



American Steel, the Environment and the Next Decade

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Let's talk a bit about my favorite subjects: American steel, the environment and the next decade. I did this before in 2015, when we talked about our war in the steel industry. At that time, 99% of the audience was really believing that iron ore prices would be free in the world, and in a few months, apparently 99% of the industry was wrong. So, I'm glad that the presentation is recorded, and you can go check to see that we can still talk about the next decade without fear, as long as you base your presentation on facts. And that's the thing that has been missing these days.

So, let's talk about my view for the next decade.

Very first thing, prime scrap will become a precious metal. Very expensive. Still good, but very expensive. Second, natural gas will emerge as the key to clean steelmaking. Don't forget: natural gas is hydrogen in disguise. Natural gas is 95% CH_4 ; there's a lot of hydrogen in CH_4 , and 4% of C_2H_6 is a mix of methane and ethane. So, there's a lot of hydrogen in natural gas. So, natural gas is the key to clean steelmaking going forward. Third, steelmaking across the world will look a lot closer to what we have here in the United States. And what's that? Lots of electric arc furnaces. Only environmentally compliant pellets in blast furnaces, no sinter. No pollution, no $\text{PM}_{2.5}$ — that's a lot worse than CO_2 , even though people don't talk about $\text{PM}_{2.5}$. A lot of direct reduction



based on natural gas, and a lot of hot briquetted iron feeding both blast furnaces and electric arc furnaces. And last, but not least, steel's inevitability in the world will allow for a prosperous period of return on capital, reinvestment and modernization.

The conversation about “low-cost producer this, low-cost producer that,” is so yesterday. The steel business is a business, it's not a beauty contest. We are here, at the end of the day, to make money for ourselves, for our shareholders and for our employees, to provide a livelihood for the ones who depend on this industry. And there is only one way a business can survive: if the business can return capital to the investors. And that's what we have in front of us — it's already here, it's our job not to screw up.

How can we do that, and how will does the steel inevitability in our future world will play?

First, electric vehicles — it's reality right now. All single-car manufacturers are working very hard to play catch-up and produce battery-electric vehicles. All of them! And, good for us, Cliffs is a leader in advanced high-strength steel, stainless steel and non-oriented electrical steels, which is key for the engines of the battery power vehicles.

Also, we expect to have a modernization, real modernization, of the electrical grid. Think about

THE NEXT DECADE

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Prime scrap becomes a precious metal

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Natural gas emerges as the key to clean steelmaking

3

Steelmaking across the world looks a lot closer to the US model: EAF/Pellets/DRI/HBI

4

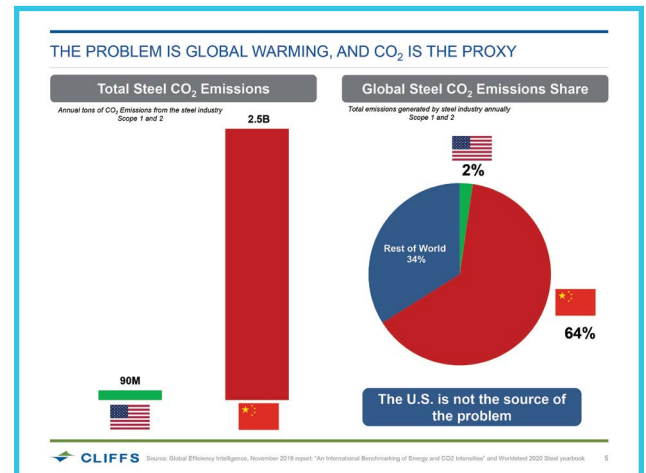
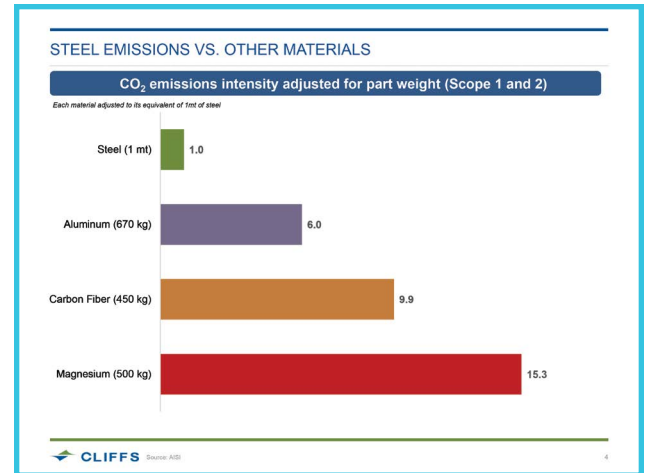
Steel's inevitability in the world allows for a prosperous period of return on capital, reinvestment, and modernization



a real fleet of electric vehicles that need to be recharged, the same way you refuel your gas tank at a gas station. That's what we need, and in this country, we don't have that at this point. Think about the rolling blackouts on the west coast and the problems in Texas, and these are places that are supposed to be trouble-free in terms of the electric grid. And so, we need modernization to come; it is part of the infrastructure. We are happy that Cleveland-Cliffs is the sole producer and supplier of grain-oriented electrical steels that go in the transformers of all kinds and sizes and will be in high demand for this modernization.

