

# 2017 ArcelorMittal SRI Lunch



June 26, 2017

A photograph of an industrial facility, likely a steel mill, with large piles of dark material (possibly coal or scrap) in the foreground. Several high-pressure water jets are spraying upwards from the piles, creating a misty atmosphere. In the background, there are industrial buildings and a tall smokestack under a blue sky with scattered white clouds.

Sustainable development – presentation to investors

# Disclaimer

## Forward-Looking Statements

This document may contain forward-looking information and statements about ArcelorMittal and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “target” or similar expressions. Although ArcelorMittal’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of ArcelorMittal’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of ArcelorMittal, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents filed with or furnished to the Luxembourg Stock Market Authority for the Financial Markets (*Commission de Surveillance du Secteur Financier*) and the U.S. Securities and Exchange Commission (the “SEC”). ArcelorMittal undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events, or otherwise.

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# 2016: a year of sustainable progress

## Safety

LTIF stable YoY to 0.82x

## Action 2020

Major progress: \$0.9bn contribution to free cash flow

## Profitability

EBITDA +20% to \$6.3bn despite challenging 1H

## Net debt

Net debt reduced to 1.8x EBITDA

## Sustainability

Responding to social and environmental trends is key to our resilience and long term value

Building the foundations of long term value

# Our sustainable development journey

**2015:** launch of our 10 sustainable development (SD) outcomes that describe **the company we need to become**.

**2016:** embedding SD across the business with the 10 outcomes, among both **leadership** and via development of **expert hubs**; and assessing progress.

**2017:** Development of a **strategic SD plan**, segment by segment.

## Our 10 outcomes



### Message from our Chairman and CEO

Lakshmi N Mittal

"Our 10 sustainable development outcomes were designed to ensure we manage and stay ahead of expectations in this regard, and also demonstrate our understanding that long-term success lies not only in creating shareholder value but also in actively contributing to society's needs."



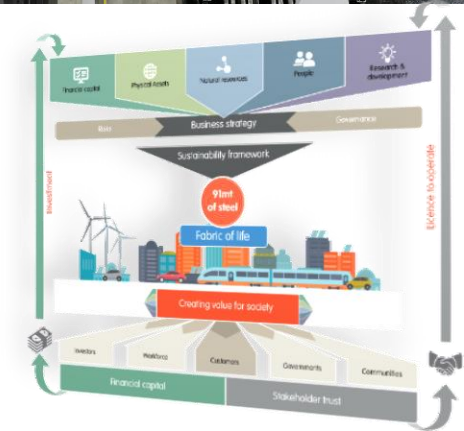
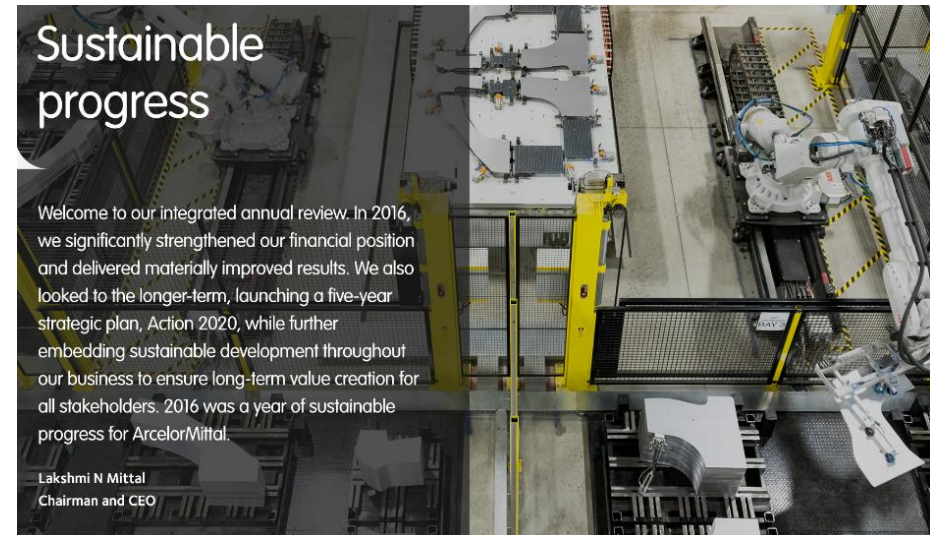
Our 10 SD outcomes describe the company we need to become





