# Corporate Responsibility Report 2012

ArcelorMittal

## ArcelorMittal Gent, Geel & Genk

# Contents



*In this report, an overview is given on the Corporate Responsibility initiatives taken by the production sites in Gent, Geel and Genk in 2012.

# ArcelorMittal Gent in a nutshell

## Maritime and integrated

ArcelorMittal Gent is an integrated steelworks located in the port of Gent. We are part of the ArcelorMittal Group, which is a leading steel and mining company. Our plant has all the necessary facilities to convert raw materials into steel products with high added value. Every year, 5 million tons of flat carbon steel is shipped to automotive and industrial customers. Many cars, appliances, furniture and other applications are therefore made of our steel.

Employing 4,700 people, we are one of the largest private employers in Flanders. Our employees' knowledge and motivation are two of our main assets. They play an essential part in the further optimisation of our safety performance, product quality and overall productivity.

Employing **4,700** people, we are one of the largest private employers in Flanders.

## High-tech

Research and innovation are at the heart of our company. We work closely together with different research centres within ArcelorMittal and schools to develop new steel grades and new coatings.

The production departments use mathematical models to further optimise the production process. The different steps in the production process are described in process models. Thanks to software systems, statistical techniques are applicable online, which is of paramount importance in product quality control and in the production process efficiency. Through control models, the organisational and logistic aspects of the production process are watched closely. Thanks to this process innovation, we have been able to double our productivity over the last 15 years.

Thanks to process innovation, we have been able to double our productivity over the last 15 years.

Gathering and centralising knowledge is crucial to the company's continuity and technological progress. That is why supporting services are so valuable: they allow knowledge to be passed on smoothly in case of adjustments or expansions.

## Environment-conscious

In terms of our environmental performance, innovation is also vital. It is a prerequisite for sustainable development. About 15% of our investment budget is dedicated to environmental improvements. Our concern for the environment and thorough knowledge of the production process have resulted in sophisticated process-integrated measures and in the improvement of our environmental performance. This is for instance illustrated by our continuous efforts to be among the most energy-efficient steel companies in the world. Over the past 20 years, we have reduced our energy consumption by 30% by investing in a modern production apparatus and by recovering the energy present in flue gases to produce steam.

About 15% of our investment budget is dedicated to environmental improvements.

# Mission and values of ArcelorMittal Gent

ArcelorMittal Gent strives towards leadership in the production of high-quality flat steel products in a sustainable entrepreneurial way.

As a producer of flat carbon steel, ArcelorMittal Gent is part of basic industry. It regards safety at work as its number one priority: **safety** for all its employees, without making a distinction between its own personnel and any contractors working on site.

Within the business unit Flat Carbon Europe, ArcelorMittal Gent strives towards **leadership** in the production of high-quality flat steel products in a sustainable entrepreneurial way.

ArcelorMittal Gent is fully aware that this entails great **responsibility** towards its stakeholders, customers, employees, the immediate surroundings and the environment.

The steel business remains a basic industry creating products that are essential to the world economy. ArcelorMittal Gent has the advantage of being located at a site where a maritime steel industry is still able to further develop. Keeping a heavy industry running in a region with a dense population and vulnerable environment is therefore a challenge ArcelorMittal Gent is willing to take on at all times.

By investing in research and development, ArcelorMittal Gent is fully committed to reaching **top technological performances.** Maintaining continuous contact with customers and researching new applications in collaboration with customers are key factors in developing new products and processes.

The efforts put into research and development are intended to optimise the life cycle of steel, from the raw material extraction right through to the ultimate recovery and recycling of end products with due respect for the environment.

In developing **human capital**, ArcelorMittal Gent applies the principle of subsidiarity. Each employee is encouraged to have ownership to the tasks entrusted to him and only to turn to the hierarchy if that would offer genuine added value.

ArcelorMittal Gent well realises that its **customers** are its reason for existence. In order to ensure profitability, ArcelorMittal Gent aims for perfection in its service and product quality and does its utmost to build a relationship of trust with its customers.

The Group's **international character** brings new potential for collaboration. Exchanging know-how and merging different cultures in an atmosphere of openness and mutual respect are vital for taking full advantage of this opportunity.

Our plant has all the necessary facilities to convert raw materials into steel products with high added value.

# Message from the CEO

*Wim Van Gerven*

We will only overcome this crisis by doing ordinary things extraordinary well.

World crude steel production reached 1,548 million tons for the year 2012, up by 1.2% compared to 2011. This is a record for global crude steel production. The growth came mainly from Asia and North America while crude steel production in the European Union and South America decreased in 2012 compared to 2011.

The EU recorded a decrease by 4.7% compared to 2011, producing 169.4 million tons of crude steel in 2012. Germany produced 42.7 million tons of crude steel in 2012, a decrease by 3.7% on 2011. Italy produced 27.2 million tons in 2012, a 5.2% decrease over 2011. France's crude steel production in 2012 was 15.6 million tons, a decrease by 1.1%. Spain produced 13.6 million tons of crude steel in 2012, a 12.1% decrease on 2011.

For ArcelorMittal Gent, 2012 was a challenging year. We are still impacted by the lower economic activity in Europe. European steel demand remains about 30% below the 2007 level. This means steel production has dropped by 50 to 60 million tons. The steel industry is facing overcapacity and this is unlikely to change in the near future. Moreover, we have to deal with the risk of the Dollar-Euro exchange rate. If the value of the Euro rises or the value of the Dollar drops, exports will become more expensive and it will become difficult to avoid and compensate for overcapacity in the steel market. The prices of raw materials, scrap and finished products also remain highly subject to fluctuations.

Besides this general economic context, Belgian companies also have to deal with a number of structural handicaps, such as high energy and wage costs.

We have no influence on the economy. However, it is up to us to decide how we deal with this situation. We will only overcome this crisis by doing ordinary things extraordinary well.

As a response to the economic situation, all ArcelorMittal plants, including ArcelorMittal Gent, have taken severe savings measures. We aim at protecting our competitiveness by limiting capital expenditure and purchases, by continuously looking for cost optimisation opportunities and by optimising efficiency in supporting services.

Although the economic crisis is still raging, the capacity utilisation at ArcelorMittal Gent exceeds 95%. This is to be explained by the decision taken by the ArcelorMittal Group to concentrate production in the best-performing plants. In other words, the ArcelorMittal Group acknowledges our safety, cost, quality, service and social performances. We compensated for the decrease in steel demand by delivering more steel to export markets. This allowed us to maintain high production levels in Gent. We owed these orders to our cost efficiency.

However, sustainable business comprehends more than cost efficiency and reliability. In terms of sustainable development, ArcelorMittal Gent adopts the same strategy as the ArcelorMittal Group, which is based upon four pillars:

- **Investing in our people**
- **Making steel more sustainable**
- **Enriching our communities**
- **Transparent governance**

## Investing in our people

As one of the largest private employers in the province of East Flanders, we bear major responsibility. The health and safety of our employees is one aspect, but it is also important to ensure that our employees can work in a pleasant atmosphere and feel appreciated for their abilities and performances. By for instance offering training opportunities to our employees and by communicating openly and transparently, we try to increase job satisfaction and commitment. In other words: every single day, we try to further develop a positive corporate culture.

## Making steel more sustainable

We aim at producing high-quality steel in Flanders and at the same time keeping our environmental impact to a minimum. Every year, 15% of our investment budget is spent on measures to boost our environmental performance. In order to further

The ArcelorMittal Group acknowledges our safety, cost, quality, service and social performances.

integrate our company into the region, it is also important that we communicate openly and transparently with our neighbours about our environmental efforts.

## Enriching our communities

Every company that seeks to implement sustainable development must be aware of what is going on elsewhere in the world. We want to make an active contribution to society to increase welfare and overall well-being. We participate in sustainable community development by for instance combating poverty or creating training opportunities for people who find themselves on the brink of society.

## Transparent governance

Our corporate strategy, business and daily activities are underpinned by transparent governance. We want to be acknowledged for our irreproachable behaviour towards our employees, customers, business partners and society.

Even more importantly perhaps, 2012 was a festive year for ArcelorMittal Gent, as it marked our 50th anniversary. We could not let economic circumstances spoil the party. A number of external guests were invited to a special ceremony and our internal employees and their families were invited to the fourth edition of Feestmar. This is a personnel happening featuring bands, street artists, children's animation and all sorts of activities, such as company visits.

In 1962, we were born Sidmar but since 2006, we have been part of ArcelorMittal, the world's largest steel producer. One could say our company has evolved in the same way economy has: it has globalised. Over the past 50 years, we have proven to be a strong company operating in a difficult market. We have what it takes to prolong this success story: maritime accessibility, a high level of integration, a strong drive for innovation as universities and research centres are close-by, constructive collaboration with various stakeholders, a well-developed infrastructure and last but not least: competent and motivated employees. These assets have made our company what it is today. A high-tech company that is a partner to its customers and that assumes its social responsibility.

I hope you will enjoy reading this second edition of our Corporate Responsibility Report.

**Wim Van Gerven – CEO and Chairman of the Management Committee of ArcelorMittal Gent**

# Key Performance Indicators 2012

## Investing in our people

| | |
|---|---|
| • Safety frequency rate | |
| - internal employees | **1.3** |
| - contractors | **1.05** |
| • Percentage of the sites that have a safety management system that meets the international OHSAS 18001 standard | **100%** |
| • Number of training hours | **229,243** |

## Making steel more sustainable

| | |
|---|---|
| • $CO_2$ emissions per ton of liquid steel | **1.74 ton** |
| • Specific energy consumption per ton of hot rolled coils | **16.49 GJ** |
| • Specific water consumption per ton of liquid steel | **4.6 m³** |
| • Amount of scrap per ton of liquid steel | **217 kg** |
| • Total amount of environmental investments | **3.97 million Euros** |
| • Percentage of the sites that have an environmental management system that meets the requirements of the international ISO 14001 standard | **100%** |

## Enriching our communities

| | |
|---|---|
| • Number of employees ArcelorMittal Gent, Geel en Genk | **4,797** |
| • Number of active registered contractors | **2,390** |
| • Number of sponsored projects | **70** |

## Transparent governance

| | |
|---|---|
| • Percentage of employees that have subscribed to the principles of the Code of Business Conduct | **100%** |
| • Frequency of information sessions for employees | **3 x** |

# Investing in our people

As one of the largest private employers in the province of East Flanders, we bear major responsibility. The health and safety of our employees is one aspect, but it is also important to ensure that our employees can work in a pleasant atmosphere and feel appreciated for their abilities and performances. By for instance offering training opportunities to our employees and by communicating openly and transparently, we try to increase job satisfaction and commitment. In other words: every single day, we try to further develop a positive corporate culture.

