



ArcelorMittal

Environmental, Social and
Governance report

2023



ABOUT THIS REPORT

This is ArcelorMittal South Africa’s third annual Environmental, Social and Governance (ESG) report. Here we report on our material environmental, social and governance practices, policies, strategies and impacts according to the 10 priority sustainability outcomes of the ArcelorMittal group (ArcelorMittal Holdings AG or “the group”).

The group’s 10 outcomes describe the business we believe we must become if we are to bring optimal value to all stakeholders, ensure our sustainability and “drive our transformation into the steel company of the future”.

We identified these as the Sustainable Development Goals (SDGs) that are most material to our company’s operations and strategy:



There is a considerable intersection between the ArcelorMittal group’s 10 sustainability outcomes below and the SDGs. In this report, we use the relevant SDG icons to reference our application of, and impacts on, each of the goals.

<p>01 Safe, healthy, quality working lives for our people</p> <p>ESG priority area</p> <p>3 4 5</p>	<p>06 Responsible energy user that helps create a lower-carbon future</p> <p>ESG priority area</p> <p>7 12 13</p>
<p>02 Products that accelerate more sustainable lifestyles</p> <p>7 9 11</p>	<p>07 Supply chains that our customers trust</p> <p>9</p>
<p>03 Products that create sustainable infrastructure</p> <p>9 11</p>	<p>08 Active and welcomed member of the community</p> <p>8</p>
<p>04 Efficient user of resources and high recycling rates</p> <p>12 15</p>	<p>09 Pipeline of talented scientists and engineers for the future</p> <p>9</p>
<p>05 Trusted user of air, land and water</p> <p>6 7 12 13 15</p>	<p>10 Our contribution to society measured, shared and valued</p>

sustainability outcomes

ABOUT THIS REPORT CONTINUED

Report scope and boundary

This report concerns the ESG activities and impacts of ArcelorMittal South Africa, listed on the Johannesburg Stock Exchange (JSE), its subsidiaries and their operations as well as the ArcelorMittal Foundation. The ArcelorMittal group is referenced to the extent that its activities, policies and interactions impact our South African company's policies, performance, ability and prospects to create value. This report should be read in conjunction with our 2023 integrated report, which contains considerably more information about our business's financial performance, outputs, outcomes and trade-offs between the various capitals.

This 2023 ESG report is primarily concerned with the 12 months to 31 December 2023.

The scope of this report includes all operations over which we have direct control, and which are subject to our policies, standards, and strategies. The scope does not include group, although in several instances the report's presentation of information is guided by group reporting frameworks and

policies. Readers are advised not to act upon forward looking statements, which are premised on unknown factors and exigencies beyond our control.

Our reporting on the company's leadership is aligned with the King IV Report on Corporate Governance for South Africa 2016 (King IV[™]*). This ESG report also includes our 2023 King IV application statement. Disclosure on the company's environmental, social and human performance, impacts, risks and opportunities draws on the JSE Sustainability and Climate Disclosure Guidance, issued in December 2021. We report on our partial alignment with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see page 70).

The board has reviewed this report, applying its collective mind, and is satisfied that it addresses the company's use of, and impacts on, the social, natural and human capitals and that it presents a truthful and balanced account of our sustainability performance.

* Copyright and trademarks are owned by the Institute of Directors Southern Africa NPC and all of its rights are reserved.

Approved, on behalf of the board

Bonang Mohale
Board chairman

Noluthando Gosa
Chairperson: Social and ethics committee

Neville Nicolau
Chairperson: Safety, security, health and environmental committee



Our reporting suite

The full 2023 financial statements provide comprehensive insight into the financial position and performance of the company for the year.



Our integrated report is available online at

<https://www.arcelormittalsa.com/InvestorRelations/IntegratedAnnualReports.aspx>

These are available at

<https://www.arcelormittalsa.com/InvestorRelations/AnnualFinancialStatements.aspx>

Our Decarbonisation Roadmap can be found online at

<https://arcelormittalsa.com/Decarbonisation.aspx>

Report contents

Our business

About this report	IFC
Message from our chief executive officer	2
About us	3
Our value creation model	4
Key sustainability indicators	6
Our stakeholders and value creation	8

Our 10 sustainable development outcomes

Safe, healthy, quality working lives for our people	13
Products that accelerate more sustainable lifestyles	22
Products that create sustainable infrastructure	22
Efficient user of resources and high recycling rates	23
Trusted user of air, land and water	24
Responsible energy user	29
Supply chains that our customers trust	29
Active and welcomed member of the community	30
Pipeline of talented scientists and engineers for the future	32
Our contribution to society is measured, shared and valued	32

Corporate governance

Board of directors	36
Governance structure and process	39
Enterprise risk management (ERM)	44
Social and ethics committee report	53
Safety, security, health and environmental committee report	56
King IV application register – 2023	58
Independent limited assurance report	67
Alignment with TCFD	70
Corporate information	71

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

At ArcelorMittal South Africa, we are acutely aware of our social and environmental impacts and how our decisions affect many different stakeholders.

We know full well that the decisions we take today have important implications for our employees, our customers, suppliers, communities and many others in the short and longer term.

Longs business wind-down

Therefore, the issues that weighed on our leadership's minds in arriving at the decision communicated late last year, to wind down our Longs business, were by no means only financial. As those who know our business will know, such a drastic step has been, if not on the cards, then certainly an option for some considerable time. But the overarching reason for repeatedly postponing what, ultimately, became the inevitable was our appreciation of the severe non-financial impacts such a decision would have on tens of thousands of stakeholders.

We appreciated that jobs would be lost and that businesses, many of them small and emerging enterprises, would be badly affected as would communities in northern KwaZulu-Natal, Mpumalanga and Vereeniging.

It was therefore pleasing that we were subsequently able to announce that our



Longs business would continue to operate for up to six months. In this period, we are already working extremely hard with various stakeholders on short-term remedies to the real structural challenges facing Longs. Whatever the outcome of these initiatives, I believe that a "new", stronger company will emerge.

The "new" ArcelorMittal South Africa will be more financially sustainable and better equipped to create broad-based value for multiple stakeholders more predictably. As we have often repeated, our ability to create meaningful value on our own is limited, but by working with others to achieve mutually beneficial outcomes, our value-creation potential is almost limitless.

Partnerships for real impact

So our strategy going forward will put partnerships front and centre. In this report, you can read about how key our partners are already to our delivery of meaningful impact. For instance, our flagship corporate social investment vehicle – our much-loved science centres – dramatically increased positive impacts for learners and others by working with partners in government. Also, our decarbonisation drive is a dramatically ambitious programme that we are embarking on with great enthusiasm and optimism – but fully appreciating the many pitfalls that lie ahead. We are extremely conscious of the reality that we cannot decarbonise on our own. In similar vein, we need to work with our employees and trade unions to develop new ways of working that will keep us in business and keep growing our impacts.

Perhaps the greatest integrated value impacts we can have are by working with suppliers and customers – the chains

that sustain socio-economic activity, employment and that are the real engines of growth. We have always been deeply embedded in these value chains and now we have the opportunity to maximise economic growth and job creation. We will do so through partnerships and by working, with the utmost modesty and openness, to become the backbone of South African manufacturing, by developing the affordable, quality and often differentiated steels and solutions that our customers need to thrive.

We are transforming our business, we believe, for the better. We acknowledge that we also need to transform – improve – our performance on broad-based black economic empowerment (B-BBEE). In this report, you can read about how we are working hard to achieve this (admittedly, in 2023, with limited success). I can assure you, however, that our B-BBEE outcomes will be a key leadership focus going forward, as they have been for some time.

We embark on 2024 mindful of our responsibilities toward the environment, society, the economies we work in and which we serve, and towards you. We are equally mindful of our many tremendous opportunities. I hope you will be part of this journey, with the "new" ArcelorMittal South Africa, to help us realise these opportunities.

Kobus Verster

Chief executive officer

27 March 2024

ABOUT US

Our vision

To add value to all stakeholders through our market leadership position by producing quality steel products safely while being an employer and supplier of choice and striving to be among the lowest-cost producers in the world.

We are an integrated steel producer making both flat and long steel in hundreds of grades and specifications that are used by downstream manufacturers to add value by creating a wide variety of goods and infrastructure.

As the largest steel producer in sub-Saharan Africa, we made 2.8 million tonnes (Mt) of liquid steel in 2023. This was 14% higher than the amount produced in 2022 but 10% lower than our output in 2021.

Our 9 259 employees and contractors (2022: 9 592) produce both flat and long steel in hundreds of grades and specifications for further value-add by our customers – downstream manufacturers in southern, West and East Africa (and other markets).

We are part of the worldwide ArcelorMittal group, which employs approximately 154 000 people and produces some 58 million tonnes of crude steel per year.

Our purpose

Championing Africa's industrial ambitions through sustainable steel.

Our steel is manufactured primarily at large, capital-intensive facilities in Vanderbijlpark (flat) and Vereeniging (long) in the Vaal Triangle of Gauteng, in eMalahleni, Mpumalanga (structural) and in Newcastle (long) in northern KwaZulu-Natal. Our second integrated flat steel plant, Saldanha in the Western Cape, has been under care and maintenance since 2020. In 2023, we announced our intention to wind down our Long steel operations. (It was subsequently decided to continue Long steel operations for up to six months.)

We employ traditional ironmaking and primary steelmaking methodologies but, in 2022, began to actively pursue new low-carbon practices and technologies.

Our coke batteries in Vanderbijlpark and Newcastle produced 1.1 Mt of coke in 2023. Of this amount, just 33 000 tonnes were for sale to external customers (market coke). Coke production is expected to increase to an average of 1.9 million tonnes per annum (Mtpa) over the next four years following an extensive investment process. By-products resulting from our ironmaking and steelmaking processes – primarily slag and tar – are important sources of revenue.

Our values

- Safety
- Customer focus
- Caring
- Commitment

OUR VALUE CREATION MODEL

Inputs

Financial capital	2023	2022
Equity	R7 799m	R11 675m
Borrowings	R6 700m	R6 200m

Manufactured capital	2023	2022
Non-current assets (PPE)	R7 974m	R9 570m
Current assets (inventories)	R12 441m	R11 973m

Natural capital	2023	2022
Iron ore consumed	4 245 kt	3 574 kt
Coal consumed	2 562 kt	2 275 kt
Electricity purchased	1.61 TWh	1.69 TWh

Our working business model

At large, capital-intensive plants, we transform iron ore and scrap into primary steel products for beneficiation by large and diverse domestic and export markets

As sub-Saharan Africa's only primary steel producer, our company is closely integrated into the economic and social fabric of South Africa while our products and our procurement of goods and services have far-reaching consequences. Our business model and our execution of strategy require us to demonstrate that we are creating meaningful value not only for investors but for multiple stakeholders.



We have four types of products: flat steel, long steel, coke and enriched products (by-products)



flat steel



long steel



coke



enriched products (by-products)

Outputs

Financial capital	2023	2022
Revenue	R41 637m	R40 771m
EBITDA before impairment	R56m	R4 270m
(Loss)/profit from operations	(R2 937m)	R3 499m

Manufactured capital	2023	2022
Steel products sold	2 412 kt	2 160 kt
Domestic market	1 898 kt	1 872 kt
Export market	514 kt	288 kt

Natural capital	2023	2022
Total greenhouse gas (CO ₂ equivalent Scope 1 and Scope 2)	9.52 Mt	8.35 Mt
Sulphur dioxides (SO ₂)	8 197 t	3 925 t
By-products generated	1.88 Mt	2.18 Mt

Stakeholder outcomes

Human and social capitals


A Longs business wind-down will have significantly negative impacts on jobs and the fortunes of our supply chains. These negative impacts will extend to our suppliers' own supply chains, to communities and our customers. In turn, our ability to positively support (as per our vision) national and continental industrialisation will be undermined by a possible Longs business wind-down.

Human capital


Our investment in restoring the performance of our coke batteries in both Vanderbijlpark and Newcastle (manufactured capital) will likely result in increased employment and higher sales of market coke.


OUR VALUE CREATION MODEL CONTINUED

Inputs

 Human capital	2023	2022
Employees*	6 449	6 450
Hired labour	361	525
Service contractors	2 449	2 617

* Permanently employed (average) (including fixed-term contractors).

 Intellectual capital	2023	2022
Technical pipeline	600	611
Business pipeline	61	101

 Social capital	2023	2022
Malafatso incubation hub businesses	8	5
Business with supported enterprises	R19.9m	R5.6m

Our working business model

Strategic objectives:



Zero harm



Long-term sustainability




People first





Top risks:

- | | |
|------------------------------------|------------------------------|
| 1 Asset reliability | 6 Skills |
| 2 Cash/liquidity | 7 Competitor landscape |
| 3 Local demand | 8 Availability of energy |
| 4 Logistics and security of supply | 9 Environmental compliance |
| 5 Cost competitiveness | 10 Socio-political landscape |

Outputs

 Human capital	2023	2022
Total cost of employment (TCOE)	R5 053m	R4 959m
Fatality	1	2
LTIFR	0.77	0.87

 Intellectual capital	2023	2022
Training and skills development spend	R84m	R87m
Training – package category employees	9 947hrs	6 334hrs
Training – bargaining unit employees	251 619hrs	193 639hrs

 Social capital	2023	2022
Socio-economic development	R16.5m	R16.7m
Procurement spend (excluding energy)	R30 181m	R26 637m
Taxes contributed	R1 754m	R1 078m

Stakeholder outcomes

Human capital

This year, we paid R5 billion in salaries, wages and benefits (2% higher than in 2022). We also signed a three-year wage agreement with the representatives of our bargain-unit employees. Our package category employees received an average 6% increase.

Our poor financial performance in 2023 and concerns over the business's prospects translated into the loss of some scarce, mostly technical skills, impairing our stock of intellectual capital.

Social capital

In 2023, we substantially boosted the positive impact the three company-sponsored science centres have on communities, particularly learners and educators (see page 30).

On page 25, we discuss our ongoing work to produce lower-carbon steels as well as the possible production, in Saldanha, of direct reduced iron. Such positive outcomes will be manifest in the medium and longer term and will affect not only jobs, suppliers, communities and customers but will have important implications for our creation and erosion of natural capital as well as our stocks of manufactured and intellectual capital.


KEY SUSTAINABILITY INDICATORS

As a company, we have always taken our social and environmental impacts extremely seriously. Here we list our performance against various key natural, and social capital metrics.

Key sustainability indicators	Unit	Limited assurance provided for 2023	Year-on-year change	2023	2022	2021	Definitions
Making steel more sustainable							
Percentage of operations certified to the ISO 14001 standard	%		⬇️	100	100	100	ISO 14001 is an international standard for environmental management systems
Greenhouse gases							
Direct carbon dioxide (CO ₂) – Scope 1	t/t liquid steel	✓	⬆️	2.77	2.67	2.09	Direct CO ₂ emissions
Indirect carbon dioxide (CO ₂) – Scope 2	t/t liquid steel	✓	⬇️	0.61	0.72	0.63	Indirect CO ₂ emissions due to electricity consumption
Total greenhouse gas (CO ₂ equivalent Scope 1 and Scope 2)	t/t liquid steel	✓	⬇️	3.38	3.39	2.72	IPCC methodology as prescribed in National GHG Reporting Regulations used for reporting purposes
Total greenhouse gas (CO ₂ equivalent Scope 1 and Scope 2)	Mt	✓	⬆️	9.52	8.35	8.41	
Atmospheric emissions							
Sulphur dioxides (SO ₂)	Tonnes		⬆️	8 197	3 925	10 151	
Particulates from point sources	Tonnes		⬆️	1 831	1 571	1 318	
By-products							
By-products generated	Mt		⬇️	1.88	2.18	3.06	
By-products recycled (% of total)	%		⬇️	16	23	31	
By-products sold (% of total)	%		⬇️	57	65	42	
By-products disposed (% of total)	%		⬆️	27	26	16	
Energy use							
Electricity (purchased)	TWh		⬇️	1.66	1.69	1.82	
Total energy consumption	PJ		⬆️	86	83	90	
Electricity self-generated	MWh		⬆️	128 387	109 016	215 868	
Material purchased							
Iron ore	Tonnes		⬆️	4 245 420	3 574 873	4 447 332	
Coal	Tonnes		⬆️	2 561 555	2 274 740	2 914 459	
Dolomite	Tonnes		⬆️	267 371	200 802	282 290	
Limestone	Tonnes		⬆️	689 010	628 488	800 571	
Scrap	Tonnes		⬇️	90 747	150 407	273 914	
Water							
Total freshwater intake	kl		⬇️	10 862 243	11 418 318	12 020 708	
Fresh water intake per tonne of liquid steel	kl		⬇️	3.79	4.56	3.73	

 Limited Assurance provided for 2023.

KEY SUSTAINABILITY INDICATORS CONTINUED

Key sustainability indicators	Unit	Limited assurance provided for 2023 	Year-on-year change	2023	2022	2021	Definitions
Investing in our people							
Employee numbers – permanently employed (average) (including fixed-term contractors)	Number	✓	⬇️	6 449	6 450	6 289	Average number of permanently employed employees for the year, including fixed-term contractors
Employee and contractor fatalities	Number	✓	⬇️	1	2	6	Total number of fatalities from all employees and contractor categories occurring during the reporting period
Lost time injury frequency rate (LTIFR)	Number per million hours worked	✓	⬇️	0.77	0.87	0.98	LTIFR is the number of fatalities and injuries that have resulted in an employee or contractor being away from work for at least one day after the day the accident occurred, per million hours worked
Disabling injury frequency rate (DIFR)	per million hours worked		⬆️	1.31	1.07	1.45	DIFR is the number of fatalities, lost-time injuries and restricted workday case injuries per million hours worked. Restricted workday case injuries are recorded when the injured employee returns to work by their next shift and can complete meaningful tasks, but a restriction placed on them by a medical practitioner limits their ability to perform all of the tasks required of them
Total injury frequency rate (TIFR)	per million hours worked		⬆️	7.69	5.74	7.80	All injuries (fatalities, disabling injuries, lost-time injuries, medical aid and first aid injuries) per million hours worked
Occupational disease frequency rate (ODFR)	per million hours worked		⬇️	0.0	0.0	0.0	Occupational diseases (work-related ailments) per million hours worked
Percentage of operations certified to the health and safety management system standard ISO 45001	%		⬇️	100	100	100	ISO 45001 (OHSAS 18001 in 2019) is an international standard for health and safety management systems
Number of hours of full-time package category employee training	Number		⬆️	9 947	6 334	18 679	Number of hours of full-time package category employee training (includes health and safety training)
Number of hours of full-time bargaining unit category employee training	Number		⬆️	251 619	193 639	104 832	Number of hours of full-time bargaining unit category employee training (includes health and safety training and on-the-job training)
Investment in employee training and development	Rm		⬇️	84	88	87	
Proportion of above focused on black employees	%		⬇️	93	94	91	
Investment in bursary scheme	Rm		⬇️	19	29	24	
Graduates in training	Number		⬇️	13	13	7	
Production learners	Number		⬆️	258	226	270	
Apprentices	Number		⬇️	208	228	249	

Key:

 Decreased
  Increased
  Unchanged

OUR STAKEHOLDERS AND VALUE CREATION

We rely on multiple identifiable groups of stakeholders to create value – and to minimise its erosion. As the only primary steel producer in South Africa, we are embedded in various value chains and our operations have a material impact on communities, society, the environment – and stakeholders.

In line with the ArcelorMittal group’s stakeholder engagement plan, we agree, internally, “ownership” of identified stakeholders and execute against documented annual engagement plans. The board is informed of stakeholder engagements and the quality of relationships through regular reports to the social and ethics committee.

Stakeholders	Their interests	Our interests	How we responded	Our assessment of the quality of relationships
SHAREHOLDERS	Sustainability of the business Resumption of dividend payments Environmental and safety performance Decarbonisation	Shareholders are entitled to returns on their investment Share price affects the strength of our balance sheet and our ability to borrow	In addition to regular briefings around our interim and full-year results by the chief executive officer (CEO), interim chief financial officer (ICFO) and strategy executives, we held one-on-one discussions with shareholders around several company announcements. Every effort was made to keep shareholders timeously abreast of developments around a possible Longs wind-down. Given the lack of market coverage of our company, we appointed a third-party analyst to produce and publish detailed and impartial reports on our performance, strategy and prospects. The first report is due to be published in 2024. Value impact This year our share price declined by two-thirds to end the year on 167 cents. We did not pay dividends.	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> 01 02 03 04 05 </div> <div> Comment Shareholders mostly appreciate the financial and sustainability challenges we face. </div> <div style="margin-left: 10px; color: #0070c0;"> </div> </div>

Relationship indicator:

01
02
03
04
05

Strong relationship of transparency, trust and mutual understanding

01
02
03
04
05

Good quality, value-adding relationship

01
02
03
04
05

Good relationship but needs to improve to add value

01
02
03
04
05

Functional, low-quality relationship



01
02
03
04
05

Poor quality to no relationship





Rating:

⬇ Deteriorated
 ⬆ Improved
 ⬅ Unchanged



OUR STAKEHOLDERS AND VALUE CREATION CONTINUED

Stakeholders	Their interests	Our interests	How we responded	Our assessment of the quality of relationships
 CUSTOMERS	<ul style="list-style-type: none"> Availability of quality, reliable products to market specifications Pricing relevance On-time deliveries Export assistance Company-organised industry campaigns and sectoral forums Development of new products Ease of doing business Progressive nature of the company (including decarbonisation and digitalisation) Exceptional customer service 	<ul style="list-style-type: none"> Customers help us to identify new niche markets Partnerships help us cement sustainability and generate profitable revenue Brand recognition We look to satisfied customers becoming brand "ambassadors" 	<p>Our development of innovative new products, in response to market demand and to replace imports, is detailed on page 22 of our ESG report.</p> <p>Value impact This year, sales reached R41.6 billion; value-added export rebates amounted to R149 million.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 5px;"> 01 02 03 04 05 </div> ↑ </div> <p>Comment We began the year with a marginal improvement in overall customer satisfaction. Positively, over 85% of customers said they planned to buy the same, or larger, volumes from us. Customers encouraged us to continue investing in capital expenditure, to increase product availability and improve reliability. Customers particularly welcomed the Decarbonisation Roadmap.</p> <p>In Q4, many customers expressed their dismay over our announcement regarding a possible wind-down of our Longs business, reiterating the negative economy-wide impacts such a development would have.</p>
 EMPLOYEES AND TRADE UNIONS	<ul style="list-style-type: none"> Workplace safety Job security Remuneration Career advancement Transformation Training and skills development Information on company developments and prospects 	<ul style="list-style-type: none"> Safety Quality work and productivity Preserving skills and intellectual property Industrial harmony 	<p>This year, we and our recognised trade unions signed a three-year wage agreement (see page 16) .</p> <p>Management engaged extensively with employees through numerous informal and formal (including statutory) forums and channels.</p> <p>Value impact A three-year wage agreement with our bargaining unit employees came into effect this year. Package category employees received an average 6% wage increase.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 5px;"> 01 02 03 04 05 </div> ↑ </div> <p>Comment Unions and employees have generally welcomed our refreshed safety strategy and investments made during the year.</p> <p>Our Speak Up+ surveys (page 16) indicate, however, that there is considerable room for improvement on employee engagement.</p>





OUR STAKEHOLDERS AND VALUE CREATION CONTINUED

Stakeholders	Their interests	Our interests	How we responded	Our assessment of the quality of relationships
 <p>LENDERS</p>	<p>Business sustainability</p> <p>Liquidity</p> <p>Repayment of loans and interest</p> <p>Operating within agreed covenants</p> <p>Decarbonisation and green products</p>	<p>We require external funding to stay in business and to pay for necessary investments in expansion and new-product development.</p> <p>To further support our working capital requirements, we seek alternatives to assist us and our suppliers with their funding needs.</p>	<p>This year, we renewed our borrowing base facility (BBF) for three years.</p> <p>The supplier finance agreement was successfully renewed for a further two years.</p> <p>We consulted extensively this year with local and international development finance institutions (DFIs). These discussions related to potential new projects and investments, including the prospect of securing grant/concessionary funding for the development of our Decarbonisation Roadmap, green products and energy.</p> <p>Value impact This year, we paid our lenders R751 million in interest.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 5px;"> 01 02 03 04 05 </div>  </div> <p>Comment Our corporate banking lenders supported us this year by increasing the BBF amount from R3.5 billion to R4.5 billion.</p> <p>DFIs appreciate the multiple opportunities to create non-financial value contained within our Decarbonisation Roadmap and are eager to advance these with us, where feasible.</p>
 <p>SUPPLIERS INCLUDING CONTRACTORS</p>	<p>Contract security</p> <p>Business continuity</p> <p>Workplace safety</p> <p>Pricing</p>	<p>Workplace safety</p> <p>Product and service quality</p> <p>Reliable, predictable supply</p> <p>Pricing, price adjustments</p> <p>Payment terms</p> <p>B-BBEE compliance</p>	<p>New contracts or supply terms were cemented with a number of raw material suppliers this year.</p> <p>In line with the company's overall financial performance, procurement of goods and services declined.</p> <p>With the potential Longs business wind-down, we engaged extensively with key suppliers on supply and pricing initiatives in an effort to keep the Longs business open.</p> <p>This year, we began working closely with Zimbabwean coke suppliers to improve quality and transport arrangements.</p> <p>Value impact In 2023, we procured goods and services worth R30.2 billion, 13.3% lower than in 2022.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; gap: 5px;"> 01 02 03 04 05 </div>  </div> <p>Comment Key suppliers responded positively and empathetically to our requests for assistance in saving the Longs business.</p> <p>The latest developments (around the Longs business wind-down) opened up avenues for frank and mutually beneficial dialogue at levels not witnessed before.</p>

