About this report

Welcome to ArcelorMittal

About the company

ArcelorMittal South Africa Limited 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 sub-Saharan Africa and elsewhere. As such we are a major driver of the South African economy and play an important role in developing Africa’s infrastructure.

In meeting our goal of producing safe, sustainable steel we draw on a depth of technical and managerial expertise. Through our association with the global ArcelorMittal group, we have access to world-class research and development, best practice processes, aggressive procurement contracts and international market leverage to ensure we remain at the cutting edge of the steel industry.

Key facts

- Founded in 1928
- Headquarters in Vanderbijlpark, South Africa’s Gauteng Province
- Operations in Vanderbijlpark, Vereeniging, Saldanha, Newcastle and Pretoria
- Over 9 000 employees
- Part of the global ArcelorMittal group, the world’s number one steel company with around 245 000 employees in 60 countries
- Annual steel production of 5.1 million tonnes of liquid steel (long and flat) products
- Holds a 16% stake in coal producer CoAL, of Africa Limited

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Scope and boundary of the report
This annual sustainability report covers the period from 1 January 2012 to 31 December 2012. The previous sustainability report was published in the 2011 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 contains the issues of most material concern to our stakeholders and should be read in conjunction with the Financial Report and the Integrated Annual Report.

The report covers the operations of ArcelorMittal South Africa, as outlined on page 7.

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.

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 2012 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 13 March 2013.

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

N Nyembezi-Heita
Chief executive officer

We welcome 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 weblink: www.arcelormittalsa.com/investorrelations/emailus.aspx.
Performance highlights

Revenue

R32 291 million

Headline loss

R518 million

Headline loss per share

129 cents

Lost time injury frequency rate (LTIFR)

0.61

Training expenditure

R137 million

Number of employees

9 379

EBITDA

R1 121 million

Capex

R875 million

Liquid steel production

5 090 (‘000 tonnes)
At a glance

**Steel sales**

4,622 ('000 tonnes)

**Community investment**

R40 million

**CO₂ emissions (tCO₂/tonne liquid steel) [2010, 2011, 2012]**

<table>
<thead>
<tr>
<th>Vanderbijlpark</th>
<th>Saldanha</th>
<th>Newcastle</th>
<th>Vereeniging</th>
<th>Total AMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>2.18</td>
<td>1.91</td>
<td>2.32</td>
<td>2.23</td>
</tr>
<tr>
<td>Scope 2</td>
<td>0.90</td>
<td>0.77</td>
<td>0.7</td>
<td>0.65</td>
</tr>
</tbody>
</table>
Overview
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 of choice.
- Living the brand values of Sustainability, Quality and Leadership.

Strategic objectives
Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency.

Meet customer expectations for product quality and service and thereby maintain our domestic market share and expand our presence in sub-Saharan Africa.

Achieve a return above the weighted average cost of capital over the full steel cycle.

Achieve greater self-sufficiency in iron ore supply.

Build on relations with key stakeholders to improve interaction and enhance our reputation.

Further improve our levels of employee engagement to continue developing a positive work environment that attracts and retains talented people.

Regain our position in the lowest global cost quartile to ensure that the company remains a competitive steel producer.

Further improve our broad-based black economic empowerment (B-BBEE) rating.
Organisational overview

Business operations and locations

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, automotive, packaging, appliance and general manufacturing industries. We are considering widening this core range to include value-added steel products to support emerging sectors such as renewable energy.

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. We are extending our interest in mines that supply iron ore and coking coal to our operations, to reduce costs and improve efficiencies through vertical integration of our sources of raw materials.

### Operational segments

#### Flat Steel Products

Flat steel products are produced at our Vanderbijlpark and Saldanha Works. These include slabs, heavy plate or coils as well as hot-rolled strip, cold-rolled and coated products such as tinplate and hot-dip galvanised, electro-galvanised 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.

<table>
<thead>
<tr>
<th>Liquid steel production ('000 tonnes)</th>
<th>3 554</th>
<th>4 060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel sales ('000 tonnes)</td>
<td>3 138</td>
<td>3 424</td>
</tr>
<tr>
<td>EBITDA (Rm)</td>
<td>266</td>
<td>597</td>
</tr>
<tr>
<td>Number of employees</td>
<td>5 281</td>
<td>5 544</td>
</tr>
</tbody>
</table>

#### Long Steel Products

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

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.

<table>
<thead>
<tr>
<th>Liquid steel production ('000 tonnes)</th>
<th>1 536</th>
<th>1 393</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel sales ('000 tonnes)</td>
<td>1 484</td>
<td>1 284</td>
</tr>
<tr>
<td>EBITDA (Rm)</td>
<td>770</td>
<td>500</td>
</tr>
<tr>
<td>Number of employees</td>
<td>2 375</td>
<td>2 501</td>
</tr>
</tbody>
</table>

#### 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.

<table>
<thead>
<tr>
<th>Commercial coke production ('000 tonnes)</th>
<th>446</th>
<th>633</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial coke sales ('000 tonnes)</td>
<td>460</td>
<td>631</td>
</tr>
<tr>
<td>EBITDA (Rm)</td>
<td>503</td>
<td>870</td>
</tr>
<tr>
<td>Number of employees</td>
<td>236</td>
<td>251</td>
</tr>
</tbody>
</table>
## Sites of operations

<table>
<thead>
<tr>
<th>Site</th>
<th>Profile</th>
</tr>
</thead>
</table>
| Vanderbijlpark Works  | • Largest steel mill in sub-Saharan Africa  
                         • Two blast furnaces  
                         • Capacity of 3.0 million tonnes of liquid steel per annum  
                         • Revenue: R15.4 billion  
                         • Net operating loss: R1.7 billion  
                         • 4,760 employees                                                                                                                          |
| Saldanha Works        | • Combines the Corex and Midrex processes into a continuous production process  
                         • Capacity of 1.3 million tonnes of liquid steel per annum  
                         • Revenue: R5.6 billion  
                         • Net operating income: R162 million  
                         • 512 employees                                                                                                                              |
| Vereeniging Works     | • South Africa’s major supplier of speciality steel products, seamless tube and forge products  
                         • Capacity of 0.4 million tonnes of final product per annum  
                         • Revenue: R3.2 billion  
                         • Net operating loss: R184 million  
                         • 748 employees                                                                                                                                 |
| Newcastle Works       | • One blast furnace, three basic oxygen furnaces and four rolling mills  
                         • Capacity of 1.9 million tonnes of liquid steel annually  
                         • Revenue: R8.3 billion  
                         • Net operating income: R287 million  
                         • 1,599 employees                                                                                                                            |
| Coke and Chemicals    | • Two coke batteries  
                         • Capacity of 695,000 tonnes commercial coke  
                         • Revenue: R1.9 billion  
                         • Net operating income: R471 million  
                         • 236 employees                                                                                                                             |
We recognise the importance of balancing the need to operate profitably with the need to add value to a wide range of shareholders.
Message from the chairman and chief executive officer

Chairman: Mpho Makwana
Chief executive officer: Nonkululeko Nyembezi-Heita

Our position in the steel industry brings both opportunities and responsibilities, and we recognise the importance of balancing the need to operate profitably with the need to add value to a wide range of stakeholders. The extent to which we achieve this will affect our long-term sustainability as a company.

Market factors impacting sustainability

Globally, the steel industry is still suffering the effects of the eurozone crisis, slowdown in economic growth in China and reduced demand, while locally we have been impacted by lower-than-anticipated economic growth and the depressed building and construction industry. Soaring electricity and raw materials costs have added significantly to our cost base.

These factors have negatively impacted our ability to deliver value not only to shareholders but to all stakeholder groups, and often pose significant challenges to our ability to meet many of our sustainability goals.

There have, however, been a number of successes during the year, particularly in the area of safety which is our most important priority. Our ongoing business improvement programme, which was developed in response to tough trading conditions to prioritise reliability, cost efficiencies and operational excellence, delivered good returns during the year. Through it we have improved delivery to customers, inbound logistics through our partnership with Transnet Freight Rail, and achieved a degree of operational stability on the back of the severe disruptions experienced during 2011. In order to meet our strategic objective of being a steel supplier of choice, we will need to reduce power costs wherever possible, improve labour productivity and investigate alternative options to acquire raw materials at a more competitive price.
A four-pillar strategy
Our operating philosophy is to produce safe, sustainable steel, and we are guided by a group-wide corporate responsibility strategy that is built around four key pillars – Investing in our people, making steel more sustainable, enriching our communities and transparent governance. In the report that follows we have sought to provide a balanced account of our achievements, challenges and goals in each of these areas.

Investing in our people
The health and safety of our people is paramount. Our biggest success during 2012 was the achievement of a fatality-free year and a lost time injury frequency rate of 0.61, which is a 51% improvement on the previous year. These milestone safety achievements are the result of the dedication and focus of our entire workforce and the successful implementation of a number of targeted safety initiatives.

We continued to focus on skills development and training initiatives to mitigate the impact of a scarcity of technical and engineering skills, and during the year invested R136.7 million in building our skills pipeline. Our position as part of the global ArcelorMittal group affords us the opportunity to share knowledge across continents – our new knowledge transfer programme with ArcelorMittal Dofasco, Canada is an example of what can be achieved from leveraging this collective global intellectual capital.

Making steel more sustainable
Our work to reduce our environmental footprint in terms of air emissions, water usage and the remediation of old ‘legacy’ sites is ongoing. During the year we commissioned the new Vanderbijlpark sinter air abatement system, which has resulted in an 80% reduction of particulate emissions from this source. It has also halved point source emissions from the plant. We have also made good progress in the zero effluent discharge (ZED) project in Newcastle, which is planned for completion in early 2014 and will bring to three the number of our plants that are ZED-compliant.

The Minister of Finance outlined the proposed carbon emissions tax in his 2013 Budget speech. While we recognise the importance of reducing our carbon footprint, the tax will add significantly to the cost of steel production and negatively impact economic growth and the sustainability of industries that are already feeling the pressure of rising power and labour costs. We will continue to engage with policymakers and stakeholders on this important issue in the year ahead.

The remediation of the legacy site at Dam 10 is now complete. Read more on this important project on page 40.

Enriching our communities
Education continues to be the key focus in our community upliftment projects. During the year we opened a third ArcelorMittal Science Centre, this time in Madadeni near our Newcastle Works. These centres play an important role in improving maths and science education and service some 2 500 leaders and educators in more than 50 schools.

During the year we also started construction on our second multi-million rand school, which forms part of our partnership with government to provide education facilities to under-resourced communities.

