



ArcelorMittal

Global Procurement Policy

Short description

Global Procurement Policy requires our commitment to support ArcelorMittal vision to become a best in class supply chain organisation.

Scope

Relevant to ArcelorMittal employees with delegated procurement authority.



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Best in class supply without compromise

1. Purpose

The purpose of this Policy is to ensure that all Procurement Activities carried out by ArcelorMittal support the vision to become a best in class supply chain organisation leveraging our unique global footprint.

ArcelorMittal is committed to achieve this by:

- 1) Delivering best possible value in terms of cost, quality, service and technology to our internal customers and stakeholders.
- 2) Conducting our business in a fair, objective, transparent and professional manner.
- 3) Using best practices and providing innovative end to end solutions through collaboration with internal and external stakeholders.
- 4) Proactively sharing knowledge to support operational excellence, organizational strategy and continuous improvement objectives.
- 5) Proactively anticipating and quickly adapting to changing market conditions.
- 6) Adhering to all regulation(s) and legislation(s) as applicable.
- 7) Supporting the short and long term strategy of the Business Segments aligned to the objectives of the Group.
- 8) Complying with other ArcelorMittal Policies.
- 9) Adhering to the ArcelorMittal Responsible Sourcing Code.
- 10) Driving the sustained development of our employees.

2. Scope

Only Employees with delegated procurement authority can commit expenditure to third parties. Any other Employee must not conduct any Procurement Activities. Employees who are engaged in Procurement Activities are required to familiarise themselves with the contents of this Policy and other related documents (e.g.

procedures) and comply with them.

This Policy is an integral part of ArcelorMittal's procurement governance structure and provides the high level framework for detailed guidelines and procedures developed and implemented at Global, Regional and Local levels.

3. Guiding Principles

ArcelorMittal's Procurement Activities will be guided by the following principles:

3.1. Supplier relationships

ArcelorMittal shall treat all suppliers with respect, integrity, fairness and in an equitable manner.

Mutually beneficial supplier relationships, based on merit, must be developed and maintained at all procurement levels in order to achieve the best value for the group.

3.2. Responsible Sourcing

ArcelorMittal is committed to the production of Safe Sustainable Steel. In support of this goal, we will work with our suppliers to:

- 1) Operate efficient and effective procurement activities compatible with our corporate responsibility policies.
- 2) Develop sourcing solutions in line with customer, regulatory and wider stakeholder needs and expectations.
- 3) Create long-term value for our business, our suppliers and our stakeholders.

The above will be achieved by setting up responsible sourcing standards and by collaborating, innovating and embedding responsible sourcing into our business processes.

3.3. Total Cost of Ownership and Continuous Improvement

All ArcelorMittal procurement levels employ the Total Cost of Ownership (TCO) methodology throughout the organisation as a vehicle to minimise input and life cycle costs, continuous improvement and operational excellence.

3.4. Confidentiality

While dealing with suppliers and other external parties, all employees must exercise discretion to ensure that sensitive or privileged information is not disclosed as specified in the company code of conduct. Such information includes, but is not limited to the technology used by the Company, intellectual property, business and financial information relating to sales, earnings, balance sheet items, business forecasts, business plans, acquisition strategies and other information of a confidential nature.

3.5. Alignment of Procurement Processes with the Global Procurement Policy

All Global, Regional and Local procurement levels adhere to a group wide robust and transparent governance structure in order to ensure alignment of Procurement Processes to this Global Procurement Policy.

Global Procurement is responsible for developing policies and guiding documents for application at group wide level as well as pertinent global systems and tools.

Regional and Local Procurement levels are responsible for developing and implementing procedures relevant to their regional circumstances based on the Global Procurement Policy, relevant guiding documents, corresponding global systems and tools.

4. Governance & Risk management

4.1. Delegation of Authority

All Procurement Activities are to be conducted in accordance with the duly validated Delegation of Authority.

4.2. Internal controls and procedures

All procedures and processes that make up the Procurement Activities at all procurement levels, must be designed and conducted with due Internal Controls.

4.3. Risk Management and compliance

The Group Risk Management Policy must be fully applied to ensure that risks associated with the supply chain management are identified and suitably addressed.

It is the responsibility of Directors and Managers at all levels of the organisation to ensure that risks are understood and appropriately managed in accordance with the ArcelorMittal Risk Management Policy. At all levels of the organisation, risk management, reporting and auditing processes will reflect the requirements set out in this policy standard.

4.3.1. Supplier Relationship Management.

ArcelorMittal employs the principles and tools of Supplier Relationship Management. Such structured collaboration maximizes business value and minimizes risks through increased supply stability, higher quality, and lower TCO, resulting in a sustainable relationship between ArcelorMittal and its suppliers.

4.3.2. Legal considerations:

Any contracts that commit ArcelorMittal to third parties must be reviewed and validated by the relevant Legal as per the Legal Review Policy.

General Purchasing Conditions are established in line with ArcelorMittal Policies and relevant laws and regulations and are validated by the legal department. All purchasing contracts and purchase orders should draw reference to these conditions. Exceptions to the general conditions must be approved in consultation with the legal department.

4.3.3. Contract Compliance

An independent contract compliance cell must be established in each region / unit and within the global procurement organisation. This cell has the mandate to monitor compliance of key contractual terms and conditions in order to minimise risk. The compliance cell should have access to all necessary data and information to perform their monitoring and preventive role.

4.4. Alignment of the procurement strategies

The procurement strategies, at all levels (global, regional and local) must be aligned with the global procurement policy and the global procurement vision. It is foreseen that the strategy for certain products and services procured at a regional basis will be developed on a global level. Such regional procurement must be aligned with the respective global strategy. The same alignment must be applied to products and services procured on a local basis where the strategy is developed on a regional level.

4.5. Quality management

All purchase organisations must adopt and implement Quality Management principles and methodologies to deliver the best possible value.

The objective of such a quality management system is to implement and ensure continuous quality management via the elements of Organizational Structure, Responsibilities, Methods, Data Management, Processes, Resources, Customer Satisfaction, Continuous Improvement, Monitoring and Product Quality. A periodic assessment of the effectiveness of Procurement processes, products and services must be performed taking feedback of stakeholders.

4.6. Related ArcelorMittal policies

In addition to this Policy, procurement activities will be carried out in accordance with all relevant ArcelorMittal Policies (Health & Safety Policy, Human Rights Policy, Environmental Policy, Code of Business Conduct, Code for Responsible Sourcing, Anti-corruption Procedure, Whistleblower Procedure, Risk Management Policy, Human Resources Policy, ArcelorMittal Compliance Programme, Insider Dealing Regulation, Anti-trust Compliance Procedure...).