OUR STAKEHOLDERS AND VALUE CREATION CONTINUED

Stakeholders	Their interests	Our interests	How we responded	Our assessment of the quality of relationships
 COMMUNITIES	<ul style="list-style-type: none"> Corporate social investment Local procurement Local employment Environmental compliance Company's financial performance (community trust has shares in the business) 	<ul style="list-style-type: none"> Local employment Local supply Harmonious relations with fence line communities 	<p>This year our corporate social investment (CSI) increased marginally year-on-year (see page 30), despite our reduced profitability.</p> <p>We sought to localise procurement and job creation, but were unable to satisfy all community requests in this regard.</p> <p>We are active (and leading) members of the Vaal Business Forum, which has aims similar to those of local and provincial government departments – to uplift the “rustbelt” Vaal Triangle.</p> <p>Value impact We placed R3.6 billion worth of business with local enterprises (see page 31) and spent R17.4 million on CSI.</p>	<p>01 02 03 04 05</p> <p>Comment Our science centres are (almost universally) appreciated as considerable community assets.</p> <p>It is regretted that the Longs wind-down, if pursued, will result in the deterioration of community relationships that were built up over a considerable period and that were excellent at the time of the announcement.</p>
 GOVERNMENT	<ul style="list-style-type: none"> Local economic development Job creation Social impact Local infrastructure Taxation 	<ul style="list-style-type: none"> Regulatory certainty Co-investment Long steel 	<p>We engage extensively with government at all levels – local, provincial and national. We enjoy mostly good relations with a shared focus on social and environmental upliftment.</p> <p>We worked closely with the Gauteng Department of Economic Development and its counterpart in the Western Cape, the Department of Economic Development and Tourism on various initiatives (see page 27).</p> <p>Government support for the interventions designed to safeguard our Longs business will be of critical importance.</p> <p>Value impact We are hopeful that joint initiatives to keep the Longs business open will have positive benefits for all levels of government.</p>	<p>01 02 03 04 05</p> <p>Comment We were encouraged by the positive manner in which various government entities responded to our announcement of the Longs business wind-down. We await their input and support with optimism.</p>

OUR STAKEHOLDERS AND VALUE CREATION CONTINUED

Stakeholders	Their interests	Our interests	How we responded	Our assessment of the quality of relationships
 <p>STATE-OWNED ENTERPRISES</p>	<p>Revenue</p> <p>Load curtailment</p> <p>Protection of rail and electricity infrastructure</p>	<p>Reliable, predictable delivery of input raw materials</p> <p>Reliable electricity supply</p>	<p>We pursued operational and top-level discussions with Transnet Freight Rail (TFR) in an effort to improve poor performance that has profoundly impacted our operations (see page 44), as has port congestion.</p> <p>We helped both TFR and Eskom to improve the integrity of their infrastructure. TFR leadership has indicated its willingness to consider interventions that will bolster the sustainability of our Longs business. We are hopeful that discussions on electricity will yield favourable outcomes.</p> <p>Value impact TFR's underperformance cost it a considerable amount in lost revenue.</p>	<p>01 02 03 04 05 </p> <p>Comment We see little prospect of TFR's performance improving in the short term, despite ongoing dialogue. We await TFR's input and support on securing the future of our Longs business with optimism.</p>
 <p>REGULATORS</p>	<p>Compliance</p> <p>Steel industry resilience</p> <p>Transformation</p> <p>Pro-competitive behaviour</p>	<p>Regulatory certainty</p> <p>Compliance</p>	<p>In April 2023, the Department of Trade, Industry and Competition published a notice stating that the Competition Commission would conduct an inquiry into the steel market. The department also published draft terms of reference for the inquiry for public comments. We submitted our comments and we await release of the final terms of reference.</p>	<p>01 02 03 04 05 </p> <p>Comment Regulators appreciate that ArcelorMittal South Africa adheres to the highest standards of compliance, this work being undertaken by a dedicated function within the company.</p>

OUR 10 SUSTAINABLE DEVELOPMENT OUTCOMES



Safe, healthy, quality working lives for our people

ESG priority areas:
Safety and health, transformation



In 2023, we overhauled our occupational safety systems with a reinvigorated safety drive that prioritised all levels of the workforce and contractor employees, taking responsibility for their own safety and that of their colleagues.

At the same time, research showed that our overall safety culture was improving, albeit with considerable room for improvement.

This year, we suffered one fatality at work, Siphokuhle Vincent Nkosi, a 34-year-old operator working for a contractor in Newcastle's basic oxygen furnace (BOF) slag bay, who died on 9 January 2023.

In summary, we suffered:

- One fatality
- 19 lost-time injuries
- 14 restricted workday cases
- A total of 199 injuries.

Our key lost-time injury frequency rate (LTIFR) showed an improvement year-on-year but, at 0.77, was still well shy of targets and recent LTIFRs.

A new (from this year) single safety system called WorkSafe unifies our various safety protocols and provides much greater management control over safety systems and hazards.

In 2023, we spent R46.6 million in capital expenditure to keep people safer while working at our plants. Since

2015, we have spent almost R500 million on safety capex.

In 2023, 70% of employees participated in our two-yearly safety perception survey. This was an improvement on the 52% who took part in 2021. The survey confirmed that we had moved from "dependent" to "independent" on the Bradley Curve – a widely used measure of the maturity of an organisation's safety culture. In the "independent" stage, people take responsibility and believe they can make a safety difference and, typically, accidents reduce.

New safety initiatives launched in 2023 included:

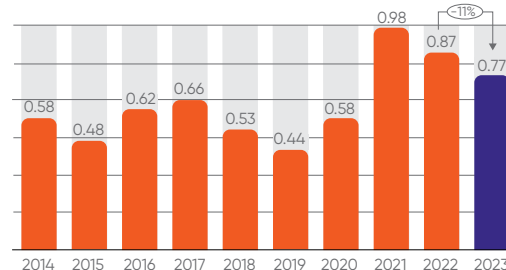
- Renewing our partnership with safety specialists, dss+. A key undertaking – "area transformation" – was launched with the consultants. Two areas – the Newcastle downstream and the blast furnaces in Vanderbijlpark – were identified for initial interventions. Risks were identified, mitigation measures put in place and engineered out. In 2024, area transformation will be extended to a further two sites, the Vanderbijlpark and Newcastle steel plants, with ongoing monitoring of the first two areas identified and focused on in 2023. Also in 2024, area transformation will be supplemented by a focus on process safety management, entailing the identification of potentially catastrophic critical process safety risks.

- A total of 630 managers, from all levels, underwent safety legal liability training, explaining how they could be held legally and personally responsible for safety incidents on their watch. The training included presentations by a prosecutor who stressed the seriousness of legal and regulatory proscriptions.
- Family connection days were held at Newcastle, Vanderbijlpark and Vereeniging. These are full-day events in which families – spouses, children and parents – visit our sites, including the areas where their loved ones work. The family connection days aim to "bring home" safety messaging communicated at work. Some 1 200 employees and their relatives attended this year.

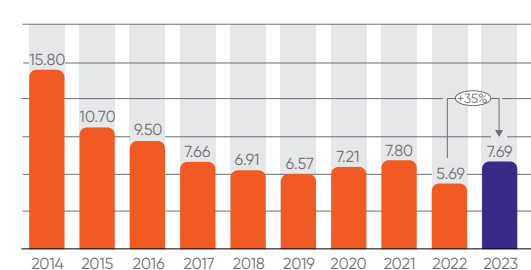
In addition to these steps, this year we:

- Proactively identified potential serious injuries or fatalities (PSIFs). These were validated and assured by the ArcelorMittal group. Here our work entailed focusing on the proactive identification of events, acts or situations with potentially serious consequences. A total of 349 PSIFs were identified and investigated. We take PSIFs extremely seriously; a target of 10 PSIF identification exercises per month was set and we ended the year achieving 13.49, a total of 349 PSIFs being registered on the company's "return on experience" system.

Lost-time injury frequency rate



Total injury frequency rate



SAFE, HEALTHY, QUALITY WORKING LIVES

- Extended our quarantine regulations, whereby plant sections are placed under quarantine for 40 days when serious incidents occur or the chief operating officer identifies particularly troubling safety performance. From 2023, the quarantine regime was extended from particular sections to whole departments. (In the period of 40 days, areas concerned are subject to intensive daily inspections and weekly audits involving senior managers. If sufficient progress is not evidenced after 40 days, the quarantine period can be extended. In 2023, 21 areas were put under quarantine; at the time of reporting, 13 were still under quarantine.)
- Carried out an electrical safety audit for the first time in response to fatalities, close calls and near misses experienced elsewhere in the group. ArcelorMittal South Africa took a leading role in developing a new fatality prevention standard (FPS) related specifically to electrical hazards. In all, some 609 individuals received tailored electrical safety awareness training.
- Executed a group-wide undertaking, the Take Care initiative. The first of its kind, this intervention consists of five days of intensive instruction and group interaction aimed at further embedding a safe behavioural mindset. The first day's initial training used the theme, "Snakes for safety" as a metaphor to illustrate what risks, often hidden, are present in the workplace, how to identify and mitigate them and put in place controls. More than 3 500 employees and over 1 000 contractor staff attended the first day's training.

Plant safety stops are weekly interventions in which shopfloor teams pause, at the beginning of shifts or during their shifts, to reflect collectively on safety. Specific topics are discussed, with the aim being to foster safety ownership in particular parts of our operations. Beginning in 2022, plant safety stops were intensified to involve all teams.

This year, a junior manager pride project was launched. At ArcelorMittal South Africa, managers typically have five junior managers reporting to them. The project aims to cascade a deep-rooted safety culture to junior managers and, through these individuals to those in turn reporting to them.

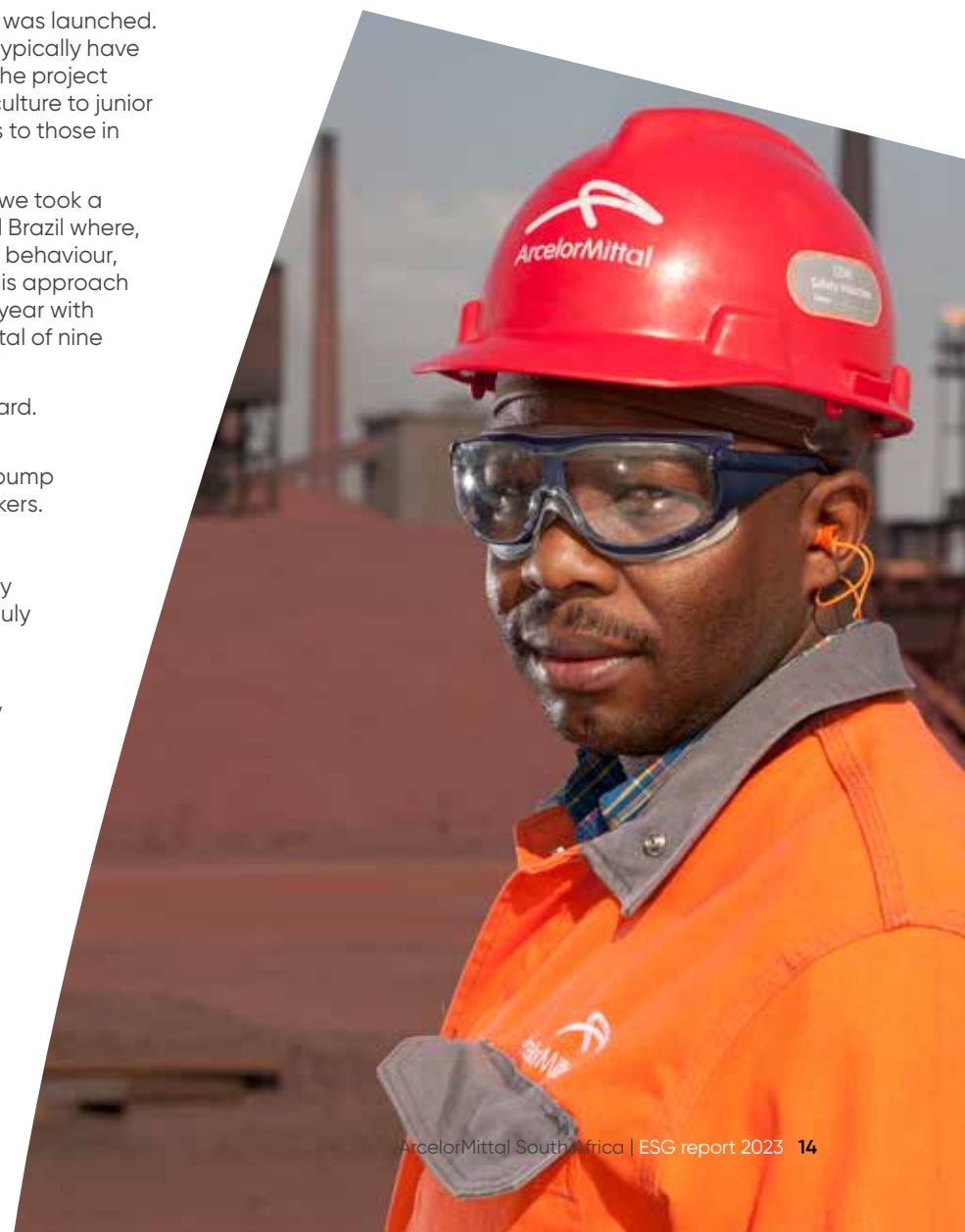
To improve consequence management, we took a lead from our colleagues at ArcelorMittal Brazil where, for every commendation for good safety behaviour, there are 20 disciplinary interventions. This approach was well enforced at our operations this year with a focus on contractor discipline and a total of nine dismissals for safety infractions.

We also ramped up recognition and reward.

In September, a gas plant operator was overcome by gas in the blast furnace C pump house and had to be rescued by co-workers. Four employees – Sibusiso Mthimkulu, Patrick Messer, Lucas Majola and MacDonald Motadi – put their own safety at risk to rescue the operator and were duly recognised across the company.

All general managers and senior managers are now responsible for safety recognition; this year a template was created for appropriate certificates recognising outstanding safety behaviour and for taking care of others.

All management levels and specialists spend two hours daily on the plant. Safety walkthroughs are compulsory for night-shift supervisors between midnight and 04:00 (high-risk periods).



SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

Shopfloor audits

Shopfloor audits (SFAs) and layered evaluations are face-to-face discussions between individuals carrying out work on the shopfloor and leaders to increase commitment to safer ways of working. SFAs entail a process to influence behaviour on the shopfloor. They are managed through two processes:

- Leadership plant audits (LPAs). This year, we achieved a 168% execution rate where all levels of management are required to conduct one LPA per week
- Leadership behaviour interactions (LBIs). In 2023, 54 000 LBIs were performed, 135% of target.

Workplace and occupational health

In 2023, a company-wide occupational disease rate of 0.0 was recorded, but health interventions ramped up significantly relative to recent years and even to levels before the Covid-19 pandemic.

For the full year, 20 896 medical surveillance examinations were conducted (2022: 19 165). The increase in numbers related to a higher uptake by contractor employees. Also, 137 occupational health inspections were undertaken, the latter done in accordance with methods, standards and scope of work as detailed in the Occupational Health and Safety Act. Reports include hazardous chemical agents, noise, illumination and asbestos.

Various health campaigns were carried out this year, focusing (at the direction of the chief operating officer) on mental health and diabetes. Four health and wellness events were held at all sites. These involved presentations by experts and one-on-one interaction between employees and senior management. Dedicated health and wellness communications were increased from a frequency of one per month to an average of three per week.

Health training sessions were attended by 7 728 employees and contractor staff. It is intended that all employees and contractor employees will attend four dedicated training sessions each, to be completed by mid-2024. This year, 246 people, including contractors for the first time, underwent first-aid training.

In November, a third-party service provider was appointed to deliver an employee assistance programme. The service includes helping employees facing personal or work-related challenges and offers confidential counselling, mental health resources and guidance.

Governance: Safety

Our board's safety, security, health and environmental (SSHE) committee regularly considers reports on the company's safety performance and management. To gain maximum value out of these deliberations, trade union representatives are invited to attend.

Outlook

In 2024, we will participate in a group-wide, externally facilitated, comprehensive audit of all safety-related topics. In addition to assessing the suitability and implementation level of standards and policies, risk management and governance procedures, the audit will highlight the level of shopfloor implementation, and improvements required.

If pursued, the wind-down of our Longs business will require the deployment of additional safety engineers/administrators.

Our dedicated safety structure will be boosted in the new year with the appointment (approved this year) of nine full-time safety engineers and nine safety technicians. At the time of publication, recruitment was ongoing.

When these vacancies have been filled, we will employ some 64 individuals full time in health and safety roles. In 2023, 425 individuals undertook part-time work as health and safety representatives.

In 2024, we plan to introduce, for the first time, an automated system for record keeping and running interventions including medical surveillance. Various interventions will be undertaken to improve the health of workers at our coke batteries.

Employment

The average number of employees and contractors for 2023 was 9 259. (A breakdown by category of employment is given on page 5.) Total employment declined by 3.5% over 2022.

Of this total, 1 446 individuals (15.6% of the total) were employed in our long steel operations which includes Newcastle, Vereeniging and ArcelorMittal Rail and Structural (AMRAS) Mill.

This year, we appointed 63 new employees (16 in management). Of these, 14 were employed in operations, 7 as artisans, 24 in engineering and technical fields and the rest in various corporate and support functions. Some 78% of new recruits were African, Coloured, Indian (ACI) employees.

Our employment practices, policies and costs (our human capital) have material impacts on our stocks of financial, social and intellectual capitals.

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

Cost of employment

Total cost of employment (TCOE) was R5 053 million, 1.9% higher than the previous year when TCOE grew by 1.7%.

In May 2023, we signed a comprehensive three-year wage agreement with trade unions representing 4 770 bargaining unit employees.

In terms of the agreement, wages increased by 6.5% in the first year (2024 to 2025) with a once-off ex gratia payment of R10 000. Allowances, including medical aid subsidies, are subject to similar increases. For the subsequent two years, wages will be adjusted based on CPI, capped at 6.5%.

Package category employees received an average 6% increase. No bonuses were paid.

Since 2019, our labour costs have increased by 6%. However, our total steel production in 2023 was 36% lower than that of four years previously, translating into a TCOE per tonne of liquid steel of R2 095/t (2019: R1 225/t).

Employee costs represent 58% of our fixed costs and 10% of total costs. It is apparent that our TCOE is a very real threat to our competitiveness, as was borne out by a survey of bargaining unit remuneration against the average for manufacturing jobs in four countries, carried out in 2022. This survey found the following (indexed to ArcelorMittal South Africa at 100%):

- South Africa 54%
- Brazil 48%
- Malaysia 39%
- United States 110%

With these insights, in 2023, we launched a labour optimisation programme to rebase our employee benefits to be better aligned with the rest of industry and international norms for the steel industry.

In 2023, we began a labour optimisation programme as part of our value plan programme to address our unsustainably high fixed-cost base.

The programme is about more than just reducing headcount; it aims to streamline processes while improving productivity across the board.

The first intervention undertaken in the year focused on support services including commercial, procurement, finance and strategy, human resources and IT, and was undertaken in conjunction with experts from the ArcelorMittal group. Options being investigated (this pilot project was still ongoing at the time of publication) include automation and outsourcing, possibly to the ArcelorMittal Business Centre of Excellence.

Labour optimisation was also implemented at the Vanderbijlpark flat rolling sections and steel shop. By December 2023, the first phase of this intervention had identified 11 initiatives with potential savings of approximately R100 million. Further phases were being mapped at the time of reporting.

Using experiences gained with support services and the Vanderbijlpark plants, it is planned to extend the labour optimisation programme to other parts of our operations. Employees and their trade union representatives will be extensively engaged as part of the programme.

Workplace culture

Employee engagement is a key measure of the strength of our human capital. To gauge how engaged employees are, we conduct "Speak Up+" surveys of our package category staff twice-yearly. The surveys are an ArcelorMittal group initiative that is focused on "white-collar" workers; as such, bargaining unit employees are currently not involved.

A survey in October 2023 achieved a 72% participation rate – up from the 58% who took part in March – higher than the participation rates in 2022. It is believed the improved participation was the result of increased communications.

The latest survey reflected an employment engagement rate of 5.9 (out of 10). This compares with an average for the ArcelorMittal group of 7.2 – clearly indicating that our employees are less engaged than their peers elsewhere in the group. We believe that engaged employees are more likely to evidence good safety behaviour and be more productive.

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

Human resources improvements implemented this year included:

Initiatives	Rationale	Outcomes
Formal performance management system	This year, a formal but affordable system was incorporated into our enterprise resource planning to provide an integrated system.	With the current system, management reporting and tracking is now possible, facilitating greater transparency, accountability and control to improve management of employee performance against set objectives.
Upgraded online learning platform	The ArcelorMittal University (AMU) is a powerful tool for online career development which had, historically, been underutilised.	<p>We undertook extensive marketing to raise awareness of AMU's resources.</p> <p>Focused interventions included:</p> <ul style="list-style-type: none"> • Soft skills training for junior managers • Department-specific skills development • Work Date, a smart networking tool that has been launched for employees to get to know group colleagues worldwide. The algorithm randomly matches employees to colleagues and schedules online meetings for networking to occur. This allows employees to further their knowledge on various topics and to meet like-minded colleagues • Global learning sessions on specific themes weekly, offering one-hour learning sessions based on specific topics, eg, Wellness Wednesdays • Functional academies have been developed for employees to learn new skills and broaden their knowledge in various departments • A language centre, where employees are given the opportunity to learn various languages while free English classes are offered to dependants • Book Boon, a digital publishing platform offering a wide range of ebooks, audio content and educational resources for personal and professional development on various subjects. <p>Within AMU, ArcelorMittal South Africa has the highest utilisation rate on the Percipio platform.</p>
Expanded Women of Steel	The ArcelorMittal group requires all subsidiaries to employ a quarter women by 2030, and to have 30% of all senior positions occupied by women, by the same date. In this regard, our percentages are, respectively, 11% (of total jobs) and 14% of senior posts.	<p>This year, the ArcelorMittal South Africa Women of Steel initiative was expanded from 53 individuals to 105 high-potential women. The nominated Women of Steel representatives are in critical positions or are successors to critical positions and were identified for succession planning in 2021 and 2022.</p> <p>In 2023 the Women of Steel programme consisted of the following initiatives:</p> <ul style="list-style-type: none"> • CEO engagement sessions – 54 attendees. <p>The CEO hosts frequent roundtables with the Women of Steel population:</p> <ul style="list-style-type: none"> • Emotional intelligence sessions – 53 attendees • Engagement session with local university – 27 attendees. <p>Employees expand their professional circles, gain new insights and are exposed to opportunities for mentorship:</p> <ul style="list-style-type: none"> • Access to the frequent communication through the Women of Steel South Africa team site – all 105 representatives.

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

Initiatives	Rationale	Outcomes
Leadership development - Talents	AMU offers several categories of leadership programmes and learning "journeys" to grow group leaders and support their development in their current or next-level roles.	<p>We participated in the following programmes:</p> <ul style="list-style-type: none"> • Transition to executive • Transition to management • Transition to professional. <p>In 2023, there were 14 participants, of whom seven were female.</p> <p>Technical leadership development for the year included the future finance leadership programme (FFLP). This 15-month programme covers managerial, finance, technical, and on-the-job training with an emphasis on project work and job rotations. Employees also explore various finance and business acumen topics through online modules and webinars.</p> <p>At year-end, three females were attending the FFLP; there were no male participants.</p>
Succession planning	Historically, succession planning was not effectively implemented.	Succession planning is now actively driven as a business imperative with a focus on talent, diversity and inclusion, and progressing the advancement of female representation.
Talent acquisition	The company's "time-to-hire" metric compares unfavourably with industry standards, meaning that we take too long to identify and appoint suitable candidates.	<p>To improve our time-to-hire metrics, in 2023 we remapped the recruitment process, assigned time allocations per task, created a careers page on our website and identified a tool to reduce the amount of time spent on interviews.</p> <p>Careers page A careers page with an integrated applicant-tracking system was created, significantly improving coordination of the hiring process. It also offers a better candidate experience. The system enables access to a larger pool of talent through marketing on social media and our website. The new system has improved and expedited the process of shortlisting candidates.</p> <p>Between June and December 2023, 44 000 applications were received through the careers site – for 143 positions.</p> <p>One-way recorded interviews Interviewing a single candidate can take several hours. One-way recorded interviews are an automated way of shortlisting preferred candidates that requires less than five minutes of the decision-makers' time.</p>

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

Training and skills development

For decades our contribution to the development of South Africa's technical and artisanal skills pools has been widely acknowledged. We have achieved this impact by utilising our best-in-class training infrastructure and developing individuals over and above our own requirements.

