

ALGOMA
— STEEL INC. —

2023 ESG REPORT



Contents

Message from Leadership	3	Social	48
About this Report	5	Workforce Health & Safety	49
About Algoma	6	Labour Relations	54
ESG Materiality Assessment	13	Human Capital Management	55
Algoma's Approach to ESG	14	Rights of Indigenous Peoples	62
Strategy	14	Community Relations	64
Risk Management	19	SASB Index	71
Metrics & Targets	19	TCFD Index	73
Governance	20	ESG Performance Metrics	74
ESG Oversight	21	Forward Looking Statements	79
Executive Compensation	25		
Board Diversity	26		
Business Ethics & Transparency	27		
Supply Chain Management & Human Rights	29		
Environment	30		
Greenhouse Gas Emissions & Climate Change	31		
Air Emissions	37		
Energy Management	40		
Waste & Hazardous Materials Management	43		
Water Management	45		
Biodiversity Impacts	46		

Message from Leadership



"I am excited to present Algoma's inaugural 2023 ESG Report."

A handwritten signature in black ink that reads "Michael D. Garcia". The signature is written in a cursive, flowing style.

Michael D. Garcia,
Chief Executive Officer

I am excited to present Algoma's inaugural fiscal 2023 ESG Report. Given the significance ESG plays in the global steel industry, Algoma is committed to incorporating ESG factors into our core strategic objectives to ensure that we are generating value for our investors, employees, local communities, and suppliers and prioritizing long-term sustainability. The report sets out Algoma's ESG strategy, approach to mitigating ESG risks and capturing ESG opportunities, and provides an update on the Company's ESG performance.

Fiscal year 2023 was an exciting year for Algoma. We continued our transformative journey towards Electric Arc Furnace ("EAF") Steelmaking which we believe will enable us to play an important role in the transition to a low carbon economy and support Canada in achieving our commitments under the Paris Agreement. We also continued to prioritize ensuring the health and safety of our employees and contractors, fostering a diverse, inclusive, and equitable workforce, and contributing to the prosperity of the communities in which we operate.

With this report, we demonstrate our commitment to returning to our roots as a customer-focused company with the courage to meet the industry's ESG challenges head on in order to deliver sustainable returns for our investors.

Looking ahead, Algoma is excited to continue optimizing, modernizing, and investing in its people and processes to be your partner in steel.

Highlights of the Past Fiscal Year

PUBLICATION OF OUR INAUGURAL ESG POSITION STATEMENT

Describing the foundational role that Algoma's ESG strategy plays in the Company's transformation journey to EAF steelmaking and overall corporate strategy, and how ESG practices are embedded into Algoma's business model.



Increased board of directors ("Board") ESG expertise and skills through continued Board ESG education and training.



Established a cross-functional ESG Working Group to support the integration of ESG across the organization.



Successfully ratified agreements with the two union locals, Local 2724 and Local 2251, that collectively represent 95% of our workforce. The agreement with Local 2251 is a 5-year agreement.



Demonstrated our commitment to workforce health and safety by providing an average of 21 hours of health, safety, and emergency response training to full-time employees.

25%

of executive management positions were held by members of racialized groups.¹

~27%

female Board Directors as of the end of fiscal 2023. Continued our commitment towards Board diversity.

91 CO-OP STUDENTS

to help train the next generation of Algoma steelworkers.

\$1.3 MILLION

donated to community causes, including Healthy and Safe Communities, Education and Skills Development, and Community and Employee Engagement causes.

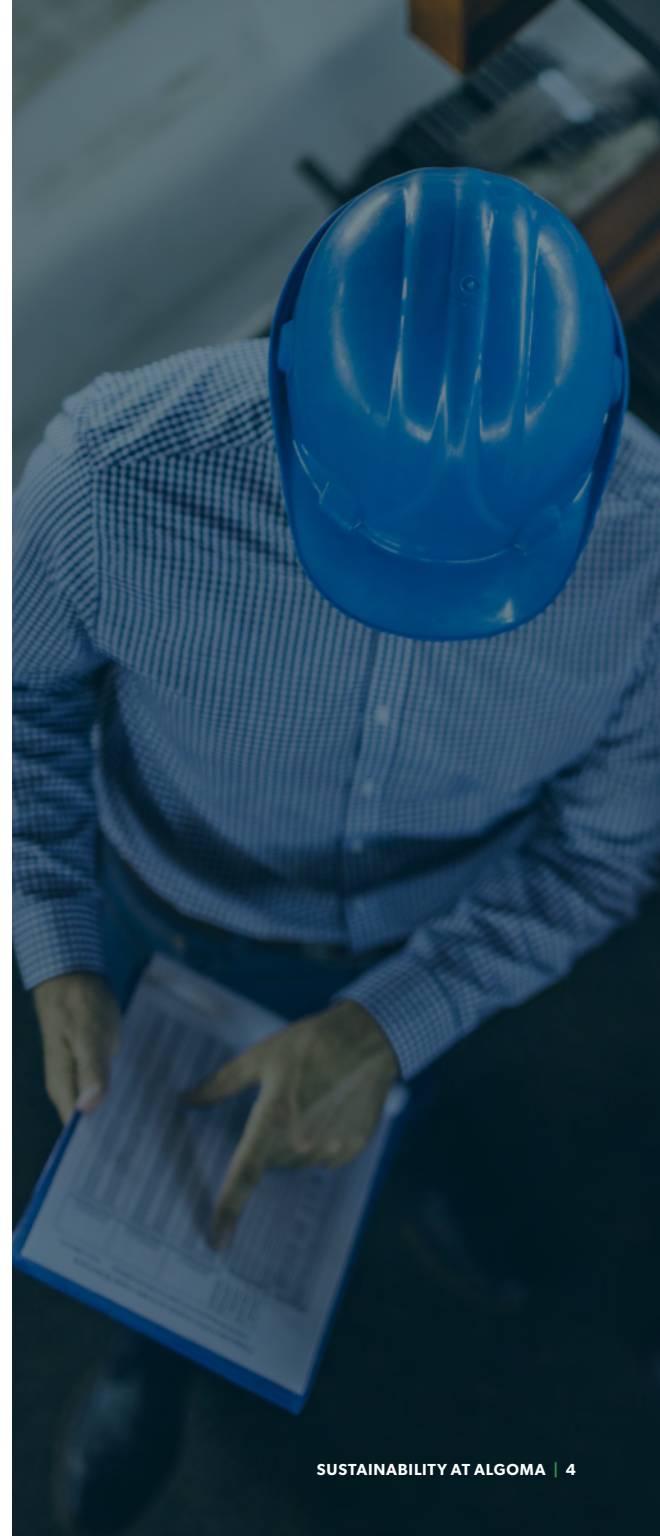
PROGRESSED TOWARDS BEING A CLIMATE CHANGE LEADER IN THE CANADIAN STEEL PRODUCTION INDUSTRY

through continued construction on our EAF steelmaking facilities in preparation for bringing operations online by the end of 2024.



Demonstrated our continued strong community ties to Sault Ste. Marie by maintaining 99% of our workforce from the local region.

¹ Since Algoma is a Nasdaq listed company, we report on diversity in alignment with the Nasdaq's Board Diversity Rule as it applies to foreign issuers. 25% of our executive management team self-identify as underrepresented individuals based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in Canada.



About this Report

SCOPE OF REPORT

Our inaugural ESG Report (“the report”) highlights our ESG performance for the 2023 fiscal year and outlines the ESG factors that have the potential to impact our operations, employees, contractors, suppliers, local communities, investors, and the long-term value of our company. Moving forward, we are committed to providing annual reporting on ESG and will seek to enhance our reporting year over year.

Within this report, the terms “Algoma”, “Algoma Steel”, “our”, “we”, “us”, and other similar terms denote Algoma Steel Group Inc., together with its direct and indirect subsidiaries and predecessors or other entities controlled by it or them on a combined basis.

Key metrics, achievements, programs, and initiatives are provided for our fiscal year 2023 from April 1, 2022 to March 31, 2023 (“fiscal 2023” or “FY 2023”) with the exception of Greenhouse Gas (GHG) emissions and air quality data which are provided for the calendar year 2022 from January 1, 2022 to December 31, 2022. Our regulatory obligations require that we track and report GHG emissions and air quality data as per the calendar year.

All facts and figures are as of March 31, 2023, unless otherwise noted. Where available, three consecutive years of quantitative data (FY 2021 to FY 2023) are provided to provide trend analysis.



The scope of data and information in this report applies to all our operations, unless otherwise noted. Any data limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Algoma or noted if we intend to report it in the future.

Scope 1 GHG emissions data received reasonable assurance through a third-party verification conducted by RWDI AIR Inc.

Financial data is stated in Canadian dollars (CAD).

ESG STANDARDS & FRAMEWORKS

We seek to follow best practice by aligning this report to the following investor-preferred ESG disclosure standards as much as possible:

- Sustainability Accounting Standards Board (SASB) – Iron & Steel Producers Standard (see [SASB Index](#)).
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see [TCFD Index](#)).

We will use a phased approach to further enhance our alignment to these frameworks in future reports.

ADDITIONAL DISCLOSURE

Additional information on ESG can be found in our regulatory filings disclosed under [Investor Relations](#) on [Our Website](#).

About Algoma

Corporate Profile

Algoma Steel Inc. (“Algoma”) has been a mainstay of the North American steel industry for over 120 years. As a fully integrated steel producer of hot and cold rolled steel products including sheet and plate, we produce some of the highest quality, most consistent light gauge steel in North America.

Our headquarters and active operations are on the St. Mary’s River in Sault Ste. Marie, Canada. With a raw steel production capacity of approximately 2.8 million liquid tons per year, our size and diverse capabilities enable us to deliver responsive, customer driven product solutions straight from the ladle to direct applications in the automotive, construction, energy, defense, and manufacturing sectors.

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 will continue to play in contributing to both environmental and social factors, with particular focus on climate change.

