

# Sustainable Development Overview

November 2023



ArcelorMittal

# Health & Safety



# Devastating accident in Kazakhstan

## **Kostenko coal mine accident:**

- 252 colleagues were working underground. 206 were safely evacuated
- Tragically, we lost 46 colleagues in this accident
- No words can do justice to the pain and heartbreak this devastating accident has caused
- We will always remember October 28, 2023, as the saddest day in our Company's history
- A Special Commission, led by Prime Minister Smailov, has been set up to investigate the accident

## **Our immediate response:**

- We are providing support for the bereaved families, including:
  - covering all funeral and memorial expenses,
  - a one-off payment equivalent to 10 years' salary,
  - purchasing housing,
  - repaying personal loans (deceased and family members),
  - and covering education fees for children up to the age of 23
- Providing post-traumatic psychological support and developing individual health recovery plans
- A full internal review of ArcelorMittal's Group-wide safety program is underway

## We are commissioning a comprehensive 3<sup>rd</sup> party audit of all our safety practices

- Following the devastating accident at the Kostenko mine in Kazakhstan, it is clear that we must do more to ensure that ArcelorMittal is set up to achieve the required safety transformation as swiftly as possible
- The Company is in the process of commissioning a 3<sup>rd</sup> party to undertake a comprehensive audit of all the Group's safety practices
- The scope of the audit will cover our complete management of health and safety: from policies, governance, processes and procedures, standards, in field assessments of both occupational safety and process safety, training, competencies, and our performance
- The recommendations of the audit will be published

## While the audit is underway, we are building on and accelerating our existing safety improvement activities

- In recent years, the Company has relaunched its safety strategy with a focus on twin pillars of risk management and cultural change:
  - The Group’s health and safety policy strengthened and relaunched, including enhanced governance at the Board Sustainability Committee, since the beginning of 2022
  - In April 2023, an external consultant conducted a safety perception survey (covering 220,000 personnel including contractors), resulting in new bespoke action plans developed for all sites and segments
  - Leaders have been required to demonstrate more progress in safety culture maturity, with mandatory leadership shop floor presence, and site safety training programs
  - We have intensified training/coaching programs, including with external support, to improve quality of leadership’s safety routines (i.e. shop floor interactions) as well as increased cross training to benchmark and align best practices
  - Fatality Prevention Standards (“FPS”) are internally audited and will now be externally audited
  - Where seriously unsafe incident takes place or a plant is deemed to be at risk of a serious incident or fatality, we have established a ‘quarantine’ process of intensified communication and safety interactions
- The Group’s steel operations (excluding CIS) are fatality free for own employees in 2023 year-to-date<sup>1</sup> and including contractors, the fatality frequency rate (“FFR”) has also considerably improved and is 40% better than the record World Steel Association average

# Transfer ownership of ArcelorMittal Temirtau, Kazakhstan

- On October 22, 2023, a preliminary agreement was signed with the Government of Kazakhstan for the transfer of ownership of ArcelorMittal Temirtau<sup>1</sup> to the Republic of Kazakhstan
- The Company is focussed on concluding this transaction as soon as possible
- Additionally, once a binding agreement is entered into and the transactions is closed the net assets will be deconsolidated. It should be noted that:
  - As of September 30, 2023, the current carrying value of the Temirtau assets (steel and mining) is \$1.8bn
  - Functional currency of ArcelorMittal Temirtau is the Tenge and therefore carrying values are subject to FOREX translation gains/losses recognized in equity upon translation into USD
  - Since the acquisition of this asset in 1995, ArcelorMittal has recorded ~\$1.3bn of FOREX losses in equity
  - Upon disposal of the foreign operation, such cumulative FOREX differences are recycled in P&L (i.e. total equity remains unchanged)



## ArcelorMittal Temirtau key facts

- ~33K own FTE employees
- 3 BF's with production capacity of 4.2Mt; 4 captive iron ore mining operations and 8 captive underground coal mines located in Karaganda
- 2022 crude steel production of 3.4Mt and steel shipments of 3.1Mt
- Average annual capex from 2013-2022 of \$0.25bn (~8% of Group spend)
- Excluding the exceptional period 2021, average EBITDA of \$0.3bn; 9M'23 EBITDA negative

