

GPR Procurement & Sourcing GPR - 5 AM_GPR_PO_004_02	ArcelorMittal Responsible Sourcing Policy	 ArcelorMittal
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Document information

Short description:

Responsible Sourcing Policy describes ArcelorMittal's responsible sourcing strategy and expectations addressed to stakeholders in the value chain (focusing on supply chain).

Scope:

This Policy applies to ArcelorMittal's own operations, suppliers, contractors, and their affiliates, and applies to all products and services that ArcelorMittal purchases, with some additional expectations for raw materials suppliers as described below. It defines the way monitoring will be done and the potential consequences if suppliers do not meet the requirements stated in this Policy. ArcelorMittal requires its suppliers to apply and to promote the requirements of this Policy within their own value chains.

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Writer (prepared by):	Gratia Severine	Review date:	07/08/2024
		Implementation Date:	30/04/2024

Reference Documents

Reference or date	Title
AM_GPR_PO_003_01	Code for Responsible Sourcing
AM_CC_PO_005_03	Human Rights Policy
AM_H&S_PO_001_02	AM Safety ST 000 - Health and Safety Policy 2023
AM_ENV_PO_001_01	Environmental Policy
AM_CC_PO_003_01	Whistleblower Policy

Validation

Validated by	Position	Validation date
AYED WALID	Processes Excellence Lead	22/04/2024
RAULET-KOVARIKOVA LENKA	Global Procurement & Sourcing	22/04/2024
RAULET-KOVARIKOVA LENKA	Global Procurement & Sourcing	22/04/2024

Approval

Approved by	Position	Approval date
VAN POELVOORDE Geert	CEO ArcelorMittal Europe	10/07/2024
SAIGAL RAJESH	Head AM Sourcing and EPO	22/04/2024
KOEBERLE YVES	CPO ArcelorMittal Europe & Head of Global Procurement	10/07/2024

Responsible Sourcing Policy

Sustainability is one of our core values, alongside safety, leadership, and quality. Fostering ethical, sustainable, and responsible business behavior across the value chain, and meeting stakeholder expectations is crucial for the sustainable development of our company and to make an important contribution towards a better world.

As a leader in all major steel markets across the globe, we believe it is our responsibility to drive sustainability across the industry. The scale of ArcelorMittal's value chain gives us the opportunity to make a significant contribution towards raising environmental, social and governance standards with a wider impact on sourcing practices throughout the industry. Our "Responsible Sourcing" program is a key step towards reaching these goals, a fundamental part of our sourcing strategy going forward.

Being an ArcelorMittal supplier implies sharing the same values, following the same rules, and working in the same direction to achieve common targets. We encourage our suppliers to promote same principles in their own supply chain and to collaborate with us to identify further opportunities to improve responsible business practices along the value chain.

Our strategy to achieve this is laid out in our Policy and Code of Responsible Sourcing. This includes a definition of responsible sourcing, specific information about our deployment of ResponsibleSteel™, the steel industry's first global multi-stakeholder standard and certification initiative, and how we are embedding responsible sourcing into our business processes. It includes detailed requirements which our suppliers need to meet to be able to conduct business with ArcelorMittal.

We want our stakeholders to have a complete confidence in their choices and to offer them full supply chain reassurance. I am confident that aligning to this Policy will help us achieve our sustainability goals.

We remain committed to working together with our suppliers and customers towards a long-term, sustainable, and successful future for our business partners, civil society, and the planet.

Aditya Mittal

Chief Executive Officer [INSERT DATE]

1. Introduction

ArcelorMittal is preparing for and responding to the most significant long-term environmental, social and governance (ESG) trends that are transforming the context in which it operates. Aligned with the Company's purpose statement of "smarter steels for people and planet", this policy defines the requirements and expectations that suppliers need to meet to be able to do business with the ArcelorMittal group of companies.

ArcelorMittal defines its supply chain as the goods and services purchased for, and utilised in, its operations. This includes primary raw materials such as iron ore, solid fuels, metallics, alloys, base metals, energy as well as construction, capex, industrial and professional services and products, shipping, and logistics. Sustainability principles are embedded into ArcelorMittal general procurement conditions, purchasing contracts, in the onboarding process and supplier performance management. Clear expectations in the areas of safety, health, environment, human rights, and employee relations are set out and are given systematic consideration alongside factors such as price and quality.