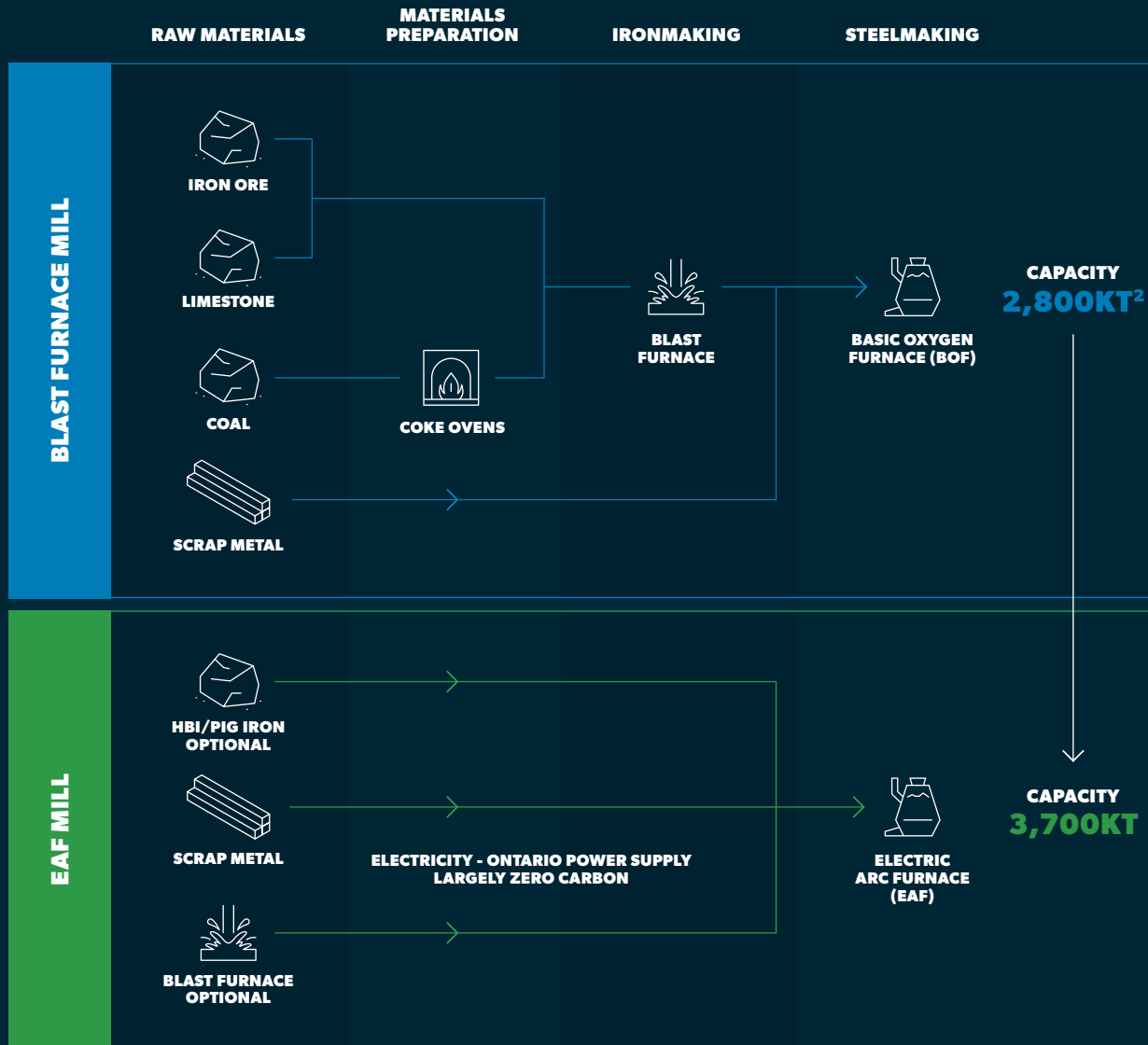
At Algoma, we are driven by a strong sense of purpose to build better lives and a greener future. We believe in the power of steel to add value to all aspects of our life. We work in partnership with our customers—the great innovators, developers, and builders of today—to improve the way we live, work, 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 GHG 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.

Today, we are on a course of action. We are making a transformational investment in Electric Arc Furnace (EAF) steelmaking and we are committed to further innovating and incorporating environmental considerations into our production processes. The transformation to EAF steelmaking is expected to decrease our annual carbon emissions by 70% compared to blast furnace steel production. Construction on our EAF Project began in 2021 and the first of two EAFs is anticipated to be online by the end of calendar year 2024. Our commitment to the transition to EAF steelmaking demonstrates 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.

FIGURE 1: ELECTRIC ARC STEELMAKING COMPARED TO BLAST FURNACE STEELMAKING



Investment Highlights



Premier Canadian Steel Producer.



One of the leading flat steel producers in North America.



Continuing to build on a track record of success.

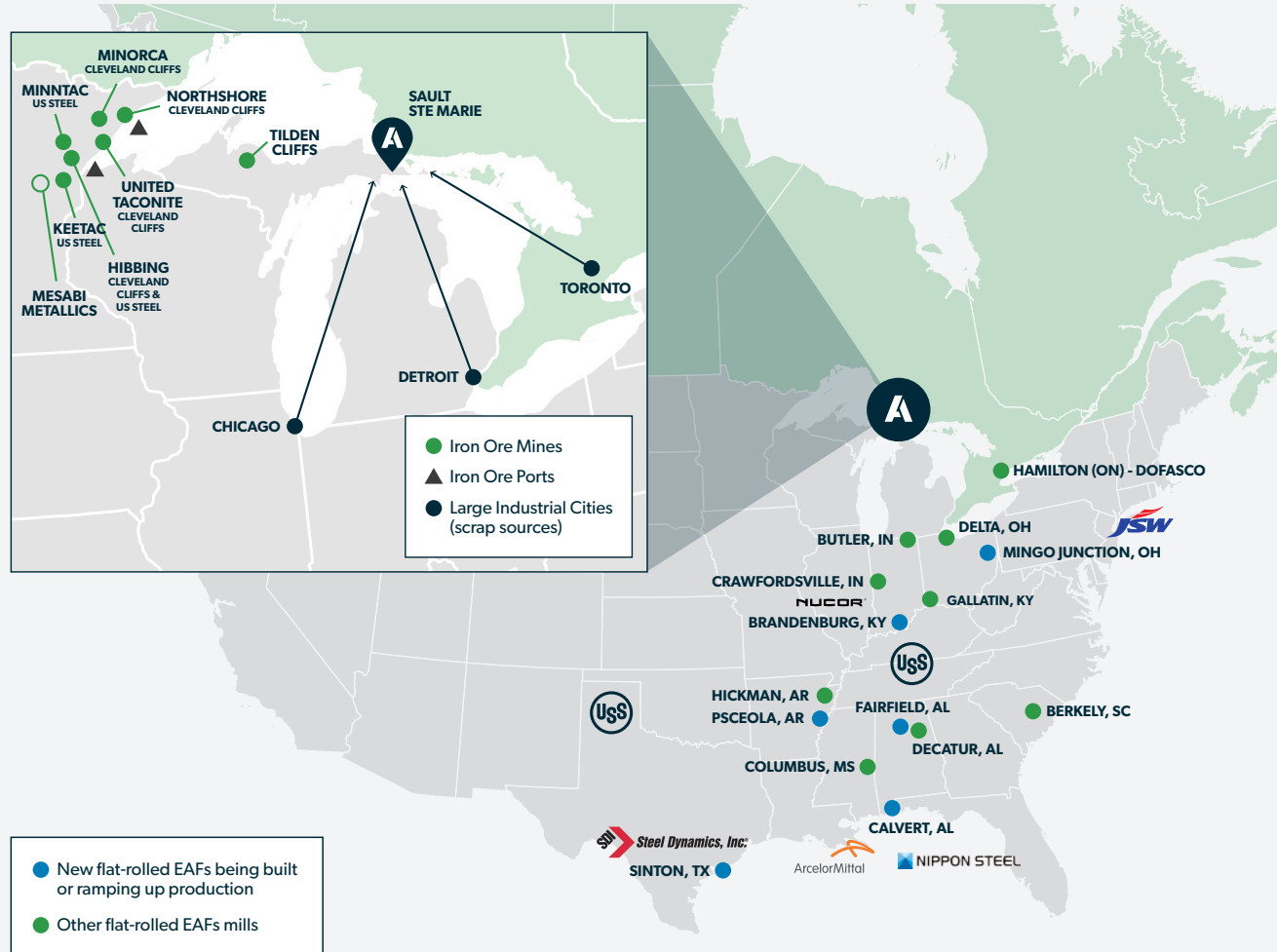


Generating long-term value for shareholders.



Transitioning to low carbon electric arc technology.

FIGURE 2: ALGOMA IS STRATEGICALLY LOCATED ON THE GREAT LAKES IN CLOSE PROXIMITY TO CUSTOMERS AND SUPPLIERS



Attractive access to key suppliers and customers across the Great Lakes



LOCATED CLOSE TO KEY STEEL CONSUMING REGIONS

U.S. (Midwest and Northeast) and Canada (Southern Ontario).



~70% OF CUSTOMERS LOCATED WITHIN A 500-MILE RADIUS OF ALGOMA

Includes an established local service center customer base.



ON-SITE DEEP-WATER PORT

Facilitates access to low-cost transportation across Lake Superior.



ACCESS TO WELL-ESTABLISHED RAIL LINKS

Multiple forms of transportation available which allows negotiation of competitive rates.



LOCATED ON LAKE SUPERIOR

Access to barge, rail and road transportation, including on-site deep-water port, Algoma has several options that allow for cost-effective transportation logistics.



GEOGRAPHIC PROXIMITY TO SIGNIFICANT SCRAP TRADEFLOWS

Providing competitive access to scrap from the Great Lakes Industrial Region.



Our Purpose, Mission, & Values

Algoma'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 investors and stakeholders, including our contributions to the communities in which we operate.

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.

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.

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.

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.

Fiscal Year 2023 Company Figures

\$290.5M Income from Operations

\$298.5M Net Income

\$452.3M Adjusted EBITDA³

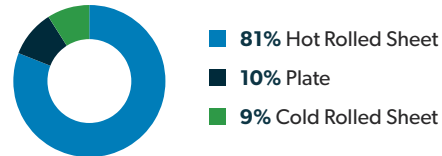
640,820 Net Tons of Recycled Steel

2,846 Full-Time Employees

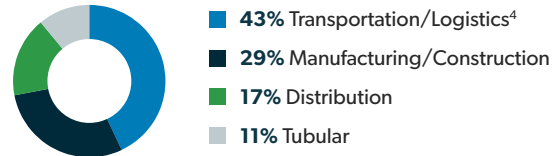
³ Adjusted EBITDA is a Non-IFRS measure. Please see our management's discussion and analysis for the fiscal year ended March 31, 2023, available under our System for Electronic Document Analysis and Retrieval profile at www.sedarplus.ca and filed by Algoma with the U.S. Securities and Exchange Commission as part of its annual report on Form 40-F, available on the SEC's EDGAR website at www.sec.gov, for a description of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to its most comparable IFRS financial measures.

FIGURE 3: HIGH-QUALITY PRODUCTS AND DIVERSIFIED BLUE CHIP CUSTOMER BASE IN ATTRACTIVE END MARKETS

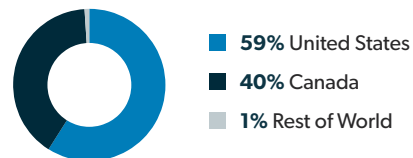
FY2023 PRODUCT SHIPMENT MIX



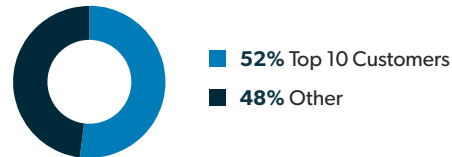
FY2023 END MARKET EXPOSURE (SALES)



FY2023 GEOGRAPHIC SALES MIX



FY2023 KEY CUSTOMERS (SALES)



⁴ Includes 25-30% automotive

Our ESG Journey

1901 Algoma is born.

Algoma Iron, Nickel and Steel Company.