# Climate Action Plan

# A key enabler in the decarbonisation of other sectors and a pivotal material for the energy transition

## Renewable energy

Steel intensity of renewable power infrastructure significantly higher than carbon power infrastructure

## Battery Electric Vehicles

Material of choice for auto OEMs  
Growing demand for electrical steels

## Low-carbon buildings

CO<sub>2</sub>e savings of c. 50% possible when designing and constructing with steel<sup>1</sup>



# Policy Conditions: What is needed to make low-CO2 steel as cost-competitive as high-CO2 steel?

Policy support and rising carbon prices need to work in tandem for ArcelorMittal to accelerate its decarbonisation to 1.5C alignment

1



Measures to incentivise production of low- and near zero carbon emissions steel (e.g. ETS)

2



A fair competitive landscape to create a level playing field (e.g. CBAM)

3



Public funding support to help innovation and long-term investments (e.g. Carbon contracts for difference)

4

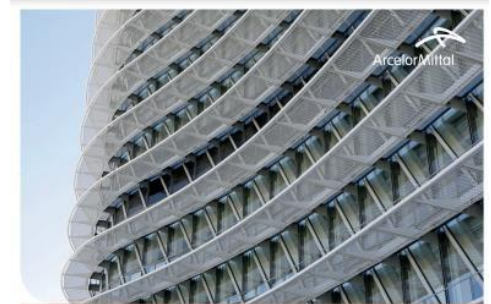


Access to sufficient amounts of clean energy and infrastructure at affordable prices: clean electricity, green hydrogen, sustainable biomass, CCS

5



Market drivers for consumption of low- and near zero carbon emissions steel (e.g. public procurement standard, buyer commitments)



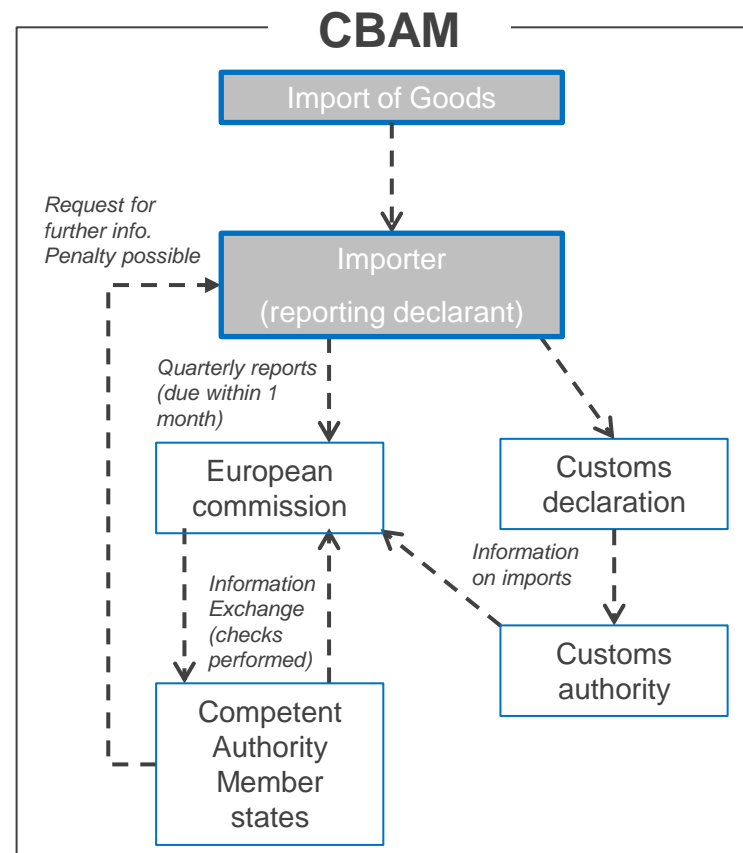
Mapping ArcelorMittal's advocacy alignment with the goal of net zero by 2050

# CBAM to level the playing field; transition monitoring underway

CBAM<sup>1</sup> will play an important role to ensure a level playing field on carbon - to equalise the cost of carbon between domestic products and imports, but improvements are needed to achieve this

