

# Sustainable Development

August 2024



# Sustainable development – Q2 2024

## Group Target

25% reduction in carbon emissions intensity by 2030

## Europe Target

35% reduction in carbon emissions intensity by 2030

### Health & Safety:

**Protecting employee health and wellbeing remains the overarching priority of the Company**

The Company-wide safety audit by dss+, which encompasses the three pillars of fatality prevention standards, process risk management and policies, processes and governance, is progressing on schedule for completion by 3Q 2024. Key recommendations will be published following completion of the audit

There is a clear engagement and full support from leadership across the organization to make ArcelorMittal a better, safer company.

The LTIFR<sup>1</sup> of 0.57x for Q2 2024 and 0.59 in 1H 2024

### Decarbonization:

We continue to optimize our decarbonization pathway, with the objective of achieving our targets within the established budget.

**Competitive decarbonisation** - aiming for our technology choices at each asset to maximise our competitive advantage and deliver an acceptable return on investment.

- Progressing the engineering of our decarbonization projects
- Securing cost competitive input factors

**We play an increasingly important role in building the infrastructure for a low carbon economy** – transport pipelines for hydrogen infrastructure, low carbon buildings through our insulation business and electrical steels for electric vehicles.

### Low Carbon Steel:

**Portfolio of XCarb® products continues to lead the market**

- **Growing our low carbon emission steel sales** with our XCarb® products volumes are on track to double in 2024 (vs 2023)
- **Increased our XCarb® recycled and renewably produced low-carbon emissions product range:** ArcelorMittal Europe – Flat Products now has the capability to produce 80% of its industry steel grades and dimensions in XCarb® recycled and renewably produced, with potential to expand
- **New value chain decarbonization offering** which provides customers with low CO2 transport for both XCarb® and regular steel purchases

**Focussed on creating sustainable value**

# Health & Safety



# Determined to reach zero harm

## Company-wide audit of safety practices by dss+ is progressing on schedule.

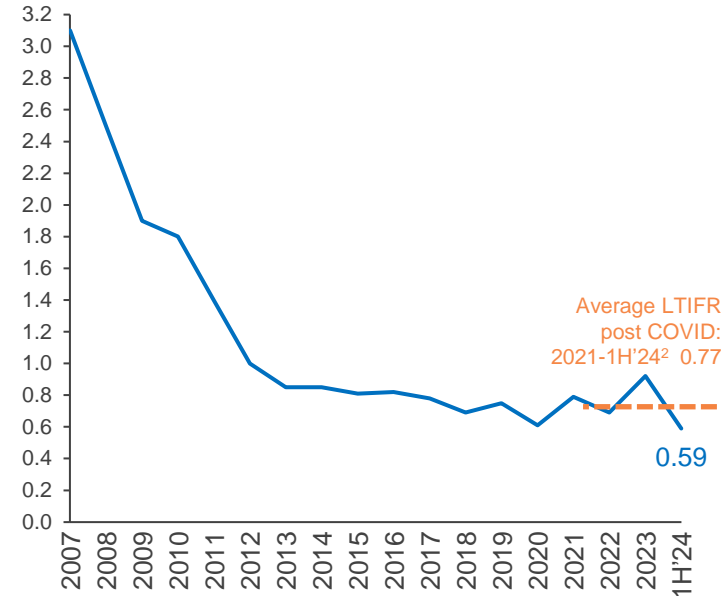
The groundwork was completed at the end of July 2024 and included:

- **155 onsite audits of the fatality prevention standards** covering the Company's three main occupational risks (injured by a machine that was not properly isolated or turned off, crushed by a vehicle or moving machine, and falling from height)
- **Process safety risk management assessments** of 14 of our highest priority countries and assets (including JVs)
- **~300 interviews** with the ArcelorMittal Board, senior leadership, health and safety personnel and unions
- **Over 100 observations of key meetings** to understand how health and safety is discussed at all levels e.g. the Board Sustainability Committee to production meetings
- **Review of policies and other documentation** to understand how effectively health and safety is governed and communicated

Dss+ audit remains on track for completion by 3Q 2024 and key recommendations to be published following completion of the audit

There is a clear engagement and full support from leadership across the organization to make ArcelorMittal a better, safer Company