1902 First Steel is cast.

1905

- No. 1 Blast furnace is commissioned.
- Largest charcoal blast furnace ever built and operated.
- No. 2 Blast furnace is commissioned.

1909

Major expansion including construction of No. 3 blast furnace, a modern gas engine plant, three additional open-hearth furnaces, new docks, and several merchant mills.

1912 Algoma Steel Corporation was formed.

1932

Algoma endures despite the Great Depression forcing the Company into receivership.

1992

- Restructuring of Algoma as a result of the severe economic storm that affected the North American steel industry in the 80's and 90's.
- The signing of a Joint Restructuring Process Agreement gave rise to the new Algoma.

1975

No. 7 Blast furnace is commissioned to replace No. 3 and No. 4.

1954

Expansion continues.
Including the construction of Algoma's first Cold Mill.

1953

No. 6 Blast furnace is commissioned to replace No 1.

1951

- Major expansion funded by loan from General Motors.
- Expansion included new combination bar and strip mill which moved Algoma into the flat rolled steel market.

1995

Construction commenced on Algoma's Direct Strip Production Complex, positioning Algoma as one of the leaders in the North American hot rolled sheet market.

2002

Algoma embarks on a new course of action as a result of the market drop at the close of the decade and into 2002.

2007

- Algoma was acquired by Essar Steel Holdings Ltd., a division of the multinational conglomerate, Essar Global.
- Gained certification in ISO 14001 in Environmental Management Systems.

2017

Algoma returns to its roots after nearly a decade as Essar Steel Algoma with a fresh take on the Algoma brand.

2018

→ Algoma Steel Inc. emerges from the restructuring with the sale of substantially all of the company's assets resulting in new ownership for the Company under the direction of a professional Board of Directors.

- Commitment of a CDN \$300 million investment in the modernization of the facilities in Sault Ste. Marie.

2023 Published ESG Report.

2023 Published ESG Position Statement.

2022 Algoma's most profitable year on record.


2021

→ Algoma consummated a business combination with Legato Merger Corp., a special purpose acquisition company, and became a publicly traded company with its common shares and warrants trading on both the Toronto Stock Exchange and the Nasdaq Stock Market LLC ("Nasdaq").

→ Received CDN \$220 million in low-cost financing from the Canada Infrastructure Bank and CDN \$200 million in funding from the Net Zero Accelerator initiative of the Federal Strategic Innovation Fund to support our transformation to EAF Steelmaking.

→ Algoma began construction on two state-of-the-art EAFs to replace No. 7 blast furnace steelmaking operations.

Future ←



Algoma recognizes the importance of maintaining strong environmental, health, and safety standards while continuing to produce high quality steel.

Awards, Certifications & Memberships

AWARDS

- Sault Ste. Marie Chamber of Commerce Economic Impact Award
- Caterpillar Supplier of Excellence Award

CERTIFICATIONS

Algoma recognizes the importance of maintaining strong environmental, health, and safety standards while continuing to produce high quality steel. In 2007, we became ISO 14001 certified in Environmental Management Systems.

Our quality certifications include:

- ISO 9001 and IATF 16949:2016 for Quality Management Systems
- American Bureau of Shipping Certificate of Quality Assurance System Approval
- Lloyd's Certification for Approved Manufacturer of Steel Plates, Strip, Sections & Bars
- Construction Product Regulation Certificate of conformity of the factory production control of hot rolled products of structural steels
- Pressure Equipment Directive Quality Assurance System as a material manufacturer for the scope of hot rolled carbon steel flat and coil products

- ISO 17025 for an Accredited Laboratory in the field of Mechanical and Chemical Testing
- DNV Rules for Classification – Ships Approval of Manufacturer Certificate
- Canadian Welding Bureau Certification
- Technical Standards and Safety Authority Certification

In addition, in 2022, Algoma became an approved supplier to meet Nuclear Safety – CSA N200.4 requirements. For more information see the [Certifications](#) page of our website.

MEMBERSHIPS

As a member of the Canadian Steel Producers Association, we support the objectives of the Association, including our shared aspirational goal to achieve net-zero CO₂ emissions by 2050.

We are also a member of Canadian Manufacturers & Exporters (CME), the Association for Iron & Steel Technology (AIST), the Metal Service Centre Institute (MSCI), North American Steel Alliance (NASA) and the Decarbonization Leaders Network.

ESG Materiality Assessment

In 2022, we conducted a formal ESG materiality assessment to identify and prioritize our material ESG factors which have the greatest potential to impact the value of our company and are of most importance to our stakeholders over the short (0 - 12 months), medium (13 – 24 months), and long term (24+ months). This ESG materiality assessment forms the basis of Algoma’s ESG strategy and the content of this report.

The process we undertook to conduct the ESG materiality assessment included consideration of the following key inputs:

- Market-leading, investor-preferred ESG standards and frameworks, such as the SASB Standards and TCFD recommendations.
- ESG priorities of our current and prospective investors.
- ESG priorities of our industry peers.

- ESG requests from our customers.
- Methodologies of ESG research and ratings providers.
- Relevant industry ESG initiatives.
- ESG and climate-related disclosure regulations.

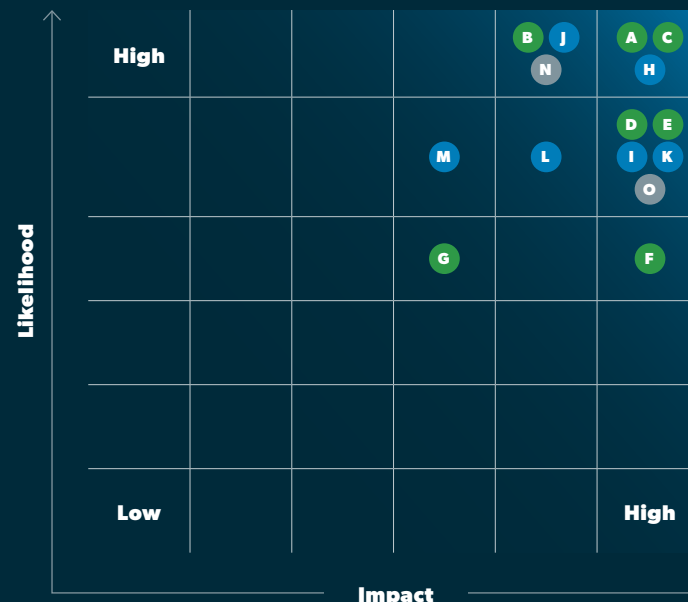
The ESG materiality assessment results were reviewed and validated by our internal ESG working group, the Executive team and the Board of Directors. Our material ESG factors are identified in our 2023 Materiality Matrix. ESG factors with higher impact and likelihood scores have been identified as the highest priority issues given their potential to impact our company and our customers, positively or negatively depending on how they are managed.

We are committed to reviewing the results of the ESG Materiality Assessment on an annual basis and updating as needed.

OUR MATERIALITY ASSESSMENT PROCESS



2023 Materiality Matrix



Environment

- A** GHG Emissions
- B** Air Emissions
- C** Climate Change
- D** Energy Management
- E** Waste & Hazardous Materials Management
- F** Water Management
- G** Biodiversity Impacts

Social

- H** Workforce Health and Safety
- I** Labour Relations
- J** Human Capital Management
- K** Rights of Indigenous Peoples
- L** Community Relations
- M** Supply Chain Management & Human Rights

Governance

- N** ESG Governance
- O** Business Ethics & Transparency

Algoma's Approach to ESG

Strategy

ALGOMA'S STRATEGIC DIRECTION

We are positioning Algoma for a new era in steel, well-capitalized to make critical investments that enhance long-term performance and create value for our shareholders. We are committed to improving our quality, cost competitiveness, and customer service while also developing a diverse organization to support our long-term success through maintaining safety excellence and environmental stewardship as key performance objectives.

To this end, ESG Focus is one of our four key strategic directions, and we developed an ESG framework outlined in our [ESG Position Statement](#) to support our commitment towards implementing ESG initiatives geared at driving performance, reducing risk, and developing a culture of organizational excellence that improves our ESG performance.