- **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
  - Calculation requires splitting the installation into relevant CBAM production processes as different monitoring rules may apply e.g. sinter plant, BF etc
  - **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) and phase in of CBAM

In its provisional form CBAM adds friction in the system. Importers are required to submit significant information adding complexity and administrative burden



# Our decarbonisation strategy

## Steel will be made in different ways in different parts of the world

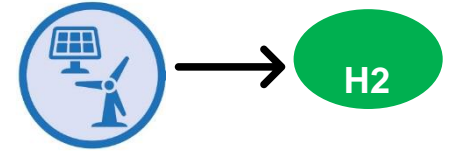
- **Circularity will be maximized**
- Broad suite of decarbonization technologies
- Deploy the right technology in the right region at the right time
- All pathways to support net zero

### Smart carbon



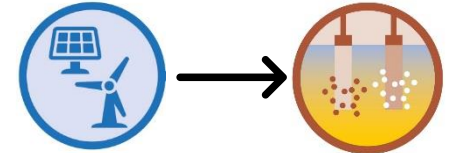
Modifies the BF-BOF route to take advantage of gas injection/recirculation, bioenergy, and CCU/S

### Innovative DRI



Uses clean electricity to produce green hydrogen (via electrolysis of water) for the production of DRI

### Direct electrolysis



Uses clean electricity to power the direct electrolysis of iron ore

# Decarbonization progress

## Phase 1 through 2030

### Securing decarbonization resources

- 130MW solar and wind project in Argentina (of which 1/3 commercial operations started Oct'23)
- **1GW renewable energy project** in India on track for completion in 1H 2024
- ArcelorMittal Brasil formed a **renewable energy JV** with Casa dos Ventos to construct 554MW wind power project (2025)
- Four **scrap recycling businesses acquired** in UK/Europe with combined collection capacity of 1.3Mt
- Accessing high quality DRI through acquisition of Texas HBI and organic investments (Canada DRI pellet conversion project, Serra Azul pellet feed)

### Developing and implementing new smart carbon/new technologies

- Smart carbon project underway in Ghent (Belgium); first ethanol produced and waste wood replacing coal (Torero)
- Developing strategies and technologies to harness carbon capture and storage
- Announced plans to build industrial-scale **direct electrolysis plant** (Volteron™)

### Transition from BF to DRI-EAF

#### Plan development and feasibility

- Plans submitted for integrated sites in France, Germany, Belgium, Spain and Canada
- Engaging with country Governments to provide greater visibility on energy costs and capital costs to enable these projects to move to the next phase of development

#### Engineering

- Advancing to FEED stage for DRI/EAF projects
- Capex approved to commence onsite preparation works at Dunkirk (France) and Gent (Belgium) and increase the connectivity to third- party energy supplies in anticipation of future increased requirements.

#### Construction

# Our renewable energy projects continue to progress

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

### Argentina

(4Q 2023)

- \$0.2bn JV with PCR; first hybrid solar and wind energy project in Argentina
- >30% of Acindar's electricity requirements by 2024
- 36MW entered commercial operations in Oct'23; 75MW due by year end

### India

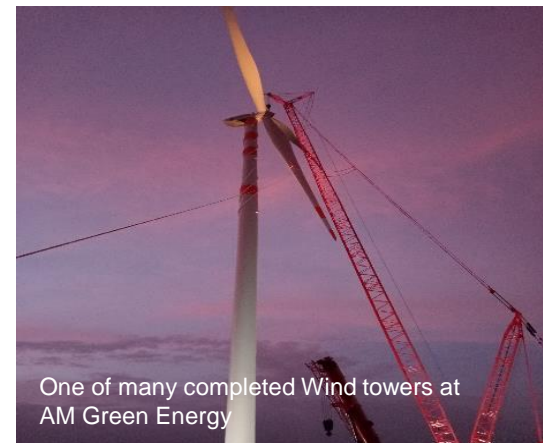
(1H 2024)

- \$0.6bn investment combining solar and wind power (975MW)
- AM Green Energy is expected to provide over 20% of AMNS India's Hazira plant electricity requirements
- On schedule for completion in 1H 2024

### Brazil<sup>1</sup>

(2025)

