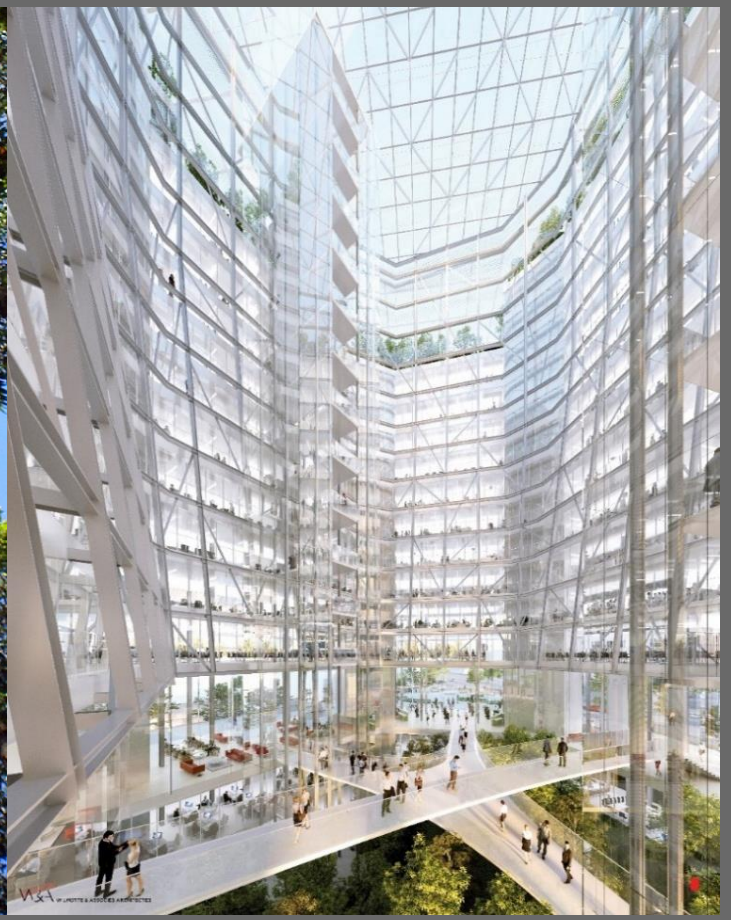
Sustainable Development

2018 Investor round table

ArcelorMittal

Alan Knight, Head of SD & CR

29th May 2018



Disclaimer

Forward-Looking Statements

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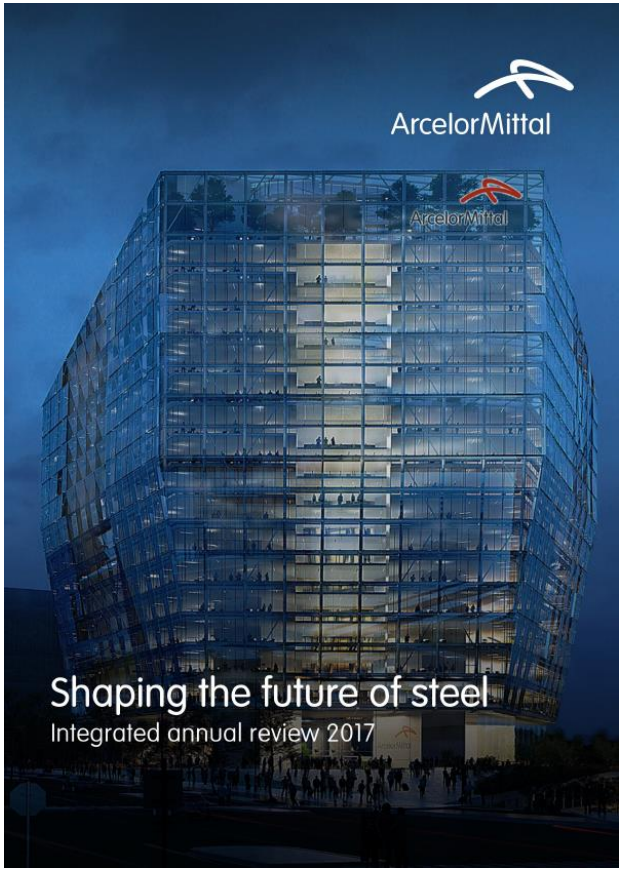
2018 AGM (9th May 2018)



Mr Mittal:

"***Safety - our No 1 priority…***

Product innovation for sustainability solutions…

Maximising our contribution to a low carbon and circular economy…

Creating supply chains our customers trust…

Steel is the material of choice…

ArcelorMittal is the steel supplier of choice…"

Sustainable development - key to our resilience

- **10 sustainable development** (SD) **outcomes** embedded into the business
- **2017 Integrated Annual Review "Shaping the future of steel" -** highlights the company's 3 core SD goals:
  - i) accelerating steel's role in a low-carbon carbon circular economy
  - ii) innovation for sustainable development
  - iii) building trusted supply chains that meet our customers' needs
- **TCFD mapping project undertaken** – approach communicated in our 2017 integrated report

- Awarded status of '**Steel Sustainability Champion 2017**' by worldsteel
- Received **gold award from Ecovadis** rating, used by many of our customers
- **Participate in and included in a number of sustainability leadership indices/ratings**

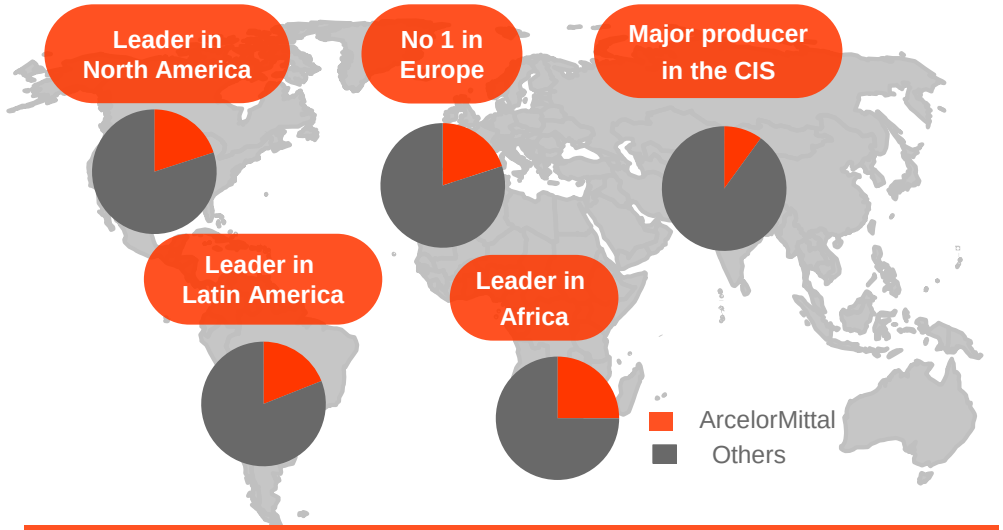
Leadership in our response to long term trends

Agenda

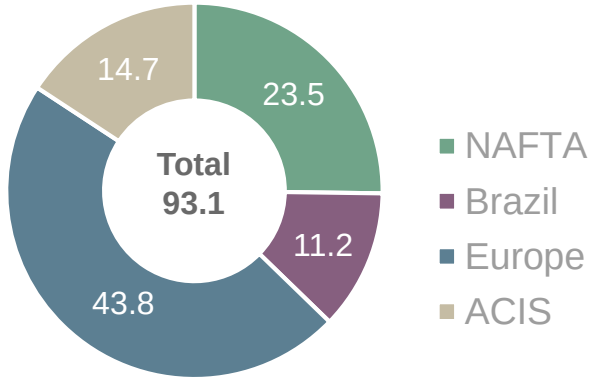
- About ArcelorMittal
- Trends impacting our industry
- Sustainability; policy trends
- Supporting our customers' transition to sustainability now
  - Automotive
  - Construction
- Transitioning to sustainable steel

ArcelorMittal – World's leading steel company

- ArcelorMittal is the world's leading steel and mining company
- Around 197,000 employees in more than 60 countries
- Leader in all major global steel markets, including automotive, construction, household appliances and packaging
- Leading R&D and technology
- Sizeable captive supplies of raw materials and outstanding distribution networks.
- ArcelorMittal values geographical breadth, product diversity and raw materials security. Around 37% of our steel is produced in the Americas, 46% in Europe and 16% in other countries such as Kazakhstan, South Africa and Ukraine.



Presence in 60 countries and an industrial footprint in 18 countries



Crude steel production in 2017 by segment (million tonnes)

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What is Sustainable Development?

The problem SD is trying to solve - starts with quality of life

Trade not aid

Steel “stocks” per person

12 - 8 ton/p steel stock

= **0.4 tonne** steel stock +

The challenge is…

More people…

…creating more demand…

…with unintended consequences.

