MAY
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Backtracking on Climate Action

ArcelorMittal Corporate Climate Assessment 2025 Update

STEELWATCH
Bringing climate urgency to steel

Acknowledgements

Note: this is an update of the ArcelorMittal Corporate Climate Assessment 2024 that SteelWatch published in May 2024.

This report was authored by the SteelWatch team. A draft version of the report was shared with and commented by the representatives of ArcelorMittal through email correspondences during 3-24 April 2025. The company disagrees with SteelWatch on some points of interpretation. Feedback provided by the company has been incorporated, quoted, and addressed within the report, and is reproduced in Annex 2.

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Cover photo: Luxembourg, July 22 2024: ShinyClaims DirtyFlames projection onto the new ArcelorMittal building project, in Luxembourg city, Luxembourg, on 22 July 2024. Credit: SteelWatch/Jeremy Sutton-Hibbert

Citation: **SteelWatch, *Backtracking on Climate Action: ArcelorMittal Corporate Climate Assessment 2025 Update*, 2025.**

ArcelorMittal steel production plant in Fos-Sur-Mer, France, on 7 May 2024. Credit: Jeremy Sutton-Hibbert/SteelWatch

Activists from ShinyClaims DirtyFlames campaign hold a banner, in Mont Saint-Michel, France, on 30 May 2024. Credit: Jeremy Sutton-Hibbert/SteelWatch

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List of acronyms

AM/NS India	ArcelorMittal/Nippon Steel India	H2-DRI	hydrogen-based direct reduced iron
BF-BOF	blast furnace-basic oxygen furnace	H2	hydrogen
CCUS	carbon capture, utilisation and storage	Met coal	metallurgical coal
CO2	carbon dioxide	Mt	million tonnes
CO2e	carbon dioxide equivalent	Mtpa	million tonnes per annum
DRI	direct reduced iron	SBTi	Science-Based Targets initiative
EAF	electric arc furnace	tCO2	tonnes of carbon dioxide
GHG	greenhouse gas	t	tonne

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Executive Summary

Up until 2024, ArcelorMittal consistently positioned itself as a leader in decarbonising the global steel industry. With the ArcelorMittal Corporate Climate Assessment 2024,[1] published in May 2024, SteelWatch challenged that narrative, exposing the stark gap between its rhetoric and its actions — and called on ArcelorMittal to step up and lead real transformation.

But over the past year, instead of stepping up, ArcelorMittal has stalled and quietly withdrawn from its leadership narrative. Key plans have been delayed, and decisions critical to decarbonisation have been put on hold.

At a time of accelerating climate breakdown, stalling is not standing still — it is sliding backwards. ArcelorMittal's climate footprint remains vast. From 2018 levels, the CO2e intensity has decreased by only 5.4% globally and 5.0% in Europe. This is alarmingly remote compared to the company's own 2030 targets of **–25%** and **–35%** respectively. None of the company's five Direct Reduced Iron (DRI) plants in Europe and Canada have reached a final investment decision. Transformation stalled before it even started.

The past year has seen turbulence in the global steel industry — rising imports of Chinese steel, delays in green hydrogen deployment, and new tariffs. ArcelorMittal has publicly cited these headwinds, particularly in Europe as reasons for stalling. Yet, in communications to investors, the company presents strength and resilience: profit per tonne now exceeds pre-COVID levels.[2]

SteelWatch does not dispute that companies need to work hard to maintain their commercial viability when economic times are tough. But this should not come at the expense of strategic vision, or the climate. ArcelorMittal — one of the largest steelmakers in the world, producing 58 million tonnes of steel and generating 62.4 billion USD in turnover in 2024 — is more than just a market participant. It is a market-shaper. And with that comes the responsibility to lead the transformation to a zero-emissions economy, not wait for ideal conditions.

Instead, the company continues to prioritise shareholder returns over climate action. In 2024, ArcelorMittal spent only 300 million USD on climate initiatives — less than 7% of its total 4.4 billion USD capital expenditure — while returning 1.7 billion USD to the shareholders. Since 2021, only 800 million USD has been spent on decarbonisation, **under 2.5% of the 32.6 billion USD it has generated in operating cash**.

There are minor signs of progress. Emissions intensity has marginally declined, and electric arc furnace (EAF) usage has grown. But these improvements are insufficient. The company still operates 33 coal-based blast furnaces around the world, which represent 87% of its iron-making capacity. Meanwhile, control of the company has further consolidated under the Mittal family, now holding 44.25% of shareholder voting rights, up from 41.5% at the end of 2023. The long-promised, much-anticipated Climate Action Report 3 has not materialised, meaning the company hits the mid-point of this decade effectively without an up-to-date climate strategy to chart its future course.

This is not the behaviour of a company leading transformation. To be credible, ArcelorMittal must urgently:

- Release an updated climate strategy that is aligned with a 1.5C trajectory and puts near-zero emissions production at the heart of business strategy;
- Set and act on bold, science-based targets in five-year intervals and covering the entire value chain;
- Deliver plant-level transition plans for every plant, ensuring a just transition for workers and communities and robust implementation; and
- Reorient capital spending towards low-carbon transformation, and invest in renewable energy and green iron across the company's global footprint.

The science is clear: climate action is not optional. ArcelorMittal has secured more than 3.8 billion EUR in public subsidies for decarbonisation. Now, it must deliver. SteelWatch calls on ArcelorMittal's leadership to chart a bold, credible path toward transformation — one that reflects the scale of its emissions, its market power, and its responsibility to future generations.

[1] **SteelWatch**, *ArcelorMittal Corporate Climate Assessment 2024*, May 2024.
[2] **ArcelorMittal**, *Earnings release – ArcelorMittal reports fourth quarter 2024 and full year 2024 results*, p3, 2025.

1. ArcelorMittal; the company during 2024-25

Company operations

Since SteelWatch's previous ArcelorMittal Corporate Climate Assessment, published in May 2024,[3] **ArcelorMittal has remained in the world's top three largest steel producers with a reported crude steel production of 57.9 million tonnes in 2024 - almost the same as in 2023.**[4] Its global revenue amounted to 62.4 billion USD, down from 68.3 billion USD in 2023.

Of all steel companies, ArcelorMittal has the broadest footprint. Its iron ore mining, ironmaking, and steelmaking operations span 18 countries in Europe, the Americas, Africa and Asia. Headquartered in Luxembourg, in the European Union, it is listed on the US and European stock exchanges. The company reported approximately 125,416 employees as of 31 December 2024.[5]

Unusually for a public company of this size and listed on stock exchanges, ArcelorMittal is largely a family business, with key positions held by members of the Mittal family. Mr. Lakshmi N. Mittal serves as Executive Chairman of the Board of Directors; his son Mr. Aditya Mittal as Director and CEO; his daughter Ms. Vanisha Mittal Bhatia as Director. Including the shares held by Lakshmi Mittal's daughter and wife, four family members exert significant influence over the company, as **they currently hold directly or indirectly 44.25% of ArcelorMittal's outstanding shares and voting rights — up from 41.5% at the end of 2023.**

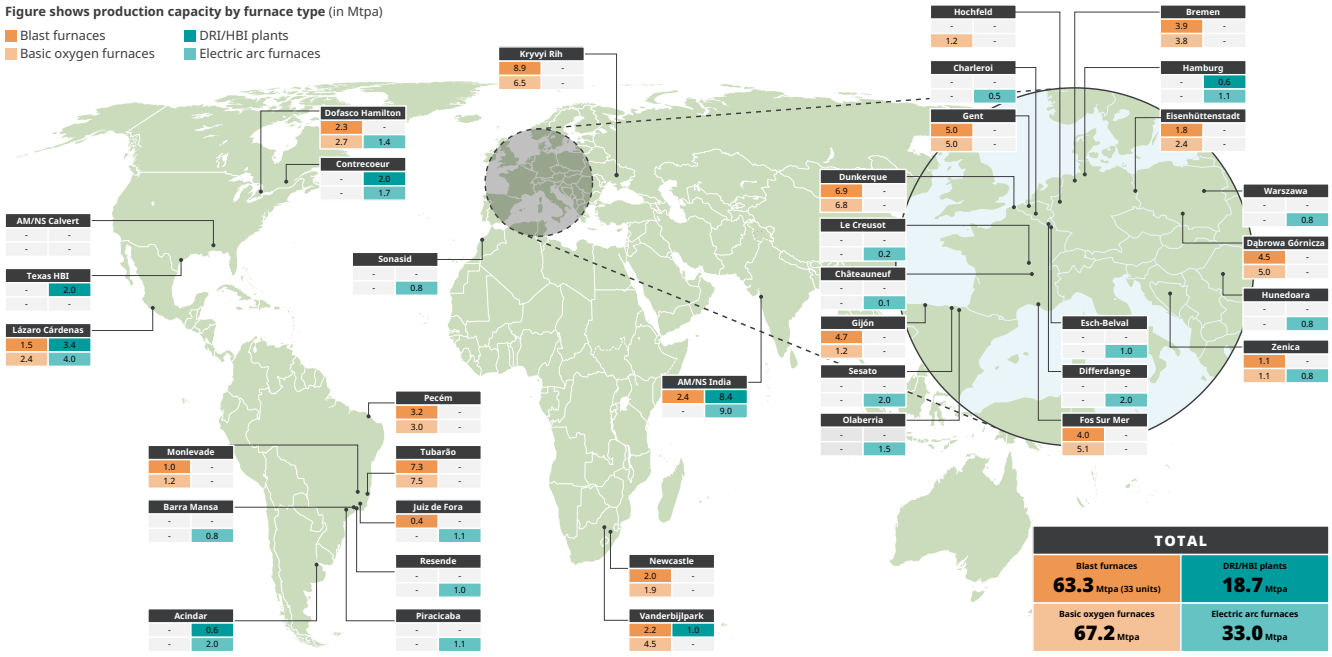
ArcelorMittal can be described as a "do-it-all" company. Active from iron ore mining to iron and steel production, distribution, and scrap collection, ArcelorMittal features a high level of vertical integration. Within iron and steel production, the company has multiple production processes. On the one hand, it has a large fleet of steel plants based on 33 blast furnaces[6] and 43 basic oxygen furnaces (BF-BOF) and emitting very large amounts of greenhouse gas emissions, in particular CO2. On the other hand, it has a sizable production capacity of direct reduced iron (DR iron) and steel made in electric arc furnaces (EAF) — two important components for steel decarbonisation. Diversity also characterises ArcelorMittal's range of steel products, sectors served and geographic spread of its customers.

The company is registered in Europe but it is a mistake to view it as simply a 'European company'. Europe still accounts for a significant share of production and Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) - 56% and 31% respectively in 2024 if joint ventures are excluded, but the geographic spread of assets is notable, as the map in Figure 1 shows (see also Table A1 in Annex).

Headquarters of ArcelorMittal, Luxembourg, July 2024.
Credit: SteelWatch/Jeremy Sutton-Hibbert

[3] **SteelWatch**, *ArcelorMittal Corporate Climate Assessment,* May 2024.
[4] **ArcelorMittal**, *ArcelorMittal Annual Report 2024*, p3, 2025.
[5] ibid.
[6] Including the joint venture ArcelorMittal Nippon Steel India in which ArcelorMittal has a 60% stake.

Figure 1: ArcelorMittal ironmaking and steelmaking assets, by location



Note:
The boundaries shown on this map are based on data from the United Nations website and do not imply official endorsement or recognition by SteelWatch.
Aggregate numbers for ArcelorMittal Group come from ArcelorMittal Annual Report 2024. In absence of disaggregate numbers at plant level, plant-level data, along with data for the joint venture in India, were taken from Global Energy Monitor Global Steel Plant Tracker 2024 and from Eurofer. The use of these different data sources explains why the aggregate numbers are not the exact sum of plant-level data.