# Improving integrated reporting

- Online Annual Review 2016 – demonstrates our relationship with society business
- Segment-by-segment – **stakeholder and market context**, encouraging localised integrated thinking
- SD progress against **10 outcomes** and **by segment**
- SD contributions to **Action 2020** and long-term value creation **Beyond 2020**



Sustainable development is key to our ability to create long term value

# Highlights of 2016

## Transformational change driven by corporate

- R&D Sustainability Innovation Tool
- Carbon capture and utilisation industrial demonstration project
- Supply chain assurance for our customers

## Incremental improvements at site level

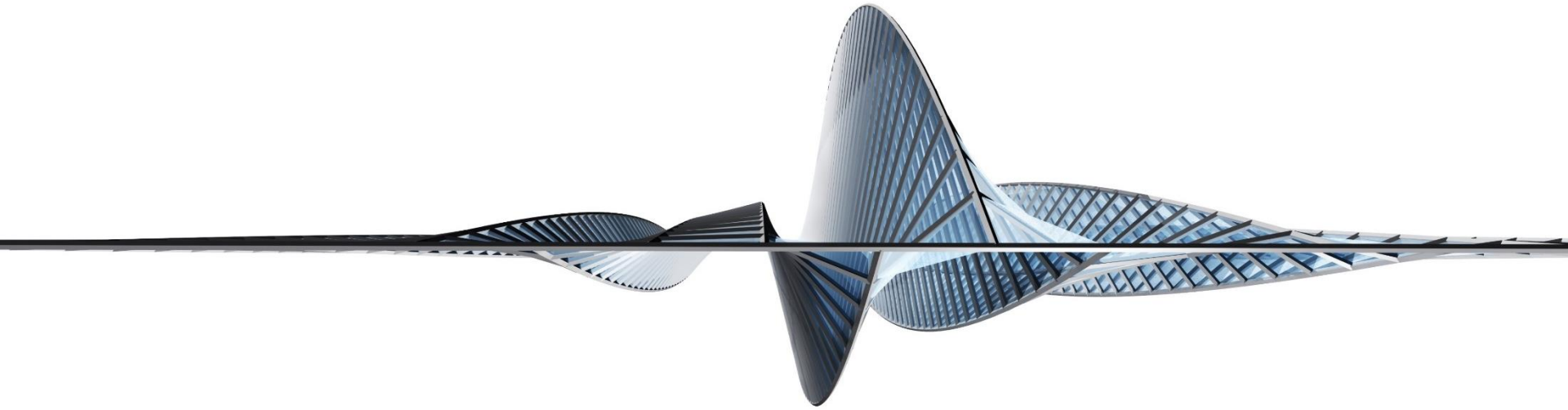
- LTIFR stable at 0.82 – down from 3.1 in 2007
- 12 sites reduced their LTIFR by more than 50% over the year
- CO<sub>2</sub> intensity stable despite greater proportion of blast furnace steel

## Substantial contribution to society at corporate and country level

- All countries reporting against 10 outcomes
- 199,000 direct jobs; \$8bn in payments to employees
- Total tax contribution of \$4bn to governments
- \$238m R&D spend

# Highlights of 2016

## Sustainability: the driver of our innovation



- 2016 saw launch of Sustainability Innovation tool
- All research projects are checked lens of sustainable development
- Any project that doesn't meet these criteria will not go forward
- Greenhouse gas emissions remain a core focus, but include all the social and environmental trends identified in our 10 outcomes.