We continue to foster a vibrant employee volunteerism culture through a number of company-supported initiatives. The energy and enthusiasm with which our staff took on a range of volunteer projects during the year stands as testament to their commitment to the communities in which they live and work.

Transparent governance
Our stakeholders expect us to behave in an ethical, transparent and accountable manner. We have implemented a number of policies to instill the highest standards of corporate governance and protect the rights of people who work for and with us, and those who are impacted by our business.

These include a Code of Business Conduct, dedicated Human Rights Policy and Code for Responsible Sourcing, the details of which can be found on page 48. Our full corporate governance report is contained in the 2012 Integrated Annual Report.
Our operating philosophy is to produce safe, sustainable steel.
Our sustainability approach

Implementing our corporate responsibility strategy

Our position in the steel industry brings us responsibilities and opportunities. Through our corporate responsibility strategy, we recognise that our commitment to the world around us extends beyond the bottom line, to include the people in whom we invest, the communities we support and the world in which we operate.

Our operating philosophy is to produce safe, sustainable steel and our approach to corporate responsibility is playing a large part in ensuring that this company-wide philosophy guides all our operations, from extracting iron ore to shipping the finished product.

Our corporate responsibility strategy, built around four key pillars, is designed to instil pride in our workforce, gain admiration from our peers and build trust in the communities where we work. We also have a responsibility to operate profitably to ensure sustainability. (For further detail refer to pages 16 and 17 overleaf.)

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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.
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.

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 2012
• Soweto Theatre, built using ArcelorMittal steel, named a finalist in the World Architecture Festival 2012 Awards
• Lusa Community Chest Special Recognition award for contribution to community upliftment
• Selected as a finalist in the Socially Responsible Investment Award category at the 12th annual Oliver Empowerment Awards
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.

<table>
<thead>
<tr>
<th>Value added statement</th>
<th>2012 Rm</th>
<th>2011 Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>32 291</td>
<td>31 453</td>
</tr>
<tr>
<td>Less: Purchased material and services</td>
<td>(26 873)</td>
<td>(29 116)</td>
</tr>
<tr>
<td>Finance income</td>
<td>10</td>
<td>29</td>
</tr>
<tr>
<td>Investment income</td>
<td>90</td>
<td>52</td>
</tr>
<tr>
<td>Value created</td>
<td>5 518</td>
<td>2 418</td>
</tr>
<tr>
<td>Distributed to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>3 356</td>
<td>3 164</td>
</tr>
<tr>
<td>Providers of equity capital</td>
<td>401</td>
<td>719</td>
</tr>
<tr>
<td>Providers of debt</td>
<td>52</td>
<td>243</td>
</tr>
<tr>
<td>Governments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community investment</td>
<td>40</td>
<td>47</td>
</tr>
<tr>
<td>Reinvested in the group</td>
<td>1 249</td>
<td>1 264</td>
</tr>
<tr>
<td>Total distributed</td>
<td>5 088</td>
<td>5 658</td>
</tr>
</tbody>
</table>
Engaging with our stakeholders

As a good corporate citizen and given the close interdependence between our company and the broader society in which we operate, engaging meaningfully and constructively with our stakeholder groups is more than a business imperative.

Our activities in this area are guided by the ArcelorMittal group external stakeholder engagement framework, which sets out guidelines for establishing and maintaining good relationships with local external stakeholders. Engagement with internal stakeholders such as employees, contractors, sub-contractors and organised labour is guided by the ArcelorMittal employee relations policy. Platforms to engage with employees include proximity meetings, electronic and broadcast media.

During the past year, we conducted various engagement sessions with residents of Bophelong and Boipatong in the Vaal. Among the priorities listed for these communities are unemployment, procurement opportunities, environmental concerns and support for local NGOs involved in activities addressing poverty, HIV/AIDS and education. Some of these issues already fall in line with our social responsibility spending plan and feedback on these initiatives have been provided to communities.

We have also fast-tracked the final phase of our house re-roofing project in both communities. Adding to the 2 200 houses completed in 2011, around 800 houses will have their damaged asbestos roofs replaced by new steel roofing during 2013.

Our formal engagement with key investors and shareholders is done twice annually as part of our results roadshow.

We have also developed a robust media and government engagement plan which is starting to bear fruit. We engaged with various government departments during the year, including the Department of Trade and Industry on matters related to local procurement facilitation with key developers or manufacturers. These engagements focused on what we can offer based on our product range. In conjunction with Manufacturing Circle, we have raised challenges facing the industry such as the exchange rate policy and enhancement of South Africa’s manufacturing base. The threat of Chinese imports to the downstream development of the steel industry has been raised during engagement with the International Trade Administration Commission of South Africa.

Our media engagement efforts have seen a balanced reporting of our activities and issues. This bodes well for enhancing general public perception about the company.

As part of our commitment to transparency, we ensure that platforms exist to disseminate relevant company information in a format and language that is accessible to stakeholders.

We have also set up a grievance mechanism to handle stakeholder issues and complaints. This is administered at plant level.

Key stakeholders

Employees

Maintaining good relationships with our employees is an important part of ensuring our company’s continued success. We believe in open and continuous dialogue with our employees, and we cultivate relationships based on trust and mutual respect.

Local citizens

Local citizens have a vested interest in our business as steel provides the infrastructure for economic development. We draw our employees from local communities and seek to invest in these areas to ensure social upliftment.

Local authorities

We engage with a wide range of local authorities to ensure transparent communication and compliance with a range of regulatory and legislative requirements across different areas of our business.

Investors, suppliers and customers

We seek to deliver sustained value to investors and shareholders and a reliable supply of quality steel products to our customers. We work closely with suppliers to ensure that the business can deliver on these commitments.

Local enterprises and contractors

Local enterprises are given the opportunity to enter into supplier relationships with us and all our community investment projects use local businesses to benefit to local communities. We work closely with our contractors to ensure they meet the health, safety and environmental policies of our business.

Government

We engage with government on issues of compliance regarding labour, environmental and health and safety practices. We are also engaged in ongoing dialogue on issues of mutual interest. Where our views on such issues are divergent, such engagement is nevertheless respectful and cooperative.

NGOs

NGOs protect the interest of local communities and the environment and are therefore an important stakeholder group. We seek to forge constructive relationships with them and provide factually accurate information when requested to do so.

Trade unions

A significant percentage of our workforce is unionised and we have a close working relationship with trade unions. This important stakeholder group has the opportunity to provide input on a number of key people-related issues.
Material issues

The following table shows the link between the company’s top risks, material issues and strategic objectives, and the interventions implemented to address each area. These issues are covered in our Financial Report, Integrated Annual Report or Sustainability Report.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Strategic objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and regulatory</td>
<td>• Potential penalties imposed by the Competition Tribunal on contravention of legislation will have a severe impact on our profits.</td>
<td>• Build on relations with key stakeholders to improve interaction and enhance our reputation.</td>
</tr>
<tr>
<td>Contract performance</td>
<td>• Inadequate contract management resulting in non-compliance to key terms and conditions of contracts. • Failure to detect or follow through implementation of new or changed legislation.</td>
<td>• Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency.</td>
</tr>
<tr>
<td>Market demand and price</td>
<td>• The economic downturn in 2008/09 and subsequent slow recovery may result in lower domestic demand with an increased dependency on export markets with lower margins.</td>
<td>• Regain our position in the lowest global cost quartile to ensure that the company remains a globally competitive steel producer.</td>
</tr>
<tr>
<td>A loss of production due to</td>
<td>• Various causes can lead to a reduction in output, among others a catastrophic failure of a bottleneck plant, utility supply disruptions and quality deviations.</td>
<td>• Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency. • Retain our position in the lowest global cost quartile to ensure that the company remains a globally competitive steel producer. • Meet customer expectations for product quality and service and thereby maintain our domestic market share and expand our presence in sub-Saharan Africa.</td>
</tr>
<tr>
<td>A loss of production due to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A loss of production due to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>• Bulk transport of incoming raw materials and final products is dependent on Transnet Freight Rail, exposing us to the reliability of the logistics supplier. Deviations in supply may lead to multiple plant stoppages.</td>
<td>• Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency.</td>
</tr>
<tr>
<td>Foreign exchange rates</td>
<td>• With 54% of our EBITDA costs being rand-based a significant strengthening of the rand will have an impact on our profitability.</td>
<td>• Retain our position in the lowest global cost quartile to ensure that the company remains a globally competitive steel producer.</td>
</tr>
</tbody>
</table>
Interventions

• We comply with all legislative and regulatory requirements. Procedures and policies are in place to ensure compliance, and ongoing training is delivered by competent legal functionaries.
• The exchange of documentation between us and the Commission takes place as and when requested with appropriate legal defences being prepared as and when required.

• We implemented a contract cell to ensure the robustness and effectiveness of the contract compliance programme and conducted a legal review of all contracts.
• We have implemented a software solution to assist in effectively managing contracts.

• Adequate market intelligence is needed to partially mitigate the risk of market weakness. This intelligence includes a focus on maintaining market share and actions to stimulate demand.

• We embarked on a number of initiatives to ensure continuous improvement and a return to stability of our operations. Operational standardisation work streams were implemented.
• Capital investments to mitigate operational risks are allocated through a combined asset risk management and capital allocation process.
• ISO 9001 and various other product quality certifications are maintained.

• We implemented a number of initiatives to reduce the impact of unreliable rail transport. These include the reintegration of the logistics supply chain, an internal logistics improvement plan to address turnaround times and a strategic partnership with Transnet Freight Rail, which has borne fruit. We also supplement rail by road deliveries where possible and required.