And last, but not least, sustainable energy, which will become part of our day-to-day conversation and will benefit not only Cliffs but everyone who is in the business of producing and selling flat-rolled steel plates and lots of other things. But the good thing is that American steel companies as a whole will be entitled to returns on their invested capital and we will be able to continue to move this industry forward, and to continue to be this powerhouse that we are, the envy of the world in terms of the iron and steel business.

Let's talk a little bit about emissions for steel in comparison with other materials. We hear a lot things, but nothing like good old data to check on the reality of things. One metric ton of steel releases, here in the United States, one metric ton of CO₂. And I'm using one metric ton because, it's a rule of thumb, each car that you see on the street, more or less, is one metric ton of steel. So, one metric ton of steel, one metric ton of CO₂. You go to aluminum, and then we don't talk one ton anymore, we talk 670 kilos, because aluminum is less dense than steel, so we are adjusting down the weight, but unfortunately the emissions are adjusted up. So, the



same thing with aluminum would release six times more emissions than steel. Now let's be really modern, really high-tech. Let's be really "California." Let's do cars with carbon fiber. Then it's a lot worse. It's a lot lighter, but a lot worse: 10 times. And let's be really creative, let's use magnesium, that will be in weight half of steel. It's much better to go back to reality.

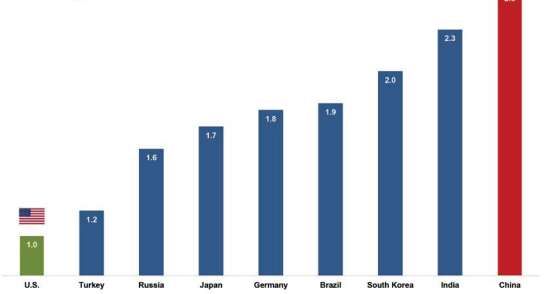
And that's what we are going to have going forward. We are going to have steel. The problem is not steel, the problem is global warming. And CO₂ is the proxy.

So let's see how can we fix the CO₂ problem in the world. Let's start where the problem is. The steel industry in the United States releases, every year, 90 million tons of CO₂. Just Scope 1 and 2. China releases 2.5 billion tons of CO₂, so if you really want to resolve global warming, you need to go where the problem is, and the problem is in China. Of course, Nike doesn't want to do that, Hollywood doesn't want to do that, Fox doesn't want to do that, CNN doesn't want to do that. They like the 1.4 billion people

THE UNITED STATES IS THE BENCHMARK

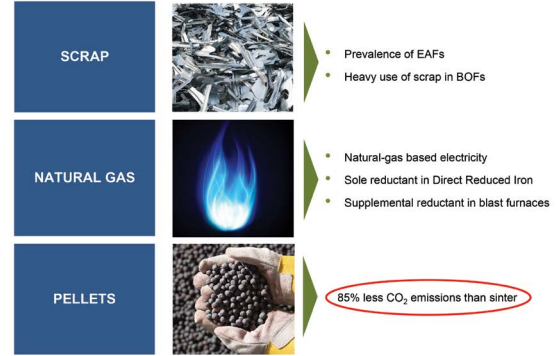
Tons of CO₂ emissions per ton of steel produced (Scope 1 and 2)

Each ton of steel produced in China generates 2.5x more CO₂ than in the U.S.



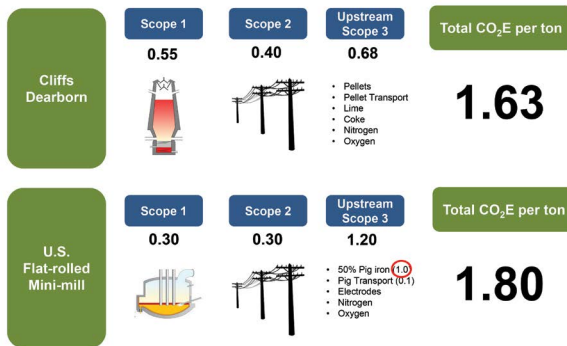
CLIFFS Source: Global Efficiency Intelligence, November 2019 report "An International Benchmarking of Energy and CO₂ Intensity" and Worldsteel 2020 Steel yearbook

THE UNIQUE CHARACTERISTICS OF THE AMERICAN STEEL INDUSTRY



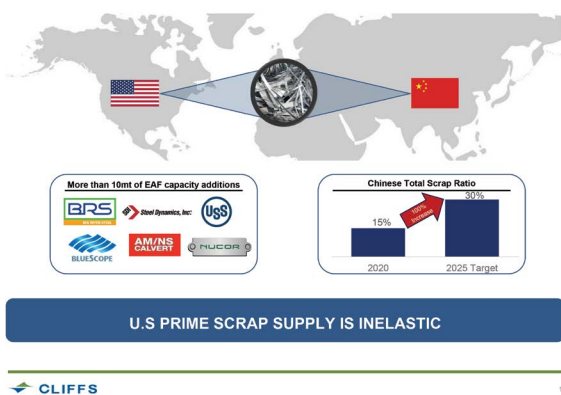
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SCOPE 1, 2 AND 3 EMISSIONS COMPARISON