## Group lost time injuries frequency rate (LTIFR)<sup>1</sup>



# Decarbonization

# Leveraging strengths to lead the market in low-emissions steel solutions



## Strengths & advantages:

- Existing EAF footprint → 36 EAFs in the group (including JVs)
- Existing DRI capabilities → we are the world's largest DRI producer
- Innovation → R&D capabilities supporting “smart carbon” steel making technologies; announced plans to build industrial-scale direct electrolysis plant (Volteron™)
- Diverse operations → unique scale provides access to options and opportunities

## Securing resources:

- 1700MW of renewable energy projects: Argentina (130MW), India (1GW project has begun commissioning) and Brazil (554MW; completion 2025)
- Three scrap recycling businesses acquired in UK/Europe with combined collection capacity of ~1.0Mt
- Accessing high quality DRI through acquisition of Texas HBI and organic investments (Canada DRI pellet conversion project, Serra Azul pellet feed)

## Low Carbon emissions product leads the market:

- Increasing our low-carbon emission steel offerings through our XCarb® branded products in response to the increased demand for low-carbon solutions from major sectors such as automotive and construction
- Sales of our XCarb® product reached 229kt in 2023 (on track to double in 2024)
- XCarb® products have a carbon footprint of as low as 300kg CO<sub>2</sub>/t

## Decarbonization projects progressing:

- DRI/ EAF projects across Europe and Canada progressing through engineering, which is expected to be completed by the end of this year:
  - Construction of the 1.1Mt EAF at the Gijon (Spain) plant has started
  - Company is working with country governments to have visibility of the energy costs and capacity (France (EDF); Belgium)
- Piloting CCS projects in Belgium and France

A capital efficient strategy focussed on an acceptable return on required investment

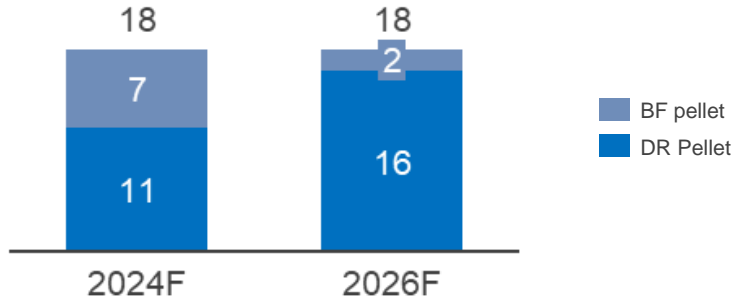
# Iron Ore: Expanding our DR capabilities for a low carbon future

We are the world's largest DRI producer (13 DRI/ HBI plants<sup>1</sup> and 10.6Mt pa capacity<sup>1</sup>) and we are expanding our capabilities of DR pellets to support the group's decarbonization strategy

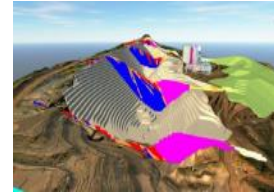
## ArcelorMittal's mining operations

- Global portfolio of 9 operating iron ore mines
- Iron ore self sufficiency of 57% in FY'23 set to increase in future periods

## Group pellet capacity Mt<sup>1</sup>



## High purity metallic iron – ongoing projects:



### Brazil: Serra Azul mine – 4.5M/t year DRI quality pellet feed

- Exploiting compact Itabrite<sup>2</sup> iron ore
- Potential to add \$100mn in EBITDA upon full completion and post ramp up



### Canada: Developing additional DR pellet capacity

- Production total ~10 Mtpa pellets; new project to convert 5Mt BF pellet to 5Mt DR pellet is underway (expected completion in 2026)

# ArcelorMittal's renewable energy portfolio continues to grow

## Renewable energy a key 'resource' for decarbonized steel making

### India

(Commissioning begun)

- Project started commissioning; \$0.7bn investment combining solar/wind power (1GW)
- AM Green Energy is expected to provide >20% of AMNS India's Hazira plant electricity requirements → reducing carbon emissions by ~1.5Mt per year
- Cost competitive renewables for AMNS India vs. accessing through grid
- Estimated to add \$0.1bn to ArcelorMittal EBITDA
- AM Green Energy is developing plans for additional renewable energy capacity

### Brazil

(2025)

- JV partnership with Casa dos Ventos (ArcelorMittal equity investment of \$0.15bn)
- 554MW wind power project; expected to provide ~45% of AM Brasil's future electricity needs in 2030
- Project to benefit from competitive energy prices and reduced sectorial charges in Brazil especially for renewable projects which supports improved return on investment
- Project on track ~50% civil works complete; commissioning expected 2025
- Estimated to add ~\$40m to ArcelorMittal EBITDA