# Investing in our people

## Q. What to remember from 2012 in terms of safety?

**A.** In terms of safety, 2012 was an excellent year. The frequency and the severity rates were historically low. The positive evolution in contractors' safety performance proves sustainable improvement year after year. The global lost time injury frequency rate (= number of accidents resulting in at least one day's absence from work per million hours worked) of internal employees and contractors combined was 1.1 at the end of 2012. We were very close to reaching the target set by the ArcelorMittal Group for 2013, i.e. a frequency rate below 1.

## Q. How was the safety performance of internal employees?

**A.** Internal employees performed very well in terms of safety in 2012. The lost time injury frequency rate amounted to 1.3. However, eye and hand injuries, fire incidents and reports of severe incidents still require our attention. With the safety management system OHSAS 18001, shop floor audits conducted by managers, systematic risk analyses drawn up before commencing tasks and the development of safety cases within the context of World Class Manufacturing (WCM), we put in structural efforts to further improve our safety performance.

Between 4 and 7 June 2012, ArcelorMittal conducted a Fatality Prevention Audit in Gent. The aim of such an audit is to prevent fatal accidents by ensuring the ArcelorMittal safety standards are being applied. The auditors assessed the progress of the safety action plan that was launched after the initial Fatality Prevention Audit in March 2011.

Between late September and early November we organised an interactive safety training for managers. This training for instance highlighted the fact that managers lead by example. It is important they step in immediately when colleagues are showing unsafe behaviour. The training also promoted a positive and motivating approach to safety.

In September, the hot dip galvanising lines Sidgal introduced the concept of safety stewards. Sidgal was the first department at ArcelorMittal Gent to follow the example set by the colleagues of ArcelorMittal Genk. Safety stewards are employees who pay particular attention to their colleagues' safety while performing their tasks. They put the theory of shared vigilance


*Late 2012, an interactive safety training was organised for all managers.*

*The hot dip galvanising lines were the first department to organise online safety training sessions.*

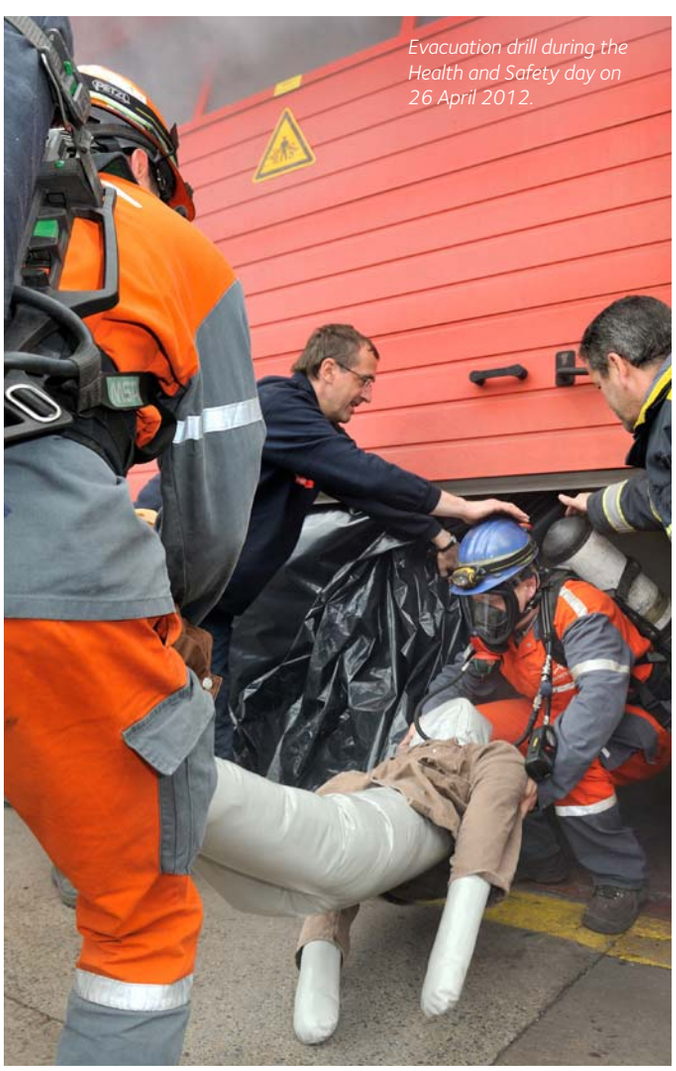
into practice.

The hot dip galvanising lines were also the first production department to organise online safety training sessions. By spreading safety information as individual e-learning packages, departments that find it difficult to organise group sessions can still reach their employees. Every blue-collar worker must attend at least one safety training per month. On a yearly basis, at least four out of these twelve training sessions must be organised in group. Eight may be offered as individual e-learning packages.

The Stop and Start project was an expansion of the existing start work risk analysis. Before employees start working, they now have to answer six questions. Work must only be started if all questions have been answered positively.

On Thursday 26 April 2012, the worldwide ArcelorMittal Health and Safety Day took place. This year's theme was 'Stop, think and act safely'. The key message is that we are responsible for our own safety. We should always take time to think about what we are about to do. No matter what the job at hand is, safety should be our initial thought. We emphasize the importance of start work risk analyses and the prevention of repeat accidents. By thinking things through, assessing all risks related to the job and taking measures to reduce or avoid these risks, we can safely start working. Just as during previous editions, numerous health and safety activities took place across the company. Contractors also played their part. Over 800 employees signed up for a wide range of activities: there was a smoke wagon to promote the use of smoke detectors, an obstacle course, a drive simulator to prove the importance of defensive driving, a crashtest to demonstrate the purpose of wearing a safety belt, respiratory protection training...

To mark the worldwide Health and Safety Day, the April edition of our company magazine '1' was dedicated entirely to health and safety. The magazine also included a road safety contest. Many employees and their children or even grandchildren solved 10 questions. It was a perfect opportunity to stop and think about road safety. Out of 436 entries 20 winners were drawn who were invited to collect their prize on 27 June 2012.



*Evacuation drill during the Health and Safety day on 26 April 2012.*

**The key message is that we are responsible for our own safety.**

*The winners of the road safety contest collect their prizes.*

# Investing in our people

*By working together with our contractors (pictured are employees of Cofely Services), we can reduce the number of accidents and ensure everyone's safety.*

## Q. How do we improve contractor safety?

A. In 2011 a working group was created to lift contractors' safety performance to a higher level. We have managed to reduce the number of external companies working at ArcelorMittal Gent through improved selection, follow-up and assessment. All departments are responsible for preparing work adequately, for clearly specifying environmental risks on the hot work permit and, above all, for ensuring that safety standards are applied on site. We have also developed a Contractor and Supplier Portal. This is an online interactive communications platform. External companies can register their employees in advance and put in the estimated work time. The portal is used to convey safety information, e.g. on the Golden Rules, general zone-related risks, dangerous substances and preparations, and the duration of badges or qualifications with respect to specific training courses.

Since 2011, this redesigned contractor management has clearly paid off. Contractors' lost time injury frequency rate dropped from 4.3 in 2011 to 1.05 in 2012. Just as internal employees, contractors must strive towards achieving a frequency rate below 1.

To further support safety improvements by contractors, a European project was set up to narrow the language gap there sometimes exists on the workfloor. 'Contracteranto' is an online lexicon containing terminology referring to all sectors of industry, all high-risk functions and all safety-related subjects. ArcelorMittal Gent was involved in this project as a partner. As from November, the lexicon was tested in seven languages by contractors and prevention departments that often work with foreign speakers.

In order to raise contractors' safety awareness, we send them copies of our personnel magazine '1' and offer them the opportunity of elaborating on their safety approach in a dedicated article series.

## Q. How do we invest in road safety?

A. Road safety figures show that traffic and safety do not always match. Statistics show that it is more dangerous for employees to be on the road than at work. In 2012, 44 employees suffered accidents on their way to or from work. This is a record figure and is unacceptable. Since late 2011, the safety department sits down with employees who have suffered a road accident to review the circumstances in which the accident occurred. By analysing road accidents and taking preventive actions, we hope to prevent future accidents from happening. On a positive note, the number of cycling accidents dropped by half.

In order to enhance safety at our internal railway crossings, stop signs have been placed and high risk crossings have been fitted with barriers. We hope that this will contribute towards the strict application of the Golden Rule on rail safety and reduce the number of (near) collisions. The Golden Rule on rail safety stipulates that vehicles must come to a complete standstill before crossing a railway and we expect all employees and contractors to comply with this fully.

**This redesigned contractor management has clearly paid off.**


*One of the 10 posters on the application of the Golden Rules.*

Healthy employees feel fitter, perform better, are more productive and are less likely to be absent from work.

## Q. Why is health this important?

A. Safety is our top priority and health cannot be seen separately from it. That is why we have a Golden Rule about starting work in a fit and able condition. Any company that cares about its employees, wishes them good health. Management ensures that people can work in good health. There are also objective considerations to take into account. Healthy employees feel fitter, perform better, are more productive and are less likely to be absent from work. Reducing absenteeism is indeed an important issue. Absenteeism slightly dropped from 4.8% in 2011 to 4.6% in 2012. Still, we feel we can do better. Analyses reveal that the main causes for absenteeism include injuries sustained while practicing sports or doing chores around the house. We also pay great attention to reintegrating employees who have been ill.

Over the past few years, there has been a significant change in mentality: everybody now acknowledges that both active and passive smoking are damaging to our health. As a company, we do not only want to sensitise smokers but also protect employees against forced passive smoking. Healthy eating is another important theme that is addressed during medical consultations. We point out the dangers of obesity. In safety sessions, health and safety training workshops for new employees and in the '1' magazine, the subject of healthy eating is discussed. In the company restaurant, employees can have a healthy meal if they look for the Vitality label. Since Health Week, which was organised in September, healthy sandwiches are sold in the production departments, as our employees requested themselves. Being fit and able also means being well rested, and avoiding drugs and alcohol abuse. There have been awareness campaigns on these topics.

Last year's Health Week was the third time ArcelorMittal organised this event in all plants. With this initiative, the ArcelorMittal Group wants to contribute towards all employees' health by promoting a healthy way of living. How we live our lives outside of work, also affects our performance at work. We apply a structural health policy, but initiatives like Health Week help us to point all noses in the same direction. Last year's programme showed much variety but focused on three main topics: exercise, healthy eating and stress. In Gent as well, employees could take part in numerous activities. In all, 1,300 employees signed up for activities like Start to Bike, swimming, spinning, Nordic walking, power walking or Zumba classes. There were also information sessions on healthy eating, healthy dieting, time and conflict management, smoking cessation and computer screen ergonomics. Employees could also turn to the medical department to have their cardiovascular risk profile developed. Compared to previous editions, last year's Health Week attracted significantly more blue and white collars from production departments.

In 2012 the working group responsible for organising our Health Week obtained a permanent character. The working group has started developing an action plan following an external health audit which was conducted within the framework of JobFit. The JobFit project was initiated by the Flemish government to improve employees' eating and exercising habits. Our action plan will focus on healthy eating, exercising and smoking.