This year, our creation of significant social value through investment in artisanal skills received a substantial boost when we concluded a landmark agreement with the Manufacturing, Engineering and Related Seta (Merseta). In terms of this agreement, which is fully aligned with skills development elements of the Steel Master Plan, Merseta will fully fund the

training, at our premises, of 200 apprentices and 300 production learners over a 30-month period, from 2024. The Merseta investment will amount to some R62 million.

This project will focus on upskilling individuals to work as solar photovoltaic (PV) technicians, with candidates gaining workplace experience on the development of our 200 megawatt (MW) installation in Vanderbijlpark. We will benefit from being able to recruit apprentices and production learners in this cohort and we will utilise their skills as they gain practical work experience in various business units at Vanderbijlpark.

At R84 million, our training and skills development expenditure was down marginally on that of R87 million in 2022.

This year, we successfully reinstated total hours of training for bargaining unit employees to pre-Covid levels and grew package training hours by more than 50% year-on-year, with the launch of new superintendent training modules, much of which occurred online.

This year, headcount in most of our talent pipeline categories declined (see table opposite). While this year-on-year decline was relatively minor, the table illustrates the extent to which these important sources of technical and engineering skills have fallen from pre-pandemic levels.

Investment in bursaries fell from R29 million to R19 million, and the number of bursars dropped from 33 to 16. (In 2023, 18 of 43 bursary holders – which total included employees furthering their studies – were women. We plan to increase the number of engineering bursars and candidate engineers in 2024.)

Ninety-three percent of pipeline candidates were ACI (African, Coloured and Indian) individuals.

Technical pipeline

	(Planned) 2024	2023	2022	2021	2020	2019
Production learners	450	258	226	270	424	497
Apprentices	300	208	228	249	358	675
Administration learnership*	30	27	30	30	–	–
Learnership for people with disabilities*	80	70	80	80	–	–
Learner technicians	30	21	30	7	25	40
Candidate technicians	20	16	17	20	19	33

* Additional programme.

Business pipeline

	(Planned) 2024	2023	2022	2021	2020	2019
Graduates in training	15	13	13	7	13	21
Administration internship*	–	–	17	–	–	–
University engineering bursars	25	16	33	55	77	81
Candidate engineers	40	32	38	14	47	64
Bursary investments (Rm)	24	19	29	24	43	81
Total in Technical & Business pipeline	990	661	712	732	963	1 411

* Additional programme.

Total pipeline numbers (2019 – 2022) revised to only reflect training pipeline.

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

This year, 507 employees took part in various career development initiatives – which focused on accelerating the progression of high-potential female staff. Some 105 individuals (2022: 53) were enrolled in our Women of Steel initiative, which targets women in critical positions or those identified as successors to critical positions.

In 2023, our Engineering Academy based in Vanderbijlpark assisted the ArcelorMittal group in designing and equipping a technical training centre in Libera (where the group has iron ore mining operations). This year, we trained five instrumentation “mechanicians”, in South Africa, to become fully-fledged technicians. Another seven will undergo similar, six-month, training in 2024.

Also in 2023, we concluded an agreement for 24 students at the Majuba TVET College to receive workplace experience at AMRAS and in Newcastle. We also sponsored 70 disabled students to undergo full-year call centre and administration training.

In 2024, the pipeline of production learners and apprentices funded directly by ourselves will fall sharply but, with the Merseta arrangement, actual numbers will increase – from 258 to 350 and from 208 to 280, respectively.

Employment equity

We have made significant strides in transforming our supply chains and our various social impacts while our skills development and skills pipeline initiatives are heavily skewed toward favouring historically disadvantaged employees.

However, we acknowledge that considerable progress remains to be made on transforming our employment equity (EE), particularly at the top and senior levels of the company. This is a subject in which the board takes a close interest, including involving itself this year in the recruitment of a chief financial officer.

As we have previously noted, our locations, outside of the major hubs, count against us when appointing appropriate black and female talent. This year, we focused on recruiting black and female specialist skills, on fast-tracking the advancement of female talents, and promoting black managers within our ranks through, in particular, affirmative succession planning.

Some limited success was made in implementing affirmative action in our workplace in 2023. Of 34 individuals recruited in the category, “Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents”, 27 were ACI candidates, as were eight of 12 outside “Professionally qualified and

experienced specialists and mid-management” appointees. In the former category, 12 of 21 promotions went to ACI employees although, in the latter category, six of eight promotions were white employees.

Our latest three-year EE plan submitted to the authorities commits us to a number of actions to accelerate affirmative action at ArcelorMittal South Africa. These actions include:

- Continuing to target the second and third occupational categories – middle and senior management – for transformation
- Targeting ACI women candidates
- Identifying high-performing individuals through talent management and succession.

Workforce profile (2023 actuals) for all employees, including people with disabilities

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	1	1	5	–	–	–	–	1	–	9
Senior management	7	3	9	44	3	1	–	10	10	1	88
Professionally qualified and experienced specialists and mid-management	97	9	17	189	51	2	18	80	16	4	483
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1 806	27	120	1 059	174	8	11	103	43	3	3 354
Semi-skilled and discretionary decision-making	1 593	14	13	140	130	1	6	43	4	1	1 945
Total permanent	3 504	54	160	1 437	358	12	35	236	74	9	5 879
Temporary employees	84	3	12	49	28	1	5	8	4	3	197
Grand total	3 588	57	172	1 486	386	13	40	244	78	12	6 076
Percentage	59.1	0.9	2.8	24.5	6.4	0.2	0.7	4.0	1.3	0.2	

A = African C = Coloured I = Indian W = White

SAFE, HEALTHY, QUALITY WORKING LIVES CONTINUED

We have noted, in making our formal submission to the Department of Labour, obstacles to transformation that need to be addressed. These include:

- A lack of clear succession planning
- A lack of awareness of recruitment policies and procedures
- The exclusion of employee input into the salary review process
- Diversity and inclusion not being sufficiently entrenched in day-to-day practices.

Three-year numerical targets for all employees, including people with disabilities

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	1	1	5	–	–	–	–	2	–	11
Senior management	10	3	10	43	5	2	0	13	11	–	97
Professionally qualified and experienced specialists and mid-management	114	9	19	194	59	2	20	63	20	5	505
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1 749	27	127	1 049	170	8	12	106	46	3	3 297
Semi-skilled and discretionary decision-making	1 520	15	15	235	140	1	6	45	4	2	1 983
Unskilled and defined decision-making	33	2	–	5	10	–	–	2	–	–	52
Total permanent	3 428	57	172	1 531	384	13	38	229	83	10	5 945
Temporary employees	141	2	10	64	42	1	2	9	2	1	274
Grand total	3 569	59	182	1 595	426	14	40	238	85	11	6 219
Percentage	57.4	0.9	2.9	25.6	6.8	0.2	0.6	3.8	1.4	0.2	

A = African C = Coloured I = Indian W = White

PRODUCTS THAT CREATE SOCIAL VALUE



Products that accelerate more sustainable lifestyles

ESG priority area:

Customer reassurance, value-add



This year, we received various, further material accreditations from international automotive original equipment manufacturers (OEMs) for our hot rolled, cold rolled and electro-galvanised steels, increasing the local steel content in locally manufactured vehicles, including low-emission cars, for local and export sale.

In 2023, we made significant progress on developing and releasing high-strength material for fabrication, trucks and trailers, rail rolling stock, mining and transportation with a view to replacing imports. In particular, we:

- Released high-wear resistant steels (400 – 700 Brinell) – quench and tempered plate material guaranteeing hardness and longevity, specifically for the mining industry guaranteeing hardness and longevity. Additional development on material thickness enlarging the scope of use; examples include gratings, flooring and yellow goods
- Expanded the range of steels available for the tubing, racking and shelving industries with the introduction of a highly malleable new steel grade. With this, industry is able to further improve the formability of finished steel products, guaranteeing minimum yield strength
- Developed and released high-strength material (700 mpa) for the truck and trailer sector. This material allows trailer designers to produce lighter trailers with the same levels of structural support

and safety, resulting in lower fuel consumption and less damage to road infrastructure. These products replaced large amounts of imports.

This year, we received the EcoStandard three-star rating for our Chromadek product range whose applications include roofing and cladding, insulated panels, rainwater goods and signage and is used in the cool-room industry. This demonstrated our ability to produce a particular product in an environmentally responsible manner.



Products that create sustainable infrastructure

ESG priority area:

Environmental stewardship, decarbonisation



Latest government projections suggest that an incremental 3 to 3.5 gigawatts (GW) of renewable energy should be built per annum to 2032. In this period, it is intended to decommission some 11 GW of coal-based generation capacity.

In 2023, Eskom unveiled its latest transmission development plan to address critical constraints on, in particular, capacity and grid access. The plan envisages deploying some 14 200 km of transmission lines across the country to 2032.

We estimate that combined demand for renewable energy generation and transmission should approach 2 Mt of steel over the next decade. (This assumes the effective rollout of the needed transmission capacity, which is subject to the draft integrated resource plan (IRP) 2023 being finalised and released expeditiously. Public comments on the IRP were due to close on 23 March 2024.)

In 2023, we and our industry value chains continued to build the capacity required to supply the various renewable energy projects with particular focuses on solar PV, concentrated solar power and wind. As loadshedding continued in 2023, we noted a rise in the number of private-build programmes being pursued in various sectors including mining, retail and real estate.

Local content requirements for renewable energy and those projects envisaged in the Eskom transmission development plan have not been effectively applied by the authorities. However, our local market presence and capabilities, continued international market volatility, and logistics challenges have translated into a greater willingness in the renewable energy value chain to favour local steel suppliers.

One achievement in the year was completing supplies into the largest single solar PV project currently underway in the country – the 540 MW Kenhardt project in the Northern Cape.

Another standout achievement was starting supplies into the manufacture of wind towers. Since the inception of the Renewable Energy Independent Power Producers Procurement Programme, these steels had all been imported.

In 2023, we continued helping large OEM manufacturers to adapt international designs to the local environment but to maintain world-class standards. Doing so has maximised opportunities for the domestic steel value chain in fabricating solar trackers.

Our own installation of 200 MW solar capacity (see page 27) will be delivered with maximum local content.

PRODUCTS THAT CREATE SOCIAL VALUE CONTINUED

Products that create sustainable infrastructure continued

In positioning ourselves as the champion of innovative, export-driven steel-based industrialisation, we have inputs – both manufactured and intellectual capital – into the following sectors in particular: automotive, renewable energy, mining, and key construction and infrastructure. To support these sectors, in 2023 we released 14 new products with combined demand of over 75 000 tonnes per annum.

Steel bridges offer a number of advantages over other materials. These include design flexibility and being light but with high strength. In 2023, our 460 mpa material was used on a number of iconic South African bridge projects.

This year, our AMRAS facility restarted the manufacture of railway sleeper bars. The material is produced by us in lengths and then finally pressed into sleepers. This is very robust material that ensures maximum infrastructural longevity with reduced maintenance, is recyclable and available in large industrial quantities.



Efficient user of resources and high recycling rates

ESG priority areas:

Environmental stewardship, decarbonisation, waste stewardship



By-products

Our by-products business unit processes and markets, principally, blast furnace slag, steel slag, mill scale and tar.

In 2023, this business unit generated sales of R450 million, a slight (3.4%) decrease on sales in the previous year. In total, 1.17 Mt of various by-products were sold, of which tar products accounted for 24 000 tonnes, or 58% of overall by-product revenue.

This year, 57% of by-products (excluding tar) were sold (2022: 65%). Some 8% (23% in the previous year) was recycled (the decline the direct result of the Vaal Melt Shop being closed for the full year). Fourteen percent (26% in 2022) of by-products were sent to landfill. The decline in by-products disposed of was mostly due to us stockpiling for future use in our Vanderbijlpark electric arc furnace. And, because we envisage Vanderbijlpark operating on only one blast furnace, in 2023, 21% of all by-product material was stored for subsequent sale and recycling.

By stockpiling larger amounts, we will, in future, have greater amounts of, particularly, granulated blast furnace slag available for sale to the cement industry.

ArcelorMittal South Africa's by-products are typically more environmentally friendly than their alternatives. For example, slag used in civil engineering projects reduces the need for energy-intensive quarrying and is highly recyclable.

As we decarbonise our steelmaking operations, our by-products' environmental credentials will further improve although we will produce smaller quantities as we adopt new, lower-carbon production methodologies. Reduced by-product output will allow us to increase the percentages of stockpiled materials sold each year. As the Newcastle coke batteries will remain in operation, production and sale of tar derivatives will continue from this facility.

Scrap intake

This year, we increased our intake of scrap from our own premises and operations by more than a quarter – from 352 000 tonnes to 445 000 tonnes while total consumption of scrap, including purchases, rose by 17%.

Our strategy on scrap has multiple focuses. In the first instance, we aim to increase the amount of steel we produce using our iron ore-based blast furnace/BOF process. Introducing more scrap reduces our costs and improves the "green" credentials of our steel. In 2023, we consumed 550 000 tonnes of scrap (2022: 484 000 tonnes).

TRUSTED USER OF AIR, LAND AND WATER



Trusted user of air, land and water

ESG priority area: Environmental stewardship, decarbonisation



In 2023, we continued to spend elevated amounts on our drive to achieve zero environmental harm. Environmental capital expenditure in the year was R269 million (2022: R301 million).

Large capital expenditure items included:

- Upgrading the coke gas-cleaning facility in Vanderbijlpark. There were no major construction delays experienced on this landmark project which was launched in 2020
- Restoring the Newcastle coke oven batteries
- Newcastle stormwater upgrades
- Extending a disposal site for brine salts in Saldanha
- Relining the oxygen steelmaking slag cooling dam in Vanderbijlpark to prevent leachate water contaminating groundwater
- Relining Newcastle's BOF dams. This undertaking was challenged by the condition of weathered sludge underneath the four dams in question being worse than previously realised; this challenge was successfully addressed in the year.

Emissions to air

We monitor our various atmospheric emissions – sulphur dioxide, carbon dioxide, particulates, nitrogen oxide and hydrogen sulphide on an ongoing basis.

This year, all atmospheric emissions licences (AELs) were renewed for five years. There were no major upset conditions, and site inspections at Vanderbijlpark and Newcastle by the Green Scorpions resulted in no major findings against the company.

In 2020, the national air quality officer granted us a "postponement" for hydrogen sulphide (H₂S) emissions at each of our four coke batteries in Vanderbijlpark. This postponement, to 2025, permitted relaxed emissions standards relative to those embodied in air quality legislation. (Independent analysis has confirmed that the standards permitted in the alternative have minimal to no impact on human health.)

However, the postponement was subsequently appealed by an environmental non-governmental organisation (NGO). In February 2023, the Minister of Forestry, Fisheries and the Environment dismissed this appeal.

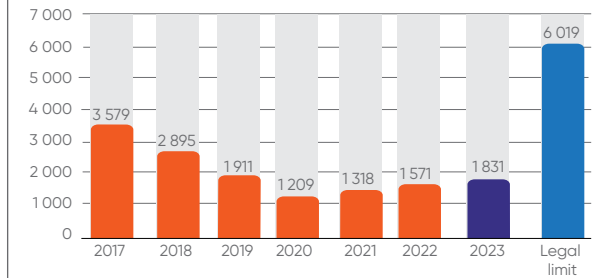
At the time of reporting, the same NGO had served notice of its intention to appeal the minister's decision, under the Promotion of Administrative Justice Act. The NGO argues that the entire alternative postponement should be set aside – which, if granted, would mean that stringent sulphur dioxide limits would also apply at Vanderbijlpark's direct reduced iron (DRI) kilns. It is unclear when the matter will come before the High Court.

Sulphur dioxide emissions increased substantially due to the quality of input raw materials and 12% higher production, as well as the current state of our coke batteries.

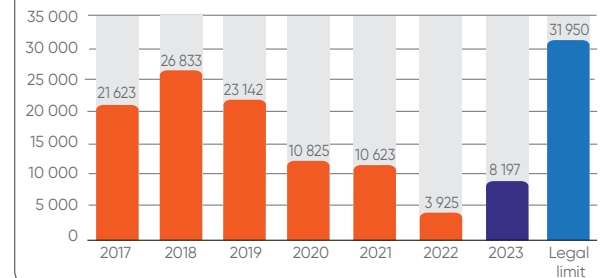
Particulate matters rose, by some 17%, largely due to the increase in production and the state of coke batteries, particularly in Newcastle.

As was the case with particulates and sulphur dioxide, the coke batteries in Vanderbijlpark and Newcastle were the main contributors to a 30% increase in nitrous oxide emissions.

Particulate emissions Specific (t/annum)



SO₂ emissions (t/annum)



TRUSTED USER OF AIR, LAND AND WATER CONTINUED

Waste

In December, the go-ahead for construction of a new waste site at Vanderbijlpark was received from the authorities – after being applied for in 2018. Construction of the new waste site, at a projected cost of R37 million, is a high priority for 2024.

As part of an offset agreement with the local authorities, this year we undertook to build a domestic waste site for the Emfuleni municipality. The site, which will cost an estimated R25 million, will fill a pressing need as other dump sites are at full capacity or have been closed.

This year, 27% of waste – 510 355 tonnes – was disposed of (2022: 15% and 567 000 tonnes).

Generation of residual waste declined by 10% in the year. A total of 510 355 tonnes of residual waste was disposed, with 310 963 tonnes reused and 1 096 391 sold. Sold quantities were down, mainly due to market conditions.

This year, a provision of R28 million was raised for rehabilitating the Mooiplaas, Pretoria historical waste site.

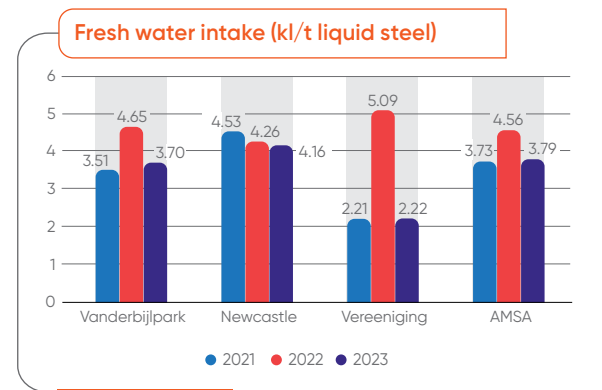
Water

In 2023, total potable water abstraction rose on higher production but our intensity, per tonne of liquid steel declined by 17%. Discharged water fell by a third. These achievements resulted from the Vereeniging electric arc furnace being mothballed and improved water balances and management. At 3.79 kilolitre per tonne of liquid steel, our performance on water management was well below the ArcelorMittal group average.

By December, large investments in regaining Vanderbijlpark's zero effluent discharge (ZED) status had been completed after the works were 78% compliant throughout the year. This upgrade project cost

R32 million, with costs to maintain ZED compliance estimated at R13 million per year.

Newcastle maintained ZED compliance despite operating with small volume flows due to the stormwater treatment improvement programme, which was due for completion in Q2 of 2024 at a cost of R109 million. (Of this amount, R61 million was spent in 2022.)



Legacy land and water

In 2023, we worked to rehabilitate legacy dams on our properties. To date, 13.4 hectares of land and 52 hectares of contaminated soil in legacy dams have been remediated in the last five years.

Decarbonisation

It is our stated intention to reduce our carbon intensity, by 2030, by 25% (from a 2018 baseline of 2.90 tonnes of carbon dioxide (tCO₂e) per tonne of crude steel) to 2.16 tCO₂e/t crude steel, and 86% by 2050 to 0.40 tCO₂e/t crude steel. To this end, we have released a Decarbonisation Roadmap, detailing our

ambitions and actions envisaged, planned and being developed.

In 2023, we made considerable progress toward putting into practice a number of no-regret initiatives.

- Progressed the development of a 200 MW embedded solar installation at Vanderbijlpark (see below)
- Signed a first solar power purchase agreement (PPA) to come online in Q3 2025
- Advanced plans to increase our use of scrap, which will be of cardinal importance once Vanderbijlpark is converted to operate on a single blast furnace.

Beyond these no-regret options, in 2023 we worked to progress the deployment of technologies that are established but whose use for our decarbonisation objectives remains financially unproven, or potentially game-changing technologies that are classified by ourselves, our peers and funders as "emerging".

Green direct reduced iron (DRI) production in Saldanha

In this regard, in 2023 one area of growing promise was a potential pathway (detailed in our Decarbonisation Roadmap) that would use green hydrogen to produce green DRI at our currently mothballed facility in Saldanha, Western Cape. DRI is iron ore with a reduced oxygen content, which allows more efficient conversion to steel.

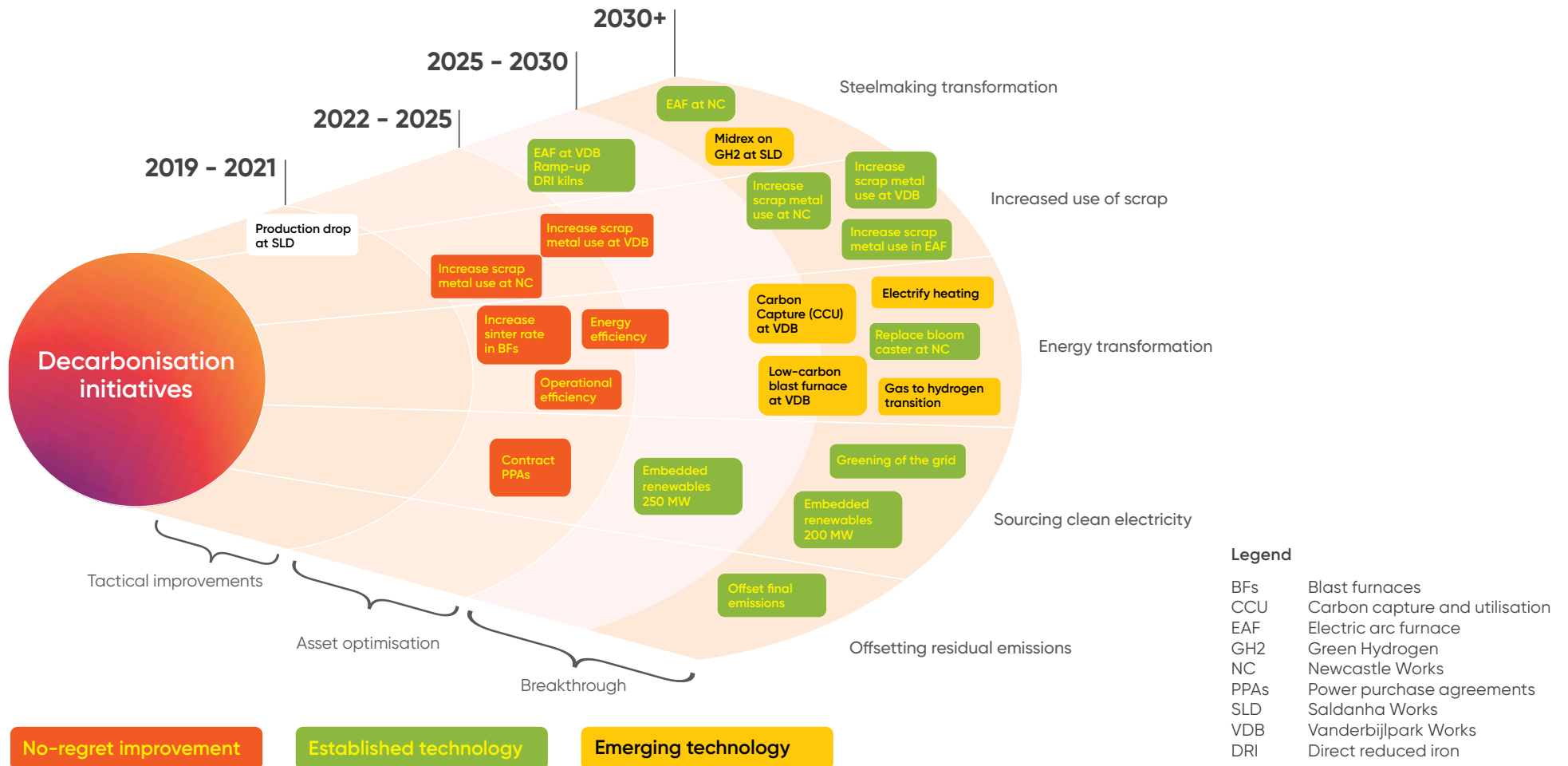
Green DRI produced in Saldanha would be available for export markets – a number of potential overseas offtakers have already expressed interest in this project.

