people

Social commitments

Our first priority is the health and safety of those who work for us. Our “Journey to Zero” campaign aims to ultimately eradicate the number of workplace accidents, and is supported by fatality prevention standards and occupational health standards covering a wide variety of hazards.

Employee training and development are also crucial to our success and we continue to invest in the skills of the people we employ, and in the broader skills pool of the country. Our most critical human resources challenge remains the attraction and retention of key technical and engineering staff.

Our business relies on the input of an energised, engaged and motivated workforce. In this regard, building strong employee morale and the delivery of market-competitive remuneration are key focus areas.

Our key people-related commitments:

- an uncompromising focus on health and safety;
- world-class training and skills development;
- market-competitive remuneration; and
- employee engagement.

Making steel more sustainable

Environmental commitments

While steel makes a vital contribution to renewable technology – one in three wind turbines in the world uses ArcelorMittal steel – steel-making is a carbon-intensive industry, and its processes can have a significant environmental impact, which affect not only the natural environment but the communities around our operations.

We monitor our most significant environmental impacts. These include air emissions, of which particulates are the most significant; carbon emissions; water usage; waste; and soil and groundwater pollution. Environmental legislation, our environmental strategy and reduction targets inform our management and reduce our environmental footprint.

Our key environmental commitments:

- compliance with all relevant environmental laws and regulations;
- efficient and responsible use of natural resources, energy and land;
- rehabilitation of old “legacy” sites;
- manage and reduce the CO₂ footprint where technically and economically feasible;
- increase the amount of materials recycled; and
- engage in open communication and dialogue with all stakeholders affected by our operations.

Enriching our communities

Social commitments

The majority of our employees come from the communities in which we operate, and people living there are most directly affected by our operations. Enriching these communities through social investment initiatives is a key pillar of our corporate responsibility ethos.

We make a contribution to public infrastructure projects, and our local community investment is targeted at the areas immediately surrounding our operations.

Annual forums with community leaders, local municipality, NGOs, representatives from local business, ward councillors and special interest groups from each of our local communities provide us with an opportunity to listen to community concerns, identify key social development needs and provide feedback to community members on issues raised in the past.

Our key social commitments:

- proactively engage with all community stakeholders to understand their concerns and communicate our strategies and goals;
- uplifting the education, healthcare, social and infrastructural services available to local communities; and
- create employment opportunities wherever possible for the people living in local communities.

Ensuring transparent governance

Corporate Governance sustainability commitments

We are committed to embedding corporate responsibility in every aspect of our business, to governing our business in a transparent and ethical manner and to respecting and protecting the human rights of all people impacted by our operations.

The independence of our board of directors and the standards of behaviour we ask of all our people, at every level, is formalised through our code of business conduct, which applies to all our employees.

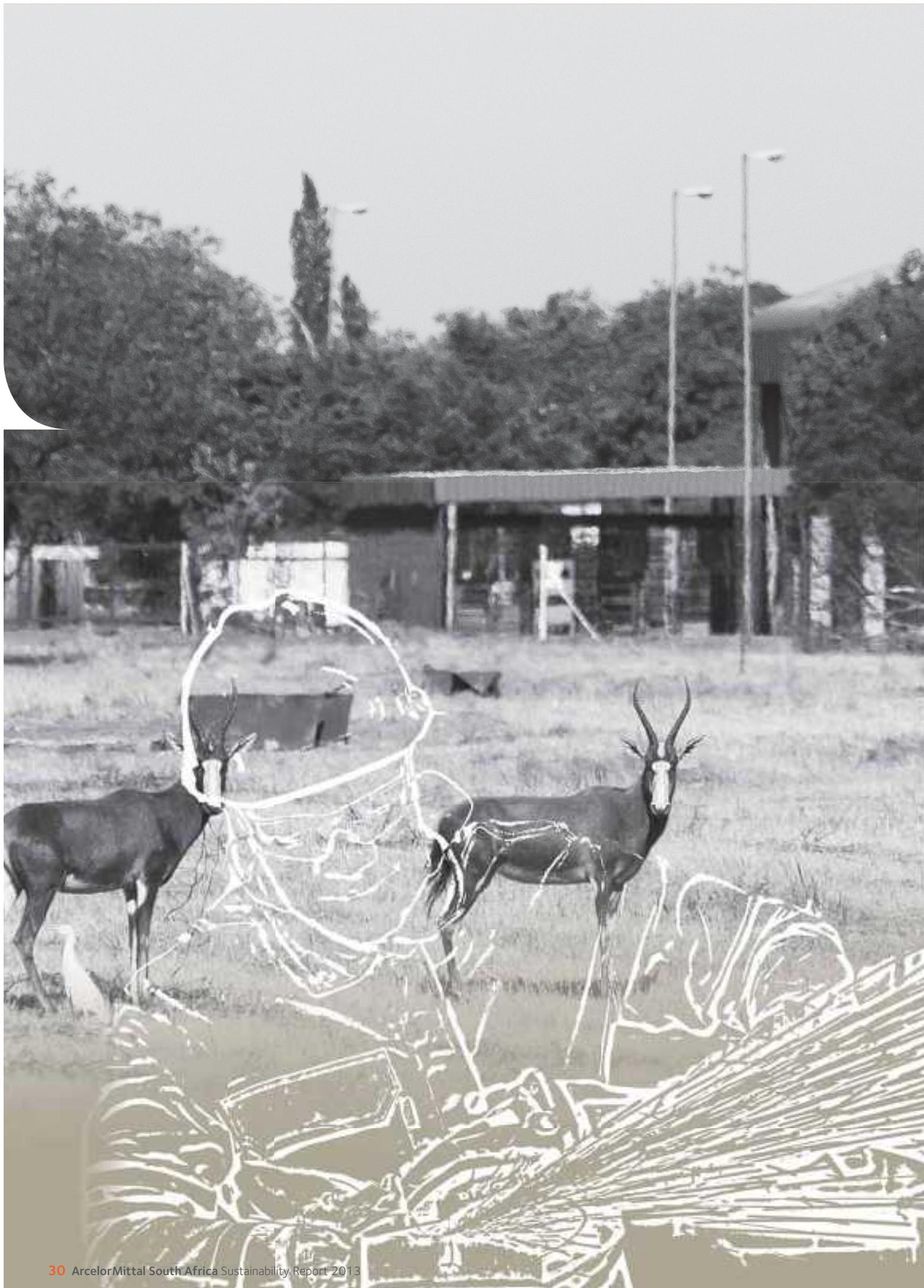
Our code for responsible sourcing incorporates health and safety, human rights, ethical and environmental principles into our procurement approach.

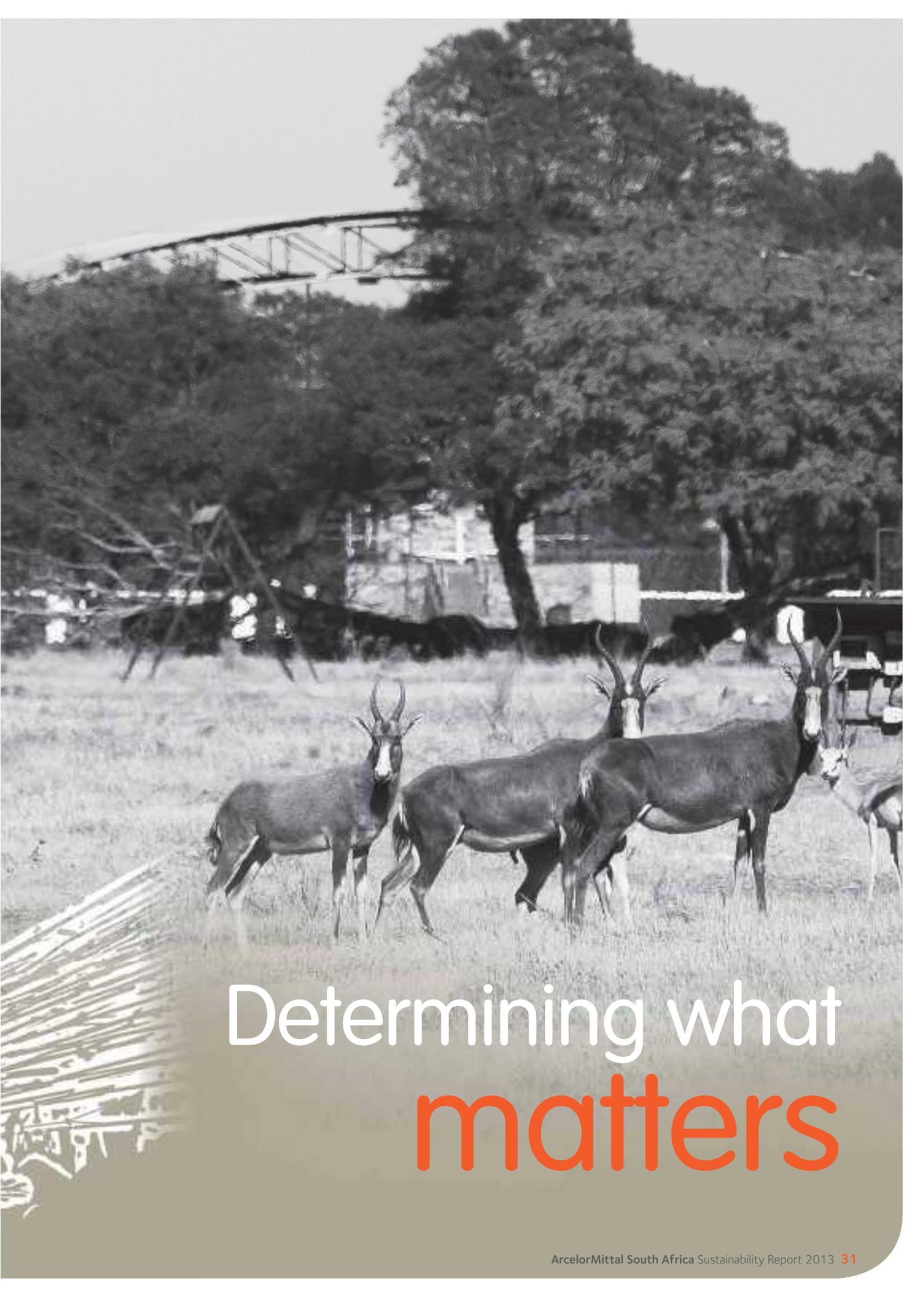
Our key governance commitments:

- fair, ethical and transparent business practices;
- developing operating procedures to create an environment where human rights are respected, and ensuring that we do not engage in activities that directly or indirectly violate human rights;
- maintaining high standards of ethical, environmental and social performance through the responsible and sustainable conduct of our business; and
- adhering to the ArcelorMittal group policies on issues such as anti-trust, anti-corruption, insider dealing, non-discrimination and conflicts of interest.

Awards in 2013

- PMR Golden Arrow Award: Companies, institutions or NGOs during the past 12 months doing the most to enhance and promote the production and manufacturing of local goods and products in Sedibeng
- PMR Golden Arrow Award: Companies/ institutions doing the most to promote sustainable development in Sedibeng
- PMR Golden Arrow Award: Companies/ institutions doing the most for black economic empowerment in Sedibeng





Determining what matters

Determining what matters

Our business is faced with a broad array of risks, challenges and opportunities. We have an impact on a wide group of stakeholders, all of whom raise a variety of concerns and issues.

Stakeholder engagement plays a central role in helping us to gather information on these issues. This is done either through formal engagement platforms or in the day-to-day running of the business. Full detail on our stakeholder groups, why they are important and how we engage with them can be found on page 36.

In addition to the concerns of stakeholders we also consider the macro-economic environment in which we operate; regulation and legislation that affects our business; and the risk register as overseen by the audit and risk committee.

This combined approach helps us to develop a comprehensive picture of all the issues facing the company. While these issues are all managed to a greater or lesser extent, some are necessarily more important than others. We filter them according to:

- how important they are to our most influential stakeholders;
- whether they present serious risks to the company; and
- whether they offer significant business opportunities.

In so doing, we are able to identify our strategic imperatives. These can be defined as the things that have the greatest potential to impact our immediate and ongoing success and sustainability. They are what we have reported on for the year under review. The need to manage them is what drives our business strategy.

Our strategic imperatives for 2013 are:



1. Protecting the health and safety of our employees (page 40 to 43)

Safety forms the core of our value system and is of paramount importance at all our operations. Pursuing the goal of Zero Harm is informed as much by our vision of producing safe sustainable steel as it is by legislation that demands protection of the lives and wellbeing of our employees.



2. Driving profitability (IAR: http://www.arcelormittal-reports.com/reports/ar_2013/index.php)

A company that is unprofitable is not sustainable. In recent years ArcelorMittal South Africa has either run at a loss or just broken even. Whilst acknowledging that we have no control over many market factors, this is a situation that cannot continue indefinitely. It is a driving priority that we regain a position of profitability. This imperative impacts all our stakeholders, from government and communities to shareholders, suppliers and employees. It is driven by six strategies, each of which makes a contribution to the goal of becoming profitable once again. Because of the role they will play in helping us achieve what can be described as our most critical goal, we have reported on each of these focus areas in detail. They are:

- Customer focus
- Eliminate excessive raw material costs
- Improve operational efficiencies
- Improve supplier efficiencies
- Optimise our industrial footprint
- Improve energy efficiency



3. Government relations (IAR: http://www.arcelormittal-reports.com/reports/ar_2013/index.php)

Government is one of our most important stakeholders. Improving our relationship with state organs has been a key focus during the year under review, particularly in the light of engagement regarding the Sishen Iron Ore Company supply agreement, pricing issues, beneficiation and environmental compliance.

4. Managing our people (pages 40; 43 to 48)

Our employees play an integral role in enabling the business to achieve its strategic objectives. We operate in a scarce skills market and the long-term success of our business relies on the extent to which we are able to attract, retain and develop skilled people.



5. Environmental responsibility (page 52 to 55)

Environmental stewardship is a key area of corporate responsibility. Lack of environmental compliance carries the risk of losing our license to operate, and many community concerns relate to environmental issues.



6. Engaging with local communities (pages 58 and 59)

The buy-in of communities is critical to securing our social licence to operate and our commitment to addressing their issues and concerns is underpinned by our corporate responsibility ethos. Local communities also provide labour and services for our business. Commitment to the socio-economic transformation of South Africa through the broad-based black economic empowerment (B-BBEE) codes also forms part of our corporate responsibility focus.

Linking strategic imperatives, strategy, risks and stakeholders

Risks, strategic imperatives, strategy and stakeholders are intricately linked across the different areas of our business.

The diagram on the pages that follow plots these linkages and attempts to illustrate how our strategic imperatives drive value for a range of stakeholders and address a number of risks, and how this process is underpinned by certain business fundamentals and values that ensure our legal and social licence to operate.

