TO: BRIAN MOYNIHAN, CHIEF EXECUTIVE OFFICER OF BANK OF AMERICA

CONCERNING: RISKS OF BANK OF AMERICA'S RELATIONSHIP WITH ARCELORMITTAL

June 10 2024

Dear Brian Moynihan,

We are writing to you as BankTrack, Reclaim Finance, SteelWatch a global NGO dedicated to decarbonising the steel sector, and the Fair Steel Coalition, a global alliance of 15 civil society organisations for a fair and sustainable iron ore and steel industry, to bring to your attention a number of risks and adverse impacts associated with your client ArcelorMittal.

ArcelorMittal, the world's second-largest steel company, has received recent finance from Bank of America[1]. As such, your bank is likely to be considered directly linked to the impacts arising ArcelorMittal's operations[2]. We are therefore calling on you to take steps to prevent or mitigate these adverse impacts in line with your responsibilities.

ARCELORMITTAL'S CLIMATE AND HUMAN RIGHTS IMPACTS

We would like to formally share two recent reports made by members of the Fair Steel Coalition which document the shortcomings of ArcelorMittal on climate and human rights, and contain a list of demands from affected communities and civil society.

The Real Co$t of Steel is a report that documents the numerous impacts of mining and steelmaking in local communities in South Africa, Liberia, Mexico, and Brazil and calls for ArcelorMittal to be fully accountable for the impacts. The testimonies in the report reveal an alarming pattern of violence against environmental defenders, a lack of meaningful engagement, lack of access to remedy, and chronic neglect for the health and safety of workers and communities. The report urges the company to meaningfully engage with the coalition and set up an action plan to address the complaints and grievances highlighted by people and communities.

The ArcelorMittal Corporate Climate Assessment 2024 assesses the climate targets and decarbonisation pathways of ArcelorMittal and finds the company off-track for a 1.5C-aligned scenario, back-tracking on green DRI commitments, and delaying the steel industry's transition by investing in coal-based steel production. The report urges ArcelorMittal to revise its targets, rapidly establish decarbonisation plans at asset and group level, commit to transformation and step up to be the climate leader that it claims to be. We would greatly appreciate you sharing these reports with ArcelorMittal's account holder at your bank.

WHAT BANK OF AMERICA MUST DO

Communities from Liberia, Mexico and South Africa and their allies have created a set of demands for ArcelorMittal under the Shiny Claims, Dirty Flames campaign. Their demands of the company are more fully set out in the annex of this letter. To use your leverage as a financier of ArcelorMittal, we call on your bank to:

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[1] Steeling our future: The banks propping up coal-based steel, Reclaim Finance, March 2024

[2] Under the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs), banks and investors have clear responsibilities that extend to the impacts of the companies they finance. For example, Principle 13 of the UNGPs states that business enterprises – including banks – should 'avoid causing or contributing to adverse impacts […] through their own activities, and address such impacts when they occur', and should 'seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts'.

1. Require ArcelorMittal to publish concrete action plans to address all the recommendations set out in the report The Real Cost of Steel, and the ArcelorMittal Corporate Climate Assessment. Following this, ArcelorMittal must publish annual updates on the tangible actions taken in this regard.

2. Using a clear escalation strategy within the next year, engage with ArcelorMittal to prevent and mitigate harm to workers and communities in Mexico, Liberia, and South Africa, and push the company to engage in a remediation process with communities.

3. Using a clear escalation strategy within the next year, engage with ArcelorMittal to ensure that it adopts a 1.5-aligned Climate Action Plan. This would necessitate the adoption of science-based emission reduction targets applied throughout all subsidiaries and joint ventures, a commitment to not invest in building new coal-based steelmaking facilities or in the lifetime expansion of coal-based steelmaking facilities, asset-by-asset just transition plans, the establishment of clear deadlines for ending use of coal and gas by 2040 in OECD countries, and 2050 in the rest of the world, and the alignment of its financial strategy accordingly.

4. Perform enhanced due diligence on ArcelorMittal given the high risk of continued adverse impacts. Due diligence, even when providing finance at the parent company level, should seek to assess risks on the ground across all of ArcelorMittal's global operations. We recommend that your bank also conducts an assessment of the quality of ArcelorMittal's due diligence and complement it where appropriate, including by seeking the views of potentially affected rights holders.

In line with the UN Guiding Principles on Human Rights, it is likely that Bank of America is considered directly linked to the impacts set out in our reports, and unless your bank takes appropriate action, it is at risk of contributing to those impacts, and thereby being accountable for remedy in the future.