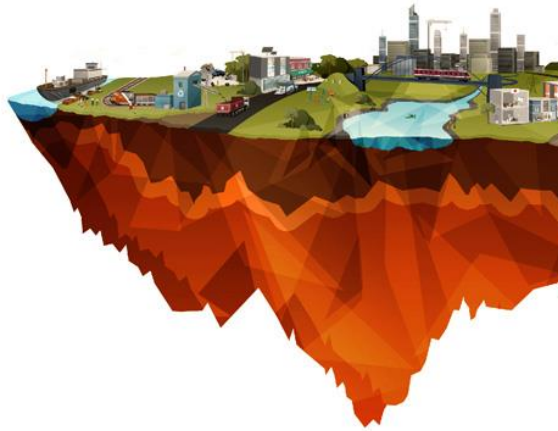
World leaders agree; United Nations Sustainable Development Goals

ArcelorMittal

Governance – ArcelorMittal's Ten SD outcomes

1. Safe, healthy, quality working lives for our people.
2. Products that accelerate more sustainable lifestyles
3. Products that create sustainable infrastructure
4. Efficient use of resources 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 talented scientists and engineers for tomorrow
10. Our contribution to society measured, shared and valued

All underpinned by transparent good governance.



In essence:

SD is the transformation from a high carbon, linear economy where only 3 to 4 billion people (out of 7 billion), have access to a good quality of life

to a…

Low carbon, circular economy, where 9-10 billion people have access to a good quality of life.

Many global socio-economic, environment and technological megatrends…

global megatrends…

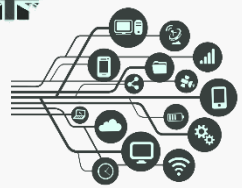
Demographic shifts

Accelerating urbanisation

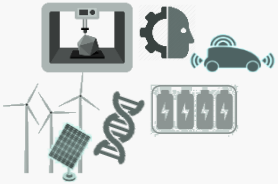
Climate change, environmental stress, and pollution

Global geo-political and economic shifts

Digitalisation & hyper-connectivity



Technological breakthroughs



…driving…

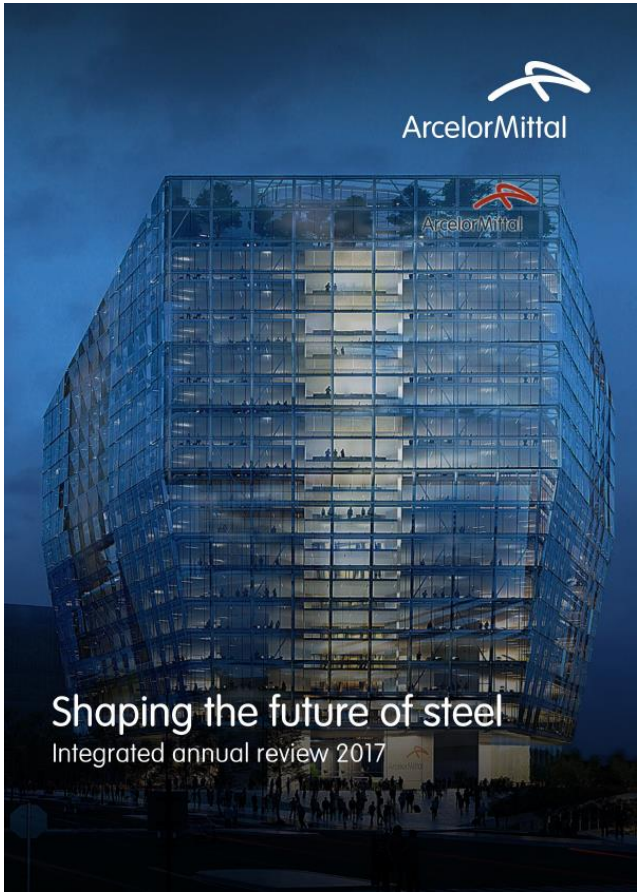
- Shifts in **social awareness** and lifestyle demands
- **Policies** reinforcing sustainable development
- **Businesses** to improve resource use efficiencies, reuse and recycling

… new economic models

Source: ArcelorMittal

Integrated Reporting
2017 just published

Group integrated report and local reports all framed around 10 outcomes.



Local reports
(2016)

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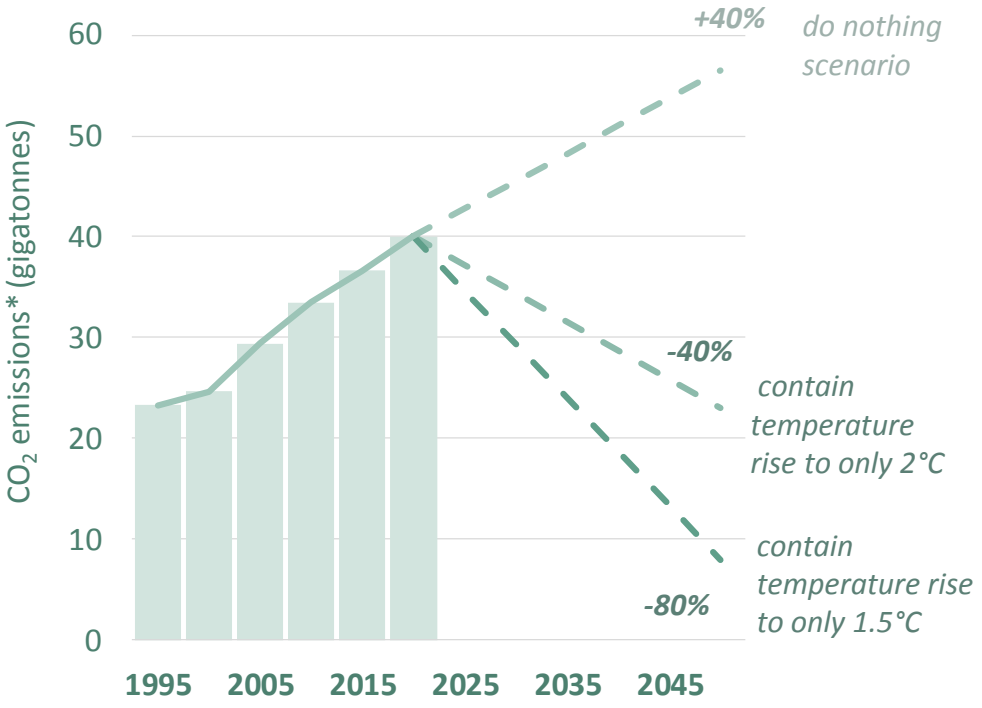
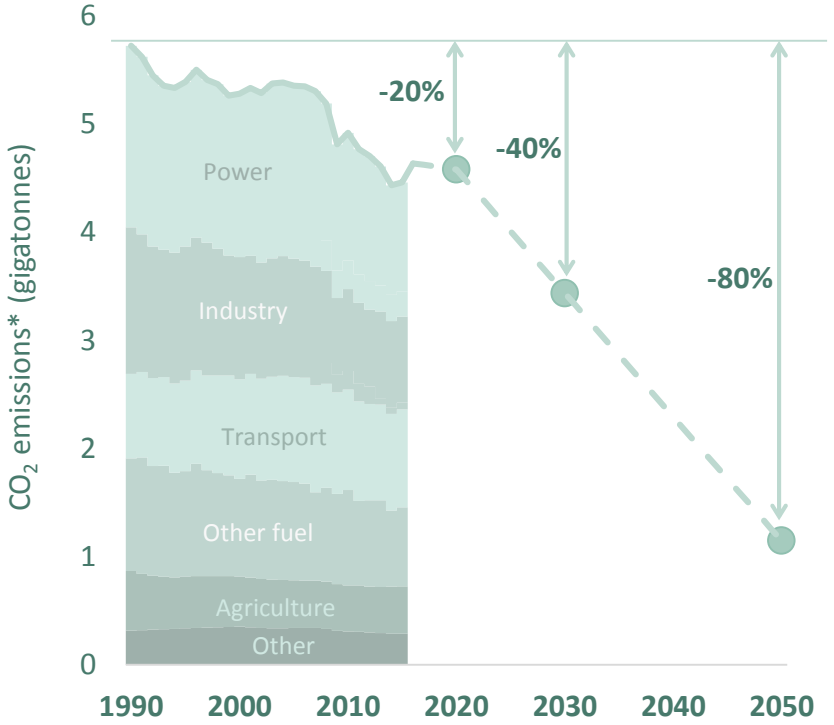
Low carbon economy: Europe, for example, has set ambitious goals

