



ArcelorMittal



Arcelor Mittal High School  
Nimba County, Liberia

# Sustainability Report 2017

ArcelorMittal Liberia

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# Transforming Liberia together

– a message from the leadership team at ArcelorMittal Liberia

As Liberia's largest miner of iron ore, we at ArcelorMittal have an important contribution to make to sustainable development. This report is intended primarily to inform on our progress in this regard during 2017, but also to give the reader an insight into our current program of activities. We aim to strengthen our external reporting as we move forward.

## A committed investor, operator and employer

Since first signing a Mineral Development Agreement (MDA) in 2005, we have made significant progress on our commitments to the government and people of Liberia and we continue to contribute to every aspect of life in the country: employment, education and training, health, the environment and community development. Of course, we have faced challenges – including the outbreak of Ebola and the crash in the iron ore market – that have impacted our ability to deliver on certain expectations of our host community. While we are proud to have maintained our Liberian operations throughout these crises, we are actively working to address these issues and ensure that we fulfill our commitments.

The ArcelorMittal group has operations in 18 countries, and in each we understand that the long-term success of our mines depends on partnering with the government and the communities in which we work. This philosophy is enshrined in the way we do business through our 10 sustainable development outcomes. They represent the high standards we hold ourselves to in maintaining our license to operate in all of our partner countries, including Liberia.

## Achievements in 2017

The day-to-day health and safety of our employees continues to be our first priority and we are very proud of our achievements in this area in Liberia: we have been fatality-free for three years and recorded zero lost-time injuries in 2017.

We also keep a firm eye on the future and strive to help our employees and future generations of Liberians to achieve their ambitions. The people of Liberia are some of the most resilient people in the world and our vision is to support them at all stages of life, from education to vocational training to employment within our operations. We are investing now in ensuring that the skills we need, wherever possible, are held in the hands of a Liberian. In 2017, after investment of US\$7million, we opened the Vocational Training Center (VTC) in Yekepa to provide young people with globally recognized apprenticeship training for critical roles within our operations and Liberian industry.

Now is the time to strengthen our relationships with our stakeholders and to work together to ensure the long-term future of our business.

## A vision for the future

Liberia today is embarking on a journey toward a better future. We remain a committed partner and look forward to working closely with the government, communities and other stakeholders to improve the lives of millions of Liberians.

We hope you enjoy learning a little bit more about our business, our aims and the work we have been doing behind the scenes to ensure that ArcelorMittal Liberia is a business that not only endures, but helps Liberia and its people to fulfill their potential.

With best wishes,

ArcelorMittal Liberia Management Team

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“We have been fatality-free for three years and recorded zero lost-time injuries in 2017.”

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# ArcelorMittal Liberia by numbers

## PRODUCTION



**1.73m**

tonnes of ore shipped in 2017

**60.51Fe**

Average FE content of iron ore exports in 2017

## JOBS & TRAINING



**2,307**

Workforce (June 2018)

**96%**

of total workforce is Liberian

**53%**

of senior roles are held by Liberians

**97%**

of contractors are Liberian

## SAFETY



**3**

years fatality-free

**Zero**

lost-time injuries in 2017

## EDUCATION



**1,417**

Students enrolled in ArcelorMittal schools

**<20%**

of pupils are children of ArcelorMittal employees

**50.6%**

of pupils are female

**US\$7m**

invested in Vocational Training Center (VTC)

## HEALTH & COMMUNITY



**5**

hospitals and clinics operated by ArcelorMittal

**>60%**

of users from local communities

**US\$40m**

recommitted to Ganta-Yekepa road

## FINANCIAL CONTRIBUTION



**US\$9.4m**

paid in taxes and royalties in 2017

**US\$25m**

capital investment in 2017

**US\$1.5m**

contributed to the County and Social Development Fund in 2017<sup>1</sup>

## LIVELIHOODS & ENVIRONMENT



**~US\$1.3m**

per year invested in our Biodiversity Conservation Program

**28,520**

tonnes of CO2 emissions in 2017

**>800**

farmers trained in conservation agriculture

<sup>1</sup>See p.18, Outcome 8 (The County and Social Development Fund) for additional information

# What are the 10 sustainable development outcomes?

The 10 sustainable development outcomes are the foundation upon which we build value that endures for our shareholders, stakeholders and wider society. Through our pursuit of these outcomes, we aim to earn and keep our license to operate and leave a positive and sustainable legacy that outlasts the life of mine.

We understand that the long-term success of our business lies not only in creating shareholder value, but first and foremost in actively partnering with the governments and communities in which we work and providing our customers with a product that meets their needs, now and in the future.


That is why our global business is shaped around 10 sustainable development outcomes. To manage their implementation within Liberia, we established the Liberia Sustainable Development Committee (SDC) and the Sustainability Steering Group (SSG). Although both groups were put on hold during the Ebola crisis as we needed to deploy our limited resources elsewhere, we are pleased to see them re-emerge in the form of our License to Operate (LTO) Steering Committee.


Comprised of senior management, this committee meets regularly to monitor our progress on a wide range of issues. The LTO Steering Committee agenda includes stakeholder engagement, social investment strategy, community programs, schools management and our communications strategy.


There is strong alignment between the 10 sustainable development outcomes for mining and the commitments we made to the government and people of Liberia in 2005 as part of the Mineral Development Agreement (MDA) – from measures to keep our employees safe and healthy, to initiatives that build talent for tomorrow.


Our team at ArcelorMittal Liberia remains committed to building a sustainable future and our progress against our key commitments in this regard is tracked in this report.


As you read the report, you will notice that on some outcomes we have a lot more to report than on others. This is an indication of our current set of priorities as we begin to strengthen our relationships and plan for the future.