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SCRAP IS A PRECIOUS METAL



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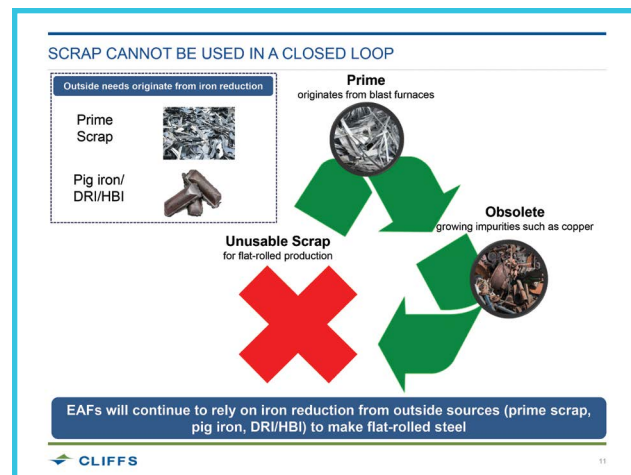
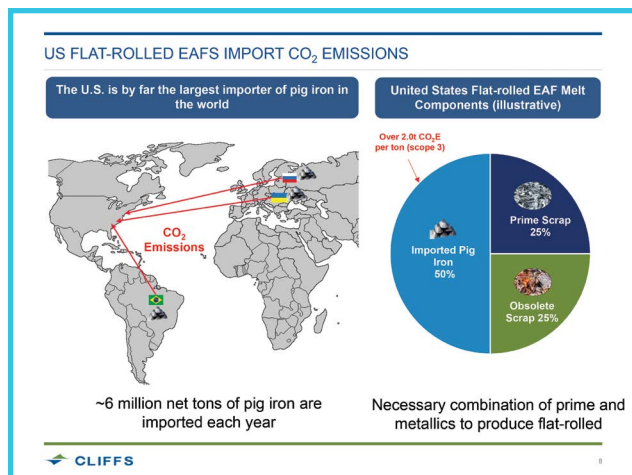
the numbers are the numbers that as far as Scope 1 and 2, the U.S. is not the source of the problem. The source of the problem, let me think about it, I think it's China. So, the United States is actually the benchmark on these things, tons of CO₂ emissions per ton of steel produced is Scope 1 and Scope 2, that's how we compare with other countries. One ton of steel produced in the United States is one ton of CO₂. One ton of steel produced in China is 2.5 tons of CO₂. So, every single ton of steel produced in China releases 2.5 times more than the same ton of steel produced in the United States.

And some other countries that talk a good game, they're not that good. Germany is 80% worse than us. And for South Korea... you know, sometimes, I like the friends a lot less than I like the enemies, because the enemies are a lot clearer on their intentions. South Korea is a problem. They believe that you are an extension, like a backyard of them, and that's not good because they pollute a lot! Two times the pollution that we release.

So, the unique characteristics of the American steel industry are what makes us that good, why we're so good. First one, no doubt about it: scrap. We have a prevalence of electric arc furnaces in the United States that is impossible to replicate in the entire world. We got to a point that we are now 71% electric arc furnaces — very soon it will be 75%. Only 25% in the blast furnace-BOF route. That's a big thing.

Also, because the United States developed the steel industry during the 20th century, when we were the manufacturing center of the world, we generated so much scrap, we had so much scrap available, that was not just supporting the EAF, it was also changing the BOF practices to a point that we always maximized

that buy stuff over there. But they are the problem. Numbers don't lie, and when you compare with the entire world, you see more clearly. China alone is two-thirds of the CO₂ problem. The rest of the world is 36%, we are 2% of the thing. So it's clear, because



the utilization of scrap even in BOFs. So scrap is key for the fact that we are so environmentally friendly.

The next very important thing in this profile of the United States, as far as the environment, is natural gas. We have a lot of natural gas-based electricity. We can use natural gas as a reductant in DRI production, and we are also developing and increasing to a high level the use of natural gas as supplemental reductant in blast furnaces.

The third one, which is sometimes forgotten, but we don't forget and we know and the data shows the numbers as well, is massive utilization of pellets in blast furnaces. At Cleveland-Cliffs, we run eight blast furnaces that run 100% on pellets, no sinter. We have two sinter plants that I shut down when I acquired ArcelorMittal. They are used now only to recycle mill scale. We do not sinter anything on those sinter plants. We do not use sinter feed; we do not use sinter. It's gone. So, the United States uses pellets. And pellets have an advantage against sinter of 85% in terms of CO₂ emissions.

The next question that would come: the solution for China is pellets; yes, but the problem with China is that China needs Australia. Australia has a lot of iron ore, but Australia does not have the other thing that's needed to produce pellets: water. The Pilbara is a desert. The Pilbara on the west coast of Australia is one of the biggest deserts on the planet. So they don't have fresh water, different from the United States. We sit our iron ore reserves in northern Minnesota and in the upper peninsula in Michigan; they sit by the Great Lakes, the biggest reserve of fresh water in the world. Twenty-one percent of the fresh water in the world is right here in the Great Lakes. That's the huge differentiation.

