



ArcelorMittal

ArcelorMittal Kent Wire Ltd

ArcelorMittal Construction Solutions

Climate Action Report

August 2021

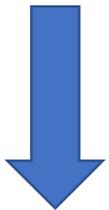
Highlights



New targets set for reduction in CO₂e emissions intensity by 2030 (scope 1 & 2) for the business (35%).



Introduction of the XCarb™ recycled and renewably produced steel offering certified low carbon products.



Now using 100% renewable energy generating savings of over 840t CO₂e.



Increased scrap content within steel used by the business with zero waste to landfill.



400% increase in recorded hours of stakeholder engagement.

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Introduction



“Steel is already the material of choice due to its lower carbon footprint and infinite recyclability. Critically, as we decarbonise further, zero-emissions steel has the potential to be the backbone of the buildings, infrastructure and transport systems that will enable governments, customers and investors to meet their net-zero commitments”

“XCarb™ serves as demonstrable evidence of our determination and accelerating commitment to achieve carbon neutrality by 2050. We will continue to drive innovation to meet our decarbonisation goals and are committed to leading the industry transition towards carbon neutral steel. We have the scale, resources, technology prowess and ambition required make a significant impact”

Aditya Mittal, CEO ArcelorMittal



“The clear message given by ArcelorMittal is echoed by the thoughts, plans and operations of ArcelorMittal Kent Wire Ltd and its trading division, ArcelorMittal Construction Solutions. We want to ensure that our operations reach net-zero to not only meet the policies set at corporate level, but to also ensure we provide the cleanest and greenest products available to the construction and associated industries and in doing so, lead the way for others to follow”

Phil Taylor, CEO ArcelorMittal Kent Wire Ltd & Construction Solutions

Dear Stakeholders,

Welcome to ArcelorMittal Kent Wire Ltd & Construction Solutions first Climate Action report (CAR1). This report follows our actions based upon ArcelorMittal’s first group-wide Climate Action Report, published in 2019 followed by 2020’s Europe Climate Action Report.

We are pleased to report our progress on meeting the requirements placed upon us in these reports. With the growing demands from all the UK major infrastructure projects launched within the past 5 years to have the lowest possible level of carbon emissions within its supply chain, we understand clearly that business’ such as ours are the key starting point to lead the green construction revolution.

The COVID-19 pandemic that befell the world in 2020 has only increased the momentum further as global governments have seen this as opportunity to use targeting net zero as part of the stimulus to the economy, aligning this with the 'build back better' ethos. As a business, we were fortunate to be able to operate during the lockdowns as a key supplier to several of key infrastructure projects across the country.

As a business we are extremely fortunate to have the sector knowledge, guidance, and technology of ArcelorMittal to assist us in our journey to net zero, but we are also fortunate to already have an experienced and knowledgeable team of staff who have been working hard to make the carbon emission reductions a reality.

The past two years have seen us make significant carbon emission savings across the business and our motivation to make more is unwavering. The team are looking forward to seeing the savings we can achieve when we start to benefit fully from XCarb™ recycled and renewably produced steels, on which we give more information on later within this report.

In our efforts reduce our carbon emissions, we realise that not only must we make those savings by hard work and technical advancement, but we must also interact with all our supply chain to make the further savings in emissions need to become a true net zero business.

As part of ArcelorMittal, we must follow the corporate lead and comply fully with the targets set by them. In our case, we must accept the target of a 35% reduction in scope 1 & 2 CO₂e emissions intensity by 2030. We will discuss our intentions on how we will achieve this later within this report.

A key area of focus for the business is stakeholder engagement, where the business works with, shares knowledge and, in some cases, educates stakeholders in good ethical and responsible sourcing of materials. We also engage fully with our neighbours to ensure a good understanding is maintained.

We are hoping that this year will see us advance further on our journey to net zero, and we hope you will join us on that journey, so that together we can look after the future of our planet for generations to come.

Phil Taylor
CEO – ArcelorMittal Kent Wire Ltd & Construction Solutions

1.0 Background

This document has been created in line with the following:

The UK Government Industrial Decarbonisation Strategy

ArcelorMittal Climate Action Report 2

2021 has seen the publication of two key documents that will have a great influence on the future net zero planning of the business.