The Saldanha opportunity rests on the almost (worldwide) unique configuration of the Midrex plant, which is capable of being converted to using green hydrogen.

TRUSTED USER OF AIR, LAND AND WATER CONTINUED

Our roadmap

The graphic below captures decarbonisation initiatives and opportunities available to us and which we plan to utilise. Starting with “no-regret” options, over which we have considerable control and predictability, the graphic indicates time horizons and the current status of key technologies.



- Legend**
- BFs Blast furnaces
 - CCU Carbon capture and utilisation
 - EAF Electric arc furnace
 - GH2 Green Hydrogen
 - NC Newcastle Works
 - PPAs Power purchase agreements
 - SLD Saldanha Works
 - VDB Vanderbijlpark Works
 - DRI Direct reduced iron

TRUSTED USER OF AIR, LAND AND WATER CONTINUED

The largest single offtaker of green hydrogen in South Africa (should this opportunity come to fruition), Saldanha Works' importance to catalysing a domestic green hydrogen economy cannot be overstated. The production of greener steels and green DRI would also have a profoundly positive impact on the local economy of the Western Cape.

We previously disclosed that we had forged a joint development agreement (JDA) with petrochemicals major, Sasol, to advance the Saldanha green DRI opportunity. In 2023, this alliance was extended to include a third-party, multinational renewable energy developer, Mainstream. The partnership with Mainstream came about through our intervention and that of the ArcelorMittal group, with which our carbon abatement office (established in 2021) increasingly liaised in 2023. Mainstream is a leading investor in renewable energy, including in South Africa.

In March 2024, we and our JDA partners were busy with a wide-ranging but detailed techno-economic analysis of the green DRI opportunity as part of a pre-feasibility study. We are confident that the pre-feasibility stage will be completed by Q2 2024 and that it would then be possible to move immediately to the feasibility study.

Vanderbijlpark self-generation of renewable energy

Our planned installation of 200 MW of embedded solar power at our Vanderbijlpark Works progressed according to plan in 2023. The project (which is registered with the South African government's strategic integrated project programme) will fulfil approximately 43% of Vanderbijlpark's electricity requirement, while strengthening the local (Vaal) grid.

We now envisage that this development will be commissioned towards the end of 2025.

The potential of this large investment to catalyse economic growth and job creation has not been lost on, in particular, the Gauteng provincial government whose agencies are in regular contact with us regarding opportunities to encourage investment in engineering and fabrication in the new Vaal special economic zone (SEZ).

In this way, we will use our financial capital to generate considerable natural and social capitals.

As soon as the first phase of the Vanderbijlpark solar project becomes operational, there will be an almost immediate (lower) impact on the carbon intensity of our steel.

In 2023, we completed our first power purchase agreement with an independent solar power producer, with the first delivery of this electricity scheduled for Q3 2025.

Electric arc furnace in Vanderbijlpark

As is illustrated in the graphic on the previous page, we plan to commission an electric arc furnace (EAF) in Vanderbijlpark by 2030. In terms of this plan, blast furnace C (in Vanderbijlpark) will be permanently shut down and blast furnace D returned to service, following a reline, as a low-carbon enabled furnace. The capacity of the new EAF will be approximately similar to that of blast furnace C.

In 2023, we completed initial commercial and technical studies into the Vanderbijlpark EAF, so that it will be possible to issue requests to the market for information by Q2 2024. The considerable funding required for the EAF will be similar to that of an "end-of-campaign" reline of blast furnace C.

The Vanderbijlpark EAF will be supplied with scrap and DRI. Liquid iron will also be included in the mix to improve productivity and maximise quality and process efficiencies. This will be sourced from blast furnace D.

Carbon capture and utilisation

From our Decarbonisation Roadmap:

- Vanderbijlpark Works has large amounts of process carbon available for capture and conversion into various much-needed sustainable energy and chemical products, as much as 1.5 million tonnes per year. Partnering with Sasol, our collaborative work to develop CCU will radically reduce our carbon impact
- The carbon we produce at Vanderbijlpark will be transported by pipeline to Sasol's production facilities in Sasolburg, where it will be used as feedstock for a variety of chemical products. Synthetic gas produced in Sasolburg will be returned to Vanderbijlpark where we will utilise it in our own production processes, creating carbon circularity.

In 2023, we progressed technical and commercial studies with Sasol, as well as with a number of other parties wishing to explore the potential of this opportunity.

Carbon emissions and taxes

This year, our scope 1 emissions increased by 3.9% in specific terms (a measure of intensity per tonne of liquid steel) and 18.7% in absolute terms. Scope 2 emissions were down by 15.6% in terms of intensity while, in absolute terms, scope 2 emissions declined by 3.5% (all percentages year-on-year).

TRUSTED USER OF AIR, LAND AND WATER CONTINUED

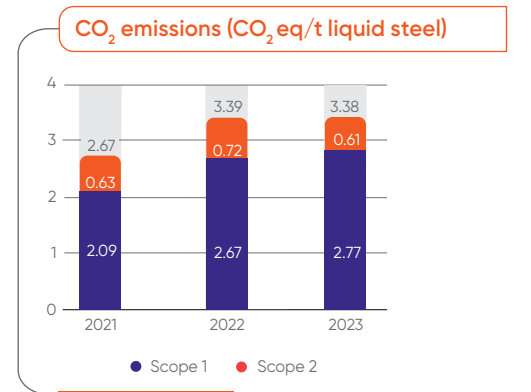
The declines in scope 2 emissions reflect the success of various electricity-related energy-efficiency initiatives as well as our electric arc furnace in Vereeniging being under care and maintenance for the full year (2023). The Eskom CO₂e emission factor of 1.01 tCO₂/MWh is a reflection of a lower carbon intensity electricity grid compared to the previous year also collaborating to a lower carbon footprint for ArcelorMittal South Africa.

A standout achievement – scope 2 emissions in specific terms – fell from 0.72 to 0.61 tCO₂eq/tLS. This level was even lower than the 0.63 tCO₂eq/tLS recorded in 2021 when total liquid steel production was 3.1 Mt as compared to the 2.8 Mt produced in 2023.

The increase in scope 1 emissions in 2023 can largely be attributed to a higher liquid steel throughput as well as reliability challenges leading to lower energy efficiencies. This stemmed mainly from our greater use of natural gas – a development that can be largely ascribed to the state of our coke batteries and the resulting shortage of process gases.

In 2023, we paid R104 million in carbon taxes (2022: R105 million). We remain committed to the implementation of our Decarbonisation Roadmap to achieve our carbon reduction targets. However, it is imperative that tax-free allowances remain applicable as lower carbon technologies become fully developed at industrial scale and viable to enable our decarbonisation and the sustainability of our company. We continue to argue the importance of the “ring-fencing” of carbon taxes to incentivise “good” carbon behaviour and the need to use such revenue to advance South Africa’s decarbonisation.

Carbon tax rates have now been promulgated up to 2030, but uncertainty around tax-free allowances continues. This makes it impossible for us to predict with any certainty our future tax liabilities, especially in the period from 2026. A rapid phasing out of such allowances threatens the sustainability of the primary steel sector; in particular, onerous tax obligations could undermine the viability of our Decarbonisation Roadmap (see page 26).



In arriving at our calculations of scope 2 emissions, we used the following Eskom tCO₂eq/MWh factors: 2021: 1.06 tCO₂eq/MWh; 2022: 1.04 tCO₂eq/MWh; 2023: 1.01 tCO₂eq/MWh. The sources of these factors were the Eskom Integrated Report for the year ended 31 March 2023.

Thabazimbi rehabilitation

This year, rehabilitation of the Thabazimbi iron ore mine continued at a cost of R91 million (2022: R108 million), with the following being achieved:

- 14 hectares reshaped (2022: 21 hectares), bringing to 476 hectares the area reshaped to date (56% of the total)
- 31 hectares planted (2022: 37 hectares)
- 673 hectares of encroaching bush cleared (2022: 530 hectares)
- 374 hectares cleared of alien species (2022: 347 hectares)
- 568 hectares seeded with indigenous grass (2022: 285 hectares)
- 10 700 trees and 11 600 tufts of grass planted (2022: 8 608 trees and 15 041 tufts).

Outlook

In 2024, environmental priorities will include:

- Achieving ZED compliance at Vanderbijlpark Works
- The successful completion and implementation of the Newcastle stormwater project
- Continued remediation projects on various sites
- A focus on fugitive emission reductions at all sites.

The ongoing coke-making restoration plan at Vanderbijlpark and Newcastle will hold numerous, material environmental benefits.

RESPONSIBLE ENERGY USER



Responsible energy user

ESG priority area:

Environmental stewardship, decarbonisation



This year we invested R6.5 million capital expenditure in energy-efficiency projects, achieving pleasing results despite severe operational and market challenges.

Per tonne of liquid steel, natural gas consumption was 8% lower than in 2022, purchased electricity consumption was down 13% and bought industrial gases also declined by 13%. These improvements are only partially explained by higher steel output (some 14% up year-on-year) and the fact that the electricity-dependent Vereeniging Works was out of operation for the full year. At 25.92 gigajoules per tonne of steel (GJ/t), energy intensity was lower relative to 33.59 GJ/t in 2022 and 28.57 GJ/t in 2021.

Our total energy bill increased 12% to R5.1 billion, but our cost per tonne of liquid steel declined 2% to R1 826/per tonne.

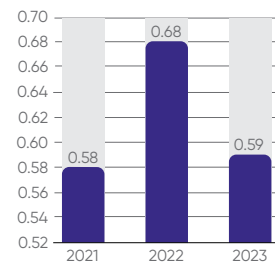
Stability issues at our facilities, combined with load curtailment and erratic deliveries of raw materials, detracted from what was otherwise an encouraging overall energy-efficiency performance. Our own energy generation suffered from the company's maintenance backlog, which manifested itself in problems of structural and mechanical integrity. In particular, weakened infrastructure undermined our gas offset potential at both the rolling facilities and power-generating units. As a result, own generation was higher year-on-year at 128 387 megawatt hours (MWh) (2022: 109 016 MWh) but well

down on 215 868 MWh in 2021. In 2024, we plan to double our internal generation to 236 000 MWh by maximising internally produced gas flows to steam-generation units. Purchased electricity per tonne of steel in 2023 was 0.59 MWh/t (2022: 0.68 MWh/t).

This year, Newcastle struggled to produce enough internal gases at the coke oven batteries to offset consumption of natural gas. To address this, we embarked on a battery repair programme for the Newcastle battery system, to upgrade and repair existing equipment and maximise gas production at the coking facilities. For the company, natural gas consumption grew by 5% and industrial gas purchases by 1%.

In 2023, phase two of a variable speed drive (VSD) project was successfully implemented at both Newcastle and Vanderbijlpark. In seven years, this project has resulted in sustainable energy savings of 79 gigawatt hours (GWh) per year – a cumulative 557 GWh to date or R220 million in savings. This represented a 4% cost saving in the year, relative to Eskom's 2023 electricity tariffs.

Electricity (MWh per tonne of steel)



Supply chains that our customers trust

ESG priority area:

Customer reassurance, value-add



This year, we conducted 246 vendor audits (2022: 230). These audits focused on suppliers operating at our sites (as their work has the greatest potential effect on our safety performance) and on new vendors. Audits are mostly concerned with health and safety and quality systems, standards and performance. Existing vendors are audited every three years.

Of the 246 vendors audited in 2023, 53 failed their initial audits and were subsequently reaudited. No vendors were disqualified following reauditing. New vendors made up 83 of the total.

We do not tolerate the abuse of human rights, or health, safety and ethics failures by our suppliers. Everyone supplying to us is required to uphold the ArcelorMittal South Africa Code for Responsible Sourcing. This code defines minimum social, health and safety, environmental, ethical, and human rights practices and standards.

Suppliers are made aware of our human rights policy which forbids forced, compulsory or child labour, and unlawful discrimination, harassment and violence.

We ensure that all correspondence with suppliers (and other stakeholders) complies with the provisions of the Protection of Personal Information (POPI) Act.

ACTIVE AND WELCOMED MEMBER OF THE COMMUNITY

Vendors are required to supply us with details about their policies, management, recording and certification of safety, human rights and ethics, and environmental issues. Environmental questions concern emissions of greenhouse gases and water consumption.

Suppliers of raw materials need to provide additional information on indigenous people's rights and involuntary resettlements. We also ask suppliers about their data protection policies and practices and whether they provide their employees with training on anti-money laundering compliance and anti-corruption sanctions.



Active and welcomed member of the community

ESG priority areas:
Community investment, transformation



This year, we substantially increased our social impact despite our CSI spend only increasing marginally, from R17.3 million in 2022 to R17.4 million.

This greater impact was achieved primarily by more than doubling the number of learners and teachers reached with science and mathematics curriculum support through the three science centres we sponsor.

Through our flagship CSI project, we have sponsored science centres in Vanderbijlpark, Newcastle and Saldanha since 2006. These centres are manned, in cooperation with the Department of Basic Education, by fully qualified instructors and have traditionally focused on science, technology, engineering, and mathematics (STEM) education, targeting learners in grades 10 to 12. In 2023, more than 24 000 learners were reached with curriculum support as were

595 teachers at 241 schools (2022: 10 251 learners, 269 teachers and 162 schools). In addition, extracurricular and awareness programmes reached 33 800 learners, teachers and community members.

This greater reach was achieved, on limited budgets, by science centre staff travelling to schools, rather than incurring the considerable cost of learners travelling to the centres by bus or minibus taxi, as well as by making greater use of distance learning. Also, for the first time, learning was extended to grades 4 to 9. This increased scope included career guidance for learners in the lower grades, before they make their subject choices in Grade 10. For the first time, financial support was provided by the Department of Science and Innovation's SA Agency for Science and Technology Advancement.

In 2023, our science centre sponsorship amounted to R9.2 million.

In 2022, we committed R3 million towards upgrading road and related infrastructure within the Emfuleni local municipal area. As reported, three small, medium and micro enterprises employed 43 people to work on roads in close proximity to our Vanderbijlpark plant. Work included grass cutting, kerb cleaning and pothole repairs. These funds were disbursed in 2022 and 2023.

In Q4 2023, we agreed a further R3 million sponsorship, to be spent in 2024. Newcastle Works also donated tar and labour for road repairs, to the value of R400 000.

Other CSI impacts achieved in 2023 included:

- Vocational and job-specific training provided to 583, mostly female, young students (2022: 259 beneficiaries). Sponsorship value was R1.2 million. Of 165 students undergoing entrepreneurship training, 53% registered their own businesses and a third employed additional staff
- Intensive five-week entrepreneurial training for 18 historically disadvantaged women. Graduates

demonstrated business proficiency improvements of between 14% and 36%. Project cost was R150 000

- Providing 2 900 daily soup-kitchen meals to indigent community members (2022: 2 800 per day)
- Sponsoring training as caregivers for 20 individuals, at a cost of R120 000.

This year, the Thabazimbi iron ore mine sponsored a 2.5 km pipeline, which will improve water reticulation and connect new areas in the Regorogile township and the town's industrial area. This investment was undertaken in terms of the mine's social and labour plan at a cost of R12 million. Ten electricity substations were also reconditioned and handed over to the municipality, at a cost of R2.5 million.

This year, Thabazimbi iron ore mine's CSI programmes included:

- Donation of 245 school bags worth R92 000
- Maintenance of the sports facility owned by the mine (which is mostly used by the community) to the value of R310 000
- Providing the local municipality with cold asphalt, worth R50 000, to fix potholes.

Enterprise and supplier development

We empower our supply chain by developing new start-up businesses in our local areas (enterprise development) and supporting them to grow their business with us (supplier development).

In 2023, our Matlafatso incubation hub in Vanderbijlpark actively supported eight start-up businesses, giving them access to specialist equipment and engineering space, computers and communications, skills training and mentoring. These enterprises were exposed to more than 5 400 requests for quotation in the year, with purchase orders worth approximately R10 million being secured.

ACTIVE AND WELCOMED MEMBER OF THE COMMUNITY^{CONTINUED}

Since 2017, 56 Matlafatso incubation hub graduates have remained active suppliers to us. In 2023, we placed business with these entities worth R272 million (2022: R159 million and 2021: R25 million). The 56 – of which 40 are emerging micro enterprises and 14 qualifying small enterprises – employ 189 individuals full time and approximately 250 part time.

Local procurement

We prize the local economic value we create through procurement of goods and services – and the positive impacts our buying has on transforming local supply chains. We believe that we can most effectively transform our value chains by buying locally from emerging and, in some cases, medium-sized and larger black-owned entities.

In 2023, vendors based around our plants supplied us with goods and services worth R3.6 billion (2022: R3.8 billion). This was 49% of all non-mining procurement (2022: 46%). This substantial local impact, and the many thousands of jobs supported locally, were among the main reasons why our leadership has been so reluctant, for so long, to contemplate a winding down of our Longs business.

We define local as being within a 50 km radius of our factory gates. In the case of Vanderbijlpark, this includes suppliers based in what was traditionally called the Vaal Triangle, but excludes suppliers from the greater Johannesburg, Witwatersrand and Pretoria/Tshwane regions.

In 2023, 195 local vendors were registered on our supplier finance programme (2022: 185). Of these, 111 were emerging micro enterprises or exempt qualifying enterprises. We placed business worth R874 million with these businesses.

For the third year, we undertook a desktop analysis of local procurement in various categories as percentages of our total non-mining expenditure on goods and services. We sought to establish how much business we placed with local >50% black-owned and >30% black women-owned businesses, as well as from emerging local exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs).

The following tables demonstrate that, whereas year-on-year total local spend declined in line with our overall procurement, the percentages procured from black-owned and black women-owned enterprises were little changed.

Black-owned (>50%) local expenditure as % of total spend

B-BBEE class	2023		2022	
	Rand	%	Rand	%
EME	208 998 899	2.8	286 134 562	3.4
Generic	1 333 059 263	18.0	1 356 668 054	16.3
QSE	651 827 476	8.8	806 550 063	9.7
Total	2 193 885 638	29.7	2 449 352 679	29.4
Total spend (excluding raw materials)	7 398 849 659		8 327 164 791	

Black women-owned (>30%) local expenditure as % of local spend

B-BBEE class	2023		2022	
	Rand	%	Rand	%
EME	72 250 022	2.0	112 144 569	2.9
Generic	1 287 755 247	35.6	1 231 948 075	32.1
QSE	258 287 861	7.1	506 623 359	13.2
Total	1 618 293 131	44.7	1 850 716 003	48.3
Total spend (excluding raw materials)	3 619 262 573		3 832 368 888	

PIPELINE OF TALENTED EXPERTS



Pipeline of talented scientists and engineers for tomorrow

ESG priority area:
Transformation



Management are keenly aware of the importance of intellectual capital to our company's prospects, in particular, our ability to thrive in an increasingly competitive market, and to develop new markets.

This year, our expenditure on bursaries dropped from R29 million to R18 million. In line with this, the total number of bursars fell from 33 to 16. This decline related to our need to preserve cash and affected other parts of our talent pipelines (see page 19). In 2023, our candidate pipeline supported 60 positions (40 candidate engineers and 20 technicians).

We are the single largest client of the Industrial Minerals and Metals Research Institute (IMMRI), based at the University of Pretoria. This world-class research and industrial-applications institute had its origins within our company and several of its leading metallurgists, chemists and scientists are ex-employees.

In-house we employ 12 individuals in our customer technical services (CTS) and quality management departments (doing part time CTS work), located at each of our sites. These teams liaise on an ongoing basis with the metallurgical experts at IMMRI, briefing them on our requirements to optimise process variables to improve capacity and product quality and performance.

Our CTS and quality professionals also liaise regularly with ArcelorMittal group's R&D Global function, to develop smarter steels for people and planet. When new products are introduced – mostly through R&D Global – IMMRI helps to establish a sound metallurgical understanding of local production

processes required for these new products and how they perform at our clients' facilities. At the time of publication, various new products were in the pre-launch/launch phase.

In 2023, IMMRI specialists undertook almost 220 hours of work we commissioned. This work entailed detailed analysis and reporting on various product parameters (including profiles, specifications and grades) and more than 10 studies on process improvements. IMMRI staff spent 15% of these hours working with our clients on optimising our steel to support their businesses and on improving their production processes. We sponsored this additional IMMRI work, in the process creating intellectual capital for the broader steel and engineering value chain.

New steels and products developed (or being developed) in cooperation with IMMRI in 2023 included:

- High strength, fit-for-purpose plate grades for wind towers
- Extra thin hot rolled, high-strength vanadium microalloyed strip for the tubing, racking and shelving markets – a world first
- As rolled, high-strength plate for the 5 – 70mm thickness range using a single V-microalloyed grade
- Structural steel for bridges allowing the National Roads Agency to erect more bridges for rural communities at lower installation and maintenance costs
- Developing dual-phase steel automotive applications
- Recovery-annealed products for galvanised products
- High-strength strip via cold rolling and the continuous annealing process line for the automotive industry.

This was in addition to at least 11 major process improvements and giving customers technical support.

This year, we were unable to continue sponsoring three PhD students at the University of Cape Town.



Our contribution to society is measured, shared and valued

ESG priority areas:
Community investment, transformation

We can show the value of the contributions we make to society, and enable our stakeholders to understand them alongside our financial results.

Key sustainability indicators

Our stakeholders and value creation

Broad-based black economic empowerment

In our 2022 integrated reporting suite, we stated that we had self-assessed our latest overall B-BBEE score at level 8. In fact, our performance was subsequently externally verified as being level 6.

(Like many other organisations, our annual reports are published before external verification of our B-BBEE performance is conducted and so we report on our own estimates.)

Last year, we also reported that we were "looking towards 2024 when (for recording and reporting in 2025) we are confident of attaining a level 4 compliance – and maintaining this". Although we now assess that our overall B-BBEE outcome for 2023 was level 6 (with us being discounted one level because of Ownership), we remain confident of reporting level 4 compliance in 2025.

The verified level 6 achieved last year was our best performance since 2016 when we reached level 3; subsequently we dropped to level 8 in 2021.

OUR CONTRIBUTION TO SOCIETY

According to our assessment, in 2023 we achieved 78.4 points (out of a possible 120), under-performing, in particular, on ownership, management control and procurement (see below). To achieve level 4, we would have had to have received a minimum of 80 points.

We appreciate how important our B-BBEE performance is to many stakeholders. These include customers because our score affects their own

procurement scores and government, which considers only level 4 and above suppliers as being compliant. (We are also aware that our performance is worse than that of all of our major competitors.)

Here we list our self-assessed scores in 2023, the targets we had set ourselves and our aspirations going forward.

Our 2023 self-assessed B-BBEE scorecard and four-year strategy

Scorecard pillar	Max points	In 2022	2023 (Revised target)	2023 Self assess	2023 Gap	In 2023 re 2024	In 2024 re 2025	In 2025 re 2026
Ownership	25	20.4	20.4	16.4	(4.0)	16.4	16.4	20.4
Management control	19	9.0	6.0	5.7	(0.3)	6.0	8.0	9.0
Skills development	25	14.0	14.0	14.3	0.3	13.4	16.0	16.0
Procurement	27	14.8	17.3	21.9	4.6	17.8	18.2	18.2
Enterprise development	6	5.0	5.0	5.0	0.0	5.0	5.0	5.0
Supplier development	11	5.0	8.0	10.0	2.0	9.0	8.0	8.0
ESD bonus points	2	2.0	2.0	2.0	0.0	1.0	2.0	2.0
Socio-economic development	5	5.0	3.0	3.0	0.0	5.0	5.0	5.0
Total	120	75.2	75.7	78.4	2.7	73.6	78.6	83.6
Compliance level		5	5	5		6	5	4
Discounting one level		Yes	No	Yes		Yes	No	No
Compliance level – final		6	5	6		7	5	4

Ownership

2022	2023	2025 aspiration
20.40	16.40	20.40

In terms of our B-BBEE transaction, announced in 2016, Likamva Resources acquired 17% of ArcelorMittal South Africa's ordinary shares, transferring 5% of its holding to entities representing local communities, and 5% to employees.

With shares issued at R7.20 each, the transaction envisaged breakeven being achieved when the company's share price reached R27 – which was expected to occur within a decade.

The terms of the transaction further envisaged dividends being used to liquidate loans taken out to acquire the transaction shares. With no dividends being paid in the period since 2016 and the average share price languishing well shy of the R7.20 mark (it closed 2023 at R1.64), it is unlikely to reach R27 for at least the foreseeable future.

