



# Report on the climate-related policy positions of ArcelorMittal's membership associations:

Preliminary report

May 2020



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As part of ArcelorMittal's climate strategy, described in its first Climate Action report in May 2019, we noted that the challenge of climate change requires collective effort and the support of good policy. We don't yet have all the answers, but we are keen to work with others, including through our membership associations, to encourage collaboration to find these answers.

We clearly laid out our policy positions in that report. We have also mapped the policy positions of the associations to which we belong, to reassure our stakeholders that we are collaborating on a consistent basis - with the ultimate aim of driving public policy across the world to create the supportive structures the steel industry needs to transition to low-emissions steelmaking.

This exercise is taking place at a stage when such climate-related policy assessments are still in their infancy, and where industry associations, particularly those with limited capacity, are often just beginning to - and being encouraged to - display their positions publicly. Besides its main purpose of sharing the results of our assessment of our membership organisations, therefore, this report also serves to communicate ArcelorMittal's expectations of its membership organizations in the future.

### **ArcelorMittal's policy positions**

In our Climate Action report 1, we outlined all the technological pathways that could underpin the transition to low emissions steelmaking, and assessed the implications of different policy scenarios on the pace at which such technologies would be deployed. We outlined our own commitment to the Paris Agreement and described a number of conditions that we need public policy to create in order for us to achieve the climate transition we aim to achieve.

These provided the first explicit guidance to all our stakeholders, including our industry associations, on our climate-related policy priorities. They can be summarised as follows:

1. Commitment to the Paris Agreement goal to limit global warming to well below 2 °C.
2. Support for policy frameworks that facilitate financing for low-carbon technologies.
3. Support for policies that facilitate access for steelmakers to renewable energy at affordable prices.
4. Supporting circular materials policy to accelerate the transition to a circular economy.
5. Policies that address the risk of carbon leakage under current or future carbon policy.

To improve our understanding of the need for policy support, we also engaged with customers and investors as well as policymakers and global organisations regarding our outlook for low-emissions steelmaking. This includes organisations such as the We Mean Business coalition, the World Business Council for Sustainable Development, CDP, the Science-Based Targets Initiative and the International Energy Association.

## Methodology

The assessment was carried out in two phases. In Q2 2019, ArcelorMittal’s corporate government Affairs team led an assessment of the statements and activities of those industry associations of which we are members against our five policy priorities, drawing on published statements as well as the awareness of our local government affairs colleagues of these organisations’ activities. Alignment with ArcelorMittal’s policy priorities is considered at three levels, as shown in the table below:

<b>Alignment</b>		
Extent to which the organisation works towards ArcelorMittal’s policy priorities		
<b>Aligned</b>	<b>Neutral</b>	<b>Misaligned</b>
Stated support for Paris Agreement AND at least two of our policy priorities, and/or activities aligned with ArcelorMittal’s policy priorities.	No stated support for Paris Agreement OR support for Paris Agreement but alignment on no more than one other policy priority. No evidence of policy positions that undermine ArcelorMittal efforts.	Stated opposition to one or more of our policy priorities, or activities that undermine ArcelorMittal policy efforts on climate change.

Where the organisation’s position in the public domain was found to be unclear, our own awareness of their activities often enabled us to indicate the extent to which they are aligned with our policy priorities. Where it was not possible to determine their alignment, they were marked ‘neutral’ as long as no evidence was found of misalignment.

In Q4 2019, our Corporate Responsibility team reviewed the assessment of some organisations in the light of concerns raised by third parties such as Influence Map. Reassuringly, this review reinforced our previous findings.

Before publication, we shared our assessment with the Church of England Pensions Board and Climate Action 100+, who kindly offered feedback. We have responded to some suggestions when finalising this report, where it has been possible within the timeframe of this publication. We will seek to strengthen our approach in future iterations of this disclosure.

We are aware that this first assessment has often relied on the awareness about these organisations of our government affairs colleagues at country level. To provide more accessible evidence of their policy positions going forward, we aim to increasingly rely on published sources.

## Findings

The full mapping of our membership organisations and an explanation of our findings is provided at the end of this report. From this review we have made the following observations.

- Almost all associations of which we are members are aligned or neutral on the policy areas of priority for ArcelorMittal.
- Where organisations are aligned with us and bring us high levels of value, we tend to already be collaborating on climate-related policy issues.
- A high proportion of organisations are classed as 'neutral'. Many smaller organisations do not publicly state their policy positions in an accessible way. Where this is because the scope of their work does not include policy influencing, or not in the areas of our policy priorities, they may always be considered neutral. For others, they may not have published their policy positions externally. We can play a role in encouraging them to clarify their policy positions in the public domain.
- Our level of influence is an important factor in determining our position. Where an association represents our key business – steelmaking – we may have a strong influence over their climate-related policy position, but where our membership is of niche value, we may have little or no influence over their policy positions.
- We only found misalignment in one instance, the American Petroleum Institute. Here we considered the nature of our membership. Since our role within the organisation is limited to a technical working group, we determined not to take any further action.