FIGURE 4: ONE OF ALGOMA'S FOUR PILLARS OF ITS STRATEGIC DIRECTION IS ESG FOCUS

LEGEND

- ONGOING
- RECENTLY ANNOUNCED
- UPCOMING

STRATEGIC DIRECTION ➔								
<p>OPERATIONAL & CAPITAL IMPROVEMENTS</p> <p>Algoma has developed and executed numerous operational and capital projects that add long term value to the business.</p>	<p>DSPC AUTOMATION UPGRADE</p> <p>Improves grade range and product offering.</p> <p><i>Jun 2020</i></p>	<p>LADLE MET FURNACE #2</p> <p>Debottlenecks operations and increases capacity.</p> <p><i>Feb 2021</i></p>	<p>PROJECT AURORA</p> <p>\$50M annualized efficiency improvement across the steel works.</p> <p><i>2021-2022</i></p>	<p>EAF APPROVAL</p> <p>Received board approval to begin construction of Electric Arc Furnace.</p> <p><i>Nov 2021</i></p>	<p>PMM PHASE 1</p> <p>Enhancing quality and expanding grade range on Canada's only discrete plate mill.</p> <p><i>2022</i></p>	<p>LSP POWER PLANT</p> <p>Installation of new turbines to support power generation for EAF project.</p> <p><i>June 2023</i></p>	<p>EAF PROJECT</p> <p>Construction progresses on transformative electric arc furnace.</p> <p><i>2021-2024E</i></p>	<p>PMM PHASE 2</p> <p>Enhancing productivity and expanding capacity ahead of schedule on Canada's only discrete plate mill.</p> <p><i>2023-2024</i></p>
<p>FINANCIAL DISCIPLINE</p> <p>Algoma is focused on streamlining its balance sheet, finding effective sources of capital to fund its strategic initiatives and providing long term value to stakeholders.</p>	<p>\$420M FEDERAL FINANCING</p> <p>Announcement for EAF Project.</p> <p><i>Jul 2021</i></p>	<p>RETURN TO PUBLIC MARKETS</p> <p>Including Equity injection of \$306M USD.</p> <p><i>Oct 2021</i></p>	<p>DEBT PAY DOWN</p> <p>Algoma extinguished all of its \$358M USD Sr. Secured debt.</p> <p><i>Nov 2021</i></p>	<p>REGULAR DIVIDEND</p> <p>Algoma commenced quarterly dividend of \$.05 / share.</p> <p><i>Mar 2022</i></p>	<p>SUBSTANTIAL ISSUER BID</p> <p>Algoma buys back approx. 1/3 of outstanding shares.</p> <p><i>Aug 2022</i></p>	<p>NORMAL COURSE ISSUER BID</p> <p>Algoma renewed its NCIB for share repurchases.</p> <p><i>2023/24</i></p>	<p>ABL RENEWAL</p> <p>Amend and extend Algoma's now upsized US\$300M asset-based loan.</p> <p><i>May 2023</i></p>	<p>LOW LEVERAGE PROFILE</p> <p>Algoma maintains a robust balance sheet with liquidity to support market fluctuations and its capital initiatives.</p> <p><i>Ongoing</i></p>
<p>STRATEGIC PARTNERSHIPS</p> <p>Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders.</p>	<p>UNITED STATES STEEL</p> <p>New iron ore contract de-risking supply of largest input.</p> <p><i>May 2020</i></p>	<p>TRIPLE M METALS</p> <p>JV with Triple M Metals for supply of scrap and metallic units to meet needs.</p> <p><i>Nov 2021</i></p>	<p>PUC TRANSMISSION</p> <p>Local 230KV power line to support Algoma's EAF transformation.</p> <p><i>2022-2025E</i></p>	<p>SUNCOKE</p> <p>5 Year contract to facilitate the migration to EAF operations.</p> <p><i>2022-2026E</i></p>	<p>WALTERS</p> <p>Selected to fabricate and construct EAF Meltshop Building and other EAF equipment.</p> <p><i>2023-2025E</i></p>	<p>ELLISDON CONSTRUCTION</p> <p>MGMT support contract for EAF construction.</p> <p><i>2023-2025E</i></p>	<p>DSV</p> <p>Global logistics support for delivery of EAF equipment.</p> <p><i>2023-2025E</i></p>	<p>EAF CONTRACTORS</p> <p>Remaining contract awards partnering with select contractors for equipment and infrastructure installation.</p> <p><i>2024</i></p>
<p>ESG FOCUS</p> <p>Algoma is committed to initiatives geared at driving performance, reducing risk and developing a culture of organizational excellence that improve our ESG performance.</p>	<p>ENVIRONMENTAL ACTION PLAN</p> <p>Secured Algoma's Legacy Environmental Action Plan.</p> <p><i>Nov 2018</i></p>	<p>FOCUS ON SAFETY</p> <p>Including zero lost time incidents for the past 2 Fiscal Quarters.</p> <p><i>Apr – Sep 2021</i></p>	<p>NEWLY CONSTITUTED BOARD</p> <p>Diversity of experience, thought and perspective.</p> <p><i>Oct 2021</i></p>	<p>PERFORMANCE MANAGEMENT</p> <p>Implemented a robust performance management system.</p> <p><i>May 2019</i></p>	<p>ENTERPRISE RISK MANAGEMENT</p> <p>Develop a culture of risk management.</p> <p><i>Nov 2019</i></p>	<p>ESG POSITION STATEMENT</p> <p>Published Algoma's approach to ESG.</p> <p><i>April 2023</i></p>	<p>ESG REPORT</p> <p>Algoma to publish its inaugural ESG report.</p> <p><i>2023</i></p>	<p>EMISSION REDUCTION</p> <p>EAF project expects to reduce emissions 70% and improve GHG performance.</p> <p><i>2024E</i></p>

Algoma's ESG Position Statement

Algoma released its [ESG Position Statement](#) in the first half of 2023. During FY 2023, Algoma undertook efforts to enhance its approach to ESG and the Company is pleased to be able to share more detail on this work through the publication of the ESG Position Statement and this inaugural ESG report.

The ESG Position Statement describes the foundational role that Algoma's ESG strategy plays in the Company's transformation journey and overall corporate strategy, and how ESG practices are embedded into Algoma's business model. The Statement outlines the Company's ESG commitments and ESG framework, which include its guiding ESG principles.



[VIEW ESG POSITION STATEMENT](#)

Our Commitment to ESG

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 managing these factors and 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 carbon neutrality by 2050.

We are making a transformational investment in Electric Arc steelmaking and we are committed to further innovating and incorporating environmental considerations across our production processes through the modernization of our existing facilities and the adoption of other technologies such as less carbon-intensive iron making like EAF steelmaking. 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.

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 (v) 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.

Transparency and accountability to our investors and other stakeholders are critical to ensuring our ESG approach drives meaningful results.



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 commitments to net-zero carbon 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 effective oversight of our ESG strategy and practices and ensure continuous improvement in our governance structure and processes.

MATERIAL TOPICS:

- ESG Governance
- Business Ethics & Transparency

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](#).

The Board relies on the Executive Risk Committee (the “Executive Risk Committee”), comprised of members of management as detailed below, for management oversight of risk, including ESG- and climate-related risks. The Executive Risk Committee is ultimately responsible for managing the principal risks, including ESG- and climate-related risks, of Algoma’s business, and ensuring these risks are being appropriately assessed and monitored. The Executive Risk Committee is comprised of risk sponsors and owners from senior management and is tasked with identifying top strategic risks and developing, integrating, and managing the Company-wide risk framework for risk identification, assessment, and monitoring. Additionally, the Executive Risk Committee is responsible for allocating appropriate resources for risk management and communicating risk management across the Company including reporting to the Board on a monthly basis. Managing ESG risks effectively is crucial to meet our corporate objectives of strengthening our competitive position, enhancing our profitability, and delivering long-lasting value for our customers, employees, and shareholders.

We employ an enterprise risk management (“ERM”) process to coordinate risk management among departments to manage the organization’s full range of risks as a whole, including ESG- and climate-related risks. The Risk Management Committee of the Board (the “Risk Management Committee”) is responsible for overseeing the ERM program to assist the Board in providing oversight of the ERM activities of the Company and

its subsidiaries, and to advise the Board with respect to the effectiveness of the ERM framework of the Company. We have an ERM Policy that outlines the risk oversight responsibility of the Executive Risk Committee and the Company’s overarching ERM process and strategy. Our ERM program offers a framework for effectively managing uncertainty, responding to risk, and harnessing opportunities as they arise. Our comprehensive ERM framework consolidates and improves risk reporting to identify key risks that may affect the Company, quantifies and manages the risks better, and implements the proper controls to eliminate or reduce threats. Top risks identified within our ERM framework are allocated to risk sponsors and owners on the Executive Risk Committee.

Our ERM program is designed to proactively identify and manage strategic risks to the organization. Through assessing risks using impact, likelihood, and control effectiveness, our ERM framework follows a very distinct and ongoing process, where it actively identifies and reassesses the various strategic and major risks to ensure financial security for our business. The framework leverages systemization of the risk registers through the use of Key Risk Indicators (“KRI’s”) that serve as an early signal of increasing risk exposure in various areas of the organization and validates the severity of the risk. The ERM program extends its reach to evaluate strategic decisions and plans for the organization, as well as developing a risk culture to ensure the longevity and sustainability of Algoma’s competitiveness.

Moving forward, we will be looking to identify opportunities to further enhance the integration of ESG- and climate-related risks into our ERM.

Metrics & Targets



ESG METRICS

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. In this inaugural report, we provide a set of Key Performance Indicators (“KPIs”) for each of our material ESG factors. These metrics are informed by the SASB Standards and the TCFD recommendations. ESG data is consolidated in the [ESG Performance Metrics](#) section. The [SASB Index](#) summarizes our performance on select ESG metrics from the SASB Iron & Steel Producers Standard. The [TCFD Index](#) summarizes our climate-related disclosure informed by the TCFD recommendations.



ESG TARGETS

We recognize that developing a leading approach to ESG is an ongoing journey. The publication of our inaugural ESG report is an important milestone for the Company and we are committed to demonstrating continuous improvement on ESG. In addition to our shared aspirational goal to achieve carbon neutrality by 2050, work is underway to evaluate the feasibility and relevance of setting additional ESG targets to ensure accountability and transparency.

Our approach to ESG is underpinned by governance structures that enable us to effectively oversee and manage ESG risks and opportunities.

Governance

A photograph of a male worker in a blue hard hat with 'ALGOMA' written on it, wearing safety glasses and a high-visibility yellow-green jacket with reflective stripes. He is holding a document and looking off to the side. The background shows industrial equipment, including a large roll of material with 'HCH' written on it. The image is overlaid with a dark blue geometric shape.

ESG Oversight

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.

BOARD OVERSIGHT OF ESG

Our Board has ultimate accountability for ESG factors, including climate change factors.

The Nominating and Governance Committee has primary responsibility for supporting the Board with ESG oversight. The Committee oversees Algoma's ESG initiatives, coordinates ESG oversight with other Board committees, and reports on ESG to the entire Board.

The Nominating and Governance Committee oversees and reviews with management and the Board the emerging ESG issues affecting the Company, reviews and discusses with management the Company's overall ESG strategy, and reviews and monitors key enterprise-wide ESG metrics, targets, key performance indicators and related goals and the progress towards achieving targets and benchmarks.

The Risk Management Committee is responsible for overseeing Algoma's Enterprise Risk Management ("ERM") program and assists the Board with overseeing the Company's ERM activities and advises the Board on the effectiveness of the ERM framework. The Risk Management Committee also

reviews and evaluates management's assessment, management, monitoring, and control of the principal strategic, financial, and operational risks that could have a material impact on Algoma, including ESG- and climate-related risks.

MANAGEMENT OVERSIGHT FOR ESG

Our CEO holds the highest level of management responsibility for ESG factors, including climate change factors. Our CEO reports to the Nominating and Governance Committee of the Board on ESG-related matters, including matters related to climate change, quarterly at a minimum.

To support the development of the ESG Strategy, a cross-functional ESG Working Group was established with responsibility for supporting the management team on ESG. The members of the ESG Working Group include:

- Chief Financial Officer (Executive Sponsor)
- Treasurer & Investor Relations Officer (Management Lead)
- Vice President Controller & IT
- Vice President Procurement
- Vice President Strategy and Chief Legal Officer
- Vice President General Counsel
- Vice President People & Culture
- Manager, Corporate Communications
- Manager, Enterprise Risk Management
- Vice President Maintenance & Operating Services
- Director Corporate Affairs & Sustainability, Trade & Economics

We expect our leaders to provide visible and active leadership regarding ESG factors.