In terms of investment and overall infrastructure, there have been some positive changes in the past years, with increased investment in renewable energy and expansion of mining of DRI-grade iron ore, but minor changes in iron and steelmaking technology, as outlined below.

A declining steel giant, except in India

ArcelorMittal's actual production output of iron (at 47.8 million tonnes) and steel (57.9 million tonnes) in 2024 was almost unchanged on 2023, with a fractional drop. More notably however, both its ironmaking and steelmaking aggregate production capacities have declined (-5.5 Mtpa of ironmaking capacity, -3.7 Mtpa of steelmaking capacity. Tables 1 and 2 illustrate the breakdown by production process). This drop is the continuation of a trend beginning around 2020, when ArcelorMittal, which was previously the world's largest steel producer at almost 100 million tonnes per year, markedly reduced its output and lost its pole position.

Table 1: Comparison of ironmaking capacity and production output by technology route, ArcelorMittal, 2023 and 2024

	Blast furnaces			DRI/HBI plants			Total 2024
	2023	2024	Difference	2023	2024	Difference	
Number of facilities	35	32	-3	13	11	-2	
Capacity (in million tonnes per year)	66.1	60.9	-5.2	10.6	10.3	-0.3	71.2
Production (in million tonnes)	41.3	41.6	+0.3	7.8	6.2	-1.6	47.8
Percentage of total iron production	84%	87%	+3 percentage points	16%	13%	-3 percentage points	

Sources: ArcelorMittal Annual Report 2023 (p. 90) and ArcelorMittal Annual Report 2024 (p. 61). Following ArcelorMittal's reporting practices, these numbers do not include ArcelorMittal Nippon Steel India (AM/NS India). Percentages are SteelWatch's addition.

Table 2: Comparison of steelmaking capacity and production output by technology route, ArcelorMittal, 2023 and 2024

	Basic oxygen furnaces			Electric arc furnaces			Total 2024
	2023	2024	Difference	2023	2024	Difference	
Number of facilities	46	43	-3	30	28	-2	
Capacity (in million tonnes per year)	70.0	67.2	-2.8	24.9	24.0	-0.9	91.2
Crude steel production* (in million tonnes)	43.1	43.5	+0.4	14.9	14.4	-0.5	57.9
Percentage of total steel production	74%	75%	+1 percentage point	26%	25%	-1 percentage point	

Sources: ArcelorMittal Annual Report 2023 (p. 90) and ArcelorMittal Annual Report 2024 (p. 61). Following ArcelorMittal's reporting practices, these numbers do not include ArcelorMittal Nippon Steel India (AM/NS India). Percentages are SteelWatch's addition.

* Reported crude steel production slightly differs from reported production from basic oxygen furnaces and electric arc furnaces. For 2023, the difference of 0.1 Mt between total crude steel production and sum of BOF and EAF crude steel production is due to roundings.

In late 2024, ArcelorMittal officially canceled an expansion project at its Monlevade steel plant in Minas Gerais, Brazil[7] which would have involved the construction of a new blast furnace.[8] The company explained its decision by citing lower than expected demand for steel in the country as well as increased imports.[9]

However, the declining trend of ArcelorMittal's aggregate ironmaking and steelmaking production capacities does not mean a complete absence of development of new ironmaking and steelmaking capacity. Within the group, construction of a new, 213 million EUR EAF with 1.1 Mtpa steelmaking capacity started in May 2024 at the company's plant in Gijón, Spain, and is expected to start production in 2026.[10]

The most dynamic segment of growing capacity, though, is happening half outside ArcelorMittal group boundaries, in its joint ventures. ArcelorMittal Nippon Steel Calvert, a 50/50 joint venture with Nippon Steel[11] in Alabama, USA, is now commissioning a new 1.5 Mtpa EAF.[12]

At ArcelorMittal/Nippon Steel India (AM/NS India), a joint venture in which ArcelorMittal and Nippon Steel own respectively 60% and 40% of the shares, two new highly-CO2-intensive blast furnaces of a joint capacity of 7.0 Mtpa are under construction and are expected to be completed in 2025 and 2026 respectively, together with three new basic oxygen furnaces of a joint capacity of 6.0 Mtpa. Furthermore, AM/NS India and its parent companies plan to build even more BF-BOF capacity (more on AM/NS India in Box 1 in Chapter 2).[13]

The year 2024 and early 2025 have been turbulent times for the global steel industry. Increased volumes of Chinese steel imports into every major region pressured local producers. Progress on green hydrogen infrastructure fell short of government targets, while in the US, the Trump Administration's reintroduction of tariffs on steel imports created additional market uncertainty. European producers also continued to face elevated energy costs, which have remained a structural issue since the energy crisis of 2022.

ArcelorMittal has publicly highlighted these challenges, emphasising the difficult external environment in press releases and investor communications. However, the company's financial performance tells a different story. In the 2024 earnings release, CEO Aditya Mittal stated that the company's EBITDA per tonne of steel exceeded pre-COVID averages.[14] While the challenges facing the sector are real, ArcelorMittal's financial results suggest that the company is in relatively strong shape. The increase in profitability, combined with a solid balance sheet and continued returns to shareholders, indicates that the company has managed these pressures more effectively than its messaging might suggest.

[7] **ArcelorMittal**, *Earnings release – ArcelorMittal reports fourth quarter 2024 and full year 2024 results,* p16, 2025.
[8] **ArcelorMittal**, *ArcelorMittal Annual Report 2023*, p106, 2025.
[9] **Mining.com**, *ArcelorMittal halts steel plant expansion in Brazil*, 24 September 2024.
[10] **ArcelorMittal**, *ArcelorMittal starts the construction of an electric arc furnace at its Gijón plant*, 10 May 2024.
[11] **ArcelorMittal**, *ArcelorMittal Annual Report 2024*, p10, 2025.
[12] **ArcelorMittal**, *ArcelorMittal reports fourth quarter 2024 and full year 2024 results*, 2025.
[13] **ArcelorMittal Nippon Steel India**, *AMNS India investor event*, p24, September 2024.
[14] **ArcelorMittal**, *Earnings release – ArcelorMittal reports fourth quarter 2024 and full year 2024 results*, p3, 2025.

2. Assessment of ArcelorMittal climate targets

Since SteelWatch's previous ArcelorMittal Corporate Climate Assessment published in May 2024[15], the company's climate strategy has stagnated. ArcelorMittal's 2030 climate targets, despite lacking science-based verified alignment with a 1.5C climate scenario, have not been revised. Other shortcomings of ArcelorMittal's climate targets regarding absolute emissions, scope 3 emissions and the treatment of joint ventures, in particular fast-growing ArcelorMittal/Nippon Steel India (see Box 1 below), have remained unaddressed.

In its Sustainability Report 2024, the company does mention that it carried out a detailed analysis of its Scope 3 emissions. This is a useful step forward which should be used to set ambitious targets for emissions reduction. For now, however, the company continues to report "*only processing emissions for intermediate products (e.g. coke, DRI and industrial gases)*", ignoring emissions associated with raw material extraction — notably coal — and emissions from joint ventures.[16]

Some of these issues may be covered in the company's as-yet unreleased Climate Action Report 3 (CAR 3), a much-awaited update of its Climate Action Report 2 (CAR 2), published back in July 2021. But as of writing, the CAR 2 is the most recent publicly available document laying down ArcelorMittal's climate strategy for the worldwide group. In several instances during 2024, including in response to investors around the time of the annual general meeting of shareholders in April[17], ArcelorMittal announced that its CAR 3 was in the process of being written and would be published by the end of the year. Yet, **as of April 2025, CAR 3 is still not released, and the most recent public mention of it, in the Annual Report 2024, simply states that it is "forthcoming" with no more specific date.[18]**

As of April 2025, the long-awaited Climate Action Report 3 is still not released, and the company's most recent public mention of it simply states that it is "forthcoming" with no more specific date.

GHG emissions reduction by downsizing

Despite the absence of the group's up-to-date climate strategy, ArcelorMittal has not been quiet about its emission reduction efforts. Most recently in February 2025, ArcelorMittal announced to its shareholders that it has reduced its absolute emissions by almost a half since 2018.[19] **While Figure 2 and Table 3 below confirms that ArcelorMittal absolute scope 1 and 2 emissions have decreased by 46% between 2018 and 2024, this is not true decarbonisation.** The result is mainly due to two factors:

- a shrinking crude steel production *capacity* (32% decrease between 2018 and 2024);
- an even deeper fall of crude steel *production* (37% decrease between 2018 and 2024), reflecting the fact that ArcelorMittal's current steelmaking capacity in 2024 operated at a lower utilisation rate than it was in 2018.

Comparing ArcelorMittal's crude steel production capacity, actual output, and reported GHG emissions paints a much fairer assessment of the company's recent claims. **It shows that most of the emissions reduction came from the company's 37% drop in production output and not from decarbonisation efforts of its fleet - emissions intensity has barely budged (5.4% cut).**

[15] **SteelWatch**, *ArcelorMittal Corporate Climate Assessment 2024*, May 2024.
[16] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p50, 2024.
[17] **ArcelorMittal**, *Minutes of the annual general meeting of shareholders 2024,* p14, 2024.
[18] **ArcelorMittal**, *Annual Report 2024*, p36, 2025.
[19] **ArcelorMittal**, *Earnings release – ArcelorMittal reports fourth quarter 2024 and full year 2024 results,* and **ArcelorMittal**, *ArcelorMittal Annual Report 2024*, p36, 2025.

Figure 2: Evolution of ArcelorMittal's crude steel production capacity, actual output, and reported GHG emissions since 2018

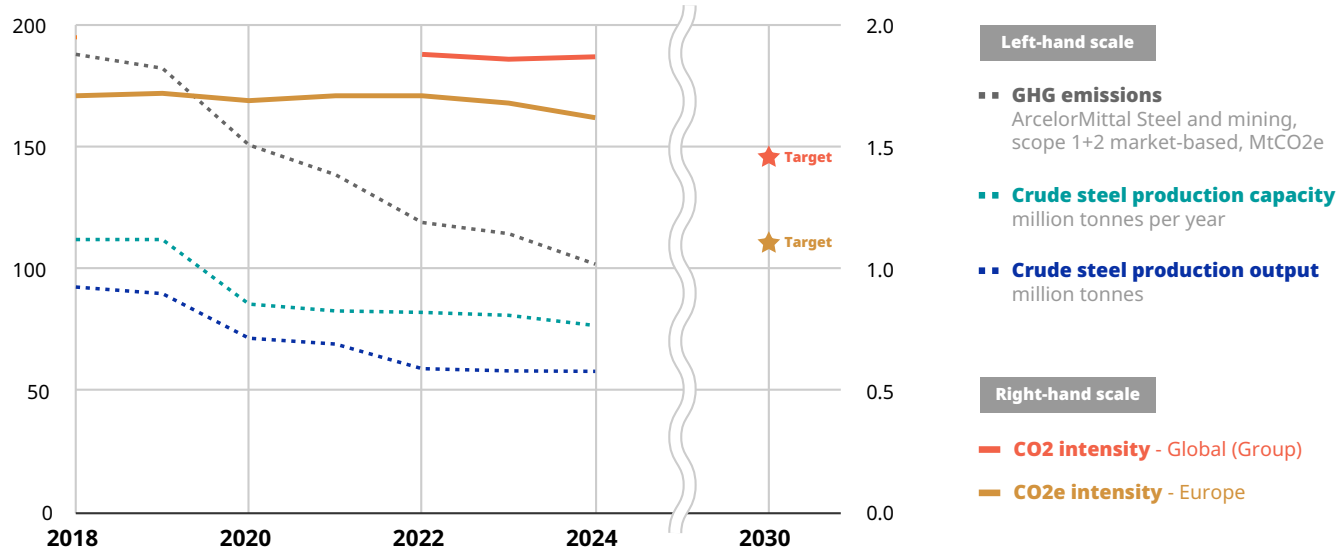


Table 3: Change in ArcelorMittal's crude steel production capacity, actual output, and reported GHG emissions, 2018 to 2024

	Difference between 2018 and 2024	
	In absolute terms	In percentage
Crude steel production capacity	-35.3 Mtpa	-31.5%
Crude steel production	-34.6 Mt	-37.4%
Reported GHG emissions	-86.1 MtCO2e	-45.8%

Sources: ArcelorMittal Fact Books 2018, 2019, 2020, 2021, 2022 and 2023, ArcelorMittal Annual Report 2024.