Ensuring employees come to work in a fit and able condition is not only about promoting a healthy lifestyle. It is also about consistently improving working conditions. In 2012, the KIM tool was presented to all managers and lifting coordinators were trained in various departments. The KIM tool is a risk assessment tool used to identify health risks related to load handling. All managers were also informed of a new risk analysis tool used to identify risks related to working with chemical substances. Over the coming years, we will be focusing on both these themes.

*During the Health week ArcelorMittal organised a group run.*

# Investing in our people

*The Decoration happening was all about sociability and collegiality.*

## Q. How do we engage our own employees?

A. In times of change, information and communication are essential. We inform our employees through LCD screens, newsflashes and our personnel magazine. However, communication is not just about informing; it is about two-way interaction. Line managers play an important role in this respect: they are the first point of call employees feel they can turn to when they have questions to ask. Our Management Committee also assumes its responsibility and in the course of 2012 organised information meetings with all employees to strengthen dialogue. By correctly informing our colleagues and starting a dialogue with them, we hope to be able to rely on their understanding, commitment and confidence so that we can work together and achieve our ambitious targets.

Early September 2012, we launched a personnel survey with the support of an independent HR agency called SD Worx. All computer users received an email which linked to an online survey. Employees who did not have computer access, were sent a paper version to their homes. Employees were informed of the main results from the survey:

- We regard safety as a top priority.
- We know what is expected of us.
- We enjoy working at ArcelorMittal Gent.
- We feel it is important that efforts to improve working conditions (e.g. noise, ergonomics...) be continued.
- We must keep up and optimise communication.
- We feel our remuneration package is correct when comparing with other companies. However, comparisons with colleagues sometimes raise questions.
- We expect the company's career policy to be translated in more specific actions.

On the basis of propositions made by four working groups, a plan was drawn up including the following actions:

- Providing more information on internal vacancies.
- Setting up appraisal interviews for production workers.
- Optimising communication on HR matters.
- Further improving working conditions.
- Drawing up a working station priority list for ergonomic adjustments and rotation schemes in cooperation with the medical department.
- Further implementing the coaching project.

Furthermore, we like to show our appreciation and respect for the dedication and loyalty of our employees by organising internal events for them.

- Every year, there is a Decoration happening. Employees who have been at work for 25, 30, 35 or even 40 years and their partners are put in the spotlight for an entire day.
- On Saturday 30 June 2012, the personnel happening 'Feestmar' took place for the fourth time in our history. It also marked the 50th anniversary of our company. Feestmar offers all internal employees and their families and all retired employees and their partners the opportunity of getting acquainted with a whole other side of the company. Everybody can participate in a boat trip along the Gent-Terneuzen canal, go on a company tour in a covered wagon or visit to the in-house fire department. There are also musical performances and various activities for young and old. No less than 12,000 people accepted the RSVP. Rightly so, the newspaper Het Nieuwsblad covered this event calling it 'the largest personnel event in Flanders'. To mark our 50th anniversary, we had a renowned Flemish radio host called Peter Van de Veire broadcast a live radio show featuring live interviews with colleagues and a top 50 hit list of the past 50 years. Every time, Feestmar is one of the social highlights of our company. To be successful, we count on the motivation, knowledge and enthusiasm of every single employee.
- For several years now, we have been sponsoring the Gent Jazz Festival, which takes place at the end of July. All employees can request two day tickets for free. In all, we distribute 1,000 tickets for this world-famous jazz festival.

In 2012, all employees of ArcelorMittal Gent, Geel and Genk also had the opportunity to buy sportswear at considerable discounts. We designed the outfit ourselves applying the ArcelorMittal brand. When people wear their ArcelorMittal kits, they not only work on their health, but they also defend the colours of our company. 459 employees of ArcelorMittal Gent, Geel and Genk did not want to miss out on this opportunity.

**In times of change, information and communication are essential.**

*The 4th edition of the personnel happening Feestmar proved to be yet another success.*

## Q. How do we develop our employees?

A. We fully believe that all employees should have the opportunity to progress, to shape their careers in accordance with their capacities, interests and ambitions. This has a direct impact on job satisfaction. For this reason, we invest heavily in training and education. Employees are trained to become specialists in their fields of expertise or can take further training. In 2012, ArcelorMittal Gent spent 5.1% of its labour cost on training and education. For comparison, the target imposed on companies by the federal government's Generation Pact is 1.9%.

Our training offer is quite extensive and meets the needs of the production departments. These are a few examples of training courses employees can take:

- safety
- electrical and mechanical maintenance
- the production process, including metallurgical aspects and customer relations
- quality: for example, quality assurance, statistics and World Class Manufacturing
- management skills: for example, attitude, management, learning techniques and teaching techniques
- languages
- IT: both Office, SAP and in-house developed tools

**In 2012, ArcelorMittal Gent spent 5.1% of its labour cost on training and education.**

The training department utilises both internal teachers and external experts. There are also e-learning opportunities, some of which are organised by the ArcelorMittal University.

Knowledge and know-how are fundamental to the needs of each activity domain. It is important that competences and knowledge be centralised and be transferred to ensure the continuity of the company. We strongly believe in mixing young and old. In other words, the experience and knowledge that senior co-workers can transmit to younger employees is priceless. In fact, this knowledge is one of the main ways in which we have stood out from the competition and can continue to do so in the future.

Moreover, we keep in close touch with the academic world (universities, colleges and technical schools). After all, that is where our future employees are trained.

On 15 September 2012, we paid tribute to the employees who had finished the metallurgy course and to the maintenance workers who had successfully finished their promotion tests. In 2012, 35 maintenance workers became head technicians and were given a certificate. 21 employees obtained their degree in metallurgy.

## Q. How do we maintain social dialogue?

A. Social dialogue is part of our company's tradition. On 10 and 11 May 2012, social elections were organised for the technical unit ArcelorMittal Gent. This scope includes ArcelorMittal Gent, the research centre OCAS, ArcelorMittal Flat Carbon Europe Belgium and ArcelorMittal Tailored Blanks Gent. Employees voted for the colleagues that would represent them in the Works Council and the Health and Safety Committee for the next four years.

Because population is ageing, careers will be prolonged. To implement this in our organisation in a sustainable manner, a working group was created in which our social partners are also represented.

In order to strengthen competitiveness, we must further optimise efficiency and reduce costs, in supporting services as well. This is why the optimisation of SSG&A services (Structural, Selling, General and Administrative Expenses), was initiated in 2012 after this had been discussed with our social partners.


SIDMAR

# Making steel more sustainable

We aim at producing high-quality steel in Flanders and at the same time keeping our environmental impact to a minimum. Every year, 15% of our investment budget is spent on measures to boost our environmental performance. In order to further integrate our company into the region, it is also important that we communicate openly and transparently with our neighbours about our environmental efforts.

# Making steel more sustainable

## Q. What is the environmental impact of steel production?

A. ArcelorMittal Gent is an integrated steelworks with an annual steel production capacity of 5 million tons. This means we have all the necessary facilities to convert raw materials into high-quality finished products. We use about 9 million tons of raw materials per year, mainly iron ore and coal.

Steel production via the so-called blast furnace route is energy-intensive. Combustion processes inevitably lead to the formation of $NO_x$, $SO_2$, $CO_2$ and dust.

We also use considerable quantities of water, which is used as cooling water, as process water and in gas treatment facilities. Most water is taken in from the Gent-Terneuzen canal, treated and reused several times before being discharged back into the canal.

We also use additives and fluxes. Numerous liquid products are stored in vessels and/or tanks and are transported through ducts. We are committed to prevent all spilling and leaking.

Our processes and facilities produce noise; just think of fans, compressors, mills and all types of transport. At all times, we try to minimise the impact this has on our neighbours. When new investments are planned, experts conduct noise studies to determine the noise impact these investments might have. If necessary, adequate measures are taken. The sound source may be enclosed, the isolation of the building may be adapted or end-of-pipe solutions such as sound dampers may be installed.

In the different production stages, a bypass flow of products is generated which we try to recycle as much as possible, especially products containing iron and/or carbon. Only a limited quantity of substances for which we cannot find a useful application are considered as waste.

It is clear that our company has some impact on the environment. However, we are a high-tech company with state-of-the-art facilities and highly qualified and motivated people. These assets allow us to reduce the environmental impact of our activities to a minimum.

We have the assets allowing us to reduce the environmental impact of our activities to a minimum.

# Making steel more sustainable

We strive towards converting all natural resources into products that are useful for society.

## Q. How do we use natural resources economically?

A. As part of basic industry, ArcelorMittal Gent uses large quantities of iron ore, fluxes, energy and water. One of the spearheads of our environmental policy is the 'economical use of natural resources and energy'. That is why we invest in our production apparatus so that we do not only produce steel, but also valuable by-products that may be used as raw materials for other industries or for other useful applications instead of natural resources. In other words, we strive towards converting all natural resources into products that are useful for society.

In the different production stages, fluxing agents are used which generate products for which we seek a useful application. Substances with high iron content (e.g. dust collected in dedusting facilities) are recycled internally for as far as there are no process-technical limiting factors in play. This flow of substances can be classified in three categories: by-products, residues and waste products.

By-products are reused in the most diverse applications as a raw material or as a substitute for live rock. An important source of by-products are the liquid fluxes formed during the steelmaking process at high temperatures. These are either granulated or stabilised chemically and/or physically to convert them into valuable products. During the blast furnace process, not only liquid hot metal but also slag is produced. This slag is granulated by powerful water jets in a separate facility. We call this granulated slag blast furnace sand, which is used in the cement industry as an alternative to clinker. During the production of liquid steel in the converter in the steel shop, another slag type is formed, called LD slag (Linz-Donawitz* slag). The characteristics of this slag, such as the viscosity and the temperature, will determine whether the batch is suitable to be converted into LD gravel in a separate slag treatment unit. In this unit, sand and oxygen are injected into the liquid slag. As a result, the remaining iron is oxidised and the silicium binds with the free lime. This is how LD gravel is produced, which can be used as an alternative to natural products such as porphyry, which is used in road construction. Slag which is not suited for conversion into LD gravel is crushed. Then, the iron is extracted and the slag is screened in various grain sizes. LD slag can be used for durable surfaces – such as car parks, roads, paths and driveways. Coarser fractions (larger than 40 mm) can be used as a full alternative to crushed gravel and for hydraulic structures, such as the reinforcement of the banks of the Western Scheldt.

In the coking plant, tar, benzol and sulphur are separated from the coke oven gas in dedicated tools. All of these products are sold to the chemical industry as raw materials.

Coke oven gas, blast furnace gas and converter gas must also be listed as by-products. Because of their energy content, they can be used as fuels in our own facilities instead of natural gas. The gas volume that is not used internally is transferred to the Electrabel power station nearby to be converted into electricity.