Global greenhouse emissions futures



European greenhouse emissions commitment

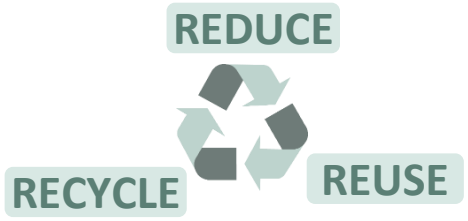


** Greenhouse gases (CO_2, N_2O, CH_4, HFC, PFC, SF6, NF3) emissions in CO_2 equivalent*

Source: ArcelorMittal

Circular economy: EU launched a circular economy package

Circular economy guiding principles



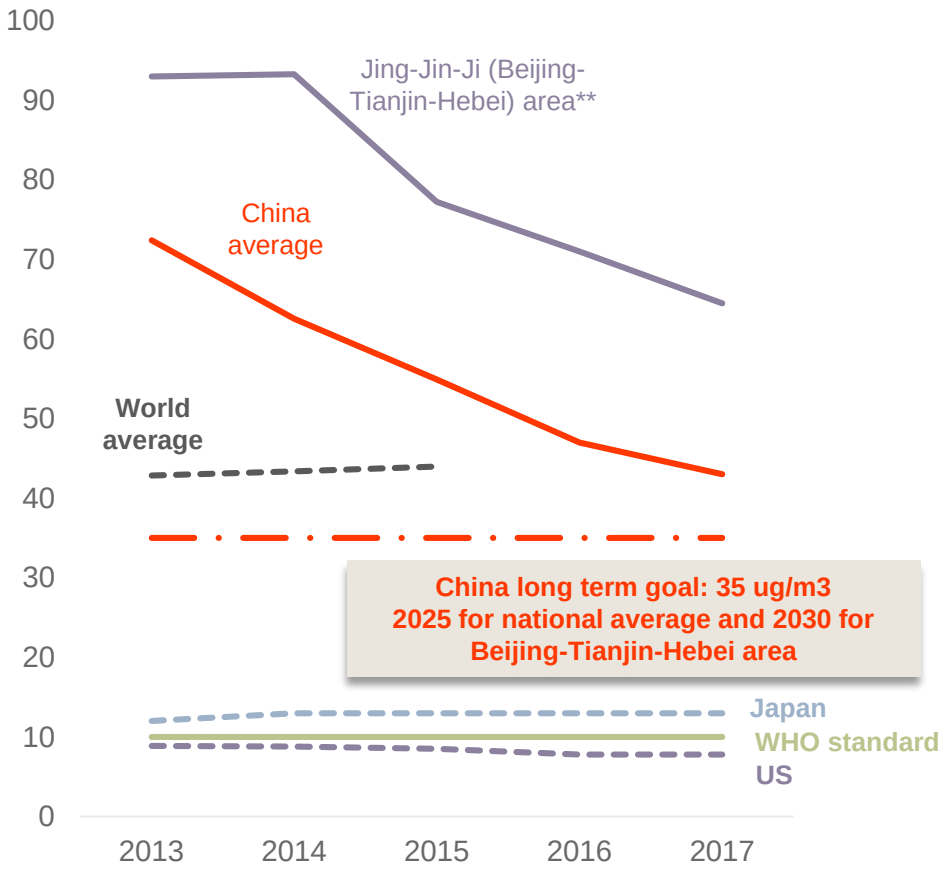
EU circular economy regulations

- In December 2015 the EU Commission presented an action plan for the circular economy, amending the following legal acts:
  - Waste Framework Directive
  - Landfill Directive
  - Packaging Directive
  - Directives on end-of-life vehicles, batteries and accumulators, and waste electrical and electronic equipment

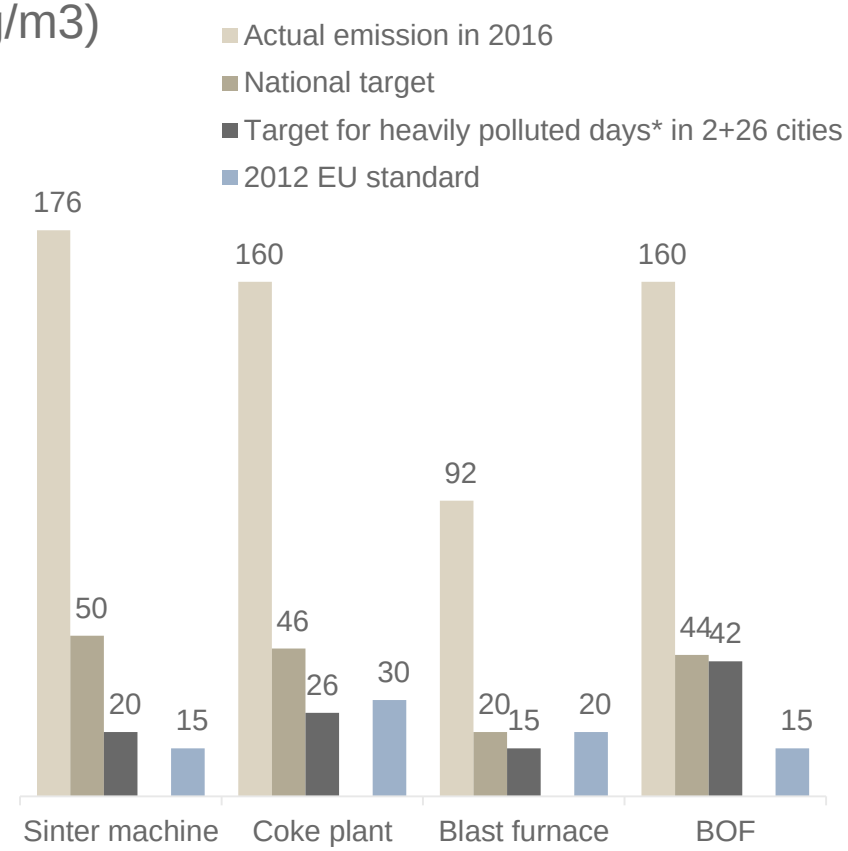
Source: ArcelorMittal

Clean air: Chinese steel industry to comply with European standards

China PM2.5 emission*, annual average µg/m3



Particulate material (PM) emission of steel making processes, actual vs targets (mg/m3)



* Particles smaller than 2.5 µm (PM2.5)

** Heavily polluted days is defined as when PM2.5 index of the area goes above 150µg/m3

Source: Oxford Economics, MIIT, Ministry of Environment, China Steel Industry 13th Five-Year Plan, ArcelorMittal Corporate Strategy team analysis

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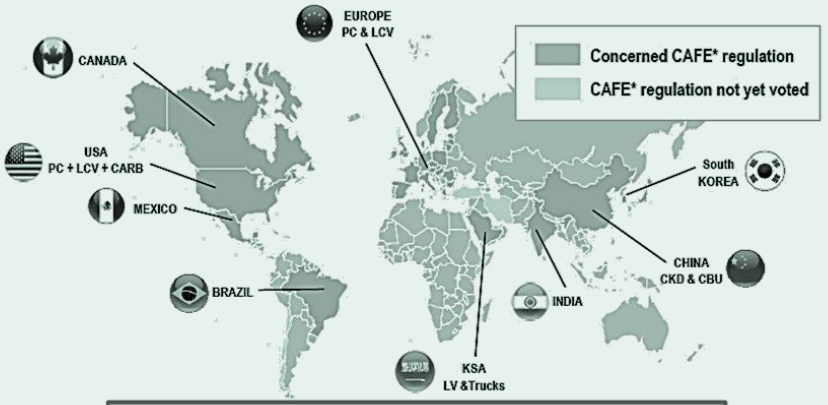
The auto sector

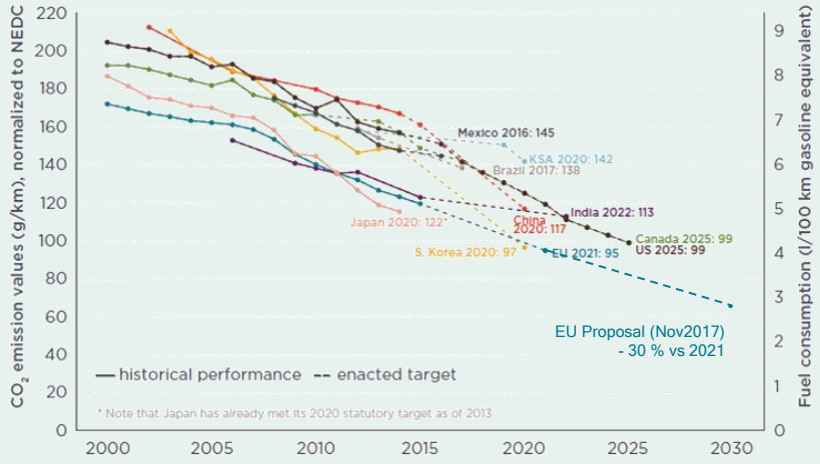
- **1990's – Cleaner fuel**
- **2000's – Efficiency**
- **2010's – new concepts**
  - Beyond the Model T – electric
  - Beyond the driver – driverless cars
  - Ownerships models - Zip Cars
  - Manufacturing – 3d printing

Sustainable automotive: Automotive sector has contributed to CO_2 reductions; future targets to reduce further

CO_2 emissions targets for vehicles



Countries under CAFE regulation = 83% PC TIV in 2016
With Iran, Turkey and Chile = 86 % PC TIV



Regulations

- **Europe:** EU CO_2 2030 regulation: -30% in 2030 vs 2021, with more stringent test conditions
- **NAFTA:** by 2025 ~3.3m vehicles sold in California & 7 other states need to be electric
- **China:** 20% of new vehicles electrical by 2025