ESG Governance Structure

BOARD ESG-RELATED SKILLS, EXPERTISE, AND EXPERIENCE

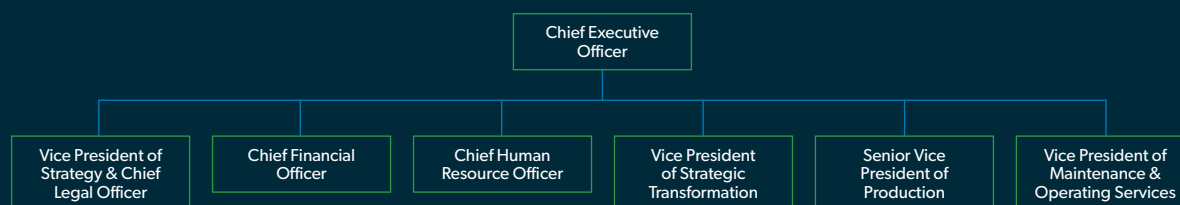
To ensure our Board is equipped to oversee and manage ESG risks and opportunities, our Board Skills Matrix includes skills related to ESG including Compensation, Environment, Governance, Health & Safety, Information Technology & Cybersecurity, Labour Relations, Public Relations, Risk Management, Strategic Planning, Supply Chain, and Training and Development. A Board Skills Matrix is included in our Management Information Circular, filed by Algoma with applicable Canadian securities regulatory authorities (available under our SEDAR+ profile at www.sedarplus.ca) and with the United States Securities and Exchange Commission (available at www.sec.gov).

Directors are encouraged to pursue education on ESG and climate change-related matters to continue further developing Board ESG expertise. In FY 2023, some members of the Board undertook ESG-related training including taking courses and attending conferences on topics including Corporate Governance, Risk Management and Business Continuity, Cybersecurity and Artificial Intelligence, Human Capital Management, Diversity, Equity and Inclusion, Truth and Reconciliation, Climate Change, Responsible Investment, and Biodiversity. For more information on Truth and Reconciliation education received by the Board, see [Board Tour of Shingwauk Hall](#).

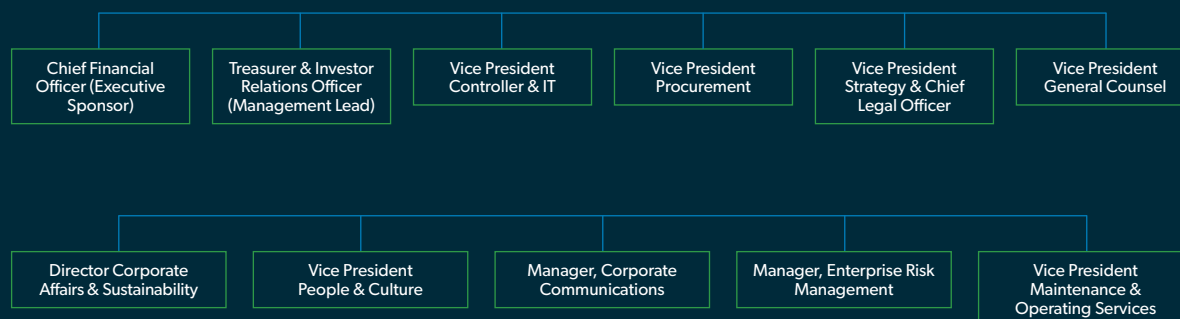
BOARD OF DIRECTORS



ALGOMA EXECUTIVE LEADERSHIP TEAM



ALGOMA ESG WORKING GROUP



Governance Board Committee Charters

COMMITTEE CHARTER	DESCRIPTION
<p><u>Risk Management Committee</u></p>	<ul style="list-style-type: none"> → Outlines Committee’s purpose of overseeing the Algoma’s ERM program to assist Board with oversight of ERM activities of the Company and advise the Board on effectiveness of the Company’s ERM framework. → Establishes Committee authority to oversee the ERM program, monitor, and review risk management and compliance disclosure, review project pre-approvals and approvals, review insurance coverage, and review with management emerging ESG issues.
<p><u>Audit Committee</u></p>	<ul style="list-style-type: none"> → Defines Committee’s purpose of overseeing Algoma’s accounting, financial controls, and reporting processes, audits of the financial statements, and monitoring Company compliance with financial disclosure legal and regulatory requirements.
<p><u>Human Resources & Compensation Committee</u></p>	<ul style="list-style-type: none"> → Outlines Committee’s purpose of administering Algoma’s long-term incentive plans and reviewing, overseeing and evaluating the compensation responsibilities of the Board. → States duties of the Committee include reviewing and approving CEO compensation and, in consultation with the CEO, senior management compensation. → Establishes the Committee’s responsibility for monitoring, evaluating, and reviewing labour relations matters, including collective bargaining agreements.
<p><u>Nominating & Governance Committee</u></p>	<ul style="list-style-type: none"> → Outlines the Committee’s purpose of assessing the effectiveness of the Board, overseeing the recruitment and selection of director candidates to be nominated by Algoma, organizing orientation and education for new directors, considering and approving proposals by the Board for external advisors, reviewing and recommending size, composition and structure of the Board and Board committees, overseeing management succession, assessing performance of management, and making recommendations to the Board concerning corporate governance issues. → Stipulates that Committee has primary responsibility for supporting the Board on its oversight of ESG factors.
<p><u>Operations & Capital Projects Committee</u></p>	<ul style="list-style-type: none"> → Outlines the Committee’s purpose is to assist the Board in oversight of operations, significant investments in operations, and the planning and execution of major projects.



ESG-related Policies

POLICY	DESCRIPTION	DATE OF APPROVAL / LAST UPDATE
<u>ESG Position Statement</u>	<ul style="list-style-type: none"> → Outlines Algoma’s approach to ESG, its ESG commitments and ESG framework, and Algoma’s guiding ESG principles. → Describes the foundational role Algoma’s ESG strategy plays in the Company’s transformation journey towards being a climate change leader in steel production and how ESG practices are embedded into Algoma’s business model. 	April 6, 2023
<u>Health, Safety & Environment Policy</u>	<ul style="list-style-type: none"> → Supports our commitment to excellence in Health, Safety, and Environmental practices, our responsibility for the Health and Safety of everyone at our workplace, and the shared responsibility for safety by our management, employees, contractors, and visitors. 	June 27, 2022
<u>Diversity, Equity & Inclusion Policy</u>	<ul style="list-style-type: none"> → Illustrates Algoma’s support for diversity, equity and inclusion and commitment to fostering an inclusive workplace environment. 	May 16, 2022
<u>Code of Business Conduct & Ethics</u>	<ul style="list-style-type: none"> → Sets the standards of ethical business conduct and serves as guidance for all employees for business principles, practices, and procedures. 	August 26, 2021
<u>Vendor Code of Conduct</u>	<ul style="list-style-type: none"> → States expectations for whom Algoma collaborates with to ensure alignment between Algoma’s values and conduct with those of Vendors. → All Vendors and their employees must adhere to the Code when conducting business with Algoma. 	January 1, 2022
<u>Whistleblower Policy</u>	<ul style="list-style-type: none"> → Provides supplement to Algoma’s Code of Business Conduct & Ethics on “Whistleblower Events”, whereby an employee or director reports misconduct to people or entities authorized to investigate or take corrective action. 	April 15, 2021
<u>Insider Trading Policy</u>	<ul style="list-style-type: none"> → Implements guidelines to ensure compliance with Canadian and US securities laws restricting anyone with any knowledge of material non-public information from trading in securities of Algoma, informing others of the material non-public information, or advising others to trade in Algoma securities. 	August 26, 2021
<u>Disclosure & Confidential Information Policy</u>	<ul style="list-style-type: none"> → Complements the Insider Trading Policy and lays out consistent disclosure practices, policies, and procedures for timely disclosure of material information about Algoma to the market. 	August 26, 2021
<u>Accessible Customer Service Policy</u>	<ul style="list-style-type: none"> → Supports Algoma’s commitment to excellence in serving all customers including people with disabilities by outlining how Algoma provides goods and services to members of the public or third-party organizations in accordance with the <i>Accessibility for Ontarians with Disabilities Act, 2005 (AODA)</i> and the <i>Accessibility Standard for Customer Service</i>. 	November 30, 2018
<u>Multi-year Accessibility Policy and Plan</u>	<ul style="list-style-type: none"> → Commits Algoma to improving access and opportunity for people with disabilities and outlines goals and plans to do so. → Outlines Algoma’s commitment to treating all people with dignity, respect and in a way that maintains individual independence. 	July 26, 2016

Executive Compensation

Executive compensation is linked to performance on ESG goals.

Our Human Resources and Compensation Committee oversees the executive compensation responsibilities of the Board.

To succeed in the North American steel industry and to achieve its business and financial objectives, Algoma needs to attract, retain, and motivate a highly talented team of executive officers. Algoma's compensation philosophy is designed to align the compensation provided to its executives with the achievement of business objectives, while also enabling Algoma to attract, motivate, and retain individuals who contribute to Algoma's long-term success. We have designed our executive officer compensation program to achieve the following objectives:

- Provide compensation opportunities in order to attract and retain talented, high-performing, and experienced executive officers whose knowledge, skills, and performance are critical to our success;
- Motivate our executive officers to achieve our business and financial objectives;
- Align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- Provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

Our executive compensation program currently includes three principal elements:

- (i) base salary;
- (ii) short-term incentives, 10% of which are linked to safety performance (lost time injury rate);
- (iii) long-term incentives, which may consist of restricted share units ("RSUs") and performance share units ("PSUs") granted under the omnibus incentive plan. Vesting of RSUs and PSUs is conditioned upon the fulfillment of certain operational performance metrics, including, in the case of PSUs, a 10% link to ESG goals (coke oven stack opacity, annual average percentage of coke oven door emissions, controllable absenteeism).

All non-unionized employees are eligible for the short-term incentive plan, which includes a link to safety performance.

Further details on executive compensation are outlined in Algoma's Management Information Circular.

Board Diversity

The Company is committed to fostering an open and inclusive workplace culture. The Company underscores a commitment to diversity and recognizes it as an important advantage. Algoma is firmly committed to providing equal opportunity in all aspects of employment.

While we do not currently have a formal policy or targets on the representation of women or designated groups on our Board or senior management as of the date of this report, the Nominating and Governance Committee is working to adopt a formal policy regarding diversity for the fiscal year ending March 31, 2024. The Nominating and Governance Committee incorporates diversity as part of its overall annual evaluation of Board nominees for election or re-election, as well as candidates for management positions, and gender and diversity are key search criteria in the overall recruitment and selection process in respect to our Board and senior management.

Gender is of particular importance to us in ensuring diversity within the Board and management. Recommendations concerning Board nominees are, foremost, based on merit and performance, but diversity is taken into strong consideration, as it is beneficial that a diversity of backgrounds, views, and experiences be present at the Board and management levels.

The level of representation of women has been, and will continue to be, considered by the Company, the Board, and the Nominating and Governance Committee in the making of executive officer appointments. In searches for new executive officers, the Nominating and Governance Committee will consider the level of female representation and diversity in management as one of several factors used in its search process. This will be achieved through continuously monitoring

the level of female representation in senior management positions and, where appropriate, recruiting qualified female candidates as part of our overall recruitment and selection process to fill senior management positions, as the need arises, through vacancies, growth, or otherwise. We note that in our latest Board recruitment search, gender and ethnic/racial diversity were key search criteria provided to our external Board recruitment search firm. Through that process, Algoma was able to recruit two new diverse members to the Board, their election taking place at the 2022 AGM.