Residues are various substances that are inevitably generated during the production process and are separated from an air or water stream in dust abatement and/or water treatment facilities. They mostly contain iron and carbon (dust and sludge). We aim at maximising the reuse of these substances but have to consider their process-technical and environmental impact. We reuse these residues either by mixing them with iron ore before sintering or by converting them into briquettes which are injected in the converter during the steelmaking process. By recycling these substances, we can economise on expensive raw materials such as iron ore and coal, optimise the use of natural resources and avoid landfilling.

Scrap is also produced at different stages of the production process, for example by the side trimmers in the cold rolling mills that cut the steel coils to the customer's requirements. Both internally recycled and externally purchased scrap is added as a coolant to the liquid hot metal in the converters of the steel shop, where liquid hot metal is converted into liquid steel.

For residues that cannot be reutilised internally, we look for alternative useful applications in other industries. One of these substances is the sludge resulting from the gas scrubbing process in the steel shop when galvanised scrap is used in the steelmaking process. In this case, the zinc content of the sludge is too high and would disturb the blast furnace process.

All other substances for which there is no useful internal or external application are called waste products. These are carefully collected and removed by registered specialised companies.

Clean and pure wood waste from our packaging lines for instance, is collected selectively. It can be used as a raw material for the production of chipboard. Plastic bottles, metal containers and drink cartons are also collected selectively for recycling. Dangerous and/or combustible waste is destroyed externally in dedicated waste incinerators. Only a small fraction of non-hazardous inert industrial waste is landfilled (ca. 3,000 tons/year).

*LD: refers to the Linz-Donawitz process to make steel. In this process, a water-cooled lance blows pure oxygen on top of the hot metal bath to burn all impurities. The LD steelmaking process was commercialised by two steel companies in Austria – Voest in Linz and ÖAMG in Donawitz.

| Main raw materials | | 2012 | | Products | | Recycled gases | |
|---|---|---|---|---|---|---|---|
| Coal | 1,583,938 t | **Coking plant**<br>Coke | 1,261,744 t | Benzol<br>Tar<br>Sulphur | 10,136 t<br>46,137 t<br>2,160 t | Coke oven gas for internal use | 10,053,586 GJ |
| Iron ore<br>Coke breeze<br>Anthracite<br>Limestone | 4,697,045 t<br>101,681 t<br>217,748 t<br>205,358 t | **Sinter plants**<br>Sinter | 5,550,095 t | | | | |
| Pulverised coal | 811,837 t | **Blast furnaces**<br>Hot metal | 4,077,968 t | Blast furnace slag | 1,120,565 t | Blast furnace gas for internal use<br>Blast furnace gas for power station | 5,356,428 GJ<br>16,176,242 GJ |
| External scrap | 642,713 t | **Steel shop**<br>Liquid steel | 4,759,012 t | Steel slag | 379,429 t | Converter gas for internal use<br>Converter gas for power station | 1,930,885 GJ<br>1,244,529 GJ |
| | | **Hot strip mill**<br>Hot rolled coils | 4,298,994 t | Finished hot rolled coils | 1,458,371 t | | |
| | | **Cold rolling mill and finishing lines** | | Finished cold rolled coils and sheets | 2,687,408 t | | |

# Making steel more sustainable

## Q. Why do we have an environmental management system?

A. Since 2001, ArcelorMittal Gent has had an environmental management system that fully meets the requirements of the international ISO 14001 standard. In the late 1990s, the 'easiest' environmental optimisations had already been realised and it had become increasingly difficult to continue to improve. That is why we implemented the environmental management system. It forced us to go about environmental management in a structured manner, starting with the identification of our environmental priorities. This helped us to conceive an environmental policy and set targets to ensure continuous improvement. After the implementation of the environmental management system, employees have become much more involved in environmental care: it has become everybody's business. Each production department is responsible for its environmental performance and every employee can make an impact.

Our environmental management system is audited every year by an external independent organisation which checks if we keep on meeting all requirements. The ISO 14001 certificate assures all external stakeholders, such as our neighbours, the authorities, suppliers and customers, that 'sustainable development' are no empty words.

In November 2012, the certification agency SGS S&SC conducted the annual ISO 14001 audit. No major non-conformities were found but the audit team saw one minor non-conformity and 1 opportunity for improvement and these are now being worked on.

## Q. How do we reduce $CO_2$ emissions?

A. $CO_2$ emissions are inherent in steel production via the blast furnace route. Chemically speaking, iron ore consists of iron and oxygen. In the blast furnaces, the oxygen is extracted from the iron ore by chemically reacting with coke or pulverised coal, which are used as fuels and reducing agents. The carbon present in the coke and pulverised coal binds itself to the oxygen that is extracted from the ore. As a result, liquid hot metal and blast furnace gas are produced. The use of blast furnace gas as a combustible in our production process and for power production inevitably results in $CO_2$ emissions.

Coke oven gas is produced in the coking plant, where coal is converted into metallurgical coke. Because of its physical and chemical characteristics, coal is not suited for direct use in the blast furnace as a fuel. When coal is converted into coke, volatile hydrocarbons are removed from the coal, thus producing coke oven gas, which after treatment can also be used as a fuel in our steel production units and rolling mills.

In the steel shop, a third combustible process gas is produced, namely converter gas. In the steel shop, the liquid hot metal from the blast furnaces is converted into liquid steel by burning the carbon and impurities that are present in the hot metal. For this purpose, pure oxygen is blown on top of the hot metal bath. The oxygen binds itself to the carbon present in the hot metal bath, creating a gas mixture of CO and $CO_2$. This gas mixture is called converter gas. Just like blast furnace gas and coke oven gas, converter gas contains energy and can be used as a fuel.

In addition to the siderurgical process gases, natural gas and limited quantities of fuel are used in various production departments. $CO_2$ emissions also occur in the sinter plants, where the carbon present in the raw materials, the fuels and the additives is converted into $CO_2$.

$CO_2$ emissions are inherent in steel production via the blast furnace route. Because efficiency is high, we are very close to the theoretical minimum emissions. In 2012, our global specific emissions amounted to 1.740 tons of $CO_2$ per ton of steel produced, which is a decrease of ca. 3% compared to 2011.

Contrary to other materials such as plastic and aluminium, steel can be recycled indefinitely. Sooner or later, steel will be reused in the production chain. Steel is added to the converter load in the steel shop in the form of scrap. When pure oxygen is blown on top of the hot metal bath, large quantities of energy are released. This offers us a double bonus. Firstly, the energy which is released during the converter process is used for melting the added scrap. Secondly, as less liquid hot metal is required to produce liquid steel, $CO_2$ emissions per ton of steel are reduced.

Because steel maintains its original characteristics, scrap is a full raw material. However, there will never be enough scrap to meet world steel demand. That is why steel production via the blast furnace route remains necessary. In order to further cut back $CO_2$ emissions by the blast furnaces, we continuously try to reduce the amount of carbon needed in the various production stages, by optimising the production process and selecting the right raw materials. The quality of the coke and the sinter strongly determine the carbon input in the blast furnaces. The better this carbon input is controlled, the more efficient carbon is used and the lower $CO_2$ emissions will be.

Since $CO_2$ emissions are directly linked to energy consumption, any effort to optimise energy efficiency also reduces greenhouse gas emissions.

After the implementation of the environmental management system, employees have become much more involved in environmental care.

## $CO_2$ emissions are inherent in steel production. Because efficiency is high, we are very close to the theoretical minimum emissions.

*ArcelorMittal Gent produces steel via the blast furnace route.*

# Q. How exactly does $CO_2$ emission trading work?

**A.** On 16 February 2005 the Kyoto protocol came into effect. The signatory industrialised nations committed themselves to reduce their overall emissions of greenhouse gases by 2008-2012 by an average 5.2% in relation to 1990. The European Union went a step further and committed itself to reduce $CO_2$ emissions by 8%. This target was divided between the member states in individual targets. Belgium was requested to reduce its greenhouse gas emissions by 7.5%.

For electricity producers and a number of energy-intensive businesses such as steel industry, a $CO_2$ emission trading scheme was set up by the European Union. Since 1 January 2005, companies belonging to these branches of industry have been surrendering $CO_2$ emission allowances for each ton of $CO_2$ they emit. When this system was set up, national governments every year allocated a specific quantity of $CO_2$ emission rights for the duration of the trading period to companies participating in this system. The allocation was based on the expected future activity level and associated $CO_2$ emissions. In Flanders, the $CO_2$ emission rights were allocated for free if a voluntary commitment was taken to strive for maximum energy efficiency. Emission rights may be traded: companies can sell or buy them. For every calendar year in the trading period, companies had to surrender a quantity of $CO_2$ emission rights covering their emissions, which are verified by an independent body. If companies' emissions exceed their allocations, they have to buy additional emission rights on the market to make up for the shortfall, because they have to surrender a number of $CO_2$ emission rights that is equal to the verified emissions. If they do not comply with this obligation, they are penalised and have to pay a fine of 100 Euros per ton of shortfall and they have to buy the missing allowances all the same. If companies emit less $CO_2$ than the allocated amount of $CO_2$ emission rights, they can sell the surplus and use these earnings for instance to invest in $CO_2$ and/or energy saving projects.

There are three trading periods: 2005-2007, 2008-2012 and 2013-2020. Before the start of each trading period, there is a consultation phase during which the authorities determine the annual amount of $CO_2$ emission rights that will be allocated to companies in the trading period to come. The allocation rules for the first two trading periods were established at member state level in accordance with European guidelines. Since in Belgium environmental issues are dealt with at regional level, we were allocated emission rights in accordance with the Flemish allocation plan. Companies that signed the Flemish government's Benchmark covenant committed themselves to maximise energy efficiency. In return, they were allocated emission rights free of charge.

As from 2013, the allocation of $CO_2$ emission rights has been following new European rules. The amount of $CO_2$ emission rights to be allocated is calculated on the basis of the average production levels over the period 2005-2008 and European benchmark $CO_2$ emissions per type of product (coke, sinter and hot metal). This reference carbon intensity for these three products, imposed by European authorities, is much lower than what is technically feasible. It is motivated by the fact that European authorities have refused a 100% free allocation for electricity production in which process gases are used as combustibles. This means that contrary to the first two trading periods, the steel business at normal activity levels will be facing a structural shortfall of free $CO_2$ emission allowances as from 2013.

Excess $CO_2$ emission rights from the first trading period could not be transferred to the second period. After the second trading period, companies could transfer excess emission allowances to the third period. In 2005-2007, we recorded a cumulative excess of 2.58 million tons of $CO_2$ emission allowances, of which 1.62 million tons were sold. Although in the second trading period our allocation had been reduced by 5%, we still recorded a cumulative excess of 6.7 million tons of allowances over the 5-year trading period, due to production cutbacks in 2008-2009 because of the economic crisis. 2.16 million tons of these excess allowances were sold and profits were used to invest in projects to optimise energy efficiency, such as

- a system to recover the energy-rich converter gas which is released during the steel production process. Part of this gas is used internally as an alternative to natural gas, part is utilised in the Electrabel power station.
- an intensive mixer, which mixes fine ore grades with water and powdered lime to boost the productivity of the sinter plant and reduce fuel consumption.
- energy-saving projects in the organic coating lines in Gent and in Geel.