**1**  Safe, healthy, quality working lives for our people


**2**  Raw materials that contribute to more sustainable solutions for our customers


**3**  Infrastructure that supports sustainable development


**4**  Efficient use of resources, minimal waste and high recycling rates


**5**  Trusted user of air, land and water

**6**  Responsible energy user that helps create a lower carbon future

**7**  Supply chains that our customers trust

**8**  Active and welcomed member of the community

**9**  Pipeline of talent for tomorrow

**10**  Our contribution to society, measured, communicated and valued

OUTCOME 1

# Safe, healthy, quality working lives for our people



**NEED TO KNOW**

- 96% of total workforce is Liberian, including more than half of all senior roles
- Zero fatalities and no lost time due to injuries in 2017
- 350 new Liberian staff hired in 2017
- Localization plan in place to increase the number of Liberians in senior and professional roles

**OUR WORKFORCE AT A GLANCE**

2,307 employees and contractors (June 2018)	96% of total workforce is Liberian
97% of contractors are Liberian	53% of senior roles are held by Liberians

**SAFETY FIRST**

<b>Zero</b> Fatalities in 2017 (0 in 2016)	<b>Zero</b> Lost-time injuries in 2017 (2 in 2016)	<b>Zero</b> LTIFR <sup>2</sup> in 2017 (global average = 0.78)
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We make extensive efforts to provide a safe and healthy workplace and we continue to invest in equipment, training and staffing to ensure that our safety procedures are implemented and well understood. Health & safety initiatives in Liberia include:

- Driver training and speed monitoring
- Courageous leadership training
- New alcohol policy and testing implemented in 2017. We have a zero-tolerance policy on alcohol use
- Providing training for school safety clubs in Grand Bassa, Bong and Nimba Counties. In June 2018, refresher training was delivered to 60 students and six teachers at six schools along the rail line in Nimba. Topics included road and rail safety, personal hygiene and virus prevention measures

“Safety is a core value for ArcelorMittal and we know that leadership has a strong role to play in creating and maintaining a positive safety culture.”

Ahmad Massaquoi - Head of Health & Safety, ArcelorMittal Liberia

“Our country needs qualified electricians. I want to be one of the persons to fill the gap. With this free opportunity, I am getting prepared.”

22-year-old Trokon G. Neawon, one of 15 electrical students at the VTC

**TRAINING AND DEVELOPMENT**

The technical field in Liberia is lacking qualified candidates for critical positions. To fill this gap, in 2017 and after investment of US\$7million, ArcelorMittal opened the Vocational Training Center (VTC) in Yekepa.

The VTC provides young people with globally recognized and certified apprenticeship training for roles such as diesel mechanics, electricians and mechanical fitters. It is the only training center of its kind in the country. We plan to spend approximately US\$800,000 per year on its operations and maintenance.

Currently, the VTC has 47 students enrolled in three-year courses. The program is free for successful candidates, who are housed on campus where they are provided with daily meals. We aspire to increase the total number of apprentices enrolled at the VTC to 150, with 50 graduating each year and hopefully going on to contribute to our workforce and Liberian industry in general.



Ahmed Denton, Head of Logistics (Rail and Port)

“I started out at the company as a Rail Civil Engineer back in 2013 and was promoted to Maintenance Manager before moving into my current job as Head of Logistics. I manage the transportation of iron ore from our mine sites to the port, so that covers everything from overseeing the day-to-day transport operations on the railway and at the port through to planning the annual budget. The best thing is that you get a lot of opportunity to build your skills and develop your career here. In my case, I’ve been to the ArcelorMittal University in Luxembourg and studied through the company’s online university as well, taking a number of in-house programs. I’m continually developing my skills and looking to take on more responsibility.”

In addition to apprenticeships, each year ArcelorMittal provides thousands of hours of training to employees and contractors in Liberia including IT skills, mine-blasting, rail maintenance, and occupational health & safety training. In 2017, each employee received an average of 16.7 hours of training (over twice that received in 2015).

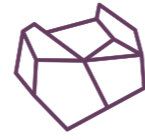
We also give our employees the opportunity to travel to other ArcelorMittal sites where they can experience new ways of working and develop their technical knowledge. In November 2017, employees James Borlay and Varlee Kamara took up a three-month placement at our Serra Azul and Andrade mines in Brazil. Borlay learned about maintenance support areas, workflow, KPIs and cost control, while Kamara’s focus was on the mining cycle of operations, drilling and blasting, geotechnics and mine safety.

Our localization strategy – driven by education, on-the-job training and succession planning – has been so successful that we have reduced our expat workforce by over 40% since 2015, with Liberians taking on these roles in most cases.

- KEY HIGHLIGHTS**
- Established and maintained a security force for the purpose of maintaining law, order and security
  - Constructed, maintained and operated safety devices and equipment; practiced safety procedures and precautions (including regular safety training instruction for our employees)
  - Supported national endeavours to prevent the spread of contagious, life-threatening diseases and other public health hazards

## OUTCOME 2

# Raw materials that contribute to more sustainable solutions for our customers



### NEED TO KNOW

- 100% of iron ore mined by ArcelorMittal Liberia is used to make steel, a fully recyclable material
- 1.73m tonnes of ore shipped in 2017
- 60.51Fe: the average purity of iron ore exported by ArcelorMittal Liberia in 2017

### CREATING A SUSTAINABLE PRODUCT

We recognize that the efficient use of natural resources is critical to sustainability.

Although mining iron ore is intrinsically a non-renewable process, 98% of the world's iron ore – and 100% of ore produced by ArcelorMittal Liberia – is used to produce a material that is 100% recyclable and can be reused infinitely without loss of quality: steel. The recyclability and versatility of steel make it a sustainable choice in more and more applications.

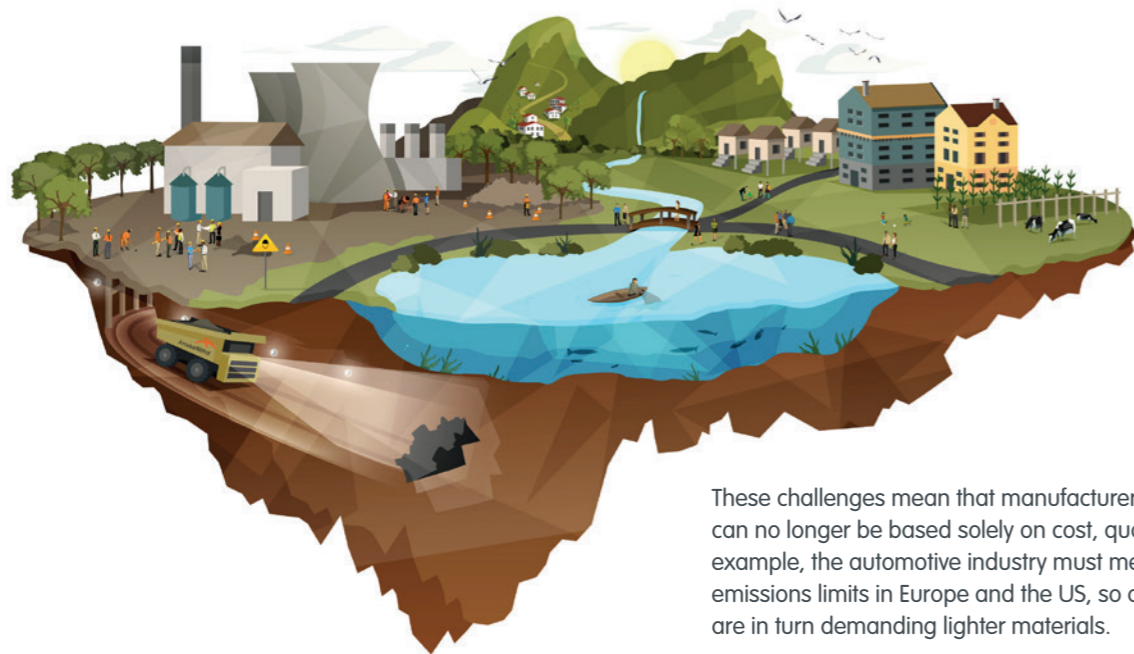
This means that the value of the iron ore used in steel production lasts well beyond the end of a steel product's life. In fact, about 12% of the steel produced by ArcelorMittal is made from recycled steel.