As part of our ongoing and continued commitment to diversity on our Board, we commit to achieving 30% gender diversity on our Board under the normal course of our Board succession and refreshment process.

Clear and objective evidence of increases in gender representation at the Board can be seen in the increase of female board members from 9% to 27% in three years and the Board has committed to continue to increase gender diversity at the Board level.

Diversity at Algoma

Since Algoma is a Nasdaq listed company, we report on diversity in alignment with Nasdaq's Board Diversity Rule as applied to foreign issuers.

- 3** of Algoma's 11 Board members are female (~27%)
- 2** Board Members identify as underrepresented individuals in Canada (18%)
- 1** Board member identifies as Asian (9%)
- 1** Board member identifies as Hispanic or Latinx (9%)
- 9** Board members do not disclose their demographic backgrounds (~82%)
- 0** No Board members identify as LGBTQ+





CEO, Michael D. Garcia, speaking at the Tampa Steel Conference.

Business Ethics & Transparency

WHY THIS MATTERS

Integrity is a core value at Algoma, and we are continually working towards cultivating an environment of mutual trust, honesty, and respect. We recognize that practicing ethical business is fundamental to the long-term survival of our business and is important to our investors and stakeholders. We operate in Canada, a country which is generally recognized as having low levels of corruption. On Transparency International's Corruption Perceptions Index, Canada scores 74/100, ranking 14th overall in the index.⁵ Despite a lower level of risk due to the location of our operations, exercising excellent business ethics and transparency remains a top priority for Algoma.

OUR APPROACH

Algoma has a culture rooted in ethical business conduct and integrity is one of our core values. We strive to always operate with fairness and professionalism. Our approach to business ethics and transparency is guided by the following policies.

CODE OF BUSINESS CONDUCT & ETHICS

Our [Code of Business Conduct & Ethics](#) ("the Code") serves as our company standard for ethical business conduct and provides guidance in making sound business decisions to all officers, senior managers, supervisors, and employees. Any questions pertaining to this Code are addressed to Algoma's Vice President, Strategy and Chief Legal Officer. The standards set out in this Code are expected to be demonstrated

in and out of the workplace and reflect Algoma's employees' commitment to integrity, ethical conduct, and the pursuit of excellence. Unethical practices will not be tolerated even if it is "customary" in the industry or outside of the Company, or if it appears to serve other worthy goals. When taking the high road seems difficult or painful, our employees can take pride in Algoma Steel and know that its success depends on its good reputation and compliance with applicable laws – and that good reputation and compliance depends on each employee and the individual decisions that they make.

The Code covers a wide range of business practices and procedures including compliance with laws, rules, and regulations, contractual obligations, relationships with suppliers, conflicts of interest, confidentiality, corporate opportunities, protection, and proper use of Company entity assets, information, competition and fair dealing, gifts and entertainment, non-work related transactions or services from a supplier or customer, interactions with public officials and lobbying, payments to government personnel, bribery and corruption, human rights and employee relationships, health and safety, environmental protection, accuracy of reports and reporting, use of email and internet services, and social media.

All employees are required to receive training on the Code of Business Conduct & Ethics on an annual basis. Senior management monitors the successful completion rate of training.

⁵ The Corruption Perceptions Index (CPI) is a widely used global corruption ranking. It measures how corrupt each country's public sector is perceived to be, according to experts and businesspeople. A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. A country's rank represents its position relative to the other countries in the CPI.

WHISTLEBLOWER POLICY

We recognize that even the best systems of controls and procedures cannot always safeguard against violations of applicable laws and regulations. To complement the Code, our Whistleblower Policy outlines our policy for whistleblower events whereby good faith concerns related to questionable, incorrect, misleading, fraudulent, or unethical behaviors can be reported or submitted anonymously. Algoma has a strong commitment to the conduct of its business in a lawful and ethical manner. Employees are encouraged to talk to supervisors, managers, or other appropriate personnel about observed illegal or unethical behavior and, when in doubt about the best course of action in a particular situation, to report such behavior in accordance with the company's [Whistleblower Policy](#). It is Algoma's policy not to allow retaliation for reports of misconduct by others made in good faith. All employees are expected to cooperate in internal investigations of misconduct. All findings arising out of the whistleblower events will be communicated to the Audit Committee of the Board of Directors.

PERFORMANCE

In FY 2023, we had no monetary losses as a result of legal proceedings associated with bribery, corruption, and other related issues.

TABLE 1: TOTAL AMOUNT OF MONETARY LOSSES AS A RESULT OF LEGAL PROCEEDINGS ASSOCIATED WITH BRIBERY, CORRUPTION AND OTHER RELATED ISSUES

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Amount of monetary losses as a result of legal proceedings associated with bribery, corruption, and other related issues	Amount (\$)	0	0	0

100%
of our employees
completed training on
our Code of Business
Conduct & Ethics.



We expect our vendors and their employees to act with integrity and to be ethical in their business dealings.

Supply Chain Management & Human Rights

WHY THIS MATTERS

The extraction of critical raw materials, such as ore and coal, required for steel production can have environmental and social impacts for local communities, workers, and ecosystems. As an extension of our direct operations, we recognize the importance of monitoring and managing our supply chains to ensure environmental and social impacts are minimized. An effective approach to supply chain management reduces our exposure to adverse social (e.g., human rights violations) or environmental impacts, while simultaneously ensuring an adequate supply of raw materials needed for steelmaking, minimizing risks related to adverse reputational impacts, and legal or regulatory costs and penalties.

OUR APPROACH

Our Vice President – Procurement holds management responsibility for supply chain management at Algoma. We expect our vendors and their employees to act with integrity and to be ethical in their business dealings. Algoma's [Vendor Code of Conduct](#) outlines our values of honesty, fairness, and excellence and states expectations for Vendors Algoma collaborates with to ensure alignment between Algoma's values and conduct with those of Vendors. All Vendors and their employees must adhere to the Code when conducting business with Algoma. The Code informs Vendors of the following:

- They may not engage in corrupt or dishonorable practices;
- Information must be disclosed on any situation that may appear to present a conflict of interest;
- Algoma has a zero-tolerance policy with regards to the acceptance of gifts or hospitality from Vendors;
- There are restrictions on the employment by Vendors of former Algoma employees.

The Vendor Code is in addition to obligations set out in any purchase orders or contracts between Algoma and Vendors. The Vendor Code also extends to all subcontractors of Vendors. Vendors may not engage in any transaction that would directly or indirectly avoid or circumvent this Code. Algoma reserves the right to apply consequences of a breach to the Code both retroactively and prospectively.

We also monitor the health and safety performance of our suppliers and vendors.

Algoma is actively working towards minimizing our need for coal and mined ore as critical value chain inputs in our steelmaking process by transitioning to [EAF Steelmaking](#). EAF Steelmaking uses electricity for energy as opposed to coal and will use scrap metal as an input rather than mined ore. The scrap metal will be derived from internal operations within our steel mill and industrial scrap generated as a by-product of steel manufacturing.

ANALYST CORNER

SASB EM-IS-430a.1

We recognize the fundamental role the steel industry plays in contributing to the transition to a low-carbon economy and supporting Canada in meeting its climate change commitments.

Environment

Greenhouse Gas Emissions & Climate Change

WHY THIS MATTERS

Climate change is a systemic and global risk that could have significant impacts on our steel production operations. Steel production is an Emissions-Intensive and Trade-Exposed (“EITE”) industry, and the steel industry is facing headwinds driving emissions reductions. We recognize the fundamental role the steel industry plays in contributing to the transition to a low-carbon economy and supporting Canada in meeting its climate change commitments. Our customers are increasingly interested in reducing their GHG emissions and Algoma can contribute to their emissions reductions through offering lower carbon steel. Regulatory carbon pricing covers 100% of our Scope 1 emissions and to remain cost competitive we must integrate consideration of GHG emissions and climate-change risks into our decision making.

The projected increase in demand for low-carbon steel offers the opportunity for Algoma to become 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 are aligned with the objectives of the Association, including our shared aspirational goal to achieve carbon neutrality by 2050.

Beginning with this inaugural report, we continue working towards being the climate leader in Canadian steel



production and meeting our emission reduction aspirations. This section includes Algoma’s climate-related disclosure informed by the TCFD recommendations. We are committed to further enhancing our future climate-related disclosures in alignment with the TCFD recommendations as our ESG approach evolves over time.


CLIMATE CHANGE GOVERNANCE

Algoma’s ESG governance approach, including related to climate change, is described in detail in the [Governance](#) section. Our Board has ultimate accountability for ESG factors, including climate change factors. The Nominating and Governance Committee has primary responsibility for supporting the Board in oversight of ESG, including climate change, and is responsible for overseeing Algoma’s ESG

framework, coordinating with other Board Committees, and reporting on climate change to the entire Board.

Directors are encouraged to pursue education on climate change-related matters to continue further developing Board climate change expertise. In FY 2023, some members of the Board undertook climate change-related training including the Institute of Corporate Directors’ Board Oversight of Climate Change course.

Our CEO has the highest level of management responsibility for ESG factors, including climate change factors, and reports to the Nominating and Governance Committee of the Board on climate-related risks and opportunities quarterly at a minimum.



Climate change and GHG emissions reduction is a key strategic priority for Algoma.

CLIMATE CHANGE STRATEGY

Climate change and GHG emissions reduction is a key strategic priority for Algoma. We recognize the critical role the steel industry plays in addressing climate change and with the aim of being a climate change leader, we are making a transformational investment in EAF steelmaking.

The ESG Materiality Assessment conducted in 2022 (the “2022 ESG Materiality Assessment”) (for more detail see the previous section on our [ESG Materiality Assessment](#)) included the consideration of climate change risks and opportunities. We assessed the potential impact and likelihood of climate change factors over the short- (0–12 months), medium- (13–24 months), and long-term (24+ months).

CLIMATE CHANGE TRANSITION RISKS AND OPPORTUNITIES

The 2022 ESG Materiality Assessment identified the climate change transition and GHG emissions as risks and opportunities in the short-term. Steel production is an EITE industry, with more than 40% of all industrial GHG emissions in Ontario stemming from the steel industry. Algoma is the second largest industrial GHG emitter in Ontario. The transition to a low-carbon economy poses several risks to our ability to remain a resilient steel producer in a net-zero economy. These risks include policy and legal, reputational, market, and technology risks and are described below.

Over the short- and medium-term, carbon pricing/emissions-limiting regulations will continue to drive up operational costs, especially if we do not continue to reduce GHG emissions across our operations. In 2022, there was a regulatory transition and Algoma went from being subject to the Canadian federal Output Based Pricing System for GHG emissions under the *Greenhouse Gas Pollution Pricing Act* to the Ontario Emissions Performance Standards regulation. Higher carbon prices and increasingly stringent GHG emissions

regulations are expected in future years as Canada continues to try to meet its commitments under the Paris Agreement.