Although we are one of the most energy-efficient steel producers in the world, at normal production levels, we will face a shortage of emission allowances in the trading period 2013-2020. The provisional annual allocation of about 7.5 million tons of $CO_2$ emission rights does not cover our emissions. In the third trading period, we can use emission allowances transferred from the second trading period. However, at normal production levels, we will have to buy additional $CO_2$ emission allowances on the market, which will increase the cost of our products. This will put pressure on our competitiveness as steel is traded on a global market and it is not possible to compensate for cost increases by adapting sales prices. After all, we have to compete with companies outside Europe which are not bound by $CO_2$ legislation and can sell their products at lower prices on the European market. This concern is shared by all European steel producers and has been expressed to European decision makers.

# Making steel more sustainable

*Hot charging or loading hot slabs into the reheating furnaces of the hot strip mill is one of the measures to save energy.*

## Q. Why have we been amongst the most energy-efficient companies in the world for years?

A. Steel production via the blast furnace route is energy-intensive. The different production steps, such as producing metallurgical coke, sintering the iron ore and the reduction process in the blast furnace itself, all take place at high temperatures and demand considerable quantities of fossil fuels. Then again, rolling steel slabs consumes much electricity. And still, we have been amongst the most energy-efficient companies in the world for years now, as is shown during annual energy audits conducted by an independent body. In 2012 we kept our position amongst the best performing companies in the world.

Our motives are both ecological and economic. Society on the one hand is confronted with the greenhouse gas effect and climate change. At company level on the other, energy costs account for 25% to 30% of the total production cost per ton of steel. Both aspects are directly linked to energy consumption. We owe it to future generations to produce steel in the most energy-efficient way possible. And as energy prices are rising, energy savings are also an economic necessity.

In 30 years' time, we have succeeded in reducing our energy consumption per ton of steel produced by one third. In 1980, the production of 1 ton of hot rolled coils required 25 GJ of energy. In 2012 this figure dropped to beneath 17 GJ. This significant achievement is to be explained by our sound energy management. We invest in our facilities and processes to reduce energy consumption and we aim at recovering and reutilising a maximum of energy if this is technically and economically feasible.

In September 2003, ArcelorMittal Gent signed the Benchmark covenant with the Flemish government. In this way, we committed ourselves to be among the best performing companies in the world in the field of energy consumption per ton of steel produced. As a benchmark figure, a fictitious reference company was created by an independent expert combining the best-performing production departments of various companies. A company is considered to be among the best-performing companies in the world if its specific energy consumption does not exceed the energy consumption by this fictitious reference company by more than 10%. In 2012, our specific energy consumption exceeded the reference company's by 7.03%. This clearly shows that we have reached a very high level of energy efficiency.

Mid-2010, an important step forward was made in terms of energy efficiency when we commissioned the converter gas recovery unit in the steel shop. Energy-rich converter gas which used to be flared off is now recovered and reutilised. Part of the converter gas is used in various production facilities as a fuel to replace natural gas. The remainder is used by the Electrabel power station nearby to produce electricity. This investment allowed us to reduce energy consumption by 0.7 GJ per ton of liquid steel. This is a 4% cut in our company's overall energy consumption.

In the same year, Electrabel commissioned a new power station, which converts blast furnace gas and converter gas into electricity. This new state-of-the art power station has an efficiency of over 40%. For comparison, the old power station that converted blast furnace gas into electricity only had an efficiency of 35%. Although the new power station has the same thermal capacity as the old facility, its production capacity is 25 MW higher.

**In 30 years' time, we have succeeded in reducing our energy consumption per ton of steel produced by one third.**

## Q. How do we improve air quality?

A. Combating dust has always been one of the key elements in our environmental policy. This is proven by the performances we have achieved over the past years thanks to capital-intensive measures. Dust emissions nowadays amount to only 10% of dust emissions in the late 1980s.

Looking at guided sources – i.e. chimneys – we can see that considerable investments have been made into efficient dedusting facilities. We attach great importance to the maintenance and operation of these facilities so as to ensure dust is captured in the most optimum fashion. In 2011, we started the expansion of the casthouse dedusting system in one of our blast furnaces to improve dedusting efficiency. A sleeve filter was added to the existing electrofilter. This environmental investment was worth 7.9 million Euros and was completed in October 2012. With this investment, dust emissions are reduced by 200 tons per year. Moreover, the filtering facilities now capture an additional 500 tons of dust per year, which used to end up in the production hall and in the environment.

Over the past few years, ambient air quality and particulate matter in particular have been hot topics. Flanders is in a part of Europe that is characterised by relatively high dust concentrations. A study conducted by the Flemish Institute for Technological Research (VITO) shows that 70 to 80% of the measured dust concentrations in Flanders come from elsewhere. Indeed, Flanders is sandwiched between the industrialised areas of Holland, Germany and France.

The Gent canal area is one of the hot spots in Flanders. In practice, this means that the air quality standards for suspended matter PM10 (particulate matter having a grain size of less than 10 micrometres) are not always met. A recent study conducted by VITO as requested by the Environment, Nature and Energy Department of the Flemish government shows that our company is responsible for about 10% of particulate matter measured in the ambient air.

In 2005-2006 we had VITO analyse our company so as to identify the main sources of dust and obtain valuable information on how to combat dust emissions effectively. This research revealed that diffuse emissions have the greatest impact on the air quality in the vicinity of our company. That is why over the past few years we have been focusing on combating these diffuse emissions. In order to coordinate all actions and give priority to those with the highest yield, the environmental management department, in cooperation with all relevant departments, drew up a dust reduction plan that includes the following measures:

- raising awareness of our staff in the raw materials, harbour and transport department as they are directly involved in the unloading and treatment of raw materials
- enclosing dropping points in the conveyor belt network
- spraying water on unpaved roads during dry spells
- creating a coating (crust) on top of the raw material stacks during dry and windy spells to combat wind erosion
- a thorough swiping programme to keep roads dust-free
- avoiding spilling raw materials
- weather alarms
- investing in a new grab ship unloader equipped with a spill-plate, wind screens with spray system, and automatic grab mode with filling ratio and scissor grabs

All other types of emissions, such as $NO_x$, $SO_2$ and dioxin emissions, are closely monitored through an intensive internal measuring programme. This is how we can monitor the performance of our production and treatment facilities and intervene if needed. In terms of $NO_x$ and $SO_2$ emissions, we also work proactively and select raw materials with relatively low nitrogen (N) and sulphur (S) contents.

*The expansion of the casthouse dedusting system of blast furnace A improved the air quality and working conditions.*

**Dust emissions nowadays amount to only 10% of dust emissions in the late 1980s.**

# Making steel more sustainable

## Q. How do we limit water consumption?

**A.** The steel production process does require quantities of water, which is used as cooling water, process water and in environmental-technical applications. Since water is a natural resource, it is important that we use it as economically as possible.

As high temperatures are part of the steel production process, our facilities need cooling. Just think of the engines in the sinter plants, the shell of the blast furnace, the converter in the steel shop and the rolling stands in the hot strip mill.

Process water is used during the production process itself. Examples include the water we use to quench coke, to granulate blast furnace slag to produce blast furnace sand, to remove the scale layer from slabs in the hot strip mill and water that is used for steam production.

For environmental purposes, water is used to combat dust (e.g. for sprinkling unpaved roads during dry spells or in the spray system installed on unloading cranes) and in the gas treatment facilities in the blast furnaces and the steel shop.

The Gent-Terneuzen canal is our main source of water. Canal water is taken in at the north side of our company land and is used in counterflow with the production process before it is discharged near the southern boundary of our territory. Each cubic meter of water that is taken in, is used about 25 times. This requires numerous water treatment facilities, water towers and cooling towers. In the mid-1990s, we launched a multi-annual project, which doubled our water recycling rate compared to the 1993 level. In 2012, about 20 million $m^3$ of canal water were pumped and about 10.7 million $m^3$ were discharged after treatment. The water discharged meets all environmental requirements.

In the past, groundwater was also used for various applications. Wherever possible, we have taken measures to use canal water instead. This is how we have managed to significantly reduce the groundwater intake over the years (from 2 million $m^3$ per year to just over 1.4 million $m^3$ in 2012). Nowadays, groundwater is only used for safety reasons. At a number of locations, the groundwater level needs to be controlled to avoid contact with liquid hot metal or liquid steel, which could cause explosions. This is done by safety drainages. To prevent this groundwater from going to waste, we use it in a number of quality-critical applications.

In 2012 our specific water consumption amounted to 4.6 $m^3$ per ton of liquid steel, which corresponds more or less to levels recorded in previous years (4.9$m^3$ per ton of liquid steel in 2011). The characteristics of the water taken in prohibit any further water savings. With this performance, we are amongst the most efficient integrated steelworks in the world.

Each cubic meter of water that is taken in, is used about 25 times.

Half of our surface area is in fact a belt of rich woodland used as a buffer between our industrial activities and the surrounding region.

## Q. How do we reconciliate industrial activities with nature conservation on our company premises?

**A.** ArcelorMittal Gent's company premises cover a surface area of about 850 ha. Thanks to efficient environmental planning, only half of this surface area is used for industrial purposes (production facilities and the storage of by-products, semi-finished and finished products).

The other half is in fact a belt of rich woodland used as a buffer between our industrial activities and the surrounding region. Over the years, there has been continuous afforestation. Here you can mainly find high-quality native deciduous trees such as oak, birch, ash, poplar, black alder, willow and many others. Together with the flora, a rich fauna has developed itself on our premises. Game (such as rabbits and pheasants) make up approximately 10% of the animal population, but hedgehogs, squirrels, herons, buzzards, toads, shelducks, black-headed gulls and many other rare and common types of birds have found the site to be an excellent habitat as well.

Although the land is barely 50 years old and for the most part has been artificially raised, the fauna and flora have been able to develop well. We also have a chartered forester who is responsible for land management.

*During the personnel happening Feestmar, employees and their families could discover our company's woodland in a covered wagon.*

# Making steel more sustainable

*S-in motion is a new concept designed for car manufacturers who want to build lighter, safer and environment-friendlier cars for the 21st century.*

## Q. How does innovation focus on the environment?

**A.** Product development and innovation go hand in hand. They are a necessary condition for sustainable business. Together with the research centres within the ArcelorMittal Group, we are exploring new ways to tailor steel to customer requirements. Furthermore, safety and the environment play an important role in the development of new products.