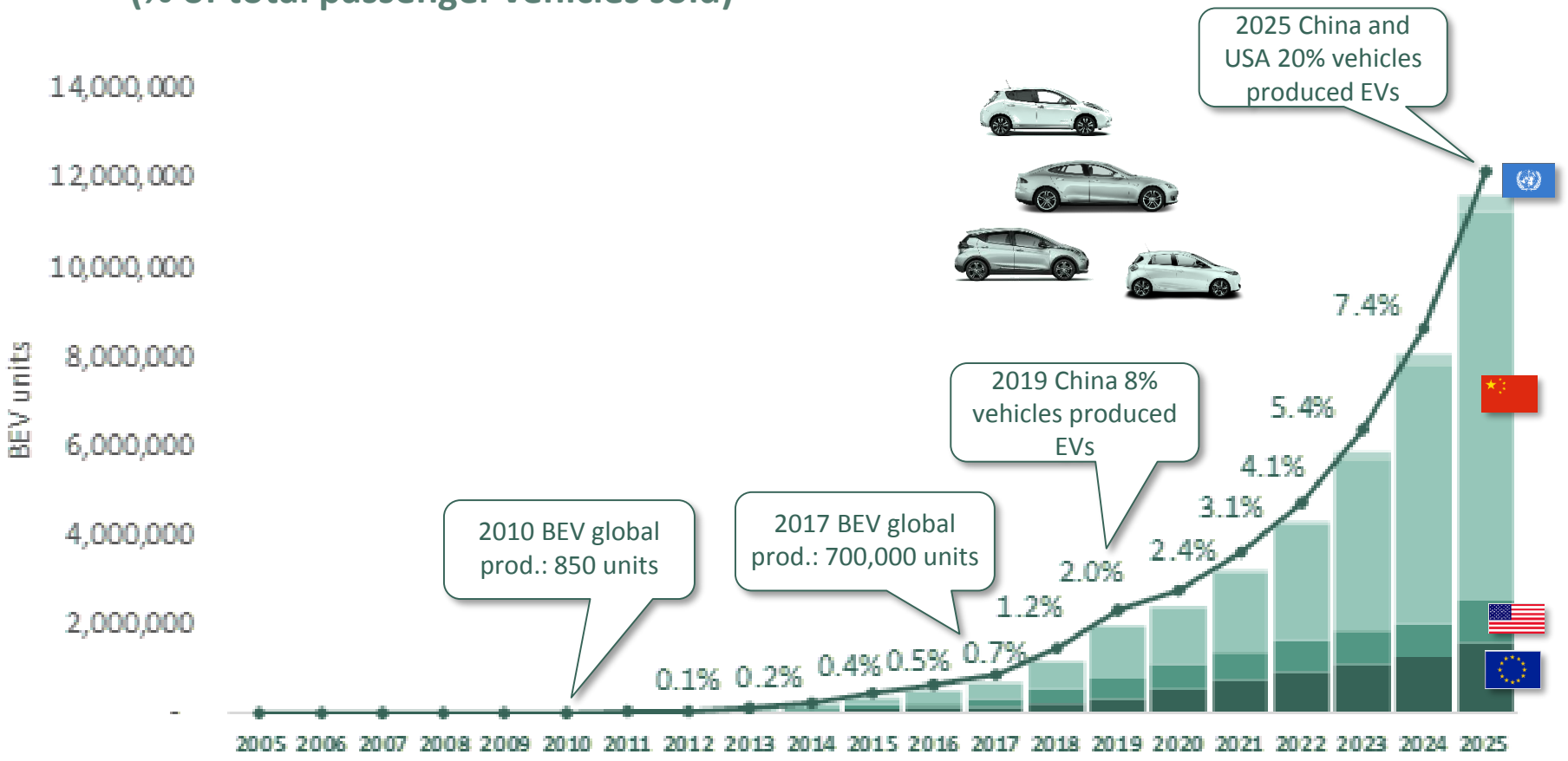
Political trends

- **UK and France:** targeting end of internal combustion engine cars by 2040
- **China, India:** targeting fast growth in electrification

Sources: Renault; IICT – July 2017; updated for EU November 2017

Sustainable automotive: battery electric vehicles are part of the solution

Battery electric vehicles (BEV) sold globally (% of total passenger vehicles sold)



Source: ArcelorMittal Corporate Strategy team base case scenario forecast

Focus – not just carbon – but entire supply chain

Steel usage in cars

57% of a car is made of steel

% of global mined volume used for steel production:

- 100% - iron ore
- 10% - coal
- 20% - tin and tungsten
- 60% - nickel and zinc
- 75% - chromium
- 85% - manganese and vanadium

Sector Collaborations

Drive Sustainability = “Raw Material Observatory”

Raw Materials Observatory – launched Dec’17

- **Iron/Steel,**
- Al/ Bauxite,
- tin,
- copper,
- rare earth elements,
- nickel,
- cobalt,
- gold,
- rare earth elements,
- lithium,
- graphite,
- tungsten,
- palladium,
- manganese,
- **silica,**
- mica,
- rubber,
- leather.

Sustainability – our customers approach

ArcelorMittal

Zinc

Use: Corrosion protection, tyres, zinc alloy

Sourcing: East Asia, Australasia, South America

Risk level:

Lead

Use: Batteries, lead wheel weights, solder in electronics

Sourcing: East Asia, Eurasia, South & North America

Risk level:

Cobalt & Graphite

Use: Batteries

Sourcing: Central & East Africa, South & East Asia, Eurasia

Risk level:

Iron & Steel

Use: Car body, car mufflers, decorative trims, exhaust silencers, catalytic converters

Sourcing: South & East Asia, South America, South Africa, Eurasia, Australasia, North America

Risk level:

Copper

Use: Breaking system, electrical driving system, gearbox, vehicle electronics

Sourcing: East & Central Africa, South America, North America, East Asia, Australasia, Eurasia

Risk level:

3TG

Use: board electronics, Fuel cells, fuel tank, sealants, wiring, audio equipment

Sourcing: East & Southeast Asia, Central & Southern Africa, South & North America, Australasia

Risk level:

Glass/Sand

Use: Windows, lamps

Sourcing: North America, Europe, Australasia, Southeast & East Asia

Risk level:

Alumina/Bauxite

Use: Radiator, intake manifold, cylinder heads, engine block, bumpers, wheels, body panels

Sourcing: Australasia, South & East Asia, South America, Eurasia, West Africa, Caribbean

Risk level:

Leather

Use: Car seats, interiors

Sourcing: East & South Asia, South America, Europe

Risk level:

Cotton

Use: Car covers, car seats

Sourcing: Asia-Pacific, Western Asia, South America, North America

Risk level:

Plastics

Use: Seat covers, carpets, bumpers, car batteries, car body, electrical insulators, decorative bezels, optical reflectors, lamps

Sourcing: Depending on type

Risk level:

Platinum Group Metals

Use: Catalyst

Sourcing: Southern Africa, North America, Eurasia

Risk level:

MICA

Use: Car paints, plastic composites, electronic capacitors

Sourcing: East & South Asia, Eurasia,

Risk level:

Natural Rubber

Use: Tyres, wiper blades, engine mounts, seals, hoses, belts

Sourcing: Southeast Asia, South & East Asia, West Africa

Risk level:

BMW

“Raw materials should be obtained from audited sources as a matter of principle wherever possible”

- from BMW Group supplier sustainability policy

Source: ArcelorMittal

Customers conversation on SD = five themes:

Product innovation

for their SD plans

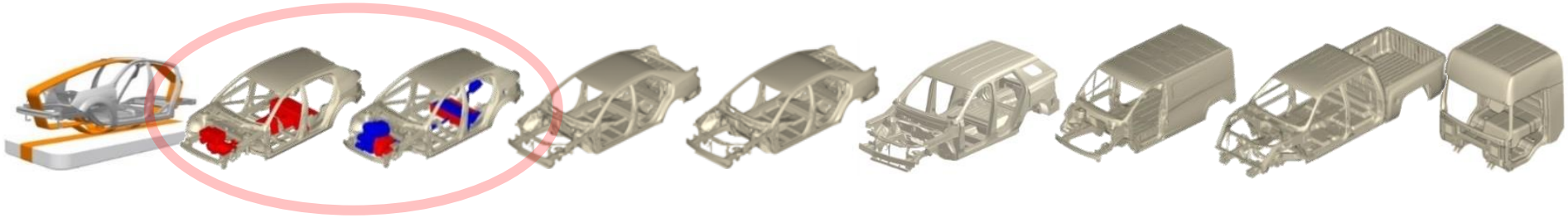
Life Cycle Assessment

Reassurance in steel making

Reassurance in mining

Collaboration on new solutions

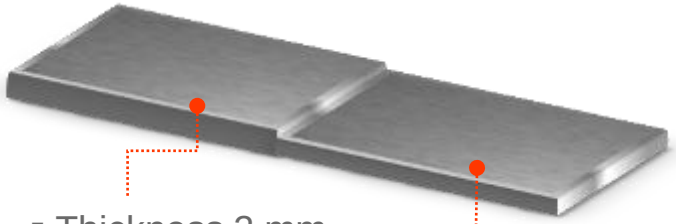
Sustainable automotive: our S-in motion® catalogue already includes our first solutions for electric vehicles