So, the adoption of pellets in China would be phenomenal for the environment, but very detrimental for Australia. It's feasible, but it changes the game completely because the Australians would have to grind down iron ore from sinter feed to pellet feed, like it's the difference between dirt and baby powder. And then move that thing to places that have water, like the Philippines, Malaysia, even China. So, it's a different ballgame, but if you really want to fix the environment, that's the way to go. They have a lot of modern blast furnaces over there, all of them using massive amounts of sinter and producing massive amounts of CO₂.

In our case, actually, U.S. EAFs import some CO₂ from countries that produce pig iron. The main three are Brazil, Russia and Ukraine. A lot of what our EAFs do is produce flat-rolled. CMC does a great job producing long products and producing rebar and wide flange beams, but to go flat-rolled, you need metallics, and because we don't have enough metallics here in the U.S., the mini-mills that produce flat-rolled import pig iron. The number, give or take, is 6 million net tons of pig iron imported each year. For EAFs, this is just a representative: for the burning of an EAF that produces flat-rolled would be 50% imported pig iron, 25% prime scrap, 25% obsolete scrap, you might question if it is a little more obsolete, a little less prime, a little less pig iron, but this is a representative number, and pig iron comes with CO₂ in Scope 3. This is Scope 3 because it comes in what we call "Scope 3 upstream;" we don't care much for "Scope 3 downstream," because every single steel producer is chasing the same

client and trying to sell to the same type of clientele. So, Scope 3 downstream is not the issue; the issue is Scope 3 upstream, and that's what imported pig iron brings.

We have been working to transform Cliffs Dearborn into a very environmentally friendly blast furnace, as well as the other seven blast furnaces that we have. Dearborn was the first that we started working with. At Dearborn, as of now, our Scope 1 emissions are 0.55 and Scope 2 are 0.40. So, if you add both it's 0.95, so we're below the 1 that I used to represent the United States. U.S. flat-rolled mini-mill has Scope 1 at 0.3 and Scope 2 at 0.3. That makes 0.6. That's a lot better than the 1 that I used as a reference. But now, let's add upstream Scope 3 to see what happens. In our case, we're adding 0.68. Like I said, we use 100% pellets. We have to transport the pellets. We use limestone, we use coke, we use nitrogen and we use oxygen. The U.S.

flat-rolled mini-mill uses 50% pig iron. They need to transport the pig iron, they use electrodes, nitrogen and inject oxygen inside the furnace, like a small BOF. And then the numbers change: the pig iron is a contribution of 1, what's half of 2, because it's 50%. Ours is 1.63, and the mini-mills is 1.80.

Scrap is a precious metal; it is already scarce. And now we are putting in another batch of electric arc furnaces — all great, all modern, all phenomenal. They all produce high-quality product, but chase the same scrap, and that's what we are going to have here. The majority of these electric arc furnaces are already in operation, or at least the construction is already in motion. The problem is that, different from the 20th century, we developed the electric arc furnace industry to produce flat-rolled steel, starting in 1989 with Ken Iverson at Crawfordsville, Ind. We are not in the back end of a century of manufacturing anymore. The manufacturing that existed here moved to China. So, at the end of the 21st century, China will be like we were, scrap-wise, at the end of the 20th century. But we are far from the end of the 21st century!

So, at this point, what we have is a five-year plan for the communist party in China, underwritten by Xi Jinping, that they will increase a 10% consumption of scrap that they had in 2020, and they will go to 30% in 2025. And believe me, they will go. Actually, the EAFs that they were supposed to build have already been built. And they are using a lot more scrap in BOFs. They continue to copy what we do! What's the surprise? They have been doing that forever! So, they will continue to try to copy us, but the problem is that the scrap that was already scarce here and will be even more scarce as we continue to build capacity, will have to be shared with the massive consumption that exists in China, and before their manufacturing will result in more scrap available inside the country. So, I am talking about the next decade, I am not talking about the next century. So, for the next decade, as the title of my presentation, a tug of war for scrap is shaping up between the United States and China. And, don't forget: U.S. prime scrap is inelastic.

Another thing that we hear sometimes, and it's too much of a simplification, is that scrap cannot be used in a closed loop. It would be great if we could just re-melt it and re-melt and re-melt forever. Unfortunately, metallurgy doesn't work like that. Every time we do that, you add stuff. And when you start adding stuff like copper, you are starting to poison the thing, and you end up with unusable scrap for the purposes that they were designated for in the first place. How to fix that? In closed circuits, the makeup comes

CLEVELAND-CLIFFS

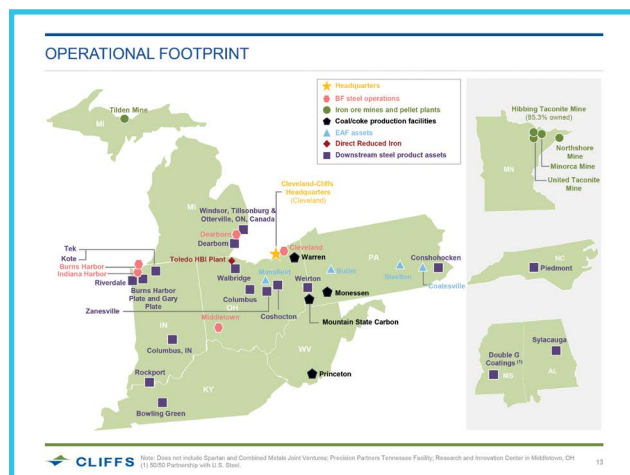
Largest flat-rolled steel producer in North America

Fully integrated from mined raw materials to primary steelmaking to downstream stamping, tooling, and tubing

Steel market leader in automotive industry sales and quality

Track record of commercial excellence and a disciplined approach to supply

Full commitment to ESG policies including aggressive GHG emissions reduction and inclusive capitalism



DEARBORN GALVANIZING LINE



CLIFFS

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DOWNSTREAM STAMPING



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from metallics. Pig iron, hopefully, not produced with sinter, DRI and HBI. EAFs will continue to rely on iron reduction from outside sources in order to continue to recycle and do a great job recycling scrap.