About 40% of our steel products are destined for the automotive industry. Car manufacturers are constantly looking for ways to reduce the weight of vehicles so as to minimise fuel consumption and $CO_2$ emissions. As the car bodywork is the largest and heaviest component of a car, it makes sense from an environmental point of view to reduce its weight. Car manufacturers impose increasingly stringent demands on their suppliers in the area of costs, energy consumption, safety, sustainability and recyclability of the materials used. Therefore, steel has to compete with alternative materials, such as aluminium and synthetic materials. When the customer has a choice between different materials, his decision will inevitably be based on the price of the raw material that is used, the life cycle of the product and the recyclability at the end of this life cycle.

These past few decades, steel manufacturers have worked together with the automotive industry and have succeeded in significantly reducing the weight of the car bodywork. Over the last few years, the steel product range has changed beyond recognition because of market demand and competitive pressure. Compared with seven years ago, 60% of our products are new developments or fundamental modifications to existing steel grades. Modern high-strength steels are of superior quality and are more deformable in spite of their increased strength, which enhances processability. On the basis of specific characteristics we can make a distinction between high-strength steels, ultrahigh-strength steels and advanced high-strength steels. About half of our products are high-strength steels.

The most recent solution developed by ArcelorMittal for the automotive industry is called S-in motion. The use of advanced high-strength steel allows us to significantly further reduce the weight of the so-called body-in-white. The body-in-white is the car bodywork without the closing parts. The technology of S-in motion can also be used for weight reduction of other parts, such as moving parts and chassis components.

Weight reduction is also becoming increasingly important in freight transport. In collaboration with our customers, ArcelorMittal has developed Trailtech, as a solution for producing lighter trailers and for reducing both production and application costs.

ArcelorMittal R&D engineers have also conducted a feasibility study for reducing the tare weight and maintenance costs of freight wagons. Results of this study are looking promising. This advanced solution uses high-strength and ultrahigh-strength steels and is expected to reduce $CO_2$ equivalent emissions per ton of goods shipped by 40%.

For an increasing number of applications, our steel requires additional treatments after cold rolling. To protect the steel against corrosion, a layer of zinc can be applied. An additional protective layer prevents the zinc layer itself from corroding and gives the product the desired look. Moreover, we can paint our steel products. Organically coated products are increasingly used for wall covering. Atmospheric resistance is one of the key requirements.

In the past, all these protective coatings contained chromium-VI and/or heavy metals. Subsequently, when it was discovered that chromium-VI can be harmful to the environment and to human health, the European Union issued a number of new directives to reduce and even ban the use of these substances. In the past few years, ArcelorMittal R&D centres have focused on finding alternatives to heavy metals and especially chromium-VI for post-treatments that are applied in the galvanising lines or in the organic coating line. This is how the Nature range was developed: sustainable pre-painted steel products suited for all kinds of indoor and outdoor applications. Just think of cladding, roofing, gutters, wall panels, lowered ceilings and light fittings. The Nature range is 100% free of Chromium-VI and heavy metals.

**Did you know that**

**… a 100 kg weight reduction of a car decreases $CO_2$ emissions by that car by 6%/km?**

*Shaft for an agricultural vehicle that is 30% lighter thanks to the use of Amstrong™ high-strength steel.*

Our aim is to become the reference company in the field of high-strength steels.

## Q. How do we work with our customers?

A. Innovation is key to ensure the future of our company. Our ambition does not lie in the production of commodities with limited added value, but in the production of challenging products with high added value. Our aim is to become the reference company in the field of high-strength steels. It is our strategy to prepare our production apparatus for products in high demand. Process innovation is a prerequisite for product innovation and is a driving force for progress.

Together with the steel research centre OCAS we are also looking to find the most suited product for any non-automotive application. One suiting example of this is xcelcoat, which can be used as an alternative to stainless steel. The brand name xcelcoat covers in fact three steel products with high added value that excel in terms of aesthetics and roughness. In the case of xcellook, galvanised steel is brushed to give it a stainless look. This cost-efficient solution can for instance be used to manufacture decorative panels. In the case of xceldesign, a logo or structure is applied on the steel surface using Electron Beam Texturing. Finally, in the case of xcelcolour, steel with homogenous roughness is coated with a thin coloured layer.

Another example is the quality label Amstrong™. ArcelorMittal Gent is one of the production sites of Amstrong™ high-strength steels and advanced high-strength steels, which are ideal for reducing the thickness and weight of constructions and yet increasing load capacity. For a wide range of applications, such as trailers and dumpers, excavators and harvesters, the Amstrong™ line offers considerable benefits.

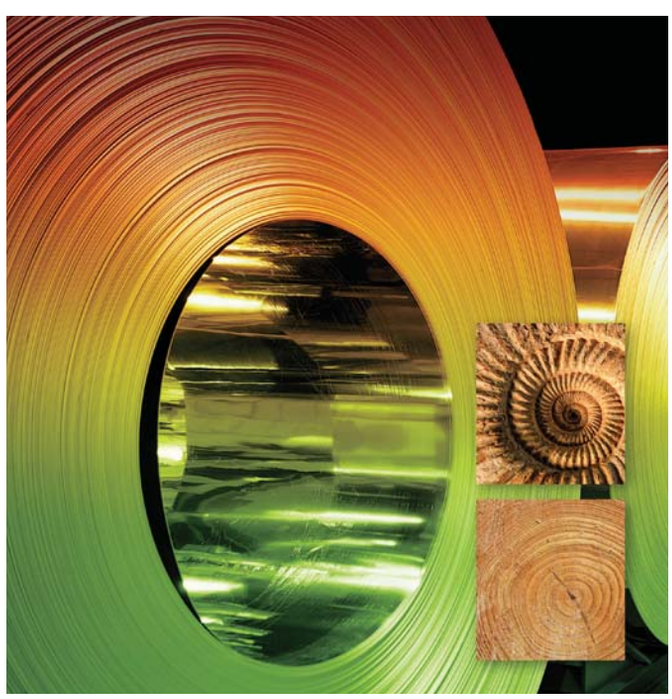
We must be well aware of the fact that in times of crisis, we must – more than ever – make a difference for our customers. We can do this by setting top delivery time performances and supplying high added value products.

Short delivery times can be guaranteed to customers located within limited distance of our company. In practice, this means that some customers can place their orders shortly before they are due for delivery, regardless of the capacity utilisation of the production lines at that time. This way of working has its advantages for both parties. On the one hand, our customers can react more flexibly to demands by their own customers and at the same time reduce internal stocks. On the other hand, we are certain that orders will be placed even in periods of low economic activity. We aim at selling 20% of our order book to non-automotive customers as short lead time orders. Our customers are quite satisfied with this offer. In the end, short lead times will tie customers to our company and protect us against imports of cheap steel products.

Another project to improve customer service is the Direct Link. A Direct Link is a customer's direct contact person inside a production site. The Direct Link initiative speeds up the exchange of information with customers and enhances the feedback towards the production planning. In this way, our relationship with our customers is further developed.

Service cannot be seen apart from quality. Delivery time performances cannot be improved at the cost of quality and vice versa. In 2012, our quality performance did not match 2011. However, we managed to recover in the second semester. In 2012, the volume percentage of first choice material shipped increased to 97%.

*ArcelorMittal developed a new 'green' product range that is 100% free of Chromium-VI and heavy metals: Nature.*



# Making steel more sustainable

Cost leadership is absolutely required for attracting orders and new investments.

*Kris Notebaert (COO Primary) assesses the progress made in the field of World Class Manufacturing by the team working in the slab yard of the hot strip mill.*

## Q. Why is cost leadership so important for our future?

A. Cost leadership is absolutely required for attracting orders and new investments.

Personnel and energy costs in Belgium are high, which is a handicap compared to other countries and specially steel-producing neighbouring countries targeting the same markets as we are. Because of the economic crisis, we remain forced to control costs and minimise expenditure. As a response to the economic crisis, ArcelorMittal Gent took stringent savings measures. By limiting our capital expenditure and purchases, by continuously identifying cost optimisation potential and by optimising efficiency in supporting services, we aim at ensuring our competitiveness.

In 2012 ArcelorMittal Gent became the cost leader in Europe. This was due to a number of elements, such as an optimum raw materials mix, good coke quality, high pulverised coal consumption, low fuel consumption, high scrap consumption in the steel shop and low transformation costs in the hot strip mill and in the finishing lines. Thanks to this excellent cost position, we were able to take in orders from export markets.

It was clearly shown that we require high production levels to be able to operate at low costs. Therefore, operational reliability is key. In times of budget restraints, we must set the right priorities and approach maintenance projects in a cost-efficient manner.

Stock management is another important element to keep costs under control. The stocks of raw materials, works in progress and finished products were significantly reduced in 2012.

Under the current economic circumstances, World Class Manufacturing (WCM) is an important management tool to boost our competitiveness. We use WCM to increase efficiency and reduce costs. In 2012, we worked hard on several WCM pillars. Recently, the ArcelorMittal Group has started handing out awards to plants that integrate WCM into their daily operations. In 2012, ArcelorMittal Gent decided to strive for the bronze medal. This is the first milestone on our journey to becoming an even more efficient organisation. WCM continues pushing us forward.

*The employees at the steel shop implemented pillar 8 cases to increase their safety when moving from one point to another.*

*A compoment of the new vessel of converter 3 in the steel shop is unloaded at our quay.*

## V. What investment projects did we complete in 2012?

**A.** Because of the economic crisis, our investment resources were limited. However, we invested no less than 73 million Euros in 2012 and are preparing some strategic projects in the steel shop, the hot strip mill and the cold rolling mill.

In 2012, a number of major investment projects were completed:

- The commissioning of an intensive mixer in sinter plant 2 with a view to boosting productivity, which had been reduced due to the use of finer ore grades. The intensive mixer optimises the size of the ore grains for the sintering process, which reduces fuel consumption.
- The expansion of the cast-house dedusting system of blast furnace A: by optimising dust extraction and separation, we not only improve working conditions but also reduce dust emissions.
- The optimisation of the primary coke oven gas cooling system to improve the quality of the coke oven gas.
- The increased capacity to inject pulverised coal in the blast furnaces to increase productivity and at the same time reduce the consumption of expensive external coke.
- The installation of a fixed laser measuring device on both converters in the steel shop to measure the thickness of the refractory lining. These measuring data give us the opportunity to reduce lime consumption and slag production.
- New powerful AC engines for two rolling stands (F2 and F4) of the finishing mill in the hot strip mill. This investment secures our future since it will allow us to take in more orders for high-strength steels.
- The revamping of the basic PLC automation in the hot strip mill.
- The new mechanical drive of finishing stand F2 in the hot strip mill.
- The revamping of the automation of the TTS (Turbulent pickling line – Tandem mill Sidmar) in the cold rolling mill.
- The replacement of the oxygen storage tanks in tank park 5 of the regeneration area.
- At ArcelorMittal Genk, the crane automation project ACE was successfully deployed in the joint entry and exit stock area. It was the first time since the start of the ACE project that a production hall was automated in which three cranes were operating.