Strategic imperatives, strategy and stakeholders

At the centre of the diagram is our core strategic imperative to drive profitability. This goes to the very heart of the company's sustainability – it is imperative that we return to a profit-making position if we are to survive.

The achievement of this goal will deliver value to a range of stakeholders. Shareholders and investors will receive a return on their investment and employees will be able to enjoy the security of working for sustainable business. Contractors, suppliers and local businesses will benefit from ongoing supply contracts with us, and customers will be ensured of the delivery of steel products to meet their own strategic objectives. Finally, local communities will benefit from potential work opportunities and our ability to increase our investment in education, healthcare and social upliftment.

We have identified six strategies to drive profitability: customer focus, improve operational efficiency, optimise our industrial footprint, improve supplier efficiency, eliminate excessive raw material costs, and improve energy efficiency. Detail is provided on how each of these will contribute towards our goal of regaining profitability in the IAR: http://www.arcelormittal-reports.com/reports/ar_2013/index.php.

However, we recognise that making a profit is not the only ingredient for a sustainable business. Certain business fundamentals and values have to be in place for a company to maintain its legal and social licence to operate. These are the non-negotiables that underpin our company – they may not contribute directly to the achievement of profit but they deliver value in other ways and are important because they address certain risks. These business fundamentals and values are listed at the bottom of the diagram and discussed in detail in this Sustainability Report.

Business fundamentals and values, and their link to strategic imperatives and stakeholders

Zero Harm

Zero Harm is a fundamental value throughout the ArcelorMittal group. It drives our strategic imperative of protecting the health and safety of employees, and has a direct impact on both employees and contractors.

Compliance and governance

Compliance and sound corporate governance form the second pillar of our business fundamentals. We need to comply with various regulatory, environmental and health and safety legislation. Regulatory compliance is linked to our strategic imperative of focusing on government relations, and relates not only to legal and regulatory compliance, but also to issues of government policy such as pricing controls. It has an effect on employees, government stakeholders and shareholders and investors.

Our strategic imperative to manage our environmental impact ensures that we strive to comply with environmental legislation, and is directly informed by our corporate responsibility ethos, ethics and principles of good governance. Civil society, local communities and non-governmental organisations (NGOs) are the stakeholder groups to which this imperative is most relevant.

Zero Harm is already enshrined in our values, but issues of health and safety are also relevant to compliance with health and safety legislation.

Community support

The buy-in and support of communities is a third pillar that's needed to do business. While the risk of closure by communities is not a significant risk our business faces, community support is nevertheless important to securing our social licence to operate. We also draw our labour from communities, and some of our suppliers are local businesses from the communities in which we operate. Investing in local communities is also enshrined as an important corporate responsibility value, and is central to our ability to contribute to the socio-economic transformation of the company.

People management

The fourth business fundamental – people management – pertains to the people we employ. Their skills, expertise, drive and commitment make the achievement of all business goals possible. It is critical that we engage with them in a transparent and meaningful way, and invest in their ongoing skills development through training and leadership programmes.

Risks

Our strategic imperatives and strategies also address our most pressing business risks. These risks are listed in the key to the right of the diagram and have been divided into short to medium-term risks (beige icon) and longer-term risks (purple icon). It should be noted that this list is not exhaustive – it merely captures the most important risks facing the company across its various business areas. Where a strategic imperative or strategy addresses specific risks, these risks are referenced with the corresponding 'risk icon'.

Linking strategic imperatives, strategies and strategies

(Refer to previous page for guidance on interpreting this diagram.)

Icon for strategic imperatives and strategies

- Protecting the health and safety of our employees** *pages 40 to 43*
- Driving profitability** *(Discussed in the IAR)*
- Customer focus**
- Eliminate excessive raw material costs**
- Improve operational efficiencies**
- Improve supplier efficiencies**
- Optimise our industrial footprint**
- Improve energy efficiency**
- Government relations** *(Discussed in the IAR)*
- Managing our people** *pages 40; 43 to 48*
- Environmental responsibility** *pages 52 to 55*
- Engaging with local communities** *pages 58 and 59*

Strategies



Delivering value



Business fundamentals and values

ZERO HARM

Protect the health and safety of our employees

R6 R12

Employees
Contractors

COMPLIANCE AND GOVERNANCE

REGULATORY	ENVIRONMENTAL	HEALTH AND SAFETY
Government relations	Environmental responsibility	Protect the health and safety of our employees
R1 R15	R1 R6	R1 R6 R12
Employees Government Shareholders and investors	Civil society Government NGOs Local communities	Employees Local communities Contractors

risks, strategy and stakeholders

- LOCAL COMMUNITIES
- SUPPLIERS
- INVESTORS
- SHAREHOLDERS

to stakeholders



Risk icon key

Short to medium term

- R1 Legal and regulatory compliance
- R2 Market demand and price decline
- R3 Contract performance
- R4 Catastrophic plant failure
- R5 Availability of energy
- R6 Environmental and health impacts of operations
- R7 Transnet Freight Rail efficiency
- R8 Increased competitor activity and imports
- R9 Sishen iron ore contract
- R10 Disruption of strategic material input supply
- R11 Skills acquisition and retention

Longer term

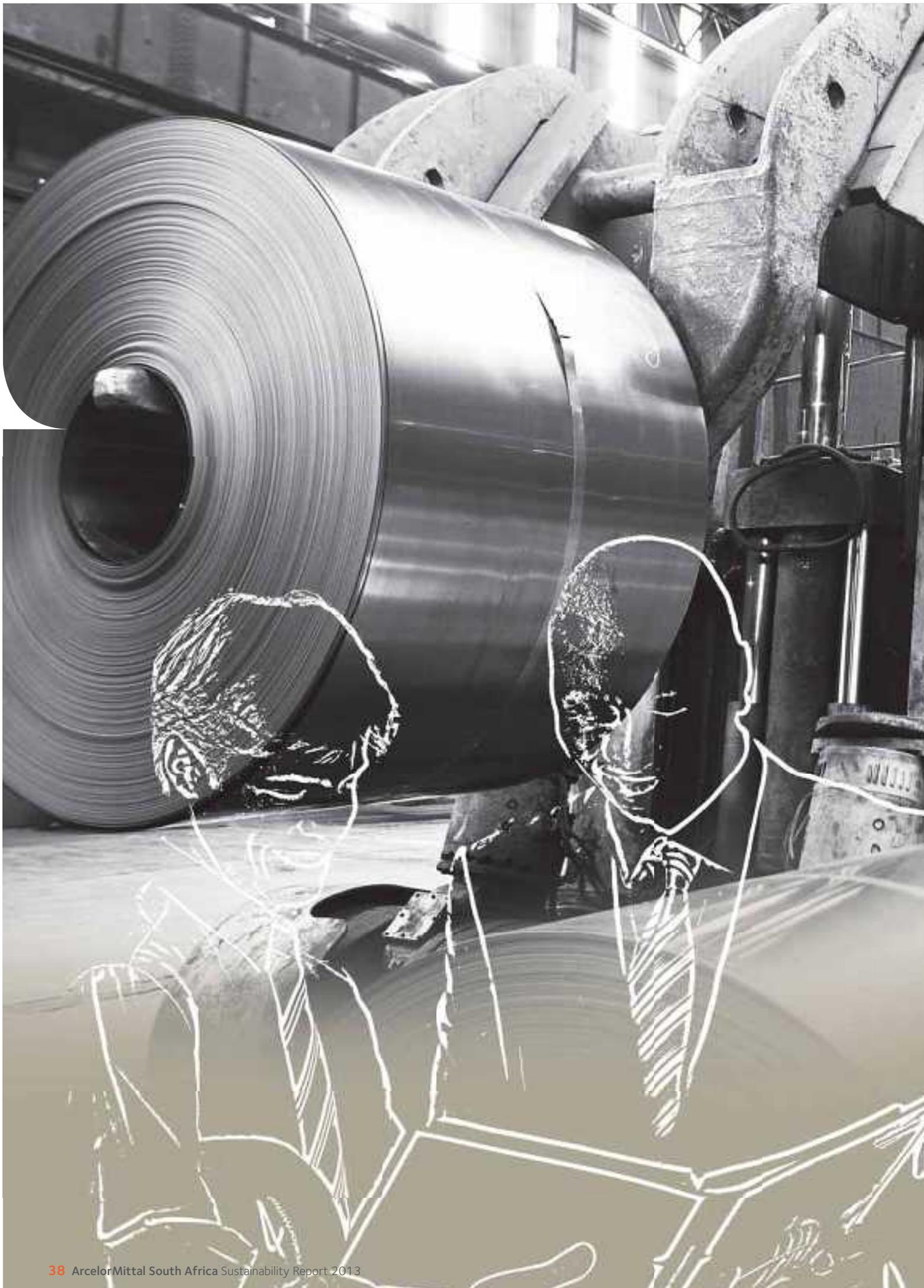
- R12 Safety performance
- R13 Impact of CO₂ legislation
- R14 Foreign exchange exposure
- R15 Pricing controls by government

Our stakeholders and how we engage them

Tabled below is a list of our stakeholders, why they are important and the engagement platforms relating to each. The diagram on pages 34 and 35 provides detail on how our strategies and risks impact stakeholders.

Stakeholder group	Why they are important	Engagement platforms
Customers	<ul style="list-style-type: none"> • They provide the market for our products • We depend on them for revenue without which the business could not function 	<ul style="list-style-type: none"> • Regular, ongoing engagement between sales staff, management and key customers to determine the needs of the market and identify issues as they arise • Direct ad hoc communication when necessary to keep customers up to date on new developments or the resolution of specific issues • Customer satisfaction surveys
Employees	<ul style="list-style-type: none"> • Integral to delivery on our strategic objectives • Provide their skilled labour to produce our products • They are our most important and valued ambassadors 	<ul style="list-style-type: none"> • Internal magazines, intranet, posters and email campaigns • Results presentations to senior management • Shop floor safety meetings • Performance and career development reviews (package category employees) • Formal grievance and dispute resolution structures • Culture and values surveys
Government - national departments, parliament portfolio committees	<ul style="list-style-type: none"> • Develop legislation and policies that directly impact the environment in which we operate • Have the ability to grant or revoke licences necessary to operate 	<ul style="list-style-type: none"> • CEO and officers in charge of specialist functions engage on an individual level with national ministry, provincial departments and local government representatives.
Shareholders	<ul style="list-style-type: none"> • We are ultimately accountable to shareholders, who expect returns on their investment • They influence the decisions taken by the board 	<ul style="list-style-type: none"> • Quarterly reports, bi-annual and annual results presentations • Shareholder roadshows and meetings
Investors	<ul style="list-style-type: none"> • Accountable to investors who might not hold direct equity, but other instruments such as bonds 	<ul style="list-style-type: none"> • Results presentations • Investor roadshows and meetings
Suppliers	<ul style="list-style-type: none"> • They directly influence raw material and other input costs • Reliable delivery from suppliers impacts our ability to deliver on customer needs and expectations 	<ul style="list-style-type: none"> • Regular meetings held between management and key suppliers • Managers onsite conduct ongoing engagement and management of contractors • Contractors undergo all safety training • Tender briefing meetings
Trade unions	<ul style="list-style-type: none"> • More than 70% of our workforce belongs to unions and more than 80% is covered by collective bargaining agreements • Good relationships with organised labour can avert industrial action and positively influence the outcome of wage negotiations 	<ul style="list-style-type: none"> • Union representation on a range of committees including Safety, Health & Environment Committee, Training Committee and Employment Equity Committee • Shop floor line managers engage with union representatives on a daily basis • Formal engagement as part of the wage negotiation process • Meetings between senior management and union head office level • Other engagement as and when issues arise
Local communities	<ul style="list-style-type: none"> • They live in the vicinity of our operations and their environment and employment opportunities are directly impacted by our business • Direct beneficiaries of our corporate social investments 	<ul style="list-style-type: none"> • Annual community engagement forums facilitated by local councillors, municipal representatives, community leaders and NGOs • Environmental open days • Arranged meetings with CSI managers • Regular planned one-on-one meetings
NGOs and special interest groups	<ul style="list-style-type: none"> • Represent the social and environmental concerns of local communities and broader society 	<ul style="list-style-type: none"> • Attend bi-annual environment open days in line with Atmospheric Emissions Licence (AEL) conditions, and various community engagement forums • We respond to NGO requests for meetings and information on a case-by-case basis
Small to medium local enterprises	<ul style="list-style-type: none"> • They can provide a range of secondary products and services to our operations • They provide us with the opportunity to improve our preferential procurement and enterprise development score on the DTI Codes of Good Practice scorecard 	<ul style="list-style-type: none"> • Attend annual community engagement forums • Invited to attend preferential procurement days that detail our tender processes and opportunities to do business with the company • Arranged office meetings
Media	<ul style="list-style-type: none"> • Has the potential to influence public perception and brand reputation 	<ul style="list-style-type: none"> • Company spokesperson deals directly with media on a regular basis, responding to queries and requests for information and keeping media informed of key developments at the company • CEO and officers in charge of specialist areas are interviewed by the media on a regular basis • Media is invited to quarterly, bi-annual and annual results presentations, as well as important company events such as the launch of corporate social investment (CSI) projects







Investing in our people

Investing in our people

Our employees are one of our most important stakeholder groups. They play a central role in helping the company to achieve its goals and objectives. We are committed to protecting the health and safety of employees, and focusing on sustainable employee development and retention to ensure future growth.

During the year we employed an average of 9 016 people. In managing this workforce we are guided by our human resource management strategy, and comply fully with legislation that includes the Basic Conditions of Employment Act, the Skills Development Act, the Occupational Health and Safety Act and the Bill of Rights of the South African Constitution.

The general manager: human resources, reporting to the CEO, holds ultimate responsibility for driving the human resources agenda. Through it we are committed to the fair, equitable and non-discriminatory treatment of all employees, and to building an inclusive and diverse workforce. We align our people management strategy with our business goals, to drive cost competitiveness and sustainable productivity, and develop and sustain a skilled and capable organisation.

Key features of the labour environment during the year under review

South Africa's labour environment was characterised by a wave of strikes across a number of sectors during 2013. Given the fact that the company was due to engage labour and unions in wage discussions

during the year, we had included the possibility of strike action as one of our top three human resource risks. However, we successfully concluded wage negotiations during the year without any labour unrest.

The year also saw a number of changes being finalised to amend the skills development legislation governing the payment of skills development levies.

Proposed amendments to legislation governing the Sector Education and Training Authorities (SETAs) will mean that companies can only claim back 25% in mandatory skills levy, compared to the 50% previously claimable. While this will have a material impact on the skills development costs that the company can recoup from the SETAs, we will not be reducing skills development spend as a result, and will continue to invest in training as a driving business imperative.