- 554MW wind power project JV with Casa dos Ventos
- The JV is expected to provide 38% of ArcelorMittal Brasil's future electricity needs in 2030
- Construction starting 4Q 2023; completion expected 2025



# Taking action: Supporting the best and brightest steel decarbonisation technologies

- ArcelorMittal's XCarb innovation fund has invested c. \$180 million in companies developing breakthrough technologies that will accelerate the steel industry's transition to carbon neutral steelmaking.
- Anchor partner in the Breakthrough Energy Catalyst, committing \$100 million over the next five years to fund first-of-a-kind projects that use key emerging climate technologies



Multi- day low cost energy reliability



Electricity to molten steel through a direct, 1 step process



Unlocking the power of sunlight



Transforming organic waste into valuable energy streams



Innovative carbon recycling



Affordable Green Hydrogen production



Breakthrough nuclear power innovator

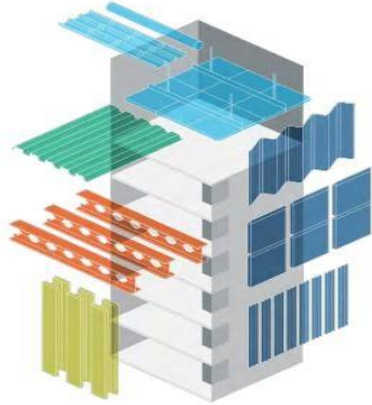
Investments made in companies developing technologies ranging from long-term battery storage to carbon recycling to renewable energy to direct electrolysis and green hydrogen...with more to come

# Low Carbon Emissions Steel

# Building a Better World with Smarter Steels

ArcelorMittal's solutions enable customers to enhance their contribution to a low carbon circular economy

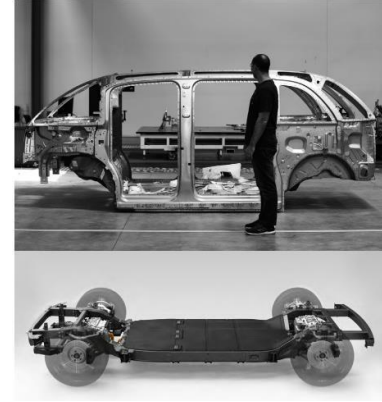
- Steel is as relevant as ever to the future success of our world: reusable, recyclable, strong and durable.
- We are evolving the contribution steel can make, innovating to make our solutions smarter and increasingly sustainable.



**Steligence®** enables architects and engineers to design building solutions that minimise material use while maximising space, flexibility and end of life recyclability



**Magnelis®** enhanced corrosion resistance for solar projects in harsh conditions, even in deserts and on water. Projects globally including PV and CSP structures



**S-in motion®** offers solutions for electric vehicles including body-in-white, chassis and battery pack, enabling carmakers to extend drive range and enhance safety at the most affordable cost.



# ArcelorMittal's XCarb<sup>®</sup> offer of low carbon emissions steel solutions

## XCarb<sup>®</sup>

Green steel certificate

**2020:** Launch of XCarb<sup>®</sup> 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<sup>®</sup>

Recycled and renewably produced

**2021:** Launch of XCarb<sup>®</sup> recycled and renewably produced

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

## XCarb<sup>®</sup>

Brand to be developed

**From 2026:** New XCarb<sup>®</sup> products to be launched

- Physical decarbonised steel
- Based on direct reduced iron technology

More low-carbon emissions XCarb<sup>®</sup> solutions will be launched as new decarbonisation technologies are deployed

# XCarb® Recycled and Renewably Produced: A broadening range of products

ArcelorMittal global R&D is working to explore new steel grade feasibilities for XCarb® Recycled and renewably (using high recycled content & 100% renewables) produced steel paving the way for XCarb® with DRI



## Magnelis® coated Products for solar, building structures, etc

- Magnelis® coating offers resistance of up to 30yrs in atmospheric conditions
- CO2 emissions reduction<sup>1</sup>: ~70%



## Tubular Products for building frames, solar structures, windmills, etc

- CO2 emissions reduction<sup>1</sup>: ~75%



## Heavy Plate S355 for civil engineering and wind towers

- CO2 emissions reduction<sup>1</sup>: ~65%

# How XCarb® helps our customers achieve their sustainability goals

## Gestamp



- First cooperation between a steel manufacturer and an automotive stamper to pave the way for the greater use of low-carbon emissions steel in the automotive sector.
- Offering XCarb® recycled and renewably produced steel with a product carbon footprint declaration verified by an independent third party.
- This collaboration will allow automotive customers to maintain their CO<sub>2</sub> emissions reduction goals over the lifespan of the vehicle.

