



ArcelorMittal

news release

ArcelorMittal publishes its first ever Climate Action Report

Dabrowa Gornicza, August 13, 2019

- *We understand the enormity of the climate challenge for society and the responsibility of ArcelorMittal as an emitter of CO₂ to reduce our carbon footprint. We also acknowledge the interest of our stakeholders in understanding how we plan to do so. As the world continues to develop, demand for steel is expected to further increase - **1.7 billion tonnes** in 2018 to **2.6 billion tonnes in 2050**. This means we need to significantly reduce the carbon footprint of steel, which requires finding new ways to make steel in a less emissions-intensive process – explains Lakshmi Mittal, CEO and chairman of the ArcelorMittal Group in the introduction to the report. - *By 2050 we plan to significantly reduce our carbon footprint and be **carbon neutral** in Europe – he adds.**

The company is now focusing on building a roadmap which will underpin a new 2030 carbon reduction target for its steelmaking operations. ArcelorMittal's current target is to reduce its average carbon footprint intensity **by 8% by 2020** against a 2007 baseline. By the end of 2018 the Group had achieved a **6% reduction since 2007**.

Steel can essentially be made using either primary sources or secondary sources, i.e. via a blast-furnace or an EAF route. Today the majority of steel is made via the primary. Scrap, unfortunately, is not a sufficient answer as there is not enough scrap available in the world to simply make all steel through the electric arc furnace process.

ArcelorMittal's readiness to advance the low-carbon economy can be seen throughout its operations, from the breakthrough technologies to the solutions it offers its customers.

Technology: circular carbon and clean power

ArcelorMittal is in the process of running pilots of several different technologies, including circular carbon and clean power, at its various plants in Europe.

- In 2018, the company launched a demonstration project worth 40 m euro at Ghent, Belgium, to convert 120,000 tonnes of waste wood into biocoal for use in place of fossil fuels.
- It has also been running an industrial pilot in Dunkirk, France since 2017 to reform waste carbon gases so they too can be reused in production.

Both technologies will reduce the amount of coal and coke needed in the blast furnace and lower associated CO₂ emissions.

- With Lanzatech, ArcelorMittal is building the first large-scale plant to capture the waste gas and biologically convert it into bio-ethanol.
- ArcelorMittal is also exploring the possibilities of steel production using hydrogen and electrolysis, both of which could deliver significant carbon reductions if powered with clean electricity. In March 2019, the company launched a €65 million pilot project in Hamburg, Germany to test hydrogen steelmaking on an industrial scale.

Solutions offered to customers

In 2018, ArcelorMittal launched the Steligence® concept, which thanks to lighter structures can reduce the embedded carbon footprint of a building by 38%. S-in motion®, on the other hand, is a set of advanced high-strength steels launched by ArcelorMittal in 2010. Thanks to their strength and lightness they enable a reduction in vehicle lifecycle emissions of 14.5%, while at the same time ensuring the safety of vehicle users.

Energy efficiency

Each year the steelmaker spends large amounts of capex to modernise its plants with the latest technology. In 2018, ArcelorMittal made capital allocations totalling **\$247 million** for 26 projects aimed at improving energy efficiency, bringing the three-year total to **\$728 million**.

Circular economy

Steel is the only major material group today that can meet tomorrow's challenge of a fully circular economy. Steel's recyclability is unmatched by any other major material group. Today, **up to 85-90%** of steel products are recovered at their end of life and recycled to produce new steel. Steel is also a core material in many leading technologies for global CO₂ emissions reductions. These technologies include offshore wind turbines, solar farms, efficient transformers and motors, and lighter-weight vehicles. It is hard to imagine a future where steel is not a critical material in a sustainable circular economy.