Published in March, The UK Government Industrial Decarbonisation Strategy gives a clear signal that the UK will be pushing forwards hard with its net zero targets with such expectations that emissions will need to be reduced by two-thirds by 2035 and at least by 90% by 2050. The document identifies the iron and steel industry being responsible for 12.0MtCO₂E on clustered sites, whereas the rest of industry on similar sites produce 25.6 MtCO₂E, therefore making our sector the ones expected to make the largest reductions. A proportion of this is expected to be achieved via Carbon Capture, Usage and Storage (CCUS) and the switching to low carbon fuels by 2030.

The three parts of the plan:

Part 1 – Foundations to deliver net zero

Part 2 – Transforming industrial processes

Part 3 – Maximising the UK's potential

Further underlining the clear message that we will be expected to reach net zero carbon as quickly as possible and provide a glowing example to the other industrialised nations, that not only has UK industry accepted the challenge, but we have met its requirements and have contributed to the worldwide efforts by sharing the knowledge gained on our journey to build a fairer and greener society.

July saw ArcelorMittal publish its Climate Action plan 2, giving a clear direction for the business as a world-wide entity in its pursuit of net zero across all of its operations.

The highlights of the report being:

Leading the Industry - New targets set for reduction in CO₂e emissions intensity by 2030 (scope 1 & 2) for Group (25%) and Europe (35%).

World's first zero-emissions steel plant – Sestao in Spain by 2025, plus plans for further steel making transformation in Europe and NAFTA.

First to market – Growing demand for the XCarb™ low-carbon steels giving ArcelorMittal a competitive advantage.

Funding - \$10 billion total investment is required to meet the 2030 targets with the expectation that 50% of the total cost is covered by public funding to ensure that the business is not rendered uncompetitive during the transition period.



In March 2021, ArcelorMittal announced the launch of its first three XCarb™ initiatives, as part of the company's journey to deliver on its 2050 net zero commitment.

XCarb™ will ultimately bring together all of ArcelorMittal's reduced, low and zero-carbon products and steelmaking activities, as well as wider initiatives and green innovation projects, into a single effort focused on achieving demonstrable progress towards carbon neutral steel.

The first XCarb™ initiatives to be launched are as follows:

XCarb™ green steel certificates

Across ArcelorMittal's operations, we are investing in a broad range of initiatives to reduce carbon emissions from the blast furnace. These initiatives range from our flagship Smart Carbon projects, such as Torero (transforming biomass into bio-coal to replace the use of coal in the blast furnace) and Carbalyst (capturing carbon-rich blast furnace waste gas and converting it into bio-ethanol, which can then be used to make low-carbon chemical products) to capturing hydrogen-rich waste gases from the steelmaking process and injecting them into the blast furnace to reduce coal use.

These effort-intensive investments result in considerable CO₂ savings, which can be passed onto customers in the form of the steel industry's first-ever certification scheme. CO₂ savings are aggregated, independently assured, and then converted into XCarb™ green steel certificates using a conversion factor that represents the average CO₂ intensity of integrated steelmaking in Europe. The scheme therefore provides customers with the opportunity to buy certificates attached to their physical orders of steel, enabling them to report a reduction in their Scope 3 carbon emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The company anticipates it will have 600,000 tonnes of equivalent green steel tonnes available by the end of 2022.

XCarb™ recycled and renewably produced

XCarb™ recycled and renewably produced has been designed for products made via the Electric Arc Furnace ('EAF') route using scrap steel. Recycled and renewably produced means that the physical steel was made with recycled material (scrap) using renewable electricity, giving it an extremely low CO₂ footprint that can be as low as approximately 300kg of CO₂ per tonne of finished steel when the metallics are 100% scrap. This customer offer is for both flat and long products. The electricity used in the steelmaking process is independently verified, with a 'Guarantee of Origin' given that it is from renewable sources.

XCarb™ innovation fund

ArcelorMittal has launched an innovation fund which will invest up to \$100 million annually in groundbreaking companies developing pioneering or breakthrough technologies that will accelerate the steel industry's transition to carbon neutral steelmaking. To be eligible for funding, companies will have to be developing technologies which support ArcelorMittal on its journey to decarbonise. The technology also needs to be commercially scalable.