The Labour Relations Amendment Bill was passed by parliament in August 2013 and will most likely be implemented in Q2 2014. In terms of the Bill, employees of labour brokers will be regarded as permanent employees of a company if they earn below a certain threshold and are employed as workers for that company for a period of more than three months. As such, they will be entitled to the same benefits as ordinary full-time employees.

We are currently in the process of conducting an impact study to determine the full extent to which this new legislation

will affect the company. The outcomes of this study will inform the provisions made to ensure we comply with the Bill, and the changes that need to be made to existing and future labour broking contracts.

Finally, amendments to the Employment Equity Bill are expected to introduce stricter penalties for failure to meet EE plan targets.

Our key human resource-related issues

We have identified six strategic imperatives relating to human capital. These reflect the key concerns of our employees, the business risks arising from people-related issues and the role that employees play in driving the achievement of our strategic goals.

They are summarised below:

1. Health and safety
2. Labour productivity
3. People development
4. Talent retention
5. Employment equity
6. Employee engagement

1. Protecting the health and safety of employees

The health and safety of our employees and contractors is of paramount importance. This is reflected in our values, our vision of producing safe, sustainable steel and our Journey to Zero programme. Safety performance is directly linked to the bonuses of all employees, from executive level to the shop floor.

In addition to forming the foundation of our values and corporate responsibility ethos, safety is linked to serious potential reputational issues and legislative sanctions. For these collective reasons it is an ongoing strategic imperative.

Managing issues of health and safety

We are guided by a group-wide health and safety policy, which includes our safety principles and highlights the imperative of shared responsibility for the safety of employees and contractors. Within ArcelorMittal South Africa we also have a safety, health and wellness policy, and comply with relevant local occupational

Our workforce profile

Statistics as at 31 December 2013

Job level	Total employees	African		White		Foreign nationals	
		M	F	M	F	M	F
Top Management	11	1	1	4	1	3	1
Senior Management	137	24	3	94	11	5	0
Professional	918	205	74	456	131	47	5
Skilled	5 168	2 290	201	2 327	263	82	5
Semi-skilled	2 283	1 847	141	213	78	3	1
Unskilled	196	188	6	2	0	0	0
Total	8 713	4 555	426	3 096	484	140	12

health and safety legislation including the Occupational Health and Safety Act (1993).

The CEO holds ultimate responsibility for the health and safety of employees, but the group manager: safety, health and wellness, reports to the CEO and manages day-to-day health and safety issues. This function also reports to the safety, health and wellness (SHE) committee, which is chaired by the CEO and meets on a monthly basis. The SHE committee comprises the group manager: safety, health and wellness, the chief operations officer, the general managers of each operational site and union representatives.

Every work shift starts with a health and safety 'toolbox' talk and issues of health and safety are covered by formal agreements with trade unions. Union representatives also sit on site safety committees and are involved in any investigations regarding safety incidents.

Our most important health and safety issues

Safety issues are determined by the global ArcelorMittal group's fatality prevention standards. These capture the key safety risks associated with steelmaking:

1. Isolation and lock-out
2. Confined spaces and gas hazardous areas
3. Working at heights
4. Rail safety
5. Vehicles and driving
6. Cranes and lifting
7. Contractor management
8. Emergency preparedness

Additional fatality prevention standards – there are 11 in total – relate to measures that manage safety risks. These include hazard identification, risk assessments, conducting shop-floor audits and incident investigations.

We measure safety performance using lost time injury frequency rate (LTIFR), restricted work day cases (RWDC), total injury frequency rate (TIFR) and fatality rate (FR).

Our occupational health issues are also determined by the risks and exposures inherent in steelmaking. Noise induced hearing loss (NIHL) is the key risk, but we also monitor lung diseases (silicosis and pneumoconiosis) and employee wellness. The latter two do not represent major areas of concern. Occupational health performance is measured on occupational diseases frequency rate (ODFR).

Driving improved safety performance

It has been extremely pleasing to see the ongoing improvement in safety performance during the year under review. ArcelorMittal South Africa has not experienced a single fatality in over two years, breaking all previous safety records. This proves that increased vigilance, continuous training and the implementation of our behaviour-based safety programme are delivering real results.

Behaviour-based care was piloted at Vanderbijlpark Works during 2012. Based on the exceptional results of this pilot we rolled it out at our other operations. It includes a holistic approach to safety that is based on understanding the underlying cause of unsafe acts and behaviour, shop floor presence of management, in-depth discussion with employees and contractors and identifying lessons that can be learned to improve safety performance.

We have also shifted our safety management focus from a reactive to a proactive approach. Importantly this included the introduction of a new fatality prevention standard during the year – Hazard Identification Risk Assessments (HIRA).

We paid closer attention to tracking and addressing 'near-misses' and this has had a significant impact on our ability to reduce unsafe situations, acts and behaviours. The number of shop floor audits increased from 138 239 in 2012 to 209 703 in 2013. Visible leadership has also played a role in improving our safety performance, with management continuing to spend a significant portion of time walking the shop floor and highlighting key safety risks with employees.

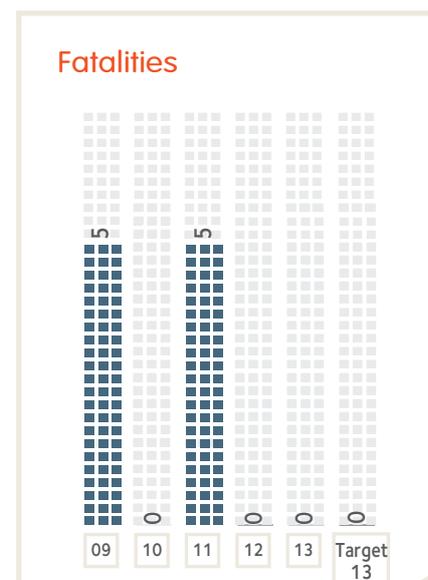
During the year there was a group-wide focus on applying more stringent audit standards when assessing compliance with the fatality prevention standards. Our goal remains to have all sites attain at least level-3 compliance, and this was achieved during the year.

In 2013, we invested R17.79 million in safety-related training (2012: R11.77 million).

Tracking key safety indicators

Fatalities

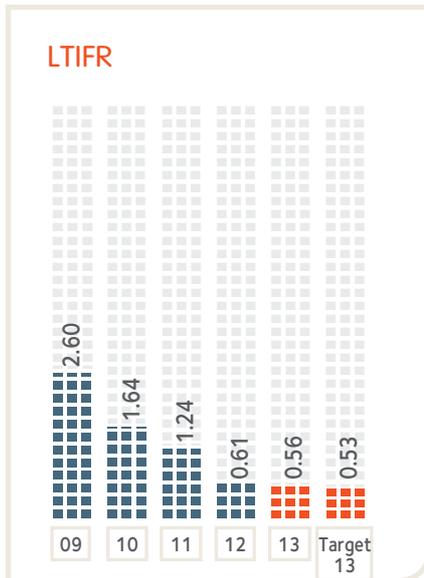
We ended the year with an accumulated fatality-free period of 857 days (two years, four months).



Lost time injuries

Our lost time injury frequency rate improved marginally during the year from 0.61 to 0.56. However, this follows a dramatic improvement made between 2011 (1.24) and 2012 (0.61).

Investing in our people *continued*



The significant safety performance turnaround seen at Vanderbijlpark Works during 2012 continued in 2013. The operation achieved an LTIFR of just 0.24, well below the target of 0.28. Increased emphasis was placed on finger and hand injuries, which were identified as the most prevalent type of injury. A series of focused workshops has helped to bring about a dramatic improvement in these types of incidents and this contributed to the overall improvement in lost time injuries. Vanderbijlpark Works' safety performance is particularly commendable when one considers the safety challenges arising from the recovery project to the BOF fire (see 'Operational review – Flat steel products' in IAR for further details).

Newcastle Works improved its LTIFR from 0.73 in 2012 to 0.64 in 2013. While this represents a movement in the right direction, it still falls short of our LTIFR target of 0.53. We are confident that the improvement drive will be enhanced as the implementation of the Behaviour-Based Care programme touches a greater proportion of the workforce.

Saldanha's LTIFR increased from 1.12 in 2012 to 1.51 in 2013. Despite this, the overall safety performance in terms of total number of restricted work day cases (RWDC), medical aid injury (MAI) and first

aid injury (FAI) has been reduced year-on-year since 2011. Root causes for each of the lost time injuries have been identified and addressed to help prevent re-occurrence.

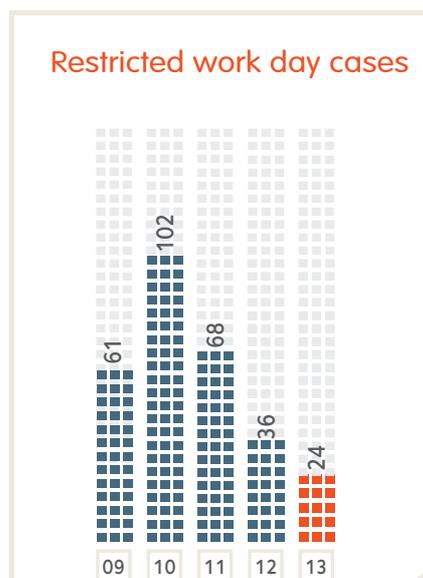
Vereeniging Works also experienced a significant increase in the number of lost time injuries, ending the year with an LTIFR of 1.61. This performance is particularly disappointing given the significant improvements made in the previous year, in which LTIFR improved from 1.63 in 2011 to 0.78 in 2012. It needs to be noted however that the total number of injuries reached an all-time low in 2013.

Coke and Chemicals' business objective of reaching a year without a lost time injury was achieved in July 2013.

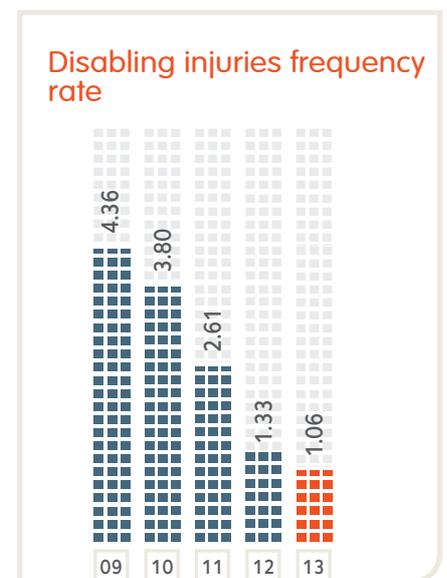
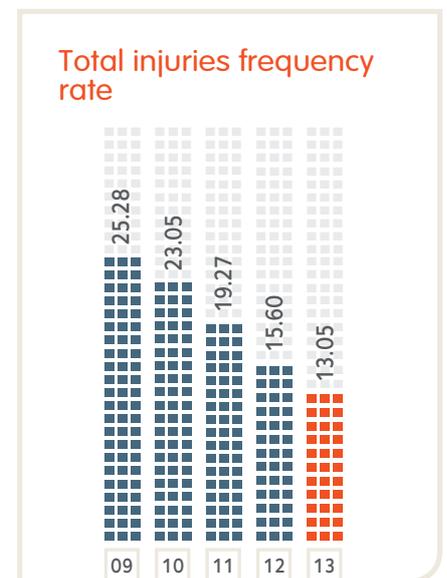
Restricted work day cases

There was a further drop in restricted work day cases during the year, from 36 in 2012 to 24 for the year under review.

The improvement in RWDC is based on the safety initiatives implemented across the group including the Behaviour-Based Care programme, increased management visibility and employee training.



Total and disabling injury frequency rate
In spite of challenges at certain operations, the safety trend was one of overall year-on-year improvement. Total injuries fell to 625 (2012: 773), contributing to a total injury frequency rate of 13.05 (2012: 15.6) and disabling injury frequency rate of 1.06 (2012: 1.33).



Occupational health

Our occupational disease frequency rate improved during the year to 0.17 (2012: 0.44). There were six cases of noise induced hearing loss, compared to 17 in the previous year, while incidents of pneumoconiosis dropped from three to zero. This improvement has been driven by increased awareness and training.

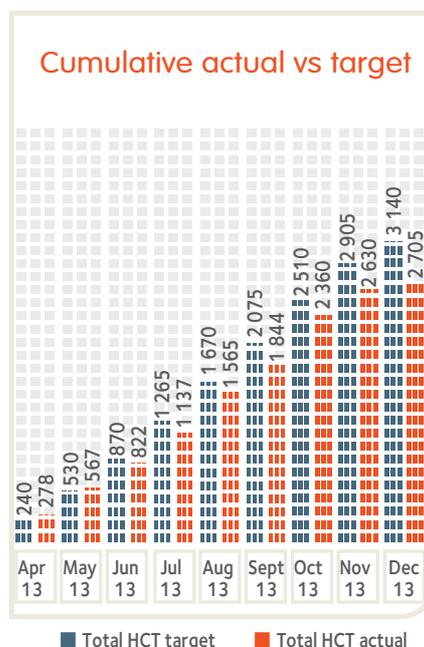
Employee wellness

External wellness programme consultants, Ndlovu Care Group, continues to run a company-wide employee wellness programme that focuses on chronic lifestyle disease management and HIV/Aids. There has been a steady increase in the number of employees participating in wellness events and making use of the wellness services on offer. During the year 2 705 employees took part in a wellness week, held from 14 to 18 October.

Ndlovu conducted workplace health assessments for employees, offering testing for lifestyle diseases such as diabetes, BMI, hypertension, high cholesterol and HIV. All tests are undertaken on a voluntary basis. Since Ndlovu was contracted, there has been a steady increase in the number of employees availing themselves of these tests.

HIV counselling and testing

HIV counselling and testing (HCT) received increased attention during the year and there has been a concerted drive to raise awareness of the importance of HCT. The wellness week in October included a component to raise awareness of the importance of taking ARVs if you are diagnosed with HIV. We have been tracking the uptake of voluntary HCT at each of our sites and there is a general upward trend. Employee consultations at all sites, which include new and follow-up visits, are close to target (see graph alongside). During the year, a total of 2 705 employees received HCT.



Health and safety goals for the year ahead

- Zero fatalities
- Minimum level-3 compliance with fatality prevention standards

2. Labour productivity

The rising cost of labour, energy, raw materials and logistics has intensified our need to drive improved productivity, optimise our assets and contain costs to ensure we remain competitive.

Programmes to drive the achievement of these strategic objectives necessarily have an impact on our employees. As a result we have redeployed some employees from retired assets. These employees have either replaced contracted labour in key positions or filled critical vacancies.

Our asset optimisation programme focused primarily on Vanderbijlpark during the year – in particular on the electric steelmaking and cold rolling facilities. While the company received permission to temporarily restart the EAF in order to meet customer demands following the fire, this was only for a period between April and June 2013. Thereafter the EAF was again shut down in line with the 2012 compliance notice received from environmental authorities to shut these operations. The cold rolling facilities were closed due to lower volume demand driven by the depressed steel market.

