



ArcelorMittal



*Business Risks and Opportunities in Addressing
Climate and Development*

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Outline

- ArcelorMittal – an overview
- Facing the challenge of climate change
- ArcelorMittal and the Millennium Development Goals



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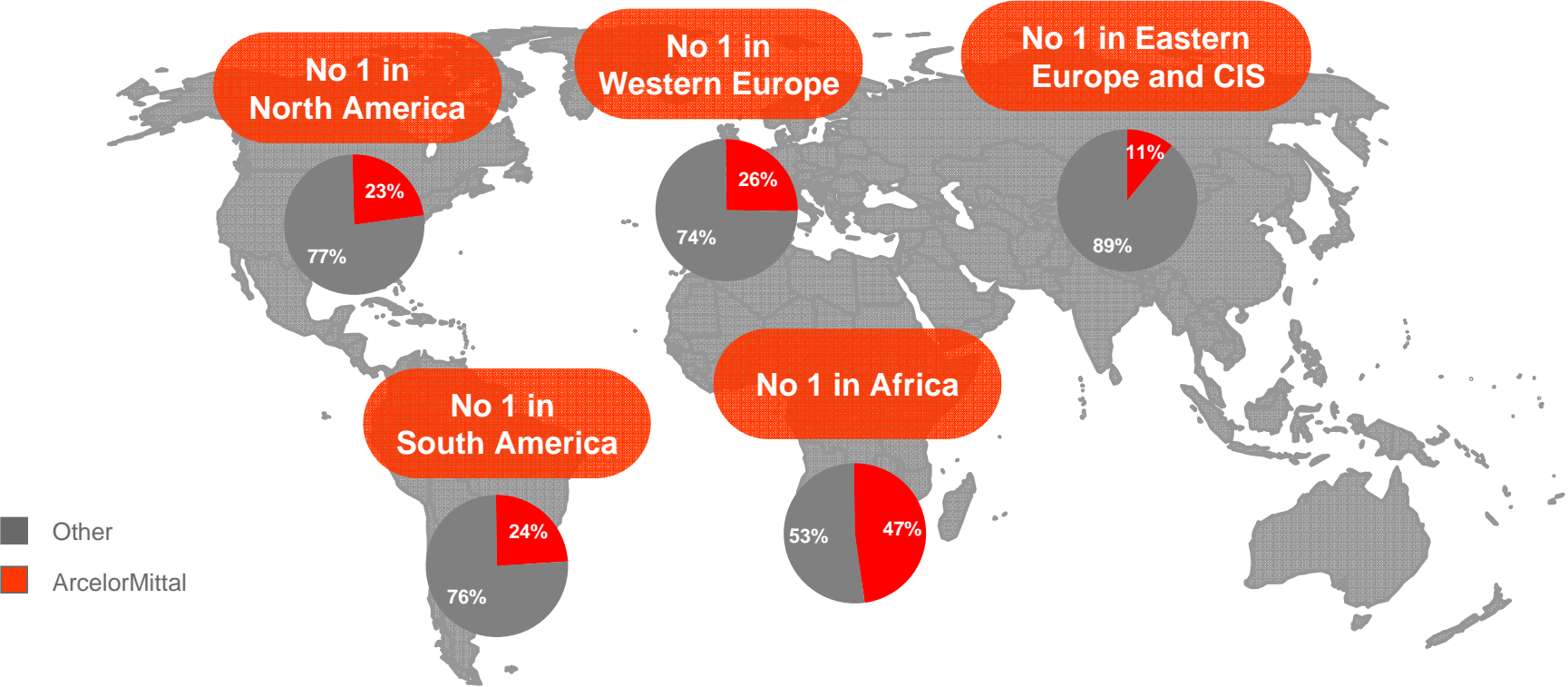
ArcelorMittal – an overview



Leading position in the most attractive markets

A global steel production of 71.1 million tonnes (2009)

Market position and market share estimates by region*



Industrial and commercial network focus on market sustainability and growth opportunities

*Source ArcelorMittal estimates based on IISI crude steel production



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Main markets



- **Automotive**
 - Worldwide no.1 supplier
 - Global industrial presence via 42 coating lines in Europe, North America, South America, Africa
- **Construction**
 - Worldwide no.1 steel supplier
 - 44% of ArcelorMittal shipments to construction are added value products
- **White Goods**
 - Rapidly growing market segment
- **Packaging**
 - Concepts are continually developed to enable differentiation as well as sustainable solutions
- **Renewable Energy**
 - Produce special steels for wind turbines and solar panels

The market leader in a number of steel segments

Facing the challenge of climate change



The footprint of steel

- Climate change is a key material issue for the business
- Steel industry is a large emitter, of which ArcelorMittal forms part
- However, the steel industry has a strong record in reducing its environmental footprint
 - In Europe, CO₂ emissions have been reduced by 20% since 1990
- ArcelorMittal is part of the solution
 - reducing the CO₂ process emissions
 - increasing energy efficiency
 - developing new innovative materials and steel solutions
 - optimizing recycling