Notes: GHG emissions are expressed in millions of tonnes of CO2 equivalent and cover scope 1 and 2 (market-based) of both the steel and mining businesses of ArcelorMittal.This is because ArcelorMittal Factbook 2024 was not yet published at the time of writing, and the Annual Report does not provide a breakdown of GHG emissions by scope and business segment.

It should also be noted that the reduction of ArcelorMittal's crude steel production capacity has mostly resulted from asset sales, not closures, meaning that **the related GHG emissions have changed owners rather than been physically eliminated**. Also, not all of the asset sales can be said to have been deliberate. As Table 4 below shows, most have in reality been driven by political and legal factors in which climate considerations played no part.

Activists from ShinyClaims DirtyFlames campaign hold a banner at the Mer de Glace glacier in the Alps, on the Olympics Torch Tour, 21 June 2024. Credit: Jeremy Sutton-Hibbert/SteelWatch

Table 4: Iron and steel production assets that have left ArcelorMittal's books since 2018 and the reasons why

Event or transaction	Year	Crude steel capacity (Mtpa)	Number of blast furnaces	Reason
Sale of ArcelorMittal Galati (Romania) to Liberty Steel / GFG Alliance	2019	**2.3**	**1**	Condition set by the European Union's competition policy for the acquisition of the steel plant in Taranto, Italy
Sale of ArcelorMittal Ostrava (Czechia) to Liberty Steel / GFG Alliance	2019	**3.6**	**3**	Condition set by the European Union's competition policy for the acquisition of the steel plant in Taranto, Italy
Sale of ArcelorMittal USA to Cleveland-Cliffs	2020	**15.7**	**7**	Business and financial decision
Sale of ArcelorMittal Temirtau to Kazakh state	2023	**6.5**	**4**	ArcelorMittal "*asked to leave*" Kazakhstan by the country's president following a mining accident which took the lives of 46 workers
Loss of control over Taranto steel plant in Italy	2024	**9.5**	**4**	Asset placed into extraordinary administration by the government
	Total	**37.6**	**19**	

Sources: European Commission, Mergers: Commission clears ArcelorMittal's acquisition of Ilva, subject to conditions, 7 May 2018. ArcelorMittal, ArcelorMittal unlocks value through separation of integrated US assets and repositions its footprint in North America, 28 September 2020. Le Monde, ArcelorMittal asked to leave Kazakhstan following tragedy in Kostenko coal mine, 31 October 2023.

Note: the total of crude steel capacity of these assets is not equal to ArcelorMittal's decline in crude steel production capacity between 2018 and 2024 because of other changes in ArcelorMittal's fleet, in particular the acquisition in 2023 of Companhia Siderúrgica do Pecém in Brazil.

Behind the numbers: genuine decarbonisation is yet to take off

In fact, in its Annual Report 2024, ArcelorMittal acknowledges that when only GHG emissions of its current fleet of assets are considered, the decrease between 2018 and 2024 amounts to 25%, not 46%. Yet this also can differ from genuine decarbonisation efforts as GHG emissions of ArcelorMittal's current fleet of assets can decrease simply as a result of lower steel production, and production numbers provided in Table 3 above demonstrate that this is what has happened.

While SteelWatch considers absolute GHG emissions limits as important to avoid decarbonisation-driven GHG savings being offset by increased production, such limits should complement, not substitute intensity-based climate targets which better reflect genuine decarbonisation efforts. From this perspective, ArcelorMittal Annual Report 2024 shows how little the company has achieved so far. From 2018 levels, **the CO2e intensity has decreased by only 5.4% globally and 5.0% in Europe. This is alarmingly remote compared to the company's own 2030 targets of -25% and -35% respectively,** despite the fact that, in 2025, we have passed the mid way turning point to 2030, since the 2018 baseline year. Moreover, these two targets are insufficient to align with the goal of limiting global warming to 1.5C.[20]

Slow progress, tracked by the CO2e intensity indicators, is a consequence of the lack of investment decisions and therefore, of decarbonisation projects materialising. In its written response to a draft version of this report, ArcelorMittal acknowledges the reduction of CO2e intensity is "*slower than originally anticipated*", but invites us to consider that during the same period of 2018-2024, "*the steel industry's overall emissions intensity increased by 5.5%, rising from 1.81 to 1.91* [t CO2 per tonne of crude steel]". While it is factually correct that average emissions have increased globally, mainly due to shifts in the geography of steelmaking, for SteelWatch, it remains problematic that ArcelorMittal's own decarbonisation is too slow so far, and there are not yet any binding investment decisions that will accelerate it in the coming years.

[20] **Climate Action 100**, *ArcelorMittal S.A. Company Assessment*.

Box 1: Where are AM/NS India GHG emissions in ArcelorMittal's books?

ArcelorMittal's joint venture in India, AM/NS India, is often referred to with pride by its parent company ArcelorMittal, boasting its exposure to "*the world's fastest growing steel market*".[21] While AM/NS India ranks today "only" at the fifth place among India's largest steel producers with a crude steel production capacity of 8.8 Mtpa, it has very aggressive growth plans.

In the short term, with its two new blast furnaces (BFs) and three new basic oxygen furnaces (BOFs) expected to be completed by 2026, AM/NS India's iron and steel production capacity will almost double and exceed 15 Mtpa. Furthermore, the company has "*plans to grow to 18Mt by 2028; 24Mt by 2030 and ambition to grow to 40Mt*".[22]

Though these plans are less firm, a large share of this additional capacity is planned to rely on highly-CO2-intensive BF-BOF equipment. A greenfield 7.0 Mtpa integrated steel plant project with 2 BFs and 3 BOFs to be built in Paradeep is currently undergoing environmental clearance application examination.[23]

Another project in Kendrapara aims at developing a greenfield 24 Mtpa integrated steel plant in two phases - first 14 Mtpa and later 10 Mtpa. The first phase would involve the construction of 3 blast furnaces and 6 BOFs. At the time of writing, only the first phase is fully documented and in the process of application for environmental clearance.[24]

AM/NS also recently acquired land in Rajayyapeta to build a 7 Mtpa integrated steel mill[25] as part of a broader project which might be further expanded to 17 Mtpa[26]. The 7 Mtpa plant project, currently in the process of application for environmental clearance, would involve the construction of 2 BFs and 3 BOFs[27].

It is uncertain whether all of these projects will be pursued[28], notably because of India's limited domestic supplies of coking coal for the production of coke — an essential input for running blast furnaces—and political reluctance to rely on imports, which have been on a rapid rise in the past years following India's fast-growing steel production.[29] It is also worth noting that AM/NS India also invests in emissions reductions measures, such as a 700 million USD worth 1 GW renewable energy project currently being commissioned.[30]

A major problem remains while ArcelorMittal includes AM/NS India in its income (EBITDA) reporting, it does not include it under its group climate targets or in its GHG emissions reporting.

ArcelorMittal's claim to have reduced its absolute emissions by almost a half since 2018 also ignores the climate impact of AM/NS India, which is currently about 15 MtCO2 per year, but it is expected to exceed 25 Mt CO2 per year from 2026 onwards[31] — once the two new blast furnaces are commissioned and start production. In other words, when reporting to shareholders, ArcelorMittal claims the profits from its joint venture, but does not take responsibility for the joint venture's GHG emissions.

Essar Steel Plant (now ArcelorMittal Nippon Steel India), June 2012.
Photo: Kalish Giri via Flickr (CC 2.0)

[21] **ArcelorMittal**, *Steel Thoughts: Establishing a leading position in the world's fastest growing steel market.*
[22] **ArcelorMittal Nippon Steel India**, *ArcelorMittal Nippon Steel India investor event*, p22, September 2024.
[23] **Government of India**, *Ministry of Environment, Forest and Climate Change.*
[24] ibid.
[25] **Nippon Steel**, *AM/NS India acquires land for a construction site of integrated steel mill in the state of Andhra Pradesh in southern India*, 28 March 2025.
[26] **Steel Orbis**, *India's AMNS to build integrated steel plant in Anakapali*, 4 November 2024.
[27] **Government of India**, *Ministry of Environment, Forest and Climate Change.*
[28] **Reuters**, *Exclusive: ArcelorMittal-Nippon say import curbs may hit India production, delay expansion*, 5 March 2025.
[29] **The New Indian Express**, *India's domestic supplies reduce reliance on imported coal; coking coal imports increase*, 20 November 2024.
[30] **ArcelorMittal**, *ArcelorMittal Annual Report,* p37, 2025.
[31] **SteelWatch**, *ArcelorMittal Corporate Climate Assessment 2024,* p21, May 2024.

Lowering the bar instead of raising ambitions

Worryingly, instead of using the Climate Action Report 3 (CAR 3) to upgrade its climate targets, align them with a 1.5C climate scenario, and resolve other shortcomings, ArcelorMittal has indicated that it may now use CAR 3 to revise its climate targets downwards, as it says it is increasingly unlikely to achieve them: "*It is therefore increasingly unlikely that we will be able to achieve our 2030 carbon emissions intensity target. We intend to publish revised decarbonisation expectations when the policy environment is more settled.*"[32]

The premise that action should wait for a "settled" policy environment underestimates the reality that volatility regulatory, economic, environmental or otherwise — is now a norm of the global business landscape. The impacts of the climate crisis are accelerating, and companies that delay adaptation in pursuit of temporary clarity are unlikely to remain aligned with the pace of change demanded by science, markets, and society.

ArcelorMittal's suggestion that decarbonisation targets should be reconsidered only once external conditions stabilise signals that the company views climate action as conditional or optional. Moreover, this approach reinforces a linear, short-term interpretation of economic viability, as a year-by-year accounting exercise, rather than a strategic commitment to long-term competitiveness in a decarbonising world.

The technologies to drive decarbonisation in steel are already available or nearing commercial scale production. What is needed now is not perfect policy alignment, but investment, innovation, and long-term vision.

ArcelorMittal has the scale, capital, and technical expertise to lead the transition. Choosing to wait instead of acting is not just a missed opportunity, it is a risk to its future relevance. Delaying climate action may prove more costly than committing to it.

While ArcelorMittal stalls, competitors move forward

With annual global GHG emissions over 100 million tonnes of CO2 — in a similar order of magnitude as Belgium's[33] —, ArcelorMittal standing still means continuing to worsen the state of the climate and the planet. Moreover, while ArcelorMittal has remained immobile, some of its competitors, despite facing comparable difficulties in terms of business environment, policy, or energy, have been moving forward.

When SteelWatch published its first ArcelorMittal Corporate Climate Assessment in May 2024, no steelmaker with BF-BOF plants had yet 1.5C-aligned climate targets verified by the Science Based Targets initiative (SBTi). Since then, four steelmakers in Europe have: thyssenkrupp, SSAB, Salzgitter and SHS.[34]

These companies have not only adopted targets, but have also taken binding, billions of euro worth commitments to achieve them, and have either already put shovels in the ground or are about to do so. A greenfield near-zero-emissions steel plant is also being built by Stegra (ex-H2 Green Steel) at Boden, Sweden, and is scheduled to start production in 2026.