This closure affected a total of 356 employees. Following a comprehensive engagement programme with labour and unions, 28 employees elected to take voluntary separation packages and 261 were successfully redeployed.

We will measure overall productivity improvement between 2014 and 2016. The achievement of these targets will depend on, amongst other things, our ability to successfully manage hired labour, contractors and overtime. We continue to track and monitor the cost of full-time equivalent (FTE) workers at each of our operations against budget.

We successfully introduced a salary deferral process for package category employees during the year, with employees agreeing to receive a profitability-linked salary increase in December instead of during the normal April review cycle. This increase was aligned to a 5.7% salary increase budget measured against an ebitda target of R1 265 million at the end of Q3. This target was successfully achieved and the deferred salary increase implemented in December 2013.

Investing in our people *continued*

3. People development

Skills development remains a key area of focus and we continued to invest significantly in training and development, conducting in excess of 230 187 hours of training during the year at a cost of R138.1 million.

Our most pressing skills development challenges arise from a national shortage of engineering and technical skills, and the fact that a high proportion of our artisan pool is nearing retirement (some 7% of production staff are due to retire in the next two years and 38% of artisans have less than five years' experience). Training also focuses on developing a robust leadership pipeline to ensure we have the skills needed for future succession planning, and growing our pool of black talent in order to meet B-BBEE targets.

Succession planning and skills transfer

Many of our training programmes are specifically targeted at addressing the need for succession planning and skills transfer. The training pipeline programmes mentioned above all prepare young individuals for taking up positions left vacant by retiring employees, especially in the production environment.

State-of-the-art virtual classrooms allow employees to benefit from the training and knowledge-sharing programmes offered by the ArcelorMittal University in Luxembourg. During the year 62 employees attended a variety of virtual classroom training programmes at a fraction of what it cost to send them abroad. We also benefit from group-wide internal rotation and formal mentorship programmes that facilitate ongoing knowledge transfer between sister plants around the world.

Building a technical skills pipeline

In line with a commitment to developing the national technical skills pool, ArcelorMittal South Africa has historically developed more technical skills than is necessary to meet its own requirements. During the year budgetary constraints forced us to curtail this investment. However, our technical training pipeline is still more than sufficient to meet our own technical skills needs.

Various programmes focus on the development of learners, apprentices, artisans, technicians and engineers, and include bursary and candidate programmes:

Pipeline	Enrolled during 2013	Current pipeline – Total numbers
Engineering bursars	26	106
Candidate engineers	18	61
Technician bursars	0	31
Candidate technicians	7	66
Apprentices	234	574
Candidate artisans	30	95
Production learners	26	813
Graduates in training	10	18
Learner technicians	41	58

Leadership development

Our leadership development programmes build leadership and management capacity among existing and future leaders. These programmes include:

- Future Finance Leadership Programme (FFLP): an 18-month programme designed to build a pipeline of financial talent and develop the careers of young finance professionals to develop their career in finance. Eight employees successfully completed the programme and eight new participants joined.
- Core Leadership and Management Skills programme (CLMS): this programme trains managers and executives in developing a company-wide management approach that is consistent with the global ArcelorMittal culture. During the year 910 managers completed the programme.
- Junior Management Programme: this individual development programme is compulsory for all junior managers, 269 of whom completed it during the year and obtained a formal qualification as a result.
- Management Advanced Programme (MAP): 35 employees are currently enrolled in this one-year programme, presented by Wits Business School, that increases management capacity among employees whose previous experience has been mainly in a highly specialised or technical area.
- Women in Leadership Programme: three employees attended this programme which supports the company's prioritisation of gender diversity and the development of women.
- Explore: this leadership programme targets individuals who will have been earmarked to lead major projects or a substantial team within one to two years. This group-wide programme was introduced in South Africa for the first time during the year and attended by 28 future leaders.
- Challenge: this programme targets future managers, allowing them to shift their focus from operational detail to a more holistic view on the business and strategic activities. Sixteen employees attended this programme during the year.
- Pioneer: attended by four employees during the year, this programme equips future general managers and business leaders with the skills required to take a more macro and strategic view of the company.

Leadership development programme	Successfully completed
Future Finance Leadership Programme	8
Core Leadership and Management Skills Programme	910
Junior Management Programme	269
Women in Leadership	3
Explore	28
Challenge	16
Pioneer	4
Virtual Knowledge Sharing Programmes (artisan to technician conversion)	62

4. Talent retention

The high cost of recruitment, together with the scarcity of business-critical technical skills, makes talent retention a key priority for the business. Our voluntary resignation rate is 4% – the same percentage recorded in 2012 and still within our annual benchmark of 5%.

However, it is important that we understand employees' reasons for leaving. Exit interviews provide us with invaluable insight into the drivers of employee resignation. During the year, a combination of reasons for leaving emerged. These indicated that our retention challenges are chiefly caused by uncompetitive remuneration and organisational culture.

Remuneration

Salary market benchmarks were adversely affected by the economic slowdown in 2008 and our subsequent salary freeze in 2009. In addition, our plan to defer the general pay increase to December 2013 may have increased pay disparity with the market. We continue to conduct bi-annual salary benchmarking exercises and to drive home the message that improved

productivity will drive profitability, which in turn will benefit all employees. For full details regarding remuneration, please see the *'Remuneration, social and ethics report'* on page 90 of the Integrated Annual Report.

Culture

We launched a Barrett Culture Transformation programme during the year to build a company culture in which all employees can thrive and are supported and empowered to contribute to our many business improvement initiatives.

We undertook an extensive survey among management and employees to gain a clear understanding of the values of individuals; the collective perception of the current culture; the impact of leadership on organisational culture; and the desired culture for the company.

Information gathered from this survey will assist us in developing a clear set of values and guidelines for leadership and culture transformation, and a roadmap for implementation. This programme will continue in the year ahead.

During the year we also extended the medium term incentive plan, started in 2012, to other critical areas of the business to curb the loss of critical scarce skills.

5. Employment equity

The period for our current Employment Equity plan (EE) came to an end in September 2013 and we are due to submit a new plan in Q3 2014. This will be influenced by the recent amendments made to the Department of Trade and Industry (DTI) Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice and the Employment Equity Bill.

A review of the progress made on our 2010 – 2013 EE Plan shows that while some improvement in our EE profile was evident between 2010 and 2011, the 2012 and 2013 periods were stagnant. This is largely due to the hiring freeze in 2012 and early 2013. In 2013 we conducted a workforce analysis (manning point analysis), the results of which led to a 23% downward adjustment in our EE numerical goals.

Tough trading conditions have also hampered our growth plans and employment and promotion opportunities for employees. The war for technical talent and the shortage of African, Indian and Coloured (AIC) candidates means we continue to lose engineers, technical people, AIC professionals and experienced managers.

Investing in our people *continued*

With this in mind many of our skills development programmes benefit AIC candidates, as shown in the table below:

Breakdown of AIC candidates in training programmes	African	Coloured	Indian	Whites	Grand total
Apprentices	485	21	9	59	574
Candidate engineers	21		14	25	60
Candidate technicians	50			3	53
Engineers	1			1	2
Candidate artisans	86			10	96
Graduates in training	14	2		2	18
Learner technicians	71				71
Production learners	726	52	6	29	813
Technicians	11				11
University bursars	60	1	13	50	124
Grand total	1 525	76	42	179	1 822
% Employment equity					90%

While we face challenges in meeting our EE targets at the top and senior management levels, we have fared better at levels below. Appointment and promotion of executives into top management positions is decided upon at ArcelorMittal group level. This means that top management will include foreign nationals who are on leadership rotation assignments based on their expertise and the country requirements. However, this policy is not applied to the exclusion of the appointment or promotion of local talent into leadership positions. In addition, our talent management processes and succession plans are under constant scrutiny to ensure that our recruitment and promotion strategies are implemented in line with our employment equity and diversity and inclusion policies. A holistic approach to AIC recruitment and skills development plays a central role in helping us to grow a pipeline of diverse talent.

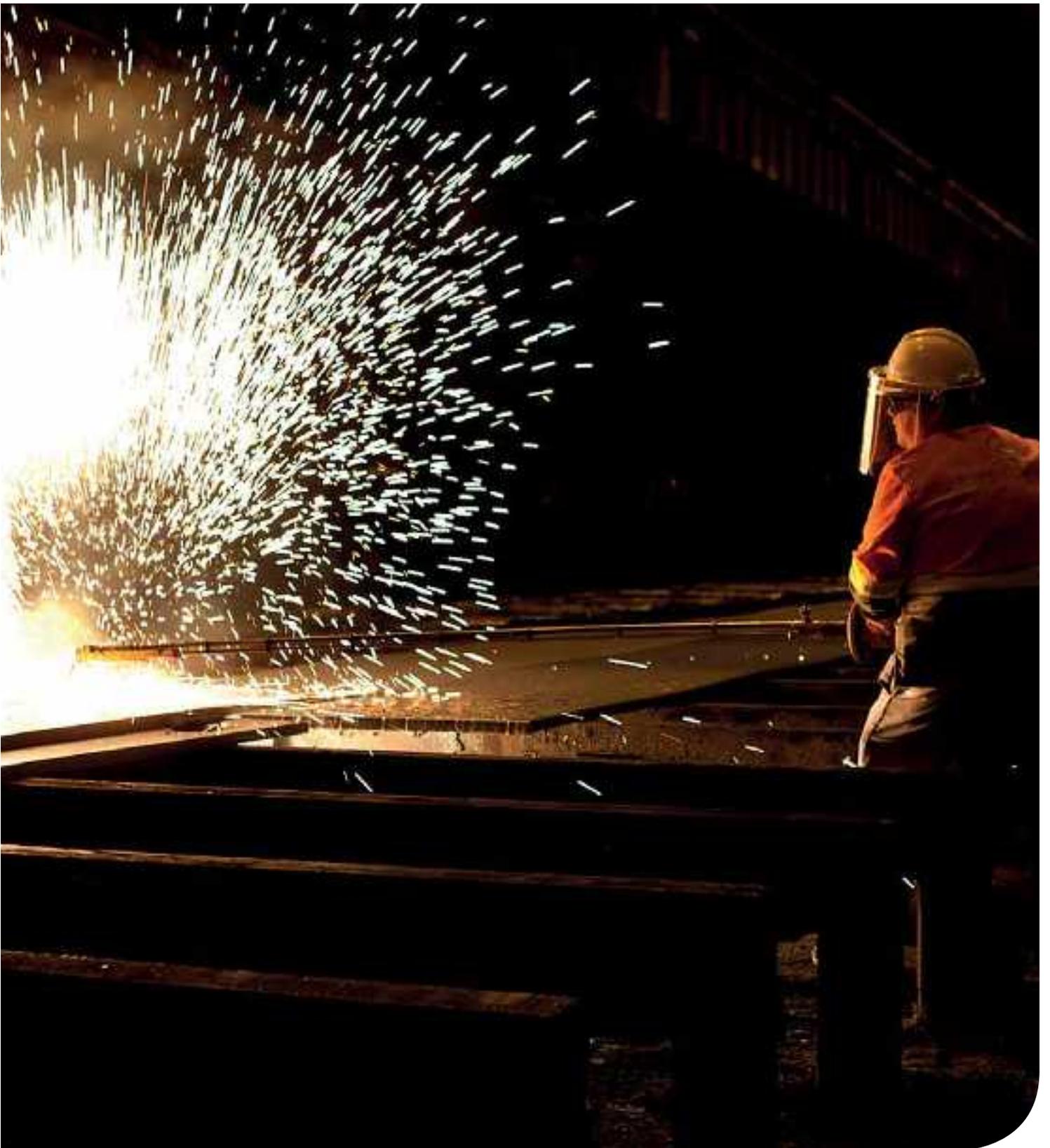
All non-AIC appointments at levels E and above are elevated to the CEO for approval and line managers are measured on EE progress, which influences their performance bonus.

As at 31 December 2013, permanent employees, which exclude temporary staff, numbered 8 713 of which 57% is black (2012: 57%).

In the year ahead we will continue to emphasise the internal development of talent. Where opportunities for recruitment arise, the focus will be on AICs and people with disabilities, particularly at middle and senior management levels.



Members of the Red Scorpions safety officer programme which promotes offline safety supervision and monitoring.



Increased vigilance, continuous training and our behaviour-based safety programme has resulted in safer employees, fewer incidents and zero fatalities for two years running.



Technical skills training forms an important part of our skills development and training focus.

6. Employee engagement

We recognise that our employees are operating in tough working conditions in a volatile market, and that this can have a significant impact on morale. We continue to engage in open two-way communication with employees and their union representatives to ensure we understand their concerns and provide them with feedback on how we are addressing them.

During the reporting period a number of events such as the Vanderbijlpark fire, the closure of the EAF as well as the closure of other plants and subsequent redeployment of personnel tested our relationship with organised labour. In spite of these challenges, we managed to maintain good relationships with unions and secured a wage settlement at an average of 7.5% adjustment without labour unrest. This represents the achievement of a key human resources goal set in 2012.

Organised labour still represents 86% of the workforce and in the year ahead we will build on the existing relationships we have with Numsa and Solidarity to renegotiate a peaceful wage settlement.