### SUSTAINABLE MATERIALS IN ACTION

Steel has an important part to play in developing the infrastructure required for renewable energy solutions. ArcelorMittal has supplied coated steel for the Mohammed bin Rashid Al Maktoum Solar Park, the largest single-site solar park in the world. Upon completion, the solar park will provide clean energy to the citizens and residents of Dubai and reduce carbon dioxide emissions by over 6.5 million tonnes annually.



### PROVIDING SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS



These challenges mean that manufacturers' choice of materials can no longer be based solely on cost, quality and suitability. For example, the automotive industry must meet stringent vehicle emissions limits in Europe and the US, so our automotive customers are in turn demanding lighter materials.

Governments, regulators and manufacturers across the world are waking up to the challenge of sustainability: how to make more with less, in a way that limits our impact on the planet and endures. Consumers are also becoming more aware of the social and environmental credentials of the products they buy, as it becomes easier to trace everyday products to their origin.

Steel is strong, safe, flexible and easily recyclable, which means it can be a big part of the answer to these challenges. A tonne of steel produces less CO<sub>2</sub> than either aluminium, magnesium or carbon fiber over its lifetime, thanks to its infinite recyclability. These properties create the potential for innovative solutions such as the high-strength steels we've developed to make cars lighter and buildings more recyclable. ArcelorMittal also works with customers in packaging and white goods industries to continuously challenge and exceed their sustainability expectations.

### COMMITTING TO GLOBAL STANDARDS

#### Towards Sustainable Mining (TSM)

"What does responsible mining look like – and how can we measure it and drive improvements?" These are questions that both we and our customers – from steelmakers to industrial manufacturers, to auto makers – are asking, and that our commitment to the TSM program is helping us answer.

Launched by the Mining Association of Canada, the TSM is a set of tools and indicators to help mining companies turn environmental and social commitments into action on the ground, while giving communities key information on performance in areas such as community outreach, tailings management and biodiversity.

So far, 22 mining companies across Canada are applying the TSM standards. Internationally, TSM has been adopted by the mining associations of Finland, Argentina, Botswana, the Philippines and Spain.

Having applied the TSM standards to its mines in Canada, ArcelorMittal has decided to adopt the standards at all its mines. Training for our team in Liberia took place in December 2018.

#### Initiative for Responsible Mining Assurance (IRMA)

With growing awareness and demand for ecologically and socially responsible products, steelmakers, industrial manufacturers, auto makers and others are rightfully seeking assurances that the minerals they purchase are mined responsibly.

IRMA provides an answer. It was founded in 2006 by a coalition of diverse groups with interests in the mining industry, including affected communities, mining companies and trade unions. It develops standards for environmental and social issues related to mining, including labor rights, indigenous peoples and pollution control.

In early 2018, ArcelorMittal helped to promote the launch phase of IRMA's Standard for Responsible Mining, which will allow social and environmental performance to be measured consistently at industrial-scale mine sites around the world. The standard is now being tested. Certification by accredited independent auditors is expected to be offered in 2019.

### KEY HIGHLIGHTS

- Since 2015, the Ebola epidemic and crash in the iron ore market have presented challenges from a production perspective. We are proud to have maintained production throughout this period of instability

## OUTCOME 3

# Infrastructure that supports sustainable development



### NEED TO KNOW

- US\$500m invested since 2005 to rebuild local infrastructure, including railway and port investments
- Up to US\$40m contribution to the Ganta-Yekepa road initiative

We are committed to making lasting, positive change in Liberia. To date, our investment in infrastructure includes the rehabilitation of the Tokadeh-Buchanan railway, the sea port of Buchanan and all the town infrastructure at Yekepa and Buchanan including roads, bridges, houses, schools, hospitals, power, water and sanitation facilities, on which we spend around US\$1.5million each year to maintain. We will work in partnership with the government to deliver on projects to which we have committed but which it manages and is ultimately responsible for.

### PROGRESS ON THE GANTA-YEKEPA ROAD

In 2018, ArcelorMittal recommitted to contributing up to US\$40million to the Liberian government's plan to build the Ganta-Yekepa road.

Currently, the 70km stretch between Ganta and Yekepa is unpaved and virtually impassable during the rainy season. This means that residents of towns such as Sanniquellie, the capital of Nimba County and home to around 11,500 people, can be isolated and their movements restricted. This limits the opportunities available to them and, potentially, their ability to earn a sustainable livelihood.

The funds we contribute will be used to pave the route between Ganta and Yekepa with asphalt to create a continuous road all the way from Yekepa to the capital, Monrovia. Not only will opening this corridor connect Liberians with more people, businesses and opportunities, but it will also ensure continuous access to their means for earning, thus providing greater security and stability in their everyday lives.

While we are providing funding, the construction of the road is being managed by the government and is planned to be completed over the next three dry seasons. We are currently in discussions with the Ministry of Public Works (MPW) to agree the schedule and cash-flow models.

We have also supported the construction of markets, installed water pumps and undertaken various road clearance activities during the rainy season in the communities impacted by our operations.

### EDUCATION INFRASTRUCTURE

We have built – and continue to operate – three schools providing open access to education in Yekepa: two primary schools and one high school. In total we provide access to primary and high school education for up to 1,400 students in any given school year, while an extension of the high school operates during the evening hours to cater mainly to adults. Hundreds of families in Yekepa benefit from access to our schools: of this we are very proud.

We also opened the Vocational Training Center (VTC) in 2017, after investment of US\$7million, to provide young people with globally recognized and certified apprenticeship training for skilled roles. We plan to spend approximately US\$800,000 per year on its operations and maintenance.