In contrast, ArcelorMittal has so far not taken a single final investment decision on any of the five large-scale DRI projects aiming at replacing blast furnaces and that it had announced earlier this decade for Belgium, Canada, France, Germany and Spain.

Regarding its four projects in Europe, ArcelorMittal explained in November 2024 that it needed to "*have full visibility on the policy environment that will ensure higher cost steelmaking can be competitive in Europe without a global carbon price*" before taking final investment decisions, and that policy developments expected in 2025, "*when complete,* [...] *will provide the parameters needed to shape the business case for decarbonisation investments in Europe.*"[35]

Regarding the project in Canada, a CBC media investigation reported in September 2024 that "*construction has yet to begin*", two years after a groundbreaking ceremony took place with the participation of Lakshmi N. Mittal

[32] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p15, 2024.
[33] **Our World in Data**, *CO_2 and greenhouse gas emissions data explorer.*
[34] **Science Based Targets**, *Target dashboard*. Last accessed on 18 March 2025.
[35] **ArcelorMittal**, *ArcelorMittal provides update on its European decarbonization plans*, 26 November 2024.

(ArcelorMittal Executive Chairman) and high-level Canadian officials.[36] According to minutes of the most recent Community Liaison Committee held in January 2025 as well as ArcelorMittal's Annual Report 2024, the company "*remains committed to the project*"[37] which "*is currently progressing through FEED stage*"[38] (front-end engineering design), but a former plant employee told CBC that it will be "*impossible*" to respect the initial timeline which set a start of operations in 2028.

ArcelorMittal's response to being compared with other steelmakers is that "*as a global company with a significantly larger and more diverse operational footprint than European-based competitors, who operate a limited number of plants, the scale of our challenges and transformation is fundamentally different*." SteelWatch agrees that it is fundamentally different, but interprets that in a different direction: that ArcelorMittal's global character and higher level of vertical integration creates unique and advantageous opportunities. For example, in Canada, where ArcelorMittal owns a DRI-grade iron ore mine and has existing operations of iron and steelmaking, it can maximise the local renewable electricity availability for investing in green hydrogen production and shifting its iron production to near-zero emission using DRI. Potential for producing low-emissions iron, which can be transported to steel plants elsewhere, is high but so far under-exploited in Canada.[39]

3. Assessment of technological choices and decarbonisation pathways

Climate Action Report 2 (CAR 2), from July 2021, outlined various levers through which climate targets would be pursued, and focused on two main technology pathways: termed "*Smart Carbon*" and "*Innovative DRI*". A third pathway relies on a "*promising but not yet mature*" technology - direct electrolysis of iron. These were assessed in SteelWatch's Corporate Climate Assessment Report 2024. Since then, the notable developments have mostly been about how these technologies are being discussed, not how they are being built.

On 'Innovative DRI,' none of the announced plants in Europe or Canada have moved to a final investment decision. There has also been disappointing silence about any new DRI plans, despite the fact that ArcelorMittal already operates in countries with strong potential for renewable energy and for direct reduced iron production—not least Brazil, South Africa, as well as Canada. Last year the question was 'how innovative' its DRI approach would be in using green hydrogen[40], but it is now a question of whether its DRI plan will move anywhere.

On 'Smart Carbon,' while ArcelorMittal continues to refer to projects that partially substitute coal-based materials with other products and to carbon capture and storage (CCUS) as a decarbonisation technology, there have been no newly announced large-scale 'Smart Carbon' projects, and not much detail has come out on achievements of the existing project at its Ghent plant. SteelWatch remains concerned that carbon capture on a blast furnace has failed to deliver results over the last 20 years and relying on this 'false solution' risks perpetuating coal use for decades to come.

In the Sustainability Report 2024, published in April 2025, ArcelorMittal announced a significant update on the timeline of deploying these technologies stating that **it now expects these decarbonisation technologies would only be commercial in the 2030s, not within this decade:** "*It is becoming increasingly clear that transformational ironmaking, e.g. adding carbon capture, utilisation and storage (CCS) or moving to green hydrogen DRI-EAF, is only likely to be economical post 2030. And that policies that address the high capital and operational costs involved, are required to make that happen.*"[41]

One physical shift that is discernible in the portfolio is the growing share of Electric Arc Furnaces (EAF), despite a decline in the absolute number. The company has now articulated that this will be one of the main directions for the next five years: "*Over the course of the next five years, our decarbonisation efforts will continue to focus on diversifying our metallics supply, increasing energy efficiency, securing clean energy, and transforming our steelmaking*

[36] **CBC**, *ArcelorMittal Dofasco misses key milestones in $1.8B 'green' steel project promised for 2028*, 3 September 2024.
[37] **ArcelorMittal**, *ArcelorMittal Dofasco Community Liaison Committee Q 4 2024 minutes of meeting*, 28 January 2025.
[38] **ArcelorMittal**, *ArcelorMittal Annual Report 2024,* p62, 2025.
[39] Algers & Bataille, (forthcoming). *Strategic decarbonisation of the Canadian iron and steel industry: A worker-centred path to cut emissions, increase value added and strengthen global supply chains,* 2025. University of Lund, ISBN 978-91-86961-65-7.
[40] Innovative DRI" technology should consist of using hydrogen to reduce iron ore through a 'direct reduction' process. Fossil gas DRI is not innovative and has been on the market for decades. See **SteelWatch**, *SteelWatch Explainer: Why smart use of green hydrogen is critical for steel decarbonisation*, 22 January 2025.
[41] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p3, 2024.

assets through continuing the shift to electric arc furnaces. In the longer-term, we also expect to transition to lower emissions ironmaking and add CCS."[42]

Increased production in EAFs is a useful step forward, particularly where accompanied by securing renewable energy supplies, but is insufficient on its own. As Box 2 explains, just betting on EAFs without ensuring decarbonisation of iron production is not enough. While an EAF is often equated with melting scrap, in reality EAFs need some virgin iron, and that will be increasingly true as scrap becomes more scarce and EAF's produce the full range of quality steel. If that virgin iron is made in a high-emissions blast furnace, the emissions savings from an EAF are lower. ArcelorMittal has not made clear where the virgin iron inputs for its fleet of EAFs will come from, given the promised DRI plants are not proceeding and there is no sign of equivalent DRI investment or procurement to compensate.

Some small steps: necessary but not sufficient

In several areas ArcelorMittal points to its positive steps forward. They are tantalising but frustrating signals, as each is insufficient and displays a lack of a visionary and coherent long-term plan in the face of the climate crisis.

Additions to EAF capacity are a welcome development. However, without corresponding investment in decarbonising iron production, the transition remains incomplete. Similarly, the reported 5% reduction in emissions intensity is progress, but it is far too slow to be aligned with the 1.5C pathway. The introduction of renewable energy as a new business line signals an important adaptation to the renewables-driven economy. Yet even in countries with strong renewable potential, like Canada and Brazil, ArcelorMittal has not made the scale of investment necessary to lead in green hydrogen deployment or decarbonised steel production. The company's investment in iron ore mines capable of producing DR-grade iron ore is another potentially strategic move. However, without clear plans to develop a DRI plant, it remains a missed opportunity. Given ArcelorMittal already owns DR-grade iron ore mines and has iron and steelmaking capacity in countries that are tagged[43] as future providers of transportable green iron to steelmakers, it has a head start on other steelmakers and the lack of action is all the more woeful. On Scope 3 emissions, ArcelorMittal has gathered the data but has chosen not to disclose it, nor to incorporate it into binding reduction targets. This undermines transparency and weakens accountability at a time when value chain emissions represent a significant share of the company's carbon footprint.

Overall, these developments suggest a company aware of where the future lies but still hesitant to commit fully to the paths. Incrementalism will not be sufficient. ArcelorMittal must move beyond cautious gestures and show the courage to lead with a comprehensive, actionable, and ambitious decarbonisation strategy. The time for marginal gains is over. What is needed now is transformative change.

BOX 2: Are EAFs without DRI plants a viable decarbonisation strategy?

In November 2024, when it made public that its final investment decisions in DRI plants in Europe were conditional on a favourable policy environment, ArcelorMittal also hinted that it was "*analysing a phased approach that would first start with constructing electric arc furnaces, which can also be fed with scrap steel to significantly reduce emissions.*"[44]

This approach seems to gain more and more traction: in its Sustainability Report 2024, ArcelorMittal mentions the transformation of steelmaking assets "*through continuing the shift to electric arc furnaces*" as one of the focus areas "*over the course of the next five years*", whereas "*transformational ironmaking*", whether based on green hydrogen or on carbon capture, utilisation and storage (CCUS), is pushed for after 2030.[45]

The company is also proud of highlighting that "*electric arc furnaces (EAF) now account for 25% of the Group's global production, up from 19% in 2018*", though it should be added that this does not result from a net increase in EAF capacity, but from the fall in BF-BOF capacity.

[42] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p2, 2024.
[43] **SteelWatch**, *SteelWatch Explainer: Why smart use of green hydrogen is critical for steel decarbonisation*, 22 January 2025.
[44] **ArcelorMittal**, *ArcelorMittal provides update on its European decarbonization plans*, 26 November 2024.
[45] **ArcelorMittal**, *ArcelorMittal sustainability report 2024*, p15, p2, 2024.

A concrete example of this approach is at work at the company's steel plant in Gijón, Spain, where construction of a new 1.1 Mtpa EAF started in May 2024. As a reminder, Gijón was where ArcelorMittal announced in 2021 with much fanfare it would set up a 2.3 Mtpa green hydrogen DRI unit that would feed "*the world's first full-scale zero-carbon emissions steel plant*" in Sestao, Spain, but the DRI did not materialise. That plant in Sestao was supposed to start production before the end of 2025 — a timeline now impossible to hold.

From a climate perspective, setting up an EAF without clearly ensuring a source of low-emissions electricity and iron, be it recycled iron and steel (scrap) or direct reduced iron (DR iron), raises a lot of questions on the overall GHG footprint. Whereas steelmaking in basic oxygen furnaces (BOFs) is generally coupled with blast furnaces which produce and melt iron at the same time, EAFs can be standalone units which melt iron by themselves. EAFs are primarily powered by electricity and therefore emit limited amounts of GHGs, though they often also consume fossil gas.

It follows that while the vast majority of the total GHG footprint of steel made in a BF-BOF plant originates on-site — they are "direct", or "scope 1" emissions — the vast majority of the total GHG footprint of steel made in an EAF does not come from the EAF itself, but from the production of electricity needed to power the EAF (so-called "scope 2" emissions) as well as the production of iron processed by the EAF to make steel. From a company's perspective, if this iron is sourced from external suppliers, the related GHG emissions would fall under its so-called "scope 3" emissions.

Even with grid electricity which is currently not low-emissions, producing one tonne of steel in a EAF 100% fed with scrap, which comes with a zero-emissions footprint, emits on average four times less CO2 than producing one tonne of steel in a BF-BOF plant.[46] However, because it can be challenging to find scrap in sufficient quantities and/or of sufficient quality to meet steel product requirements — especially for the more demanding grades used in the automotive industry[47] — scrap inputs might need to be complemented with "virgin iron" made from iron ore. This can be pig iron made in a highly-CO2-intensive blast furnace, or DR iron with a lower CO2 footprint.