2.0 Our decarbonisation strategy

Targets

As previously mentioned, we have been set the ambitious target by ArcelorMittal, at a corporate level, of reducing our CO₂e emissions (scope 1 & 2) by 2030. We have accepted this challenge fully and hopeful we can not only reach this target but surpass it.

From our internal monitoring of CO₂ emissions, we have calculated per tonne of finished reinforcing materials, on a cradle to gate basis, that our emissions are as follows

<i>Data from 2019/2020</i>	<i>Kg/CO₂e</i>
<i>Incoming raw materials</i>	<i>524.00</i>
<i>Transport to our site</i>	<i>13.92</i>
<i>Emissions during manufacture</i>	<i>17.05</i>
<i>Total</i>	<i>554.94</i>

Targets for 2030

<i>Based on ArcelorMittal Corporate Target (-35%)</i>	<i>Kg/CO₂e</i>
<i>Incoming raw materials</i>	<i>340.60</i>
<i>Transport to our site</i>	<i>9.05</i>
<i>Emissions during manufacture</i>	<i>11.08</i>
<i>Total</i>	<i>340.73</i>

As can be seen in the tables above, the largest area of improvement required is from incoming raw materials. We are fortunate, as the steel industry is targeting large scale carbon reduction at similar levels in all of their operations.

2.1 Achievements to date

During the last 5 years, we have made large reductions in our carbon emissions from various routes. These improvements are the result of technological advances in various fields, improvements made by our suppliers and improved purchasing policies.

Improvements made

- Incoming raw materials down from over 1t of CO₂e per tonne of finished reinforcing material.
- Saving an average of 840t CO₂e from switching to purchasing energy from 100% renewable sources, therefore giving us zero Scope 2 emissions.
- Increasing the level of material purchased using high recycled material content.
- From working with specialist waste contractors, we now send no waste to landfill.
- 400% increase in recorded hours of stakeholder engagement.

2.2 Plans to reduce CO₂ Emissions

We have carefully analysed all the data gathered over the past few years of work on improvements to the level of CO₂ emissions of the business and have identified the following improvements that we can now make.

Incoming material CO₂ emissions

It can be seen from the targets section of this document; we must reduce our incoming materials CO₂ emissions from 524kg to 340.60kg CO₂e per tonne of finished reinforcement product. This large reduction would have been very daunting in the past but now from the launch of the XCarb™ Recycled and Renewably Produced range of steels, this level is now very feasible.

Based upon the initial levels of CO₂ emission from the first two ranges of the XCarb™ Recycled and Renewably Produced steel at between 330-370kg CO₂e per tonne means that we should reach this target without further work being required, which is an amazing achievement of our teams within the steel mills to make such huge improvements. We note that these levels are achieved from the use of renewable energy and increases in the level of scrap materials utilised. The new technologies being currently trialled at several ArcelorMittal across the world, are delivering savings in CO₂ emissions and these savings will increase.

The key factor for our stakeholders on the XCarb™ Recycled and Renewably Produced range of steels is that product will have an environmental product declaration that has been independently audited to ensure that accuracy of the data and the clear compliance with product standards developed for the range.

Transport to our site

The shipping industry around the world are working in the same way as our industry in targeting net zero. The requirement to make dramatic reductions in their CO₂ emissions has been placed upon them by most of the nations that have declared carbon budgets. For the UK, that target for 2035 is to reduce their emission levels to 70% of the 1990 levels. Based upon this requirement and the current rates of reduction, we expect the level of CO₂ emissions per tonne delivered to our site to be around 6kg CO₂e, which would allow us to reach our target.

Emissions during manufacture

Due to current methodologies being used for product manufacture, this will be the area of our carbon emission that will take the largest amount of work to reduce. The key reduction will be using biofuels to reduce our emissions to the lowest possible levels until we are able to move to all electrically powered equipment. We are planning to introduce vegetable-based lubricants to replace those currently used in all areas of our operations. Greener versions of the lubricants we use are under development and we hope that these products will be fully available within the next 1 - 3 years.

3.0 Stakeholder engagement

A key factor in ensuring we meet our target of net zero is to engage fully with our stakeholders. This allows us to help shape the future by sharing our knowledge and learning from others. To this end we are pleased to share the details of the major bodies that we engage with and in what way our engagement occurs.