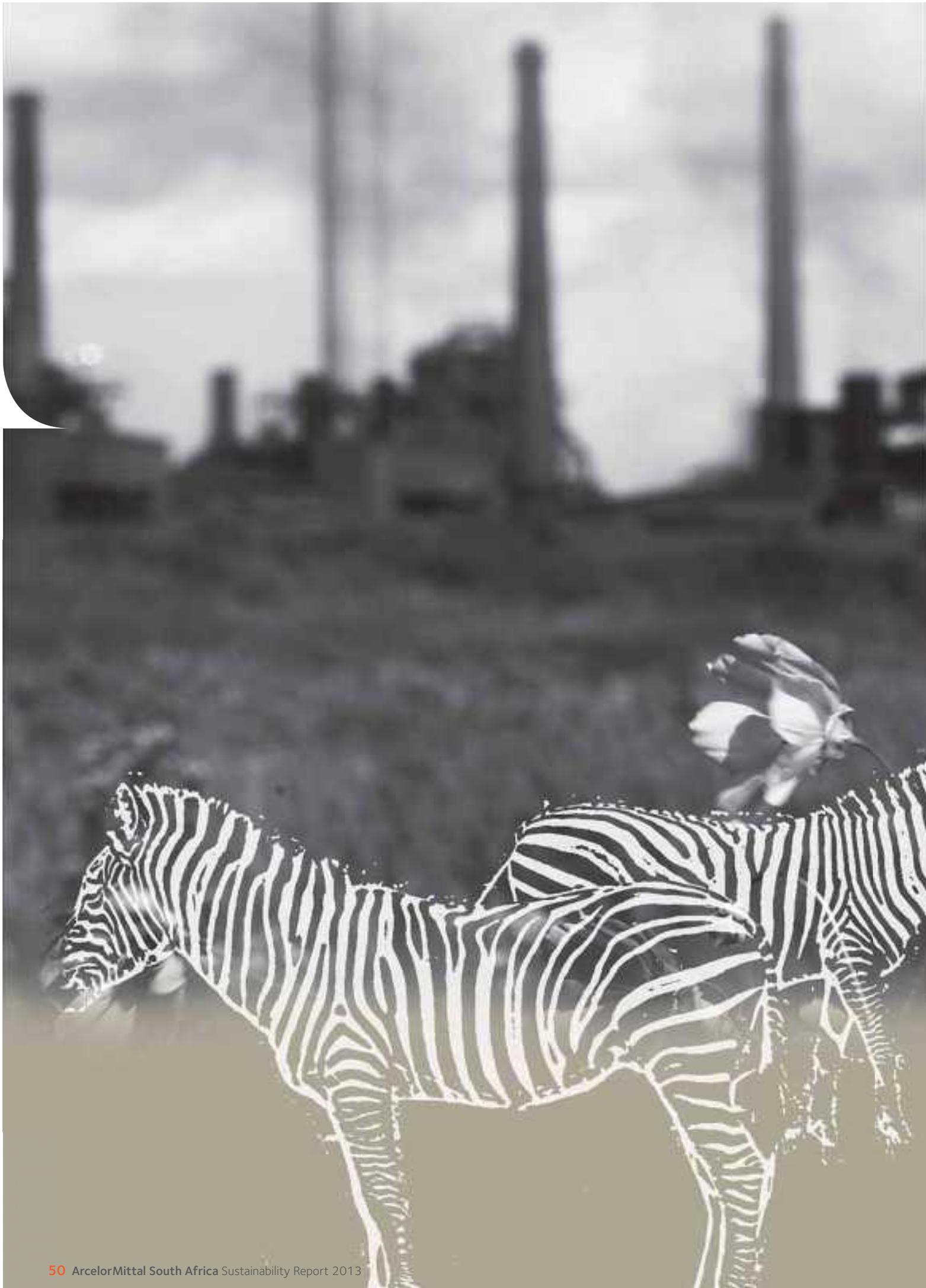
The exit interviews and Barrett Culture survey outlined in this chapter are just two examples of proactive ways in which we engage with employees. Further information can be found in the 'Stakeholder engagement' table (page 36).

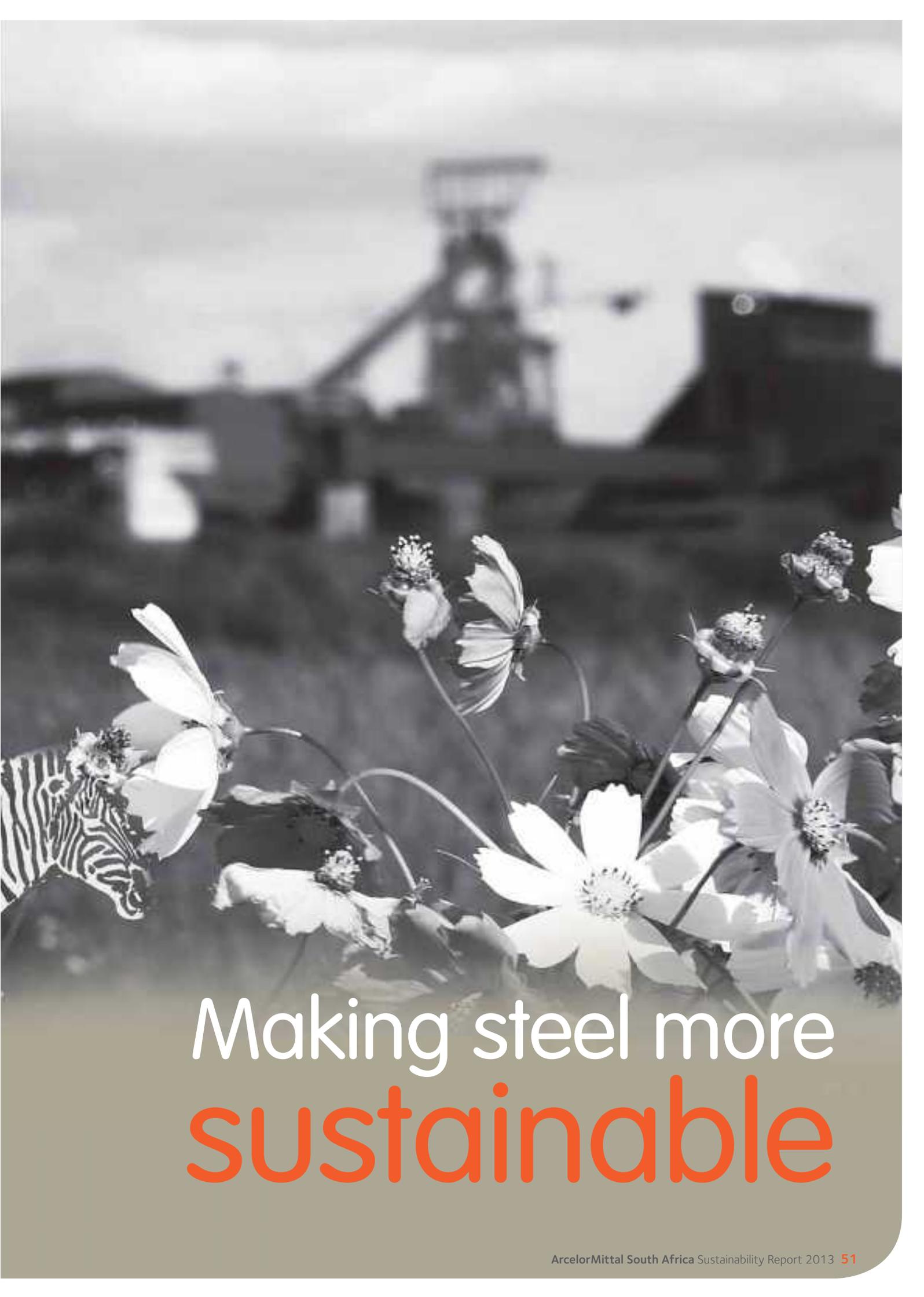
Human resources goals for the year ahead

- Implement action plans arising from the Barrett Culture Survey
- Explore the full potential of HR shared services to deliver admin services
- Improve processes, system and infrastructure to provide high levels of efficiency and service delivery
- Develop leading practices in recruitment, retention and recognition by promoting an inclusive workforce through employee engagement
- Build HR and company capabilities by establishing HR and leadership academy through creating a learning culture



Increasing the representation of black male and female employees in top and senior management levels remains a focus.





Making steel more **sustainable**

Making steel more sustainable

Protection of the environment is both a business imperative and a matter of good corporate citizenship. Steelmaking carries an unavoidable environmental footprint and we are driven by our value system and the need to comply with increasingly stringent environmental legislation to manage and reduce this impact as far as possible.

Key environmental issues

In this respect we are guided by the group's environmental policy, the ten principles of which are outlined below:

1. Implementation of environmental management systems including ISO 14 001 certification for all production facilities.
2. Compliance with all relevant environmental laws and regulations, and other company commitments.
3. Continuous improvement in environmental performance, taking advantage of systematic monitoring and aiming at pollution prevention.
4. Development, improvement and application of low impact, environmental production methods taking benefit of locally available raw materials.
5. Development and manufacture of environmentally friendly products focusing on their use and subsequent recycling.
6. Efficient use of natural resources, energy and land.
7. Management and reduction where technically and economically feasible of the CO₂ footprint of steel production.
8. Employee commitment and responsibility in environmental performance.
9. Supplier and contractor awareness and respect of ArcelorMittal's environmental policy.
10. Open communication and dialogue with all stakeholders affected by ArcelorMittal's operations.

Our ISO 14001 certified environmental management systems are based on these core principles.

We are also bound by local environmental legislation that includes the National Environmental Management: Air Quality Act 39 of 2004; the National Water Act 36 of 1998; the National Environmental Management: Waste Act 59 of 2008; and the National Environmental Management Act 107 of 1998.

The group manager: environment is responsible for overall environmental management and compliance, and is a member of the executive committee. This position reports to the CEO, as does that of the corporate energy manager who is responsible for the management of energy, carbon and climate change issues. Responsibility for carbon and climate change is shared between these two managers.

Our most pressing material environmental issues are listed below. These are informed by issues of legal compliance, the concerns of stakeholders, key business risks relating to our environmental footprint and our most significant environmental impacts.

- Promotion of Access to Information Act (PAIA) request for the Vanderbijlpark Environmental Master Plan and Vereeniging Green Scorpion audit information (PAIA matter)
- Proposed carbon tax policy and legislation
- Energy efficiency
- Compliance with air emissions standards
- Waste disposal
- Water management
- Rehabilitation of legacy sites – addressing soil and groundwater pollution
- Capital constraints
- General compliance with environmental legislation

PAIA matter

During the year, the Vaal Environmental Justice Alliance (VEJA), together with the Centre for Environmental Rights (CER), sought to obtain access to the Vanderbijlpark Environmental Master Plan and the Green Scorpions documentation

relating to the closure of the Vaal Waste Disposal Site, under the Promotion of Access to Information Act (PAIA).

The Environmental Master Plan was researched and written for internal purposes and dates back to 2002. The detailed results of an audit of this kind are a confidential matter and we believe that this document must be viewed in this light. Furthermore, significant changes in the environmental legislative framework recently introduced have led to more stringent environmental controls, thus rendering the Environmental Master Plan outdated and irrelevant. On this basis, combined with other arguments, we refused VEJA's request for access to the documentation.

In response, VEJA initiated High Court proceedings against the company and a hearing took place on 3 June 2013. On 10 September 2013, the South Gauteng High Court ruled against ArcelorMittal South Africa in this matter. On 1 October 2013 we served notice for leave to appeal and such leave was granted on 9 December 2013. The judgment of the High Court is suspended till the appeal process is concluded. The hearing is expected to take place at a still to be determined date during 2014 in the Supreme Court of Appeal.

Carbon tax legislation

In May 2013, the National Treasury published an updated carbon tax policy paper, which proposes that a carbon tax of R120 per tonne of CO₂ emitted be introduced from 1 January 2015, with a proposed 10% per annum increase. During the Minister of Finance's Budget Speech, on 26 February 2014, it was announced that the proposed tax has been postponed till 2016.

The current proposal will have a significant financial impact on the already high cost base of producing steel, adding an estimated R630 million per annum to our costs. This is based on a 70% exemption and our steel production of around 5 million tonnes.

While the company appreciates that government's aim in introducing carbon tax is to change industry behaviour and reduce South Africa's carbon footprint, the reality is that there is limited scope for steel producers to reduce carbon emissions. Existing technologies simply do not allow for more carbon efficient alternatives and there are no new technologies available either.

Until alternative, cleaner methods of steel production are available, we will remain unable to contribute to government's goal of lowering South Africa's carbon emissions. This makes the proposed carbon tax particularly punitive for manufacturing industries at a time when these sectors are struggling to remain globally competitive, especially sectors like ours which may not be able to pass the costs on to the consumer. Most competitor developing and developed countries have not levied a price on carbon, or where they have, such taxes are not as financially disproportionate as the one proposed for implementation in South Africa. It is our firm belief that the introduction of the carbon tax in its proposed form will contribute to the further de-industrialisation of the country at a time when it can least afford it.

Improve energy efficiency

Carbon emissions are mainly a result of energy consumption and a carbon tax will therefore also add to the cost of energy, which is currently our fastest increasing input cost. Between 2008 and 2012, energy costs (including industrial gases) increased 149%. Local electricity utility, Eskom, is out of capacity and although two new large coal-fired 5 000MW-power stations (Medupi and Kusile) are under construction, their progress was hampered by labour unrest and strike action during the year.

The tariffs for natural gas will become partially regulated by the National Energy Regulator of South Africa (NERSA) in 2014. All indications are that large energy consumers such as ourselves will see a tariff increase substantially higher than inflation on top of our standard contracted escalations.

Collectively these factors have driven an intense focus on energy efficiency across the company. Efficiency improvements implemented to date, such as new lighting and load shift management, have delivered small incremental savings. Annualised savings of R70 million on electricity, R24 million on natural gas and R12 million on industrial gasses have been achieved. The decommissioning of the EAF in Vanderbijlpark reduced our load by an average of 70MW compared to 2012.

The capital required for the blast furnace gasholder and boiler in Vanderbijlpark, which will increase our power generation capacity, could not yet be allocated. This was due to other more necessary investments to ensure stable sustainable operations.

A targeted strategic drive with major capital investments is however required if we are to make a real impact on managing energy costs.

We are investigating alternative suppliers for electricity and gas at affordable prices. This includes a potential supply agreement with an independent power producer developing an 800MW power plant on the West Coast.

We have also identified a number of mitigation options to address the increase in energy cost per tonne of liquid steel, either by replacing natural gas or by generating our own electricity. Through the implementation of these plans we are seeking to deliver savings in line with our strategic internal improvement programme to drive profitability.

Emissions to air

The Air Quality Act carries strict standards and timelines for companies to comply with. Our most significant air emissions are particulates – it is a key priority that these fall within the legislative compliance limits.

Particulate emissions

Overall point source particulate emissions have reduced to 0.50kg/tonne of liquid steel (2012: 0.78kg/tonne of liquid steel). This represents an absolute year-on-year reduction of 1 444 tonnes.

The sinter off-gas treatment plant at Vanderbijlpark Works reached its full emission reduction potential during the year, contributing significantly to the vast reduction in particulate emissions. The closure of the EAF (except for the period between mid-May and end-June 2013 following the Vanderbijlpark fire), also contributed to an absolute reduction in particulate emissions. However, this closure did not deliver a significant reduction in the amount of particulate emissions per tonne of crude steel produced, as steel production also dropped during the year.