A CO₂ target drives management improvement and costs savings



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Making steel more sustainable

- Recent achievements:
 - In 2009, announced a CO2 reduction target of 8% by the year 2020
 - In 2009, US\$224 million in environmental and energy capital expenditure
 - In 2009, US\$426 million in total environmental investments
 - In 2009, 93% of all production sites are ISO 14001 certified
 - In 2009, US\$253 million was spent on R&D investments
 - Energy Policy launched in 2008
- Leading company in the Ultra Low CO2 Steelmaking (ULCOS) project



Environmental protests in Czech Republic



Environmental investments to improve air quality

We are using our expertise in steel to develop cleaner processes and greener products

Developing the CO₂ target and action plan (short-term)

- Undertook a case study on the cost of carbon to the business that showed that ‘incorporating carbon value into project economics could result in a net cost savings’
- ArcelorMittal then developed a CO₂ benchmark methodology to compare:
 - the performance of each operator compared to his peers regardless of:
 - Perimeter of their activities
 - Based on all the products issued by a CO₂ intensive activity that have a value for society
- ArcelorMittal has committed to reducing its emissions by 170kg/t steel by 2020 = equivalent to an 8% reduction in absolute emissions

ArcelorMittal has developed a CO₂ action plan that contains over 400 points

The longer-term approach: breakthrough technology

- Based on technology limits for further significant CO₂ emission reduction with the current technologies, ArcelorMittal was founding member of breakthrough technology initiative for primary steel making in 2001
- After two years of screening and scrutinizing ideas, a European initiative under the name **Ultra Low CO₂ Steelmaking** emerged
- ULCOS is a €1 billion programme covering nearly 50 steel companies across Europe, aiming at reducing CO₂ emissions by 50% by 2050
- Second phase of testing is underway at ArcelorMittal plants in Germany and France, the technology combines carbon capture and storage with 'Top Gas Recycling'



“Climate change is a massive challenge for the steel industry. The engagement of steel companies such as ArcelorMittal in the ULCOS project gives us hope for positive change”

Jean-Pierre Taverne, APEAL – Association of European Producers of Steel and Packaging

ULCOS objective: 50 % CO₂ emissions reduction by 2050



What do we need from the European Commission and from Governments on ULCOS?

- **Formal recognition as one of the 12 CCS demonstration projects under the ETS Directive.**
- Availability of funding at time investment starts
- Secure free allowances for CO₂ which will be stored
- Secure public ownership of storage sites in order to make these available free or at reasonable cost
- Treat project as “exceptional and breakthrough” for steel industry! Do not use it as a new benchmark for the period 2012-2020.



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Steel is the most recycled material in the world

- An estimated 20 billion tons of steel is in use worldwide
 - Average lifetime of steel goods ~ 40 years
- Steel is 100% and indefinitely recyclable, without any quality loss
- Steel is being recycled with an estimated efficiency of 85%
- ArcelorMittal recycled about 25 million tonnes of steel in 2008, which saved around 36 million tonnes of CO₂



Lifecycle impact for steel is less than main competing materials → over the long-term comprehensive global strategies will become a competitive advantage

Climate Change Negotiations - Risks

- “Different targets with different responsibilities in different regions” **cannot** be applied to globally traded goods like steel.
- **Carbon leakage risk:** Tradable goods must be subject to the same discipline because otherwise trade flows will adjust according to the least cost opportunities and no CO₂ reduction will in fact be achieved.
- **International Agreement for steel** can only work if:
 - (i) The major steel producing countries are involved
 - (ii) There is equal treatment
 - (iii) There are common quantitative targets and equal financial obligations.
- **Compensatory measures** are needed in those regions where mandatory CO₂ reduction targets are imposed through cap and trade or other systems – system of **free allowances** combined with **border adjustments** or **carbon equalization schemes**.



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ArcelorMittal's response to the Millennium Development Goals

- Given our footprint in emerging markets, the MDGs are a strong incentive to support our Corporate Responsibility strategy in those markets and show how steel can contribute to achievement of these goals.
- We run a number of programmes and projects to address each of the eight MDGs, as well as the UN Global Compact principles.
- All of the MDGs fall within the ArcelorMittal Foundation's Areas of Activity – Education, Health and Safety and Social Promotion





Addressing MDGs 1-2

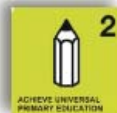


1 Goal 1: Eradicate extreme poverty and hunger

- **Costa Rica:** Partnership with Habitat for Humanity to provide low cost housing. Over 50 houses have been built or renovated.
- **Brazil:** Bem Bank, a micro-credit initiative, serves 30,000 local residents in Vitoria. The Bank offers credit lines focused on housing construction and renovation.
- **South Africa:** ArcelorMittal has funded the Muvhango Siyaphila vegetable garden project in Bophelong. Siyaphila is an income-generating project that provides the local community with seeds, gardening tools and equipment to grow vegetables.