British Standard Institute

Members of our team sit on specialist technical committees working with other members of our own and associated industries. The positions are voluntary, and a large percentage of the meetings and works are undertaken outside of standard working hours. Those committees are:

QS/1 – Quality Management & quality assurance procedures – The main committee representing the UK for the update of BS EN ISO 9001.

QS/1/2 – Quality Management Systems Standards – A committee working to ensure the continued improvement of all quality management standards.

QS/1/3 - Quality Management - Supporting Standards – A committee working on the provision of supporting standards to all the major quality standards.

QS/1/4 Quality management in construction – A committee formed in late 2020 to improve the level of quality within construction.

ISE/104 Concrete Reinforcing and Pre-Stressing Steels – A sector specific committee writing and reviewing the standards applicable for this industry.

British Standards Society

The British Standards Society (BSS) is the UK standard users' organization. The aim of BSS is to promote the needs and interests of British Standards users, share and develop good practice in the use of British Standards, and contribute to British Standards development and implementations. Meeting regularly in the evening, our staff are member of the following:

The BSS Management Committee – The group running this society for the benefit of standard users.

The BSS Construction Special Interest Group – This group of construction standards users meet regularly to discuss current standards, and best practice with the industry.

The BSS Quality Management Systems Special Interest Group – This group is chaired by a member of our team, who share a keen interest in all Quality Management Systems, associated standards and sharing best practice.

The UK Certification Authority for Reinforcing Steels

The UK Certification Authority for Reinforcing Steels is the certification body for our industry. Members of our staff are on the sustainability committee who work with the body to set and

maintain the standards for health & safety, environmental management, sustainable constructional steel, and responsible sourcing.

There is also regular engagement at all levels of the business in giving guidance towards the development and improvements to other schemes operated by the body.

British Association of Reinforcement

The British Association of Reinforcement represents the major reinforcement and associated products manufacturers within the UK. Several members of the management team of the business sit on the technical and health & safety committee and represent the association at events where their specialist knowledge is of value.

Kent Health & Safety Group

We are pleased to not only be member of this organisation, which allows health and safety professionals to share best practice, gain new skills and access specialist knowledge, but also have a representative on the management committee.

Association of Chatham Ports Commercial Operators

As a business operating within Chatham Docks, right within the heart of Medway, we work together with our neighbours, sharing best practice and helping each other to succeed and improve our operations.

St Marys Island Residents Association

We ensure the business is periodically represented at their meetings so we can be a good neighbour, we listen to their concerns and act upon them to ensure good relations between us. We do all we can to assist the association to meet their aims.

University of Greenwich

We are fortunate to have strong relationship with the university, Our CEO works with their advisory board to assist them in ensuring that courses relevant to our industry have the latest skills requirements and knowledge to allow their students to be prepared at the highest levels to enter the industry.

Several members of the management team mentor students to help them improve their general and specialist skills to give them the brightest future with the best levels of knowledge possible.

We are also pleased to say we accept students for mentoring who are under-represented within the industry to improve diversity and inclusion. This has led to students joining us on internships on a regular basis. In 2020 this reached higher levels with 2 students joining the business as full-time employees in specialist roles, with one fully funded by the Company in her MBA course.

Medway Council

2021 has seen the council publish its Climate Change plan and we have already volunteered our knowledge and assistance to make Medway a greener place for all.

4.0 Conclusions

It can be seen from the work already undertaken; we are well prepared for the journey ahead to net zero. The incredible work and technological advancements in ArcelorMittal will ease the demands of this journey and together we will live up to the aim of the group, inventing smarter steels for a better world.

Here at ArcelorMittal Kent Wire Ltd and Construction Solutions, we know we must lead the way in the UK construction industry by not only supplying the lowest CO₂ emissions level products possible, but also via the education of our supply chain, our competitors and most importantly of all those that will be our future.

Our in-house technical improvements, along with switching to lower carbon products as detailed in this document give us the confidence to state that we are sure we will meet our target in 2030, or sooner. This will require a great deal of work across our whole team, but we are assured of their skills, and they will achieve this target and will attempt to surpass it.

Just as we have been set the challenge by ArcelorMittal to become net zero by 2050, we challenge you to do the same and join us on the journey that will protect the future.