What about us, here at Cleveland-Cliffs? Well, we are now the largest flat-rolled steel producer in North America, and we like that. We believe that we are a pool of attraction for new talent, new young people that want to join our effort and continue to build a powerhouse to supply American manufacturing. We are also fully integrated from mined raw materials to primary steelmaking to downstream stamping, tooling and tubular components. We are a first-tier supplier of all common factories in the United States. That's what the word integrated means. Also, we are a steel market leader in automotive industry sales and quality. Lots of people like to claim leadership, but I'm a numbers guy. We sell 5 million tons, 4.5 million tons of carbon steel and 500,000 tons of stainless steel to the automotive industry. $4.5 + 0.5$ is 5. And the second largest is 2. That's what leadership is. So, we can give up one, and we're still twice as big as second. That's how it works. And, I'm not into size. Again, it's a business, I like returns, so I'm just giving you the picture of what we have right now. We supply 5 million tons to the automotive steel industry, as we speak.

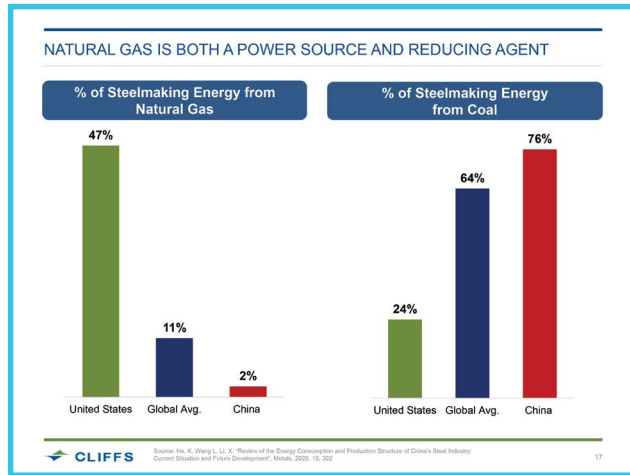
Also, we have a track record of commercial excellence and a disciplined approach to supply. My executive vice president of commercial supply, which is Brian Bishop, he used to be vice president of operations at AK Steel. I like this thing of having an operations guy running commercial. It's working very well for a guy that I know: Lourenco Goncalves. And I keep telling Brian that the only difference is that he loses more than me when I go out to run commercial, and I mean it. So, that makes life a lot easier for me and

NATURAL GAS BASED HBI IN TOLEDO



for all of our 25,000 employees at Cleveland-Cliffs. And, don't believe that a disciplined approach to supply means that we are denying steel to the market, because we're not. We just don't chase that last ton that would be value-destructive. It's as simple as that. Again, just plain numbers, nothing else.

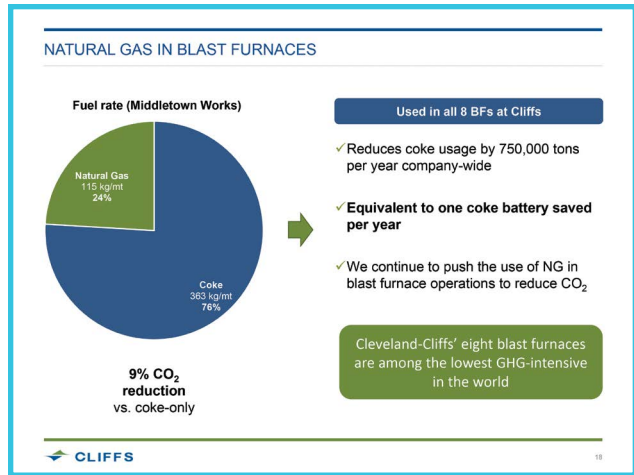
And last, but not least, we have a real commitment with environmental, social and governance. We are not into the trendy ESG thing. I have been talking about environment for AISI, pretty much since I rejoined, when I went to Cleveland-Cliffs. At the time, when we were discussing other things, I was talking environmental. At the time, it was like a side-show, nobody would like to talk about environmental. As of now, Kevin Dempsey, what have we been talking in the AISI? Environmental. That's the thing, we don't need to hide, we are the best in the world on that. We need to explain why we are, how we got here and how we're going to keep that position. It's as simple as that.



We are talking social. I embrace unions. Unions are necessary. Not every single company is Nucor; not every single boss is good. Unions are necessary. If all companies are as good as Nucor or Steel Dynamics, we would not need unions. If all companies care about their employees like we care about the employees of Cleveland-Cliffs, we would not need unions; but unfortunately, life is different. So, we embrace the unions, and we work together with them in real partnership to build a better work environment. And, we don't have a problem with doing that. Actually, we find solutions through that.