### Argentina

(Commissioned)

- JV partnership with PCR (ArcelorMittal investment of \$0.1bn)
- 130W wind and solar energy project; >30% of Acindar's electricity requirements by 2024
- 112.5MW wind farm commissioned in Dec'2023
- Project under development to add 18MW solar power
- Cost competitive renewables vs. market price



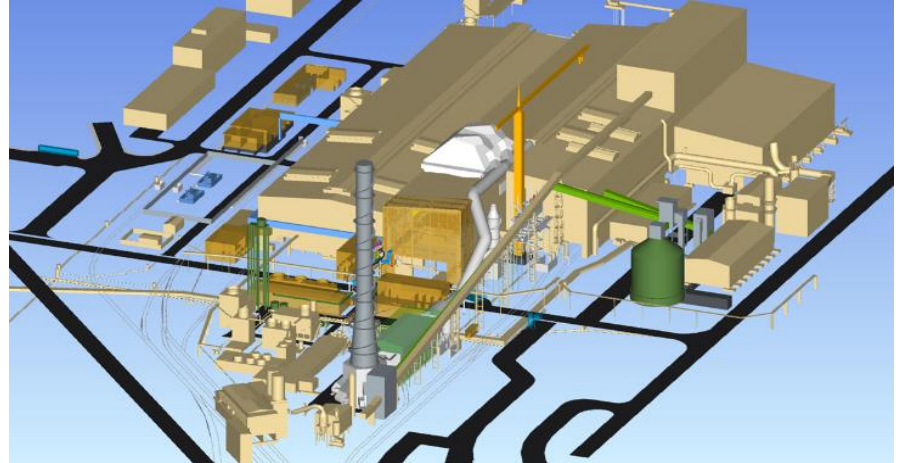


# Competitive Decarbonization: Gijon EAF – Construction has started

Our technology choices at each asset aims to maximize our competitive advantage and deliver an acceptable return on investment

## Gijon 1.1Mt EAF

- The first major EAF project in ArcelorMittal Europe's decarbonization program and will constitute the first step towards low- carbon emissions steelmaking in Asturias
- Transitioning to low CO2 production (blast furnace to EAF) in steel cord and rails, reduction in CO2 emissions >35%
- Competitive capex and opex:
  - Capex \$0.2bn & benefitting from public funding
  - Avoided capex and carbon costs needed to continue the blast furnace
- Expected \$50m EBITDA



# Smart Carbon: Carbon Capture pilot in Ghent begins operation

## Mitsubishi Heavy Industries (MHI) carbon capture pilot

- ArcelorMittal and partners Mitsubishi Heavy Industries, Ltd. (MHI), BHP, along with Mitsubishi Development Pty Ltd (Mitsubishi Development) have successfully started operating a pilot carbon capture unit on the BF off-gas in Ghent (300kg CO<sub>2</sub> a day)
- Phase 2 to test the separating and capturing of CO<sub>2</sub> in the off-gases in the Hot Strip Mill reheating furnace

## Ghent Carbon Hub

- Captured CO<sub>2</sub> could then be linked up to the carbon hub at the port to be transported to storage sites in the North Sea
- Feasibility study is ongoing for the Ghent Carbon Hub project in partnership with the North Sea port and energy infrastructure group, Fluxys. Capacity = 6Mt of CO<sub>2</sub> a year
- The project has been awarded a €9.6m grant from the EU Commission

## D-CRBN: Recycle CO<sub>2</sub> emissions from steel production

- First industrial trial to convert carbon dioxide captured at ArcelorMittal's plant at Ghent, Belgium into carbon monoxide which can be used in steel and chemical production.



See '[A Visit to Ghent](#)' for further details

# Low-carbon solutions: continuing to lead the market with the widest offering

## XCarb® Low-Carbon Emissions Steel

- Our XCarb® products volumes are on track to double in 2024 vs 2023
- Increased our XCarb® recycled and renewably produced (RRP) low-carbon emissions product range: ArcelorMittal Europe-Flat Products now has the capability to produce 80% of its industry steel grades and dimensions in XCarb® RRP, with potential to expand
- New value chain decarbonization offering which provides customers with low CO2 transport for both XCarb® and regular steel purchases