In 2023, we reported: "In 2023, shareholders will be asked to approve a revised B-BBEE ownership structure. If these proposals are accepted, 15% of the company's 22% B-BBEE shareholding will be repurchased (5% each of the shares held by Likamva Resources and the community and employee trusts). Likamva Resources will retain a 6.75% shareholding. New shares (15% divided equally between the three entities) will be issued at a 10% discount to the ArcelorMittal South Africa share price on a volume-weighted average price on the effective date".

The repriced share transaction will be extended to 2029 and the notional interest rate will be reduced from approximately 11.5% to 6.5%.

OUR CONTRIBUTION TO SOCIETY CONTINUED

If approved, the new structure will improve our B-BBEE ownership score from the current 16.0 points to 23 (out of a possible 25). This transaction will require 75% shareholding approval.

In the event, it was not possible to advance the new structure and no proposal was put to shareholders at the 2023 AGM.

On 27 July, we advised stakeholders that “the company is embarking on a process to modify the existing B-BBEE transaction in order to improve the prospects of sustainable value creation and realisation, and B-BBEE ownership for the strategic empowerment partners, employees and communities... in line with its commitment to promote transformation and economic empowerment”.

Given the focus on the wind-down of the Longs business, the process to modify the 2016 B-BBEE transaction, as announced in July 2023, has been placed on hold. Realising value from our B-BBEE ownership remains a top priority of the board and management and we anticipate making further announcements in due course.

Management control

2022	2023	2025 aspiration
9.00	5.70	9.00

We performed poorly on all aspects of this element, with the exception of “exercisable voting rights held by black board members” and “exercisable voting rights held by black female board members”. In this regard, we achieved 1.45 of 2 points, and 0.73 points out of 1, respectively, and acknowledge that here too there remains room for improvement.

This year, we improved our outcome under “black executive management” with a new appointment – that of our head of human resources – increasing our score to 1.25 out of a maximum 2 points.

It has been expected that our appointment, this year, of a black chief financial officer and executive director, Mr Siphamandla Mthethwa, would lift our management control score to at least 7 out of 19 points. However, as shareholders were advised in July 2023, Mr Mthethwa resigned for personal and other reasons, meaning that we ended the B-BBEE reporting period with just 5.70 points for management control.

We previously obtained 9 points at a time when the chief financial officer position was occupied by a black South African and we received 2 more points for executive employee level.

The board remains closely focused on this critical element of our B-BBEE scorecard, regularly questioning management on plans to improve performance on, particularly, “black female executive management” and “black female employees in senior management”, in which categories there is just one qualifying incumbent.

As previously reported, we believe that the location of our major operations – Vanderbijlpark and Newcastle – undermines our ability to attract and retain black talent, particularly at the top and senior levels. There is also a scarcity of strong black candidates with steelmaking experience.

Skills development

2022	2023	2025 aspiration
14.00	14.30	16.00

This year, we improved on skills development, recognising expenditure of R43 million on improving the skills and career prospects of black employees.

We did well on providing learnerships (6 out of 6 points) and expenditure on disabled black employees (4 out of 4 points). We enjoyed less success, however, in awarding bursaries to black students and in absorbing black learners. In the case of the latter, we achieved just 1.16 out of a maximum 5 bonus points available.

Procurement

2022	2023	2025 aspiration
14.80	21.90	18.20

Since 2022, only B-BBEE compliant vendors may be registered and we require all emerging micro enterprises (EMEs) supplying to us to be black-owned. We further require all non-compliant suppliers to provide transition plans to becoming compliant.

We continue to engage with government regarding our concern that our procurement recognition is hamstrung by the fact that almost a third of goods and services are mining inputs – which we cannot influence. Very few companies are at this disadvantage – within the steel and engineering sector we alone operate under this unfair handicap.

This year, our procurement score improved from 14.80 to 21.90 points – out of a maximum 27. This is close to the maximum we believe we can feasibly achieve given our reliance on companies registered under the Mining Charter or based outside of South Africa. This situation does not, we contend, fairly reflect the significant strides made in recent years to transform our supply chains, including greater procurement from >51% black-owned suppliers.

OUR CONTRIBUTION TO SOCIETY CONTINUED

Since 2020, we have invested funds into a private equity fund administered by the ArcelorMittal Foundation that aims to improve the B-BBEE profile and impact of our procurement and enterprise development undertakings. Until this year, the development BEE fund had some R30 million available for investment – this rose substantially in 2022 with an injection of R87 million. To date, only minor investments have been made (investments are approved by a management B-BBEE committee chaired by the chief executive officer). It is planned that the fund will soon create more substantially funded special purpose vehicles to address two significant areas of our procurement – scrap metal and hired labour. Both entities will be majority black-owned and managed.

Socio-economic development

2022	2023	2025 aspiration
5.00	3.00	5.00

In 2022 we obtained 5 out of 5 points for socio-economic development (SED); this declined to 3 points this year. As SED expenditure fell slightly to R16.5 million, this outcome derived entirely from the company moving from a profit to a loss-making situation.

Despite spending less, we ramped up our socio-economic impacts in 2023 (see page 31), impacts that are not captured by the B-BBEE codes.

Enterprise and supplier development

Enterprise development

2022	2023	2025 aspiration
5.00	5.00	5.00

Supplier development

2022	2023	2025 aspiration
5.00	10.00	8.00

In 2021, we performed relatively poorly on enterprise development (2.02 points out of 5) – almost entirely a factor of our improved profitability not being matched by a corresponding increase in expenditure on this element. In 2022, we underperformed on supplier development, receiving just 5 out of a maximum 10 points (and not the self-assessed 8.70 points we predicted).

This year, we recorded 10 points for supplier development on the back of our poorer financial performance, and a full 5 points for enterprise development.

In 2022, we earned a full two bonus points for enterprise and supplier development (ESD). The first bonus point was due to the additional job creation via SMMEs, and the second bonus point derived from the migration factor of developing and onboarding of companies. This year, we again received two bonus points.

This year, qualifying B-BBEE suppliers received purchase orders worth almost R300 million and were exposed to over 28 000 requests for quotation.

On supplier development, our 2024 for 2025 aspiration is based on the expectation of higher profitability.

BOARD OF DIRECTORS

These are the men and women who lead ArcelorMittal South Africa. From page 39, we describe how in 2023 our board oversaw our strategy to create value and worked to lead the company ethically and effectively.



01 02 03 04 05 06

01 Bonang Mohale (61)

Chairman and independent non-executive director

Diploma Marketing Management, Advanced Diploma Marketing Management

Bonang is the chancellor of the University of the Free State and the president of Business Unity SA. He is the chairman of Bidvest Group and SBV Services, a best-selling business author and a professor at the Johannesburg Business School

Appointed: May 2022

Board	HR
6/6 [▲]	4/4

04 Dawn Earp (62)

Independent non-executive director

BCom, BAcc, CA(SA), CD(SA)

Formerly the financial director of Rand Refinery, Aveng Moolmans and Impala Platinum Holdings. Dawn is also a non-executive director at Impala Platinum Holdings and Pan African Resources and Truworths International

Appointed: July 2021

Board	ARC	SEC	HR	SSHE
6/6	5/5 [▲]	3/3	4/4	1/3 [*]

02 Kobus Verster (57)

Chief executive officer and executive director

BCom (Hons), MBL, Executive Management Programme

Kobus was previously the CEO of Aveng and, before that, chief financial officer (CFO) of ArcelorMittal South Africa

Appointed: February 2018

Board	ARC	SEC	HR	SSHE
6/6	5/5 [*]	3/3	4/4 [*]	3/3

05 Noluthando Gosa (60)

Non-executive director

BA (Hons), MBA, Graduate Diploma in Business Administration

Noluthando is the chair and co-founder of Amandla Wensimbi Resources (ArcelorMittal South Africa's B-BBEE partner). She is the CEO and founder of private equity company, Akhona Group

Appointed: December 2016

Board	SEC
6/6	3/3 [▲]

03 Gavin Griffiths (51)

Interim chief financial officer

CA(SA)

Gavin was appointed chief strategy officer of ArcelorMittal South Africa in September 2018

Appointed: July 2023

Board	ARC	SEC	HR
3/6 [*]	2/5 [*]	1/3 [°]	1/4 [°]

06 Neville Nicolau (64)

Independent non-executive director

BTech, MBA

Neville was previously CEO of Basil Read Holdings and Anglo American Platinum and was the chief operating officer of AngloGold Ashanti

Appointed: September 2015

Board	ARC	SEC	HR	SSHE
6/6	5/5	3/3	4/4	3/3 [▲]

BOARD OF DIRECTORS CONTINUED



07

08

09

10

11

07 Abram Thebyane (63)

Independent non-executive director

BA, MSc, MBA

Abram was previously a senior human resources executive at Nedbank, Anglo Platinum, and Iscor Steel/ArcelorMittal South Africa. He is a director of the AVI Group

Appointed: May 2022

Board	HR
6/6	4/4 [▲]

10 Gert Gouws (64)

Non-executive director

BCom (Law), BCom (Hons), CA(SA), FCMA CGMA, Advanced Management Programme

Gert is a previous CFO and chief operating officer of the IDC. He is a director of various IDC investee companies

Appointed: November 2017

Board	HR	SSHE
6/6	4/4	3/3

08 Lungile (Zee) Cele (70)

Independent non-executive director

BCom, MAcc

Zee is the founder and former CEO of Tax Solutions cc and a director on various boards, including Harith General Partners and AVBOB

Appointed: January 2016

Board	ARC	SSHE
5/6 [●]	4/5 [●]	3/3

11 Raman Karol (48)

Non-executive director

CA (India), MBA (Finance)

Raman is the vice-president and head of group accounting and performance management at ArcelorMittal group. He is a member of the group's corporate finance and tax committee

Appointed: December 2018

Board	ARC	SEC	HR
3/6 [●]	4/5 ^{●*}	3/3	2/4 [●]

09 Bradley Davey (59)

Non-executive director

BEng

Bradley is the executive vice-president: corporate business optimisation at the ArcelorMittal group and previously the CEO of ArcelorMittal North America

Appointed: April 2021

Board	SEC	HR
4/6 [●]	0/3 [●]	3/4 [●]

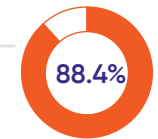
● Apologies received ▲ Chairperson ★ Attendance by invitation

Board membership at the time of reporting



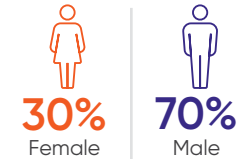
50% Independent non-executive
40% Non-executive
10% Executive

Board meeting attendance



Board diversity (including international directors)

Gender

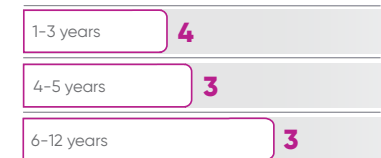


Board diversity (including international directors)

Race Demographic



Board tenure



Committee meeting attendance key

Board
ARC – Audit and risk
SEC – Social and ethics
HR – Human resources
SSHE – Safety, security, health and environmental

BOARD OF DIRECTORS CONTINUED

Changes to the board of directors

- Monica Musonda, an independent non-executive director of the board, retired by rotation on 25 May 2023
- Suretha van Wyk served as interim chief financial officer from 1 January 2023 to 31 May 2023. Siphamandla Mthethwa was appointed an executive director of the board and chief financial officer with effect from 1 June 2023 and resigned on 17 July 2023
- Gavin Griffiths, chief strategy officer, was appointed as interim chief financial officer with effect from 17 July 2023 and was appointed as chief financial officer and executive director with effect from 1 April 2024.

Committee composition

Audit and risk	Human resources	Social and ethics	Safety, security, health and environmental
<p>Independent members D Earp (chairperson) LC Cele NF Nicolau</p> <p>Standing invitees HJ Verster G Griffiths SM van Wyk R Karol M Adam A Louw A Visser H Nel M Herbst – EY F Ahmed – EY Company secretary</p>	<p>Independent members A Thebyane (chairperson) B Mohale NF Nicolau D Earp</p> <p>Non-executive members GS Gouws BL Davey R Karol</p> <p>Standing invitees HJ Verster S Werner-Diez V Sampula G Griffiths J Kotze G Nagpal Company secretary</p>	<p>Independent members NF Nicolau D Earp</p> <p>Non-executive members NP Gosa (chairperson) R Karol BL Davey</p> <p>Executive members HJ Verster</p> <p>Standing invitees G Griffiths S Werner-Diez V Sampula D Mocke A Louw M Adam Company secretary</p>	<p>Independent members NF Nicolau (chairperson) LC Cele</p> <p>Non-executive members GS Gouws</p> <p>Executive members HJ Verster</p> <p>Standing invitees D Earp J Kotze W Venter J Hattingh L Taljaard Vacant (Numsa) P Mardon (Solidarity) Company secretary</p>

GOVERNANCE STRUCTURE AND PROCESS

Introduction

ArcelorMittal South Africa Limited is a public company listed under Industrial – steel and other metals sector – of the Johannesburg Stock Exchange Ltd (JSE). The company is subject to the JSE Listings Requirements and the Companies Act as well as other legislation applicable to companies in South Africa.

The board of directors of ArcelorMittal South Africa (the board) is responsible for the overall strategic direction and leadership of the company towards the achievement of an ethical culture, good performance, effective control and legitimacy. The company is committed to adhering to good corporate governance principles and practices and to following the principles of fairness, accountability, responsibility and transparency as advocated in the King IV™.

The board met on six occasions in 2023.

Leadership and value creation

Led by an independent non-executive chairman, the board reports in a transparent and balanced manner to all stakeholders regarding the performance of the company and how it has fulfilled its responsibilities. As set out in the King IV™, the board appreciates that the company's core purpose, its risks and opportunities, strategy, business model and sustainable development are all inseparable elements of its value-creation process. Decisions are made in an integrated manner, taking into account the effects of strategy on all stakeholders, and that strategy impacts the human, social, natural and financial capitals.

The governance structure and process provide the framework within which decisions are taken. Once strategy and annual budgets are approved, the CEO and management are empowered to deliver on the performance required. Such performance is monitored by the board on a regular basis.

In 2023, the board focused extensively on ensuring the sustainability of the company. In particular, directors:

- Considered and approved management's strategy and allocation of resources, and strategic trade-offs, in the pursuit of integrated value creation. Directors interrogated management's determination of financial and non-financial (sustainability) material matters and monitored the execution of strategy. Further information on the company's three strategic objectives can be found from page 48 of our 2023 integrated report
- Interrogated management closely on workplace safety and health performance, policy and management
- Focused on financial performance, sustainability and operational reliability
- Ensured that the company's focus remained on broader value creation and meeting the legitimate needs and interests of stakeholders
- Reviewed the risks facing the organisation (as discussed from page 44) including the risks posed by the continued operations of our Longs business
- Interrogated management on B-BBEE strategy and performance, including the process to modify the existing B-BBEE ownership transaction
- Received regular reports on stakeholder interactions and considered the company's impacts on stakeholders, including investors and customers
- Considered management's environmental policies, practices and investments, including execution of the Decarbonisation Roadmap as well as receiving regular reports on the Vanderbijlpark embedded solar power project
- Oversaw processes for the recruitment and appointment of a chief financial officer
- Streamlined the board committees' agendas and work plans to ensure appropriate focus on ESG issues

- Followed streamlined decision-making and delegation of authority processes, as agreed in 2022, to improve the effectiveness and coordination of board leadership
- Determined our external annual reports' most material matters and duly authorised the CEO to instruct the team responsible for compiling our integrated and ESG reports on these matters and their relative weighting
- Employment equity and general human resources
- BBF, borrowings and solvency
- IT policies, investments and security.

In addition to the above, the following should be noted:

Safety

The board is the ultimate custodian of workplace safety – which remains our utmost priority. In discharging its responsibilities to keep everyone safe, the board is supported by the safety, security, health and environmental (SSHE) committee and the executive committee.

The SSHE committee makes key decisions on safety policy and investments and regularly interrogates management on safety performance and plans to make ArcelorMittal South Africa a safer place to work. Major incidents are discussed at the SSHE committee to understand their root causes, remedial action and ongoing risks. When significant incidents are reported, the SSHE and board consider whether steps taken to avoid future occurrences are appropriate.

Further information on safety is set out from page 13, including performance against key indicators.

GOVERNANCE STRUCTURE AND PROCESS CONTINUED

Environmental management

The board takes an active leadership role in ensuring environmental safety and in minimising our negative impacts on the environment and communities.

Key board focuses include our decarbonisation journey, large environmental capital expenditure projects and the drive to generate renewable power by ourselves and through third-party power purchase agreements.

Stakeholder engagement regarding environmental matters was raised as a concern by various shareholders and stakeholders at the 2022 AGM. This has since become an area of focus for the board and management and a programme of improved engagement was initiated and will continue.

Further information on our environmental performance and strategy is set out from page 24.

Social and transformation

In the year, the board made a concerted effort to focus on increasing women's representation at the executive and management levels.

Directors took a keen interest in the implementation of an anti-harassment policy to ensure the prevention and elimination of harassment in the workplace. A new policy provides guidance on how to eliminate and prevent harassment and includes employee training and awareness on what constitutes harassment.

Further information on our transformation and social impacts and strategy can be found on pages 19 to 21.

Board charter

The board is governed by a formal board charter setting out its composition, processes, roles and responsibilities. The primary responsibilities of the board are to:

- Retain full and effective control of the company
- Give strategic direction to the company
- Monitor management on its implementation of plans and strategies, as approved by the board
- Appoint the chief executive officer and executive directors
- Identify and regularly monitor key risk areas and key performance indicators of the business
- Oversee the quality of stakeholder relationships and ensure that these relationships create broad-based value for the company, for society, the environment and for stakeholders
- Ensure the company complies with relevant laws, regulations and codes of business practice
- Maintain oversight of succession planning and management
- Ensure that the company communicates with shareholders and all relevant stakeholders openly and promptly
- Monitor the company's integrated performance
- Establish a formal and transparent procedure for appointments to the board as well as a formal orientation programme for incoming directors
- Regularly review processes and procedures to ensure the effectiveness of internal systems of control, including IT management, and accept responsibility for the total process of risk management
- Assess the performance of the board, its committees and its individual members on a regular basis
- Address the retirement and re-election of directors.

The board charter and terms of references for all committees, including the annual work plan, will be reviewed in 2024. The ARC's terms of reference were reviewed in October.

Board composition

The ability to provide appropriate and effective judgement and guidance to management is significantly enhanced by having a skilled and diverse board that possesses a breadth of experience across several industries, supported by an appropriate mix of gender, race and expertise.

At the date of this report, the board comprised of 10 directors, of whom five were independent non-executive directors, four non-executive directors and one an executive director, being the chief executive officer.

Ms Monica Musonda retired as a director on 25 May 2023. Mr Siphamandla Mthethwa was appointed on 1 June 2023 as the chief financial officer and executive director on the board. He resigned on 17 July 2023. Board membership, diversity and tenure are reported on pages 36 to 38 of this report.

GOVERNANCE STRUCTURE AND PROCESS CONTINUED

Board committees

The board has four subcommittees, including statutory committees, which operate within formally adopted terms of reference, which are approved by the board and detail the committees' duties and responsibilities. Each has a minimum of three members to ensure sufficient capability and capacity to function effectively. Committee terms of reference determine, inter alia, the constitution, purpose, powers and authority of the committee, its governance, the scope of its mandate and its relationship to the board in accordance with King IV™, the Companies Act and the JSE Listings Requirements, where applicable.



BOARD

The board has established the following board committees to help it fulfil its duties:

ARC

Audit and risk committee (ARC)

The committee's primary purpose is to provide oversight, on behalf of the board, of assurance, internal controls, compliance and risk in performing its statutory duties and responsibilities as prescribed by the Companies Act, with specific reference to audit quality, auditor independence and financial policies and reporting, and effective risk management. This, in addition to complying with the JSE Listings Requirements and King IV™. The committee also provides oversight of IT governance and integrated reporting. As part of its mandate regarding the governance of risks, the committee reviews the risks faced by the organisation on a regular basis.

HRC

Human resources committee (HR)

The overarching responsibility of the committee is to ensure that the principles of accountability, transparency and good governance, with regard to human resources, remuneration and nomination issues are carried out. The committee ensures that the company has the appropriate remuneration policies and practices in place to attract, motivate and retain the right talent, especially at executive and operational levels. The committee annually reviews the skills profile of the leadership team.

SEC

Social and ethics committee (SEC)

The committee is constituted in terms of section 72(4) of the Companies Act No 71 of 2008, as amended, and its accompanying regulations to implement the mandate prescribed by regulation 43(5). The committee's primary goals are to assist the board and the organisation in exercising oversight of the organisation's performance and compliance, with regard to economic and transformation issues, social and ethics, the natural environment and workplace issues.

SSHE

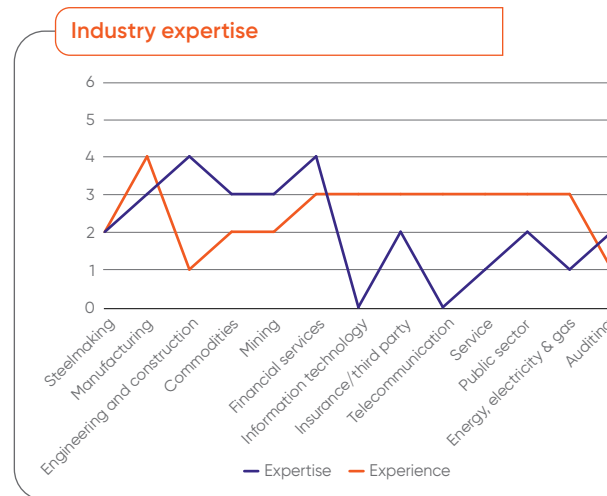
Safety, security, health and environmental committee (SSHE)

The role of the committee is to exercise oversight of policies, performance and related matters as described in its name, and to ensure the investigation and proper management of incidents concerning safety, security, health and the environment.

GOVERNANCE STRUCTURE AND PROCESS CONTINUED

Board expertise

In terms of skills and expertise, a self-assessment by the board indicates that directors collectively have expertise in the following areas:



The board has identified certain additional skills and expertise, including environmental, IT and cybersecurity, that it needs to strengthen. The appointment of new directors will take these identified areas for improvement into account. Some matters relating to the legislative mandate of the SEC – for example, those relating to oversight of workplace and labour issues, social and ethics, reduction of corruption as well as the natural environment are dealt with by the HR, the SSHE and ARC. To avoid duplication but ensure compliance with its legislated mandate, it has been agreed that appropriate reports should be submitted to the SEC on an annual basis on these matters to ensure that the SEC effectively fulfils its oversight role.

Delegation

The board is acutely aware of its responsibility to provide leadership and direction and to empower the chief executive officer and the management team to execute the strategy of the board. In this regard, there is a clear delegation of authority framework (DOA), which is reviewed regularly.

Policy

The board regularly reviews its policies and procedures to ensure ongoing adherence to the JSE Listings Requirements, current legislation, international best practice and the King IV™. The board recognises that its role includes approving and monitoring the implementation of strategy that adequately considers the organisation's priorities, its impacts on the various capitals and its ability to create meaningful, sustainable value for stakeholders. The application of the principles of the King IV™ was assessed and is disclosed on page 58.

In 2022, a process was developed, under the auspices of the ARC, in terms of which all key policies were shared to check for any significant gaps. A list of review dates will be monitored by the ARC to ensure that key policies are reviewed on a regular basis.

The board ensures that corporate governance is appropriate and relevant to the size, nature and complexity of the organisation.

Ethics

The board of directors is the custodian and focal point of corporate governance at the company. Directors are mindful of the outcomes they need to achieve as set out in the King IV™ and in doing so apply the code's principles as well as its practices, as appropriate for the company. Directors acknowledge that their fundamental responsibility is to lead and direct the organisation in an ethical and effective manner.

The ArcelorMittal South Africa whistleblowing programme is enforced through the group whistleblowing policy and anti-fraud policy, which should be read in conjunction with each other. The whistleblowing policy makes available a platform for employees and third parties to report possible irregularities or misconduct at, or involving, the company, its employees, directors and third parties.

In October 2022, the SEC reviewed the business conduct policy (in terms of its old mandate). During the year, legal counsel reviewed the whistleblowing policy, anti-fraud policy and the conflict of interest policy and found that these were in line with the rules and legislation applicable. In terms of the policy framework approved at the ARC, these policies will be reviewed by the ARC in 2024. Further work was done on ethics communication and awareness.

Global Assurance reports to management (the CEO and legal counsel) on matters that are investigated and finalised by forensic services (including non-forensic cases). All recommendations are driven and monitored monthly by Global Assurance to ensure timely follow-up and execution of the recommendations made to management.