As per the Strategic Innovation Fund Agreement Algoma reached with the Government of Canada to help finance its investment in EAF steelmaking, we are subject to limited covenants related to reducing annual GHG emissions, reporting on progress towards GHG emissions reductions, and developing a plan to contribute to Canada’s net-zero by 2050 target.

Decarbonizing operations will require innovative technologies that may be costly, such as our investment in EAF steelmaking, and our path to net-zero relies on the efficacy of these, often expensive, new green steel production technologies. Increased energy, capital equipment, environmental monitoring and reporting, and other costs may arise as a result of these policy and legal, reputational, market, and technology risks related to GHG emissions and climate change.

The transition to a low-carbon economy also presents significant opportunities for Algoma. Increasingly, countries with aspirations to reach net-zero by 2050 are looking to decarbonize heavy industries like steel. Companies transitioning to lower carbon steelmaking processes, such as using scrap metal in an electric arc furnace opposed to coal-based blast furnace steelmaking, will be better positioned to meet future demands for low-carbon steel while also saving costs as the price of carbon rises in the future. Ontario-based companies are particularly well positioned for producing low-carbon steel because the Ontarian electricity grid is cleaner and less reliant on fossil fuels than many other jurisdictions. Additionally, governments are helping with the cost burden of transitioning to lower carbon alternatives and there are opportunities to fund decarbonization projects; Canada has made investments valued at over \$13 billion over the next five years in programs to decarbonize heavy industry and federal spending is expected to grow significantly over the next few years.⁶ Partnership between industry, government, and academic institutions will be critical to addressing climate change.

⁶Clean Energy Canada - [Decarbonizing Industry in Canada and the G7](#).



CLIMATE CHANGE PHYSICAL RISKS

Algoma's operations and supply chain could face risks related to the physical impacts of climate change over the longer-term, particularly if global efforts to meet the Paris Agreement and reduce global warming are ineffective. At present, risk is low as our steel production operations are not located in regions that are at this time understood to be particularly vulnerable to extreme weather events or changing weather patterns. We could face operational challenges if our supply chain is disrupted as a result of extreme weather and a changing climate, however this is expected to be a longer-term risk.

We are committed to continuing to monitor our exposure to climate-related risks and opportunities.

IMPACTS OF CLIMATE CHANGE ON ALGOMA'S BUSINESS, STRATEGY, AND FINANCIAL PLANNING

In response to Algoma's exposure to climate-related risks and opportunities, the company has made a transformative investment in EAF steelmaking technology to lower our GHG emissions, reduce our exposure to carbon pricing, and capture opportunities related to lower carbon steelmaking. For more information on our investment in EAF Steelmaking, see [Algoma's Investment in EAF Steelmaking](#). Additionally, we continue to modernize

our existing facilities to maintain our competitiveness in a low-carbon economy by piloting new and innovative technologies and enhancing the efficiency of our operations. Partnership between industry, government, and academic institutions will be critical to the success of these initiatives.

We apply an internal carbon price which considers the regulatory carbon price that we are subject to and covers 100% of Algoma's Scope 1 emissions when making decisions and planning for the future. Our long-term goal is to eliminate coal use in our steelmaking operations over time to reduce the potential impact of the Canadian carbon tax regime on our business.

We also seek to explore funding opportunities from various level of government and have submitted applications for funding of decarbonization projects.

We have not yet conducted climate change scenario analysis given capacity constraints. We are planning to take a phased approach to alignment with the TCFD recommendations within a reasonable timeframe. We are committed to continuing to enhance our understanding of climate-related risks and opportunities and the ways in which they could impact our business, strategy, and financial planning.

Algoma's Investment in Electric Arc Furnace ("EAF") Steelmaking

Establishing our reputation as climate change leaders in the Canadian steel production industry. Algoma is on a transformative journey towards a lower carbon intensity future.

In 2021, Algoma began construction on two state-of-the-art EAFs to replace its existing No.7 blast furnace, cokemaking, and basic oxygen steelmaking operations. Traditional high-carbon emitting blast furnaces require iron ore and metallurgical coal as raw materials. Conversely, EAF steelmaking uses electricity to recycle scrap metal, resulting in significantly fewer emissions and lower environmental impact. With the transition to EAF steelmaking we will be able to ultimately shut down our coke batteries and blast furnace which will eliminate coal use in our steelmaking operations. Electricity for our EAF operations will come from the Ontario power grid, which is predominantly powered by non-emitting energy sources.

The transformation is expected to result in a reduction of approximately 3.0 million tonnes of CO₂ emissions per year, representing a 70% reduction to current emissions levels. Furthermore, our switch to EAF will significantly shrink our environmental footprint with improvements to air, water, waste, and noise. See [Air Emissions](#) for more on our approach to decreasing our environmental impact on the surrounding air quality.

To help finance this significant investment in EAF steelmaking, Algoma has access to government funding through the Canada Infrastructure Bank (CIB) and the Net Zero Accelerator initiative of the federal Strategic Innovation Fund ("SIF Funding"). Algoma's EAF steelmaking project was the first net zero project announced under this federal initiative demonstrating our commitment to being a climate change leader and the importance of partnership between industry and government.

With construction well underway, Algoma anticipates the facility to come online by the end of 2024. As more electrical power becomes available, Algoma will be able to progressively transition away from basic oxygen steelmaking.

We believe our strategy to transition to electric arc steelmaking will strengthen Algoma's competitive position, enhance our profitability, and deliver long-lasting value for our customers, our employees, our shareholders, and the surrounding communities in which we operate.

"The level of excitement in the community and among our workforce is remarkable as we look to a greener future with an expected 70% reduction in greenhouse gas emissions. When paired with Ontario's low-carbon power grid, we expect this transition will position Algoma as one of the leading producers of green steel in North America."

— Michael D. Garcia, CEO

Scope 3 GHG Emissions

Currently, we do not track or disclose our Scope 3 GHG emissions due to data limitations and resource constraints, but we continue to explore opportunities to improve our data collection, monitoring, and disclosure. We are aware of the importance of Scope 3 GHG emissions, and we are focused on working towards enhancing transportation efficiency to reduce emissions associated with the transportation of our steel to customers.

For example, we are working with partners to develop custom transportation solutions that will enable us to transport both steel and scrap in the same vehicles and vessels to reduce the number of trips needed for delivering our products and sourcing required materials.

2050

Through our participation in the Canadian Steel Producers Association, we have committed to pursue the aspirational goal of carbon neutrality by 2050.

CLIMATE-RELATED RISK MANAGEMENT

We are committed to integrating climate-related risks into our firm-wide risk management policies and processes. Algoma's ESG risk management, including climate-related risks, approach is described in detail in [Risk Management](#). Material climate-related risks are identified, assessed, and managed alongside all other company risks through Algoma's existing risk management process.

Moving forward, we will be looking to identify opportunities to further enhance the integration of climate risks into our ERM.

CLIMATE CHANGE METRICS AND TARGETS

We have identified a set of metrics to monitor our performance on the ESG factors that have the greatest potential to impact the value of our company, including climate change factors. Our climate-related metrics are aligned with the TCFD's cross-industry, climate-related metrics categories (see Table 2).

We track our Scope 1 and 2 GHG emissions and GHG emissions intensity. It is important to note our emissions for FY 2023 reflects our Blast Furnace operations as our EAF is not yet in operation. With the transition to EAF steelmaking, we expect to see a significant shift in our GHG emissions profile. We estimate that our GHG emissions will decrease by approximately 70% compared to steelmaking with a Blast Furnace. Our Scope 1 GHG emissions are expected to decrease significantly and electricity for our EAF operations will come from the Ontario power grid, which is predominantly powered by non-emitting energy sources. We expect this transition will position Algoma as one of the leading producers of green steel in North America.

The table below provides a summary of our climate-related metrics. All but one of these metrics are provided for the calendar year from January 1 to December 31 as our regulatory obligations require that we track and report GHG emissions data as per the calendar year.

TABLE 2: SUMMARY OF CLIMATE CHANGE METRICS

TCFD METRIC CATEGORY	CLIMATE-RELATED METRIC	UNIT	CALENDAR YEAR 2020	CALENDAR YEAR 2021	CALENDAR YEAR 2022
GHG Emissions	Gross global Scope 1 emissions ⁷	Metric tons (t) CO ₂ e	3,880,106	4,111,476	3,995,014
	Gross global Scope 2 GHG emissions	Metric tons (t) CO ₂ e	NRP ⁸	NRP	14,115
	Percentage of gross global Scope 1 GHG emissions that are covered under emissions-limiting regulations	Percentage (%)	100	100	100
	Scope 1 GHG emissions intensity	Metric tons (t) CO ₂ e/ Metric ton of steel	1.80	1.72	1.90
	Scope 1 and 2 GHG emissions intensity	Metric tons (t) CO ₂ e/ Metric ton of steel	NRP	NRP	1.91
Transition Risks	Percentage of steelmaking production using coke and iron	Percentage (%)	100	100	100
Climate-related Opportunities	Percentage of steelmaking production using EAF	Percentage (%)	0	0	0
Internal Carbon Prices	Internal carbon price ⁹	Amount (\$)	30.00	40.00	50.00

TCFD METRIC CATEGORY	CLIMATE-RELATED METRIC	UNIT	FY 2021	FY 2022	FY 2023
Capital Deployment	Amount of investment deployed towards climate-related risks and opportunities	Amount in millions (\$)	N/A	57.3	230.4

⁷ Provincially reported Scope 1 GHG emissions. Provincial Reporting Values are based on regulatory requirements outlined by the Ministry of Environment, Conservation and Parks during the year. This includes methane emissions from the coal purchased for the cokemaking process.