On the electricity side, ArcelorMittal deserves credit for investing directly in renewable electricity generation, with a total capacity installed or under development of 2.3GW in India, Brazil and Argentina and over 1 billion USD in investments.[48]

On the iron side, everything else being equal, if ArcelorMittal is to massively expand its fleet of EAFs, it will increasingly struggle to find scrap in sufficient quantities and/or of sufficient quality and will therefore have to feed its new EAFs with significant amounts of "virgin iron".

In the public version of the state aid decision about the DRI-EAF project in Dunkirk, France, ArcelorMittal is reported to have "*established a maximum of [30 – 50] % scrap and a minimum of [50 – 70] % DRI*" in order to "*achieve the minimum* [steel] *quality required for the orderbook*". In addition, because the planned DRI capacity is lower than planned steel production volumes, "*ArcelorMittal France will also acquire [0 – 1] Mt of HBI. ArcelorMittal France's policy is to acquire green HBI, i.e. HBI produced in a process with zero or negligible greenhouse gas emissions.*"[49]

If ArcelorMittal does not produce by itself or procure lower-emissions DR iron in sufficient volumes, regardless of whether this DR iron would be produced in Europe or not, there is a risk that the EAFs will eventually be fed with pig iron made in a highly-CO2-intensive blast furnace, or simply left underutilised. Therefore, EAFs without clear plans to feed them with low-emission iron are likely to underdeliver in terms of climate benefits.

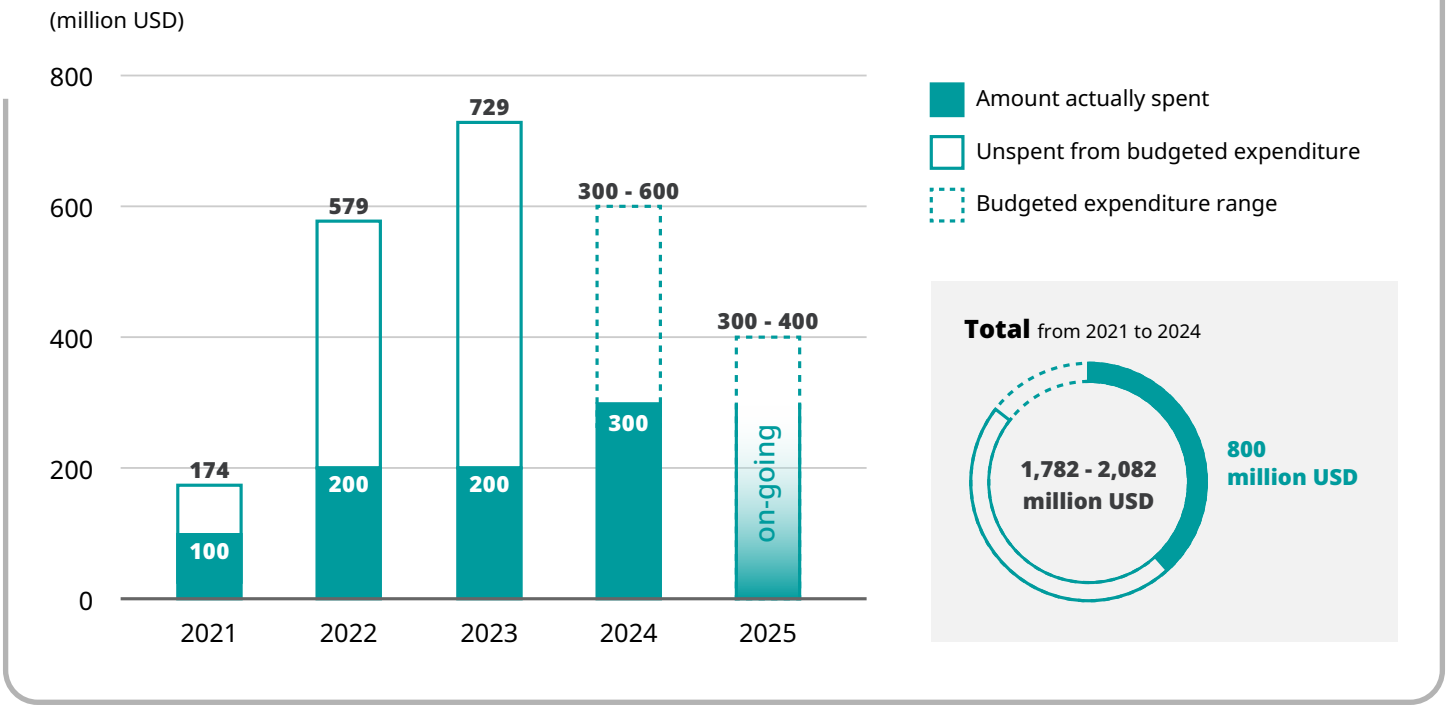
This risk is all the more potent because ArcelorMittal's 2030 climate targets only cover scope 1 and 2 and would therefore not include emissions associated with pig iron purchased from external suppliers.

[46] **World Steel Association**, *World Steel in figures 2024.*
[47] **SteelWatch**, *SteelWatch Explainer: Why the auto industry doesn't need blast furnace steel*, 22 January 2025.
[48] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p15, 2024.
[49] **European Commission**, *State Aid- France Aid to ArcelorMittal France,* 20 July 2023.

Doing less, and spending less

While ArcelorMittal has recently started highlighting that, it has spent 1 billion USD on decarbonisation-related investments since 2018[50], it omits two important facts. First, since 2021 and the release of its Climate Action Report 2, **ArcelorMittal's actual capital expenditures on decarbonisation have systematically been much lower than the company's own expectations. Its total actual spending since 2021 is in fact less than half the expected amount** (see Figure 3 below, and for more information see Table A2 in Annex). Moreover, the announced amount for 2025 — 300-400 million USD, at a comparable level as for 2024 — raises doubts whether ArcelorMittal will decide this year on transformational investments.

Figure 3: ArcelorMittal expected and actual spending on decarbonisation per year



On the other hand, **ArcelorMittal is still spending significant amounts of money on maintaining and extending the lifetime service of its coal-related production equipment.** In France, ArcelorMittal is spending in 2025 254 million EUR for its plant in Dunkirk — 165 million EUR on blast furnace #4, 66 million EUR on the iron ore sintering line and 23 million EUR on one of the basic oxygen furnaces.[51] At its plant in Fos-sur-Mer, the company is spending 53 million EUR on blast furnace #1 in 2025 and 2026.[52] These investments, which do not come with a retirement date for the concerned blast furnaces, strengthen uncertainty on the phase out of coal use at these plants, and maintaining the status quo would endanger the achievement of France's 2030 emissions reduction targets.[53]

From a long term perspective, the 800 million USD spent so far during the 2021-2024 period represents just 16% of the 5 billion USD ArcelorMittal plans to invest by 2030 to reach its 2030 global target of 25% CO2 emissions reduction, another 5 billion USD being expected to come from public funding.[54] This is low considering that we are halfway to 2030, but high given that none of the transformative DRI projects have received a final investment decision — even considering the 5 billion USD to be brought by governments. It is also worth noting that out of the 5 billion USD ArcelorMittal expects to come from public funding, the company has already secured over 3.5 billion USD in subsidies, though actual payment is conditional on delivering the projects.[55]

Lower-than-expected spend on decarbonisation in financial statements is raising questions, including among investors during the earnings calls, as to whether the company intends to keep the 5 billion USD envelope that it originally budgeted for decarbonisation by 2030. While company representatives have said that the number

[50] **ArcelorMittal**, *4Q 2024 and FY 2024 Financial Results*, 6 February 2025.
[51] **La Voix Du Nord**, *Dunkirk: These 254 million investments should reassure ArcelorMittal employees*. [Translated from French]
[52] **L'Usine Novelle**, *ArcelorMittal Méditerranée will modernize its blast furnace No. 1 in Fos-sur-Mer*, 10 March 2025. [Translated from French]
[53] **Reseau Action Climat**, *50 sites industriels les plus émetteurs de CO2*, July 2024.
[54] **ArcelorMittal**, *Climate Action Report 2*, p12, July 2021.
[55] **ArcelorMittal**, *ArcelorMittal Corporate Climate Assessment 2024*, p31, May 2024.

remains in place, doubts remain given the lack of action. The Annual Report 2024 states that "*the Company's medium-term [climate] objective and associated decarbonization capital expenditures are currently under review*[56]." In its Sustainability Report 2024, ArcelorMittal repeated the 5 billion USD figure, now as an 'envelope' within which all decarbonisation capex will be contained.[57] Even if it is spent, given the evolution of prices since 2021, it is likely that ArcelorMittal would have to revise upwards its decarbonisation envelope in order to achieve its existing 2030 climate targets. Conversely, the lack of such a revision, along with delays in spending, means likely less climate impact for such spending.

A lack of firm commitments and decisions at the group level creates great uncertainty at plant level. Without a clear roadmap, it is impossible to elaborate on plant-level transformation plans, including change in production systems and how these changes would impact workers and local communities. The company has to ensure a just transition that leaves no one behind.

4. Policy influence

As one of the world's largest steel producers, the number one steel producer in North America, Europe and Brazil[58], and in certain countries the only ironmaker, ArcelorMittal has the ear of political decision-makers. This voice is strong because steel is often perceived as an essential resource for large manufacturing industries like the automotive sector and strategic industries like defence.

The company actively engages in a multitude of government-, civil society-, or industry-led initiatives in the realms of sustainability and standard-setting, including initiatives such as the Energy Transition Commission (ETC), the World Business Council for Sustainable Development (WBCSD), Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), and ResponsibleSteel.[59] There were 130 registered high level lobby meetings with the EU Commission officials between 2014-2024, averaging about one meeting per month over a decade.[60]

Shaping the narrative in Europe: setting a pace of incremental change

In Europe, ArcelorMittal is not only the largest steel producer, but also one of the most powerful political actors. With deep ties to decision-makers, and an extensive lobbying presence, the company plays a central role in shaping industrial, trade and climate policy across the EU. In recent months, ArcelorMittal and other steelmakers have been vocal — and fairly successful — in delivering messages to the EU policy-makers that the steel sector faces concurrent problems, particularly in energy and trade, and needs state intervention. Industry transformation at a large scale carries significant public interest, therefore it is expected that state involvement is necessary, with both sticks and carrots. And, at a time when some steel plants or companies are struggling with pressure on margins, it is natural for companies to invest in policy lobbying.

And yet it is noticeable that there is problematic and pervasive messaging in the engagement with policy makers and media in recent months. Rather than advancing a bold vision for a clean, fair, and thriving steel industry, ArcelorMittal repeatedly promotes a narrative steeped in caution, delay, and conditionality. And these narratives are slowly but surely seeping into broader discourse.

In recent months, the company has intensified its messaging around competitiveness threats and investment uncertainty. At the national level, this has included a series of public warnings — none more striking than the statement by Alain Le Grix de la Salle, President of ArcelorMittal France. Testifying before the French Parliament on 22 January 2025,[61] he declared that the entire "*hot phase of steel production*" in Europe, referring to blast furnaces, was at risk. This stark framing signaled to policymakers that failure to accommodate the company's needs could jeopardise the industrial fabric of the continent.

[56] **ArcelorMittal**, *ArcelorMittal Annual Report 2024*, p15, 2025.
[57] **ArcelorMittal**, *ArcelorMittal Sustainability Report 2024*, p2, 2024. "*We intend to ensure that all decarbonisation-related capex is contained within the annual capex envelope of US$4.5-5 billion.*"
[58] **ArcelorMittal**, *Investment proposition.*
[59] **ArcelorMittal**, *ArcelorMittal Annual Report 2024,* p39, 2025.
[60] **LobbyFacts EU**, *ArcelorMittal*. There were 130 registered high level lobby meetings with the EU Commission officials between 2014-2024 - averaging about one meeting per month over a decade.
[61] **LCP-Assemblée National**, *Le président d'ArcelorMittal France est auditionné sur la situation de l'entreprise*, 22 January 2025.