Carbon emissions

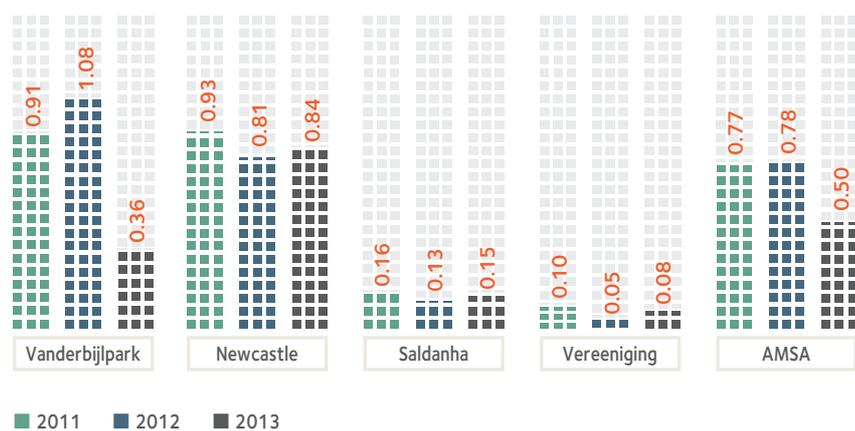
Our total CO₂ emissions data, Scope 1 and Scope 2 were externally assured and verified for 2013. Scope 1: Raw material, mainly coal and gas (Ng and LPG) – 11.54 million tonnes; and Scope 2: Electricity – 3.66 million tonnes. The CO₂ intensity (million tonnes CO₂/million tonnes liquid steel) decreased slightly which can mainly be attributed to small-scale energy saving projects. As mentioned in the carbon tax discussion, our potential to achieve significant CO₂ reductions is limited.

SO₂ emissions

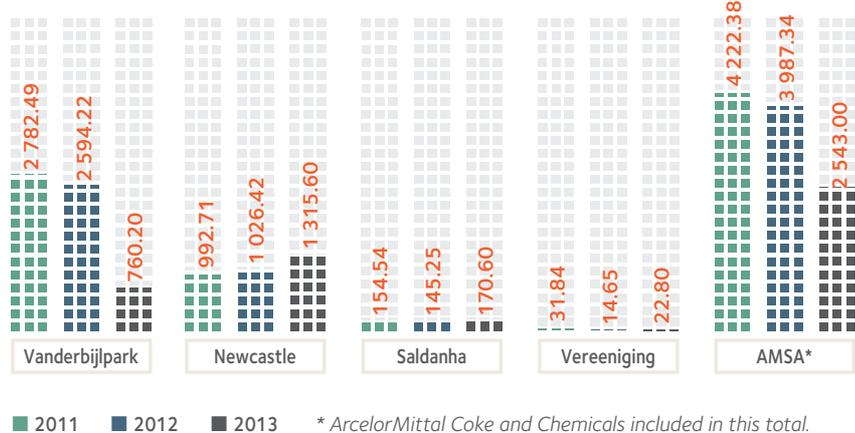
Although we have a sulphur recovery plant at our coke batteries, lack of capital and technical expertise meant that it did not run for the second year in a row, hampering our ability to reduce our SO₂ emissions. These increased year-on-year from 22 219 tonnes in 2012 to 23 485 tonnes in 2013. A higher sulphur content in the coal used has also contributed significantly to the increase.

Making steel more sustainable *continued*

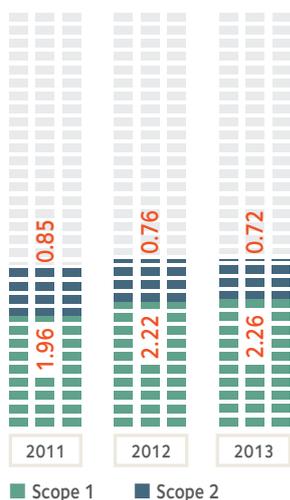
Particulate emissions ArcelorMittal South Africa (kg/tonne liquid steel)



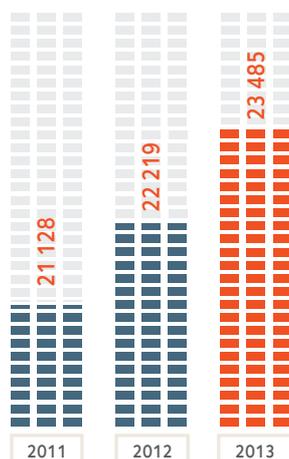
Particulate emissions ArcelorMittal South Africa (tonne/annum)



AMSA CO₂ emissions (t CO₂/t Liquid Steel)



Sulphur dioxides (SO₂) – tonnes



Complaints and audits

A site audit conducted by the Green Scorpions at Vanderbijlpark Works during the year highlighted some areas of concern regarding air emissions. We also received some community complaints about fugitive emissions, mainly at Saldanha Works.

We continue to investigate a range of projects to reduce air emissions. The need to implement these projects is necessarily balanced by the capital available to do so, and such projects will only be reported on as and when capital expenditure to implement them is approved.

Waste disposal

The Department of Environmental Affairs published new Waste Classification and Management Regulations in August 2013. This necessitated a review of some of our waste streams and the manner and locations at which we dispose of them may be affected in future, once the review is completed. In terms of the new classification system, the total concentrations of waste stream pollutants destined for landfilling need to be considered. This is a change from the previous system in which only the leachable concentrations were relevant. This could have a material impact on our waste disposal but final conclusions can only be drawn once all the new classifications are finalised.

During 2013, we received a delisting approval for Vereeniging's waste which was previously disposed of at the Holfontein waste disposal site (following the Green Scorpions' directive in 2007 to close the Vaal waste disposal site). This enabled us to dispose of this waste at our internal disposal site at Vanderbijlpark Works, delivering a considerable cost saving to the company. The delisting approval remained valid till the end of 2013, whereafter the new waste classification and management regulations apply. After applying the new classification and management regulations to the Vereeniging waste streams, the outcome was that the disposal at Vanderbijlpark could continue with the exception of one waste stream.

Demand for our by-products remained subdued during 2013, resulting in a

situation where our disposal rates did improve but not to the extent we had hoped. The main reason for this was the poor economic situation, particularly in the construction-related sectors where most of our by-products are utilised.



Water Affairs was informed about the situation as per the Water Use Licence requirements.

We made good progress towards the completion of phase 1 of the Vanderbijlpark Works Coal Water Treatment project. This project involves the installation of gravel filters to improve the treatment of water from our coke making facilities, and was commissioned in October 2013.

During the year we also continued to monitor sulphate and chloride levels from our Pretoria Works. Some minor initiatives were successfully implemented but whether this success can be sustained will only be evaluated during the 2013/14 rainy season.

Total water intake was significantly lower on the previous year at 17.5Mkℓ (2012: 19.8Mkℓ), and fresh water intake per tonne of crude steel produced decreased from 3.89kℓ/tonne in 2012 to 3.44kℓ/tonne in 2013.

Capital constraints

Lack of capital remains one of the key challenges we face in moving forward with our environmental management improvement plan. We share in the frustration that many stakeholders feel at the slow progress being made on certain environmental projects, but while the global steel industry grapples with one of its most significant downturns in recent years, we will continue to prioritise capital and investment in environmental projects that ensure legal compliance.

Rehabilitation of legacy sites – addressing soil and groundwater pollution

We continue to invest in the rehabilitation of ‘legacy sites’ that carry the risk of soil and groundwater pollution.

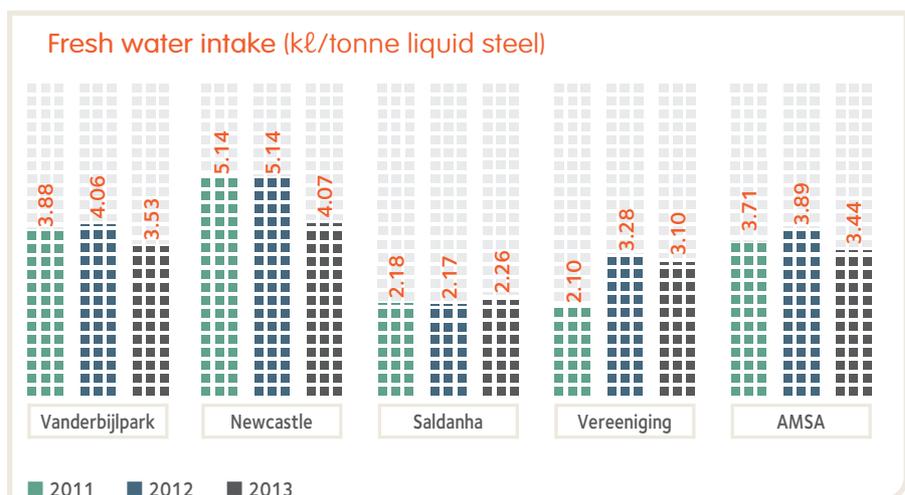
The remediation of the legacy dump at Newcastle was completed at a cost of R15 million. Vanderbijlpark Works continued to make good progress with its rehabilitation and remediation projects. Two-thirds of the old slag disposal areas are rehabilitated and the Dam 10 remediation is completed. Current work focuses on the old disused maturation ponds used for storage of coke-making effluent, and dams 1-4 which were used for the storage of leachate from the old slag disposal site.

Material use (tonnes)	2013	2012	2011
Iron ore	6 606 649	7 036 088	6 767 817
Coal	4 461 055	4 512 542	3 984 744
Dolomite	576 621	499 226	487 511
Limestone	826 106	496 345	635 598
Scrap (consumed)	973 023	913 927	1 207 658

Water management

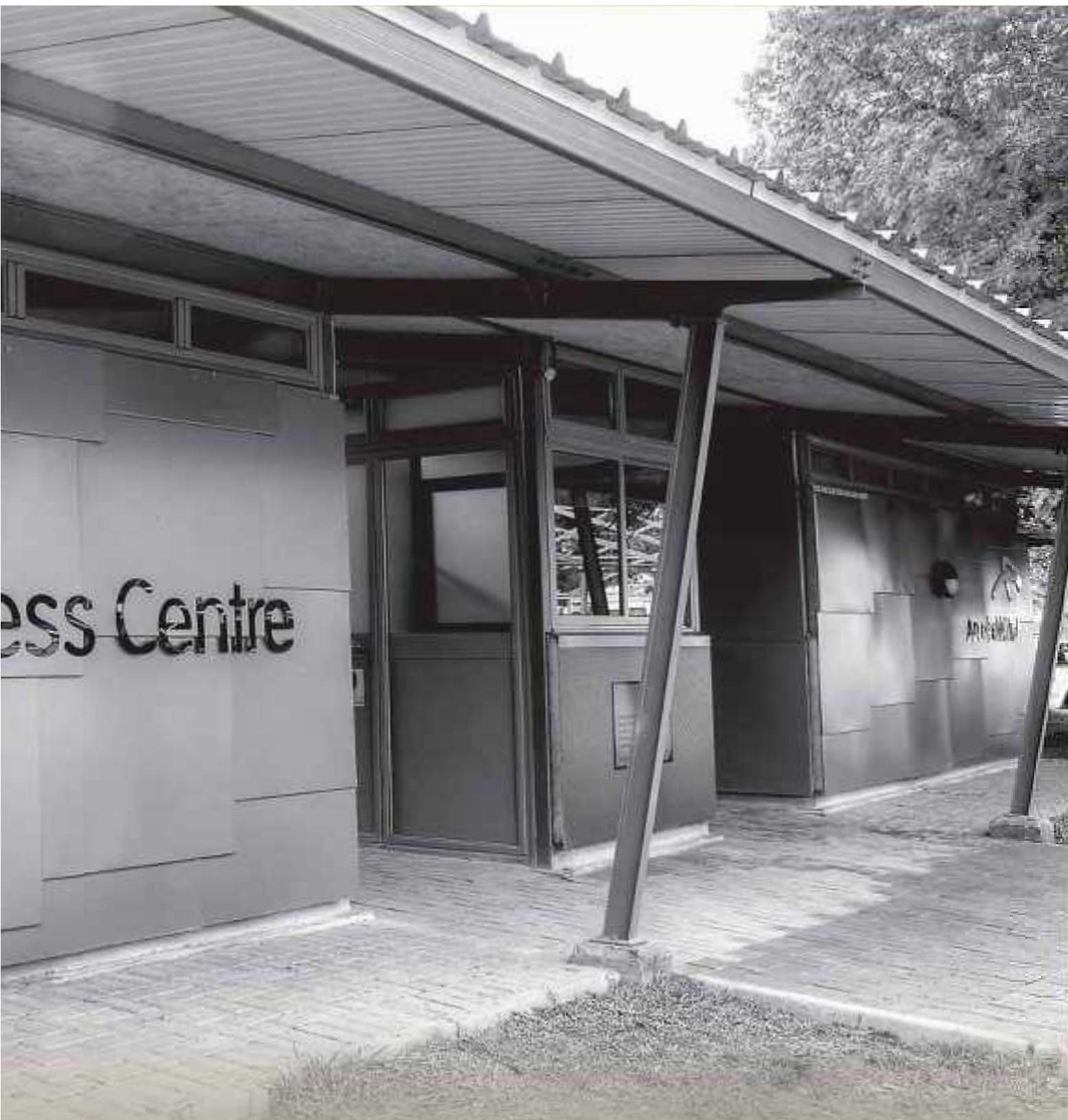
A key water management focus is to achieve zero effluent discharge status (ZED) at Newcastle Works (Saldanha and Vanderbijlpark are already ZED plants). We have to date invested R400 million in this project, which is on track to be fully operational by July 2014.

Unstable operations at our Vanderbijlpark Works have placed tremendous pressure on our water treatment facilities and on 21 November 2013 a discharge of effluent occurred. The discharge was contained within 10 hours to restore ZED status and the Department of



Reamohetse Wellne





Enriching our communities

Enriching our communities

Our operations have a significant impact on the environment and livelihood of the people living in local communities. Most of the people we employ come from local communities, but our influence extends beyond that of merely being an employer. It is important to engage with community members on certain aspects of our business that will affect them and their environment directly. Historically, relationships between the company and its communities were strained, but a sustained long-term commitment to meaningful community engagement is paying dividends. The ArcelorMittal South Africa Stakeholder Engagement Plan identifies communities as an important stakeholder and outlines the strategy and focus areas for engagement. (See the 'Stakeholder engagement' table on page 36 for further detail.)

Community engagement gives us insight into community concerns regarding our operations and environmental impact, allowing us to address these directly. Doing so has an impact on our reputation and helps us secure a social licence to operate.

Managing our investment in communities

Enriching local communities through social investment initiatives is a key pillar of our corporate responsibility ethos. Four of the 12 policy areas covered by the ArcelorMittal Human Rights policy relate to communities and include topics that range from resettlement to access to land and water.

The majority of our corporate social investment projects are channelled through the ArcelorMittal South Africa Foundation. We work in close collaboration with the ArcelorMittal Foundation at group-level and are guided by group policy.

In developing a relationship of transparency and trust with our local communities, we are guided by the ArcelorMittal external stakeholder engagement procedure that outlines the minimum community engagement requirements. The ArcelorMittal South Africa Foundation is dedicated to encouraging long-term economic growth and entrepreneurship in local communities.

We do this through investment in projects that will make the most meaningful and sustainable difference to the lives of

community members. We focus on the areas of education, health and social upliftment, and encourage our employees to become active members of community upliftment initiatives.