Students of Area B-Primary School at morning devotion

### KEY HIGHLIGHTS

- At Tokadeh and Yekepa:
  - Established Memorandum of Understanding to support the paving of the Ganta-Yekepa road which goes through Sanniquellie, the capital of Nimba County
  - Resurfaced access and haul roads
- At Gangra:
  - Developed access and haul roads, undertook bush clearance and initial mine bench development

## OUTCOME 4

# Efficient use of resources, minimal waste and high recycling rates



### NEED TO KNOW

- Our environmental permit was renewed by the Environmental Protection Agency (EPA) in June 2017
- At Gangra, we have completed the construction of permanent sediment controls for the waste dumps and the pits
- 96% of surface water in Nimba and Buchanan is compliant with Liberian Water Quality Standards
- We are investigating the use of solar panels to supplement our use of grid electricity

### WASTE MANAGEMENT IN NIMBA COUNTY

Waste is a permanent challenge when operating a self-contained community such as a mine site. At Yekepa, we inherited a landfill site which presents challenges in terms of its design and layout. The current situation is unacceptable to us and we are working on a solution to re-engineer the facility to improve our waste management.

Our environmental permit was renewed by the EPA (Environmental Protection Agency) in June 2017 and lays out requirements for the installation of sediment controls and sediment ponds before mining activities commence. It also prescribes surface water quality of 50mg/l total suspended solids for discharge. At Gangra, we have completed the construction of permanent sediment controls for the waste dumps and the pits. Our focus is now on cleaning up the existing sediment pollution and improving wastewater treatment facilities at Yekepa and Buchanan.

In December 2017, both ArcelorMittal Liberia and the EPA were summoned to respond to allegations made regarding the pollution of community water sources. We are pleased to report that the EPA confirmed that these allegations were baseless.

### SOLAR POWER

As part of ArcelorMittal's Action2020 program, we are always looking for ways to reduce our energy consumption and to convert what we can to renewables. In Liberia, we are investigating the use of solar panels to supplement our use of grid electricity. In the past, we had a small solar program which powered our security huts; however, we struggled with maintenance and the program was discontinued.



South Dam sediment control, close to Bolo Village

### KEY HIGHLIGHTS

- Conducted periodic environmental audit and assessments, consistent with the Environmental Protection and Management Law of Liberia

# Trusted user of air, land and water



**NEED TO KNOW**

- 800 farmers trained in conservation agriculture
- 50 hunters retrained as front-line conservationists
- ~US\$1.3m spent on our Biodiversity Conservation Program (BCP) in 2017

## BIODIVERSITY CONSERVATION PROGRAM (BCP)

ArcelorMittal's Liberian mines are set in Nimba County, surrounded by both mountain and lowland rainforest. Our mining area consists of approximately 1,000 hectares, representing less than one percent of the total forest.

The Nimba Mountains are renowned for their biodiversity, but have been damaged by agricultural practices and overhunting, even in the absence of mining. Launched in 2011, the Biodiversity Conservation Program is our approach to developing sustainable forest management throughout the area. Through the BCP we are partnering with authorities and communities<sup>3</sup> to create a healthy ecosystem and sustainable livelihoods across the region. Recent initiatives include:

- Supporting education in conservation awareness through school clubs and forums; providing technical training to former bushmeat hunters turned front-line conservationists, to enable them to collect important data on biodiversity
- Helping to renovate the Zolowee, Gbapa, Suakasue, Gbogayee and Zortapa town halls
- Working with over 800 farmers to manage and grow crops on lowland in Northern Nimba to reduce the pressure on the forest
- Implementing the first Blei Community Forest Development Project with the delivery of a rice mill to Yolowee community. The community will benefit from the value added to their rice through the milling process and the waste will be used for pig feed. Proposals for development projects in six other communities under way
- Conducting patrol training for a total of 70 front-line conservationists in 2017
- Signing contracts with local partners to extend agriculture and livelihood projects to over 800 farmers in 18 communities
- In 2017, providing support to the Sehyikinpa Tree Nursery Program, designed to improve the livelihoods of community dwellers and to help restore degraded lands in Sehyikinpa

<sup>3</sup> Including community forestry management bodies of Gba, Zor, Blei and Sehvi, Forestry Development Authority and international non-governmental organizations such as Conservation International and IDH



Members of the Yolowee community and staff from ArcelorMittal Liberia stand beside the rice mill, delivered through the BCP



ArcelorMittal's mines are surrounded by both mountain and lowland rainforest

## WORKING TOGETHER

Given the dependence of many people on the land for their livelihoods, there are several areas where the work of the communities and environment teams intersects. Two are outlined below.

### 1. Community forests

A portion of the forested area in Nimba has been designated as community forest. These projects are:

- Established either through a memorandum of understanding (MoU) between the Forestry Development Authority (FDA) and the community, which is monitored by the company, or through an MoU between the company and the Community Forest Management Bodies, which is managed by the company
- Governed by a joint committee with representatives from the community and the ArcelorMittal Liberia communities and biodiversity teams
- Protected by forest guards – usually farmers who have been retrained as conservationists

We know that we have room to improve on this front and are striving to do better. For example, we are working hard to reach refreshed MoUs on the Gba, Zor and Blei community forests where we have been experiencing some challenges. We are hopeful that these projects will be renewed and the important work within them continued.

### 2. Environment League

In summer 2018, ArcelorMittal Liberia's Environment Department joined forces with Yekepa Football Association to host a football tournament with a twist. In order to participate, all 12 schools within Nimba County had to keep their surrounding areas free of litter for the duration of the three-week tournament. Inspections were carried out and the cleanest area received a cash prize. The tournament itself was a great day out with every participant receiving a football jersey and the winning team from each division bagging a trophy and a cash prize.



Area B receives the Environment League Trophy in the Elementary School division

### 3. Other implementation partners

We work with several implementation partners to achieve positive change in communities and environments.

In 2017, we funded agricultural improvement work in 13 different communities in northern Nimba through two Liberian non-government organizations: ARS (Agriculture Relief Services) and RICCE (Rural Integration Community Conservation Empowerment). The aim was to reduce shifting cultivation, increase soil fertility sustainably and restore the natural regeneration of forest. Both ARS and RICCE train farmers in new agricultural technology that that encourages lowland farming. The program has gained momentum in communities, with more farmers being trained each year in conservation agriculture.

We also work with COPDA (Committee for Peace and Development Advocacy) and VOSEIDA (Volunteers to Support International Efforts in Developing Africa) to provide community loans and savings schemes, and with Conservation International to implement agreements which reward communities for conservation activities.

## KEY HIGHLIGHTS

- Ongoing mitigation and restoration activities to restore the environment as much as possible to its original and natural state, including preventive measures to avoid further damage
- Fully assessed the likely impact of our operations on both the communities and environment within which we work at each major phase of our operations. Before embarking on any change to our operations, undertook a thorough assessment using a third-party consultancy, as per global industry standards



## OUTCOME 6

# Responsible energy user that helps create a lower carbon future



### NEED TO KNOW

- ArcelorMittal Liberia's CO2 emissions in 2017 were 28,520 tonnes
- Electrification via the West Africa Power Pool would reduce our annual carbon footprint by an estimated 28%

### POWERING OUR FUTURE

Over the last couple of years, we have reassessed our power supply options and are delighted to be able to benefit from the grid power supply from the West Africa Power Pool (WAPP). Some of the infrastructure for this power line has already been put in place thanks to our rail line in Nimba County, which provided a clear path through the forest.