## We invested no less than 73 million Euros in 2012.

- Various projects in the organic coating lines in Gent and in Geel to reduce costs and improve delivery time performance.
- A new 150 kV supply line to the oxygen plant to avoid any future overload of the electricity grid.
- The commissioning of the system to inject coke oven gas into the blast furnace gas duct that leads to the Electrabel power plant. This allows us to reduce flare losses when production in the hot strip mill is interrupted for maintenance purposes.
- The quality management department commissioned a new automatic system for testing the mechanical characteristics of our finished products.

*Late 2012, tremendous effort was put into the revamping of engines F2 and F4 of the finishing mill in the hot strip mill.*

*The crane automation programme is not only implemented in Gent: in the electrolytic galvanising line in Genk as well, 3 cranes were automated in 2012.*

The following investments were approved and/or started in 2012 and will be completed in 2013:

- A new trunnion ring and vessel for the converter in the steel shop, allowing us to increase the converter load.
- The commissioning of a new oxygen plant by Air Products. Because production levels are high, oxygen consumption in the blast furnaces and the steel shop has increased as well.
- The reconstruction of the reinforcement of the hot blast stoves of the blast furnaces to improve reliability.
- The construction of a facility to inject water- and oil-bearing oxides from the hot strip mill into blast furnace B. These oxides will no longer be processed externally.
- New powerful AC engines for two rolling stands (F1 and F5) of the finishing mill in the hot strip mill. It is the second phase in a project to replace all engines of finishing stands F1 to F6. When this long-range plan will be completed, the most powerful engines within Flat Carbon Europe will be found in Gent.
- A new overhead crane in the slab yard: this investment is part of a programme to systematically replace and revamp old overhead cranes.
- The revamping of pickling line 1 in the cold rolling mill to boost the material yield and optimise efficiency.
- Phase 3 of the ACE project (Automatic Crane Engine): the automation of two cranes in the hall of packaging line 4 and two cranes in the hall of the organic coating line Decosteel 2.

These investments have been scheduled for 2013:

- The revamping of the welding machine of the TTS in the cold rolling mill: this investment is needed to be able to boost the capacity of the TTS by 15% by 2015.
- The replacement of one of the overhead cranes in expedition hall TU.
- The installation of a double block, bleed and spade system on all gas supply lines to the batch annealing zone and the continuous annealing and processing line.
- The installation of a work roll tong in the roll shop of the cold rolling mill so as to avoid rigging slings manually to transport rolls.
- The commissioning of a steam recovery unit in the continuous annealing and processing line to recover any residual heat.

On 19 March 2012, Mrs. Hilde Crevits, Flemish minister for Mobility and Public Works, and Mrs. Melanie Schulz, Dutch Minister for Infrastructure and Environment, signed an agreement on the construction of a second sea lock in Terneuzen. Soon after the agreement was signed, the plan development phase was initiated. In the end, the port of Gent – and therefore ArcelorMittal Gent as well – will be accessible to vessels with a maximum deadweight of 150,000 tons instead of 88,000 tons, which is the current limit. The construction of a second sea lock is a prerequisite for securing the maritime future of the port of Gent. The project is expected to be completed in 2020.

*Thanks to the new automatic tensile testing machine, the physical lab can test the steel varieties of the future.*


*Thanks to the intensive mixer, the sinter plant can process finer ore grades without jeopardising productivity.*


575
URSIA
610
URSIA
612
URSIA


33649
33644
4242
4243
33632
33639
SPA
27961

# Enriching our communities


Every company that seeks to implement sustainable development must be aware of what is going on elsewhere in the world. We want to make an active contribution to society to increase welfare and overall well-being. We participate in sustainable community development by for instance combating poverty or creating training opportunities for people who find themselves on the brink of society.

# Enriching our communities

The ArcelorMittal Foundation gives ArcelorMittal employees the opportunity to dedicate part of their annual holidays to volunteer work by helping in a humanitarian project in a foreign country.

## Q. Why do we pay attention to what is going on elsewhere in the world?

A. ArcelorMittal Gent is a founding member of Entrepreneurs for Entrepreneurs, the new name of the Corporate Funding Programme (CFP). This is a network of Belgian companies and non-governmental organisations (NGOs). Entrepreneurs for Entrepreneurs wants to contribute to welfare in the South and close the gap between North and South. It aims at supporting profitable business projects in developing countries, so as to stimulate local employment and economic activity. By bringing together the expertise in project management offered by big companies and the field knowledge of non-governmental organisations, Entrepreneurs for Entrepreneurs focuses on supporting projects that can boost local economy in the South in a sustainable manner.

Besides structural sponsoring, we also support specific projects of Entrepreneurs for Entrepreneurs, such as the Brussels 20 km run, which raised money for enterprising women in the region of Fatick in Senegal. On 27 May 2012, 37 employees of ArcelorMittal Gent participated as a team and raised money for charity. Fatick has a poverty rate of 51% and the lowest income in the entire country of Senegal. The NGO SOS Faim has been working there for over ten years and aims at providing financial support to enterprising women. By providing them financial resources such as credit loans, these women can start up businesses and improve living conditions. For instance, they can start trading crops, breeding cattle or sheep or set up a sewing business.

In 2012, the ArcelorMittal Foundation organised another Solidarity Holidays programme. This initiative gives ArcelorMittal employees the opportunity to dedicate part of their annual holidays to volunteer work by helping in a humanitarian project of the ArcelorMittal Foundation in a foreign country. In this way, ArcelorMittal employees get to experience international volunteer work in practice and help people in need, while being submerged in different cultures. The ArcelorMittal Foundation selected three employees from ArcelorMittal Gent to take part in this initiative. They helped to renovate school buildings in China, they coordinated sporting activities during a children's festival in Bosnia or guided blind people on a tandem bicycle trip through Spain. The ArcelorMittal Foundation is a non-profit organisation founded by the ArcelorMittal Group in 2007 to support projects in regions where we have business operations.

*ArcelorMittal Gent is member of "Entrepreneurs for Entrepreneurs", an organisation that supports rentable development projects in the Third World.*

*employees of ArcelorMittal Gent took part in Solidarity Holidays:*

*Tom Acke helped out at a children's festival in Bosnia.*

*Christophe Vandaele went to China to renovate a school.*


*Patrick Coppens covered 800 km on a tandem bicyle together with blind and partially sighted people.*

# Enriching our communities

*For each unused food voucher during the employee happening Feestmar, ArcelorMittal Gent donated one Euro to CAW Artevelde.*

## V. Which local projects do we support?

A. ArcelorMittal Gent does not turn a blind eye to social challenges closer to home either: we support various social projects to combat poverty and create training opportunities for people who have ended up on the verge of society.

- The 'Kromme Boom' is in many ways a unique care project. It helps people in real distress who can no longer function in society. Often they have a history in institutions, sometimes even prison. At the Kromme Boom, these inhabitants are offered a total package of living, working and relaxing – in short: the ability to cope independently -, so they learn how to live a normal life and take back their place in society. The Kromme Boom creates in fact a miniature society that gives people the chance to feel useful again. They regain their self-respect and confidence to face real-life society. This project is atypical since it does not follow the normal employment path. None of the staff members at the Kromme Boom are trained therapists. The Kromme Boom also refuses to pin labels on the people it addresses. That is why this non-profit organisation is not subsidised and depends entirely on aid and (financial) support from third parties. No less than 4,000 addresses support the Kromme Boom, including private people and companies such as ArcelorMittal Gent.

- CAW Artevelde (Centre for General Social Work Artevelde) helps the underprivileged in the region of Gent. It provides all kinds of services, from relationship and divorce mediation to assistance with applications for social allowances or help with filling out requests for asylum. On average, social workers at CAW receive 12,000 requests for help per year, most of which are about relationship and housing issues. For every food voucher that was not used during our personnel happening Feestmar, ArcelorMittal Gent donated 1 Euro to CAW Artevelde. Employees returned no less than 11,000 food vouchers. With this money, CAW Artevelde bought a new delivery van, which can be used for maintaining buildings and refugee centres and for moving people into permanent homes after their temporary stay at CAW. The rest of the amount was used to finance free food tickets for social restaurants.

- ArcelorMittal Gent supports the non-profit organisation called Uilenspel, which organises homework support for underprivileged children in Sint-Amandsberg or Gent-Dampoort (two neighbourhoods in Gent). Underprivileged and foreign children often find it difficult at school and have one bad school experience after another. Just a little bit of extra support can separate failure from success. About 70 volunteers spend one hour per

*Eight employees of ArcelorMittal Gent participated in the 1,000 km bicycle tour for the 'Fight against Cancer' initiative.*

We support various social projects to combat poverty and create training opportunities for people who have ended up on the verge of society.

*The Kromme Boom creates a miniature society that gives people the opportunity to feel useful again.*

week teaching children school skills in a fun way.

- On 5 December 2012, the ArcelorMittal Foundation organised the worldwide Volunteer Day. We contributed by collecting used clothes and toys and donating these to Spullenhulp. This organisation helps over 1,500 people and families every year to abandon poverty for good. Spullenhulp also has a homeless shelter. About 45% of residents there leave the shelter in good conditions, having an official job or sufficient income to have a house of their own. In this way, they can build a new future for themselves. We have decided to keep the containers for collecting clothes and toys permanently so as to provide structural support to Spullenhulp.

Besides poverty reduction projects, we also support health initiatives.

- During last year's Ascension weekend, we had a team consisting of eight employees participate in the 1,000 km bicycle tour for the 'Fight against Cancer' initiative. This tour across all Flemish provinces consisted of four rides of 250 km each, which all started and finished in the city of Mechelen. By participating in this event, you realised that people who suffer from cancer have much more difficult challenges to overcome than a 250 km ride. All of the profit of this competition was invested in scientific research into cancer. ArcelorMittal Gent supported this initiative for the second consecutive year.

- For 25 years, ArcelorMittal Atlantique has been organising the 'Foulées Grand Large' race. By organising this running competition, ArcelorMittal supports bone marrow donation. On 9 September, 10 employees of ArcelorMittal Gent participated in the race. Each participant paid a 3-Euro starting fee to support 'France Greffe de Moëlle'. This organisation manages the database of voluntary bone marrow donors and actively looks for new donors. Our company also supported this initiative financially.

- The non-profit organisation Special Olympics Belgium annually organises championships for mentally disabled athletes, with our company's financial support. The event is alternately organised in Flanders, Wallonia and Brussels. Over 3,250 athletes, 1,200 coaches and 1,700 volunteers from all over Belgium gathered during this four-day event, which took place in Liège last year.