• With exchange rate fluctuations being out of our control, our treasury department has adopted mitigating practices such as hedging net firm commitments and maximising cash in the functional currency.
### Our sustainability approach

## Material issues continued

### TOP TEN RISKS AS LISTED ON OUR RISK REGISTER

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Strategic objective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity supply disruptions</strong></td>
<td>• The inability of Eskom as electricity service provider to supply the required electricity demand.</td>
<td>• Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency. • Retain our position in the lowest global cost quartile to ensure that the company remains a globally competitive steel producer.</td>
</tr>
<tr>
<td><strong>Permanent loss of the supply agreement for Sishen Iron Ore Company (SIOC) at cost plus 3%</strong></td>
<td>• An unfavourable outcome in the arbitration process with SIOC could lead to a permanent loss of the supply agreement for Sishen iron ore at cost plus 3%.</td>
<td>• Achieve greater self-sufficiency in iron ore supply.</td>
</tr>
<tr>
<td><strong>Environmental impacts from operations</strong></td>
<td>• Non-compliance with existing laws and regulations (water and air) may lead to plant closure.</td>
<td>• Continue embedding our corporate responsibility programmes for safety, health, environment and the well-being of employees, contractors and the communities in which we operate.</td>
</tr>
<tr>
<td><strong>Safety performance</strong></td>
<td>• Non-adherence to fatality prevention standards and unsafe acts and conditions can lead to fatalities.</td>
<td>• Drive business transformation to achieve excellence in safety, people, plants and processes in line with ArcelorMittal group benchmark targets for employee productivity and operational efficiency.</td>
</tr>
<tr>
<td><strong>Other risks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Skills acquisition and retention</strong></td>
<td>• The inability to attract and retain key talent and technical skills with resultant impact on operations.</td>
<td>• Further improve our levels of employee engagement to continue developing a positive work environment that attracts and retains talented people.</td>
</tr>
<tr>
<td><strong>Non-compliance with B-BBEE legislation</strong></td>
<td>• Non-compliance with B-BBEE legislation can lead to penalties.</td>
<td>• Further improve our B-BBEE rating.</td>
</tr>
</tbody>
</table>
Our sustainability approach
Implementing our corporate responsibility strategy
Approach to sustainability
Stakeholder engagement
Material issues

Interventions

• We have investigated various alternatives to reduce our dependency on Eskom as the only source of electricity supply. These include internal power generation, the optimisation of electricity consumption, demand side management and a focus on internal energy efficiency.

• Iron ore is one of our major cost drivers and we have pursued various legal avenues to retain the supply agreement with SIOC. The arbitration process between ArcelorMittal South Africa and SIOC is expected to commence in late-2013. We are also investigating the acquisition of alternative sources of iron ore supply.

• We are committed to an environmentally friendly operating environment. Individual action plans for each identified exposure are in place and prioritised capital to address these exposures is allocated.
• ISO14001 compliance certification is maintained.

• We are committed to achieve our safety goal of “zero incidents” and have intensified our focus on leading safety indicators to create a culture of behaviour-based safety and prevention. We have implemented a programme to eliminate unsafe acts and conditions before they result in incidents, creating a culture of openness and improved focus on fundamentals and operational discipline (driving fatality preventions standards).
• OHSAS18001 compliance certification is maintained.

• We are committed to retaining key talent and technical skills with specific focus on attracting steel-making expertise. Career growth and succession planning to ensure critical skills transfer is conducted with additional focus on career progression for experienced staff.

• Targeted B-BBEE compliance level 5 for 2015.
Steel is the most recycled material in the world – World Steel Organisation
Health and safety, employee development and employee engagement are our key human resource focus areas.

Safety is our number one priority and our Journey to Zero programme aims to create a safe and healthy workplace with no accidents and fatalities. This global health and safety programme embodies our health and safety goal of becoming the safest steel company in the world.

We aim to attract and retain the best talents with the right skills. We have developed a comprehensive people management strategy to develop critical skills and help our employees grow professionally.

We believe in open and continuous dialogue with our employees, both informally and through trade unions, and we cultivate partnerships based on trust and mutual respect.

We employ close to 10,000 people whose skills, energy and commitment have been instrumental in helping us to withstand the tough economic conditions that have characterised the global steel industry in recent years.

**Safety**
Safety continues to be the top priority across the global ArcelorMittal group. In driving our goal to be the world’s safest steel company, we embarked on a global Journey to Zero programme in 2008 to drive down fatality and injury rates among our own employees and contractors.

In dealing with the risks inherent in steel-making, we recognise the importance of ongoing vigilance in driving home the safety agenda. The year under review represented world best practice in safety. We made excellent progress towards the achievement of important safety goals, most notably zero fatalities and significant improvement in the lost time injury frequency rate.

**Managing health and safety**
All operations within the global ArcelorMittal group are governed by a group-wide health and safety policy, which outlines guiding safety principles and identifies shared responsibility for the health and safety of employees and contractors. Safety management at ArcelorMittal South Africa is also governed internally by a safety, health and wellness policy and externally by relevant local occupational health and safety legislation, including the Occupational Health and Safety Act (1993). The company complies fully with all such legislation.

Ultimate responsibility for safety lies with the CEO. The group Manager: Safety, Health and Wellness reports into the CEO and to the safety, health and environment (SHE) committee of the board, which meets at least three times a year. The Safety, Health and Wellness Steering Committee, which meets on a monthly basis, is chaired by the CEO and comprises the group Manager: Safety, Health and Wellness, the Chief Operations Officer and the General Managers (GMs) of each site. Safety "toolbox talks" are held daily at the beginning of each shift.

Employees are well represented in our management safety structures. Union representatives sit on the SHE Committee of the Board, and attend site safety committees as well as any investigation regarding safety incidents. Health and safety is a key topic covered by formal agreements with trade unions.

Finally, the global ArcelorMittal fatality prevention standards are critical in entrenching safe behaviour and procedures across all aspects of our business. They include:
- Isolation and lock-out procedures and practices.
- Safely working in confined spaces and gas hazardous areas.
- Safely working at heights.
- Rail safety.
- Safely operating vehicles on our sites and driving with the requisite care.
- Safely operating cranes and lifting equipment.
- Conducting shop-floor audits.
- Managing our contractors to execute their tasks safely.
- Conducting incident investigations so that corrective action may be taken to limit repeating similar incidents.
- Maintaining a state of preparedness to deal with emergency situations.
Key safety indicators at a glance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Lost-time injuries (LTI)</td>
<td>30</td>
<td>56</td>
<td>77</td>
</tr>
<tr>
<td>Restricted work day cases</td>
<td>36</td>
<td>68</td>
<td>102</td>
</tr>
<tr>
<td>Total injuries</td>
<td>773</td>
<td>952</td>
<td>1,085</td>
</tr>
<tr>
<td>Lost-time injury frequency rate (LTIFR)</td>
<td>0.61</td>
<td>1.24</td>
<td>1.64</td>
</tr>
<tr>
<td>Disabling injury frequency rate (DIFR)</td>
<td>1.33</td>
<td>2.61</td>
<td>3.8</td>
</tr>
<tr>
<td>Total injuries frequency rate</td>
<td>15.60</td>
<td>19.27</td>
<td>23.05</td>
</tr>
</tbody>
</table>

Entrenching a culture of safety
The successful achievement of our safety goals requires the involvement of everyone working for us and with us.

We continue to drive a supportive safety culture where employees and contractors are empowered to proactively halt work if it is unsafe. Effective safety training plays an important role in this regard. We invested R11.77 million in training employees and contractors in health and safety procedures during the year.

Visible leadership and clear accountability are equally important and during the year we continued with our intense focus on increasing the time that managers spend on the shop floor. This has been proven to have a positive impact on safety behaviour, safety awareness and the early identification of potentially unsafe acts and situations. Along with increased shopfloor audits, such visible leadership also affords managers and staff the opportunity to discuss issues of safety one-on-one.

Prevention is an inherent part of our safety culture, and various procedures help us to prevent unsafe incidents and accidents. These include face-to-face leadership interventions (shopfloor...
Investing in our people

Audits, plant audits and a programme to encourage employees to report unsafe acts and incidents.

We continue to positively reinforce safe behaviour among employees and, where necessary and appropriate, to enforce disciplinary procedures for certain unsafe actions. During the year most of our sites achieved our internal level 3 compliance with the fatality prevention standards, a prerequisite for being able to exercise the employee safety reward system. The sites that did not achieve level 3 compliance have closed out the findings and closure of the findings will be checked during cross-site audits.

Safety performance

We are extremely pleased to report that the year passed without a single fatality. This is a significant achievement and a great improvement on the previous year in which there were five fatalities. It reflects the commitment of managers and employees, and confirms that our focus on increased visible leadership, tight operational discipline and the standardisation of safety procedures is paying dividends. Our Journey to Zero programme will continue to focus on these three core pillars.

Achieving our safety goal of a lost-time injury frequency rate of less than one puts us on a par with global best practice. The 0.61 rate is a significant improvement on last year’s rate of 1.24 and follows a trend of steady improvement that has been evident over the past few years. Lost time injuries dropped to 30 (2011: 56).

Restricted work day cases also fell to 36 (2011: 68) while total injuries for the year were 773 (2011: 952). These achievements contributed to an improved disabling injury frequency rate and total injuries frequency rate of 1.33 and 15.60 respectively (2011: 2.61 and 19.27 respectively).

Most sites achieved the required level 3 compliance on the fatality prevention standards, which are externally audited each year. Pretoria Works achieved level 5 compliance, the highest level attainable. Four standards were revised during the year and as part of this process, related training programmes were modified to make them more practical. In improving our performance on these standards, we also benefited significantly from cross learning between other ArcelorMittal operations around the world. Our sites are now positioned to sustain the requisite level 3 compliance to the fatality prevention standards, which will be our area of focus in the coming year.

Safety goals

Safety requires ongoing vigilance, constant training and strict adherence to policies and procedures. For the year ahead our safety goals include the following:

- Maintain a zero fatality rate.
- Attain a lost-time injury frequency rate below 0.5.
- Drive level 3 compliance with fatality prevention standards at all sites.
- Continue to focus on the Journey to Zero priorities of operational discipline, visible leadership and standardisation of procedures.

Developing the skills our business needs

Our business relies on a broad range of skills from across various disciplines, but particularly those in the engineering and technical fields. We operate in a highly competitive scarce skills environment and our key strategic focus areas for skills development therefore include attracting and retaining skilled technicians and engineers; ensuring succession planning...
Skills development management and engagement

We invest significantly in the development of both internal and external skills to grow a robust skills pipeline that will service the current and future needs of our business. Many of our skills development efforts also contribute to the development of the national pool of engineering and technical skills.

The group Manager: Learning, Development and Resourcing is responsible for skills development and reports into the General Manager: Human Resources. A centralised Training and Skills Development committee – comprising line management, training representatives, HR consultants and union representatives – meets on a monthly basis to review skills development needs, initiatives and performance. Union representatives provide feedback to employee stakeholders on the outcomes of these meetings.

Career committees meet bi-annually and are responsible for driving the career development and succession planning agenda. All package category employees undergo regular performance and career development reviews, while bargaining unit employees undergo regular competency assessments.

We comply with the Skills Development Act and follow the requirements of the Employment Equity Act when devising our skills development strategy and direction. We are also guided by an internal skills development policy.

Determining training needs

Various processes are in place to determine the skills development needs of the company, an exercise which is conducted annually. The workplace plan details the number of artisans, technicians, production employees and engineers that we will require over the coming six-year period, while the workplace skills plan includes the results from individual training needs analyses conducted on all employees. The workplace skills plan is signed off by the unions and submitted to the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA).