Going forward, we foresee our energy needs being met primarily by the grid, with a small generation capacity at Buchanan intended for use as a back-up only. Using this mix of cleaner hydropower and natural gas-based power would reduce our annual carbon emissions by approximately 28%, based on 2017 production levels.

### WHAT IS THE WAPP?

The vision of the WAPP (West Africa Power Pool) is "to integrate the national power systems into a unified regional electricity market with the ultimate goal of providing, in the medium and long term, regular and reliable energy at competitive cost to the citizenry of the ECOWAS (Economic Community of West African States) region."<sup>4</sup> The project covers 14 countries and uses a mixture of hydropower and natural gas to generate electricity. As part of a wider program to connect Côte D'Ivoire, Sierra Leone, Liberia and Guinea (CLSG), the CLSG Project will develop the infrastructure that will bring this power to Liberia.

<sup>4</sup>Source: <http://www.ecowapp.org/en/content/creation-wapp>

**"Being a responsible mining operator, we constantly look for ways to improve our energy efficiency and reduce our carbon footprint. That is why, in Liberia, we are moving away from diesel-based power generation to grid supplies with a much cleaner energy mix of hydropower and thermal."**

Stepan Shakhno, Head of Energy, ArcelorMittal Mining



Electrical poles for the West Africa Power Pool have already been installed along the path of the rail line in Nimba County

## OUTCOME 7

# Supply chains that our customers trust



### NEED TO KNOW

- ArcelorMittal is at the forefront of international initiatives on responsible mining
- ArcelorMittal is a founding member of ResponsibleSteel™, whose vision is for all steel to be sourced and produced responsibly at all levels of the supply chain
- Approximately 70% of the iron ore produced by ArcelorMittal in Liberia in 2017 was used to make ArcelorMittal steel

### SUPPORTING THE GROWTH OF A LOCAL SECURITY COMPANY

SEGAL, the private security firm contracted by ArcelorMittal Liberia to guard its facilities, has invested in training for 50 of its officers to prepare them for future opportunities.

The officers were trained in detecting security threats by the West Africa Maritime Security Consultancy to International Ship and Port Facility Security standards.

SEGAL CEO Momo Cyrus said of the officers, "We are committed to empowering them through these kinds of training for future opportunities and to also help national security."

"It is not only about SEGAL, but also Liberia as a whole. Those empowered are Liberians; their employment is reducing poverty and the economy has been stimulated."

### STRENGTHENING OUR LOCAL SUPPLY CHAINS

#### Support for Liberian businesses

Operating sustainably also means supporting the development of local suppliers. We seek to use Liberian suppliers wherever possible for: equipment rental; personal protective equipment; construction material; tyres; vehicle batteries; generator spares; drinking water; rice; general electrical spares; services – from construction to borehole drilling to infrastructure maintenance; and medical supplies. Specific examples include:

- Strong partnership with local security firm SEGAL, which manages all on-site security
- Safety clothing designed and procured from a Liberian vendor
- Liberian indigenous vendors are key to all civil and construction-related contracts

### IMPROVING OUR SUPPLY CHAINS GLOBALLY

#### Towards Sustainable Mining (TSM)

TSM is a set of tools and indicators to help mining companies turn environmental and social commitments into action on the ground. ArcelorMittal has chosen to adopt the TSM standards at its mines globally; training for our team in Liberia took place in December 2018. Reporting our progress against this internationally recognized set of indicators will not only drive performance, but also evidence to our customers and partner communities that we are a responsible producer.

#### Initiative for Responsible Mining Assurance (IRMA)

In early 2018, ArcelorMittal helped to promote the launch of IRMA's Standard for Responsible Mining, which will allow social and environmental performance to be measured consistently at industrial-scale mine sites around the world. This in turn will enable buyers of iron ore to check that the minerals they buy have been mined responsibly.

US\$3.1m

Equipment rental sourced in country in 2017

US\$21.3m

Local expenditure on materials and services in 2017

136

Locally registered vendors used in 2017

60%

% spend on local suppliers in 2017 (excluding fuel)

### KEY HIGHLIGHTS

- The security force established by ArcelorMittal Liberia continues to be subject to the law at all times and to conduct itself in accordance with the law and the Voluntary Principles on Security and Human Rights (VPSHR)

# Active and welcomed member of the community



**NEED TO KNOW**

- US\$1.5m contributed to County and Social Development Fund in 2017
- US\$1.12m spent on healthcare in 2017
- US\$1.9m paid as compensation to 492 farmers affected by the Gangra mining operations in 2017

**HEALTHCARE**

ArcelorMittal Liberia operates two hospitals and three clinics, located at Buchanan and Yekepa. Around 15,000 to 30,000 patients are treated each year. Some 60% of patients come from the local community, reducing pressure on the public healthcare system.

*“When I can, I help out at the local hospital. I asked them to arrange a permanent room for me to see patients on a daily basis, starting with the ArcelorMittal employees but also whoever else needs to be examined. I usually help out more often when one of their doctors is not present.”*

Dr Ahed Mukahhal, Chief Medical Officer & Medical Physician, Med Air Africa (the contracted provider of medical care in ArcelorMittal Liberia clinics)

**WORKING TOGETHER TO BUILD SUSTAINABLE LIVELIHOODS**

Since 2005, we have invested over US\$32million in the County and Social Development Fund to help improve life for local communities where we are based – chiefly in the Nimba, Bong and Grand Bassa Counties.

We also recognize the impact of mining operations on livelihoods which are dependent on the land. In 2017, close to US\$2million was paid as compensation to 492 farmers from Gbapa, Bolo and Zolowee, who were affected by the Gangra mining operations.

In addition to direct compensation, we partner with NGOs VOSIEDA<sup>5</sup>, COPDA<sup>6</sup>, YDP<sup>7</sup> and SEARCH<sup>8</sup> to develop the livelihoods of communities in the areas where we operate – from the provision of training in new skills to the installation of hand pump wells for access to safe water to the delivery of food and other essential items.