The Company is committed to work with its suppliers to:

- Operate an optimized value chain that supports its sustainable development policies.
- Develop sourcing solutions in line with customer, regulatory and wider stakeholder needs and expectations.
- Promote recognised raw material programmes such as the ResponsibleSteel™ and IRMA standards.
- Achieve full visibility of the value chains of raw materials over time.
- Establish a chain of custody in the value chains for upstream raw materials to demonstrate that they originate from responsible sources.
- Create long-term value, assess, and reduce ESG risks for its stakeholders.
- Proactively identify and where necessary, remediate, adverse impacts on environment and the human rights of key stakeholders.
- Report publicly on its due diligence efforts.

As a condition of working with ArcelorMittal, suppliers are expected to comply with all relevant laws, industry regulations, the Organisation for Economic Co-operation and Development (OECD) Minerals Guidance and the OECD Responsible Business Conduct Guidance, ArcelorMittal's policies (Health & Safety, Environment, Human Rights, Whistleblowing Policy) and its Code of Responsible Sourcing. ArcelorMittal is committed to doing the same in its own operations.

2. Scope

This Policy applies to ArcelorMittal's own operations, suppliers, contractors, and their affiliates, and applies to all products and services that ArcelorMittal purchases, with some additional expectations for raw materials suppliers as described below. It defines the way

monitoring will be done and the potential consequences if suppliers do not meet the requirements stated in this Policy. ArcelorMittal requires its suppliers to apply and to promote the requirements of this Policy within their own value chains.

3. ArcelorMittal commitment to suppliers

To implement the Policy, ArcelorMittal will:

- **Collaborate:** Work with suppliers to improve responsible business practices, prevent and mitigate potential or actual adverse ESG impacts in the areas of health and safety, human rights, ethics, and environmental standards. ArcelorMittal will also share its knowledge about independent certification schemes to assist suppliers in achieving the standard.
- **Support:** share information and assist suppliers to identify activities that fall below the requirements of the Policy, implement a preventive action plan and work towards remediating the potential or actual adverse impacts.
- **Prioritise:** focused attention on those parts of the value chain where the risk to people and planet by not meeting the requirements of the Policy is highest and where the maximum improvement can be made. Where a potential or actual adverse ESG impact is identified, ArcelorMittal will take action to neutralize it or minimise the extent of such impact and implement a corrective action plan. This could include requiring suppliers to take remedial action to compensate or offset the identified impacts.
- **Respect:** conduct business with suppliers in a fair, objective, transparent and professional manner. This includes treating suppliers' employees working at ArcelorMittal's premises with the same workplace practices as its own staff.
- **Promote:** act as an advocate for responsible value chain practices within the value chain including but not limited to business ethics, health and safety, climate change, environment, human rights, indigenous peoples' rights, just transition, among others.
- **Communicate:** report in accordance with applicable legal requirements and ensure that all the Company's employees and business partners are all aware of and understand the requirements of the Policy.
- **Train:** ensure that those responsible for purchasing are appropriately trained and train those suppliers who might need additional support (including but not limited to small and medium enterprises (SME) to meet the requirements of the Policy.
- **Improve:** regularly review its programme and practices to ensure they contribute to its responsible sourcing strategy.
- **Accountability:** At least one specified member of senior management will be assigned accountability to implement the Responsible Sourcing Policy.

4. ArcelorMittal expectation from suppliers

We expect our suppliers to follow the steps stated in Section III A) of our Responsible Sourcing Code. This means commit to responsible business practices; provide the

necessary information; cascading policies and providing evidence of third-party risk assessment; identify, prevent, and manage risks; training, and remediate and implement grievance mechanisms.

Suppliers are required to collaborate with ArcelorMittal to improve responsible business practices in the following areas:

- Environmental Responsibility
 - ✓ Environmental protection: suppliers are expected to comply with national and international environmental norms, standards, and regulations as well as ArcelorMittal's Environmental Policy.
 - ✓ Climate Change mitigation and Greenhouse Gas Emissions: Suppliers are expected to report their direct and indirect emissions from their own operation as well as upstream activities and they are expected to implement effective measures to reduce their emissions in line with the global goals of the Paris Agreement.
 - ✓ Chemicals, forbidden substances and hazardous waste: suppliers shall comply with all applicable laws and regulations regarding the registration, evaluation, and, where necessary, restriction, authorization or notification of chemical substances contained in the end product, or production process according to the statutory requirements that apply to the corresponding market. Suppliers shall also comply with applicable laws related to the prohibition of specific substances as well as proper handling and disposal of hazardous waste.
 - ✓ Biodiversity and Deforestation: supplier activities - including raw material production and processing – shall protect biodiversity and ecosystems and halt conversion, deforestation and forest degradation based on identification and management of natural forests and other natural ecosystems.
 - ✓ Animal welfare: relevant suppliers are required to implement standards and best-practice methods to comply with animal welfare along the entire value chain. In general, animal testing must be avoided and alternative methods free of animal testing must be favored, as long as animal testing is not strictly required by law.
 - ✓ Efficient use of natural resources, energy, water, and land: suppliers are required to demonstrate that they are making the most efficient use of resources like water and energy and minimising how much waste they produce.
 - ✓ Circular economy: Suppliers must incorporate a circular business model, to the extent possible, into their operations by recycling or reusing waste materials from their production lines to minimize waste send to landfills
- Social Responsibility
 - ✓ Human Rights and Working conditions: of particular importance are the respect for human dignity and internationally recognized human rights like the prohibition of child labor, the prohibition of modern slavery (i.e. slavery, servitude and forced or compulsory labor and human trafficking), the prohibition of harassment and discrimination, ensuring the right to freedom of association