## SOLROOF – BP 2



- BP2 launched Europe's first integrated photovoltaic steel roofing solution: SOLROOF.
- The solution uses FIT VOLT panels which will be manufactured solely with XCarb® recycled and renewably produced organic coated steel.
- The steel is produced using a minimum of 75% scrap steel and 100% renewable electricity.
- By using XCarb®, BP2 has created one of the most environmentally friendly roofing solutions available today in Europe.

## Cambuur Stadium in the Netherlands



- CO<sub>2</sub> savings equivalent to the emission of over 160 diesel cars driving 10,000 km annually,
- Voortman Steel Construction and ArcelorMittal Staalhandel are collaborating to build the first football stadium to use XCarb® recycled and renewably produced steel.
- 80% of all sections that will be assembled in the stadium are ArcelorMittal's sustainable steel, using 100% renewable electricity and 100% scrap.

**Our thinking for a low-carbon emissions steel concept is based on three core principles**  
Standards need to ensure the steel industry contributes to the objectives of the Paris agreement, demonstrating the progress all producers are making in moving towards near-zero emissions steelmaking.

## **1** A dual scoring system

It must have a dual-score approach (LCA + decarbonization rating system) that supports policymakers in the development of differentiated lead markets for low-carbon emissions steel production, and provides customers with comparable, transparent data of embodied carbon emissions in steel products



## **2** Recognizes different steelmaking routes

It must be designed in such a way that incentivises the decarbonization of all methods of steel production through technology shifts, rather than simply through increasing scrap rates using existing technology. This can be done by using a sliding scale based on the percentage of scrap used in production.



## **3** A clearly defined boundary

The decarbonisation rating system must be measured against a clearly defined embodied carbon emissions boundary which ensures a like-for-like comparison of the critical elements needed for core steel production



# Governance & Diversity

The image features a large, abstract graphic on the left side, transitioning from a deep purple at the top to a bright orange at the bottom. This graphic is set against a white background. The text 'Governance & Diversity' is positioned in the upper left corner of the purple area.

# Sustainable Development Governance

- **Board oversight** 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 position ArcelorMittal as a global leader on climate change and provides recommendations to the Board Sustainability Committee
- The **Sustainable Development Panel**'s role is 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



# Human Rights: Updating our Approach

ArcelorMittal is committed to respecting all internationally recognized human rights, including, but not limited to, those covered under the International Bill of Human Rights, the ILO Declaration on Fundamental Rights at Work, and implementing the UN Guiding Principles on Business and Human Rights ('UNGPs').

Our human rights progress in 2023:

- Published our updated human rights policy
- Completed a corporate saliency assessment aligned to best practice to proactively identify and prioritize actual and potential human rights risks and impacts
- Developed new human rights training for employees (focused first on high risk roles) and suppliers
- Developed and piloting a new supplier due diligence tool and strengthening our Responsible Sourcing Policy and Responsible Sourcing Code
- Committed to providing access to remedy through updating our grievance mechanism (e.g. each of our sites will be required to operate a local grievance mechanism in accordance with group level guidance).

## Human Rights Policy



ArcelorMittal (the 'Company') is committed to respecting all internationally recognized human rights, including, but not limited to, those covered under the United Nations ('UN') Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, Political Rights and the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization's Declaration ('ILO') on Fundamental rights at work and other relevant Conventions, the Voluntary Principles on Security and Human Rights ('VPSHR') and International humanitarian law, where applicable. ArcelorMittal is committed to proactively acting to avoid causing or contributing to adverse human rights impacts, ensuring we are not complicit in their violations by implementing ongoing processes that aim to prevent, avoid, mitigate, and remedy human rights impacts we could impose on our employees, contractors, workers within our value chain, members of communities where we operate, and any other people whose human rights may be adversely impacted by our activities.