There are seven projects currently under way under our Livelihood Restoration Program, including land access, education enhancement, skills development, village savings and loans, agriculture and training. 2017 initiatives include:

- 200 people trained in agricultural skills, arts and crafts, tailoring and hairdressing
- Education enhancement project for ex-diamond workers
- 77 youths trained in carpentry, masonry and auto mechanics
- Vulnerable peoples’ livelihood support project provides land fee payments and supply of seeds to 100 farmers, as well as tuition fees, training, food and rental allowances for members of their households
- 300 farmers benefited from the land access and agriculture support project

Lucia Bontor, resident of Gbapa community, Resettlement Program beneficiary



*“I want the company to bring more programs for us. It is really helping us. VOSIEDA is also doing a great job. I have been farming all my life. I have 15 biological children. Through farming, I took care of my children. I am happy for the company and the training they provided for us.”*

Lucia Bontor

<sup>5</sup>Volunteers to Support International Efforts in Developing Africa  
<sup>6</sup>The Committee for Peace and Development Advocacy  
<sup>7</sup>The Catholic Diocese of Gbarnga Youth Development Program  
<sup>8</sup>Special Emergency Activity to Restore Children’s Hope

**VILLAGE SAVINGS AND LOANS EMPOWERING WOMEN**

Women in Nimba and Bong Counties are growing their businesses with help from ArcelorMittal Liberia’s village savings and loan project.

The project, part of ArcelorMittal’s livelihood program, “helps affected individuals, especially those that are vulnerable, to revamp their lives,” says Edmund S. Gbah, a livelihood officer at ArcelorMittal Liberia. There are currently 83 women participating within Nimba County alone.

Fatu Talmon & Elenor Suah are businesswomen and beneficiaries living in Yekepa. Talmon is using the US\$215 loan for her clothing business. She has been a part of the program for almost two years. “I received the loan and immediately started my business. I have one year to pay the loan back with only ten percent interest.”

Low interest rates and generous time to repay loans are a major source of encouragement for these women. Suah has also been a part of the program for just about two years and uses her US\$225 loan to grow her mixed goods business. “I am thankful to ArcelorMittal Liberia. I will work hard so by next term I can take more loans to increase my business.”



Elenor Suah is using her loan to grow her mixed goods business.

**OUR PLANS**

ArcelorMittal has committed to invest US\$30,000 in the construction of a training hall for women in Lugbeyee.

In March 2018, after two fires burned down the Buchanan government hospital in Grand Bassa County, all patients were relocated into ArcelorMittal’s Buchanan hospital and a wing of the clinic was made available on a temporary basis to the administrators of the public hospital for their use.

**THE COUNTY AND SOCIAL DEVELOPMENT FUND (CSDF)**

ArcelorMittal Liberia contributed US\$3 million annually to the CSDF from 2006 until 2015. The government of Liberia offered a partial deferment relief of these payments from 2016 to 2019 to businesses that faced unforeseen challenges in the form of the Ebola epidemic and the iron ore market crash. The deferred amount will be paid back, starting from 2020. We are working closely with multiple government partners to ensure the monies we invest in the CSDF are being spent where they are most needed. We will also continue to ensure that information is shared with our communities where possible. From 2006 to 2018, ArcelorMittal Liberia has contributed over US\$32 million toward this fund.

**KEY HIGHLIGHTS**

- Operations carried out consistently with economic and social viability. We consult with the government and communities to establish plans and programs and to cooperate with the government in good faith with regard to our efforts concerning the realization of such plans and programs
- Constructed, maintained and continue to operate health facilities in the concession area, with modern health devices and equipment; practice modern health procedures and precautions
- Provided free medical treatment, care and attention at acceptable standards to all employees and officials working in connection with the operations, spouses and immediate dependents
- As ArcelorMittal Liberia employs 100 or more persons at our permanent work site within the production area, we maintain there a dispensary and hospital headed by a resident medical doctor

# Pipeline of talent for tomorrow



**NEED TO KNOW**

- 1,417 students enrolled for the 2016/17 school year across three ArcelorMittal schools
- 51% girls, 49% boys in attendance
- 17% of pupils are ArcelorMittal employee dependents
- US\$7m invested in the Vocational Training Center
- We received over 1,500 applicants for 47 spaces

**2016/17 ACADEMIC YEAR AT A GLANCE**

The ArcelorMittal School System runs three schools: two primary and one high school. The high school also operates during night hours to cater mainly to adults.

**1,417**

students including 235 employee dependents

**894**

students (73%) successfully completed the year, with 30 graduating from high school

**SCHOOLS**

Education is the foundation on which any development must be built. Education is empowering, liberating and life-changing and access to education is something that we are very proud to provide. We are committed to running schools of a high standard, which takes much more than providing school houses and books. It is the teachers that make the difference. That is why in 2017 we decided to upgrade our teachers' positions and salaries to ensure that, over the long term, the ArcelorMittal schools attract the very best teachers in Liberia.

ArcelorMittal runs three schools in its concession area in Yekepa, where 1,417 students are currently enrolled. We employ 24 teachers and six administrators across the three schools. In addition, we have spent over US\$200,000 on seven schools other than ArcelorMittal schools.

**YEKEPA VOCATIONAL TRAINING CENTER (VTC)**

The VTC is planning to launch three new courses and expand the number of apprenticeships to 150 over the next three years, generating skilled Liberian workers who can contribute to ArcelorMittal's operations and meet Liberia's future needs. Other skills and development programs at ArcelorMittal include:

- Global Employment Development Program – fosters development by managing the performance, potential and career advancement of our people
- Talent Pipeline Acceleration Process – identifies high-potential employees and fast-tracks them into senior roles, as part of localization strategy
- Young Professionals Program – offers internship and mentoring to graduates and puts them on the path to full-time employment with ArcelorMittal Liberia

In 2017, the Ministry of Education launched the West African Senior Secondary Certificate Exam (WASSCE) in Liberia, which is a standardized high-school test already in place in Nigeria, Ghana, Sierra Leone and Gambia. Unfortunately, our first year of pupils to sit the exam were not able to benefit from the requisite two years of the curriculum and we did not receive the course materials until late 2017. This meant that our students did not perform as well as they could have. Thankfully, the 39 students who are due to sit the WASSCE in 2019 will be in a much better position, as they will have benefited from two full years of the new curriculum.

**“This is the best thing ArcelorMittal has done for Liberia”**

Greg Coleman, Director General of the National Bureau of Concessions

**FROM INTERNS TO EMPLOYEES: ARCELORMITTAL TRAINS AND EMPLOYS LIBERIAN GEOLOGISTS**

ArcelorMittal's localization plan equips Liberians with key skills. In 2017, local colleges were approached to identify potential interns with the goal of teaching operational activities like geological sampling, surface mapping and grade control in a mining environment. A one-year internship program started in May 2017 and three students have since been offered jobs by ArcelorMittal based on their great performance.