## Next steps

Where organisations do not publish their positions in the public domain, we encourage such organisations to make their positions public so to enable others to make such assessments.

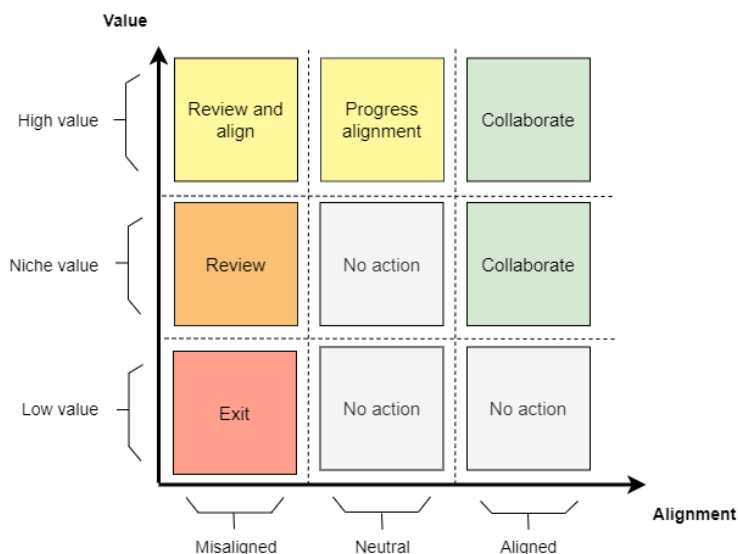
Where organisations were found to be neutral because they have not considered such policy areas, where appropriate we will encourage further alignment.

Where we found misalignment, we have considered an appropriate response by looking at the value ArcelorMittal derives from our membership of that organisation and our level of influence within it.



This rationale has provided us with a guide to determine the most appropriate course action:

- where membership brings us high value, we will review our role and influence within the organisation and how we might seek alignment using our influence.
- where it brings niche value and our role is limited, we may determine not to take any further action.
- where the value it brings is low, we will consider ceasing our membership.



The matrix opposite illustrates the most appropriate course of action for ArcelorMittal.

### Governance

This report represents the results of our first mapping exercise of the position of our membership organisations, as of December 2019. The contents have been reviewed by members of the Climate Change & Environment Committee and approved by the Executive officer responsible for climate change.

Over time, the position of either ArcelorMittal or our membership associations will evolve and, to ensure it is up to date and chart progress, we intend to update this report periodically with oversight from the Appointments, Corporate Governance and Sustainability Committee of the Board.

Our communication on this topic is part of our commitment to engaging with our stakeholders on our climate challenge, and we remain open to further engagement on this topic.

## Mapping

Below we list the organisations assessed and provide an explanation of our findings.

Geography	Industry association	Alignment	Explanation	Action
Global	World Business Council for Sustainable Development (WCBSD)	Green	Aligned with Paris Agreement and active on projects to pursue policy priorities 2, 3 and 4.	Continue to work with WCBSD on related issues.
	Initiative for Responsible Mining Assurance (IRMA)	Yellow	As a standards body, IRMA does not lobby on policy. ArcelorMittal sits on the Board of IRMA. IRMA's certification standard considers how to evidence that a company's greenhouse gas target is in line with the Paris Agreement.	Continue to work with IRMA to drive conditions for mining sector to align with Paris Agreement.
	United Nations Global Compact (UNGC)	Green	Aligned with Paris Agreement and policy priorities 2, 3 and 4. UNGC provides opportunities for collaboration to achieve SDGs including #13 on Climate Action.	Continue to work with UNGC on related issues.
	ResponsibleSteel	Yellow	As a standards body, ResponsibleSteel does not lobby on policy. ArcelorMittal sits on the Board of ResponsibleSteel and is voicing the need for a low/zero carbon steel standard to help drive industry decarbonisation.	Continue to work with ResponsibleSteel to drive conditions for steelmakers to align with Paris Agreement.
	Energy Transition Commission (ETC)	Green	Aligned with Paris Agreement and other policy priorities. Goal is to accelerate change towards low-carbon energy systems that enable robust economic development and limit the rise in global temperature to well below 2°C. Enabling change via policy and regulation is a key part of its approach.	Continue to work with ETC on related issues.
Europe	CSR Europe	Yellow	Aligned with Paris Agreement and policy priority 4.	Encourage clearer disclosure of CSR Europe's policy positions
	European Steel Association (Eurofer)	Green	Eurofer is generally aligned with ArcelorMittal's policy priorities and in 2018-19, Eurofer indicated growing support for transitioning to a low-carbon economy, including a carbon border adjustment to prevent carbon leakage.	Continue to work with Eurofer on related issues.
	European Roundtable of Industrialists (ERT)	Green	Aligned with Paris Agreement and policy priorities, except for policy priority 4.	Continue to work with ERT on related issues.