The message was further amplified at the Q4 earnings call,[62] when CEO Aditya Mittal warned investors and EU officials alike, "*To the extent that those actions [by the European Commission] don't pan out, then clearly, we will need to act to restore competitiveness to our business. We know how to do it. We've done it in the past.*"[63] While vague, the implication was clear. Without further support, the company may cut production or shift investment outside Europe.

These remarks follow a pattern. ArcelorMittal's public interventions repeatedly emphasise external constraints, regulatory burdens, and policy uncertainty as key barriers to decarbonisation. Lakshmi Mittal's December 2024 op-ed in the *Financial Times*[64] said "*The decisions taken in the next 12 months will determine the future size and shape of the European steel industry. Failure to act will only result in the continued decline of iron and steelmaking in the continent.*" The underlying message is consistent: without greater support, the company may not deliver on its climate commitments — and Europe may lose its steel industry.

This framing plays into the current EU debates, where the Clean Industrial Deal and the Steel and Metals Action Plan are increasingly shaped by concerns over short-term competitiveness. But it comes at the expense of long-term vision.

ArcelorMittal disputes our interpretation. The company states that "*policy can and will play a crucial role in driving change on both the supply and demand sides and make cleaner steel production cost competitive*" (a point SteelWatch fully agrees with), and asserts its commitment to "*working with policymakers and stakeholders to create the necessary conditions for making decarbonization economically viable, ensuring its long-term sustainability.*"

Yet despite these stated intentions, SteelWatch remains concerned that ArcelorMittal continues to place the burden and risk of transformation on others — promoting caution and slow change, rather than leading the transformation of the steel sector, and being a corporate champion of a green and transformational industrial strategy.

Leadership requires more than lobbying. It requires vision, commitment, and investment. It means setting a course for an industry that is not only economically viable, but also clean, just, and resilient. Europe — like the rest of the world — needs its biggest steelmaker to be a driver of that future.

5. Shareholder profits over stakeholder interests

ArcelorMittal continued to deploy significant capital toward shareholder returns in 2024, maintaining its commitment to a capital allocation policy that prioritises dividends and aggressive share buybacks. While the company highlights this as a strength, such returns raise ongoing questions about the long-term balance between shareholder remuneration and investment in transition-readiness and decarbonisation.

- Dividend Policy: In 2024, ArcelorMittal paid out 393 million EUR in dividends, equivalent to 0.50EUR per share—a 14% increase from 0.44EUR in 2023. A further increase to 0.55EUR per share (10%) is proposed for 2025. This represents the continuation of what the company terms a "progressive" dividend policy. However, it remains unclear how this aligns with long-term investment needs, especially in light of capital-intensive decarbonisation pathways.
- Share Buybacks[65]: Under the share buyback program of up to 85 million shares for 2023-2025 announced in May 2023, the company repurchased 52 million shares in 2024, at a cost of 1.3 billion EUR. The programme remained active at the close of the year.

[62] **Seeking Alpha**, *ArcelorMittal S.A. (MT) Q4 2024 Earnings Call Transcript*, 6 February 2025.
[63] **Seeking Alpha**, *ArcelorMittal S.A. (MT) Q4 2024 Earnings Call Transcript*, 6 February 2025.
[64] **Financial Times**, *Europe must make a choice on the steel industry*, 3 December 2024.
[65] Share buybacks, or share repurchase programs, are a capital allocation strategy where a company repurchases its own outstanding shares from the open market. This reduces the total share count, thereby increasing earnings per share (EPS) and often supporting the stock price. From a shareholder return perspective, buybacks contribute in two main ways:

1. Capital appreciation: By reducing the supply of shares, buybacks can lead to higher share prices, benefiting remaining shareholders.
2. Per-share enhancement: Fewer shares mean company profits and dividends are spread over a smaller base, boosting key per-share metrics like EPS and DPS (dividend per share), often making the stock more attractive to investors.

Together with dividends, buybacks form the total capital returned to shareholders, offering both immediate and longer-term financial value.

Despite billions in capital return, decarbonisation remains 'unaffordable'

In total, ArcelorMittal allocated 1.7 billion EUR in 2024 to shareholder returns. Over the 2021-2024 period, the company reports a 37% reduction in total share count and a 16% compound annual growth rate in dividends per share. Management has pointed to these figures as evidence of exceptional capital returns, with the CEO claiming a shareholder return rate "*unmatched by any of (its) peers*" in the FY 2024 earnings call.

Yet, while these returns may appeal to investors in the short term, they also expose a strategic tension: how sustainable is ArcelorMittal's capital return policy in a decade that demands massive investment in low-carbon transformation, supply chain resilience, and workforce transition? On top of that, the lack of transparency around capital allocation trade-offs limits stakeholders' ability to assess whether shareholder returns are coming at the expense of future competitiveness.

ArcelorMittal disagrees with our interpretation, arguing that this "*does not accurately reflect ArcelorMittal's approach to long-term financial and environmental sustainability. While decarbonisation routes are technically well-known, there is currently little economic logic in most regions to support a technology switch.*" Comments on a draft version of this report also say "*The Company's strategy is grounded in balancing immediate operational realities with a clear commitment to decarbonizing its operations where and when it is cost competitive to do so.*"

The Table 5 presents ArcelorMittal's shareholder remuneration and decarbonisation spending over the period 2021-2025. **It highlights the significant imbalance between capital returned to shareholders and capital invested in decarbonisation. SteelWatch's view remains that such a trend raises questions about the company's transition readiness and long-term capital allocation priorities.**

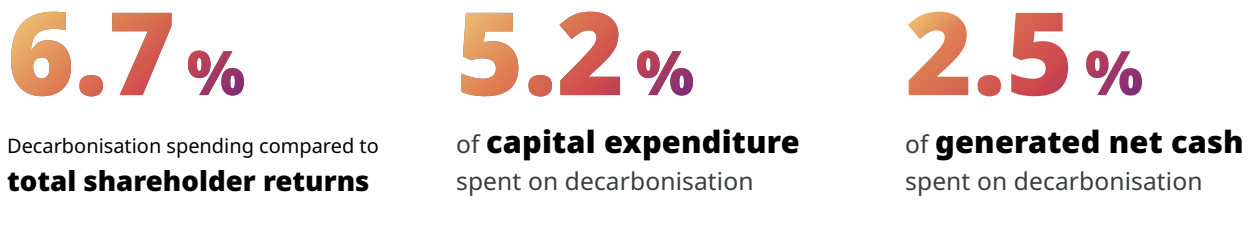
Table 5: ArcelorMittal – shareholder returns vs. decarbonisation spending (2021–2024)

in billion $	2021	2022	2023	2024	Total 2021-24
Decarbonisation Spendings	**0.1**	**0.2**	**0.2**	**0.3**	**0.8**
Total Shareholder Return	**5.5**	**3.3**	**1.6**	**1.7**	**12.0**
Dividends	0.3	0.3	0.4	0.4	1.4
Share Buybacks	5.2	3.0	1.2	1.3	10.6

Sources: ArcelorMittal Annual Report 2021, p. 245; ArcelorMittal Annual Report 2022, p. 280; ArcelorMittal Annual Report 2023, p. 249; ArcelorMittal Annual Report 2024, p. 193. Dividend years refer to years of payout.

ArcelorMittal is investing, but not nearly enough in decarbonisation

Figure 4: Decarbonisation spending (2021-2024) as a proportion of other spending priorities



In 2024, ArcelorMittal generated 4.9 billion USD in net cash from operating activities, with free cash flow falling to 2.0 billion USD, down from 7.6 billion USD and 2.9 billion USD, respectively, in 2023. Despite this contraction, capital expenditures increased to 4.4 billion USD, of which 1.3 billion USD was directed toward what the company classifies as *strategic growth investments*.

Yet, spending on decarbonisation projects remained stagnant at just 300 million USD — a figure that not only falls well short of stated ambitions but signals a deep misalignment between corporate messaging and actual investment behavior.

As shown in Table 6, ArcelorMittal's capital allocation priorities, whether through generous shareholder payouts or through traditional growth investments, underscore a strategic inertia when it comes to climate action. The company's decarbonisation-related capital expenditure from 2021 to 2024 barely exceeds 800 million USD — less than 2.5% of the total cash generated for the period — putting it far off the pace required to meet its own estimate of 5 billion USD in decarbonisation investment by 2030.

Table 6: ArcelorMittal – cash generation, capex, and decarbonisation expenditure (2021–2024)

This table highlights the disconnect between ArcelorMittal's cash generation, capital expenditure, and its relatively minor allocations to decarbonisation over the 2021–2024 period. Despite generating over 32 billion USD in operating cash across these four years, less than 2.5% was directed to decarbonisation investments.

in billion $	2021	2022	2023	2024	Total 21–24
Generated Net Cash	9.9	10.2	7.6	4.9	**32.6**
Capex	3.0	3.5	4.6	4.4	**15.5**
of which Strategic Projects / Strategic Growth Capex	0.2	0.7	1.4	1.3	**3.6**
Decarbonisation Expenditure	0.1	0.2	0.2	0.3	**0.8**

Sources: ArcelorMittal, ArcelorMittal reports fourth quarter and full year 2021 results, 10 February 2022; ArcelorMittal, ArcelorMittal annual report 2022, p. 191; ArcelorMittal, Q2 and 1H 2023 financial results Leadership presentation 4Q 2024 and FY 2024 Financial Results, 6 February 2025.

Even more concerning is the company's guidance for the years ahead. Rather than indicating any ramp-up, ArcelorMittal has stated that its annual decarbonisation capex is expected to remain flat. In the FY 2024 disclosures, the company suggests that higher investment may only materialise "*perhaps based on acceleration of policy regulation that we want*". This positioning, cynically offloading responsibility to regulators, exposes a lack of conviction in its own climate roadmap.

The company disagrees with our interpretation of the figures, and points to a range of spending stating: "*While it is true that the scale of investment may not fully align with the levels projected in 2021, ArcelorMittal has nonetheless made significant financial commitments to decarbonization initiatives. Between 2018 and 2024, the Company has invested approximately $1 billion in a broad portfolio of decarbonization projects, including an EAF in Gijon, the conversion of the Canada pellet plant to DR pellets, and carbon capture and usage in Ghent. In addition the Company has invested directly in new renewable energy projects, which represents a new business direction. The Company also has an active R&D team with a consistent annual budget of between $250 - $300mn. In 2024 the R&D team has launched 20 new products and solutions that accelerate sustainable lifestyles, and 26 that support sustainable construction, infrastructure and energy generation*."

While much of this array of spending is useful, it does not add up to decarbonisation of iron production or fundamental transformation. Five years into a critical decade for climate action, ArcelorMittal's spending priorities send a clear message: it is not prioritising climate transition in its core industrial strategy. At the current trajectory, the company is not just off track — it is failing to treat the transformation with the urgency it demands.

At the current trajectory, the company is not just off track — it is failing to treat the transformation with the urgency it demands.

Conclusion

Five years into this decisive decade for climate action, ArcelorMittal still lacks a serious climate strategy. As one of the largest and most globally-spread iron and steelmakers, it has yet to adopt a climate strategy that aligns with a 1.5C future and that provides a structured framework for delivering effective action.

The company's Climate Action Report 2, introduced at the beginning of this decade, is outdated, incomplete, and lacking ambition. Its inconsistencies highlight the urgent need for a more robust and cohesive approach to addressing ArcelorMittal's global responsibilities.

As climate change accelerates at an unprecedented pace, the window for meaningful action is rapidly narrowing. Shifting political landscapes further threaten to deprioritise climate leadership, making it imperative for companies like ArcelorMittal to take bold, decisive steps.