Magnus K. Mendee was born in Yekepa and since childhood he has been curious about the incredible resources tucked in the Nimba mountains. This curiosity led him to study geology. "It was fortunate for me to be selected for the internship program."



Magnus K. Mendee, Joyce N. Freeman and Alieu Varney Sheriff have all been offered jobs by ArcelorMittal Liberia after completing one-year internships

Joyce N. Freeman was studying geology at Nimba County Community College and was overjoyed to be selected for the internship program. "I am excited to bring value to my community and further advance my education."

After spending over five years studying Fundamental Geo Sciences and later Natural Resource Exploration in Morocco, Alieu Varney Sheriff was informed by a friend about an internship opportunity at ArcelorMittal Liberia. Working in the Mine Planning department has given him the opportunity to further develop his skills particularly through Excel trainings and on-the-job experience that cannot be learned in a classroom.

**OUR PLANS**

We recently reviewed our school network and recognized that we are facing some challenges with instances of disrepair and under-resourcing. With the full support of senior management, we have begun to make small but impactful changes to our schools such as the introduction of computers, the provision of additional text books and the development of a scientific laboratory. We are also working closely with our government partners who are connecting us with international organizations to explore the potential for development support to our schools.

The conflict in Liberia meant a whole generation of Liberians missed out on an education. This presents a significant challenge for the country. The net primary enrolment rate in Liberia today is still less than 50%. We must address this problem if the country is to progress, but we cannot solve it on our own. We must work together with our peers in private enterprise, our partners in government and Liberia's NGOs.

**THE ARCELORMITTAL ADVANCED ACADEMIC SCHOLARSHIP PROGRAM (AAASP) AT A GLANCE**

**US\$1.3m**

spent on bursaries, tuition, allowances and other fees over four cycles (2012-2017)

**24**

students awarded scholarships to pursue undergraduate and graduate degrees

**22**

students with master's degrees by February 2018

**4**

partner universities in Kenya, Ghana and South Africa

- KEY HIGHLIGHTS**
- Provided US\$50,000 to the University of Liberia Mining and Geology for capacity-building, financial and technical assistance to students in good academic standing
  - Provided US\$200,000 in annual scholarships for Liberians to pursue advanced studies abroad
  - Established and operated vocational and advanced training programs
  - Provided free primary/secondary education for dependents of employees and government officials assigned in concessions in connection with our operations

# Our contribution to society, measured, communicated and valued



**NEED TO KNOW**

- In 2018, ArcelorMittal was recognized as “Highest Tax Contributor” in the natural resource sector for the 2016/2017 tax year
- US\$400,000 spent on schools in 2017
- US\$1.12m spent on healthcare in 2017
- US\$9.4m paid in taxes and royalties in 2017

**MAJOR RECOGNITION FOR TAX CONTRIBUTIONS**

ArcelorMittal Liberia has been recognized as the “Highest Tax Contributor” in the natural resource sector by the Liberia Revenue Authority (LRA) for the 2016/17 tax year. The company’s use of good corporate governance, which relies on consistency, responsibility, accountability and fairness, was instrumental to its recognition by the LRA. As an autonomous agency, the mission of the LRA is to “professionally, fairly, transparently and effectively collect lawful revenue; facilitate legitimate trade and social protection for the people of Liberia.”

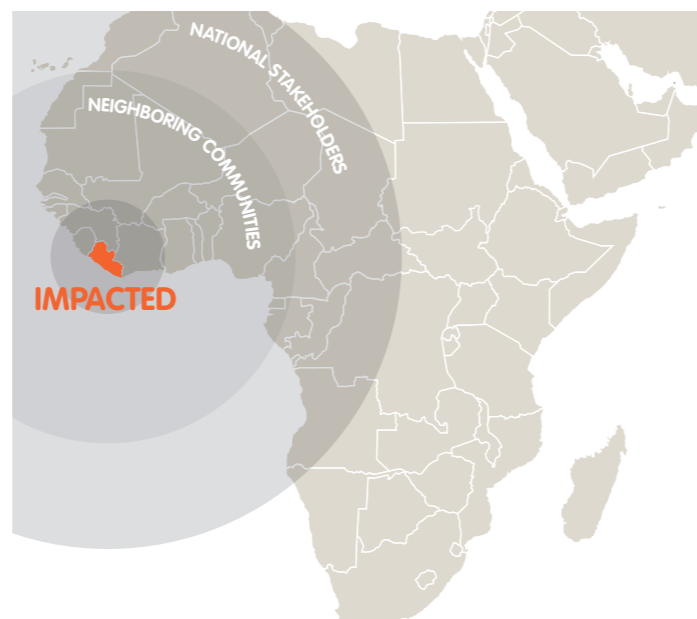
ArcelorMittal is the largest foreign investor in Liberia, and one of the largest contributors of taxes and royalties.

**OUR SOCIAL PROGRAM**

We take an holistic approach to our social program which is multi-faceted and involves the consolidated effort of multiple internal departments, government agencies and implementation partners.

- INFRASTRUCTURE
- EDUCATION
- ACCESS TO DRINKING WATER
- HEALTHCARE PROVISION
- TRAINING AND DEVELOPMENT
- EMPOWERING LOCAL BUSINESS
- PARTNERSHIPS WITH GOVERNMENT
- PUBLIC SAFETY
- LIVELIHOODS
- BIODIVERSITY CONSERVATION

**OUR WORLD THROUGH THREE LENSES**



**Impacted:** If we consider the mining operation to be at the center of our world, naturally our local communities across the three counties – Nimba, Grand Bassa and Bong – are our first priority.

**Neighboring communities:** Beyond our operational footprint, we are cognizant of our neighboring communities, other agencies and the business community.

**National stakeholders:** We also look more widely at our presence in Liberia and our partnerships with the government of Liberia and its many departments.

# Transparent, good governance

Good governance is about more than complying with regulations; it is about creating a culture where people can and want to do the right thing.

As President Weah declared at his inauguration, “the foundation of the New Liberia must be reinforced by the steel of integrity.”

ArcelorMittal is determined to lead by example – to communicate openly with its employees, the government and the people of Liberia; to treat them with dignity and respect; and to work together to address their concerns and hopes for a better future.

In this spirit, we are participating in several external-facing initiatives to improve transparency and governance within our Liberian operations and our business more widely.

Our commitment to Towards Sustainable Mining (TSM) and the Initiative for Responsible Mining Assurance (IRMA) has already been discussed in this report as an example of the type of good governance that has come to be expected of international mining companies. We have been a proud supporter of the Liberian Extractives Industry Transparency Initiative since its inception and were delighted to be invited to participate in the newly reconstituted multi-stakeholder group in 2018.

