



ALGOMA
— STEEL INC. —

ESG
POSITION
STATEMENT

Algoma's ESG Position Statement

Algoma has been a mainstay of the North American steel industry for more than 100 years. As a fully integrated steel producer, we produce some of the highest quality, most consistent light gauge steel in North America.

Today, we are on a course of action, returning to our roots as a customer-focused company with the courage and growing capability to meet the industry's challenges head on, including challenges related to environmental, social, and governance ("ESG") factors in order to deliver sustainable returns for investors.

Steel has infinite recyclability, and two thirds of all manufactured goods contain steel. As one of the world's most sustainable materials, steel has played an integral role in contributing to the modernization of the world. We recognize the critical role the steel industry plays and will continue to play in contributing to both environmental and social factors, with particular focus on climate change.

Our company's Purpose, Mission, and Values are interconnected with and reinforce our commitment and approach to ESG. They demonstrate our commitment to conduct our operations in an environmentally responsible and innovative manner, protect the health and safety of our employees and contractors, foster a diverse, inclusive and equitable workforce, and generate long-term sustainable value for our stakeholders and investors, including our contributions to the communities in which we operate. At Algoma, we are driven by a strong sense of purpose to build better lives

and a greener future. We believe in the power of steel to add value to all aspects of our life. We work in partnership with our customers – the great innovators, developers, and builders of today to improve the way we live, work, move and grow together. We make strong steel that lasts, offering North America the comfort of a secure steel supply.

We want the benefits of our steel to endure for generations. With the future of our children and grandchildren in mind we are transforming the way we produce steel. We are adopting electric arc technology that builds on the strong principles of recycling and environmental stewardship, to significantly lower carbon emissions. We are working safely, as a team to become one of North America's leading producers of green steel, drawing on the best of our rich steelmaking tradition to deliver greater value to our people, customers, investors, communities, and the world around us.

In addition to ensuring our steel products and production processes are reflective of our commitment to high quality and innovation, we are committed to ensuring ESG factors are incorporated in our core strategic objectives to ensure that we are generating value for investors and prioritizing long term sustainability.

We are driven by a strong sense of purpose to build better lives and a greener future.



Our ESG Commitment

At Algoma, we recognize that ESG factors present a spectrum of risks and opportunities to both our business and stakeholders, such as our investors, customers, suppliers, employees, governments, and the communities in which we operate. We are committed to conducting our business in a manner that ensures reasonable and responsible consideration is given to ESG factors.

Given the significance ESG plays in the global steel industry, we also recognize that our management of ESG factors links to the success of our business, and can directly impact our operations, employees, contractors, suppliers, local communities, investors and the long-term value of our company.

We aim to be a climate change leader and contribute towards a sustainable and environmentally responsible future for Canadian steel production. To this end, we support the objectives of the Paris Agreement and as a member of the Canadian Steel Producers Association (CSPA), we support the objectives of the Association, including our shared aspirational goal to achieve net-zero CO₂ emissions by 2050.

We are making a transformational investment in Electric Arc Furnaces (EAF) steelmaking and we are committed to further innovating and incorporating environmental considerations across our production processes. These commitments, in addition to our commitment to working with our stakeholders, demonstrate our willingness and

ability to contribute to the transition to a low carbon economy and support Canada in achieving its commitments under the Paris Agreement. We partner with associations such as the Canadian Carbon Research Association to contribute towards research on decarbonization in the industry. We are also committed to ensuring the health and safety of our employees, fostering a diverse, inclusive and equitable workforce and continuing our contribution to the prosperity of the communities in which we operate.

Transparency and accountability to our investors and other stakeholders are critical to ensuring our ESG approach drives meaningful results. We are committed to publishing our inaugural ESG report in 2023 in alignment with market-leading, investor-preferred ESG disclosure frameworks, such as the Sustainability Accounting Standards Board (“SASB”) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

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Our ESG Approach

We are on a transformation journey of building a new era in steel by investing in our people and processes, and optimizing to embrace a more sustainable future. Our ESG strategy plays a foundational role in our transformation journey and our overall corporate strategy to be your partner in steel.

We're investing in our people and processes to build on our proven reputation for quality, innovation and creative solutions. We're committed to continuing our rich steelmaking tradition in a responsible manner and ensuring continuous improvement in all that we do.

We are committed to embedding ESG practices into our business model, which include: (i) complying with all applicable environmental laws and regulations; (ii) assessing sustainability-related risks and capturing value-added opportunities; (iii) actively supporting diversity, equity and inclusion; (iv) aiming to provide a safe and healthy environment for all employees; and (iv) promoting a culture where all of Algoma's employees share the foregoing commitments.