We also use a universal competency framework to determine the skills gaps and training requirements for all levels of management employees. This framework identifies 20 competencies required by management for effective leadership throughout the company.

A competency mapping system links specific competencies to bargaining unit jobs, and generates an individual development plan (IDP) for these employees. Package employees are managed and assessed in terms of the global employee development programme, and their IDPs are informed by the job specifications in their employment contact and their individual performance and career development reviews.

<table>
<thead>
<tr>
<th>Key skills development indicators at a glance</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training expenditure</td>
<td>R92,7 million</td>
<td>R172,5 million</td>
<td>R154,2 million</td>
<td>R136,7 million</td>
</tr>
<tr>
<td>Training hours: bargaining employees</td>
<td>281570</td>
<td>278520</td>
<td>358279</td>
<td>443942</td>
</tr>
<tr>
<td>Training hours: package category employees</td>
<td>8077</td>
<td>27473</td>
<td>30675</td>
<td>40187</td>
</tr>
<tr>
<td>Number of learners</td>
<td>1364</td>
<td>1517</td>
<td>1232</td>
<td>1126</td>
</tr>
<tr>
<td>Number of apprentices</td>
<td>1142</td>
<td>1027</td>
<td>943</td>
<td>699</td>
</tr>
<tr>
<td>Number of learner technicians</td>
<td>26</td>
<td>22</td>
<td>67</td>
<td>48</td>
</tr>
<tr>
<td>Number of engineering bursars</td>
<td>108</td>
<td>102</td>
<td>115</td>
<td>104</td>
</tr>
<tr>
<td>Number of candidate engineers</td>
<td>54</td>
<td>43</td>
<td>54</td>
<td>69</td>
</tr>
<tr>
<td>Number of candidate technicians</td>
<td>42</td>
<td>28</td>
<td>67</td>
<td>103</td>
</tr>
<tr>
<td>Number of candidate artisans</td>
<td>0</td>
<td>171</td>
<td>206</td>
<td>167</td>
</tr>
<tr>
<td>Number of engineering technician bursars</td>
<td>0</td>
<td>20</td>
<td>33</td>
<td>47</td>
</tr>
<tr>
<td>Number of graduates in training</td>
<td>35</td>
<td>24</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Total in training pipeline</td>
<td>2930</td>
<td>3097</td>
<td>2881</td>
<td>2385</td>
</tr>
</tbody>
</table>
Sharing knowledge across continents

During the year we piloted a new knowledge transfer programme with ArcelorMittal’s Dofasco operation in Hamilton, Canada. This plant is similar to ours and offers opportunities for learning and sharing of knowledge, which will help to boost the intellectual capital at our own operation.

Ten young technicians and engineers have been identified for this skills transfer programme. Over the following four years they will visit the Dofasco operation three times for a period of three months, gaining knowledge from their colleagues, in line with specific learning objectives identified upfront.

This approach benefits the individual participants but it has a real advantage for the company as a whole. On their return from their rotation visit, participants will consolidate the knowledge they have gained, and transfer it to their colleagues in the South African operation. This element forms a critical part of the knowledge transfer programme.

The first rotation took place very successfully in late-2012 and further rotations will be conducted in the year ahead.

These structures provide an enabling environment for employees to take charge of their own career development, and it is their responsibility to participate in the relevant training programmes made available by the company in order to meet their performance and career objectives.

Skills development budget

During the year we invested R136.7 million in skills development. This equates to an average of 50.57 training hours per employee and 209,516 training seats.

Training spend was slightly down last year due to reductions in the skills development budget. However, much of the shortfall was made up by an increase in our skills grant. As noted in the previous year’s report, our training pipeline has stabilised and therefore requires less annual investment.

During the year we invested R136.7 million in skills development. This equates to an average of 50.57 training hours per employee and 209,516 training seats.

Training spend

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Attracting and retaining skilled technicians and artisans

Our technical training programmes focus on learners, apprentices, artisans, technicians and engineers. We seek to attract existing external skills, develop new external skills that can be employed by the company in future, and develop our own existing employees in these disciplines. The following interventions are aimed at building a robust technical skills pipeline:

• Bursaries:
  – **Engineering bursaries**: We enrolled 23 new bursars on our engineering bursary programme, bringing to 104 the total number of bursars. These bursars are studying a range of engineering degrees through various South African universities, and their bursary contract is linked to a specified work-back period in the company.
  – **Technical bursaries**: our 47 technician bursars are studying at Universities of Technology (UOT), where they alternate six months’ theoretical classroom study with six months of on-the-job training in our business.
  – **Apprentices**: we are currently training 699 apprentices through our 18-month accelerated artisan training programme. A total of 154 were registered with merSETA during the year.
  – **Production learners**: we have a total of 1,126 learners in our production learnership programme, 249 of whom joined the programme this year. These learners form a critical part of our production skills pipeline that fills positions of older production employees who are nearing retirement.
  – **Candidate engineers**: engineering students who have completed their university studies are required to spend two years as candidate engineers, getting on-the-job experience before they can graduate. Taken from our engineering bursar pool, 29 new candidate engineers commenced their
practical training at the company during the year, bringing to 69 the total number of candidate engineers in the programme. Our investment in these 29 candidate engineers amounted to R14.7 million to date.

• Artisan-to-technician conversion programme: this programme enables existing artisans to convert to a technician’s qualification and has 58 artisan students, 14 of whom were enrolled during the year. We invested R1.7 million in the programme during the year.

Succession planning and skills transfer programmes
While our succession planning process is integrated with the career development and individual performance review process, we also run training and development programmes specifically targeted at addressing the need for succession planning and skills transfer. This is particularly important in areas of the business where a significant number of employees are approaching retirement.

We continue to make use of our virtual classroom to benefit from the training and knowledge sharing programmes from the ArcelorMittal University in Luxembourg, at a fraction of the cost of sending our employees overseas to attend these programmes. Internal rotation and formal mentorship programmes are further examples of ongoing knowledge transfer initiatives within the company.

Many of our technical training programmes build a skills pipeline of young employees to fill future vacancies. As mentioned above, the production learnership programme plays a particularly important role in this respect as around 13% of our production staff are nearing retirement. Age is less of an issue in our team of engineers and artisans, which is chiefly made up of young employees whose average age is below the national average.

Meeting our B-BBEE targets
All of our skills development programmes favour historically disadvantaged South Africans (HDSAs) and 91% of the candidates enrolled in our pipeline programmes are from HDSA groups. We scored 12 out of a possible 15 points for skills development on the B-BBEE scorecard. This pipeline will have a significant impact on the future diversity of the company.

One of our biggest challenges is finding black technical and black female technical skills. The table below shows the equity ratio on each of our technical training programmes, and indicates the progress we are making towards building a strong, skilled pipeline of black technical employees.

<table>
<thead>
<tr>
<th>Pipeline type</th>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>Whites</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprentices</td>
<td>574</td>
<td>39</td>
<td>15</td>
<td>71</td>
<td>699</td>
</tr>
<tr>
<td>Candidate engineers</td>
<td>31</td>
<td>1</td>
<td>17</td>
<td>20</td>
<td>69</td>
</tr>
<tr>
<td>Candidate technician</td>
<td>89</td>
<td>2</td>
<td>17</td>
<td>20</td>
<td>103</td>
</tr>
<tr>
<td>Candidate artisans</td>
<td>146</td>
<td>2</td>
<td>3</td>
<td>16</td>
<td>167</td>
</tr>
<tr>
<td>Graduate in Training</td>
<td>18</td>
<td>2</td>
<td>2</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Learner technicians</td>
<td>45</td>
<td>1</td>
<td>2</td>
<td></td>
<td>48</td>
</tr>
<tr>
<td>Production learner</td>
<td>984</td>
<td>75</td>
<td>13</td>
<td>54</td>
<td>1 126</td>
</tr>
<tr>
<td>Engineering Technician Bursars</td>
<td>43</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>47</td>
</tr>
<tr>
<td>University bursars</td>
<td>41</td>
<td>3</td>
<td>15</td>
<td>45</td>
<td>104</td>
</tr>
<tr>
<td>Grand total</td>
<td>1 970</td>
<td>126</td>
<td>67</td>
<td>222</td>
<td>2 385</td>
</tr>
</tbody>
</table>

% Employment equity 91%
Investing in our people continued

Our contribution to national skills development

While our training programmes are chiefly aimed at meeting our own skills pipeline needs, many of them train more candidates than we require and contribute to a national pool of skills that will benefit the industry as a whole. We also play an advisory role to various training institutions and educational bodies.

These programmes include the following:
- **UIF project**: run in collaboration with the Unemployment Insurance Fund (UIF), we committed to an initial intake of 100 unemployed candidates for this programme during the year. They are receiving artisan and technical training which will provide them with an internationally benchmarked national qualification. They also receive training in a range of other skills, such as IT, that will increase their chances of long-term employment. The programme requires that we employ trainees for a period of a year following the completion of training as this will provide them with work experience that will make them more employable. We have agreed with the UIF that technical trainees will be incorporated into our candidate artisan programme which will provide them with a year-long fixed-term employment contract. We expect to increase the number of trainees for this project in the coming year.
- **College steel industry programme**: this is a follow-up programme to the Technical Skills Business Partnership through which we fulfilled our commitment to train additional artisans and technicians to fill the country’s skills gaps in these areas. We collaborate with Further Education and Training colleges to build their capacity so that they are able to deliver the skills training that business requires. Lecturers visit our facilities to gain insight into the current skills needs of the steel industry.
- **Advisory role to the Minister of Higher Education**: we sit on the Advisory board to the Minister of Higher Education through which we provide input on the skills required by artisans and technicians. This informs curriculum development and helps to ensure that training is industry-aligned.
- **Teacher-in-service programme**: we volunteer on the teacher-in-service programme which is run by the International Institute for Electric and Electronic Engineers. It helps teachers make the vital link between theoretical maths and science concepts and their practical application in the field of engineering.

Other training interventions

While a significant portion of our training budget is dedicated to programmes that develop technical skills, we also invest in other important skills development areas as required by our business. These include the following:
- **Future finance leadership programme**: developed centrally by the ArcelorMittal group, this programme develops technical finance and business leadership skills among promising young finance employees. Its aim is to develop the company’s future leadership potential. During the year eight of our employees participated in the programme, which will be used as a blueprint for leadership training in other disciplines across the group.
- **Junior management programme**: designed to increase management and leadership skills among junior management, this programme was piloted in Vanderbijlpark Works and successfully initiated at Newcastle Works during the year. The second of these was rolled out at Vanderbijlpark Works in the current year.
- **Management Advancement Programme (MAP)**: run by the Wits Business School, this one-year part-time programme aims to increase management capacity among employees whose previous experience has been mainly in a specialist area. We have 35 participants in the programme, which has been adapted to suit the specific requirements of our business.
- **MBA programme**: we fund the MBA studies of a small select group of senior managers on an annual basis.