GOVERNANCE STRUCTURE AND PROCESS CONTINUED

In the past year, 54 ethics-related incidents were reported to forensic services (2022: 57). Of these, 34 were found to have been unsubstantiated or were referred back. Seven allegations were substantiated while 13 are still under investigation. Corrective action taken this year resulted in three disciplinary hearings. No employees resigned as a result of forensic investigations.

In the year, 1 558 employees and suppliers received training in fraud awareness and prevention.

A fraud whistleblower line (0800 001 672) is operated by EthicsPoint on behalf of the company.

The board is satisfied that its practices and policies encourage ethical and effective leadership.

Reporting

For our annual integrated reporting to external stakeholders, including the 2023 ESG report, the board has considered what material issues should be reported (based on the effect that the issues reported on may have on the company and its ability to create value); these are reflected in the key priorities explained below.

Report drafts are reviewed first by the executive committee and then by each board committee. Thereafter, the report is again considered by the board. In this process, the board considers whether:

- The priority areas and material issues have been properly identified and disclosed
- Key messages required by the board are included and adequately and accurately reported on
- Processes to verify the accuracy of information disclosed are sufficient
- Information is presented in an integrated manner, such that the reports reflect the connectedness and interdependencies between the capitals and the factors that informed strategy formulation and execution

- The reports are balanced
- The integrated report is published “in accordance” with the International Integrated Reporting Framework.

Tax transparency

In 2023, we paid R1 754 million in various taxes (2022: R1 078 million). All taxes are paid to authorities in South Africa; the company does not have tax exposure to any other countries or jurisdictions.

In 2023, the company and its subsidiaries paid R789 million in PAYE taxes (2022: R829 million), net VAT payments of R705 million (2022: R139 million), R104 million in carbon taxes (2022: R105 million) and R788 000 in mineral royalties (2022: R4.6 million) In addition, we paid R98 million in municipal assessment rates (2022: R90 million).

This year, we paid R45 million in income tax, our first since 2013. This related to our acquisition of ArcelorMittal Rail and Structures, completed in 2022.

The large year-on-year swing in net VAT payments was due to the fact that in 2022 we had more refunds than we made payments. This was mainly attributable to higher levels of imports on which customs duties and VAT were paid. The customs VAT was claimable, resulting in refunds.

We paid higher mineral royalties in 2022 because, in that year, all phase 1 iron ore stockpiles were beneficiated and delivered to the company – which was not replicated in 2023.

Committee reports

The ARC report, required in terms of section 94(7) of the Companies Act and the HR report are on pages 64 and 67, respectively, of the integrated report. The SEC report is on page 53 and the SSHE committee report is on page 56 of the ESG report.

ENTERPRISE RISK MANAGEMENT (ERM)

A dynamic and complex risk landscape

In our 2023 half-year results presentation, we described how domestic headwinds, “loadshedding, high inflation, high interest rates and low growth” were negatively impacting key steel-consuming sectors. This overview, combined with international challenges, such as the impact of the war in Ukraine (subsequently exacerbated by the Middle East conflict), a negative global economic outlook and intense long steel competition reflected the dynamic and complex risk landscape faced by our company in the year.

As can be seen from changes to our top risks compared to 2022, “Asset reliability”, “Cash/liquidity”, “Local demand” and “Logistics and security of supply” are among the top five risks. External and internal factors played a role in these being elevated; these factors included domestic demand, poor logistics, restrained and unreliable energy availability, spread squeeze, availability of critical and scarce skills, asset reliability and the socio-political landscape.

Incidents and developments that negatively affected the company in 2023 included:

- A basic oxygen ladle that fell at oxygen steelmaking in Vanderbijlpark in May, resulting in lost production of 13 807 tonnes
- A blast furnace C burn-through in Vanderbijlpark in April, putting the furnace out of operation for three weeks with a production loss of 82 069 tonnes
- Ongoing poor performance by Transnet Freight Rail leading to the blast furnace N5 in Newcastle being stopped for seven weeks in October
- Electricity supply constraints leading to load curtailment for the company and loadshedding for suppliers. Incidents of electricity load curtailment increased from eight in 2022 to 51 in 2023.

Structured risk process

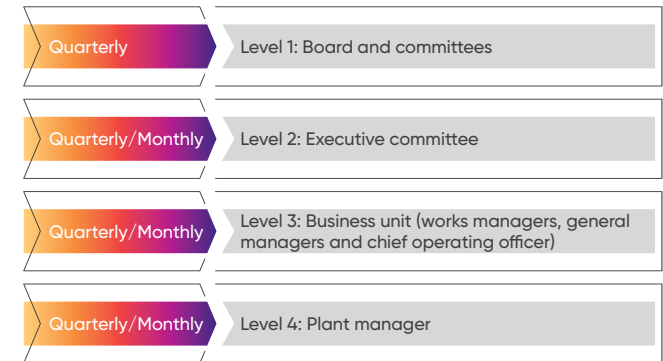
Following a structured risk management process contributes towards mitigating the likelihood or impact (or both) of risks materialising.

ArcelorMittal South Africa follows local and international standards and guidelines in its application of risk management. These include King IV™, ISO 31001, ISO 22301 and the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our risk management policy is reviewed on an annual basis and approved by the board.

We follow a bottom-up and top-down approach in identifying risks and opportunities across all areas of the business, eg safety, assets, environment, financial, commercial, quality and others.

An enterprise risk application, developed in-house, is used to register risks. A detailed risk assessment process is followed prior to risks being signed off. A meeting structure is established throughout the business whereby risks are discussed and calibrated to ensure focus on those risks with the highest rating in terms of likelihood and impact.

Our risk management structures

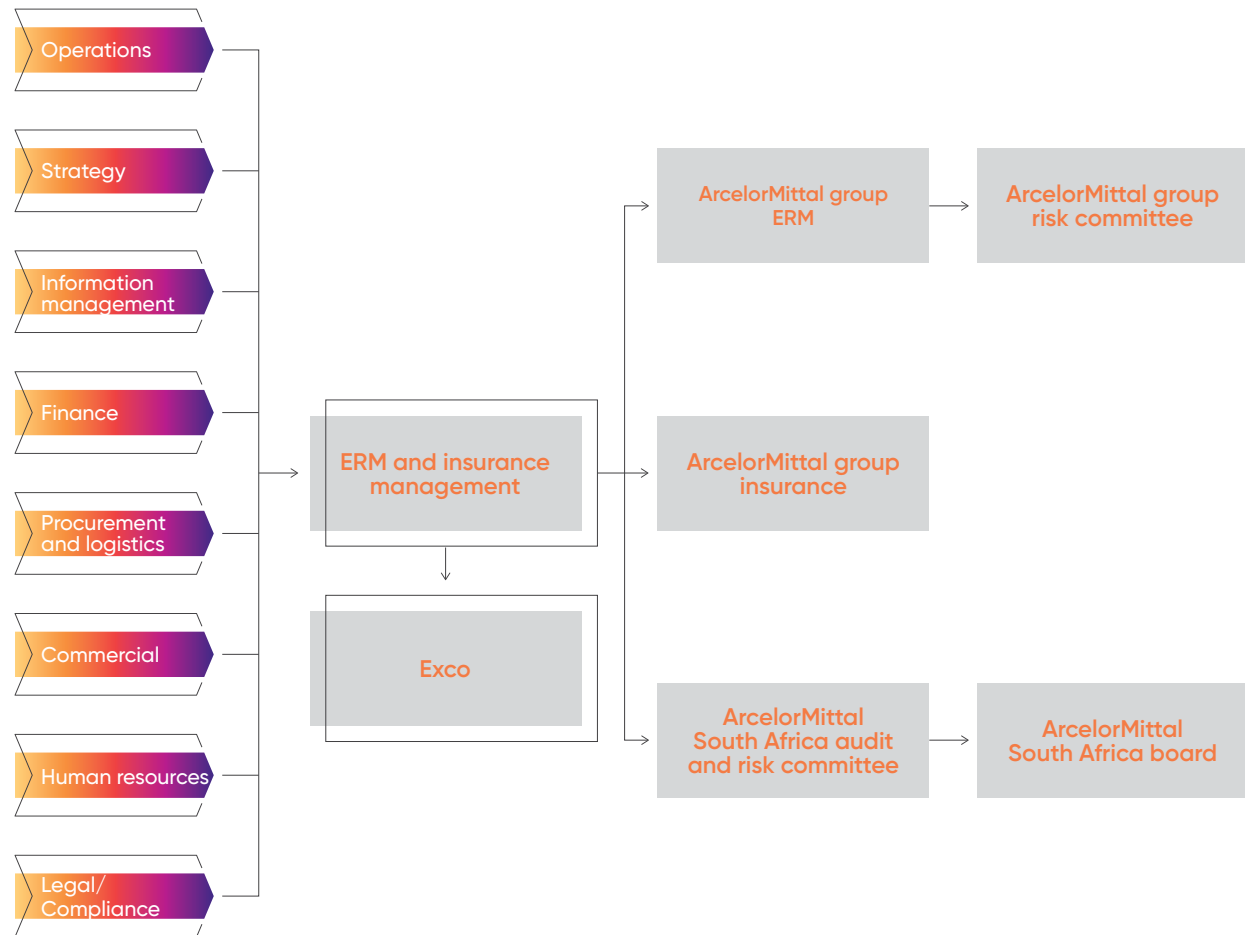


ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

The top enterprise risks we were exposed to in 2023 are highlighted on pages 46 to 48, as are their rankings in 2022. Continuous analysis/inputs from risk owners and various committees brought the following significant changes to the top risks:




- "Safety performance" was taken out of the top risk table but remains our utmost priority and focus area for the company, it being our number one value
- The "Asset reliability" risk was re-assessed to our Number 1 risk as reliability concerns with operations, mainly with coke batteries and blast furnace stoves, increased the likelihood of this risk occurring
- We have included "Liquidity" in our "Cash" risk and reassessed this as our Number 2 risk as a result of the profound impact that demand and price have on the business
- The "Input material supply" risk was renamed "Logistics and security of supply". TFR's worsening performance, which led to the shutdown of some plants in 2023 as well as other logistics constraints (harbours, shipping, road transport), contributed to us expanding this risk and assessing it as our Number 4 risk
- The "Skills" risk was introduced into our top risks in 2022 but has since been reassessed to our Number 6 risk. The availability of scarce skills (including those in specialised iron (blast furnace) and steelmaking (basic oxygen furnace) processes), the availability and experience of contractors and the ability to attract skills to locations away from the major cities could have a negative impact on our operations
- "Competitor landscape" was assessed lower in 2023 than the previous year. However, with the announcement of the Longs business wind-down in November 2023, this risk was red-flagged in early 2024. The market demand for our long steel products could be negatively impacted due to an increase in the import of these products.

Our risk reporting protocol



ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED




The top enterprise risks we were exposed to in 2022 are highlighted below compared to their ranking in 2021.

No	Risk name and description	Key capital	Why the risk moved	Key responses
1  (was 7)	Asset reliability Asset reliability, with different operational consequences leading to a loss of production, is a risk not only to the profitability of the company but also impacts customers – which may prompt them to seek alternative supply, increasing the risk of imports or loss of local market share	Manufactured	Reliability concerns with coke batteries and blast furnace stoves increased the risk of asset reliability	<ul style="list-style-type: none"> • Asset restoration programme including structural repair programme • Operations and maintenance culture change (eg rapid ramp-up and maintenance transformation plan) • Reliability programmes including root cause analyses • Operational skills development programme • Capital allocation to maintain/improve asset reliability
2  (was 3)	Cash/liquidity Factors such as market demand, price softening, increased imports and exchange rate movements lead to cash pressure	Financial	Local demand and spread contraction reduce available cash	<ul style="list-style-type: none"> • Financial recovery initiatives (including cash-generation initiatives) • Subordinated loan facility with the ArcelorMittal group • Supplier payment terms • Value plan programme (VPP) to drive fixed and variable cost reductions • Ongoing management of capital allocation, inventory, overdue receivables and future commitments • Monitoring supplier credit and payment terms • Renewed borrowing base facility (BBF)
3  (was 2)	Local demand A downturn in local demand results in reduced market size A global slowdown in economic activity reduces demand for commodity exports from South Africa	Social	The risk remains stable	<ul style="list-style-type: none"> • Pursuing downstream trade protection to promote domestic manufacturing • Refinement of existing products and the development and launch of new products to meet market demand • Market intelligence including monitoring of imports and arbitration meetings • Engagement by sales teams and operations with customers to improve service • Pricing committee established • Pursuing growth in Africa Overland markets • Intention to apply for safeguards





Rating:

 Decreased  Increased  Unchanged

ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

No	Risk name and description	Key capital	Why the risk moved	Key responses
4  (was 6)	Logistics and security of supply Input material disruptions due to factors such as TFR inefficiency, supply interruptions and road transport disruptions result in plant stoppages or disruptions	Social	TFR's negative impacts on plant performance worsened to such an extent that plants had to be stopped	<ul style="list-style-type: none"> • Daily interaction between TFR and the company • Logistics operations centre with TFR available remotely • Road transport as a temporary mitigation for certain commodities • Alternative supply of critical input material • Maintenance of safety stock levels as contingency • Reactivation of Thabazimbi iron ore mine
5  (was 4)	Cost competitiveness Increases in the raw material basket and other input costs without a concomitant increase in steel prices lead to margin squeeze, impacting profitability	Financial	Fluctuations in the exchange rate and a softening of prices impacting spreads. Risk remains stable	<ul style="list-style-type: none"> • Financial recovery initiatives • Optimisation programme to review goods and service agreements • Engagement with state-owned enterprises and government on energy and TFR prices (also to develop a third-party rail access service provider) • Investigating transport cost savings • Contracts in place with key suppliers defining price and/or pricing mechanisms • Sourcing of alternative input material at competitive prices, including from neighbouring countries • VPP to reduce other fixed and variable costs • 50% of the cost of raw material imports hedged on forward exchange contracts on a rolling six-month basis • Hedging of USD exports at 15% of forecast demand
6  (was 11)	Skills We are unable to source critical and scarce skills, resulting in poor production and financial performance (exacerbated by the restructuring process announced in November 2023)	Human	Ongoing loss of scarce skills, not only in the company but also in the country, significantly heightened this risk	<ul style="list-style-type: none"> • Attraction of experienced ACI candidates • Individual, talent and leadership development plans • Focused succession planning in business-critical areas • Building a robust skills pipeline for identified critical positions • Women in leadership, talent upliftment, management training • KPI bonuses, short- and long-term incentive plans • Technical skills matrix • Actions to address employee engagement survey results

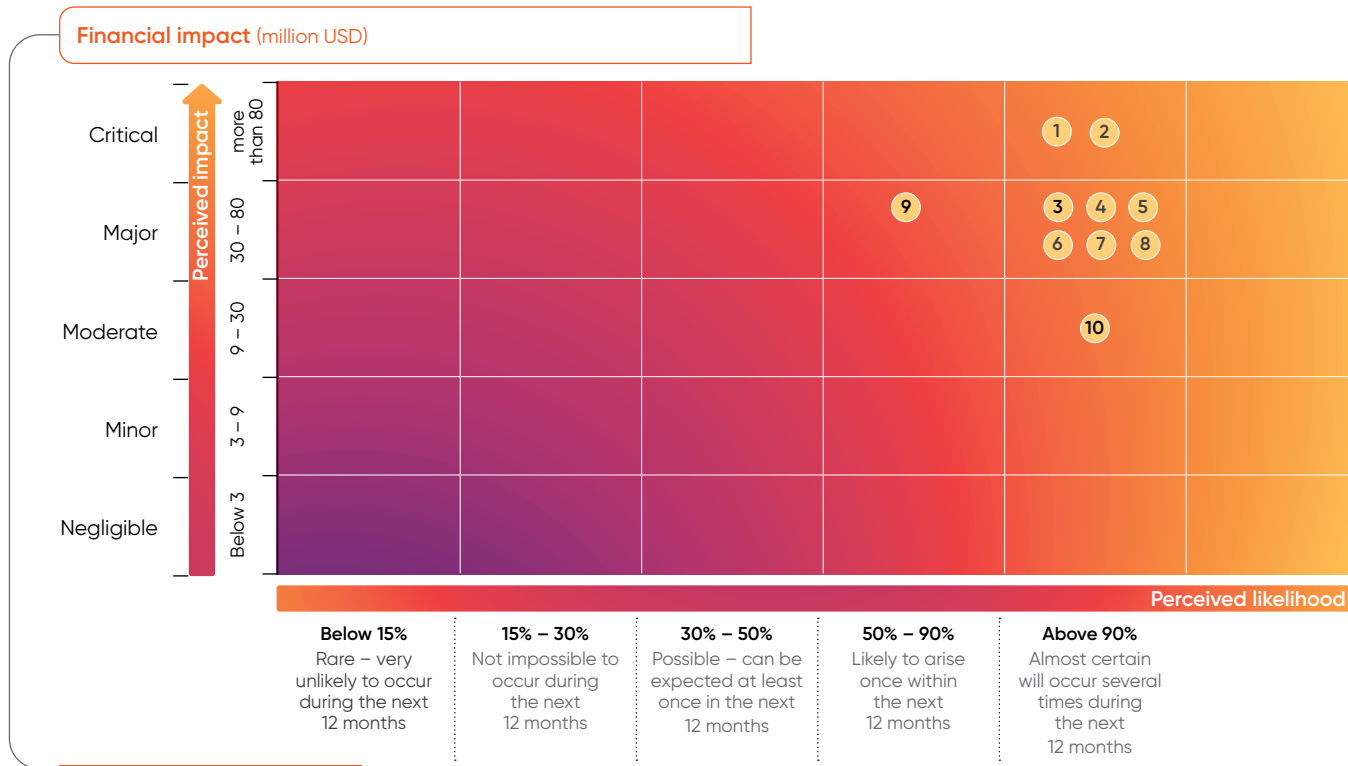
ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

No	Risk name and description	Key capital	Why the risk moved	Key responses
7  (was 5)	Competitor landscape Marginal pricing and increased sales activity by exporters to our domestic and export markets, combined with increased competitor activity	Social	The risk decreased mainly due to the increase of other risks	<ul style="list-style-type: none"> • Focus on customer service and reliability as well as supply stability • General import duties on certain products. Additional import duties being pursued on selected products with high risk of unfair imports • Monitoring of market activities and updating strategies accordingly • Lead-time reduction initiatives • Downstream integration strategy • Feedback from customers and developing account plans accordingly
8  (was 9)	Availability of energy Load curtailment results in production interruptions and/or stoppages with a resultant impact on sales. The availability of natural gas may also lead to production disruptions	Social/Natural	Load curtailment continued (and increased) with no improvement in outlook	<ul style="list-style-type: none"> • Continuous external shareholder dialogue at all levels (national, regional, local) • Alternative energy sources (electricity and gas) being investigated • Energy efficiency and capital investment in renewable energy • Regular discussions with Eskom • Emergency energy supply procedure implemented • Contingency plans for potential electricity supply blackout
9  (was 10)	Environmental compliance Non-compliance with environmental laws and regulations leads to penalties, prosecution or plant closures	Natural/Social	The risk increased mainly due to the decrease of other risks	<ul style="list-style-type: none"> • Continuous focus on remediation with capital provision for air, water and waste projects • Air emissions, water quality and waste monitoring as required by licences • Environmental governance meetings at Exco level • All authorisations in place or applied for • Decarbonisation strategy developed
10  (was 8)	Socio-political landscape Social unrest and internal and external industrial action	Social	The risk decreased mainly due to the increase of other risks	<ul style="list-style-type: none"> • Continuous relationship building and dialogue with unions • External stakeholder engagement at national, regional and local levels • Uniform labour agreement • Three-year wage agreement to March 2026

ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

Most significant risk exposures

The top strategic residual risks as identified through our enterprise risk management process, which could impact our sustainability, are graphically displayed in the heatmap below:



Opportunities

The following strategic initiatives and opportunities were identified this year:

- Renewable energy**
 Our planned installation of 200 MW of embedded solar power in Vanderbijlpark progressed according to plan this year. The installation is expected to supply 45% of the Vanderbijlpark plant’s electricity needs while strengthening the local grid – from which we draw supplies.
- Logistics**
 In Q1 2023, we appointed a third-party logistics service provider to manage our inbound and outbound road logistics. By year-end, this arrangement had already proven its worth, saving some R28 million in direct costs.
- Strategic raw materials**
 We remain committed to diversify our sources of supply of coal and coke. We will continue to support Zimbabwean suppliers. Thabazimbi iron ore mine had been slated to supply Vanderbijlpark with some 360 000 tonnes of iron ore from 2023 using beneficiated stockpiles. Full, projected production is expected to be achieved in Q1 2024 after production problems were experienced in 2023.
- IT skills**
 Skills shortages detract from our ability to deliver on important IT projects, to maintain the integrity of our existing systems and keep abreast of developments and technological enhancements. We mitigate this risk extensively by partnering with the ArcelorMittal group and drawing on resources from various operations in the group, notably India.
- Labour optimisation**
 We face direct competition (in domestic and export markets) from steel suppliers whose cost of employment is substantially lower than ours. A labour optimisation programme was started to not only address lower cost but improved efficiency and increased automation.

Risks

- 01 Asset reliability
- 02 Cash/liquidity
- 03 Local demand
- 04 Logistics and security of supply
- 05 Cost competitiveness
- 06 Skills
- 07 Competitor landscape
- 08 Availability of energy
- 09 Environmental compliance
- 10 Socio-political landscape

ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

Climate-related risks

ArcelorMittal South Africa assesses climate-related risks on an ongoing basis. Our climate-related financial risks, described below, are aligned with our group's climate-related risks.

Risk	Description	Key mitigation actions
TRANSITION RISKS		
POLICY RISK	<p>Our most substantial climate-related risk will arise where we are unable to make the necessary investments to decarbonise and reach our 25% ArcelorMittal South Africa target by 2030 due to the design of the South African policy.</p> <ul style="list-style-type: none"> • Funding • Fair and competitive landscape in South Africa and Africa • Carbon taxes – steel industry being highly disadvantaged compared to other industries • No differentiation how integrated producers like ArcelorMittal South Africa are treated – outflow – taxes, inflow – funding. 	<p>Our decarbonisation strategy to achieve a 25% CO₂ intensity reduction by 2030 (compared to our 2018 baseline) and a net-zero commitment toward 2050 includes the following levers to mitigate this risk:</p> <ul style="list-style-type: none"> • Advocacy to influence the development of an effective policy framework for large emitters tailored for economic and other realities faced by South Africa • By engaging further with policymakers to ensure that carbon prices do not run away ahead of technological advances for us to remain sustainable within the realms of a just transition • To continue the debate around ringfencing of carbon taxes paid and the redistribution thereof in the form of grants to subsidise the enormous cost of decarbonisation • To broaden the understanding that a collective effort involving all role players is required to achieve the goal, namely net zero by 2050.
REPUTATION RISK	<p>The credibility of our decarbonisation plans will affect the ratings we receive from customers, investors, and other initiatives. The quality of our disclosures on these plans and the extent to which we have engaged stakeholders to understand our intent will also be key factors.</p>	<p>We engage widely with government, non-governmental organisations (eg Veja, CER), public departments, labour, investors and many more on climate change and other sustainable development topics throughout the year.</p>
TECHNOLOGY RISK	<p>Our continuing low-carbon innovation programme is vital for our long-term resilience and competitiveness. The risk of our breakthrough technologies failing is dependent on the availability of innovation funding to test and develop them appropriately, and the emergence of suitable policy to support them, eg the viability of CCU technology.</p>	<p>We continuously explore opportunities with local and international funders, engage treasury and other governmental departments on carbon taxation, carbon budget and related policies in support of development and implementation.</p>

ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

Risk	Description	Key mitigation actions
PHYSICAL RISKS		
ACUTE	<ul style="list-style-type: none"> Adverse weather events, such as flooding, droughts and wildfires, may hamper our supply and distribution routes. These events can cause significant disruptions for our supply chain partners, transport routes, own production and customer deliveries which translate into increased operating costs, higher raw material costs, reduced production and sales, and reputation damage. 	<ul style="list-style-type: none"> Our risk management process enables us to understand our exposure to existing and new emerging risks and to build appropriate resilience and recovery plans for our plants and supply chains, including a well-diversified supply chain on critical raw materials, emergency and firefighting services, land use and management next to our sites.
CHRONIC	<ul style="list-style-type: none"> Although water is recycled many times in a steel plant, its regular supply is crucial to our steelmaking processes. Some areas in South Africa have been at a higher risk of being affected by long periods of chronic drought conditions. Operation costs could increase and production capacity could decrease, which will negatively affect revenue if licences are not obtained to secure water from other sources. 	<ul style="list-style-type: none"> We developed unique water-saving and supply processes and technologies, eg zero effluent discharge, boreholes and reuse of sewage water.