ESG is integrated in our Purpose, Mission and Values, our long-term strategic planning, and is one of the key drivers in achieving our corporate objectives of strengthening our competitive position, enhancing our profitability, and delivering long-lasting value for our customers, employees, and shareholders.

Our Purpose:

To build better lives and a greener future.

Our Mission:

To create steel that improves the lives of our people, our communities, and the world around us.

Our Values:

With every decision, every action, every day, we will work safely with teamwork, integrity, and deep care for our people, their families, and the environment.

- ✓ **Safety:** We put safety first and work diligently to ensure safe practices guide all that we do at Algoma.
- ✓ **Teamwork:** We work as a team, recognizing the best solutions are collaborative solutions and that everyone at Algoma has an important role in delivering on our purpose and mission.
- ✓ **Integrity:** We work with integrity. We do the right thing, say what we mean, do what we say, and are accountable for our actions and commitments.
- ✓ **Caring:** We care for each other, our communities and the world through our words and our actions. We respect and recognize the value of all perspectives and contributions to our purpose.

Our ESG Framework:

Environment, Social, Governance guiding principles and priorities.

(See next page for details)

Our ESG Framework

Environment

Lead the Canadian steel industry's transition to a low carbon economy and minimize our environmental impact.

We strive to be an industry leader in environmental stewardship and climate change in Canada. Through our industry partnerships and our commitment to net-zero emissions, we aim to enhance our leadership position in the industry's transition to a low carbon economy. Through our EAF transformation and continuous innovation in our products and steelmaking processes, we are committed to further minimizing our impact on the environment.

Material Topics:

- GHG Emissions
- Air Emissions
- Climate Change
- Energy Management
- Waste & Hazardous Materials Management
- Water Management
- Biodiversity Impacts

Social

Generate shared and sustainable value for our employees, stakeholders, and Indigenous communities.

We are committed to achieving excellence in health and safety practices and institutionalizing a culture of safety both for our employees and communities. We aim to educate, train, develop, and engage our people, and foster a diverse, inclusive and equitable workforce. We also strive to generate shared value through our operations by continuously seeking opportunities to hire local employees and contractors, source materials responsibly and to engage, support, and partner with the communities in which we operate.

Material Topics:

- Workforce Health and Safety
- Labour Relations
- Human Capital Management
- Rights of Indigenous Peoples
- Community Relations
- Supply Chain Management & Human Rights

Governance

Enhance governance structures for the robust and effective oversight and management of our material ESG factors.

We are committed to ensuring sound governance practices and strong corporate leadership drive our ESG commitments and efforts in alignment with our investor and stakeholder interests and expectations. We strive for robust and effect oversight of our ESG strategy and practices and ensure continuous improvement in our governance structure and processes.

Material Topics:

- ESG Governance
- Business Ethics & Transparency

Demonstrating ESG Accountability

Governance

Our approach to ESG is underpinned by governance structures that enable us to effectively oversee and manage ESG risks and opportunities. In pursuit of our ESG commitments, we expect all employees of Algoma to uphold and recognize their accountabilities in driving our ESG framework. We expect our leaders to provide visible and active leadership regarding ESG factors. Our Board has ultimate accountability for ESG factors, including climate change factors.

The Nominating and Corporate Governance Committee has primary responsibility for supporting the Board in this oversight responsibility and is responsible for overseeing Algoma's ESG framework, coordinating with other Board Committees and reporting on ESG to the entire Board.

Our CEO has the highest level of management responsibility for ESG factors, including climate change factors. Our CEO reports to the Nominating and Corporate Governance Committee of the Board on ESG-related matters quarterly. We are committed to maintaining our robust governance structures and further strengthening our governance to demonstrate leading ESG practices.

Risk Management

We are committed to integrating ESG risks into our firm-wide risk management policies and processes to ensure we adequately identify, manage, and monitor ESG risks, including climate-related risks.

Metrics & Targets

We are committed to measuring our progress and performance on ESG through the collection, monitoring, and reporting of ESG metrics related to factors most material to Algoma. These metrics will be informed by the SASB Standards and the TCFD recommendations and will be provided in our inaugural ESG Report. In addition to our net-zero commitment, work is underway to evaluate the feasibility and relevance of setting additional ESG targets to ensure accountability and transparency.

Reporting & Disclosure

As part of our commitment to enhance our transparency and accountability over ESG, we plan to publish our inaugural ESG report in 2023. We will report in alignment with relevant SASB Standards and the TCFD recommendations as much as possible and use a phased approach to further enhance our alignment to the frameworks over time. We will continue to evolve and improve our ESG and climate change disclosure to our key stakeholders to provide transparency regarding the ESG risks and opportunities that could impact the value of our business, our ESG strategy roadmap and implementation, and our ESG performance.

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