In recent months, ArcelorMittal has missed deadlines, backtracked on commitments, and deflected responsibility. The company has consistently deprioritised climate action in its core business strategy. Furthermore, this report has shown that the company has prioritised short-term returns to shareholders, including the owner's very own Mittal family, over serious spending on decarbonisation to futureproof its business.

At this critical moment, ArcelorMittal must embed decarbonisation at the heart of its business strategy. To become a global steelmaker fit for a zero-emissions world, the company must:

- Deliver an updated climate strategy (Climate Action Report 3) that integrates growth strategy, investment strategy and the shift to being a near-zero emissions iron and steelmaker.
- Set updated, science-based targets for emissions intensity and absolute emissions, aligned with the 1.5C pathway. These should cover 2030, intermediate milestones every five years, and the full value chain, including joint ventures and future acquisitions.
- Ensure strong implementation, including a clear roadmap to meet 2030 targets, transition plans for every plant, robust investment schedules, and social dialogue integrated into each step.
- Make strategic investments to secure renewable energy, green iron, and scrap steel, and reorient capital expenditure toward decarbonisation as a driver of future growth.

ArcelorMittal has the scale and global footprint to lead. Now it must act decisively and align its business with the future of the planet.

Blaming political uncertainty is no reason to delay climate action. Turbulence and change will be features of decades to come, not least driven by climate change. In Europe, ArcelorMittal must move ahead with concrete decarbonisation. Beyond Europe, ArcelorMittal needs to seize the opportunity of its global footprint in countries with high renewable energy potential for green iron production: Canada, Brazil and South Africa. The company should invest in opportunities in its value chain more widely to accelerate decarbonisation.

The steel industry is at a turning point. Disruptive entrants are shaping a post-coal future. ArcelorMittal must choose: continue with a legacy approach driven by asset shuffling and minimal climate action, or pivot towards a forward-looking strategy that secures its role in a decarbonised global economy.

Annex

Annex 1: Contextual information

Table A1: ArcelorMittal ironmaking and steelmaking assets per plant and country

(including joint ventures with ArcelorMittal ≥ 50% interest)

		Ironmaking equipment and production capacity (in Mtpa) - operational and under construction				Steelmaking equipment and production capacity (in Mtpa) - operational and under construction			
		Blast furnaces		DRI/HBI plants		Basic oxygen furnaces		Electric arc furnaces	
Plant	**Country**	**Number**	**Capacity**	**Number**	**Capacity**	**Number**	**Capacity**	**Number**	**Capacity**
ArcelorMittal S.A. ("Company" or "Group")									
Acindar	Argentina	0	0.0	1	0.6	0	0.0	2	2.0
Charleroi (Industeel Belgium)	Belgium	0	0.0	0	0.0	0	0.0	1	0.5
Gent	Belgium	2	5.0	0	0.0	3	5.0	0	0.0
Zenica	Bosnia and Herzegovina	1	1.1	0	0.0	1	1.1	1	0.8
Barra Mansa	Brazil	0	0.0	0	0.0	0	0.0	2	0.8
Juiz de Fora	Brazil	2	0.4	0	0.0	0	0.0	1	1.1
Monlevade	Brazil	1	1.0	0	0.0	2	1.2	0	0.0
Pecém	Brazil	1	3.2	0	0.0	2	3.0	0	0.0
Piracicaba	Brazil	0	0.0	0	0.0	0	0.0	1	1.1
Resende	Brazil	0	0.0	0	0.0	0	0.0	1	1.0
Tubarão	Brazil	3	7.3	0	0.0	3	7.5	0	0.0
Contrecoeur	Canada	0	0.0	2	2.0	0	0.0	3	1.7
Dofasco Hamilton	Canada	2	2.3	0	0.0	1	2.7	1	1.4
Châteauneuf - Loire (Industeel France)	France	0	0.0	0	0.0	0	0.0	1	0.1
Le Creusot (Industeel France)	France	0	0.0	0	0.0	0	0.0	1	0.2
Dunkerque	France	3	6.9	0	0.0	3	6.8	0	0.0
Méditerranée Fos sur Mer	France	2	4.0	0	0.0	2	5.1	0	0.0
Bremen	Germany	2	3.9	0	0.0	3	3.8	0	0.0
Duisburg - Hochfeld	Germany	0	0.0	0	0.0	2	1.3	0	0.0
Eisenhüttenstadt	Germany	1	1.8	0	0.0	2	2.4	0	0.0
Hamburg	Germany	0	0.0	1	0.6	0	0.0	1	1.1
Differdange	Luxembourg	0	0.0	0	0.0	0	0.0	1	2.0
Esch-Belval	Luxembourg	0	0.0	0	0.0	0	0.0	1	1.0
Lázaro Cárdenas	Mexico	1	1.5	3	3.4	2	2.4	4	4.0
Sonasid	Morocco	0	0.0	0	0.0	0	0.0	1	0.8
Dąbrowa Górnicza	Poland	2	4.5	0	0.0	3	5.0	0	0.0
Warszawa	Poland	0	0.0	0	0.0	0	0.0	1	0.8
Hunedoara	Romania	0	0.0	0	0.0	0	0.0	1	0.8
Newcastle (South Africa Long Steel Products)	South Africa	1	2.0	0	0.0	3	1.9	0	0.0
Vanderbijlpark	South Africa	2	2.2	1	1.0	3	4.5	0	0.0
Asturias (Gijón)	Spain	2	4.7	0	0.0	1	1.2	1 under construction	1.1 under construction
Sestao	Spain	0	0.0	0	0.0	0	0.0	2	2.0
Olaberria-Bergara	Spain	0	0.0	0	0.0	0	0.0	1	1.5
Kryvyi Rih	Ukraine	4	8.9	0	0.0	6	6.5	0	0.0
Texas HBI	USA	0	0.0	1	2.0	0	0.0	0	0.0
Total without joint ventures	**16 countries**	**32**	**60.9**	**11**	**10.3**	**43**	**67.2**	**28 + 1 under construction**	**24.0 + 1.1 under construction**
Joint ventures with ArcelorMittal ≥ 50% interest									
AM/NS India	India	1 + 2 under construction	2.4 + 7.0 under construction	8	8.4	3 under construction	6.0 under construction	8	9.0
AM/NS Calvert	USA	0	0.0	0	0.0	0	0.0	1 under construction	1.5 under construction
Total with joint ventures	**17 countries**	**33 + 2 under construction**	**63.3 + 7.0 under construction**	**19**	**18.7**	**43 + 3 under contruction**	**67.2 + 6.0 under construction**	**36 + 2 under construction**	**33.0 + 2.6 under construction**

Note: aggregate numbers for ArcelorMittal Group come from ArcelorMittal Annual Report 2024, p. 61. In absence of disaggregate numbers at plant level, plant-level data were taken from Global Energy Monitor Global Steel Plant Tracker 2024 and from Eurofer, Map of EU steel production sites. The use of these different data sources explains why the aggregate numbers are not the exact sum of plant-level data. Information specific to ArcelorMittal Nippon Steel India come from AMNS India, India investor event, September 2024 - p. 11. COREX capacity has been counted together with DRI/HBI capacity.

Table A2: ArcelorMittal expected and actual spending on decarbonisation

Year	Expected capital expenditures (in USD millions)	Amount actually spent (in USD millions)
2025	300-400	on-going
2024	300-600	300
2023	729	200
2022	579	200
2021	174	100
Total for 2021-2024	**1,782-2,082**	**800**

Sources: ArcelorMittal Annual Report 2021, p. 73; Annual Report 2022, p. 93; Annual Report 2023, p.76; Annual Report 2024, p. 73 and 236.

Table A3: ArcelorMittal/Nippon Steel India's aggressive growth plans

Plant / project and location	Crude steel production capacity (in Mtpa)	Technology and equipment	Status / timeline
Hazira existing plant (Gujarat state)	8.8	1 BF (2.4 Mtpa) 8 DRI (8.4 Mtpa in total) 8 EAF (9.0 Mtpa in total)	Operating
Hazira - expansion (Gujarat state)	6.0	2 BF (7.0 Mtpa in total) 3 BOF (6.0 Mtpa in total)	Under construction with production to start in 2026
Paradeep (Odisha state)	7.0	2 BF (7.4 Mtpa in total) 3 BOF (7.0 Mtpa in total)	Applying for environmental clearance
Kendrapara (Odisha state) - phase 1	14.0	3 BF (14.4 Mtpa in total) 6 BOF (14.7 Mtpa)	Applying for environmental clearance
Kendrapara (Odisha state) - phase 2	10.0	No detailed plan yet	No detailed plan at this stage
Rajayyapeta (Andhra Pradesh state) - phase 1	7.0	2 BF (8.0 Mtpa in total) 3 BOF (8.6 Mtpa in total)	Applying for environmental clearance
Rajayyapeta (Andhra Pradesh state) - phase 2	10.0	No detailed plan yet	No detailed plan at this stage

Sources: Paradeep[66], Kendrapara[67], Rajayyapeta[68]
Note: only ironmaking and steel equipment is listed. Not all the planned projects will necessarily be realised.

[66] **Government of India**, *Proposal Details IA/OR/IND1/416399/2023*, Retrieved on 11 April 2025.
[67] **Government of India**, *Proposal Details IA/OR/IND1/432767/2023*, Retrieved on 11 April 2025.
[68] **Government of India**, *Proposal Details IA/AP/IND1/521405/2025*, Retrieved on 11 April 2025.

Annex 2: Comments from ArcelorMittal to earlier draft

SteelWatch sent an earlier draft of this report to ArcelorMittal on 3 April 2025 and received written comments via email on 16 April 2025. We welcome the engagement.

ArcelorMittal's feedback was taken into account in finalising the report. The company corrected the name of one plant and raised concerns that two headings relating to levels of decarbonisation investment, and relative prioritisation of immediate returns were misleading, as well as the characterisation of green hydrogen viability. These points were reviewed and revised as part of the broader editing and finalisation process.

The full text of the company's other comments is presented below (in grey text) for transparency, along with brief references (in teal) to where SteelWatch has addressed them - and often provided further interpretation - within our final report.

Comments received from ArcelorMittal in reaction to the draft report

1. **Introductory comment:**
   Thank you for sharing the draft of ArcelorMittal's Corporate Climate Assessment and for allowing us the opportunity to provide feedback.
   Having reviewed the document, we recognize the effort that has gone into compiling it. However, we have some concerns regarding the content and its framing, and how certain aspects of the report may not fully reflect the nuances of the challenges companies are facing in their decarbonization journey. More specifically, we want to bring your attention to the following points:

2. **Emissions intensity**
   Responding to this report's draft statement that AM emission intensity has barely budged since 2018:
   As reported, the company's emissions intensity has declined by 5.4% between 2018 and 2024. While this reduction may appear modest in isolation, it is crucial to consider it within the broader industry context. During the same period, the steel industry's overall emissions intensity increased by 5.5%, rising from 1.81 to 1.91 (Source: WSA, 2024). This trend echoes broader challenges the sector faces to decarbonize operations and value chains. ArcelorMittal's reduction demonstrates meaningful progress, despite being slower than originally anticipated.
   This is noted on page 11 of the final report where SteelWatch also outlines our view on why this remains problematic.