	BusinessEurope		<p>Focus has historically been on support for the global competitiveness of European industry. Its position on the Paris Agreement was published April 2019 with conditions on limiting global average temperature to 1.5: "This means Europe needs a comprehensive industrial strategy for investments, large-scale availability of affordable low-carbon energy, full participation of its citizens and a rapid convergence of global actions."</p> <p>Its 2019 statement indicated a shift from its position on EU climate related ambitions and proposals between 2016 and 2018, although some further clarity is needed to ensure alignment. We find it positive that BusinessEurope indicated in a general way that a CBA could be one of the policy instruments for decarbonisation process.</p> <p>On circular economy, more work is needed in order for Business Europe to align with ArcelorMittal's position, which is in favour of a much more ambitious and better enforced circular economy policy in all its aspects.</p>	Seek further alignment and/or clarity on policy positions.
<b>Argentina</b>	Argentine Industrial Union (AIU)		No statement on Paris Agreement nor other policy priorities. More clarity on policy positions needed in public domain.	Seek further clarity on AIU's policy positions.
	Argentine Steel Association (ASA)		Aligned with Paris Agreement and policy priority 4. Worldsteel policy positions exists on public domain, but no clear statements of their own in line with policy priorities. More clarity on policy positions needed in public domain.	Seek further clarity on ASA 's policy positions.
	The Argentine Business Council for Sustainable Development (ABCSD)		Branch of WCBSD and therefore aligned with Paris Agreement and active on projects to pursue policy priorities 2, 3 and 4.	Continue to work with ABCSD on related issues.
<b>Belgium</b>	Groupement de la Sidérurgie Staal industrie Verbond (GSV) - Belgian Steel Federation		Aligned with Paris Agreement and other policy priorities.	Continue to work with GSV on related issues.
<b>Brazil</b>	Instituto Aço Brasil (IABr) - Brazilian Steel Association		No statement on Paris Agreement nor policy priorities 2 and 3. More clarity on policy positions needed in public domain.	Seek further clarity on IABr's policy positions.

	Brazilian Business Council for Sustainable Development (CEBDS)		Aligned with WCBSD and therefore the Paris Agreement and a number of circular economy and decarbonisation initiatives.	Continue to work with CEBDS on related issues.
<b>Canada</b>	Mining Association of Canada (MAC)		No statement on Paris agreement nor policy priorities 2, 3 and 4 in formal policy position.	Encourage clearer disclosure of MAC's policy positions.
	Québec Mining Association (QMA)		No statement on Paris Agreement nor policy priorities 2 and 3. More clarity on policy positions needed in public domain.	Seek further clarity on QMA's policy positions.
	The Québec Business Council on the Environment (QBCE)		Aligned with Paris Agreement and policy priorities 2, 3 and 4.	Continue to work with QBCE on related issues.
	Canadian Steel Producers Association (CSPA)		No statement on Paris Agreement. CSPA has addressed the ambition of Canada's steel producers to achieve net zero CO2 by 2050. More clarity on policy positions needed in public domain.	Seek further clarity on CSPA's policy positions.
	Canadian Manufacturers & Exporters (CME)		No statement on Paris Agreement nor policy priorities 4 and 5. More clarity on policy positions needed in public domain.	Seek further clarity on CME's policy positions.
	Canadian Chamber of Commerce (CCC)		Aligned with Paris Agreement and policy priorities 2 and 3.	Continue to work with CCC on related issues.
<b>China</b>	China Iron and Steel Association (CISA)		Aligned with Paris Agreement and policy priorities 2 and 3. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of CISA 's policy positions.
<b>Costa Rica</b>	Cámara de Industrias de Costa Rica (CICR) - Chambre of Commerce of Costa Rica		Aligned with Paris Agreement and policy priorities 3 and 4. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of CICR's policy positions
<b>France</b>	3M France		Aligned with Paris Agreement and policy priorities 2, 3 and 4.	Continue to work with 3M France on related issues.
	Mouvement des Entreprises de France (MEDEF) - Federation of French Industry		Aligned with Paris Agreement and policy priorities 4 and 5.	Continue to work with MEDEF's on related issues.