S-in motion® ICE C-Segment	S-in motion® Electric C-Segment	S-in motion® Plug-in Hybrid C-Segment	S-in motion® D-Segment *EU market*	S-in motion® Mid-size Sedan *NA market*	S-in motion® Mid-size SUV	S-in motion® Light Commercial	S-in motion® Pick-up Trucks	S-in motion® Truck Cabs
-	-60kg (-15%) vs current ICE baseline	-50 kg (-16%) vs current PHEV baseline						

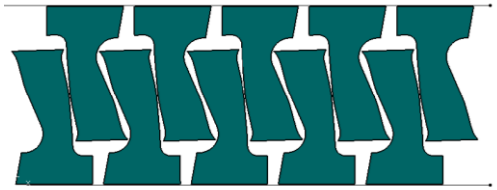
Source: ArcelorMittal Corporate Strategy team analysis

More with less: The right steel grade and the right thickness in the right place

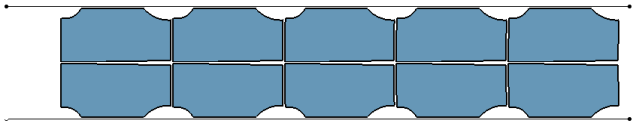


- Thickness 2 mm
- Strong metal,
- e.g. Usibor® 1500

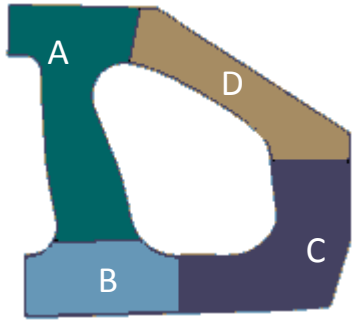
- Thickness 1 mm
- Soft metal,
- Ductibor® 500



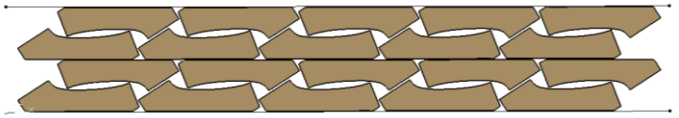
Blank A Engineering Scrap: 21.0%



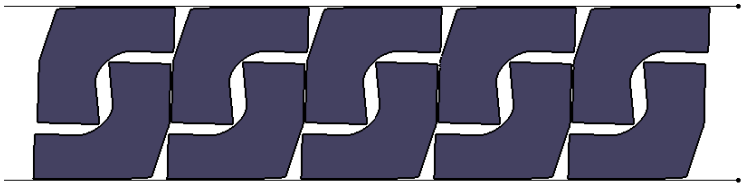
Blank B Engineering Scrap: 14.0%



If monolithic ± 50% scrap



Blank D Engineering Scrap: 17.1%



Blank C Engineering Scrap: 15.2%

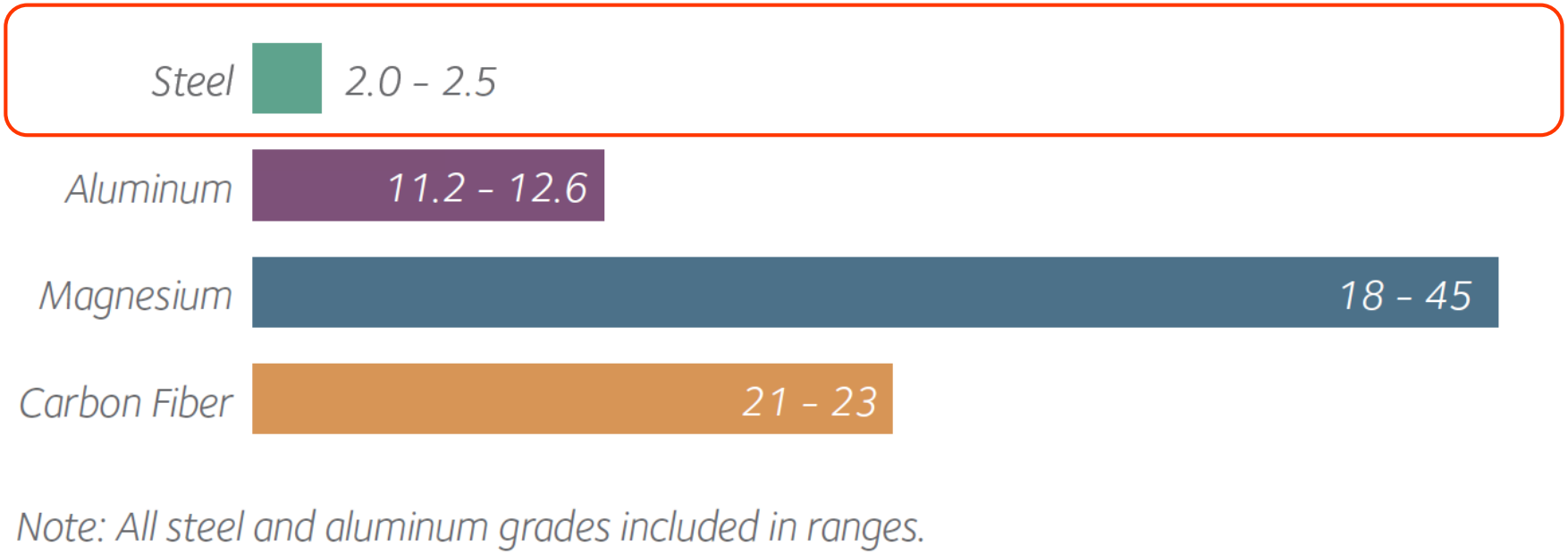
Source: ArcelorMittal

LCA key achievements

- Over 50 Life Cycle Assessments (LCAs) studies evaluating ArcelorMittal products and processes
- Company specific Environmental Product Declarations
- Tools for business units to assess specific projects environmental footprint
- Over 300 ArcelorMittal employees trained on life cycle methodology

GHG intensity per tonne of material

(many variable – recycled content, raw materials, source of electricity

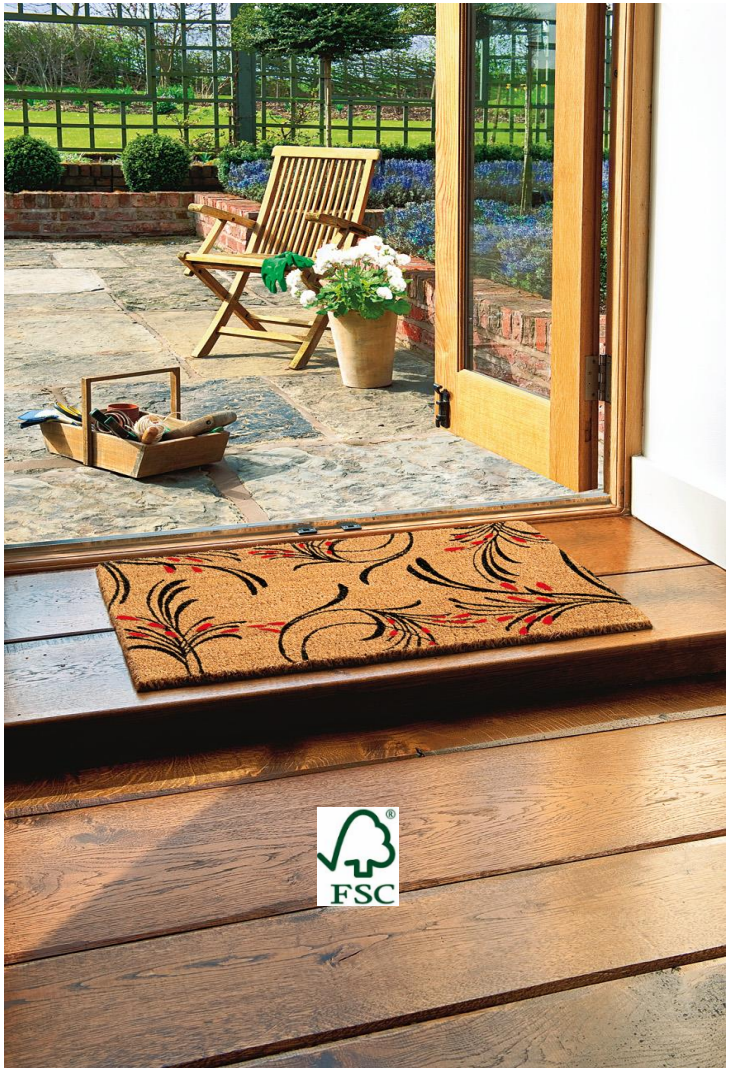


Note: All steel and aluminum grades included in ranges.

Current communication based on WAS 2010

Source: WorldAutoSteel

FSC – Forest Stewardship Council



What others are doing

Developing certification for steel making & mining

ArcelorMittal

Responsible™ Steel | standards & certification

Multi-stakeholder standards & certification, like FSC.

Global initiative bringing together steel industry, steel end users and civil society.

From mine site to finished product.