We call on Bank of America to engage with ArcelorMittal and take all appropriate measures to ensure it upholds its responsibilities to respect human rights as outlined in the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, and fully aligns its operations with the Paris Agreement.

We also call Bank of America to adopt a sectoral policy on the iron and steel sector to restrict financing to coal-based steelmaking, beginning with ending dedicated financial services to new blast furnaces and to the relining of existing blast furnaces.

With this letter, we hope to bring the risks relating to ArcelorMittal to your attention, and we would like to request a meeting with you, and members of the Fair Steel Coalition, to discuss these issues further. We look forward to receiving a response from you by no later than **10 July 2024**, and, in the meanwhile, we remain at your disposal should you have any questions or need further clarification.

Sincerely,

Julia Hovenier, BankTrack, Banks and Steel Campaigner
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Annex 1

Communities from Liberia, Mexico and South Africa and their allies demands for ArcelorMittal under the Shiny Claims, Dirty Flames campaign:

1. Respect human rights in action, not just words

- Assert zero tolerance towards any form of attack on communities and defenders who are speaking out about negative impacts of your plants and mines and protect their human rights. Don't stay silent. Speak out for their safety;
- Review your human rights policy to assess whether it is effective in practice; engage with communities and the Fair Steel coalition to fix problems; implement and publicly report on actions taken;
- Revise your human rights processes to ensure they apply equally and operate effectively in all subsidiaries, joint ventures, joint operations and associates;
- Assess and address harms that may be indirectly associated with, or benefiting, your business even if not directly caused by you. Ensure that you have got Indigenous People's unequivocal free prior and informed consent for all matters that directly or indirectly impact them;
- Effectively create a safe space for communities and defenders, take into account their views and allow unimpaired access to your sites to independent investigators, including journalists and NGOs, whenever necessary.

2. Invest in future proofing your company, not enriching shareholders

- Align your financial strategy with the 1.5C Paris Climate Agreement pathway and the respect of international human rights standards;
- Abandon your policy of committing free cash flow to repurchase equity; stop increasing dividends per share;
- Invest in decarbonisation across your operations globally, and commit the 10 billion you said is needed;
- Stop investing in technologies that lock in carbon, and invest in near-zero-carbon steel to transform your business with the speed and scale required to stay within 1.5C limits;
- Immediately implement an investment plan for pollution control and for occupational health and safety in sites with documented shortages.

3. No more dirty tricks: be accountable and transparent

- For every dollar or euro of subsidy, publish details of action achieved, conditionalities met or not met, and greenhouse gas emissions saved;
- Disclose details of all current and completed grievance processes, and the due diligence processes you conduct on human rights issues;
- Ensure group-wide standards of transparency in publishing pollution monitoring data and compliance with human rights and due diligence standards;
- Publish clear plans for investment in assets, including costs of carbon capture projects, any investments that prolong coal-burning assets, and timelines for new plants;

- Fully disclose emissions from joint ventures, mining, and all aspects of Scope 3 emissions, and set targets in line with 1.5C;

- Stop lobbying against climate action policies, fully disclose your advocacy activities, including your positions on and your engagement with specific climate-related policies.

4. Put workers, communities, and our environment first

- Actively seek and obtain the timely and informed views of all stakeholders on all matters related to your operations' impacts on people, their livelihoods and the environment and show how you have taken them into account;

- Assess and document how your operations impact people's rights to clean air, water and healthy environment, and their access to land and livelihoods. In practice, not just in theory;

- Provide an immediate, adequate and effective remedy when negative impacts related to your operations on the environment and human rights occur. Publish your timelines and progress;

- Develop decarbonisation and just transition plans in consultation with social partners, democratic representatives and rights holders;

- Commit to your duty of care towards workers and communities in all transition plans, with automatic inclusion of retraining, commitment to good jobs and co-benefits.

5. Stop making promises and be a real climate champion

- Align your climate actions with the 1.5C Paris Climate Agreement pathway, with updated targets for 2030 and additional targets for 2040;

- End blast furnace relining from today, end coal use altogether by 2040;

- Deliver by 2025 concrete, verifiable asset-by-asset transformation plans to end your coal-based production processes globally;

- No more double standards: implement 1.5C compatible climate action throughout your subsidiaries, joint ventures, material associates; apply best practices and best available technologies throughout your operations;

- Make climate targets the priority metrics of your remuneration policy for senior management.