**External processes**

An annual third-party audit is conducted by Liberian-based consultants on our environmental management practices to ensure we are fulfilling our permit-related commitments under our Economic and Social Impact Assessments. In addition, the Environment Protection Agency and Fauna and Flora International conduct ongoing monitoring activities of our operations and provide guidance when required.

**Internal processes**

Our operation has the governance structure of a large, multinational organization sitting behind it. We are subject to what we call second-party internal assurance processes which are conducted by the ArcelorMittal Group Internal Assurance team to ensure compliance with company standards and procedures, as well as maintaining our own internal assurance program. As mentioned, the move to implement TSM shows our commitment to measuring and publicly communicating our performance, and our annual sustainability report will improve as we continue to respond to the needs of our audience.

**Communication**

We realize we have been quiet over the last few years while we struggled to keep our Liberia operation afloat. We acknowledge this and are making great strides to improve our visibility among our stakeholders. One thing we have done is to hire a new communications team which is busy making sure we are sharing the work of our teams and our broader business plans with those affected. We have also employed a new Head of Government Affairs, Communities, Communications and Schools under whose auspices we are reinvigorating our stakeholder engagement strategy and activities.

**Our commitment**

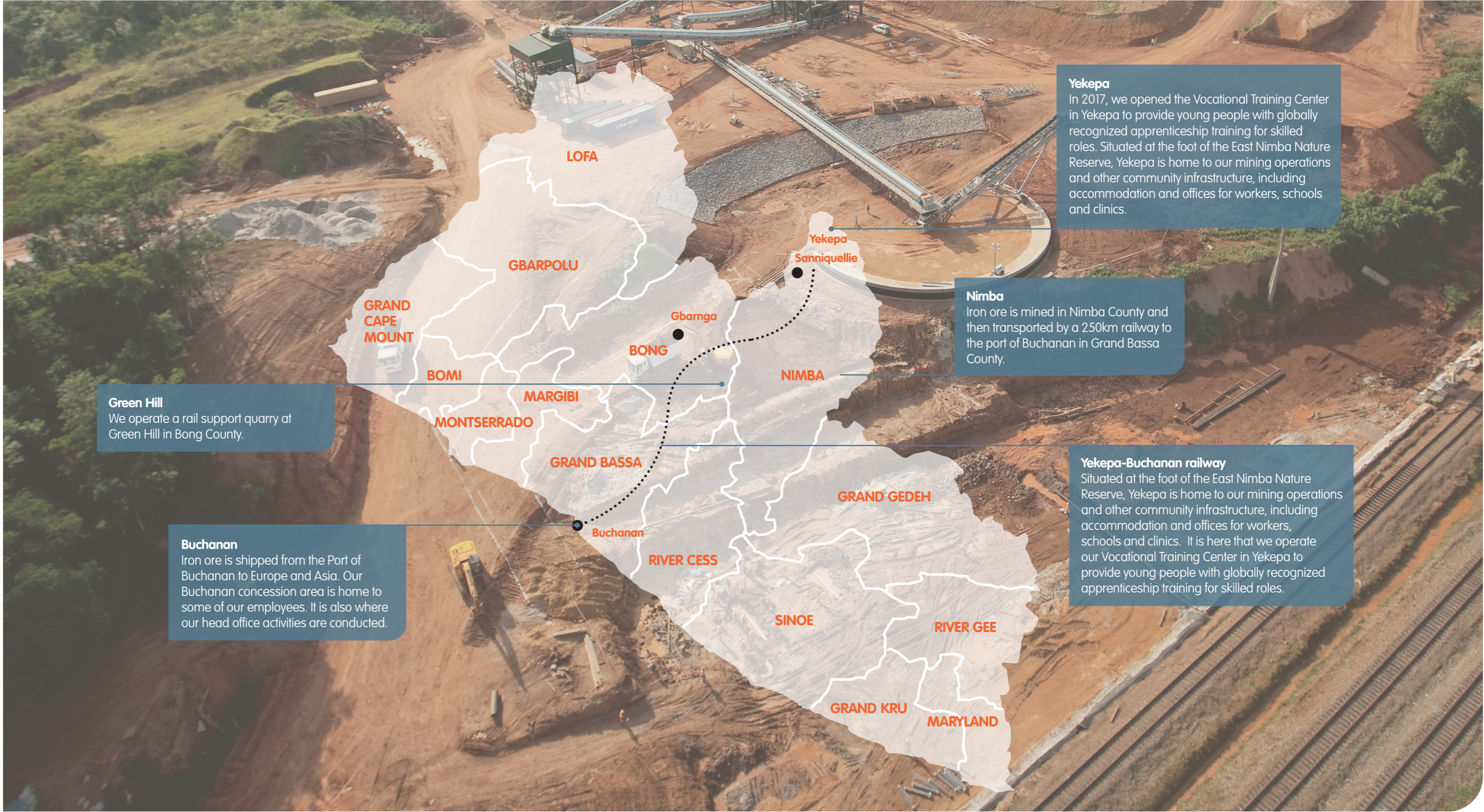
We recognize the long-term impact of our operations on Liberia’s economy, communities and – most importantly – the lives and futures of its citizens.

We take our 10 sustainable development outcomes seriously as the measure by which we earn our license to operate, making excellent progress in many areas, such as our commitment to Liberian employment and vocational training.

Over the course of our 13-year partnership with Liberia and its people we have had to make hard choices, but in doing so we have always sought to act with care and honesty toward those affected. Together, we have overcome unforeseen adversity, and we remain a committed investor, operator and employer.

# A strategic partner for Liberia

ArcelorMittal Liberia operates across three key counties, providing a much-needed support on infrastructure, training and economic development.



**Green Hill**  
We operate a rail support quarry at Green Hill in Bong County.

**Buchanan**  
Iron ore is shipped from the Port of Buchanan to Europe and Asia. Our Buchanan concession area is home to some of our employees. It is also where our head office activities are conducted.

**Yekepa**  
In 2017, we opened the Vocational Training Center in Yekepa to provide young people with globally recognized apprenticeship training for skilled roles. Situated at the foot of the East Nimba Nature Reserve, Yekepa is home to our mining operations and other community infrastructure, including accommodation and offices for workers, schools and clinics.

**Nimba**  
Iron ore is mined in Nimba County and then transported by a 250km railway to the port of Buchanan in Grand Bassa County.

**Yekepa-Buchanan railway**  
Situated at the foot of the East Nimba Nature Reserve, Yekepa is home to our mining operations and other community infrastructure, including accommodation and offices for workers, schools and clinics. It is here that we operate our Vocational Training Center in Yekepa to provide young people with globally recognized apprenticeship training for skilled roles.



ArcelorMittal