Skills development goals for the year ahead

Capital constraints have impacted our skills development budgets. However, training remains a priority. In the coming year we plan to:
- continue external and safety training
- bring 200 apprentices into our pipeline
- provide 20 engineering students with on-the-job experience
- increase our intake of production learners by an additional 30.

Managing human resources

Our human resource management strategy is informed by both the needs of the business and by issues that are important to our employees. Our strategic people management priorities are aligned with our business plan and include:
- Ensuring cost competitiveness and sustainable productivity.
- Building an inclusive culture and diverse workforce.
An extremely volatile steel market. This led to a higher than normal rate of attrition among the ranks of senior management.

Ongoing open two-way engagement with our employees and their representatives is one of the most powerful tools we have to address their concerns, provide them with relevant and accurate information and boost employee morale. Various formal and informal engagement platforms are in place to facilitate this kind of dialogue. They include union representation on important committees, regular meetings between employee representatives and management, formalised grievance and dispute resolution procedures, employee surveys and a range of internal communication media including posters, email campaigns, an intranet and employee magazines.

We have also implemented an online portal through which employees can raise concerns or pose questions and receive feedback from management. Individual operating units run their own internal communication campaigns to keep employees informed of important strategies, procedures and events that will affect them.

At a strategic level we are guided by an employee relations strategy that seeks to establish and maintain a relationship with employees that contributes to a productive, motivated and engaged labour force. It also aims to develop a sustainable partnership between management and organised labour.

Our interaction with organised labour forms an important part of employee engagement as around 86% of employees are covered by collective bargaining.
Investing in our people continued

agreements. They belong to the National Union of Metal Workers of South Africa (NUMSA) and Solidarity.

Union representatives sit on a number of internal committees, including the safety, health and environment committee, training committee and employment equity committee. Line managers on the shop floor engage with union representatives on a daily basis.

In the previous reporting period we negotiated a two-year wage agreement with unions in which we awarded an average wage increase of 7.1% per annum to bargaining unit employees and a 6.5% allocation was made to package employees. This agreement contributed to peaceful labour relations during the year under review. There was no industrial action – a significant achievement given the wave of labour unrest that engulfed the South African mining and heavy industry sectors during 2012.

Regular employee climate surveys are another important tool to help us gauge employee satisfaction. The 2011 global ArcelorMittal group climate survey and follow-up focus groups identified a number of important areas for improvement. These included compensation and benefits; professional development and deployment; performance management; organisational direction; and leadership culture. We continue to implement corrective actions to address these areas. Our new incentive bonus schemes and the recognition programmes implemented to reward high-performing employees are examples of concrete steps taken to improve employee engagement.

At a local level, Newcastle Works conducted a climate survey during the year under review to identify strengths and areas for improvement. The results of this survey will be communicated in the year ahead and, if successful, the survey will be used as a blueprint to roll out similar programmes in our other operating units.

Developing skills through world-class training
Training and skills development play a critical role in helping us to attract and retain technical and engineering skills, and grow a skills pipeline that will serve our business needs now and in the future. We focus on internal and external skills development, and run a number of world-class training programmes, many of which have set industry standards. We are also in a position to leverage the extensive knowledge resources and training expertise of the global ArcelorMittal group.

As skills development forms such an important area of our business, it is dealt with in a dedicated section on pages 28 to 32.

Measuring retention
Incentive programmes, benefits, training, career development, employee engagement and remuneration all contribute to helping us retain our employees. We measure retention by tracking employee turnover.

Our human resources goals for the year ahead
Our two-year wage agreement comes to an end in 2013 and its successful and peaceful renegotiation will be a key area of focus in the year ahead.

We also plan to improve our productivity so that we are better geared to navigate the cyclical nature of the steel market. This will involve, among other things, leveraging variable labour resources such as learnerships.

We will also continue to focus on attracting and retaining key technical and engineering skills, and retaining senior management employees.
### Workforce profile as at 31 December 2012

<table>
<thead>
<tr>
<th>Job level</th>
<th>African</th>
<th>White</th>
<th>Foreign nationals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Top management</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Senior management</td>
<td>20</td>
<td>5</td>
<td>96</td>
</tr>
<tr>
<td>Professional</td>
<td>215</td>
<td>81</td>
<td>465</td>
</tr>
<tr>
<td>Skilled</td>
<td>2 226</td>
<td>200</td>
<td>2 428</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>1 983</td>
<td>150</td>
<td>2 31</td>
</tr>
<tr>
<td>Unskilled</td>
<td>243</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 689</td>
<td>443</td>
<td>3 225</td>
</tr>
</tbody>
</table>
We believe steel has a vital part to play in securing a more sustainable future for us all. Without steel there would be no modern physical infrastructure, such as roads, buildings or hospitals. Steel also has the ability to be endlessly recycled and this environmentally friendly characteristic means it has an important role to play in the solution to climate change.

But steel-making carries an environmental footprint and we know we must consistently improve our environmental performance. We focus on managing our most material environmental impacts – air emissions, carbon emissions, water usage, waste disposal, and historical soil and groundwater pollution. We engage key stakeholders on environmental issues in an effort to foster clear, two-way dialogue.
Steelmaking relies on coal, electricity and natural resources, and is therefore associated with a certain degree of unavoidable environmental impact. However, responsible environmental management can reduce this impact and mitigate the significant associated business and reputational risks. Steel also has the ability to be endlessly recycled and this environmentally friendly characteristic offsets to some extent the environmental impact involved in its production.

Our most material environmental impacts are air emissions, of which particulates are the most significant; carbon emissions and their potential impact on climate change; water usage; waste; and soil and groundwater pollution. Robust monthly and annual data collection systems monitor and report on indicators relating to each of these impacts. These are detailed in the relevant sections within this chapter.

In managing these impacts we are governed by various pieces of environmental legislation including 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. Internal guidance is provided by the group’s environmental policy, the ten principles of which are detailed alongside. Our ISO14001 certified environmental management systems are based on these core principles.

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 Chief Executive Officer, 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 key environmental challenges**
The need to reduce our environmental impact has to be balanced by the very real challenges and capital constraints currently facing our business. The requirements of the new Air Quality Act, the proposed carbon tax and and the rising cost of energy pose significant challenges to the profitability and long-term sustainability of the company. Our environmental performance should be viewed in light of these challenges, and the fact that our operations have not run at full capacity since 2008 and therefore have not delivered optimal environmental efficiency.

One of our most pressing issues is the need to invest in infrastructural upgrades to meet the stringent requirements of the Air Quality Act. This comes at a time when the steel industry is experiencing its most significant downturn in decades. While we recognise the need to upgrade our facilities for compliance reasons, we are constrained by lack of capital. This leaves us with the difficult decision of moth-balling non-compliant operations which will necessarily have a negative impact on our employees, production and profitability. As an example, we were compelled to halt operations at our electric arc furnaces during October 2012 due to a combination of legislative, cost and steel demand factors.

We do not believe that it will be possible to meet government’s ambitious climate change commitments to reduce carbon output, and are concerned that the proposed carbon tax will impact our profitability, jeopardise the ongoing sustainability of our operations and negatively affect economic growth. We are in the process of reviewing the carbon tax discussion paper and will continue to

**Principles of our environmental policy**
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.
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.
engage with government and stakeholders on this issue.

Our most significant carbon impact derives from the use of coal, which acts as a reductant in our blast furnace operations after being converted into coke. There are currently no alternatives to this coal-based reduction method and the proposed carbon tax will therefore act only as a punitive measure. The use of coal-fired electricity further adds to our carbon impact. While we continue to explore ways to reduce our dependence on the national electricity grid and investigate clean electricity alternatives, such solutions are currently inadequate to meet our electricity demands. The company will remain reliant on Eskom-supplied electricity for the foreseeable future. Soaring electricity costs may strengthen the business case for alternative electricity solutions over the longer term, however, this depends on global developments regarding energy costs, which will ultimately dictate our competitiveness. As renewable energy and energy recovery options become more economically viable, they do have the potential to reduce our carbon footprint in time.

**Highlights and successes**

While the above mentioned issues present significant challenges in some areas of environmental compliance, we have enjoyed success on a number of important environmental projects.

**For example, at Vanderbijlpark Works we have made good progress on the rehabilitation and remediation of old legacy sites, in particular the Dam 10 area and the old slag disposal site. We commissioned the sinter plant off-gas treatment project and this has already begun to deliver significant reductions in particulate emissions. We also regained zero-effluent discharge (ZED) status at Vanderbijlpark Works within the deadline to which we had committed with the authorities.**

A Compliance Notice was issued on 22 October 2012 by the GDARD that required the cessation of operations at the EAFs, batteries, sinter plant and foundry, based on findings of non-compliance with AEL conditions. The coke batteries, sinter plant and foundry continued to operate pending the outcome of an objection that was lodged. The objection resulted in an amendment of the Compliance Notice and the whole matter was resolved when the Compliance Notice was withdrawn by GDARD in February 2013 after AMSA complied with all the stipulated requirements.

As such, absolute SO$_2$ emissions and SO$_2$ emissions per tonne of steel produced were largely unchanged at 19 146t (2011: 20 821t) and 3.76kg/tonne steel produced (2011: 3.82kg/tonne steel produced) respectively.

We continue to address the technical difficulties experienced with the sulphur recovery plants in order to reduce our SO$_2$ emissions.

**SO$_2$ emissions (kg/tonnes liquid steel)**

<table>
<thead>
<tr>
<th></th>
<th>Vanderbijlpark</th>
<th>Newcastle</th>
<th>Saldanha</th>
<th>Vereeniging</th>
<th>AMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.19</td>
<td>4.17</td>
<td>3.47</td>
<td>0.12</td>
<td>3.37</td>
</tr>
<tr>
<td>2011</td>
<td>4.55</td>
<td>5.33</td>
<td>5.07</td>
<td>0.12</td>
<td>3.78</td>
</tr>
<tr>
<td>2012</td>
<td>4.55</td>
<td>5.33</td>
<td>5.07</td>
<td>0.12</td>
<td>3.76</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>981</td>
<td>981</td>
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<td>981</td>
<td>981</td>
<td>981</td>
</tr>
</tbody>
</table>
Particulate emissions

Overall point source particulate emissions have reduced slightly to 0.68kg/tonne of liquid steel (2011: 0.72kg/tonne of liquid steel). Our performance on this indicator continues to be impacted by the fact that facilities are running at sub-optimal production rates.