## Climate solutions: Positioning to capture demand from low carbon end markets

- **Hydrogen:** Launch of **HyMatch®** steel brand for hydrogen transport pipelines supporting the implementation of hydrogen infrastructure globally
- **Electric vehicles:** Construction of electrical steels site in Mardyck (170kt capacity) with another project under development in the US
- **Low-carbon emissions buildings:** Adding investments to our existing portfolio in lightweight insulation panels through the recent acquisition of Italpannelli's Italian and Spanish businesses
- Building on the solutions already available across the group in **low-carbon emissions buildings** (e.g. Steligence brand) and **renewables** (e.g. Magnelis® for solar)



# ArcelorMittal's XCarb® offer of low carbon emissions steel solutions

## XCarb®

Green steel certificate

**2020:** Launch of XCarb® green steel certificates

- For steel made in blast furnace route
- Based on mass balancing
- CO<sub>2</sub> savings from reducing fossil coal
- Available in all products and grades

## XCarb®

Recycled and renewably produced

**2021:** Launch of XCarb® recycled and renewably produced

- Physical decarbonised steel made in electric arc furnace
- Using 100% renewable energy
- High recycled content

## XCarb®

Brand to be developed

**By 2030:** New XCarb® products to be launched

- Physical decarbonised steel
- Based on direct reduced iron technology

More low-carbon emissions XCarb® solutions will be launched as new decarbonization technologies are deployed

# Low carbon emissions Steel showcased at the 2024 Olympics

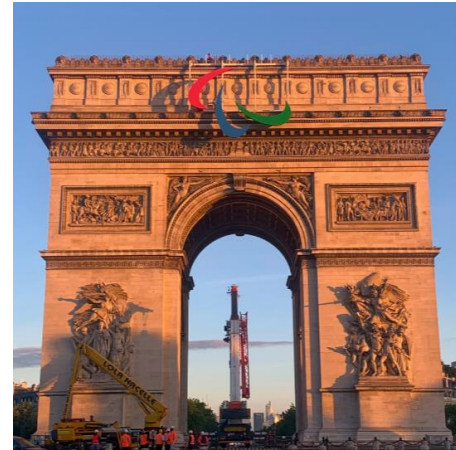
*“Why were the Rings made from steel? Because it’s the only material that allowed us to make Rings this large. We’re adept at producing low-carbon steel”*

*Professor Pierre Engel, ArcelorMittal Steel Engineer*

The story of how Pierre and his team produced the Olympic Rings and Paralympic Agitos using XCarb® recycled and renewably produced low- carbon emissions steel can be watched [here](#).

## **CO2 savings from using XCarb®:**

- The Olympic Torch, Agitos and Rings have a >50% CO2 saving for an equivalent product made from BF/ BOF route





# Low carbon emissions transport: Delivering XCarb® steel

- ArcelorMittal Europe launches **transport offer to reduce customers' scope 3 emissions**, in particular for deliveries of XCarb® steel
- **Successful trials have taken place in nine countries**
- **Initial focus is on HVO (Hydrotreated Vegetable Oil) to fuel trucks**, enabling a reduction of 90% in CO<sub>2</sub> emissions from road transport
- With 27.5Mt of steel shipped by ArcelorMittal Europe in 2023, **potential for large-scale CO<sub>2</sub> emissions savings by using low-carbon transport.**



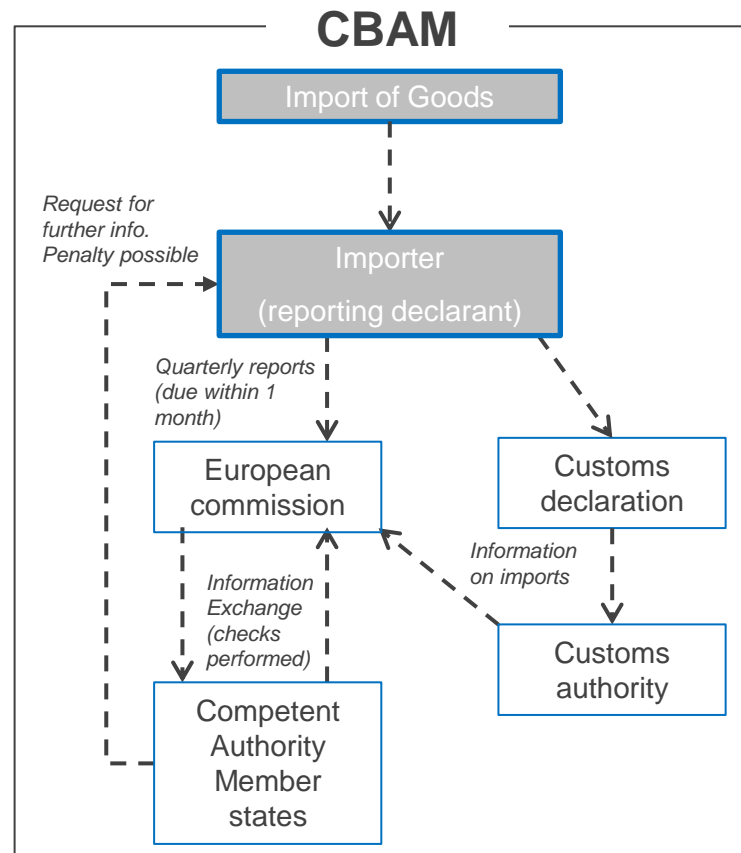
ArcelorMittal Europe offers low-carbon emissions transport to deliver XCarb® steel