Field based solutions on specific “hotspots”

Sustainable Tin Working Group

- Informal/ small scale mining
- Poor health and safety practices
- Child Labour
- Environmental degradation
- Lack of mine rehabilitation
- Lack of ‘standards’ for offshore mining

(Apple, Microsoft, Samsung…)

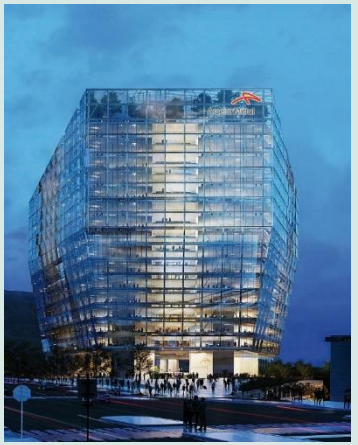
Sustainable construction: Steligence®, new steel construction philosophy to support circular economy

New steel concept for sustainable steel in construction

- In June 2018 ArcelorMittal will launch in Europe its new philosophy for steel in construction: Steligence®
- It enables architects, engineers, building owners and urban planners to resolve the competing demands of flexibility, creativity, economics and sustainability
- Key benefits include
  - Reduced storey height due to thinner, steel + composite flooring systems, permitting more storeys within a given height
  - Less deep foundations due to decreased weight of steel buildings
  - Wider column-free spans, permitting total and repeated layout flexibility so that building life is extended
  - Extraordinary range of exterior façade treatments; more creative, more durable, and with self-healing characteristics
- Steligence® harnesses the sustainability credentials of steel not just in terms of its **unmatched recyclability**, but also its potential for **re-use** of steel components without need for melting down

ArcelorMittal headquarters to be the showcase

ArcelorMittal's new HQ in Luxembourg, currently under development, will be a showcase for the Steligence® philosophy, and a truly circular building



Source: ArcelorMittal

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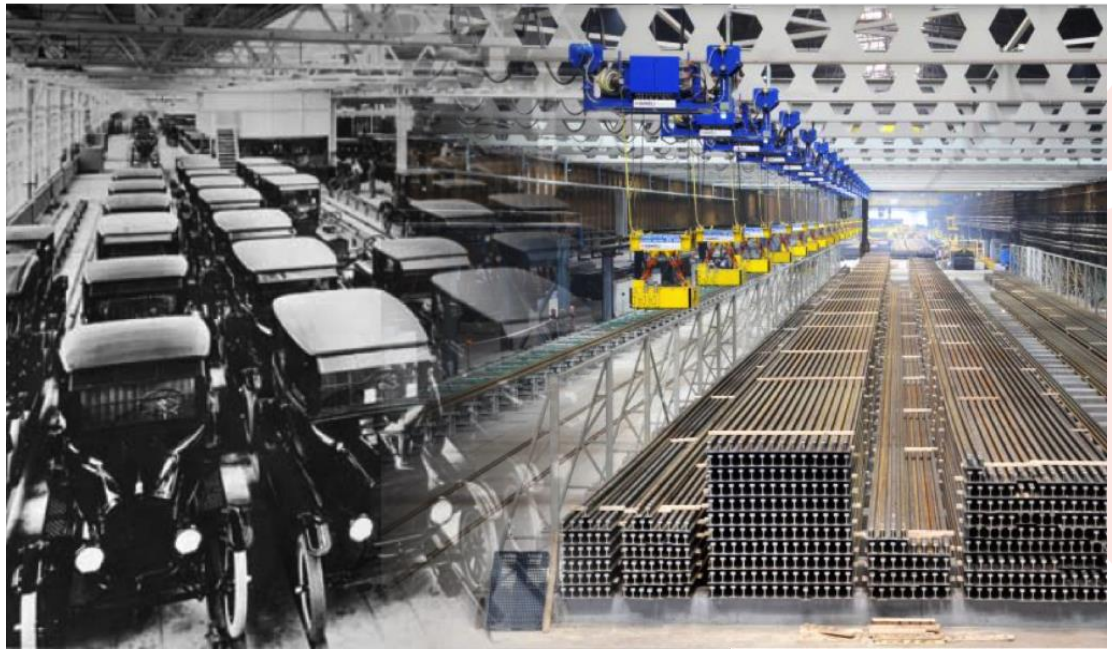
Circa 87% of steel is recycled…

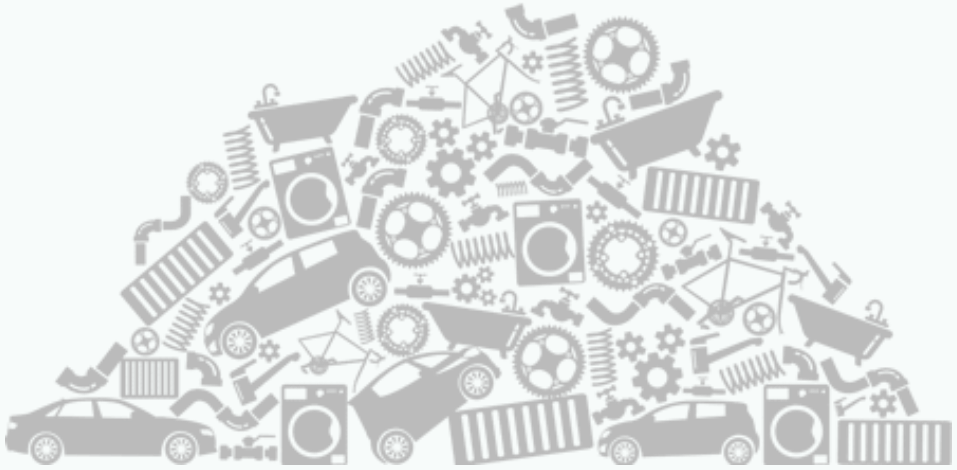


… and then recycled … again and again …

Sustainable steel: steel industry is a significant contributor to RECYLING circular economy; we can still do more

Circular economy
RECYCLE

High % of steel is already recycled – varies by sector



Steel recycling

Sector	2007 (est.)	2050 (target)
total	**83%**	**90%**
Construction	85%	90%
Automotive	85%	95%
Machinery	90%	95%
Appliances	50%	75%
Containers	69%	75%

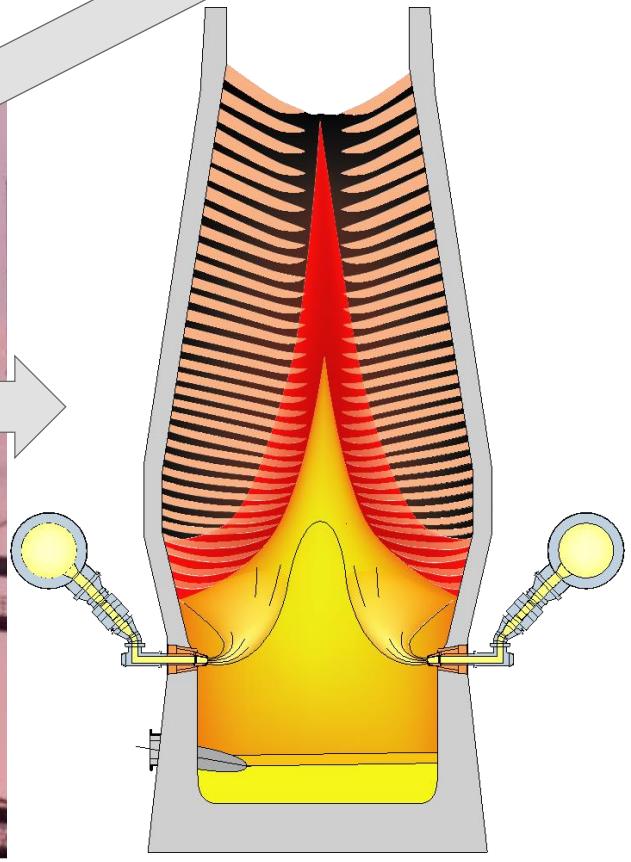
Today every steel product contains on average 30% recycled

Source: World Steel Association

How to make steel

Iron ore

Coal



$FeO + C + O2 \rightarrow Fe + CO + CO2$

Transformation technologies

ArcelorMittal

LanzaTech
capturing carbon. fueling growth.

ArcelorMittal, LanzaTech and Primetals Technologies announce partnership to construct breakthrough €87m biofuel production facility

ArcelorMittal, the world's leading steel and mining company, LanzaTech, the carbon recycling company, and Primetals Technologies, a leading technology and service provider to the iron and steel industry today announce they have entered into a lett
commerc
bioethan
steelmak
cut green
compare
predomin
can also
such as

The 47,0
fuel half
gasoline,
recycling
emission
direct carbon footprint, but by keeping fossil fuels
commodity chemicals and fuels that would other

Approximately 50 per cent of the carbon used in
process as carbon monoxide. Today, this waste
and power the steel mill. In either case, the carb
resulting CO_2 is emitted. LanzaTech's technology

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Oct 11, 2017 08:17 PM IST | Source: PTI

Tata Steel develops technology to cut carbon emissions by 20%

HIsarna is a completely new technology in the steel- making process which combines Tata Steel's cyclone converter furnace with Rio Tinto's smelter technology.

ew technology 'HIsarna' that can not only reduce carbon
rn the cost of steel production.

s IJmuiden steelworks in the Netherlands, Tata Steel said,
e and carbon emissions by at least 20 percent, reducing
rials, up to half of which could be recycled scrap steel".

l- making process which combines Tata Steel's cyclone

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September 13, 2017 09:00 CET HYBRIT

HYBRIT: CEO recruited for fossil-free steel initiative

Mårten Görnerup has been appointed CEO of the newly established joint venture company HYBRIT Development AB. He joins HYBRIT from Metsol, a technical consultancy firm in the steel sector, where he was CEO. Mårten has a background in metallurgy research.