3. **Absolute emissions**
   Responding to this report's draft statement that "the reduction of ArcelorMittal's crude steel production capacity has mostly resulted from asset sales, not closures, meaning that the related GHG emissions have changed owners rather than having been physically eliminated":
   ArcelorMittal has never claimed otherwise, and we have been transparent and clear in our disclosures.
   We have always included other KPIs that track absolute and intensity emissions reductions considering an adjusted portfolio to enable like-for-like comparisons. However, it is important to highlight the transformation of the company's operational footprint since 2018. Notably, all divested assets have been integrated plants, and the share of EAF production has increased from 19% in 2018 to 25% in 2024. This shift reflects the practical realities of an industry-wide transition toward lower-carbon emissions steel production.
   As noted on page 14 of the final report, SteelWatch report recognises the increased share of EAFs in the portfolio over time as an area of progress. SteelWatch also notes that the absolute number of EAFs within the group (excluding joint ventures) has declined from 32 in 2018 to 30 in 2023, and now to 28. Annex 1 shows that the total and 'under construction' numbers are higher if joint ventures are included.

4. **Comparison with competitors**
   Responding to this report's draft statement that "While ArcelorMittal has remained immobile, some of its competitors, despite facing comparable difficulties in terms of business environment, policy, or energy, have been moving forward":
   As a global company with a significantly larger and more diverse operational footprint than European-based competitors, who operate a limited number of plants, the scale of our challenges and transformation is fundamentally different. While it is true that some of these companies have set targets aligned with a 1.5°C pathway, there remains considerable uncertainty regarding their ability to achieve them (eg, Thyssenkrupp

Steel pauses German green hydrogen tender on high prices, March 2025). Our approach has always been to set targets that are credible, and we remain committed to transparency in communicating our ambitions.
As noted on page 14 of the final report, SteelWatch draws a different interpretation from the comparison with other companies, highlighting different characteristics of the company and the additional and unique opportunities it provides.

5. **Green hydrogen**

Responding to this report's draft statement on the importance of H2-DRI:
It is widely acknowledged that hydrogen is not yet a cost-competitive option for ironmaking. Therefore, the claim that it is close to commercial viability is not only misleading but also factually inaccurate.
Hydrogen will play a role in replacing natural gas over the long-term, but for it to be competitive, electricity would need to be around 40 €/MWh (eq to 2 €/kg H2). As a reference, in 2024, the EU wholesale electricity average price was 82 euros per MWh and BNEF is forecasting that the levelized cost of hydrogen will reach this threshold in only two markets (China and India) by 2040. Other markets are forecasted to remain above US$2/kg up until 2050.
The final report points out that H2-DRI is nearing commercial scale production. In several sections of the report, SteelWatch acknowledges ArcelorMittal's renewable energy projects but maintains to argue that ArcelorMittal should take more active steps to accelerate renewables-based green hydrogen and drive the transition to H2-DRI in its own operations.

6. **Gijon, Sestao and the world's first full-scale zero-carbon emissions steel plant.**

The announcement referred to Sestao, not Gijón. While the Sestao plant has not fully achieved the originally stated goal, it is already producing certified lower carbon emissions flat steel. This represents tangible progress, and it is an example of how ArcelorMittal can produce low carbon-emissions steel when enabling conditions are in place, allowing us to support our customers in their transition.
This is corrected and covered on page 16 of the final report.

7. **Policy influence**

Responding to this report's draft statement that "Company messages have focused on the difficulties faced by the industry, while blaming the lack of policy support for its slow progress on decarbonisation":
Our messages have included this because it is reality not " a blame game." Producing low-carbon emission steel is y more expensive and is expected to remain so throughout this decade at least. Policy can and will play a crucial role in driving change on both the supply and demand sides and make cleaner steel production cost competitive. This need for policy support has been explicitly recognized in the recently published Steel and Metals Action Plan. As Mr. Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy, rightly noted: "*Like many industrial sectors, European steel faces a double challenge: high energy prices and unfair competition from outside our borders*." His remarks underscore the urgent need for structural measures to safeguard and advance the decarbonization of the European steel industry.
This perspective is further reinforced by reputable organizations such as the International Energy Agency (IEA), which emphasized the importance of both demand- and supply-side policies in its recent report, "Demand and Supply Measured for the Steel and Cement Transition".
We remain committed to working with policymakers and stakeholders to create the necessary conditions for making decarbonization economically viable, ensuring its long-term sustainability.
As noted on page 18-19 of the report, SteelWatch agrees that driving policy change for large scale industry transformation is necessary; we remain concerned about the messaging and its potential impact.

8. **Today's profits and tomorrow's risks**

Responding to *this report's draft* about an earlier characterisation of the company's approach to profits and long-term outcomes, the company commented that the assertion was misleading and does not accurately reflect ArcelorMittal's approach to long-term financial and environmental sustainability. Adding:
While decarbonisation routes are technically well-known, there is currently little economic logic in most regions to support a technology switch. No business leader can compromise profitability for multiple years in the hope that a new technology one day pays off. In an industry such as steel, struggling with overcapacity, such a path will lead only to loss of market share as more competitive, though not necessarily more decarbonized, rivals move in.
To guide decisions about multi-billion-dollar investments, ArcelorMittal regularly conducts extensive analysis, factoring current and future costs of each technology route, potential evolution of carbon and energy prices,

forecasts of global scrap availability and preferred metallics mixes. The Company also has a balanced capital allocation policy, including a clearly defined capital return policy. The Company's strategy is grounded in balancing immediate operational realities with a clear commitment to decarbonizing its operations where and when it is cost competitive to do so.

As noted on page 20 of the final report, SteelWatch continues to interpret a strategic tension between ArcelorMittal's capital return policy and long-term allocation of capital for decarbonisation.

9. **Levels of investment in decarbonisation**

Responding to an earlier characterisation of the company's investment in decarbonisation, the company commented that it was misleading and does not accurately reflect the Company's efforts. Adding:

While it is true that the scale of investment may not fully align with the levels projected in 2021, ArcelorMittal has nonetheless made significant financial commitments to decarbonization initiatives. Between 2018 and 2024, the Company has invested approximately $1 billion in a broad portfolio of decarbonization projects, including an EAF in Gijon, the conversion of the Canada pellet plant to DR pellets, and carbon capture and usage in Ghent. In addition the Company has invested directly in new renewable energy projects, which represents a new business direction. The Company also has an active R&D team with a consistent annual budget of between $250 - $300mn. In 2024 the R&D team has launched 20 new products and solutions that accelerate sustainable lifestyles, and 26 that support sustainable construction, infrastructure and energy generation.

As indicated on page 20-21, SteelWatch acknowledges this spending but remains of the view that the prioritisation given to decarbonisation investment remains insufficient.

SteelWatch notes the stated 1 billion USD figure dates back to 2018. While we do not dispute this figure, our analysis focuses on the period from 2021 to 2024, a critical period since the publication of Climate Action Report 2, post- COVID-19 pandemic, and commencing the decade in which 5 billion USD of decarbonisation expenditure was budgeted. This period has also been framed and used by the company's communication.

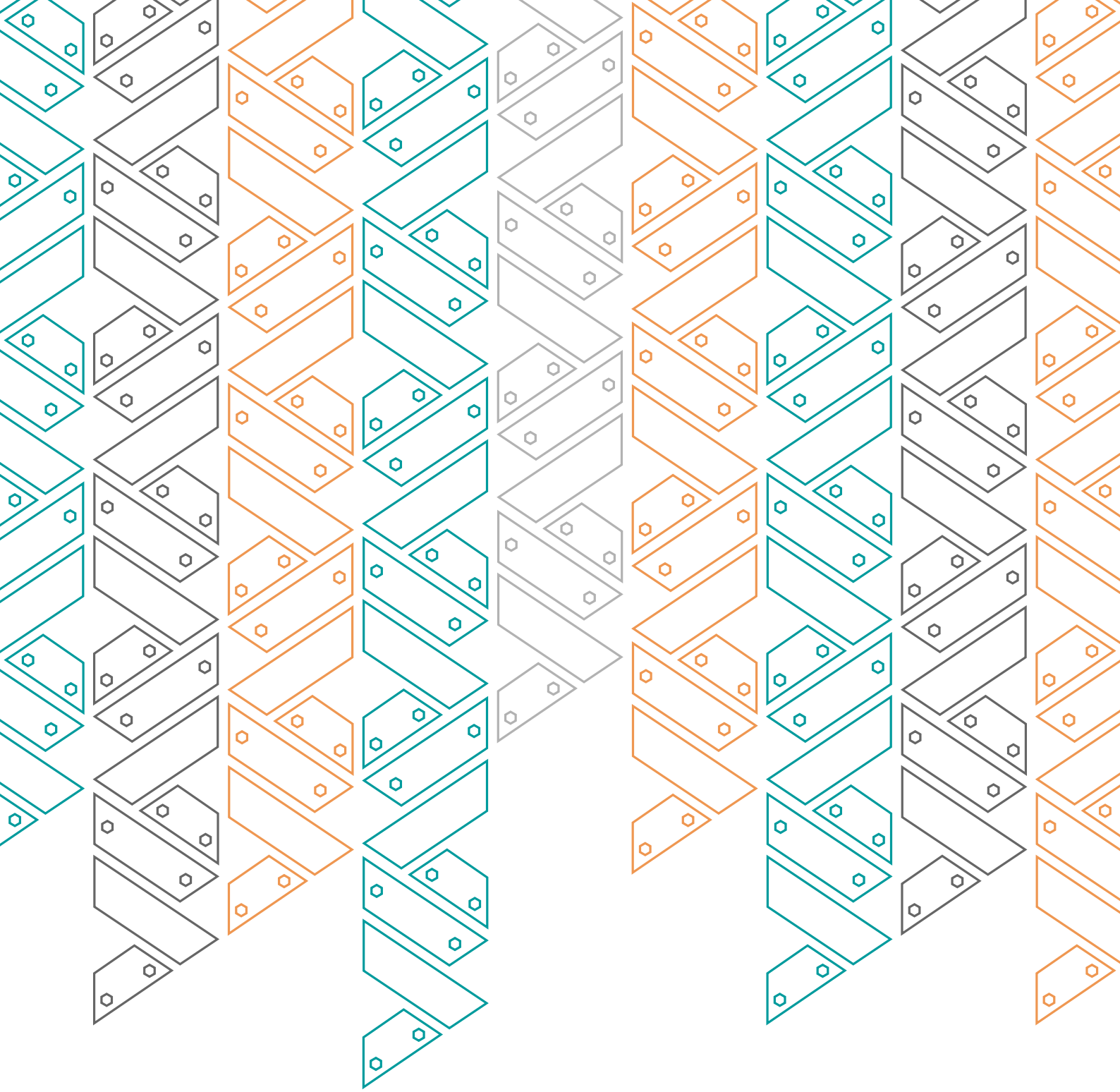
10. **Interpretation and feedback**

The concluding comment was:

When assessing companies' performance in a topic so complex as climate change, ensuring accuracy and balanced interpretation is essential. We hope that our feedback will be given due consideration in refining the final version.

SteelWatch recognises the complexity of the issues at hand and values constructive exchange. ArcelorMittal's comments were carefully considered and informed the editing and finalisation of this report. We share them, quoted within the report and included in this Annex, in the interest of transparency.

ArcelorMittal and SteelWatch broadly agree on the factual record and hold different views on the implications and recommendations. As a non-profit climate-focused organisation serving the public interest, we will continue to express our independent and different point of view, as is our right, while acknowledging the views and responses of the company.



Backtracking on Climate Action: ArcelorMittal Corporate Climate Assessment 2025 Update

SteelWatch is a civil society organisation with a vision for a steel industry that underpins a thriving zero-emissions economy. Our mission is to turbo-charge the transformation to a decarbonised steel sector that enables the environment, communities and workers to thrive. We challenge the prevailing complacency, support civil society impact, and campaign for greater ambition and urgent climate action by steel companies internationally.

Description: This report is an update to our original ArcelorMittal Corporate Climate Assessment published in May 2024.

Any enquiries can be directed to info@steelwatch.org