# CBAM to level the playing field; transition monitoring underway

If well designed, CBAM<sup>1</sup> can play an important role to ensure a level playing field on carbon - to equalise the cost of carbon between domestic products and imports

- **EU Importers must report quarterly** on the volume of their imports, total embedded and indirect emissions and carbon costs due in the country of origin for the goods imported
  - **Transition period (Oct 1, 2023 – Dec 31, 2025)** with no financial obligation but penalties maybe imposed for failing to report
  - **From Jan 1, 2026, financial obligation starts.** Phase out of free allocation (ETS)
- **The CBAM needs strengthening if the CBAM is to prove effective and fair to all**, in our opinion. Key areas include but are not limited to:
  - **Its scope.** It needs to include all steel- intensive finished products (e.g. car or wind tower)
  - **Steel being exported out of Europe** needs an export measure, so that it can be competitive globally
  - Avoid the high risk of market distortion of existing low carbon based steel production that can be shifted to Europe



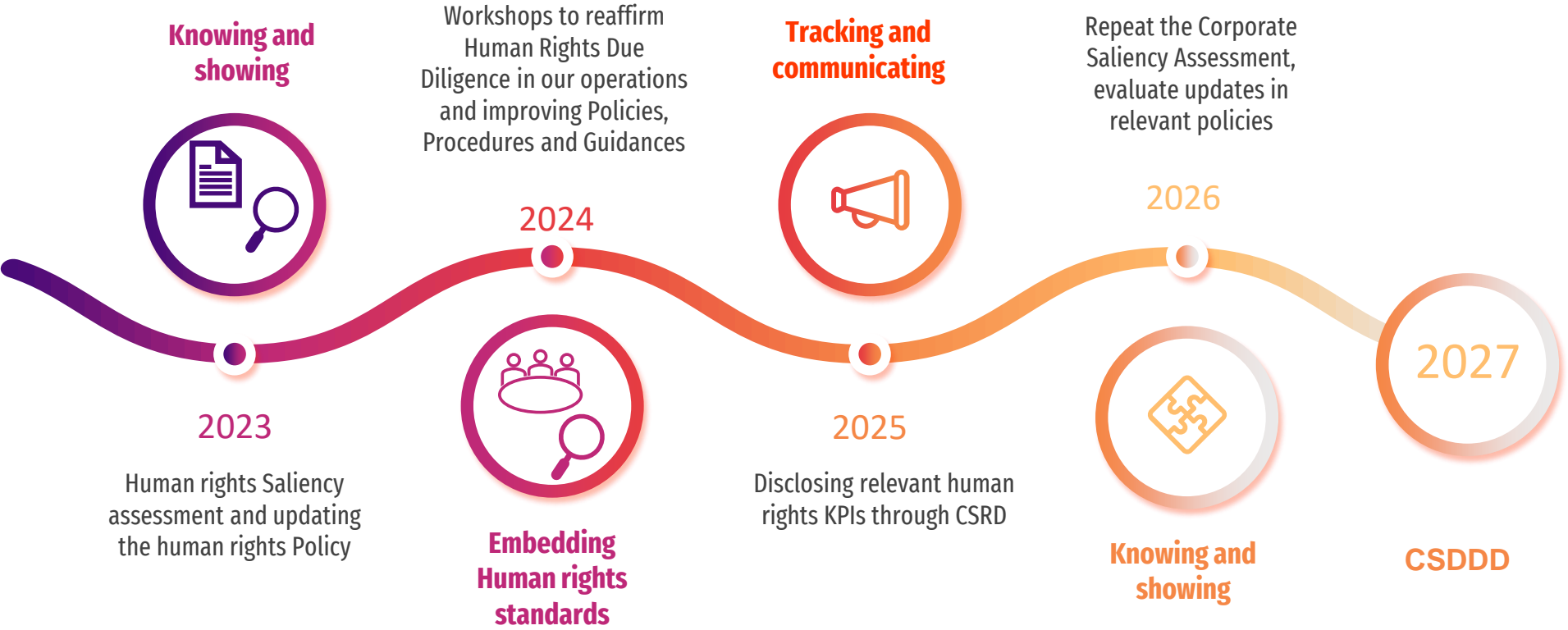
# **Social - Human Rights & Gender Diversity**