*Ten employees of ArcelorMittal Gent participated in the "Foulées Grand Large", a running contest to support bone marrow donation.*

# Enriching our communities

## Q. How do we enhance integration into the region?

**A.** In order to promote our company's integration into the region, in 2012 we set forth the tradition of organising external events:

- On Sunday 7 October 2012, we participated in Company Discovery Day. 2,700 people visited the continuous casting line and the hot strip mill. Every year at the occasion of Company Discovery Day, we support one charity initiative. Last year, all profit from catering was donated to the non-profit organisation called abajaa!, which organises leisure activities for mentally disabled people.
- Every two years, we organise an Environmental Meeting Day during which we inform our neighbours, local residents' groups, environmental councils, nature associations and the general public on our environmental management. In October 2010, this event was organised for the fourth time and the main theme was energy. The next Environmental Meeting Day will take place on Saturday 5 October 2013.
- Early 2013, governor André Denys of the Province of East Flanders stepped down from office. For eight years, he had been in charge of all East Flemish cities and municipalities. On 6 November 2012, ArcelorMittal Gent hosted a ceremony in his honour, organised by the Port of Gent.
- ArcelorMittal Gent also supports various cultural events in the region, such as the Festival of Flanders, the Gent Jazz Festival and the Light festival.


*On 6 November 2012, ArcelorMittal Gent hosted an event in which the Port of Gent said goodbye to Governor André Denys.*

Every year, on the first Sunday in October, we invite thousands of people to get to know us on Company Discovery Day.

# Transparent governance

Our corporate strategy, business and daily activities are underpinned by transparent governance. We want to be acknowledged for our irreproachable behaviour towards our employees, customers, business partners and society.

# Transparent governance

Fair and ethical business practices are at the heart of the ArcelorMittal way of working.

Corporate Responsibility is an integrated part of our business activities.

*Until 31 March 2012, the Management Committee of ArcelorMittal Gent was composed of Guy Bontinck, Wim Van Gerven, Patrick Deforche and Marc Fisette.*

## Q. What ethical standards do we observe?

**A.** Fair and ethical business practices are at the heart of the ArcelorMittal way of working. These principles are enshrined in our Code of Business Conduct, which applies to all plants and all employees across the globe. The Code of Business Conduct must help us understand the ethical and legal obligations we must meet doing business. The Code of Business Conduct describes the basic values and ethical standards every ArcelorMittal employee across the globe must observe. Every new recruit receives the Code of Business Conduct upon hiring and subscribes to these principles. The Code of Business Conduct was communicated through the personnel magazine and is available on the intranet.

## Q. How do we observe human rights?

**A.** ArcelorMittal Gent has developed an online human rights training which is available on the intranet.

## Q. How is our management organised?

**A.** On 23 April 2012, the composition of the Management Committee of ArcelorMittal Gent, Geel and Genk changed. Patrick Deforche, Chief Operational Officer (COO) Primary, was appointed Chief Technology Officer of the Business Division East by the ArcelorMittal Group. Patrick Deforce was replaced by Kristian Notebaert, who had been responsible for the supply chain within Flat Carbon Europe since September 2009.

Since 23 April 2012, the Management Committee of ArcelorMittal Gent, Geel and Genk has consisted of the following four members:

- Wim Van Gerven, CEO of ArcelorMittal Gent and Chairman of the Management Committee.
- Kristian Notebaert, COO Primary, responsible for all production departments in the hot phase and for general services and energy.
- Marc Fisette, COO Finishing, responsible for all production departments in the cold phase, and for customer relations and quality management.
- Guy Bontinck, HR Director, responsible for personnel management, management development, and training and education.

ArcelorMittal Gent has a Corporate Responsibility Coordinator who reports to the CEO. Corporate Responsibility is an integrated part of our business activities. We support a wide range of local initiatives, in which our own employees are often involved. Moreover, we support community initiatives in developing countries, for instance Entrepreneurs for Entrepreneurs. These community initiatives are frequently discussed during Management Committee meetings.

*Since 23 April 2012, the Management Committee of ArcelorMittal Gent has consisted of Kristian Notebaert, Marc Fisette, Wim Van Gerven and Guy Bontinck.*


## Q. How do we communicate with our employees?

A. We strive towards communicating openly and transparently with our employees on corporate matters. This does not only increase commitment but also overall job satisfaction. Our employees are informed through various channels.

Flash newsletters (Sidmar Berichten and Snelberichten Veiligheid) are distributed on a regular basis to quickly inform them on current affairs. Moreover, information is shown every day on information screens inside the production departments. These LCD screens display a wide range of both corporate and departmental information: global safety results, customer visits and events (corporate information), planned maintenance, new recruits etc. (departmental information).

By publishing our '1' personnel magazine, we inform our employees every month on our company's objectives, on what happens to our products after they have been shipped (customers), on our efforts in terms of safety, quality, training, costs and on the common vision and values of the ArcelorMittal Group (feeling of belonging). In our personnel magazine, we focus on people. By interviewing people who worked on a project on the shop floor, employees with particular hobbies, retired colleagues... we make it clear that we would not have come this far without the contribution of each and every employee.

In January, the Management Committee issues a policy statement. Afterwards, the heads of department organise meetings at departmental level in which they pass on the key messages from the policy statement and elaborate on their own departments' performances.

Because the policy statement offers a clear view on our company and the context in which we operate, it was decided in 2011 to further disseminate the key messages to the shop floor. That is why since then, additional information sessions have been organised at departmental level. First, there is always a short presentation built around six strategic axes: (1) health, safety and environment, (2) management and HR, (3) market share and customers, (4) cost leadership, (5) raw materials and energy and (6) technology and innovation. Then, employees have the opportunity of asking questions and engaging into direct dialogue with management. In 2012, these information sessions were organised in June and in November.

In order to enhance the flow of information, every month an information package is distributed containing background information on the six strategic axes. This package is shown on the information screens and is also commented on by management during regular meetings.

It goes without saying that these central communication initiatives mainly play a supporting role. Direct interaction between employees and their supervisors, the openness and the approachability of these supervisors have much higher impact on daily operations and on employee motivation and commitment.

# Transparent governance

## Q. How do we communicate with the public at large?

A. Not only internal stakeholders (our employees) but also external stakeholders demand proactive, open and transparent communication. By external stakeholders we typically mean our neighbours, students, applicants, schools and universities, customers, suppliers, the press, associations and official bodies. We focus on the impact steel has on our everyday lives and our company's assets and added value.

Their prime source of information is our company website (www.arcelormittal.com/gent), which contains a vast array of information on our company, for instance on the production process, the efforts we put in to improve our health and safety performance, our environmental care and our importance in terms of employment. Publications such as this Corporate Responsibility Report are also a valuable source of information for them.

As is the case with our employees, we also want to engage in a dialogue with external stakeholders. Company visits provide us with the ideal opportunity. In 2012, we organised over 230 company visits, mostly for customers and students. However, specialised environmental visits regularly take place as well.

On 12 May 2012, we took part in a technology fair called 'Boetiek Techniek' in the city of Gent. This interactive fair was designed to promote technical education amongst youngsters between 10 and 14 years of age. 20 East Flemish companies and organisations were present. ArcelorMittal Gent displayed some practical applications of new steel products found in our everyday lives.

Once a year, we invite the public at large to visit our company at the occasion of Company Discovery Day on the first Sunday in October. Every two years, Company Discovery Day is preceded by an Environmental Meeting Day. On Saturday, we inform our neighbours, local residents' groups, environmental councils, nature associations and the general public on our environmental management. The next Environmental Meeting Day will take place on Saturday 5 October 2013, followed by Company Discovery Day on Sunday 6 October 2013.

When information meetings are organised for neighbouring municipalities and for the entire province of East Flanders on themes relevant to our company, we participate in these meetings. In addition, we take part by special invitation in information meetings organised by third parties.

Should local residents have any environmental complaints, they can contact us directly or call the special green number for the Gent canal area (+32 (0)800/22.999). All environmental complaints we receive are investigated on an individual basis. On the basis of the information provided, we assess whether the problem is caused by failures in the production processes. If this is the case, we do our utmost to reduce these consequences to a minimum. In addition, even if it shows that we are not responsible for the environmental nuisance, we give an appropriate answer to the person who initially made the report.

If you would like to know more about our company, please contact us through our website *www.arcelormittal.com/gent*

We also want to engage in a dialogue with external stakeholders. Company visits provide us with the ideal opportunity.

## Q. How are we publicly recognised for our achievements in the field of Corporate Responsibility?

A. The East Flanders Environmental Charter was initiated by the East Flanders Chamber of Commerce (VOKA) to encourage companies to pursue an active environmental policy aimed at improving the environment and the living conditions in the region. Companies step in voluntarily.

When we take part in the initiative, we must set clear objectives and stipulate the necessary actions to be taken for at least four out of the ten environmental issues included in the Environmental Charter. At the end of the action year, an assessment team, composed of representatives of various environmental authorities, visits the company to inspect whether the proposed actions have been achieved and legal requirements are still met. If both conditions are fulfilled, we are awarded the Environmental Charter Certificate.

To us, the Environmental Charter is a continuation of the environmental management system. It makes us define clear objectives and determine concrete actions which must be completed in short term (1 year). We have been taking part in this initiative since 2003 because it is another incentive to continuously improve our environmental performance, which is the overall goal of the ISO 14001 standard.

In 2012, we were presented with the Environmental Charter Certificate for the 9th consecutive time. It was a renewed confirmation of the effectiveness of our environmental management system and an objective way of highlighting our environmental efforts.

In 2012, we were presented with the Environmental Charter Certificate for the 9th consecutive time.

# Production figures

| In thousands of tons | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **ArcelorMittal Gent** | | | | | |
| Harbour activity (loading/unloading) | 12,051 | 11,206 | 11,324 | 8,028 | 12,065 |
| Dry coke | 1,262 | 1,248 | 1,222 | 1,038 | 1,254 |
| Sinter (net) | 5,044 | 5,349 | 5,677 | 3,659 | 5,336 |
| Hot metal | 4,078 | 3,892 | 3,814 | 2,751 | 3,690 |
| Liquid steel | 4,759 | 4,470 | 4,394 | 3,044 | 4,182 |
| Slabs | 4,649 | 4,363 | 4,292 | 2,958 | 4,084 |
| Hot rolled coils | 4,327 | 4,465 | 4,340 | 3,222 | 4,383 |
| Pickled and oiled | 1,037 | 1,329 | 1,190 | 809 | 2,107 |
| Full-hard | 2,811 | 2,786 | 2,704 | 2,063 | 2,733 |
| Hot dip galvanised | 1,182 | 1,086 | 1,057 | 889 | 1,200 |
| Organically coated | 183 | 155 | 112 | 101 | 131 |
| **ArcelorMittal Geel** | | | | | |
| Organically coated | 138 | 120 | 110 | 70 | 119 |
| **ArcelorMittal Genk** | | | | | |
| Electrolytically galvanised | 339 | 411 | 403 | 337 | 338 |
| **Total shipment volume*** | 4,583 | 4,370 | 4,282 | 3,141 | 4,345 |

** shipments of steel products manufactured by ArcelorMittal Gent and destined for customers*

ArcelorMittal Gent
John F. Kennedylaan 51
B-9042 Gent

T +32 (0)9 347 31 11
F +32 (0)9 347 49 07

www.arcelormittal.com/gent
info.sidmar@arcelormittal.com