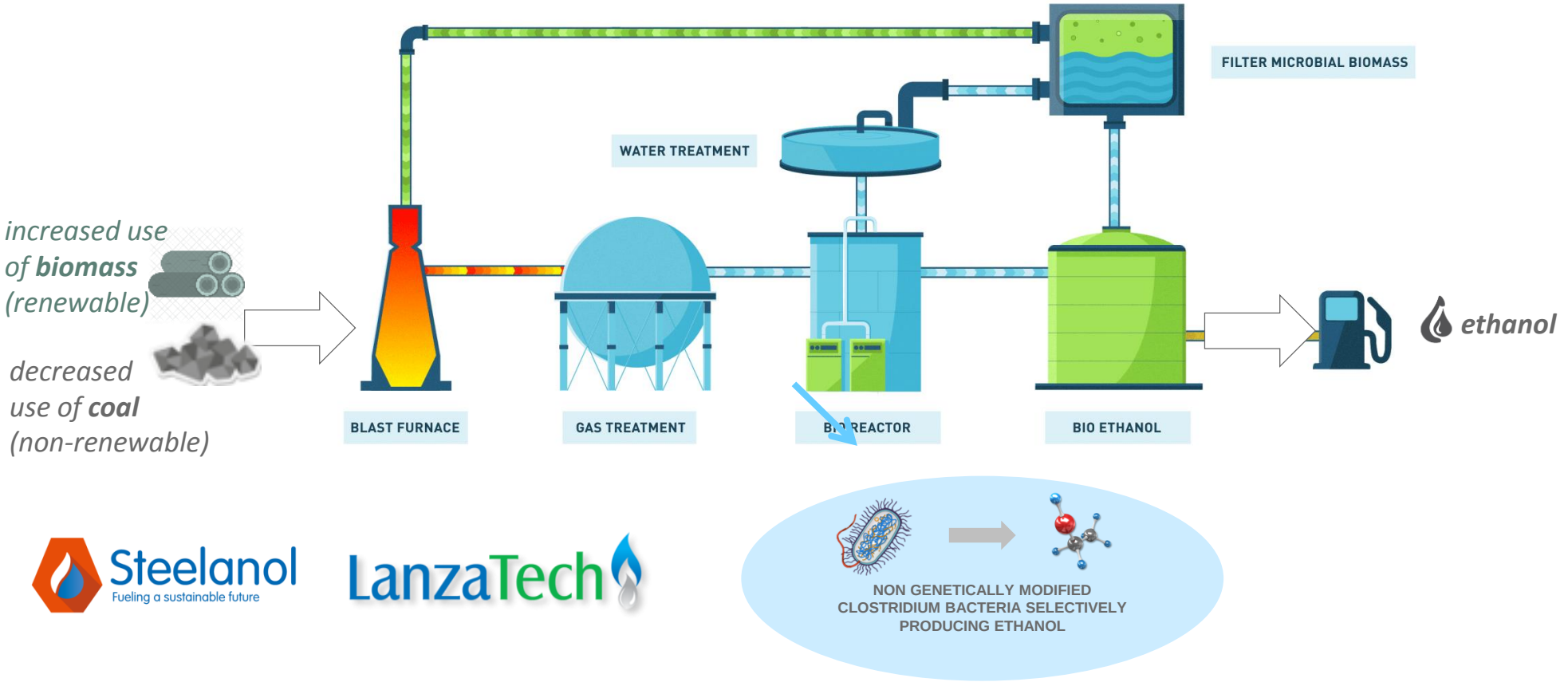
"HYBRIT is an exciting, forward-looking company that can help us to provide society with steel while achieving climate objectives. It's therefore a great honor for me to become the company's CEO," said Mårten Görnerup.

"Mårten Görnerup has extensive experience of both the steel sector and the world of research. He brings precisely the expertise that this initiative now needs," said Martin Pei, Chairman of the Board at HYBRIT.

Mårten Görnerup formally assumed the post of CEO on September 1 and will gradually step up his

Sustainable steel: ArcelorMittal deploying Steelanol to recycle carbon for use as bio-fuel, increasing use of biomass

From a waste problem to whole new market



Steelanol
Fueling a sustainable future

LanzaTech

Source: ArcelorMittal

Not Circular economy: by-products from steel production key to REUSE circular economy; example of ferrous slags

ArcelorMittal

Circular economy
REUSE

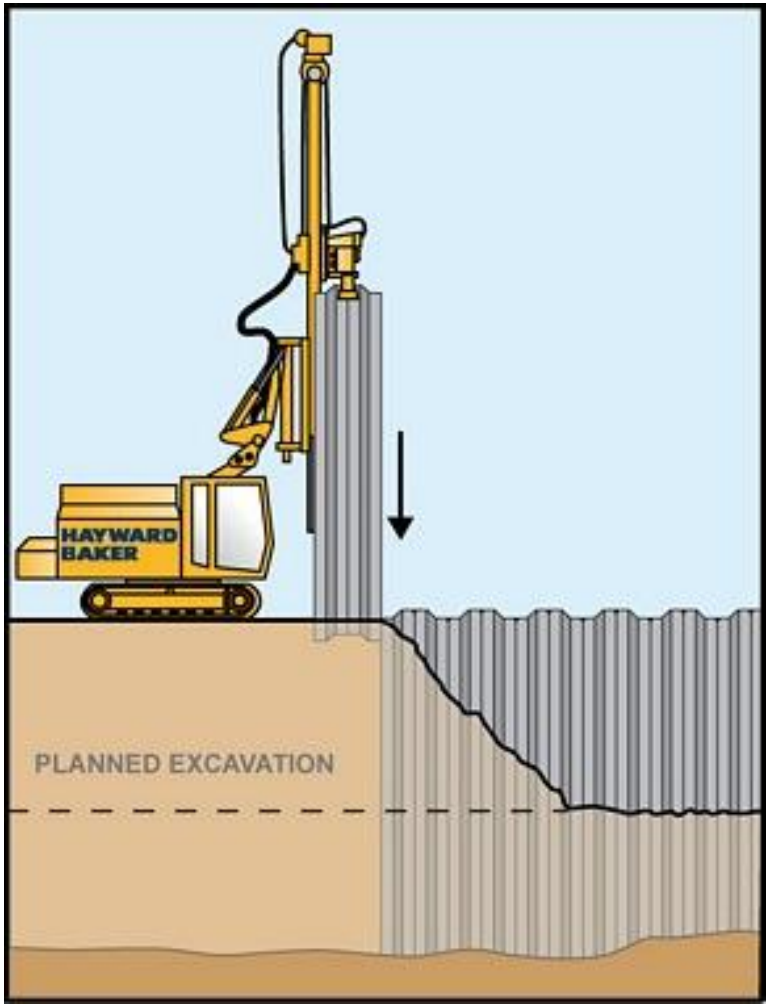
From	to
air-cooled slag 	railway ballast 
granulated slag 	
basic oxygen slag 	fertilisers 
electric furnace slag 	water treatment 

Supporting REUSE circular economy

- Slag properties controlled during production
- Slag substitutes for, and performs better than, natural materials
- Reduced dependency upon natural resources
- Environmental benefits
- Useful by-products; not waste