In absolute terms year-on-year reduction was 453 tonnes. In 2013 more dramatic particulate emissions reductions are expected as the sinter off-gas treatment plant at Vanderbijlpark reaches its full reduction potential. As mentioned previously the electric arc furnaces at Vanderbijlpark Works were taken out of operation in Q4 2012, which further reduced particulate emissions in absolute terms. It did not, however, reduce particulate emissions per tonne of crude steel as steel production was significantly reduced by taking the electric arc furnaces out of operation.

Fugitive emissions at Vanderbijlpark and Saldanha Works were reported on in the previous integrated report and local community stakeholders raised the issue of visible sinter stack and electric arc furnace roof emissions at Vanderbijlpark Works during the year. We have made good progress on rehabilitation projects to address the issue, and the closure of the electric arc furnaces has further contributed to a reduction in fugitive roof emissions. It is difficult to accurately measure fugitive emissions and quantify the improvements made, but estimations indicate a reduction of around 550 tonnes per annum at this site.

Our Saldanha Works received complaints about windblown dust emissions from the stockyard and other facilities. Plans are in place to optimise and expand watering systems during 2013. Other complaints related to corex cast house fugitive emissions, meltpshop roof emissions and dust from raw materials storage where further work is required. We investigate all such complaints as a matter of policy and provided feedback on these findings to our stakeholder communities.

There were no public complaints regarding fugitive emissions at Vereeniging and Newcastle Works.

Carbon emissions

The nature of coal-fired electricity in South Africa and our dependence on coal as a reductant means our carbon emissions are inextricably linked to our energy usage. Our impact in this regard is dealt with on pages 42 and 43 in the section on energy use and carbon footprint.

Water intake and pollution

We continue to make good progress in reducing our water intake and managing the outflow of water-borne pollutants from our operations. We have reduced our water abstraction by between 38% and 39% against a 2005 baseline and are confident that we will achieve our goal of a 40% reduction. Two of our plants have zero-effluent discharge (ZED) status and plans are on track for a third plant to achieve the same in 2014.
Sustainability through steel

Making steel more sustainable continued

Remediation of Dam 10
Dam 10 is an old legacy site in an area of approximately 70 hectares that was historically used to store and evaporate organically and inorganically polluted waste water.

Because the area was unlined and lacked any containment infrastructure, organic and inorganic contamination seeped into the ground water system.

In line with our commitment to remediate old legacy sites, we embarked on a project to rehabilitate the area and remove the contaminants.

Use of the area ceased in 2000 and the dam was allowed to dry out before remediation work commenced. In 2005 approximately 150 000 litres of liquid tar was reclaimed from the area and in 2006 approximately 300 000m³ of blast furnace sludge was removed to the internal waste disposal site. The correct storm water measures were implemented to ensure the facility would remain relatively dry, and we reclaimed contaminated run-off to our water treatment infrastructure.

Biological treatment methods were utilised to reduce organic pollutants to acceptable levels.

In total 160 000m³ of soil was remediated in an area of 70 hectares. Storm water run-off quality improved from 4200μS/cm to 1200μS/cm with no organic pollutants, while revegetation helped to reduce fugitive emissions. Most importantly, the source of potential organic pollution is now neutralised, delivering the desired return on our R50 million investment in this important project.

Water intake
Our total fresh water intake was slightly down on the previous year at 19.8Mkl (2011: 20.2 Mkl) due to reduced production but water usage per tonne of crude steel produced rose from 3.7kl/in 2011 to 3.89kl/tonne for 2012. This increase is due to the fact that production facilities are unable to use water most efficiently when they are not running at full capacity.

Fresh water intake (kl/tonne liquid steel)

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Water source/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanderbijlpark Works</td>
<td>Vaal River; Vaal Dam</td>
</tr>
<tr>
<td>Vereeniging Works</td>
<td>Klip River; Vaal River</td>
</tr>
<tr>
<td>Newcastle Works</td>
<td>Ngagane River</td>
</tr>
<tr>
<td>Saldanha Works</td>
<td>Local municipality</td>
</tr>
</tbody>
</table>

Our operations draw water from a variety of different sources, as follows:

Managing water pollution
Our Vanderbijlpark Works regained its ZED status during the year as planned and we are on track for Newcastle Works to achieve ZED, or at the very least minimal-effluent discharge status during 2014. Saldanha Works also has ZED status which includes storm water at this operation.

We had previously reported that levels of fluoride were a matter of concern at our Newcastle and Vanderbijlpark Works. This issue was successfully addressed during the year at Vanderbijlpark Works and fluoride levels are once again compliant with legislative requirements. Fluoride levels at our Newcastle Works will improve when the water treatment improvements are completed in 2014.

Plans are also in place for 2013 to further reduce fluoride levels in the effluent from our Vereeniging Works.

We also reported increased sulphate and chloride levels from our Pretoria Works during the previous financial year. Initial indications pointed to a higher-than-average rainfall as the cause of the problem while further investigations revealed that leaking municipal pipes had also contributed to the sulphate and chloride spikes in the run-off from slag storage areas. Some pipes were repaired during the year and ongoing measurements indicate that the situation is improving. We will however, continue to monitor the situation and respond should the problem reoccur.
Status of key water-related projects
- **Newcastle ZED project status:** this project is on track for completion in 2013. However, we only expect to be able to fully commission all the facilities in 2014 as the biological treatment plants, which are a critical component, can take up to six months to stabilise.
- **Vanderbijlpark Works Coal Water Project:** completion of the R160 million project is scheduled for 2014. It will improve our ability to treat organically polluted water from coke-making operations.
- **Vanderbijlpark Works groundwater management plan:** this plan, which investigates preferred methods of reducing water pollution from the operation, was peer reviewed as planned during the year under review. The outcomes of this review process indicate that “treat and pump” options may need to be implemented in certain areas. The necessary infrastructure is already installed to address polluted ground water in the Dam 10 area and a similar groundwater remediation project is planned at Dams 1 – 4, which collected leachate from the old disposal site prior to it being capped and remediated.

By-products and waste
Steel-making produces various by-products, many of which can be used, sold or recycled, and some which do not have any commercial value and need to be disposed of as waste.

By-products include steel slag, iron slag and other metallurgical dusts and sludges. While these materials can be used in various applications, the market for them is unfortunately limited and sales are hampered by lack of clarity in the Waste Act regarding the definitions of “waste” and “by-products”. This, coupled with reduced economic activity, means we have not been able to increase our sales of these materials.

Most metallurgical by-products are currently sold to the cement industry, construction sector and for certain niche applications. Slag in general is an excellent road-building aggregate and its strength and acoustic qualities often outperform the characteristics of mined aggregates.

During the year we generated 4 166 060 tonnes of by-products (2011: 4 093 918 tonnes), of which 13% was recycled and 44% was sold. The remaining 41% of by-products was disposed of, along with 190 899 tonnes of hazardous waste.

The table below illustrates the significant materials that were disposed of as waste during 2012:

<table>
<thead>
<tr>
<th>Waste type</th>
<th>Tonnes</th>
<th>Disposal method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel slag</td>
<td>889 007</td>
<td>Landfill</td>
</tr>
<tr>
<td>Iron slag</td>
<td>60 449</td>
<td>Landfill</td>
</tr>
<tr>
<td>Other metallurgical waste</td>
<td>358 599</td>
<td>Landfill</td>
</tr>
<tr>
<td>Hazardous (H: Hsites)</td>
<td>190 899</td>
<td>Landfill</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 498 954</td>
<td></td>
</tr>
</tbody>
</table>

By-products disposed (% of total)

**Soil and groundwater pollution**
We continue to invest in the rehabilitation and remediation of old “legacy sites” that were polluted or environmentally damaged in the past under different or lack of environmental legislation, standards and practices. We see this as an important part of our environmental responsibility and are pleased to report that good progress has been made in rehabilitating and remediating a number of these old sites.

**Vaal waste disposal site**
We continue to await a decision from the DEA on our proposed rehabilitation plan for this site before we can commence any work. As indicated in previous reports, the site remains closed following the Green Scorpions’ directive in 2007 and all magnetite was cleared in 2009 in line with the Department’s stipulations.
Sustainability through steel

Making steel more sustainable

Mooiplaats waste disposal site
We started remediation of this site in 2012 and to date have invested R20 million. We have removed hazardous waste from the outskirts of the waste body and disposed of it at a compliant hazardous waste disposal site. In the next phase of the project, we will implement civil rehabilitation and capping measures to close the site in accordance with the conditions outlined in the Waste Management Licence issued.

Klip waste disposal site
Rehabilitation work commenced during the year as planned and is expected to be completed in 2013 or early 2014. We have removed the tarry waste from one section of the site and will now concentrate on capping and rehabilitation work in accordance with conditions issued in the Waste Management Licence issued. We expect civil work to commence in mid-2013 as part of the final closure. R20 million has been spent to date.

Dunswart waste disposal site
Our efforts to make any further progress in rehabilitating this site during 2012 were unfortunately hampered by a lengthy legal process to evict illegal occupants from the property.

Maturation ponds
Of the three ponds that comprise this historical effluent storage area, the largest is fully rehabilitated and the second is in the process of being remediated by means of biological treatment methods. The third pond is dried up and will undergo biological treatment. We expect all ponds to be fully rehabilitated by 2015. In total R40 million has been spent on this project to date.

Dam 10
See case study on page 40.

Capping of slag disposal site at Vanderbijlpark Works
We completed the second phase of this project in 2012, capping and rehabilitating an additional 38 hectares. The third and final phase, which will commence in 2013, will involve capping and rehabilitating a further 40 hectares. We expect the project to be complete in 2014. To date we have invested R80 million in this project.

Capping of Old GSB Disposal site at Newcastle Works
We invested R15 million during the year capping and rehabilitating this site, at which hazardous and general waste had been disposed since the late 1970s.

Energy use and carbon footprint
Climate change has the capacity to change weather patterns and cause drought and flooding, which poses a potential risk to our business as we rely heavily on water and transport routes. The ArcelorMittal Group is engaged in global efforts to reduce carbon dioxide (CO₂) emissions and mitigate their impact, and the group-wide goal is to reduce its CO₂ emissions by 170kg per tonne of steel by 2020, equivalent to an 8% reduction in specific emissions from a 2007 baseline. As a signatory to South Africa’s national energy accord, ArcelorMittal South Africa has committed to reducing its electricity consumption by 12% by 2015 against an ArcelorMittal South Africa 2007 baseline. This will be expressed as a percentage reduction against the projected national energy usage in 2015.