# ArcelorMittal human rights 4 years roadmap



# Gender Diversity: Target to double women in management to 25% by 2030

- Target to **double % of women** in our leadership positions
- **Global Diversity and Inclusion (D&I) Panel** in place overseeing and steering the Group towards a more inclusive and diverse organisation
- Robust D&I roadmap (engaging leaders, strengthening governance & developing group wide programs, new strategic framework for a diverse & inclusive workplace, reviewing policies and defining minimum standards)

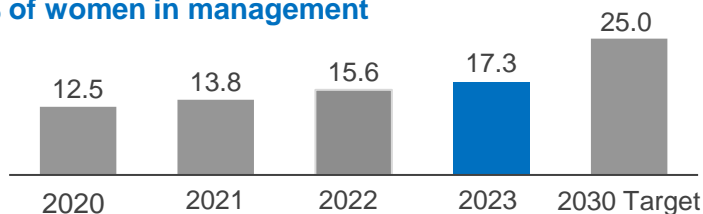


Key updates as at H1 2024:

- On track to beat target for women in leadership positions in 2024
- Women make up 22% of total successors for key positions succession plans and 59% of key positions have at least one woman assigned as a successor
- EmpowHER Survey conducted to gain further insights into the perceptions of young women to support the strategy to engage and attract talent effectively
- Continued partnership with schools and universities to strengthen talent pipeline



## % of women in management



**ArcelorMittal - Diverse talent enables smarter steel - our women**

ArcelorMittal's Gender Diversity [video](#)

# Appendix

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# Sustainable Development Governance

- **Board level review** of Sustainable Development progress each quarter by the Board Sustainability Committee → three independent directors, chaired by Clarissa Lins<sup>1</sup>
- Accountability for Sustainable Development is led by the Executive Vice President, Business Optimisation, reporting directly to the **Executive Office**
- The **Climate Change Panel**'s mandate is to coordinate progress on climate change between different functions and segments
- The **Sustainable Development Panel**'s role is to discuss how best to strengthen the company's environmental, social and governance (ESG) oversight
- Diversity & Inclusion Governance is led by the **Global Diversity and Inclusion Panel** which acts as an informed representative of the Group
- The **Investment Allocations Committee** authorises large capex projects and reviews the carbon emissions impact of all proposals
- **ResponsibleSteel and IRMA certification** program to drive strong, consistent ESG management systems across business



# Key reporting updates H1 2024



**New AMNS India  
Climate Action Report**  
Feb 2024



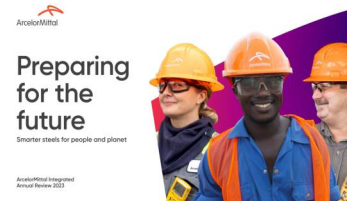
**2023 20F**  
March 2024



**Health & Safety  
Interim Update**  
April 2024



**Factbook**  
April 2024

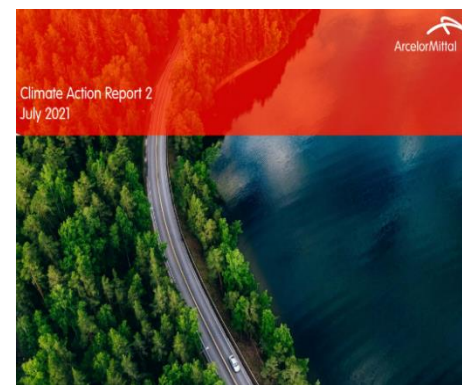


**2023 Integrated  
Annual Review**  
April 2024



**Take a tour of  
ArcelorMittal Ghent**  
July 2024

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