# Highlights of 2016

## Sustainable fuel of the future

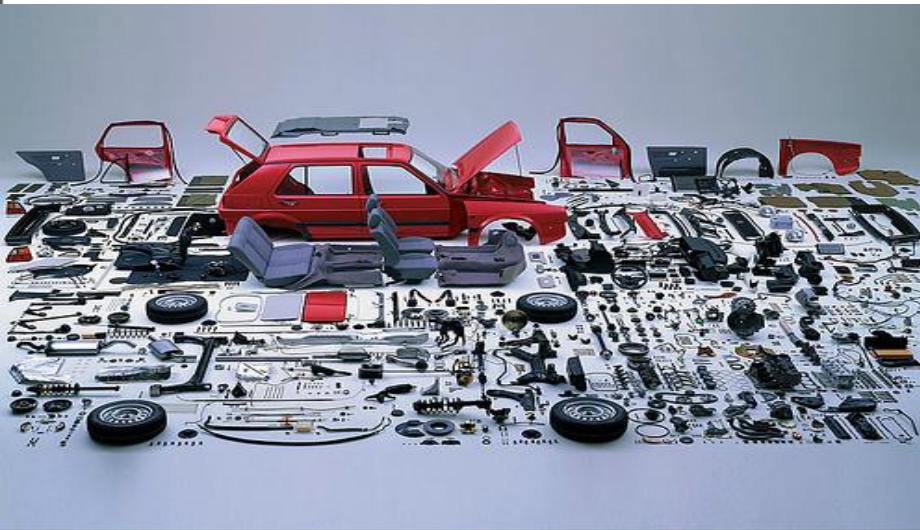


- Material progress in carbon capture and utilisation technology
- Industrial demonstration project in Ghent in partnership with Lanzatech
- Example of the importance of supportive policy
- Potential to create fuel or plastic
- Therefore CCU could make a critical contribution from steel to low-carbon economy



# Highlights of 2016

## Supply chain assurance for our customers



- Customers more and more seek value chain assurance
- Steel has no common sustainability certification scheme
- ArcelorMittal plays leading role in ResponsibleSteel™ and IRMA to develop a set of independent assurance standards against which products are measured and certified

*“We welcome the initiative from the steel sector to create a credible and reliable certification system”*

**Dr Alexander Nick**  
Head of Sustainability Strategy  
and Management  
**BMW Group**



# Responsible Steel



# Responsible Steel



# Responsible Steel

INVENTING THE FUTURE TODAY

AT JAGUAR LAND ROVER, WE'RE NOT CONTENT  
JUST TO BE A PART OF A CHANGING WORLD.  
WE'RE HELPING TO SHAPE IT.

## A CHANGING WORLD

IN A FAST-MOVING WORLD THERE  
ARE EXCITING OPPORTUNITIES AS  
WELL AS CHALLENGES, NOT ONLY  
FOR OUR FUTURE CARS AND SERVICES  
BUT FOR HOW WE IMPACT SOCIETY,  
THE ENVIRONMENT AND BUSINESS  
FOR THE BETTER.

### POPULATIONS AND CITIES ARE GROWING

More car sharing, less car ownership. Smaller cars, more  
changing fuel usage, and more sustainable design. These are  
some of the trends that will shape the future of mobility. We're  
working to ensure that the cars of the future are also the cars of  
the future.

### RAW MATERIALS AND NATURAL RESOURCES ARE FINITE

Our steel-making world is finite. It's not just the steel, but the  
energy, water, and other resources that go into making it. We're  
working to ensure that the steel of the future is also the steel of  
the future.

### WHAT CAN BE DONE ABOUT CLIMATE CHANGE?

The question is not just about the steel, but about the future.  
We're working to ensure that the steel of the future is also the  
steel of the future.

Responsible Steel is a joint initiative of ArcelorMittal and the steel industry. It is a commitment to the steel industry to ensure that the steel of the future is also the steel of the future.

### THERE'S A BIG SHORTAGE OF SKILLS NEEDED TO POWER INNOVATION FOR THE FUTURE

Our steel-making world is finite. It's not just the steel, but the  
energy, water, and other resources that go into making it. We're  
working to ensure that the steel of the future is also the steel of  
the future.

### COMMUNITIES RIGHTLY EXPECT LARGE COMPANIES TO MAKE A WIDER CONTRIBUTION

We're passionate about the future. We're working to ensure that  
the steel of the future is also the steel of the future.

AT JAGUAR LAND ROVER, WE DON'T  
CLAIM TO PREDICT EVERYTHING THAT  
TOMORROW HOLDS.

WHAT WE DO KNOW IS THAT THE FUTURE  
IS CLOSE. THE FUTURE IS EXCITING AND THE  
FUTURE DEPENDS ON WHAT WE DO TODAY.





## Companies / organisations involved:

- Convene the working group



- Two interim directors now leading ResponsibleSteel



**Matt Dransfield**  
Managing Director



**Matthew Wenban-Smith**  
Interim Technical  
Director



Meeting and exceeding customers demands and expectations on reassurances and transparency of all CR issues for mines.

- Test and trial the choices we have.

Target – both raw materials and mine sites are certified to multi-stakeholder standards.



# Responsible Tin – working with partners to resolve unique social and environmental challenge with tin mining.

## Responsible Tin Project

- Serious environmental and social impacts of tin mining in Indonesia.
- By collaborating with Ngos and other companies we can demonstrate to our customers that our supply chains checks are authentic.