Our community investment is targeted at the areas immediately surrounding our operations. These include the communities of Sharpeville, Bophelong, Boipatong, Vanderbijlpark, Vereeniging, Atteridgeville and Mamelodi in Gauteng; Vredenburg and Langebaan near our Saldanha Works; and Newcastle, Madadeni, Osizweni and Blaauwbosch close to our Newcastle plant in KwaZulu-Natal.

While each of our communities has unique social development needs, they face the common challenges of poverty, unemployment, HIV/Aids and its associated social impacts, and lack of access to education, healthcare and housing facilities. Our social development projects are directly informed by these needs, and are aligned to our three focus areas of education, health and social upliftment.

Investing in community upliftment

During the year we invested R37.4 million in corporate social investment projects (2012: R40 million). This investment far exceeds the 1% of net profit after tax proposed by the DTI Codes of Good Practice and illustrates our ongoing commitment to building strong partnerships with communities.

Education

Mandela Park Primary School, Slovo Park, Mthatha: this new school accommodates 1 200 learners and was built at a cost of R45 million to replace make-shift classrooms in this Eastern Cape community. It is equipped with a laboratory, media centre, administrative building with meeting rooms, staff room, reception area, computer room, sports ground, garden and vegetable tunnels and a fully-equipped nutrition centre. The school was handed over on Nelson Mandela Day in a ceremony attended by the Minister of Education.

ArcelorMittal South Africa Science Centres: we ran a pilot Early Childhood Development (ECD) Open Day programme in all three of our existing Science Centres to extend their services to primary school educators from Grade R to Grade 7. The Science Centres have traditionally focused on high school learners, but evidence increasingly points to the importance of

providing children with a good grounding in the sciences during the foundation phase of education. Feedback received from educators who attended the open day will be used to inform the development of a series of educator workshops in future.



The new Mandela Park Primary School in Mthatha, built at a cost of R45 million, includes a media centre and computer room.

Health

Reamohetse Wellness Centre, Sebokeng: during the year we handed over this R13 million state-of-the-art wellness centre to the Sebokeng community and the Gauteng Department of Health. The facility addresses the shortage of adequate healthcare facilities in the Vaal Triangle and provides integrated HIV and TB medical treatment and care, as well as a range of other healthcare services for men and women. In line with our CSI policy, the centre was built using local labour and provided job opportunities and training for 36 local community members.

Katleho Home for the Mentally Ill and Physically Disabled: working in partnership with local NGOs and other private sector companies, we helped to rebuild this facility in Evaton, which houses 26 mentally and physically disabled adults and children. The original building had fallen into a state of disrepair and was unfit for human habitation.

Social upliftment

Impilo Social Grants: during the year we invested R1.8 million in various social investment initiatives that form part of this programme. These projects benefit orphans and vulnerable children, the disabled, the elderly, people affected by extreme poverty and those living with HIV.

Re-roofing project: we continued with our project to re-roof houses in the Bophelong and Boipatong communities. During the year we replaced asbestos roofs on 48 houses

with galvanised steel roofs. This has paved the way for a commitment from Eskom to install solar geysers in these homes now that the structures have safe, stable roofs.

Housing project: we constructed two 'test' houses in Bophelong using steel technology and are currently in the process of assessing local contractors who will be able to roll-out a similar project in Newcastle in the year ahead.

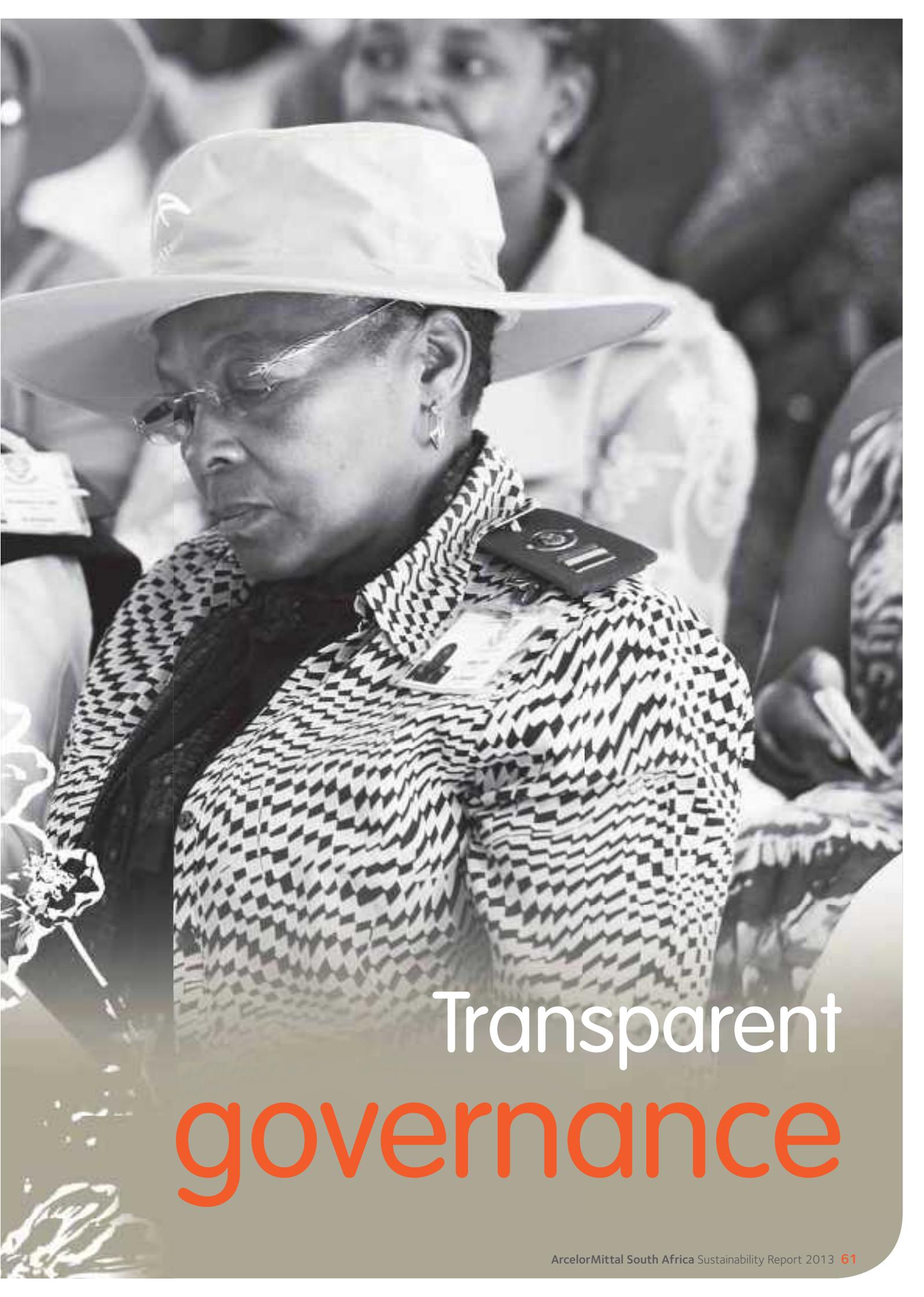
Addressing community concerns

We hold annual meetings with community leaders, local municipality, NGOs, local business representatives, ward councillors and special interest groups. These allow us to listen to community concerns, identify social development needs and provide community members with feedback on previous commitments and projects.

During the year we held these meetings in Bophelong, Boipatong and Sharpeville (near our Vereeniging and Vanderbijlpark Works) and with the communities surrounding our operations at Saldanha and Newcastle. The concerns raised by these communities, and our responses to them, are tabled below:

Issues	Details of what was raised	Our response/action
Environment – Capacity building	Non-government organisations (NGOs), particularly those representing youth, would like to be capacitated and trained on environmental issues so that they can play a more meaningful role in helping to solve environmental challenges in partnership with ArcelorMittal South Africa.	ArcelorMittal South Africa has partnered with North West University to offer 20 individuals in 11 youth-related NGOs a six-month, hands-on training programme. The pilot programme will commence in the Vaal area.
Environment – Access to information	Communities would like to have access to more information on the environmental challenges, progress and continuous measurements performed by ArcelorMittal South Africa.	We have planned to hold two environmental open days. The first was held in February 2014 and followed extensive communication and awareness raising programmes with communities.
Environment – Procurement opportunities	Communities requested that we share information about environmentally focused Preferential Procurement and Enterprise Development opportunities with NGOs so that local businesses can participate.	This will be incorporated into the enterprise development programme planned to start in 2014.
Social responsibility – Communications strategy	Local communities would like to know more about the company's community projects and strategy. They requested that such information is shared through different and more visible communication channels. In particular, they requested that community policies, processes and procedures be well-defined on the internet.	The communication strategy will be revised and improved during 2014. It will include more regular stakeholder engagement to provide communities with regular feedback and build stronger relationships with them.
Social responsibility – Enhanced engagement	We were requested to affiliate and engage on a more regular basis with the local Black Business Forum to develop a deeper understanding of the challenges black businesses in the Vaal area face.	It was decided that the local Black Business Forum will invite ArcelorMittal South to its business meetings during 2014. The company will also focus on extending its engagement with local NGOs at all Business Unit levels.
Social responsibility – Additional CSI interventions	ArcelorMittal should continue doing the good work currently underway. Requests were made for libraries at local schools, and that we continue with the roofing project in Boipatong.	All community investment projects are conducted in direct response to community requests, where these align with our CSI focus areas. We plan to re-roof 100 more houses in Boipatong in 2014, and have planned to donate two mobile school libraries. A budget of R1 million has been approved to address mini-grants allocations for a variety of smaller investment projects. Eleven more houses will be built for needy families in Newcastle. The Science Centres will continue to focus on improving matric results. In the year ahead we will also focus on investing in larger high-impact projects.
Social responsibility – Skills development	Communities requested that we assist local SMMs with capacity building so that they can access procurement and CSI opportunities within the company.	The Enterprise Development programme will be able to address these issues once established in 2014.
Procurement opportunities – doing business with ArcelorMittal	Communities raised the fact that it is difficult to become a vendor to the company, and requested that the barriers to entry be removed to encourage greater participation by black business.	We communicated the importance of and reasons for the standards required of vendors. However the Enterprise Development programme plans to address this issue and help local business to meet the standards required of vendors.
Procurement opportunities – Enterprise development	There is little or no enterprise development activity at ArcelorMittal South Africa. Black businesses are not developed to enter the steel market either on procurement or on sales of steel.	The Enterprise Development programme will be able to address these issues once established in 2014.





Transparent governance

Transparent governance

In a global business environment in which companies are being closely scrutinised for ethical and transparent governance, we remain committed to maintaining high standards and best practices in corporate governance in terms of transparency, quality and transparency of reporting.

Guided by the ethos of the ArcelorMittal group, we have strict policies and training programmes on issues such as anti-trust, anti-corruption, insider dealing, non-discrimination, human rights, economic sanctions and conflicts of interest. Our Code of Business Conduct outlines the responsibility of each and every director, officer and employee in the ArcelorMittal group, and any third party acting on behalf of the ArcelorMittal group, to understand and comply with the Code of Business Conduct.

Full details of the way we govern our business and our approach to ethics can be found in the corporate governance and ethics sections of the integrated annual report (http://www.arcelormittal-reports.com/reports/ar_2013/index.php).

Anti-corruption

It is the policy of ArcelorMittal and its subsidiaries and affiliates to comply with anti-corruption laws wherever it does business, including the anti-corruption convention of the Organisation for Economic Co-operation and Development (OECD Convention), the European Council's Penal Convention on Corruption of January 1999, and the anti-corruption laws of the countries in which it does business.

Strict anti-corruption guidelines provide detailed definitions of the various types of corruption, where these might take place in the course of business, how to avoid corruption and how it should be dealt with when it arises. These guidelines can be viewed online at <http://www.arcelormittalsa.com/Portals/0/Anti-Corruption%20Guidelines.pdf>.

Human rights

The ArcelorMittal Human Rights Policy enshrines our commitment to respecting the rights of all people who are impacted by our business.

This policy is derived from the United Nations (UN) Universal Declaration of Human Rights and the two International Covenants making up the International Bill of Human Rights; the International Labour Organisation's (ILO) Declaration of Fundamental Principles and Rights at Work; and the United Nations Global Compact.

The ArcelorMittal Human Rights Policy complements and brings together the human rights aspects from other company policies and guidelines. These include our Code of Business Conduct, the Health and Safety, Environment and Human Resources policies and the anti-corruption guidelines.

It sets out the principles underlying our actions and behaviour in relation to human rights, and applies to all employees and subcontractors working at our sites.

Key stakeholders include:

- **Employees:** We are committed to respect the human rights of our employees. We develop our employment policies with the aim to achieve uniform worldwide application of the relevant aspects contained in the International Human Rights Declarations. We are committed to train our employees to be aware of, respect and protect human rights in the workplace and in the local communities directly impacted by our operations.
- **Business partners:** We seek to respect and promote human rights when engaging with subcontractors, suppliers, customers, joint ventures and other partners. We will do this, as appropriate, through proactive engagement, monitoring and contractual provisions.
- **Local communities:** We seek to respect human rights and to develop an understanding of the cultures, customs and values that prevail in our local communities by developing an inclusive and open dialogue with the people affected by our operations.

Specific provisions include:

- Promoting health and safety.
- Promoting freedom of association.
- Eliminating forced or compulsory labour.
- Abolishing child labour.
- Eliminating unlawful discrimination in the workplace.
- Eliminating harassment and violence.
- Providing competitive compensation.
- Upholding conditions of employment.
- Avoiding involuntary resettlements.
- Respecting indigenous people's rights.
- Adopting proportionate security arrangements.
- Developing practices for land and water use.

None of our operations has been identified as having human rights violations, including violation of the right to exercise freedom of association and collective bargaining, or at risk for child, forced and compulsory labour.