And, very importantly, I believe in inclusive capitalism. I believe that capitalism is the best thing in the world, but it has to be shared. We need to share. Henry Ford was right: your employees are your consumers, but they need to make money to be consumers. You need to allow them to have a middle-class, rewarding life, where they can take care of their families, that they are able to stand high and stand tall. So, that's how we see our role, and how we try to handle and try to pay our people. We are proud to be the highest-paying company in our industry, and I am not going to move out of that position; that's a leadership position that I will continue to defend.

I'll show you our new operational footprint. We have a hot end at Dearborn, and a downstream facility that's very similar to the one that we have in Rockport, Ind. I say very similar because Rockport, Ind., is a lot wider in terms of galvanizing. We produce 6 feet 8 inch material in Rockport and it's the widest in the country, for sure one of the widest in the world, if not the widest. We also have, in the same line of business, I/N Tek & Kote in New Carlisle, Ind., which I acquired half from ArcelorMittal and half from Nippon Steel, through the acquisition of ArcelorMittal USA, and we also own Columbus



Coatings in Columbus, Ohio, to the same end. And we have the galvanized lines in integrated plants in Cleveland, Indiana Harbor and Burns Harbor.

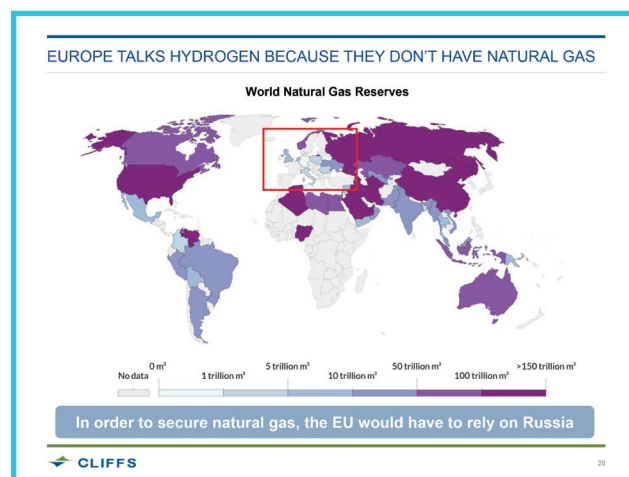
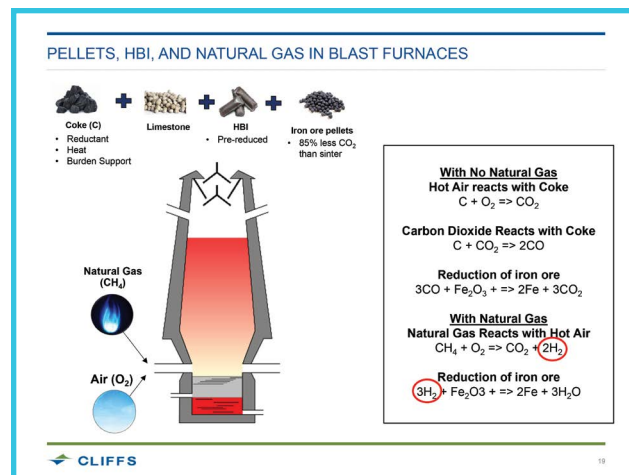
We also have four electric arc furnace plants: Butler, producing electrical steels; Mansfield, producing stainless steel; Coatesville, producing plate; and Steelton, producing rail. So, we are the proud operators of four EAFs. And I believe, Phil Bell, that I qualify to be a member of the SMA because of that.

We also have lots of downstream facilities that produce parts and components for clients, particularly for the automotive industry. That's what galvanizes steel for the automotive industry, what those parts look like, it's beautiful. It's the core product for an integrated steel mill: exposed parts for auto. Without us, all cars would be like those cars from "Mad Max" with no doors, no ceiling, no cover for the engines, you know? It would be just a structure, which would, by the way, be produced of steel, but we are the ones that produce the body of the car. Our facility in Ontario produces door rings for the door of a car, and we have several throughout the country: we have one in Sylacauga, Ala.; we have one in Bowling Green, Ky.; we are about to start up a new one in Cleveland, Tenn., close to Chattanooga, to supply the car manufacturers with. We put these plants in for multi-year development with the car manufacturers — that's how you get to 5 billion tons a year, it's not just going to be there offering you services. We have a multi-year research and development work in the background with these companies, and that's how you really lock these deals for the long run. So, this is what we do; this is why we are irreplaceable to these guys.