Our local operations rely on hard coking coal, natural gas and coal-fired electricity as our main sources of energy. Electricity therefore accounts for a significant portion of our carbon footprint. This is different to some other steel-making companies around the world who have access to cleaner forms of energy such as natural gas, nuclear or hydro power. This makes international benchmarking difficult.

We will need to invest significant capital in new technology and optimising existing technology to make our plants more energy efficient and reduce their carbon footprint. Our EAF technology provides a lower-carbon steel-making alternative but is constrained by the input cost and availability of scrap steel. The closure of the EAFs during the year means we were no longer able to use this lower carbon emitting steel-making process.

Energy consumption per tonne of crude steel produced also increases when plants are not operated at full production capacity, which was the case during the year under review.

Our carbon footprint
During the year Scope 1 emissions increased from 1.96 to 2.22t/tLS due to plants not running at optimum levels. Scope 2 emissions decreased from 0.85 to 0.76t/tLS due to reduced electricity consumption.
CO₂ emissions (tCO₂/tonne liquid steel) [2010, 2011, 2012]

For example, steel products are used for a wide range of wind turbine products, with one in three wind turbines worldwide using ArcelorMittal steel. Depending on their height and the prevailing wind speed, wind turbines have an average generation capacity of between 0.85 MW and 3 MW of power. The group is working in close collaboration with turbine manufacturers to develop new designs that allow up to 5 MW per turbine to unlock the full potential of wind technology.

In the construction industry, which accounts for 40% of the world’s energy consumption, steel’s high strength-to-weight ratio means that steel construction requires less material than traditional construction technologies. Together with reductions in emissions during building, this reduces a structure’s wider environmental impact. Research led by ArcelorMittal resulted in a new high-strength steel, HISTAR, which allows the construction industry to build lighter structures that are even more economical, safe and sustainable. HISTAR® steel provides, on average, weight reductions of 32% in steel columns and 19% in beams. Consequently, these steels require less energy to manipulate and transport, giving reductions of overall construction-related CO₂ emissions of up to 30%.

Light-weight advanced high-strength steels are also being used in motor vehicles, reducing their weight, fuel consumption and carbon footprint without compromising their safety.

Looking ahead
The current economic situation and rising electricity costs make long-term planning a challenge. However, we will focus on the following during 2013:

- Make further progress with rehabilitation of old legacy disposal sites.
- Reduce our SO₂ emissions by ensuring our sulphur recovery plants operate on a sustainable basis.
- Reduce fugitive emissions from Vanderbijlpark Works’ coke batteries by implementing the battery tightness project.
- Continue with the coal water project at Vanderbijlpark Works.
- Continue and complete the ZED project at Newcastle Works.
- Further improve our air emission inventories.

Energy-saving initiatives
Renewable energy project: during the year we developed a partnership with a wind-generated energy supplier to erect six wind turbines that will feed 15 MW of electricity to Saldanha Works. The project is more complex than initially anticipated but we hope to finalise it in the coming year.

Business improvement project: a focus on energy efficiency formed part of the business improvement process rolled out from 2010 to 2012 and has resulted in energy savings at various operations impacting on Scope 2 emissions.

Steel as part of the climate change solution
Although the steel-making process has a significant carbon footprint, steel as a material has an important role to play in the solution to climate change.
We recognise that investing in a country goes beyond just running a successful steel operation. It involves engaging with and contributing to the development of local communities. We draw our labour from these communities and our operations impact directly on their livelihood and environment.

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.
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. 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 channeled through the ArcelorMittal South Africa Foundation. We work in close collaboration with the ArcelorMittal Foundation at group-level and are guided by group policy.

Total CSI spend for the year was R40 million (2011: R47 million).

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.

Every year we hold meetings with community leaders, local municipalities, NGOs, representatives from local businesses, ward councillors and special interest groups from each of our local communities. These forums 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. We also track and report back on the progress of previously agreed social development projects. The meetings are attended by representatives from across our business who are best placed to answer specific questions relating to, among other things, procurement, bursaries and environmental management.

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.

Education
Education is the driver of individual and community development, enabling people to forge a better life for themselves and to contribute to collective social change. We build and expand schools and other educational facilities to ensure fair access to quality education while respecting the diversity of people and cultures.

At 80%, education accounts for the largest portion of our corporate social investment and houses two of our most important flagship projects – the ArcelorMittal South Africa Science Centres and our national school building project.

Improving maths and science performance
Our science centres were developed to improve the level of maths and science teaching, encourage learners to take maths and science to Grade 12 and boost their performance in these critical subjects. They provide educators with teaching material and much-needed extra tutorials to learners.

Our two existing science centres are located in Sebokeng near Vanderbijlpark and Vredenburg near our Saldanha plant. During the year we opened a third centre in Madadeni near Newcastle Works. Together, these three centres serve over 2 500 learners and educators in more than 50 schools. Their impact can be seen in the improved pass rate among Grade 12 learners in the Sebokeng area.

In addition to promoting improved maths and science learning and teaching, the science centres are a valuable source of bursars for our business.

Partnering with government to build schools
Our multi-million rand school building project is the result of a close partnership with the Department of Education, with whom we continue to identify under-resourced communities around the country where schools will be built.

We use steel technology which significantly reduces construction costs and time, making it an attractive option for replication across the country. Our first school, the Meets-e-a-Bophelo Primary School in Mamelodi, provides educational facilities for 1 200 children. During the year we commenced construction on the Nelson Mandela Primary School in the Eastern Cape which will provide a place of learning for 1 200 children.
During the year we also donated school shoes, uniforms and stationery to destitute learners, orphans and vulnerable children in our local communities. We also partnered with Junior Achievement South Africa to teach entrepreneurial and life skills to youth in the Newcastle area.

**Health**

We invest in health facilitates to strengthen the medical infrastructure serving our local communities and provide much-needed medical care to communities that are not connected to a healthcare service.

HIV/AIDS affects people in every community in which we operate, placing enormous strain on existing healthcare facilities, leaving families without breadwinners and children without parents.

During the year we built a TB/Anti-Retroviral clinic in Sebokeng to relieve the pressure on the local Sebokeng Hospital. We also partnered with Health On Line in delivering the AIDSWIZE Healthy Lifestyle project in the Amajuba District in Newcastle. This project comprises the AIDSWIZE STI, Condom & Pledge programme and the AIDSWIZE VCT and Positive Living programme. The programmes are strategically implemented to target first-year tertiary students during orientation, a period during which their risk of contracting HIV increases.

We continued to support a range of NGOs that care for the disabled, the sick and the vulnerable.

**Social upliftment**

Social upliftment projects often cut across health and education, and aim to uplift and empower communities surrounding our operations. They include smaller but nevertheless important interventions that support orphans and vulnerable children, the disabled, the elderly, people affected by extreme poverty and those living with HIV/AIDS.

We have a strong partnership with Nurturing Orphans of Aids for Humanity (NOAH) and provide financial support for six of their “arks” – one in Orange Farm and five in Newcastle. These institutions are home to 2,164 orphans and have received a total of R3 million over the past three years.

In Bophelong and Boiphatong we have reroofed 2,200 houses for local families, which involved removing existing asbestos roofing. We trained and temporarily employed 80 community members in line with our policy of using local labour to work on community projects. In Newcastle we provided funding to the Madadeni/Newcastle Lifeline office to assist in establishing a counselling service for rape survivors.

Through our Impilo Social Grants programme we donated R1.6 million during the year in food relief, home-based care support, crèche facilities and vegetable gardens, to name a few.

**Fostering a spirit of volunteerism**

Our employees represent a valuable resource that can be harnessed to extend the reach and impact of our CSI interventions. We encourage our people to volunteer their time, skills and personal resources to make a difference to their own communities.

Employees who are actively engaged in the support of registered NGOs can apply to the company for a financial contribution in the form of a “mini-grant”. During the year we approved five mini-grants to the value of R50,000 sponsored by ArcelorMittal group Foundation.

Six employees who have proven their commitment to local community volunteerism were given the opportunity to spend part of their annual leave volunteering in a Foundation project overseas, as part of the global ArcelorMittal Group solidarity holidays programme.

Our cents for thousands programme allows employees to make a monthly charitable donation from their salary. These donations are matched on a rand-for-rand basis by the ArcelorMittal South Africa Foundation.

In partnership with Habitat for Humanity, we have built 44 houses since 2009 for needy families in Orange Farm. Employees across the country also rolled up their sleeves on National Nelson Mandela Day in a range of volunteer projects at sites across the country.
**Transformation**

We recognise the importance of contributing to South Africa’s economic transformation through broad-based black economic empowerment (B-BBEE). We have been assessed as a level 7 B-BBEE contributor.

We continue to perform well in preferential procurement, skills development and socio-economic development.

Along with employment equity, ownership and enterprise development are areas that require further attention.

On the ownership front, after the previous attempt to conclude a B-BBEE transaction fell through, we have no further progress to report in this regard. However, we remain committed to conclude a suitable B-BBEE agreement in the near future.

We are confident that our skills development programmes will address the need for greater diversity among the ranks of senior management and help to address employment equity. However, we are realistic about the fact that the results of these programmes will take time to be realised.
People have high expectations of corporations, especially in terms of their ethical, environmental and social performance. We see this as an opportunity to make the responsible and sustainable conduct of our business a long-term competitive advantage.

We are committed to maintaining high standards of ethical, environmental and social performance through the responsible and sustainable conduct of our business. We are committed to maintaining high standards and best practices in corporate governance in terms of transparency, quality and transparency of reporting.

We also 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.

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.

**Transparent and ethical governance**

Our business strategy, operations and everyday practices are underpinned by transparent governance. This is reflected in our approach to stakeholder engagement and our commitment to providing stakeholders with the information needed to judge the financial, social and environmental performance of our business.

Fair and ethical business practices are the heart of our values. The principles are entrenched in our code of business conduct and reinforced by specific policies and training programmes on issues such as anti-trust and anti-corruption behaviour.

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.

**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.
Electricity supply challenges
Ongoing electricity tariff increases and concerns about the stability of electricity supply from Eskom have intensified our drive for greater energy efficiency. This is a key component of our business improvement programme. We also continue to explore the viability of alternative energy sources.

Further detail on how we are responding to these challenges can be found in the energy and climate change section of this report.