- ArcelorMittal
- Tata Steel,
- Samsung,
- Sony
- Blackberry,
- Philips
- Asus,
- Dell
- LG Electronics
- HP
- Microsoft
- Tin Industry Association
- Friends of the Earth

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# 2017: Developing a strategic SD plan

## Intention of the plan

- Steel will be the material of choice for a sustainable economy
- ArcelorMittal will be the supplier of choice for sustainable steel solutions
- ArcelorMittal will be the employer of choice in the regions where we operate
- ArcelorMittal will be the investment of choice for a sustainable economy



Strategic SD plan in development in 2017

# 2017: Components of a strategic SD Plan

Corporate level

Group narrative,  
positions and KPIs

Segment targets  
and plans

Transformation  
projects

Group / local reporting  
on progress



NAFTA

Brazil

Europe

ACIS

Mining

Segment level

# Additional information



# Sustainability and steel

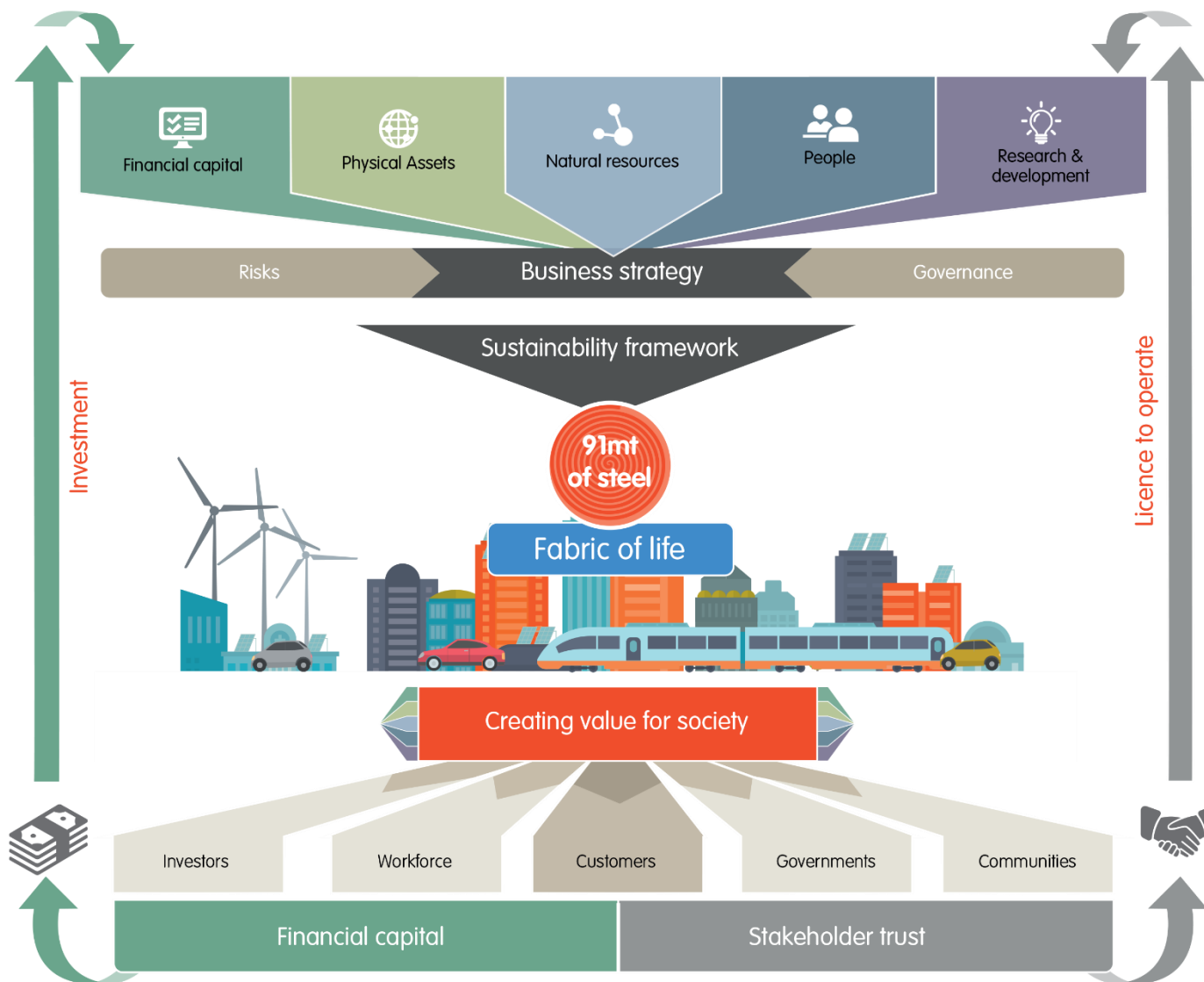
## Virtues of steel

- Steel is already the fabric of life – material of choice for thousands of applications.
- Widely available, economical, strong, durable, versatile, ductile, increasingly lightweight.
- Steel industry creates millions of jobs and contributes billions of dollars to GDP.
- Contributes to circular economy. Highly recyclable (>90%) and doesn't have to be downcycled. Economical to recycle.
- Steel can also be reused (e.g. sheet piles). Around 5% of steel is reused rather than scrapped.
- Principle raw materials (iron ore and coal) are abundant.
- By-products from steelmaking used to make other materials e.g. cement.
- Relatively low CO<sub>2</sub> intensity compared to aluminium.
- New technologies to turn waste gases into fuel and even plastics.
- Steel can therefore help transform tomorrow.