Enough about downstream, let's talk a little bit about upstream. We really saw at Cleveland-Cliffs the shift

toward EAFs, and we really would like to supply EAFs. So, we invested US\$1 billion to put in a new, very modern plant, the most modern Midrex plant in the world. We started up the plant in December 2020 in Toledo, Ohio. It's natural gas-based hot briquetted iron produced in Toledo. Very capable in terms of capacity: 1.9 million metric tons a year. We are running this plant above capacity at this point, so our pace is more than 2 million tons a year. We are, at this point, as part of an integrated company, using this plant to supply our blast furnaces. In our blast furnaces, this HBI increases productivity very significantly, and it's very simple to understand. HBI is direct reduced iron. So, the iron that we put inside the blast furnaces is not oxide anymore, it's metal, it's Fe metal, so it's already reduced, so you don't need coke to reduce that part of the burden because that's pre-reduced. That's how blast furnaces benefit from the use of HBI. And, because you are using less coke, you are generating a lot less CO₂. As simple as that. Less carbon, less CO₂. Same thing for EAFs. Actually, the fact that we are no longer buying prime scrap is giving us not only gains in productivity due to the fact that we are using a very homogeneous feedstock, but also evening out the properties of some of our products — the electrical properties of our grain-oriented electrical steels were improved by the fact that we are using our own HBI. And, by the way, it's HBI coming from a single source of pellets, from our Northshore Mine in Silver Bay, Minn. So, that's very unique, even recognized by Midrex. We are also using in our BOFs because we used to buy prime scrap for the BOFs, but now we are using our HBI, and we still sell some tonnage to some clients that helped us develop the plant, companies that I consider to be partners. And we are very pleased that we still sell to Nucor, to Steel Dynamics and North Star BlueScope, and all three, I'm trying to keep as long as I can, but our internal consumption keeps increasing, and I don't know how long I'm going to have that feedstock for them. For now, so far, so good.

And that comes with a lot of reductions in terms of emissions, first because we are using 100% natural gas as reductant — there's no coal, no coke, no nothing — just natural, good old natural gas. And we have an advantage of 70% against foreign metallics like I explained with pig iron. Natural gas is both a power source and a reducing agent. It's very important for our colleagues to know here in the United States, at this very moment, 47% of our electricity that we use in the steel business comes from natural gas. That's against an average in the world of only 11%. And in China, and by the way, has



natural gas, so that's kind of a mystery to me why they don't put their natural gas to good use. China is only 2%. Also, the use of coal, people talk a good game in terms of getting rid of coal; but the only ones that are really getting rid of coal is the United States. Only 24% of our electricity goes through coal. The global average is an amazing 64%; in China, 76% of electricity is based on coal. And it's interesting how things are; our supplier in the United States is a big company and excellent partner, Minnesota Power, which supplies our mines in the iron range — they have more than 50% of their electricity already from renewables, that's not even natural gas. Renewals, wind, stuff like that. More than 50%. So, we here in the United States in this environmental thing, we are just not advertising well, but we are doing a lot.

Last, but not least, natural gas in blast furnaces. That's another thing that changed the game. Again, I used Dearborn for the other one, I'm using Middletown here, just because the furnace has run for longer. Everything that we started in March of 2020 in Middletown and Dearborn, we started in Indiana Harbor, Burns Harbor, Cleveland, as soon as we acquired ArcelorMittal. So, we just have more data from the blast furnace that we have had for longer. So, our coke rate is down dramatically, just by the massive use of natural gas in a blast furnace. And now we are using all eight blast furnaces at Cleveland-Cliffs, and with that we have already achieved a reduction of coke usage of 750,000 tons of coke per year companywide. That's the equivalent of one coke

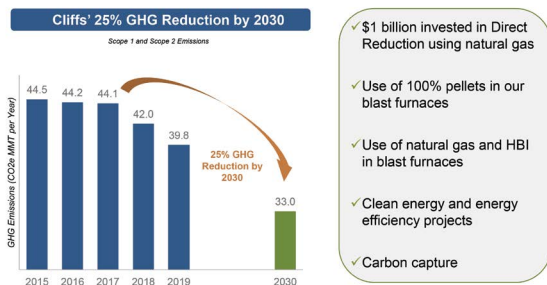
battery shutdown. We will continue to increase and we will continue to reduce CO₂ in our blast furnaces. At this very point, our eight blast furnaces are among the lowest greenhouse-gas-intensive in the entire world. Nothing better in Japan, nothing better in South Korea, nothing better in Germany, nothing better in France, nothing better in Luxembourg, you get the picture. I keep track of all of them — we are a lot better.

So, the blast furnace uses coke, uses limestone for slag, in our case we use HBI, and also in our case, we use 100% iron ore pellets with our 85% advantage over sinter. We also put air and natural gas through the tuyeres. And then, if we didn't have natural gas, we would be producing CO as a reductant and use CO as a reductant. With natural gas, we produce hydrogen. The reductant is hydrogen. The best ore using hydrogen in a furnace is natural gas. If you believe that hydrogen will replace coke, think again. Coke, in a blast furnace, has mechanical support of the burden function; you can't do that with gas. So, the way to do it is through the tuyeres, and the way to get there is using natural gas, which is cheap and easily available in the United States. Europe talks a lot about hydrogen and the reason is simple: that's Europe. They don't have natural gas. If they had natural gas, they would talk about natural gas. But because they don't, they talk hydrogen. At Cleveland-Cliffs right now, I am using the following strategy: every single company or scientist or entrepreneur that talks about hydrogen receives a call from me. I bring in Cleveland-Cliffs and I ask, "how much do you need to finish your product to end?" And I'm volunteering to finance their development to the end with a time frame. Do you know how many so far have signed the contract with me? Zero. Because their plan is not to produce hydrogen, their plan is to TALK about hydrogen until people forget. So that's my strategy.