Undertakings of ArcelorMittal Poland

ArcelorMittal Poland also aims at CO₂ avoidance and management. In the past 10 years the company has reduced carbon dioxide emissions at all its plants by almost 37%. The leader in this regard is the unit in Kraków, which reduced its emissions by ca. 70% and the modernization of its power plant will allow further cuts thanks to replacing ca. 160,000 tonnes of coal a year with steelmaking gases. An innovative project was the construction of top pressure turbines at the power plant in Dabrowa Gornicza, which is the first installation of this kind in Poland. Two turbines, with a joint capacity of 25 MW in the process of pressure recovery of the blast furnace gas produce the volume of energy which

would require burning of 45,000 tonnes of coal per year. They do not emit any gases or dust into the atmosphere.

What is needed

However, to accelerate emissions reduction and align with the demanding objectives of the Paris Agreement, the steel industry will have to transition to one or more low-emissions technology pathways. Supportive policy to ensure a global level playing field and access to renewable energy at affordable prices and access to finance will be crucial.

- The dynamics of the global steel industry need to be fully understood, and support provided at levels similar to those which have enabled the growth of renewables in the energy sector – comments Lakshmi Mittal. – Success will require unprecedented levels of coordination on a global level. There are no borders in the sky, so every region and country will need to make a meaningful contribution – he adds.

ArcelorMittal has been publicly calling for a green border adjustment since early 2017. Thus, the company welcomes the recent proposal of Ursula von der Leyen, the EU Commission's President.

- European steelmakers recognise the need to reduce emissions, testing new technologies as well as working with customers to help them reduce the carbon footprint of their products. But emissions are a global problem. The responsibility should be on all steel producers so if the EU Commission can make the carbon border adjustment a reality, it will send a strong signal and show what is possible when it comes to reducing emissions. By creating an environment that fosters innovation and ensures a level playing field, Ms von der Leyen's proposals could go a long way in establishing a system that supports and enables sustainable decarbonization – comments Geert Van Poelvoorde, CEO of ArcelorMittal Europe – Flat Products.

- Whole report can be found here:

https://corporate.arcelormittal.com/~/_media/Files/A/ArcelorMittal/investors/corporate/AM_ClimateActionReport_1.pdf

- An introduction from Lakshmi Mittal, Chairman & CEO:

https://www.youtube.com/watch?v=tPjUA_J4Dj4

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About ArcelorMittal Poland

ArcelorMittal Poland is the biggest steel producer on the Polish market with about 70% of production capacity of the Polish steel industry. The company consists of five steel plants located in Krakow, Dabrowa Gornicza, Sosnowiec, Swietochlowice and Chorzow. It also owns the largest coke plant in Europe – ZK Zdzieszowice. ArcelorMittal Poland employs over 10,000 people and over 14,000 if subsidiaries are taken into account. The company produces a wide range of long, flat, special and semi products for construction, transport and white goods industries.

The company has transformed Polish steelmaking. It has invested PLN 7 bn in modernizing every stage of the production process. Thanks to increasing H&S standards, the company has reduced its accident frequency rate by more than 90 percent. It has decreased the CO2 emissions by 25 percent, thanks to which it has become more environmentally friendly. The company is 1 of 3 companies worldwide able to produce 120 meter rails.

ArcelorMittal Poland is consistently engaged in supporting local communities by carrying out educational, health and safety programmes. The company has invested over PLN 21 m in these projects.

For more information visit poland.arcelormittal.com

ArcelorMittal is the world's leading steel and mining company, with a presence in 60 countries and an industrial footprint in 18 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks.

Through our core values of sustainability, quality and leadership, we operate responsibly with respect to the health, safety and wellbeing of our employees, contractors and the communities in which we operate.

For us, steel is the fabric of life, as it is at the heart of the modern world from railways to cars and washing machines. We are actively researching and producing steel-based technologies and solutions that make many of the products and components people use in their everyday lives more energy efficient.

We are one of the world's five largest producers of iron ore and metallurgical coal. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. While our steel operations are important customers, our supply to the external market is increasing as we grow.

In 2018, ArcelorMittal had revenues of \$76.0 billion and crude steel production of 92.5 million metric tons, while own iron ore production reached 58.5 million metric tonnes.

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

For more information about ArcelorMittal please visit: <http://corporate.arcelormittal.com/>