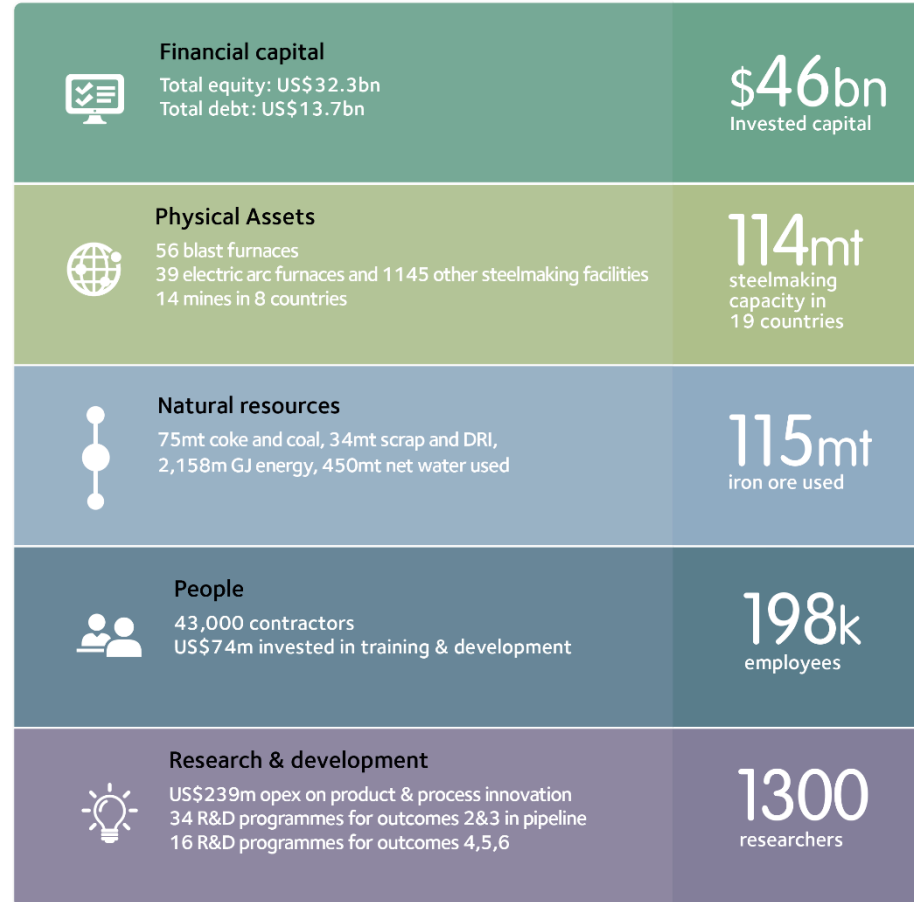
# Our value creation model



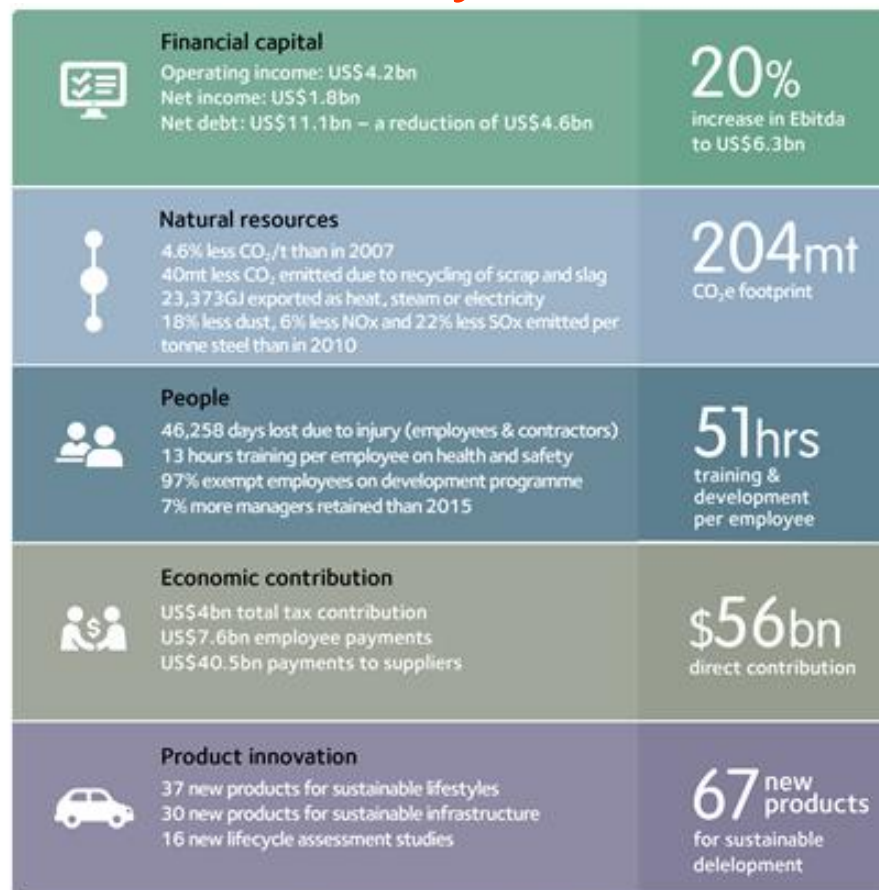
ArcelorMittal



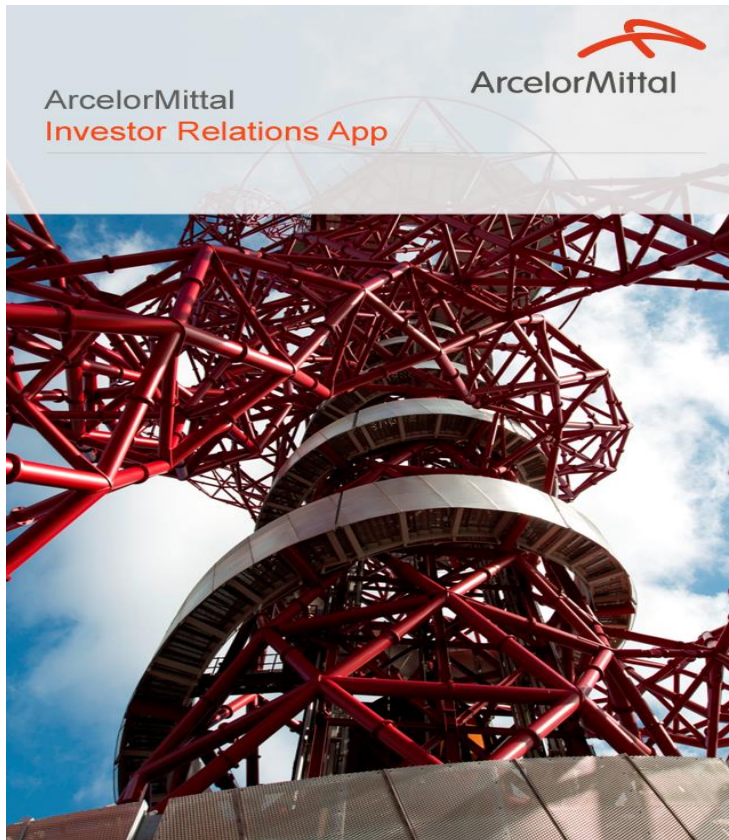
# Value creation 2016: our resources



# Value created for society 2016



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We have released an ArcelorMittal investor relations app available for download on IOS or android devices