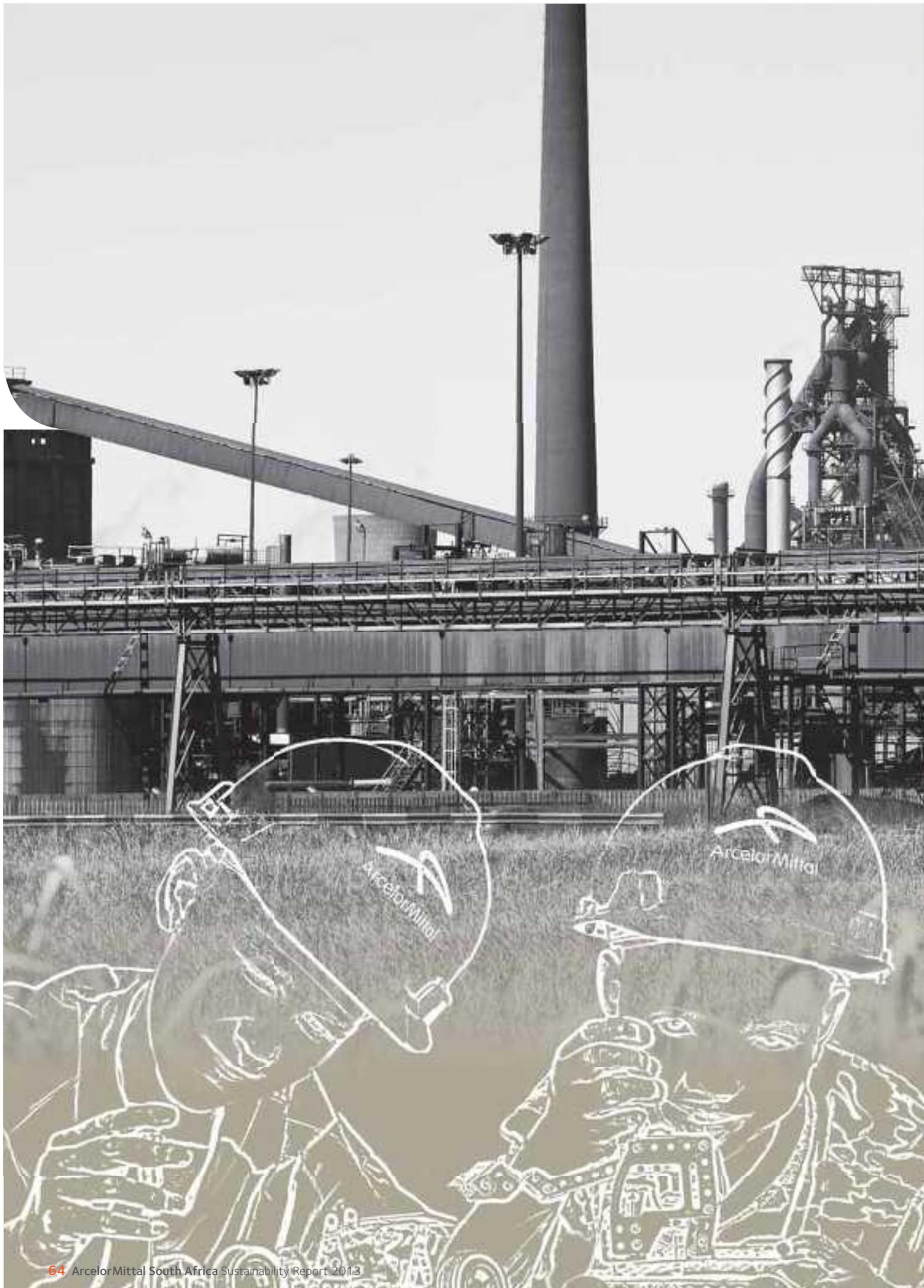
Ensuring responsible sourcing

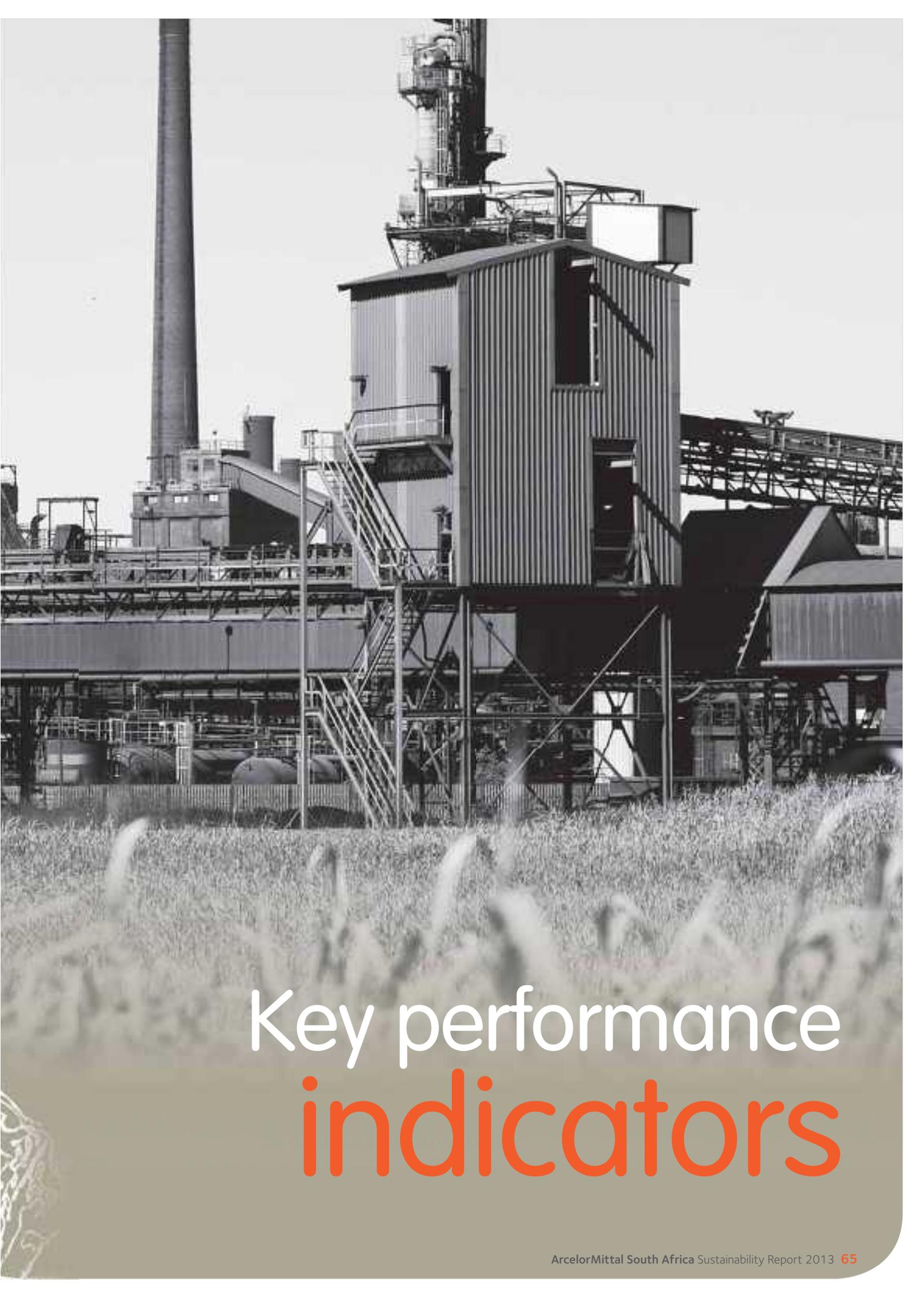
Our close relationship with suppliers provides an opportunity to positively influence their environmental and social conduct, and we see this as an important part of our responsibility as a good corporate citizen.

Our global Code for Responsible Sourcing was developed in collaboration with customers, suppliers, peer companies and NGOs. It outlines the minimum standards with which we expect suppliers to comply in the areas of health and safety, human rights, ethics and environmental responsibility.

It applies to our suppliers and contractors, their affiliates and to all of the products and services that we purchase. We encourage our suppliers to promote the requirements of the Code within their own supply chains.







Key performance indicators

Key performance indicators

Key areas	Key performance indicator	Unit	2013	2012	2011	Definitions	
Making steel more sustainable	Percentage of operations certified to the Environmental Management System Standard, ISO 14001	%	100	100	100	ISO 14001 is an international standard for environmental management systems	
	Greenhouse gases						
	Direct carbon dioxide (CO ₂) – Scope 1	mt	11.54	11.40	10.92	Direct CO ₂ emissions	
	Indirect carbon dioxide (CO ₂) – Scope 2	mt	3.66	3.90	4.74	Indirect CO ₂ emissions due to electricity consumption	
	Total greenhouse gas (CO ₂ equivalent Scope 1 and Scope 2)	mt	15.20	15.30	15.67		
	Atmospheric emissions						
	Sulphur dioxides (SO ₂)	Tonnes	23 485	22 219	21 128		
	Particulates from point sources	Tonnes	2 543	3 987	4 222		
	By-products						
	By-products generated	mt	4.28	4.17	4.09		
	By-products disposed (% of total)	%	39	41	45		
	Energy use						
	Electricity (purchased)	TWh	3.66	3.78	4.38		
	Total energy consumption	PJ	125	123	126		
	Material use						
	Iron ore	Tonnes	6 606 649	7 036 088	6 767 817		
	Coal	Tonnes	4 461 055	4 512 542	3 984 744		
	Dolomite	Tonnes	576 621	499 226	487 511		
	Limestone	Tonnes	826 106	496 345	635 598		
Scrap (consumed)	Tonnes	973 023	913 927	1 207 658	Scrap metal excluding by-products that contain Fe		
Water							
Fresh water intake	kℓ	17 515 297	19 805 402	20 231 422			
Investing in our people	Employee numbers	Number	9 016	9 013	9 886		
	Employee and contractor fatalities	Number	0	0	5		
	Lost time injury frequency rate (LTIFR)	(per million hours worked)	0.56	0.61	1.24	LTIFR is the number of fatalities and injuries that have resulted in an employee or contractor being away from work for at least one day after the day the accident occurred, per million hours worked	
	Disabling injury frequency rate (DIFR)	(per million hours worked)	1.06	1.33	1.38	DIFR is the number of fatalities, lost time injuries and restricted workday case injuries per million hours worked. Restricted workday case injuries are recorded when the injured employee returns to work by their next shift and can complete meaningful tasks, but a restriction placed on them by a medical practitioner limits their ability to perform all of the tasks required of them	
	Total injury frequency rate (TIFR)	(per million hours worked)	13.05	15.60	19.27	All injuries (fatalities, DIFR, lost time injuries, medical aid and first aid injuries) in one million hours worked	
	Occupation disease frequency rate (ODFR)	(per million hours worked)	0.17	0.44	0.37	Occupational diseases (work-related ailments) per million hours worked	
	Percentage of operations certified to the health and safety management system standard, OHSAS 18001	%	100	100	100	OHSAS 18001 is an international standard for health and safety management systems	

Key areas	Key performance indicator	Unit	2013	2012	2011	Definitions
	Number of hours of full-time package category employee training	Number	33 296	40 187	30 676	Number of hours of full-time package category employee training. This includes health and safety training
	Number of hours of full-time bargaining unit category employee training	Number	196 891	443 942	358 279	Number of hours of full-time bargaining unit category employee training. This includes health and safety training and on-the-job training
	Investment in employee training and development	Rm	138.1	136.7	154.2	
	Proportion of above focused on black employees	%	90	91	88	
	Investment in bursary scheme	Rm	80.3	94.6	138.9	
	Graduates in training	Number	18	22	25	
	Production learners	Number	813	1 126	1 232	
	Apprentices	Number	574	699	973	
	Artisan to technician conversion programme	Number	62	67	99	
Enriching our communities	Value added statement					
	Revenue	Rm	32 421	32 291	31 453	
	Purchased materials and services	Rm	(27 509)	(26 883)	(29 116)	
	Finance income	Rm	7	10	29	
	Investment income	Rm	5	90	52	
	Value added	Rm	4 924	5 508	2 418	
	Distributed to:					
	Employees	Rm	3 408	3 356	3 164	
	Providers of equity capital	Rm			221	
	Providers of debt	Rm	391	401	719	
	Government	Rm	221	52	243	
	Community investment	Rm	37	46	47	
	Reinvested in group	Rm	1 550	1 239	1 264	
Production performance	Flat	Liquid steel '000 tonnes	3 229	3 554	4 060	
	Long	Liquid steel '000 tonnes	1 867	1 536	1 393	
	Commercial Coke	'000 tonnes	391	446	633	
Transparent governance	Fines, penalties and settlements	Number	0	0	0	All incidents of and fines for non-compliance with all laws and regulations associated with safety, health and environmental issues
	Fines, penalties and settlements	Rm	0	0	0	Payments include fines due to non-compliance with all laws and regulations and permits. The payments do not include levies or costs for lawyers and product liabilities

GRI index

GRI indicator	Page number/Reference
Strategy and analysis	
1.1	14 – 15; 26; 28 – 29; 32 – 35. IAR: 24–31
1.2	16 – 23; 26 – 29. IAR: 28 – 31
Organisational profile	
2.1	2
2.2	7
2.3	10 – 11
2.4	8
2.5	6; 8 – 9
2.6	2
2.7	6 – 7. IAR: 40 – 41
2.8	8 – 9. IAR: 14 – 15; 32 – 37; 43 – 49
2.9	2
2.10	29
Report parameters	
3.1	2
3.2	2
3.3	2
3.4	70
3.5	3; 26; 32 – 36
3.6	2
3.7	n/a
3.8	n/a
3.9	Throughout sustainability report and IAR
3.10	n/a
3.11	2
3.12	68 – 69 (This GRI table)
3.13	IAR: 2
Governance, commitments and engagement	
4.1	IAR: Corporate governance and risk management report
4.2	IAR: Corporate governance and risk management report
4.3	IAR: Corporate governance and risk management report
4.4	IAR: Corporate governance and risk management report
4.5	IAR: Remuneration, social and ethics report
4.6	IAR: Corporate governance and risk management report
4.7	IAR: Corporate governance report; remuneration report
4.8	6; 26; 28 – 29
4.9	IAR: Corporate governance and risk management report; Remuneration, social and ethics report

GRI indicator	Page number/Reference
Governance, commitments and engagement continued	
4.10	IAR: Corporate governance report
4.11	IAR: Audit and risk committee report
4.12	Throughout the sustainability report
4.13	36
4.14	34 – 35; 36
4.15	32 – 36
4.16	36
4.17	59
Economic performance indicators	
EC1	12 – 13; 17 – 23; 27
EC6	17 – 18
Environmental performance indicators	
EN3	53 – 54
EN4	53 – 54
EN8	55
EN16	53 – 54
EN20	53 – 54
Labour practices and decent work performance indicators	
LA2	40
LA7	41 – 42; 66 – 67
LA10	67
Human rights performance indicators	
HR5	62
HR6	62
HR7	62
Society performance indicators	
SO8	67
Product responsibility performance indicators	
PR2	67
PR9	67

Key contacts and company contact details

Themba Nkosi

General Manager – Corporate Affairs
Tel: 016 889 9111
Email: thembag.nkosi@arcelormittal.com

Hennie Vermeulen

Manager, Investor Relations and Special Projects
Tel: 016 889 2352
Email: hennie.vermeulen@arcelormittal.com

Registered office

Vanderbijlpark Steel
Room N3-5, Main Building
Delfos Boulevard
Vanderbijlpark

Postal address

PO Box 2
Vanderbijlpark, 1900
Telephone: 016 889 9111
Facsimile: 016 889 2079

Disclaimer: forward looking statements

Certain statements in this document constitute “forward looking statements”. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements.

These forward looking statements speak only as of the date of this document. The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.



ArcelorMittal

www.arcelormittalsa.com