<b>Germany</b>	WV Stahl - The German Steel Federation		Aligned with Paris Agreement and other policy priorities. As a member of EUROFER and Worldsteel, WV Stahl supports their policy positions on decarbonisation.	Continue to work with WV Stahl's on related issues.
<b>Italy</b>	Federacciai		Aligned with Paris Agreement and other policy priorities.	Continue to work with Federacciai's on related issues.
<b>Kazakhstan</b>	Kazakhstan Association of Mining and Metallurgical Enterprises (AMME)		Aligned with Paris Agreement and policy priorities 2, 3 and 4.	Continue to work with AMME's on related issues.
	National Chamber of Entrepreneurs "Atameken" (NCEA)		Aligned with Paris Agreement and policy priorities 2, 3 and 4. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of NCEA's policy positions.
	Kazakhstan Foreign Investors' Council Association		Aligned with Paris Agreement and policy priorities 2, 3 and 4. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of Kazakhstan Foreign Investors' Council Association policy positions.
<b>Mexico</b>	Camara Minera de México (CAMIMEX) - The Mexican Mining Chamber		Aligned with Paris Agreement, but none of the other policy priorities. More clarity on policy positions needed in public domain.	Seek further clarity on CAMIMEX' policy positions.
	Camara Nacional de la Industria del Hierro y del Acero (CANACERO) - National Chamber of the Iron and Steel Industry		Aligned with Paris Agreement and policy priorities 2, 3 and 4. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of CANACERO's policy positions.
	Confederación de Cámaras Industriales (CONCAMIN) - Confederation of Industrial Chambers of Mexico		No statement on Paris Agreement or other policy priorities. More clarity on policy positions needed in public domain.	Seek further clarity on CONCAMIN's policy positions.
<b>Morocco</b>	La Confédération Générale des Entreprises du Maroc (CGEM) - General Confederation of		Aligned with Paris Agreement and policy priorities 2, 3 and 4.	Continue to work with CGEM on related issues.

	Moroccan Enterprises			
	Association des sidérurgistes de Maroc (ASM) - Association of Steelmakers of Morocco		Aligned with Paris Agreement and policy priorities 2, 3 and 4. More clarity on policy positions needed in public domain.	Continue to work with ASM on related issues.
	Fédération marocaine de la construction (FMC) - Moroccan Federation of Construction		Aligned with Paris Agreement and policy priorities 2, 3 and 4. Member of the Moroccan General Confederation of Enterprises (CGEM).	Continue to work with FMC on related issues.
	Fédération des industries métallurgiques, mécaniques et électromécaniques (FIMME) - Federation of Mechanical, Metallurgical, and Electrical Industries		Aligned with Paris Agreement and policy priorities 2, 3 and 4. Member of the Moroccan General Confederation of Enterprises (CGEM).	Continue to work with FIMME on related issues.
<b>Poland</b>	Hutnicza Izba Przemysłowa (HIPH) - Polish Steel Association		Aligned with Paris Agreement and other policy priorities. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of HIPH policy positions.
<b>Saudi Arabia</b>	National Committee for Steel Industry (NCSI)		No statement on Paris Agreement, nor policy priorities 3, 4 and 5. More clarity on policy positions needed in public domain.	Seek further clarity on NCSI's policy positions.
<b>South Africa</b>	South African Iron and Steel Institute (SAISI)		No statement on Paris Agreement, nor policy priorities 2, 3 and 5. More clarity on policy positions needed in public domain.	Seek further clarity on SAISI's policy positions.
	Business Unity South Africa (BUSA)		Aligned with Paris Agreement and policy priority 4. More clarity on policy positions needed in public domain.	Seek further clarity on BUSA's policy positions.
<b>Spain</b>	Unión de Empresas Siderúrgicas (UNESID) - Spanish Association of Steel companies		Aligned with Paris Agreement and other policy priorities. More clarity on policy positions needed in public domain.	Encourage clearer disclosure of UNESID's policy positions.

<b>Ukraine</b>	Ukrmetallurgprom - Ukrainian association of Steel Producers		No statement on Paris Agreement or other policy priorities. More clarity on policy positions needed in public domain.	Seek further clarity on Ukrmetallurgprom's policy positions.
<b>USA</b>	American Petroleum Institute (API)		Historical positioning has been misaligned, most notably with regard to the Paris Agreement, the role of renewables and methane emissions, and recognition of the need for a carbon border adjustment with carbon regulation.  ArcelorMittal participates only in a technical committee which sets technical standards for steel pipes (e.g. gas transportation with potential application to hydrogen) but not in committees setting policy positions, since the company has little strategic influence.	Minimal role and limited influence. No further action.
	American Iron and Steel Institute (AISI)		No statement on the Paris Agreement. Nonetheless, signs that AISI positioning is moving in this direction, with mention in its innovation statement of its commitment to research into low-emissions steelmaking technologies.	Seek further alignment and clarity on AISI's policy positions.
	National Association of Manufacturers (NAM)		NAM has historically shown some misalignment with the Paris Agreement after the release of its policy position in 2016 and continues to evolve. However, it remains somewhat misaligned. For example, not explicitly supporting the Paris Agreement goal.	Seek further alignment and clarity on NAM's policy positions.

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