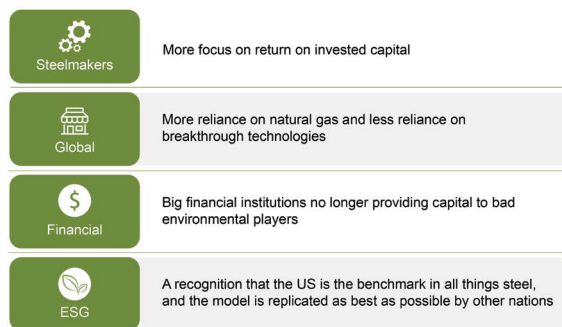
In order to secure natural gas, the European Union would have to rely on Russia. Russia is like the United States; they have a lot of natural gas. But imagine a pipeline starting in Moscow with a shutoff valve operated by Vladimir Putin. That's what Europe would need in order to have natural gas. Too bad! I think that the European steel industry knows that — AIST has a lot of Europeans — the European steel industry is doomed. They're done. For now. Until they find a way to replace scrap that they don't have anymore.

So, Cliffs puts money into shaping the future. We're investing a lot of money to honor our commitment to reducing greenhouse gases. It's a real 25% reduction

CLIFFS PUTS MONEY INTO SHAPING THE FUTURE



WHAT SHOULD WE EXPECT FOR THE NEXT DECADE





— we are getting close, we're not done yet. We put US\$1 billion in our direct reduction plant in Toledo. One billion is a lot of money! It's a big investment for Apple, for Amazon, for all these companies that are in the trillions of dollars and would brag about a US\$1 billion investment. Well, when we've committed to US\$1 billion, our revenues were US\$2 billion, so, talk about betting the farm. That's exactly what we did. So now, our revenue is up to US\$20 billion, but it was US\$2 billion at the time that we made the investment. So, we really believe in this industry, and we tend to put our money where our mouth is.

We believe in clean energy and energy-efficient projects; we have some going with the U.S. government and a couple of universities that are working with us, and I also believe in carbon capture, but I only believe in carbon capture after carbon is so low that you can capture what's left. So that's how we are approaching this thing. We can't start with carbon capture; carbon capture is at the tail end, when you are done, when your carbon emissions are

low enough for you to be able to not only capture but store it.

So, what should we expect for the next decade? One, steelmakers. More focus on return on invested capital. You can make enormous mistakes by just cutting costs. Of course, you have to cut costs, you're a manager! You have to manage your costs, but that is not what your business is about. And keeping in mind for the ones that are at the top, every time your cost-cutting order goes down, one step down in your organization, your message gets distorted and adapted. When it gets to the floor, they will do whatever it takes because they believe that they are doing what you want. And a lot of safety issues can happen, a lot of fatalities, when you try to find cost-cutting crazy initiatives or cost avoidance, or when local managers look the other way and allow things to happen. Please think about that. Business is about return on invested capital.

Now, for a global view, we're going to have more reliance on natural gas and less reliance on



breakthrough technologies. We want breakthrough technologies, make no mistake. I started my career as an operator in ingot casting and at that time, continuous casting was new. I was the guy that was planning to go to work with Prof. Keith Brimacombe because I was a continuous casting guy. So, I know a little bit about breakthrough technologies. But that's why they're called breakthrough; they're not something that you have to [know at the time]. You can't rely, you can't plan around breakthrough technologies. But we can plan around the resources that you have, like natural gas.

Next thing: financial. That's probably the tallest ask. Big financial institutions no longer provide capital to bad environmental players. We see it every day — J.P. Morgan, Goldman Sachs, Bank of America, Merrill Lynch, Blackstone, Vanguard, Prudential and Fidelity talk a good game on ESG, but any Chinese company that knocks on the door in a roadshow for an IPO, they'll give them money. So, we need to start denying access to our capital. And again, we can only stay with the data; GAAP accounting is very complex, and I doubt that the Chinese companies can even comply. But they still have access to capital here from the United States, from London, from Frankfurt, from Tokyo. So, it's about time to change that. Big financial institutions, if they really are serious about ESG, if they are really talking a good game, a real game, it's

time to call a spade a spade and polluters should not have access to capital.

And, last but not least, a real recognition that the United States is the benchmark of all things steel, from technology to people, to environmental compliance, to interaction with the communities. We are the model to be replicated, as best as possible by other nations. I expect countries to have more EAFs. They'll not get to 71, 75% ever, but if they go from 10% to 30%, I'll be happy. I expect more pellets and less sinter. I don't expect them to be 100% pellets, I'm a realistic person. But a massive move from sinter to pellets will do it. I expect more natural gas, and less talk about breakthrough technologies. I expect more action and less B.S.

We also need to defend what we are. We are a very technologically driven business. That's why this is the Association for Iron & Steel Technology. We need to push back on technology being a bunch of apps operating out of an iPhone. There is more technology in steelmaking than in Uber. There's more technology in producing car parts than in any delivering company like Amazon. We need to understand that that's a great business, that manufacturing is at the core of our values. Capitalism, democracy, opportunities for people, and that's what our business is about.

Thank you very much.