Source: ArcelorMittal

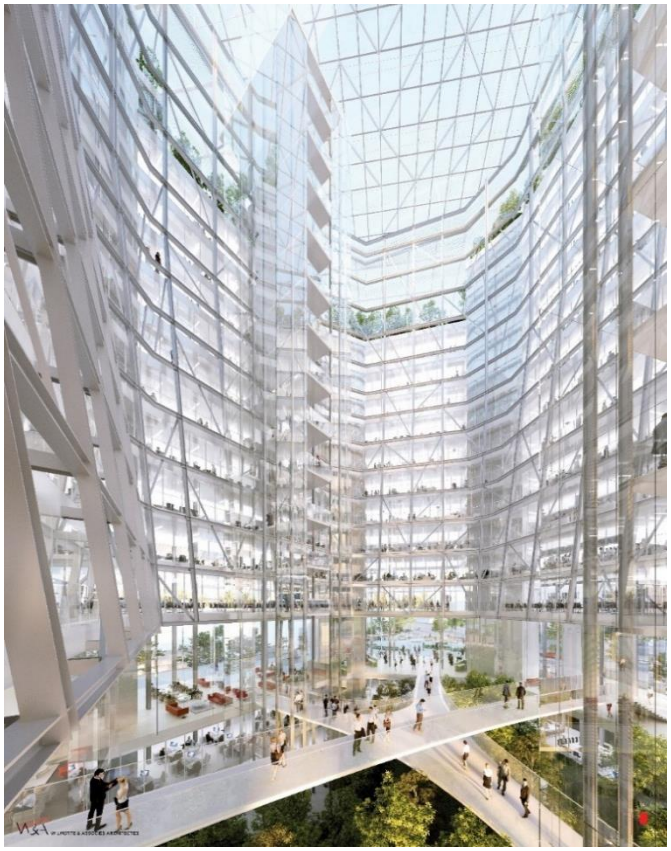
Not just technical – Sheet piling



HaywardBaker .com

Rental station – Mix of new and used piles

Our new HQ – steel parts will be reusable

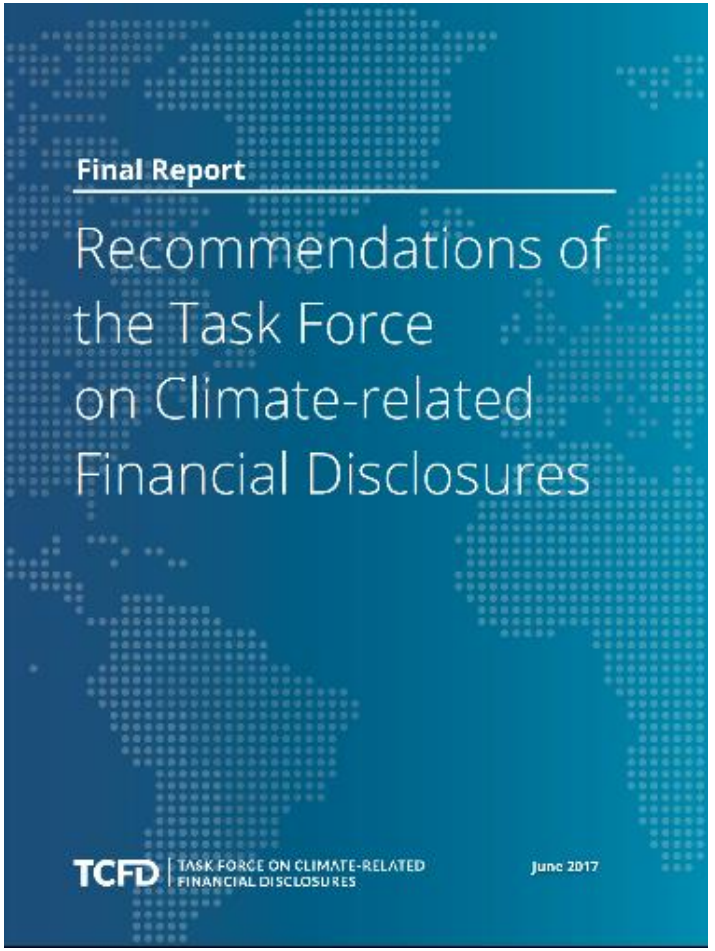


Carbon and financial community

"The exposure of investors, including insurance companies, to these shifts is potentially huge… Once climate change becomes a defining issue for financial stability, it may already be too late". – Mark Carney

The Financial Stability Board (FSB) established the **TCFD** in December 2015 to develop recommendations to:

- "**promote more informed investment, credit, and insurance underwriting decisions**" and,
- to "enable stakeholders to **understand better** the concentrations of **carbon-related assets in the financial sector** and the financial system's **exposures to climate-related risks"**.
- **Purpose:** to mitigate risk of potential losses to investors from stranded assets.



Policy will have to support the transition towards low carbon steel

ArcelorMittal

Challenges for steel industry	Policy support needed
• **Significant investment** required to develop new technologies and transform industrial footprint	• **Subsidies and incentives for R&D and investment** to transition to sustainable steelmaking *(similar to Solar PV industry?)*
• **First movers** towards "sustainably" produced steel **penalised** with higher costs than competitors	• **Levelled playing field globally for "sustainably" produced steel** *(border adjustment tax?)*
• **Abundant, cost effective energy supply** from renewable sources is necessary	• **Priority access to renewable energy sources at preferential rates** (renewable power, sustainable biomass, etc …) *(preferred renewables consumer status?)*

Good CR and SD is…

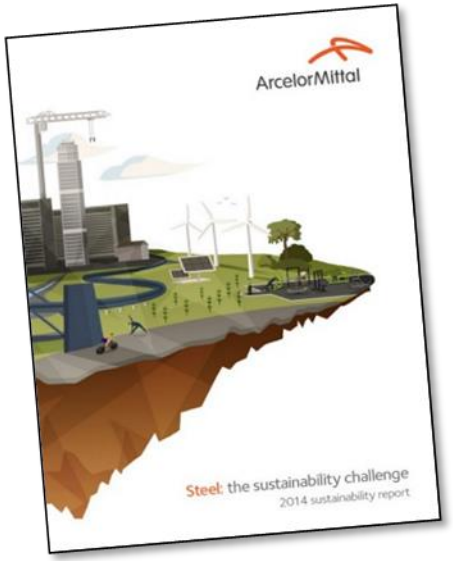
- CR and SD is being aware of long term, mega-trends and embedding in business plans

- But also mitigates short term risk and create opportunity

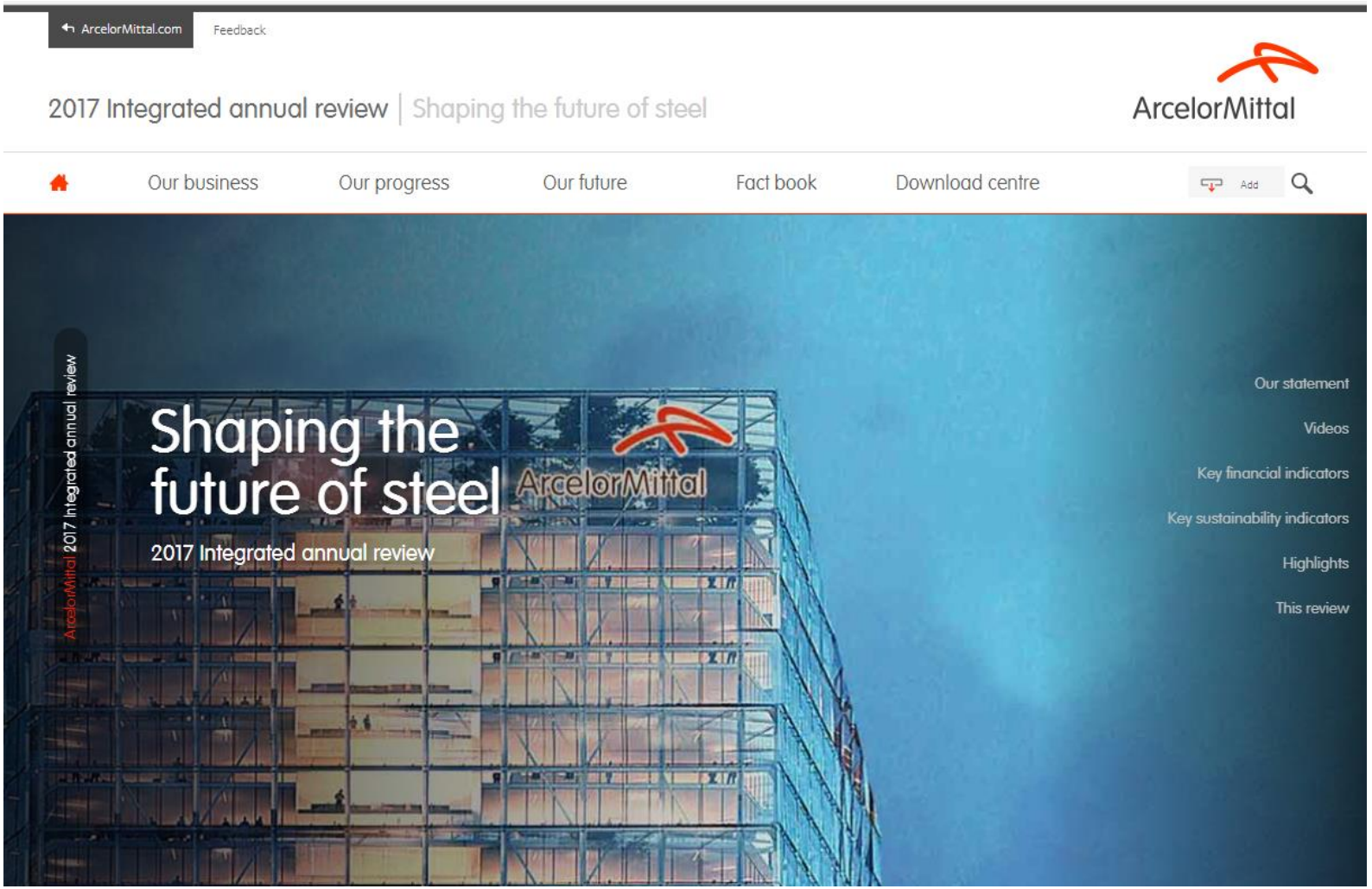
ArcelorMittals approach is:

i. Global context
ii. Group framework = the Ten Outcomes
iii. Transformation- low carbon and circular economy
iv. Customer first – meeting and exceeding their SD needs

Making Steel the material of choice…
and ArcelorMittal the steel supplier of choice



Thank you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