A Brazilian brick making business, supported by Bem Bank



2 Goal 2: Achieve universal primary education

- **China:** The Sichuan Province of China will have a steel primary school built to replace the one that was destroyed in the earthquake in 2008, leaving 2,000 students with no school. The school is a partnership between ArcelorMittal China and the local government, and will be both earthquake resistant and environmentally friendly.
- **South Africa:** ArcelorMittal and the Department of Education have formed a partnership to build ten new primary schools throughout the country using new steel technology. The schools will be built over the next seven years.
- **Liberia:** ArcelorMittal reopened a Primary school in Yekepa, providing education to our employees' children and residents of the local community.



Science students in South Africa



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Addressing MDGs 3-4



Goal 3: Promote gender equality and empower women

- **Algeria:** The Dar el Insania Shelter provides psychological, legal and professional guidance to disadvantaged women.
- **India:** Over 120 Female Self-Help groups were formed, consisting of 1,600 local female residents in Orissa.
- **Turkey:** ArcelorMittal opened the first Sport High School in Siirt. As a means of encouraging young females to get involved in sport, all boarding rooms have been reserved for female students.



Female Self-Help Group in Orissa



Goal 4: Reduce child mortality

- **Ukraine:** Seven hospitals in Kryvih Rih have benefitted from investments in hospital equipment and transportation services.
- **Romania:** As part of a two year partnership with UNICEF aimed at improving the nursery of the Country Hospital of Galați, staff from the hospital have been trained to give specialized attention and counseling to the more than 3,000 new mothers each year.
- **Argentina:** Over 3,000 children have taken part in workshops that are designed to encourage safe behaviour and share accident prevention tips. The project also includes the distribution of teaching materials to local schools.



ArcelorMittal employees installing new hospital equipment in Galati



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Addressing 5-6



Goal 5: Improve maternal health

- **Bosnia and Herzegovina:** In Prijedor, ArcelorMittal has set up the region's only Pregnancy Consultancy Centre.
- **India:** Birth attendant training was given to over 25 women by ArcelorMittal in Jharkhand.
- **Morocco:** ArcelorMittal has a project focusing on reducing the mortality rate of pregnant women by donating emergency medical equipment to local nurseries.



Pregnancy Consultancy Centre in Prijedor



Goal 6: Combat HIV/AIDS, malaria and other diseases

- **India:** Four Mobile Health Units were launched in 2008 in Orissa and Jharkhand. Together, they treated over 65,000 local residents.
- **South Africa:** The opening of an Aids Care Centre, provides social services and health programmes to people living with HIV/AIDS in the Saldanha Bay communities .
- **Kazakhstan:** Provide support to the City Polyclinic which provides free medical examinations to local residents in Temirtau. In three years over 60,000 people have benefitted from its services.



Mobile Health Unit in Jharkhand

Addressing MDGs 7-8



Goal 7: Ensure environmental sustainability

- **Spain:** Nearly 30,000 trees were planted in ArcelorMittal's Olaberria site through a partnership with the local Council.
- **Czech Republic:** In Ostrava, environmental investments in the dust control system at the Sintering Plants and the desulphurization of the Power Plant boilers will help to reduce emissions by over 1/3.
- **USA:** In 2009, ArcelorMittal USA was selected for the 2nd consecutive year as an ENERGY STAR® Partner of the Year. The Energy Reduction Initiative has, over the past 3 years, helped the company accomplish a 4.1% improvement in energy intensity.



Reforestation in Olaberria



Goal 8: Develop a global partnership for development

- **American Red Cross:** ArcelorMittal USA has partnered with the American Red Cross to establish "Creating Safer Communities" events which will provide an opportunity to educate the community on a variety of activities including, fire safety, general first aid and disaster training.
- **Habitat for Humanity:** ArcelorMittal has formed a global partnership with Habitat for Humanity to develop a light steel frame housing solution that is not only affordable and durable, but also environmentally friendly.
- **Extractive Industries Transparency Initiative (EITI):** ArcelorMittal became the 40th member of EITI. The EITI supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining.



ArcelorMittal steel frame house for Habitat for Humanity



A partnership for climate change education in 200,000 schools in India

- ArcelorMittal has pledged USD2 million to support the Pick Right Campaign over four years, to help develop 20 million children as 'green leaders' across India.
- The Pick Right/ Kaun Banega Bharat ka Paryavaran Ambassador campaign, is a climate change education programme led by the Indian Ministry of Environment and Forests.
- To date, hundreds of training sessions have been held for local educators, as well as over 200,000 schools receiving campaign kits on environmental issues such as climate change. The kits have been developed for children between the ages of 10-14 and are available in 15 different local languages.
- The Pick Right campaign was launched by the President of India, Smt. Pratibha DeviSingh Patil and initially targeted 100,000 schools; however, with ArcelorMittal's support, the campaign was able to double the number of schools.



A young 'Green Leader' gets a plant from Shri. Jairam Ramesh and Dr. APJ Abdul Kalam



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Thank you for your attention!