Working with TFR to improve rail reliability
We rely almost exclusively on Transnet Freight Rail for the delivery of iron ore and coal to our operations, and use the rail infrastructure extensively for exporting our products.

The performance of Transnet Freight Rail has historically been an area of concern. In 2011 we launched a joint project to improve rail availability and service through daily, weekly and monthly planning meetings. This initiative has started to yield results with a substantial improvement in Transnet rail performance. This has enabled us to significantly reduce raw material stocks and expensive road transport.

Responding to rising logistics costs
Road transport offers an alternative to rail transport and is particularly important in servicing our Africa overland export markets. However, it is costly and prone to frequent delays at border crossings. During the year we focused on developing partnerships with reliable road freight companies.

From suppliers to customers – managing our value chain
Suppliers provide us with the energy and raw materials needed for steel production, equipment for our plants and the logistical capacity to distribute our products to the market. They have a direct impact on our ability to achieve a number of our strategic objectives, including retaining our market leadership position in South Africa, extending our footprint to key markets in sub-Saharan Africa and securing our position as a low-cost steel producer.

Suppliers also play an important role in enabling us to service customers with on-time delivery, quality products and competitive costs.

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.

There were no incidents of non-compliance with regulations and codes regarding the health and safety impacts of our products, nor were there any fines for non-compliance with laws regarding the provision and use of our products.

Our most significant supply risks include the loss of the Sishen arbitration which has the potential to affect iron ore pricing, rising energy costs and increased logistics costs. Full details of the Sishen arbitration can be found in our integrated annual report.

Effectively managing these risks allows us to address the issues that are most material to customers – cost, on-time delivery and quality.

Streamlining our supply chain management
The procurement and logistics function is responsible for our interaction with suppliers and the management and mitigation of supply chain risks. It works closely with all areas of the business to ensure that appropriate stock levels are maintained and is guided by the Preferential Procurement Policy, the ArcelorMittal Code for Responsible Sourcing and the ArcelorMittal Human Rights Policy.

In 2011 the department was restructured to deliver a comprehensive and integrated service to the business, and embarked on a business improvement programme to streamline systems and processes and identify best practice to drive effectiveness and efficiency. This project, coupled with a return to operational stability during the year, improved our operational efficiency.

There were no incidents of non-compliance with regulations and codes regarding the health and safety impacts of our products, nor were there any fines for non-compliance with laws regarding the provision and use of our products.
suppliers to transport our products into our Africa overland market.

Increasingly the combined road, port and rail costs of transporting our products to the coast for shipping have proved prohibitive, making international exports less and less viable. In light of these rising costs, we have shifted our focus to the domestic and Africa overland markets. These markets offer excellent opportunities, with GDP growth rates in excess of 5%. Steel consumption is also growing at a robust rate, driven by significant mining and infrastructure investment.

**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.

**Driving preferential procurement**
The areas of procurement and logistics offer an ideal opportunity to contribute to the country’s economic transformation through preferential procurement.

We continued to make excellent progress on this front, achieving 16.94 points for preferential procurement on the B-BBEE scorecard. We have promoted and supported black-owned transport companies, and implemented a programme to identify B-BBEE companies for preferential payment terms. In the coming year we will focus our efforts on increasing procurement spend with black women-owned businesses.
The Soweto Theatre, built using ArcelorMittal Steel, was a finalist in the World Architecture Festival 2012 Awards.
## Key performance indicators

### Key areas

<table>
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<tr>
<th>Key areas</th>
<th>Key performance indicator</th>
<th>Unit</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Making steel more sustainable</strong></td>
<td>Percentage of operations certified to the Environmental Management System Standard, ISO 14001</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>ISO 14001 is an international standard for environmental management systems</td>
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<tr>
<td><strong>Greenhouse gases</strong></td>
<td>Direct carbon dioxide (CO2) – Scope 1</td>
<td>mt</td>
<td>11.32</td>
<td>10.96</td>
<td>11.85</td>
<td>Direct CO2 emissions</td>
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<td><strong>Atmospheric emissions</strong></td>
<td>Sulphur dioxides (SO2)</td>
<td>Tonnes</td>
<td>19 146</td>
<td>20 821</td>
<td>19 051</td>
<td></td>
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<tr>
<td><strong>By-products</strong></td>
<td>By-products generated</td>
<td>mt</td>
<td>4.17</td>
<td>4.09</td>
<td>4.05</td>
<td></td>
</tr>
<tr>
<td><strong>By-products disposed</strong></td>
<td>%</td>
<td>41</td>
<td>45</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Energy use</strong></td>
<td>Electricity (purchased)</td>
<td>TW h</td>
<td>3.78</td>
<td>4.38</td>
<td>4.31</td>
<td></td>
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<tr>
<td><strong>Material use</strong></td>
<td>Iron ore</td>
<td>Tonnes</td>
<td>7 459 417</td>
<td>6 767 817</td>
<td>8 343 622</td>
<td></td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Employee numbers</td>
<td>Number</td>
<td>9 013</td>
<td>9 886</td>
<td>9 261</td>
<td></td>
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<tr>
<td><strong>Investing in our people</strong></td>
<td>Employee and contractor fatalities</td>
<td>Number</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td></td>
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<tr>
<td><strong>Lost time injury frequency rate (LTIFR)</strong></td>
<td>(per million hours worked)</td>
<td>0.61</td>
<td>1.24</td>
<td>1.64</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>Disabling injury frequency rate (DIFR)</strong></td>
<td>(per million hours worked)</td>
<td>1.33</td>
<td>1.38</td>
<td>2.17</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>Total injury frequency rate (TIFR)</strong></td>
<td>(per million hours worked)</td>
<td>15.60</td>
<td>19.27</td>
<td>23.05</td>
<td>All injuries (fatalities, DIFR, lost time injuries, medical aid and first aid injuries) in one million hours worked.</td>
<td></td>
</tr>
<tr>
<td><strong>Occupation disease frequency rate (ODFR)</strong></td>
<td>(per 10 000 hours worked)</td>
<td>0.44</td>
<td>0.37</td>
<td>0.42</td>
<td>Occupational diseases (work-related ailments) per 1 000 hours worked.</td>
<td></td>
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</tbody>
</table>
### Key areas

#### Key performance indicator

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Unit</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of operations certified to the health and safety management system standard, OHSAS 18001</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>OHSAS 18001 is an international standard for health and safety management systems.</td>
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<tr>
<td>Number of hours of full-time package category employee training</td>
<td>Number</td>
<td>40 187</td>
<td>30 676</td>
<td>27 473</td>
<td>Number of hours of full-time package category employee training. This includes health and safety training.</td>
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<tr>
<td>Number of hours of full-time bargaining unit category employee training</td>
<td>Number</td>
<td>443 942</td>
<td>358 279</td>
<td>278 520</td>
<td>Number of hours of full-time bargaining unit category employee training. This includes health and safety training and on-the-job training.</td>
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<tr>
<td>Investment in employee training and development</td>
<td>Rm</td>
<td>136 7</td>
<td>154 2</td>
<td>172 6</td>
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<tr>
<td>Proportion of above focused on black employees</td>
<td>%</td>
<td>91</td>
<td>88</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Investment in bursary scheme</td>
<td>Rm</td>
<td>94 6</td>
<td>138 9</td>
<td>151 9</td>
<td></td>
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<tr>
<td>Graduates in training</td>
<td>Number</td>
<td>22</td>
<td>25</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Production learners</td>
<td>Number</td>
<td>1 126</td>
<td>1 232</td>
<td>1 517</td>
<td></td>
</tr>
<tr>
<td>Apprentices</td>
<td>Number</td>
<td>699</td>
<td>973</td>
<td>1 027</td>
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<tr>
<td>Artisan to technician conversion programme</td>
<td>Number</td>
<td>67</td>
<td>99</td>
<td>83</td>
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</table>

#### Enriching our communities

##### Value added statement

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<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>32 291</td>
<td>31 453</td>
<td>30 224</td>
</tr>
<tr>
<td>Purchased materials and services</td>
<td></td>
<td>(26 883)</td>
<td>(29 116)</td>
<td>(24 576)</td>
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<tr>
<td>Finance income</td>
<td></td>
<td>10</td>
<td>29</td>
<td>9</td>
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<tr>
<td>Investment income</td>
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<td>90</td>
<td>52</td>
<td>128</td>
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<tr>
<td>Value added</td>
<td></td>
<td>5 508</td>
<td>2 418</td>
<td>5 785</td>
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<tr>
<td>Distributed to:</td>
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<td></td>
<td></td>
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<tr>
<td>Employees</td>
<td></td>
<td>3 356</td>
<td>3 164</td>
<td>2 951</td>
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<tr>
<td>Providers of equity capital</td>
<td></td>
<td></td>
<td>221</td>
<td>602</td>
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<td>Providers of debt</td>
<td></td>
<td>401</td>
<td>719</td>
<td>459</td>
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<tr>
<td>Government</td>
<td></td>
<td>52</td>
<td>243</td>
<td>653</td>
</tr>
<tr>
<td>Community investment</td>
<td></td>
<td>46</td>
<td>47</td>
<td>29</td>
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<tr>
<td>Reinvested in group</td>
<td></td>
<td>1 239</td>
<td>1 264</td>
<td>1 834</td>
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</table>

#### Production performance

##### Flat

<table>
<thead>
<tr>
<th></th>
<th>Liquid steel '000 tonnes</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Flat Liquid steel</td>
<td>3 554</td>
<td>4 060</td>
<td>3 814</td>
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</table>

##### Long

<table>
<thead>
<tr>
<th></th>
<th>Liquid steel '000 tonnes</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Long Liquid steel</td>
<td>1 536</td>
<td>1 393</td>
<td>1 860</td>
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##### Commercial Coke

<table>
<thead>
<tr>
<th></th>
<th>0000 tonnes</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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<tbody>
<tr>
<td>Commercial Coke</td>
<td>446</td>
<td>633</td>
<td>745</td>
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#### Transparent governance

##### Fines, penalties and settlements

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>All incidents of and fines for non-compliance with all laws and regulations associated with safety, health and environmental issues.</th>
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</thead>
</table>

##### Fines, penalties and settlements

<table>
<thead>
<tr>
<th></th>
<th>Rm</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>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.</th>
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## GRI index

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<td>Market Review – Integrated Annual Report 2012</td>
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<td><strong>Report Parameters</strong></td>
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<td>3.2</td>
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<td>3.3</td>
<td>p1</td>
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<td>3.4</td>
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<td>3.5</td>
<td>p14, p15, p16, p17, p18, p20, p21, p22, p23</td>
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