and collective bargaining and compliance with all applicable labor regulations e.g. regarding working hours, wages and benefits and work safety.

- ✓ Health and safety: suppliers to meet the standards of ArcelorMittal's Health and Safety Policy, to strive for the elimination of all work-related injuries on their workforce and community, to provide sufficient safety standards in the provision and maintenance of the workplace, workstation and work equipment, to put in place appropriate protective measures to avoid exposure to chemical, physical or biological substances, to prevent excessive physical and mental fatigue, in particular through inappropriate working hours and rest breaks, and to provide adequate training and instructions to employees.
 - ✓ Responsible Sourcing of Raw Materials: to use only raw materials in ArcelorMittal products, whose extraction, production, transport, trade, processing, and export neither directly nor indirectly contribute to human rights abuses, health & safety issues, environmental pollution, or compliance breaches, not associated with crime and armed conflict.
 - ✓ Indigenous people: suppliers are expected to respect and promote the rights of indigenous peoples and local communities throughout the value chain.
- Governance
 - ✓ legal compliance from suppliers particularly regarding corruption and fraud prevention as well as anti-trust matters, taxation regulations, data protection, privacy, and export controls.

This list is not exhaustive and will be superseded by local laws, if necessary. The specific ESG requirements are further explained in the ArcelorMittal Code of Responsible Sourcing.

Additional expectations from Raw Material Suppliers

The Company is committed to the ResponsibleSteel™ standard, the steel industry's first global multi-stakeholder standard and certification initiative. Therefore, specifically regarding raw materials, ArcelorMittal's vision is to source raw materials from suppliers whose location is known and whose policies and practices are aligned to the ResponsibleSteel™ standard. This means working towards certification schemes which have developed robust ESG standards in partnership with stakeholders and operate site specific certification schemes against that standard.

The Forestry Stewardship Council (FSC), Initiative for Responsible Mining Assurance (IRMA) or Towards Sustainable Mining (TSM) are examples of recognised input material certification schemes. Buying raw materials from independently certified sites (e.g., mines, forests etc.) will bring ArcelorMittal's value chain in line with the ResponsibleSteel™ standard. The Company encourages its raw material suppliers to certify their sites supplying ArcelorMittal operations to one of the ResponsibleSteel™ recognised certification schemes. Following periodic reviews, ResponsibleSteel™ standard may evolve over time and raw material suppliers should ensure that they remain up to date with

any changes specified by ResponsibleSteel™ on its website (<https://www.responsiblesteel.org/>).

Additionally, regarding conflict minerals, from conflict-affected and high-risk areas, the Company has established due diligence processes in accordance with the 'OECD Due Diligence Guidance for Responsible Value Chains of Minerals from Conflict-Affected and High-Risk Areas'. ArcelorMittal expects its concerned suppliers to meet the requirements described in its Conflict Minerals Procedure. Doing so, suppliers will have to map their value chain and share sourcing information regarding the origin of the material sold to ArcelorMittal.

5. Monitoring and reservation of rights

ArcelorMittal takes a risk-based approach in assessing suppliers' compliance with the requirements of this Policy. Monitoring will take the form of due diligence procedures, complaints through grievance mechanisms or whistleblower procedures, independent sources, or stakeholder engagements to identify potential or actual adverse impacts. In addition, ArcelorMittal looks to monitor the mitigation, remediation, and minimization of the potential or actual adverse impacts and the implementation of preventive and corrective action plans, among others, in collaboration with its suppliers.

ArcelorMittal commits to diligently engage in preventing and mitigating potential adverse impacts within our value chain, pledging our best efforts towards resolving breaches through proactive and collaborative measures. In cases where the prevention and mitigation measures prove insufficient to address potential and actual adverse impacts, ArcelorMittal reserves the right, as per the applicable laws, to apply the measures it deems pertinent.

This Policy will be reviewed regularly to guarantee the effectiveness of the measures put in place by the Company.