The Company is committed to implementing good practice approaches by respecting the UN Guiding Principles on Business and Human Rights ('UNGPs'), the Organisation for Economic Co-operation and Development ('OECD') Guidelines for Multinational Enterprises, the International Financial Corporation ('IFC') Performance Standards, and other relevant voluntary conventions and Standards applicable to our operations.

To meet this commitment ArcelorMittal will:

- Comply with the rule of law, respecting regulations and agreements in the jurisdiction in which we operate.
- Implement an ongoing human rights due diligence process, actively seeking to identify and assess actual and potential human rights risks and adverse impacts in our own operations and communities, and those of our value chains and investments.
- Ensure human rights risks and impacts are integrated into our Company across all relevant functions and processes including risk management, keeping them updated periodically.
- Provide a basis to appropriate remedy when non-compliance has been identified. We will engage in, seek to provide for, or operate with business partners in, or promote processes enabling an appropriate remedy collaborating to judicial or other non-judicial legitimate processes as needed.
- Promote a safe and healthy working environment and positive safety culture. Our commitment is to work towards a goal of zero accidents, injuries, and the general well-being in the workplace.
- Ensure fair, supportive, inclusive, and equal treatment of all employees, promoting an environment where people with diverse experiences and perspectives can develop and fulfil their potential, free from abuse, harassment, violence, and discrimination in respect of employment and occupation.
- Respect and uphold workers' and contractors' right to freedom of association and the right to collective bargaining.
- Comply with all laws regarding conditions of employment including basic and over-time working hours and will abide by agreements negotiated with our employee representatives. The Company will pay competitive wages based on local market assessments, or, or above the minimum living wage.
- Collaborate and establish adequate measures to eradicate all forms of modern slavery. We do not tolerate child labour, any form of forced, compulsory, or bonded labour, human trafficking, or any other form of modern slavery within our own operations, value chains, or investments.



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

- Women make up higher % of our workforce vs industry peers
- 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)

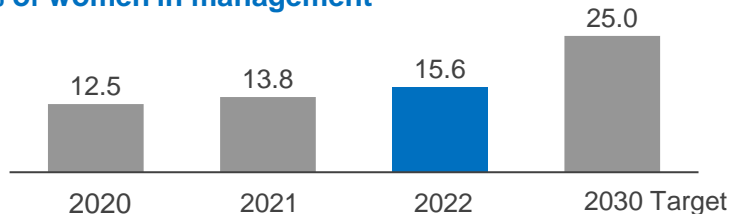


## Key Q3' 2023 Updates:

- Inclusive leadership training for senior management
- Diversity and inclusion dashboard in place to ensure close follow up on key progress and actions needed
- Continued partnership with schools and universities to strengthen female talent pipeline



## % of women in management

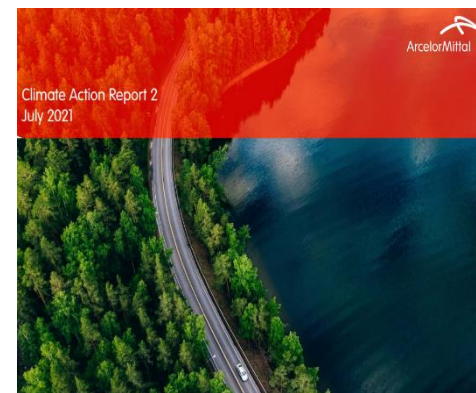
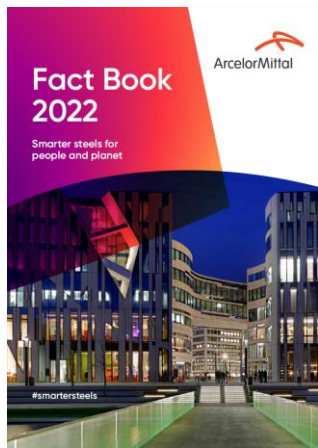


**ArcelorMittal - Diverse talent enables smarter steel - our women**

ArcelorMittal's Gender Diversity [video](#)



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