ENTERPRISE RISK MANAGEMENT (ERM) CONTINUED

Business continuity management (BCM)

In 2023, with the increase in loadshedding as well as load curtailment applied to the business, the company's BCM focus was on drafting contingency plans in the event of a national grid failure (blackout). A steering team was established, led by the chief technology officer, with weekly steering team meetings to discuss contingency plans for the different plants. This also led to discussions with suppliers of critical commodities such as gas (Sasol), oxygen/nitrogen (Air Products), liquid fuels (Total) and others to understand availability of these commodities during a blackout.

Project risk management

We remain convinced of the importance of managing projects so as to alleviate possible cost overruns, delays and incidents that may harm people. The following projects went through a rigorous project risk management assessment in 2023:

- Blast furnace D, stove 4 campaign extension repair in Vanderbijlpark
- Blast furnace D, stove 3 campaign extension repair in Vanderbijlpark
- Proposed new coke oven batteries V1 and V2 in Vanderbijlpark
- Proposed new electric arc furnace project in Vanderbijlpark
- 200 MW solar project in Vanderbijlpark
- Heat-treatment facility at tubular plant in Vereeniging
- Upgrade of straightening machines at the rod mill in Newcastle.

In 2023, the ArcelorMittal group changed its project management approach such that Paragon Risk Engineering Consultants will be more actively involved in project risk management for large projects,

including the Vanderbijlpark solar project, new coke batteries V1 and V2 and the planned new electric arc furnace. Paragon's international expertise adds value to identifying and mitigating risks during the different stages of project management.

Paragon loss surveys

In 2023, Paragon Risk Engineering Consultants again did loss surveys on our Vanderbijlpark and Newcastle plants. These surveys aimed to provide:

- Recommendations to ArcelorMittal South Africa to mitigate property losses
- A comprehensive loss survey report to insurers of their exposure to losses on the properties they insure.

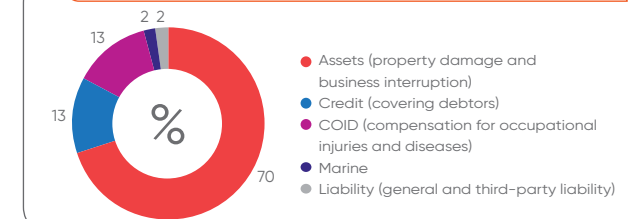
Focus areas identified by Paragon Risk Engineering are prioritised and attended to via different risk forums, with reporting to the audit and risk committee and board.

The continuous focus on reducing our property-loss exposures using our internal risk management process and prioritising and implementing recommendations from Paragon Risk Engineering contributed to our claim-free run of 10 years, with our last major property insurance claim in 2013.

Insurance

Our insurance requirements are either risk based or based on legislative directives. This allows us to make informed decisions on the insurance cover to be taken (eg limits, self-insured retention). Being part of the ArcelorMittal group also assists in obtaining the best cover for premiums paid.

ArcelorMittal South Africa – Top insurance policies



Outlook

With the announcement of the Longs business wind-down and the subsequent announcement of the deferral of this decision up to six months, the risks related to these announcements, including risks of interventions not materialising, will be closely monitored. (These developments do not materially influence the overall structured risk process for the business as a whole.)

The following initiatives will be driven in 2024:

- Process safety risk focus in partnership with external consultants, dss+
- Development of a risk appetite framework. This will help the management first line of defence to define its risk appetite and thresholds in following a consistent process, reflecting an appropriate risk appetite aligned with management's risk-taking ability per risk
- Actions derived from an internal risk culture survey conducted in December 2023
- Finalisation of contingency plans in the event of a national blackout
- Update of climate-related risks and alignment with TCFD.

SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with the requirements of the Companies Act of South Africa, the JSE Listings Requirements and the recommendations of the King IV™, the chairperson of the social and ethics committee presents the following report to shareholders for the 2023 financial period.

ArcelorMittal South Africa (AMSA) is committed to continuous growth in its contribution as a good corporate citizen for the benefit of all its stakeholders. The SEC acts as the social conscience of the company and ensures that good corporate citizenship is upheld.

As a statutory committee, some of our work is compliance-driven in our quest to be an agent for positive change as well as ensuring that our policies and practices continue to add value across various business areas and protect the ethical and values-based culture of which AMSA's brand has been built.

Composition

As per secretary requirements the committee consists of a majority of independent non-executive directors and is chaired by a non-executive director. The chief executive officer is a member of the committee and the general manager, human resources attends all meetings.

The composition of the committee is:

- NP Gosa (non-executive chairperson)
- N Nicolau (independent non-executive director)
- D Earp (independent non-executive director)
- KM Musonda (independent non-executive director) – retired at AGM in 2023
- R Karol (non-executive director)
- BL Davey (non-executive director)
- HJ Verster (chief executive officer).

The qualifications of the members and details of the committee meetings attended by each of the members are set out on pages 36 and 37 of the ESG report.

Meetings

During the year under review, the committee met three times.

Responsibilities

The committee is an established board committee with a statutory mandate to monitor AMSA's ethical culture and social footprint as envisaged by the Companies Act. In addition, the SEC remit requires it to monitor activities across AMSA to ensure alignment with global best practice in relation to respecting human rights in the workplaces and the supply chains; embracing diversity in all forms; promoting ethical standards; and implementing measures to combat corruption and protect whistleblowers.

Beyond the specific social and ethics responsibilities of the committee (set out below), some overlapping matters relating to the legislative mandate of the SEC (for example, relating to oversight of workplace and labour issues, social and ethics, reduction of corruption as well and the natural environment) are dealt with by the HR committee (HR), safety, security, health and environmental (SSHE) committee and audit and risk committee (ARC), respectively.

In order to avoid duplication but comply with its legislative mandate, appropriate reports must be submitted to the SEC on an annual basis, on the above matters, to ensure that the SEC also fulfils its oversight role effectively.

The specific activities required to be monitored by the committee include the company's adherence with legislation, regulations and codes of best practice relating to:

Social and ethics responsibilities

- Transformation, social and economic development, including the company's standing relative to the United Nations Global Compact Principles, the Organisation for Economic Cooperation and Development's recommendations regarding the combating of corruption, and South Africa's Employment Equity Act and Broad-Based Black Economic Empowerment Act
- Oversee the monitoring, assessment and measurement of AMSA's activities relating to good corporate citizenship. This includes the promotion of equality; prevention of unfair discrimination; contribution to the development of the communities in which its activities are predominantly conducted and recording sponsorship, donations and charitable giving
- Determine clearly articulated ethical standards (Code of Ethics, conflict of interest, anti-fraud) to be adopted by AMSA, thus achieving a sustainable ethical corporate culture. This includes management of potential and actual conflicts of interest, fraud and corruption
- Monitor and oversee reporting and reduction of fraud and corruption
- Review the adequacy and effectiveness of AMSA's engagement and interaction with its stakeholders
- Oversee the monitoring of AMSA's labour and employment practices, including its standing in terms of the International Labour Organization Protocol on decent work and working conditions, as well as its employment relationships and its contribution to the educational development of its employees
- Monitor and oversee sustainability matters including ESG matters; and oversee the implementation of King IV™ as it pertains to social and ethics issues

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

- Good corporate citizenship, including the company's positioning and efforts in promoting equality, preventing unfair discrimination and combating corruption, the group's contribution to the development of communities in which it operates and its sponsorships, donations and charitable giving
- The environment, health and public safety.

Transformation responsibilities

- Evaluate and make recommendations to the board regarding the appropriate nature, extent and methods of implementation of transformation at all levels within the company
- Create an enabling environment which encourages and develops a new way of doing business that embraces and celebrates diversity
- Report to the board on the transformation work undertaken, and the extent of any action taken by management to address areas identified for improvement.

ArcelorMittal South Africa is part of the ArcelorMittal Holdings AG group of companies. ArcelorMittal group has set bold targets to be carbon neutral globally by 2050 and a carbon reduction roadmap has been drafted to achieve the company's carbon reduction strategies. We are aligned with the group on improving our climate change-related performance and to support South Africa's initiatives in terms of the Paris Agreement.

Functions of the committee

The committee has adopted appropriate formal terms of reference as its mandate, regulated its affairs in compliance with this mandate, and discharged all of the responsibilities set out therein. During the financial year under review, the committee carried out its

functions by considering among others, the following matters:

- Whistleblowing strategy
- An update on the B-BBEE strategy and verification
- Corporate culture
- Fraud awareness and ethical culture
- Assessment of compliance of the committee with its duties
- Stakeholder engagements
- Talent management programme and strategy
- Targets for transformational objectives and the supporting plans
- Health and safety of employees and contractors
- Decarbonisation Roadmap progress to become carbon neutral by 2050.

The committee continued to support the board by dealing with and focusing on:

- Transformation and economic development
- Social responsibility
- Ethical leadership
- The company's environmental responsibility
- The company's decarbonisation goals and progression
- Safety, security, occupational health and wellness, including fair labour practices
- Setting the tone for an ethical organisational culture
- Overseeing the group's commitment to social and economic development
- Good corporate citizenship.

The committee focus for 2023 included:

- Continued oversight and monitoring to cover the broad scope of its mandate as required by legislation, the King IV™ and the committee terms of reference

- Monitoring the extent to which effective transformation is taking place within the company in respect of recruitment, retention, career development and succession planning
- Monitoring the implementation of the code of business conduct and other ethical standards and ensuring that management monitors and promotes compliance with such standards while monitoring the group's transformation progress against its B-BBEE plan and the internal employment equity plan
- Assessed the group's actions in relation to the 10 principles of the United Nations Global Compact (UNGC) as well as the group's standing in terms of the International Labour Organization's protocol on decent work and working conditions
- Assessed the group's activities related to the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption and reviewed the group's ethics management programme
- Reviewed compliance with the regulatory frameworks applicable to the group and received reports on litigation matters relevant to the committee's mandate.

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

Compliance

The social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there is no material non-compliance to disclose. Regular reporting at committee meetings by the compliance and forensic functions provide insight into the application of the policies and procedures in the organisation.

Focus areas for 2024

The focus of the committee will continue in 2024 in respect of:

- Oversight of transformation, gender and talent management initiatives
- Monitoring safety of employees and contractors at all plants
- Monitoring continued implementation of enterprise and supplier development programmes and initiatives
- Oversight of continuous efforts to reduce carbon emissions
- Improve reporting of SSHE information in line with global standards
- Implementation of compliance programme with regard to fraud prevention
- Improve transformation reporting
- Assess and improve the company's overall ESG ratings.

Conclusion

We are pleased to confirm that the company continues to meet its social, ethics and governance responsibilities. The performance in terms of the B-BBEE scorecard has not been as effective as anticipated given the challenges being faced during 2023. Maintaining its ongoing investment in basic community support programmes and expanding this service to rural communities is important. Similarly, continuing investment in educational support to less fortunate community sectors through digital tools is also crucial to support affected communities.

The committee reports, through its chairperson, to shareholders at the AGM on matters within its mandate.

The committee believes that the company is addressing the key matters required to be monitored in terms of the Companies Act and King IV™. Appropriate policies and programmes have been adopted to maintain high standards of corporate citizenship among internal and external stakeholders. Accordingly, the committee confirms that it has discharged its responsibilities appropriately during the year under review, in all material respects, and has achieved its objectives for the year under review.

Noluthando Gosa
Chairperson

27 March 2024

SAFETY, SECURITY, HEALTH AND ENVIRONMENTAL COMMITTEE REPORT

In accordance with the provisions of the Companies Act of South Africa, the JSE Listings Requirements and the recommendations of King IV™, the chairperson of the safety, security, health and environment (SSHE) committee presents the following report to shareholders for the 2023 financial period.

ArcelorMittal South Africa is committed to continuous improvement in relation to the safety, security and wellbeing of employees and contractors as well as to the decarbonisation plans and targets that have been set.

Composition

The committee consists of a majority of independent non-executive directors and is chaired by an independent non-executive director. The chief executive officer is a member of the committee and the standing invitees to meetings include union representatives and management across the operational areas of the business.

The composition of the committee is:

- NF Nicolau (independent non-executive chairperson)
- LC Cele (independent non-executive director)
- GS Gouws (non-executive director)
- HJ Verster (chief executive officer).

The qualifications of the members and details of the committee meetings attended by each of the members are set out on pages 36 and 37 of the ESG report.

Meetings

During the year under review, the committee met three times. The chairperson reports back to the board on any material matters arising from the meetings, recommendations that require board approval or action and any significant matters for approval. The focus areas

for 2023 and the major items dealt with by the committee are detailed below.

Responsibilities

The committee assists the board with monitoring and reporting on SSHE-related matters, including but not limited to:

- Ensuring investigation and proper management of incidents related to SSHE
- Ensuring that risks relevant to SSHE are identified and mitigated
- Assessing the performance indicators which focus on the number of work-related injuries, ill health, number of security-related incidents and the volume of emissions
- Exercising oversight of SSHE policies and strategy performance, with the exception of the following, which fall within the ambit of the audit and risk committee:
 - Monitoring the budget and implementation of capital expenditure plans
 - Monitoring compliance with legislation, licence conditions and exemptions and any legal or litigation risks
- Bringing matters relating to these activities to the attention of the board, as appropriate.

In addition to these functions, the committee's terms of reference record its role in reviewing SSHE-related matters and making appropriate recommendations to the board in addition to the compliance, and adding value in its oversight function as recommended by King IV™. In certain aspects, there may seem to be an overlap between the functions of the committees although this is not necessarily the case as each committee has specific roles and responsibilities with which it is charged.

Functions of the committee

The committee regulated its affairs in compliance with its terms of reference, and discharged all of the responsibilities set out therein. During the financial year under review, the committee carried out its functions by considering among others, the following matters:

- Specific high impact incidents
- The management of safety, security, health and environment in alignment with the company's strategy
- Corporate SSHE-related strategies and policies
- Major SSHE-related projects
- SSHE-related impacts on the company
- SSHE performance, progress and continuous improvement.

The committee focus for 2023 included:

Safety and Security

Workplace safety remains the company and the committee's primary focus area. The committee supports the board and Exco in managing the performance and culture, and great focus was placed on improvement in this regard.

Key decisions on safety policy are discussed at committee meetings, which include trade union members.

As part of ArcelorMittal South Africa's drive to a zero-harm working environment, all safety and security-related incidents are recorded, investigated and improvement actions taken and reported to relevant authorities. Regular detail analyses are done to identify trends and management processes are put in place to address these trends. These statistics are reported to the committee who discusses the actions taken and suggests improvements.

All fatal accidents are discussed in detail at the committee meetings. Route cause analyses and the mitigating actions are audited, as well as the support given to the families of the employee.

The committee has overseen the implementation by the SSHE leadership of the safety culture, 10 Lifesaving Golden Rules and seven focus areas initiatives. It further received feedback on engagement by leadership at all levels within the group to strengthen the ownership of a safety culture, which was driven by the leaders in the group.

SAFETY, SECURITY, HEALTH AND ENVIRONMENTAL COMMITTEE REPORT

CONTINUED

The committee has accordingly received detailed progress feedback during the year on the following key safety and security initiatives:

- 7 Safety focus areas programme
- Safety roadmap, including the Take Care safety culture change initiative
- Junior Manager “Safety Pride” project
- Safety “Area Transformation”
- Process safety management
- Life Saving Golden Rules certification
- Group involvement on the below (including audits):
 - 12 Fatality Prevention Standards
 - Personal interviews with top management and senior management
 - Focus groups with identified employees
 - Process safety risks/catastrophic high risks per department
- Development of new security strategy
- Strengthened controls in view of the changing security threats impacting the business activities
- Strengthening security resources and maintaining security controls.

More information on safety can be found on pages 13 to 15 of this report.

Health

The committee have overseen the promotion of health and wellbeing through a structured framework arising out of risk assessments and supported by robust reporting. Increased health and welfare awareness and health-related controls on specific topics were implemented.

Hygiene throughout the company and general employee wellness were monitored throughout 2023.

More information on health can be found on page 15 of the ESG report.

Environment

Environmental matters and the decarbonisation journey have been focus areas for the committee.

The ArcelorMittal group’s interventions include the company’s decarbonisation plan, which addresses a pathway to achieve 25% reduction in group-wide carbon emissions intensity by 2030. We are aligned with the group with regard to the improvement of climate-change-related performance. In this context, the environmental strategy was reviewed in 2022. The process of developing firm decarbonisation targets is completed and was published on 24 January 2023.

Air emissions reduction, water use abstraction, waste hierarchy optimisation management and implementing technologies to improve environmental performance were addressed in detail throughout 2023.

More information on environmental matters can be found from pages 24 to 28 of the ESG report.

Conclusion

The safety performance in 2023 has improved compared to the prior year, which was poor. Progress has been made in improving the safety performance and culture and the primary focus of the committee will remain on this area. It is expected that the continued focus at board, committee and Exco level along with the enhanced communication, training and safety culture will result in the desired level of safety performance being achieved.

We aim to change behaviour and mindsets by means of detailed and strategic initiatives under the auspices of the leader-led safety roadmap and process safety roadmap for 2024.

The committee extends its condolences to the families and colleagues of Mr Siphokuhle Vincent Nkosi, who was fatally injured on 9 January. Mr Nkosi, a 34-year-old employee of

the contracting company SlagCrete is survived by his wife and six children, four boys and two girls. SlagCrete has set up an education fund for the children.

Focus areas for 2024

- As in 2023, deep dive presentations to be submitted by the departmental heads across the three meetings scheduled in 2024, with a focus on safety, security, health and environment (including decarbonisation)
- Feedback on the execution of a detailed risk assessment and potential mitigation actions with measurable evaluations on security
- Feedback on progress against the Decarbonisation Roadmap published in January 2023. The seven workstreams of the decarbonisation journey include onsite renewables and power purchase agreements, CCU and green hydrogen, natural gas and the Saldanha start-up, reduction of carbon footprint, asset footprint and road mapping, stakeholder management, as well as policy and legislation.

The committee believes that the key SSHE matters are being addressed by the company. Appropriate policies and programmes have been adopted to achieve high SSHE standards. Accordingly, the committee confirms that it has discharged its responsibilities appropriately during the year under review, in all material respects, and has achieved its objectives for the year under review.

Neville Nicolau
Chairperson

27 March 2024

KING IV APPLICATION REGISTER – 2023

King IV application register

ArcelorMittal South Africa Limited (ArcelorMittal South Africa / the company) supports the governance outcomes, principles and practices in the King IV™ Code as set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV™*), published on 1 November 2016 and effective for companies listed on the JSE Limited from 1 October 2017. The company applies all the relevant principles of King IV™.

Below find the disclosure of the application of the King IV™ principles at ArcelorMittal South Africa Limited. This document should be read with the integrated report (IR) and the ESG Report (ESGR) for 2023, and in particular, the section on Leadership and value creation.

Principle	Application to principle	Applied
<p>Principle 1: Leadership</p> <p>The board should lead ethically and effectively.</p>	<p>In terms of the board charter, which was reviewed by the board of directors (board) on 17 March 2021, and the code of business conduct, the board discharges its role and responsibilities with due regard to the values and leads ethically and effectively. The board continues to improve and implement the recommended governance principles contained in King IV™.</p> <p>The code of business conduct is designed to ensure the effective management of ethics and is applicable to directors, employees, contractors and suppliers. The board and its committees monitor compliance with the code of business conduct on a regular basis.</p> <p>The board ensures that it always acts in good faith and in the best interest of the company. The board’s values are underpinned by the principles of integrity, competence, responsibility, accountability, fairness and transparency.</p> <p>Policies and procedures had been adopted and implemented to govern the ethics of the organisation. The board is satisfied that its practices and policies encourage ethical and effective leadership.</p> <p style="text-align: center;">The board has delegated its authority to four board committees, namely:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 10px; text-align: center; width: 20%;"> <p>ARC Audit and risk committee</p> </div> <div style="border: 1px solid black; padding: 10px; text-align: center; width: 20%;"> <p>SEC Social and ethics committee</p> </div> <div style="border: 1px solid black; padding: 10px; text-align: center; width: 20%;"> <p>HRC Human resources committee</p> </div> <div style="border: 1px solid black; padding: 10px; text-align: center; width: 20%;"> <p>SSHE Safety, security, health and environmental committee</p> </div> </div> <p>The brief mandates, composition and attendance at committee meetings are set out in the 2023 IR.</p> <p>The board reviewed the terms of reference for all the committees with the exception of the ARC on 25 March 2022. The ARC’s terms of reference was reviewed at the board meeting held on 26 October 2023.</p> <p>The board had conducted a board effectiveness review in the last quarter of 2023. The findings of the evaluation were shared with the board. The chairperson had undertaken to engage with each of the board members for a discussion and will revert at the next board meeting on any key matters raised.</p>	<p>Yes</p>

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 2: Organisation values, ethics and culture</p> <p>The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The board ensures the establishment of an ethical culture by applying the governance principles contained in King IV. Through the group's governance structures, systems, processes and procedures, the board continues to further entrench and strengthen recommended practices.</p> <p>The company governs ethics through its values, the code of business conduct and the whistleblowing policy. The group prides itself in building relationships by being honest in its dealings.</p> <p>The board, with the assistance of the SEC and the ARC, oversees the management of ethics and monitors the company's activities to ensure they are in line with the code of business conduct. Management has been delegated the responsibility for the implementation of the provisions of the code of business conduct.</p> <p>Although the SEC and the ARC have oversight of the same or similar matters, the lens in terms of which these committees reviews such matters may be different notwithstanding that the SEC has a prescribed legislative mandate to monitor activities relating to the following:</p> <ul style="list-style-type: none"> • UN Global Compact principles (Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery) • The Organisation for Economic Co-operation and Development (OECD) provides detailed recommendations regarding measures to combat corruption and various methodologies that organisations can adopt. <p>In view of the organisation's adherence to best practice recommendations, the ARC reviews and monitors, on an annual basis, the implemented controls concerning the code of business conduct and ethical standards as defined by the company. The ARC further reviews the significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees of the company, on a quarterly basis.</p> <p>There are regular reports to the SEC on the implementation of the code of business conduct and the effectiveness of measures and policies that are in place. This includes the reporting of ethical transgressions and how they are addressed, and information about trends regarding ethics and culture.</p> <p>Another area of reporting relates to the group human resources executive VP who attends as an invitee on the SEC where regular reporting on group initiatives is shared such as the group diversity and inclusion strategy and localisation. The objective of this initiative is for the need to provide equal opportunities, a non-discriminatory environment and ensure progress world-wide across the group's global community. To assist in achieving this purpose of smarter steels for people and planet, there is a need to create a diverse and inclusive work environment where all employees feel valued and supported.</p> <p>The group's purpose is to create smarter steels for people and planet. Boosting talent to create a people-driven, safety-first culture that ensures sustainable performance and realises our purpose.</p> <p>Leadership that inspires excellence: A clear, engaging vision and ambition transformed into tangible actions will ensure sustained performance.</p> <p>Talent to thrive for the future: Attracting and developing talent is key to successfully delivering our business strategy.</p> <p>Diversity and inclusion to engage everyone: A diverse and inclusive workforce is essential for sustainable value creation.</p> <p>Strategy Communication and mission was consistent across both rounds of the survey and therefore remains a key priority to address across the organisation.</p> <p>A shift has been noted from mental wellbeing as a priority towards social wellbeing. A need for co-worker support among colleagues has been identified, additionally employees listed support related to change management, specifically, as a requirement.</p> <p>A new focus area identified was Diversity and Inclusion (D&I). Attention on D&I initiatives to promote inclusivity is required for the workforce. A slight change in our efforts has been noted, however, requiring continuous improvement.</p> <p>Career growth within the organisation has been a topic of discussion in numerous interactions; the focus should ideally shift to employees taking responsibility for their own development to promote career growth possibilities and could possibly be addressed by making efficient use and actioning personal development plans as well as succession planning.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 3: Responsible corporate citizenship</p> <p>The board should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The board ensures that ArcelorMittal South Africa is and is seen to be a responsible corporate citizen. The board is responsible for ensuring that the company protects, enhances and contributes to the wellbeing of the economy, society and the natural environment.</p> <p>The board has delegated to the SEC the responsibility for monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship. Having a responsible, sustainable approach minimises potentially negative impacts and increases the positive contribution the company makes to communities.</p> <p>ArcelorMittal South Africa has various initiatives and programmes to ensure that the board promotes and protects the environment and maintains the health and safety of all employees, suppliers and customers. Further details on the measures are provided in the IR and ESGR.</p> <p>The board is satisfied that its current practices, values, and the strategy of the organisation demonstrate that the company is a responsible corporate citizen.</p> <p>In the 2023 ESGR, ArcelorMittal South Africa communicated its plans to play its part in achieving the ArcelorMittal group's 2050 net-zero carbon ambition, and in light of this the Decarbonisation Roadmap was published in January 2023. ArcelorMittal South Africa has made significant progress in developing various roadmap options to achieve a material reduction in carbon intensity by 2030 and net-zero by 2050.</p>	Yes
<p>Principle 4: Strategy, implementation, performance</p> <p>The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.</p>	<p>The board understands that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process. The board has reviewed and approved the short, medium and long-term strategy of the company and has incorporated key elements in the key performance indicators of the executive directors.</p> <p>The board reviewed and approved the strategy and business plans for the ArcelorMittal South Africa group (group) and monitored the implementation by receiving regular reports from management. Managing risk weighed heavily on the deliberations of the board and details of the key risks, as well as a risk governance report, are set out in the IR and ESGR.</p> <p>The board reviewed and approved the wind-down of the broader long steel products operations. Management had to embark on a process that contemplated the wind-down of the Company's Longs business (excluding the coke batteries), which in the interim may be placed in care and maintenance. This is subject to a due diligence and a consultative and iterative process involving key customers, suppliers, organised labour, and other stakeholders. The due diligence and final implementation plan will determine the extent, timing, and phasing of the winding down of operations.</p> <p>The board placed significant focus on ensuring the improvement of health and safety-related culture and performance during 2023. A safety culture change programme was launched and consequently, inter alia, a set of 10 key behaviours known as the 10 Life Saving Golden Rules were rolled out in an effort to improve the health and safety culture. As such, a major focus on behavioural change was implemented starting at the top and cascading throughout the ranks.</p> <p>The governance structure and process provide the framework within which decisions are taken. Once strategy and the annual budgets are approved, the CEO and management are empowered to deliver on the performance required, and such performance is monitored by the board on a regular basis. Management's main focus is to respond effectively to the challenging market conditions while remaining focused on its long-term objectives.</p> <p>Driving excellence across all the above areas supports operational efficiency, long-term sustainability and the broader social benefit.</p> <p>The value-creation process is set out in the IR as well as the company's performance against its strategic objectives. The process followed by the board during 2023 is set out in the IR and the ESGR.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 5: Reports and disclosure</p> <p>The board should ensure that reports and other disclosures enable stakeholders to make informed assessments of the performance of the organisation and its ability to create value in a sustainable manner.</p>	<p>For purposes of this report, the board has considered what the material issues are that should be reported on and these are reflected in the key priorities explained below. In order to ensure the integrity of this report, the process to finalise the report includes the following:</p> <p>A senior accountable person at management level has been assigned to oversee the drafting of the report, in line with the guidance provided by the board, together with a project team including various parts of the business areas, among others, Risk, Finance, Legal, Safety, Communications and Stakeholder Engagement, Health and Environment, Sales and Marketing, and Operations.</p> <p>The draft reports are reviewed first by Exco and then each committee of the board.</p> <p>Thereafter, the report is again considered by the board and in this process the board considers whether the key priority areas or material issues have been properly identified and disclosed, the key messages required by the board are included, the process to verify the accuracy of the information disclosed is adequate, and the information is integrated. In this process, the board also ensures that, where applicable, the bad news is included so that the report is balanced.</p> <p>The ARC assists the board in reviewing and ensuring that the IR, ESGR and the annual financial statements (AFS) are prepared in line with the Companies Act, IFRS, the reporting principles contained in King IV™ and the JSE Listings Requirements.</p> <p>The board is involved in communication to ArcelorMittal South Africa's stakeholders regarding significant issues that could affect the group, while striving to abide by all disclosure requirements. Structured review processes to ensure the integrity of reporting have been established.</p> <p>The SEC supports the board in monitoring stakeholder engagement, including disclosures made to stakeholders, and in monitoring the status of relationships and expectations from stakeholders, as further described in Principle 16.</p> <p>The company ensures that the annual reports, including the AFS, IR, ESGR and other information to relevant stakeholders, are published on its website, and other media as appropriate. The full AFS, IR and ESGR are available on https://arcelormittalsa.com and provide a comprehensive insight into the financial position, disclosures by, and performance of the company for the year under review.</p> <p>Governance roadshows remain an important stakeholder engagement tool and will continue to be held going forward.</p>	Yes
<p>Principle 6: Role of the board</p> <p>The board should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>Through the board charter, which is appropriately reviewed, the board ensures its roles, responsibilities and commitments to accountability are documented and adhered to. These include responsibilities relating to corporate governance. The board has overall responsibility for and ensures the application of corporate governance across the group. Further information about applying corporate governance is set out in the IR and ESGR.</p> <p>The board is supported by various board committees which have assumed the responsibility to assist the board in fulfilling specific functions. The board committees report to the board at every board meeting.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 7: Composition of the board</p> <p>The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The board consists of 11 members, nine of whom are non-executive directors, of whom the majority are independent non-executive directors. The positions of the chief executive officer (CEO) and board chairman are held separately, indicating a clear balance of power and authority at board level.</p> <p>To ensure a formal and transparent appointment process, any new appointment of a director is considered by the board, on the recommendation of the HR. The position of chief financial officer has been vacant in 2023. Gavin Griffiths has been fulfilling the role of interim chief financial officer, in line with the approval obtained from the JSE since 17 July 2023 and was appointed as chief financial officer and executive director with effect from 1 April 2024. The composition of the board is being reviewed to prepare for rotation at the 2024 AGM and the focus is on optimal size, diversity in all respects and the proper balance of executive, non-executive and independent directors.</p> <p>A formal induction programme is available for new directors, including background material on the company's business and board matters, guidance on directors' duties and responsibilities, and meetings with senior executives.</p> <p>The board is assisted by the HR, which considers on an annual basis the composition, balance of skills, experience, race and gender diversity, independence, and knowledge of the board members to determine the board's effectiveness when it comes to discharging their duties as board members. The HR work plan includes the requirement to recommend a succession plan for board members, including the board chairman, on an annual basis.</p> <p>The board approved the company's board diversity policy to ensure diversity and that this diversity is also reflected in its composition of the board and management – including of background, experience, skills, geography, race, age and gender.</p> <p>Details of directorships, skills and the experience of the directors are set out in the IR. Appointment letters confirming the directors' agreement to the required time commitments, roles and responsibilities have been signed. All directors sign an annual directors' declaration confirming their interests.</p>	Yes
<p>Principle 8: Committees of the board</p> <p>The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	<p>The board has delegated certain functions to its committees, in compliance with relevant legislation, regulation and best practice. The terms of reference for all committees are reviewed annually. In determining the composition of committees, the board considers the skills and experience of its members, applicable regulations and the committee mandate. The brief mandates, composition and attendance at meetings is set out in the IR.</p> <p>Besides the SEC, each committee comprises an independent non-executive chairman and independent non-executive directors. The CEO is a member of the SEC and SSHE. External advisors, executive directors and senior management attend committee meetings by invitation.</p> <p>Board members are able to attend committee meetings as observers but do not participate without the chairman's consent, do not have a vote and are not entitled to fees unless otherwise agreed.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 9: Evaluations of the performance of the board</p> <p>The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.</p>	<p>The HR oversees the evaluation of the performance of the board as a whole and committees on an annual basis. An evaluation of the board, committees and the chairman was concluded in the last quarter of 2023.</p> <p>In the spirit of continual improvement, the board and committees considered the outcomes from the previous board evaluation, conducted in 2021/22, and whether sufficient progress had been made in addressing these issues. The evaluation of the board commenced at the beginning of December 2023 and was concluded in January 2024. The board was found to have remained effective despite operating under challenging circumstances. The following areas of improvement were noted:</p> <p>The areas of focus and attention identified include: CEO succession, clarity regarding the role of the board and group, strategy of the organisation, and the board's role in this regard, and certain aspects related to board effectiveness and structure. Priorities for 2024 were also identified.</p> <p>Priorities for 2024</p> <ul style="list-style-type: none"> • Sustainability • Cash flow and profitability • Management accountability for performance • Technology and innovation • More engagement with government • Resolution of the logistics issues. <p>The board committees were found to be effective and to have served as critical support structures of the board.</p>	Yes
<p>Principle 10: Appointment and delegation to management</p> <p>The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>ArcelorMittal South Africa has a delegation of authority framework (DOA), which sets out authority thresholds for the delegation of powers to the CEO and management that contributes to the effective exercise of responsibilities. In accordance with the DOA, the CEO has a clearly defined mandate and is accountable for the day-to-day activities of the business. The DOA is reviewed on a regular basis to ensure that it is effective and appropriate to changing circumstances. It was last reviewed in July 2023.</p> <p>Although the board has empowered management, certain matters are reserved for the approval by the board.</p> <p>The HR and chairman of the board assist the board in determining the performance objectives of the CEO and assessing his performance against those objectives. The board, with the assistance of the HR, is responsible for ensuring that succession plans are in place for the CEO and other senior executives.</p> <p>The CEO is accountable to the board for the successful implementation of the company's strategy and overall management and performance of the group, consistent with its values. The CEO is supported by a competent and skilled team in executing his responsibilities.</p>	Yes
<p>Principle 11: Risk governance</p> <p>The board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>In terms of the board charter, the board, supported by the ARC, is ultimately responsible for the governance of risk of the group.</p> <p>The ARC and the board review the risk management process and the maturity of the company, the effectiveness of risk management activities, the key risks facing the company and management's responses to address these key risks.</p> <p>As per the ARC's terms of reference, management designs, implements and monitors the plan and is accountable for embedding the risk management process in the business. The day-to-day responsibility for management of the risk management plan rests with the group risk and insurance manager, who reports to the ARC and attends all ARC meetings.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 12: Technology and information governance</p> <p>The board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>As per the board charter and ARC's terms of reference, the board, supported by the ARC, is responsible for information and technology (IT) governance, in accordance with King IV™. The ARC oversees the implementation of IT governance mechanisms, IT frameworks, policies, procedures and standards to ensure the effectiveness and efficiency of the group's information systems. The group information officer reports to the ARC and attends all ARC meetings.</p> <p>The activities on IT governance are reported quarterly to the ARC for oversight and monitoring by the board.</p> <p>The ARC ensures that IT risks are adequately addressed through its risk management, monitoring and assurance processes. Management tabled reports to illustrate to the ARC ArcelorMittal South Africa's overall exposure to IT risks from a strategic and business perspective, including areas of the business that are most dependent on IT for effective and continual operations.</p>	Yes
<p>Principle 13: Compliance governance</p> <p>The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>The board, supported by the ARC in monitoring compliance, is responsible for the group's compliance with applicable laws, codes and regulations. The board has delegated the responsibility for implementing compliance to management.</p> <p>The management of compliance cuts across a number of areas of the business. General compliance with laws, regulations and policies fall under the Legal and Regulatory Department and there is regular reporting on such compliance to Exco, the ARC, as well as the board.</p> <p>In addition, there are specific areas of compliance emanating from different parts of the business, for example, procurement processes, B-BBEE, employment equity and other human resources related issues, financial controls, and compliance with safety legislation and regulations.</p> <p>All of these areas of compliance are integrated at Exco and board levels. Most of the compliance reports are tabled at the ARC. However, prior to being tabled and integrated at board level, safety and environmental compliance matters are discussed at the SSHE committee; B-BBEE compliance and achievement of the targeted B-BBEE score is considered at the SEC; and employment equity and human resources related compliance issues are addressed at the HR committee.</p> <p>The General Counsel reports to the ARC and attends all ARC and board meetings providing reports on litigation and compliance matters.</p> <p>The SEC, in relation to its terms of reference, in addition to the ARC, assists the board with ensuring responsible business practices within the group and monitors the group's activities where the duties of the social and ethics committee are concerned.</p>	Yes
<p>Principle 14: Remuneration governance</p> <p>The board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The board, supported by the HR, ensures that ArcelorMittal South Africa remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The company's remuneration strategy ensures a balance in attracting, motivating and retaining human capital through competitive remuneration practices, while creating shareholder value.</p> <p>The remuneration report and remuneration policy, set out in the IR, have been designed to give effect to the group's strategic objectives. The report and policy are disclosed by means of a background statement and an overview of the main provisions of the remuneration policy, as well as the implementation report disclosing all remuneration awarded to individual members of the board and executive management.</p> <p>Further steps are being taken to ensure better alignment between KPIs and ESG issues. The ARC had approved for the external auditors, EY, to provide a limited assurance report on KPIs as noted in the IR for the year ended 31 December 2023.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 15: Assurance</p> <p>The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>The board has delegated to the ARC oversight of, inter alia, the effectiveness of the company's assurance services with a focus on combined assurance – which includes the external and internal audit and the finance function – as well as oversight of the integrity of the IR, ESGR and the AFS.</p> <p>On an annual basis, the ARC ensures that the combined assurance, provided by the internal and external assurance providers and management, is sufficient to satisfy it that significant risk areas within ArcelorMittal South Africa have been adequately addressed, and that suitable controls exist to mitigate and reduce these risks.</p> <p>The group has implemented a combined risk assurance model, which is coordinated and managed by internal audit. The ARC oversees combined assurance at group and subsidiary levels and approves the internal audit plan.</p> <p>With the assistance of independent assurers, such as the external auditor, the ARC reviews and evaluates the AFS, prior to recommending it to the board for approval.</p> <p>The ARC is responsible for overseeing that assurance services are performed in terms of the internal audit charter and internal audit's function. Roles and responsibilities are set out in the internal audit charter. Internal audit provides written assessment of the effectiveness of the systems of internal controls and risk management to the ARC on a quarterly basis. The internal audit charter was reviewed at the end of 2023 to ensure that it remains effective and relevant.</p>	Yes
<p>Principle 16: Stakeholder relationships</p> <p>In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>Establishing and maintaining effective stakeholder relationships is not only essential to sustaining the growth of the company, it is also an essential component of sound governance.</p> <p>The company acts in line with the requirements of the Companies Act and JSE Listings Requirements on the equitable treatment of shareholders. Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. The board is responsible for the oversight of the quality of stakeholder relationships and to ensure that these relationships create broad-based value for the company, for society, the environment and for stakeholders. The board is assisted by the SEC in this regard.</p> <p>The board encourages proactive engagement with shareholders, including engagement at the AGM. All directors are present at the AGM to respond to shareholder queries on how the board executed its governance duties. Ernst & Young, the group's designated partner and external auditor, also attends the AGM.</p> <p>Management provide feedback about the stakeholder engagements to the SEC and the board on a regular basis.</p> <p>The organisation, through the chairman and management team, continued to engage with stakeholders during 2023 in light of the developments and challenges regarding the company. This included engagements with government at national, provincial and local levels, as well as with regulatory bodies like the Competition Commission, shareholders, labour, environmental groups, customers, investors, suppliers and communities.</p> <p>As was reported, the decision regarding the Longs business resulted in intense engagements with various stakeholders. The stakeholder engagement strategy is also being revised and, where appropriate, external experts.</p> <p>A major strategic focus on the decarbonisation journey would require collaborative partners to attain net-zero status. After the publication of the road map, positive engagements with stakeholders on various forums were held and are continuing on different forums.</p>	Yes

KING IV APPLICATION REGISTER – 2023 CONTINUED

Principle	Application to principle	Applied
<p>Principle 17: Responsibilities of institutional investors</p> <p>The governing body of an institutional investor organisation should ensure that responsible investment is practised by the company to promote the good governance and the creation of value by the companies which it serves.</p>	<p>Principle 17 is not applicable as the company is not an institutional investor organisation.</p>	<p>N/A</p>

* Copyright and trademarks relating to King IV™ are owned by the Institute of Directors South Africa NPC and all of its rights are reserved.

INDEPENDENT LIMITED ASSURANCE REPORT

INDEPENDENT ASSURANCE PRACTITIONER'S LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY PERFORMANCE INFORMATION REPORTED IN ARCELORMITTAL SOUTH AFRICA LTD'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT AND INTEGRATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

TO THE DIRECTORS OF ARCELORMITTAL SOUTH AFRICA LTD

We have undertaken a limited assurance engagement on selected sustainability performance information (the "subject matter"), as described below, and presented in the ArcelorMittal South Africa Ltd (AMSA) Environmental, Social, and Governance (ESG) Report and the AMSA Integrated Report for the year ended 31 December 2023 (collectively referred to as the ESG and Integrated Reports). This engagement was conducted by a multidisciplinary team with experience in assurance, sustainability performance and carbon emissions.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained (and subject to the inherent limitations outlined elsewhere in this report), nothing has come to our attention that causes us to believe that the selected sustainability performance information as set out in the Subject Matter paragraph below, for the year ended 31 December 2023, is not prepared, in all material respects, in accordance with management's measurement and reporting criteria.

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected sustainability performance information identified and selected by AMSA's management as requiring independent external assurance:

No	Selected sustainability performance information	Location disclosed in the ESG and Integrated Reports	Location of description of measurement and reporting criteria in ESG and Integrated Reports
Social			
1	Lost-time injury frequency rate (LTIFR)	ESG Report page 7	ESG Report page 7
2	Employee and contractor fatalities	ESG Report page 7	ESG Report page 7
3	Employee numbers – Permanently employed (including fixed term contractors)	ESG Report page 7	ESG Report page 7
4	Corporate social investment spend	ESG Report page 11	Accumulated CSI spend at all operational units
5	Total number of employees within the technical and business pipeline	ESG Report page 19	Total number of employees trained in the Technical pipeline and Business pipeline
Environmental			
6	Direct carbon dioxide (CO ₂) – scope 1 (t/t liquid steel)	ESG Report page 6	ESG Report page 6
7	Indirect carbon dioxide (CO ₂) – scope 2 (t/t liquid steel)	ESG Report page 6	ESG Report page 6
8	Total greenhouse gas (CO ₂ equivalent scope 1 and scope 2) (t/t liquid steel)	ESG Report page 6	ESG Report page 6
9	Total greenhouse gas (CO ₂ equivalent scope 1 and scope 2) (Mt)	ESG Report page 6	ESG Report page 6
Economic			
10	Liquid steel capacity utilisation	Integrated Report page 42	Actual liquid steel production tons divided by the achievable production capacity

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

The selected sustainability performance information prepared and presented in accordance with management's criteria are marked with the symbol LA ("Limited Assurance") to indicate that we have provided limited assurance over the selected sustainability performance information.

Other than as described in the preceding paragraphs, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the ESG and Integrated Reports, and accordingly, we do not express a conclusion on this information.

AMSA's responsibilities

The Directors of AMSA are responsible for the selection, preparation, and presentation of the selected sustainability performance information in accordance with management's measurement and reporting criteria as set out in the table above. These responsibilities include the identification of stakeholders and stakeholder requirements, key issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control and maintaining adequate records and making estimates that are relevant to the preparation of the ESG and Integrated Reports and any references or statements of compliance with reporting frameworks applied, such that it is free from material misstatement, whether due to fraud or error.

The Directors of AMSA are responsible for, in relation to application of the reporting standards used in the preparation of the ESG and Integrated Reports, those reports being prepared in accordance with the reporting principles as per those standards.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected

sustainability performance information and for ensuring that those criteria are publicly available to the ESG and Integrated Reports users.

Inherent limitations

Where AMSA's reporting of the selected sustainability performance information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

The scope of work was limited to the selected sustainability performance information disclosed in the ESG and Integrated Reports and did not include coverage of data sets or information unrelated to the selected information, nor did it include information reported outside of AMSA's ESG and Integrated Reports, information relating to prior periods or comparisons against historical data.

Our assurance report does not extend to any disclosures or assertions relating to management's future performance plans, forward-looking statements or strategies disclosed in the ESG and Integrated Reports.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion on the selected sustainability performance information as set out in the Subject Matter paragraph, based on the procedures we have performed and the evidence we have obtained.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of the greenhouse gas emissions, in accordance with ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. Those Standards require that we plan and perform our engagement to obtain the appropriate level of assurance about whether the selected sustainability performance information is free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

Summary of work performed

Limited assurance

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of AMSA's use of its measurement and reporting criteria as the basis of preparation for the selected sustainability performance information, assessing the risks of material misstatement of the selected sustainability performance information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability performance information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the sustainability performance information subject matter and related information and applying analytical and other appropriate procedures.

For the selected sustainability performance information, we:

- Evaluated management's basis for calculating the reported performance, with reference to relevant best practice guidelines and standards including the JSE Sustainability and Climate Disclosure Guidance and Task Force on Climate-Related Financial Disclosures (TCFD).

- Performed analytical procedures to evaluate the relevant data generation and reporting processes against management's criteria.
- Obtained explanations from management in response to our analytical procedures and assessed the reasonability in the context of our understanding of the business.
- Performed tests of detail on the selected performance information on a selective basis where considered necessary to supplement our analytical assurance procedures; and
- We also performed such other procedures as we considered necessary in the circumstances.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Other matters

Apart from what was reported in our assurance report for the prior period (2022), no further assurance procedures were performed on prior periods.

Restriction of liability

Our report, including our conclusions, has been prepared solely for the Board of Directors of AMSA in accordance with the agreement between us and for no other purpose. We permit this report to be published in AMSA's ESG Report to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the selected sustainability performance information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of AMSA for our work or for our report and the conclusion contained therein. We agree to publication of our assurance report within AMSA's ESG Report provided it is clearly understood by recipients or readers of the Report and that we accept no duty of care to them whatsoever in respect of our independent assurance report.

Maintenance and integrity of AMSA's website is the responsibility of AMSA management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the selected sustainability performance information as reported, or our independent assurance report that may occur subsequent to the initial date of publication of the Report on AMSA's website.

Ernst & Young Inc.

Partner – Michiel (Mike) Christoffel Herbst
Registered Auditor
Chartered Accountant (SA)

27 March 2024

102 Rivonia Road, Sandton
Johannesburg
South Africa

ALIGNMENT WITH TCFD

Partial alignment with TCFD recommendations

TCFD recommended disclosures	Reference	TCFD recommended disclosures	Reference
GOVERNANCE		RISK MANAGEMENT	
A) Describe the board's oversight of climate-related risks and opportunities.	ESG report: Decarbonisation strategy (page 25)	A) Describe the organisation's processes for identifying and assessing climate-related risks.	ESG report: ERM section (page 44)
B) Describe management's role in assessing and managing risks and opportunities.	2023 IR: Audit and risk committee report (page 64)	B) Describe the organisation's processes for managing climate-related risks.	ESG report: ERM section (page 44)
		C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	ESG report: ERM section (page 44)
STRATEGY		METRICS AND TARGETS	
A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	ESG report: ERM section (page 44)	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG report: Key sustainability indicators (page 6) ESG report: ERM section (page 44)
B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	ESG report: Decarbonisation strategy (page 25)	B) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG report: Key sustainability Indicators (page 6) ESG report: Trusted use of air, land and water – methodology used for GHG emission calculation notes below graph (page 24)
C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	ESG report: Decarbonisation strategy (page 25)	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG report: Decarbonisation strategy (page 25)

TCFD

TCFD was established in 2015 by the Financial Stability Board as a means of coordinating disclosures among companies impacted by climate change. It is a set of voluntary climate-related financial risk disclosures that can be adopted by companies to inform investors and other members of the public about the risks they face related to climate change.

CORPORATE INFORMATION

Company registration

ArcelorMittal South Africa Limited
Registration number: 1989/002164/06
Share code: ACL
ISIN: ZAE000134961

Registered office

Vanderbijlpark Works
Main Building
Delfos Boulevard
Vanderbijlpark, 1911

Postal address

PO Box 2
Vanderbijlpark, 1900
Telephone: +27 (0) 16 889 9111
Facsimile: +27 (0) 16 889 2079

Internet address

<https://southafrica.arcelormittal.com>

Company secretary

FluidRock Co Sec Proprietary Limited
Registration number: 2016/093836/07
Unit 5 First Floor Right
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion, 0169

Sponsor

Absa Bank Limited (acting through its corporate and investment banking division)
Alice Lane North
15 Alice Lane, Sandton, 2196
Telephone: +27 (0) 11 895 6843
Email: equitysponsor@absacapital.com

Auditors

Ernst & Young Inc.
102 Rivonia Road
Dennehof, Sandton, 2196
Telephone: +27 (0) 11 772 3000

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank
Private Bag X9000, Saxonwold, 2132
Telephone: +27 0861 100 950
Facsimile: +27 (0) 11 688 5217
Email: web.queries@computershare.co.za

A printed copy of the ArcelorMittal South Africa ESG report can be requested by sending an email to: Annatjie.Hammond@arcelormittal.com





ArcelorMittal

ArcelorMittal South Africa Corporate Office

Delfos Boulevard, Vanderbijlpark

Telephone: +27 (0) 16 889 9111

Facsimile: +27 (0) 16 889 2079

GPS coordinates: E 27° 48' 19.6" S 26° 40' 22.3"

<https://www.arcelormittalsa.com>

<https://www.arcelormittalsa.com/InvestorRelations/IntegratedAnnualReports.aspx>

 <https://www.youtube.com//arcelormittal>

 <https://www.linkedin.com/company/arcelormittal-south-africa/>