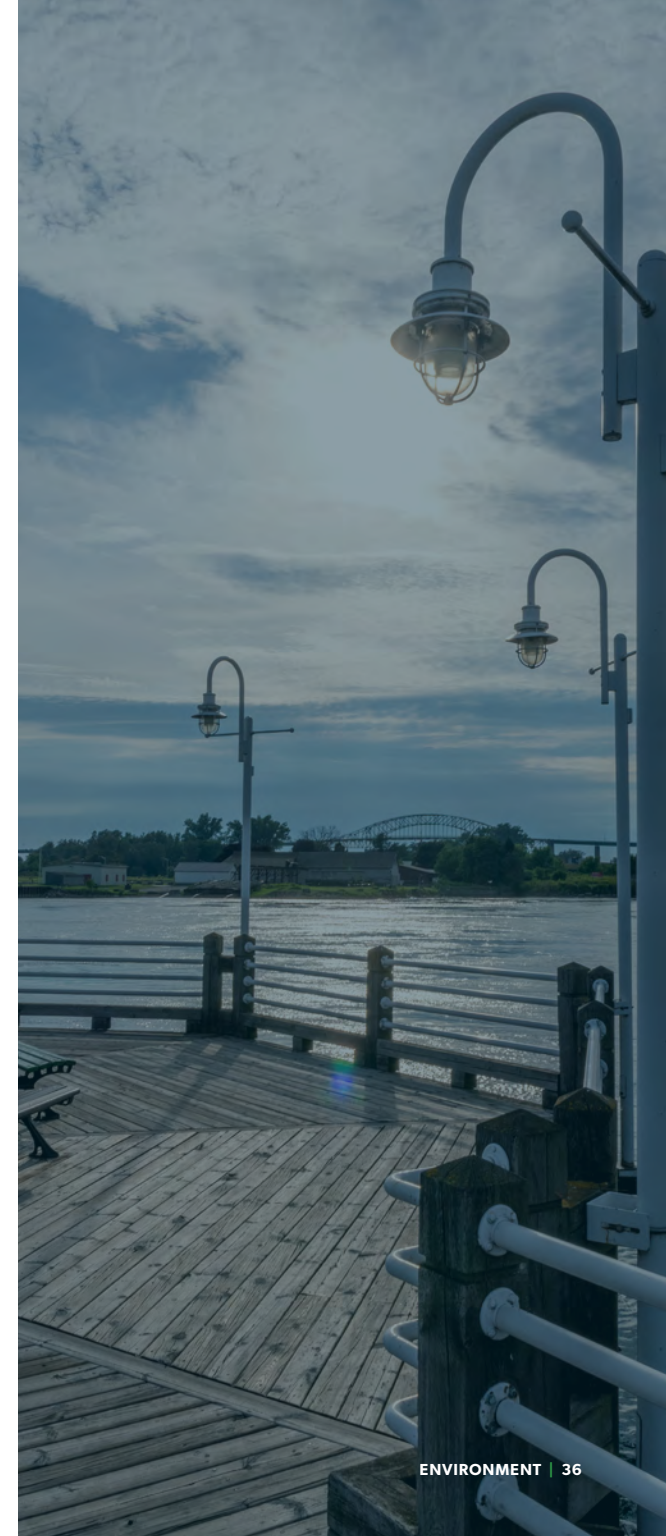
⁸ Not Reported.

⁹ The regulatory carbon price covering 100% of Scope 1 GHG emissions is the same carbon price Algoma applies internally for decision-making and planning. Algoma's decision to move towards EAF steelmaking is indicative of the company considering carbon pricing as part of decision-marking.

ANALYST CORNER

SASB EM-IS-110a.1
 SASB EM-IS-110a.2
 TCFD: Governance (a)
 TCFD: Governance (b)
 TCFD: Strategy (a)
 TCFD: Strategy (b)

TCFD: Risk Management (a)
 TCFD: Risk Management (b)
 TCFD: Risk Management (c)
 TCFD: Metrics and Targets (a)
 TCFD: Metrics and Targets (b)
 TCFD: Metrics and Targets (c)



Air Emissions

WHY THIS MATTERS

The steel production process can generate significant air emissions. Algoma is subject to provincial and federal air emission standards. We recognize the importance of effective air emissions management to protect the health of communities surrounding our operations and meet site-specific standards. Complying with air emissions regulations and effectively mitigating the air quality impacts of our operations can avoid regulatory fines or penalties and builds trust to strengthen our relationship with the surrounding Sault Ste. Marie community.

OUR APPROACH

Our Environment Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements including requirements related to air quality impacts from our operations.

Our [Health, Safety & Environment Policy](#) commits all employees, contractors, and visitors to a shared responsibility for excellence in Health, Safety, and Environmental practices including reducing Algoma's impact on the environment and the community.

Our [Code of Business Conduct & Ethics](#) includes a section on environmental protection that describes how Algoma works closely with the government and other groups to aim to reduce emissions in its operations.

Algoma Steel has announced its decision to transition to electric arc steelmaking. Construction of two state-of-the-art electric arc furnaces is now underway to replace its existing



basic oxygen steelmaking operations and will result in the elimination of cokemaking. Once the facility comes online, Algoma will operate in a hybrid mode, transitioning away from basic oxygen steelmaking as more electric power becomes available. For more information see [EAF steelmaking](#).

While the transformation is expected to reduce Algoma's carbon emissions by up to 70% and significantly shrink Algoma's environmental footprint including improvements to air, water, waste, and noise, site-specific or technical standards will be required to manage compliance over the transition period. Once the facility has fully transitioned to EAF steelmaking, Algoma expects it will meet Ontario Regulation 419/05 air standards and will no longer require site-specific or technical standards for any compound.

Under the *Canadian Environmental Protection Act ("CEPA")*, our pollution prevention plan, which was created to meet the requirements to reduce air emissions (particularly sulfur dioxide) from cokemaking and affiliated processes, incorporates our transition to EAF steelmaking and was deemed an acceptable approach to comply with CEPA.

Our action plan to minimize air emissions from the site during the EAF transition is grounded on operating and maintaining our existing facilities in a manner that maintains compliance with all existing permits while striving to continuously improve our performance, focusing on contaminants requiring site-specific or technical standards. We continue to perform ongoing maintenance to ensure our existing technology can meet the site-specific or technical standards which are currently under development by the Ministry of Environment, Conservation and Parks ("MECP"). Algoma also has standard operating procedures to ensure tasks are performed in the safest manner while also controlling for any potential air quality impact.

As part of the construction of the EAF steelmaking facility, we are constructing two new state-of-the-art fume treatment plants which will effectively control air emissions from the new facility and meet the newest, and most stringent air quality standards. The design also includes engineered furnace enclosures that feature large doors which seal shut before the arcing process begins, containing any sound, sparks, or dust particles which will further improve our air emissions performance.

Algoma's Site-Specific Standards

Algoma has been hard at work improving our air quality performance. At present, we are working with our existing technology to meet an increasingly stringent regulatory framework for air emissions related to benzene, benzo(a)pyrene, particulate matter, and sulfur dioxide.

The reality is no coal-based steelmaking facility in Ontario today is capable of meeting the current Ontario Regulation Standards (known as 419/05). That is why the government provides site-specific and technical standards to allow industries like ours whose assets pre-date modern standards to embark on an action plan to reduce air emissions and monitor progressive improvements towards the ultimate goal of green steel production.

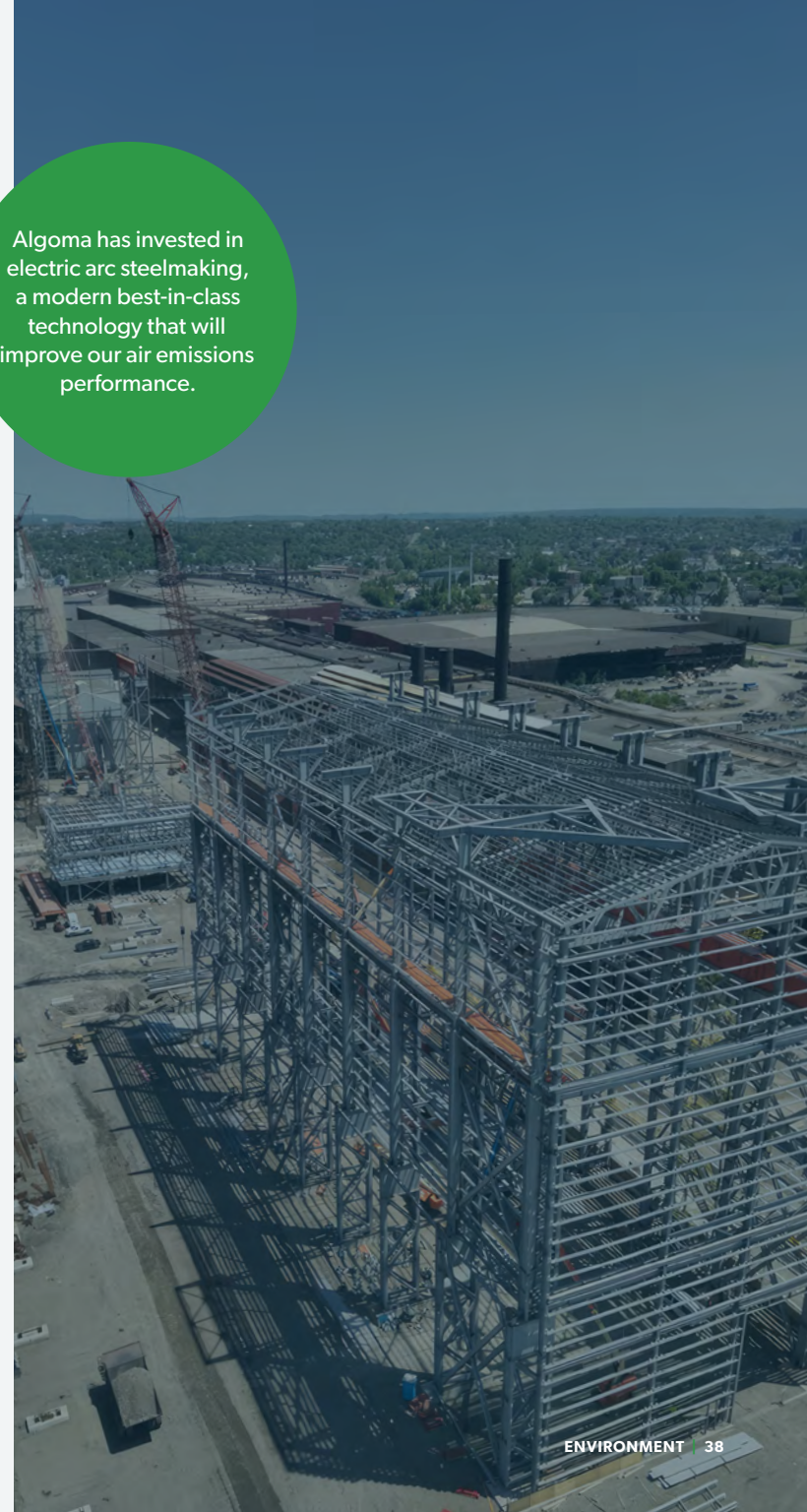
In 2021, Algoma made the commitment to fundamentally transform how we make steel. We have invested in electric arc steelmaking, a modern best-in-class technology that will improve our air emissions performance. For more detail see [Algoma's investment in EAF steelmaking](#). By the end of 2024, Algoma expects to begin commissioning its first EAF. The earlier stages of our EAF transformation will involve Algoma operating in a hybrid mode with both EAF and basic oxygen steelmaking. As more electric power becomes available, we will work towards a complete transition to EAF steelmaking and shut down our coke batteries and blast furnace. This transition will significantly shrink our environmental footprint with improvements to air, water, waste, and noise.

Site-specific or technical standards are practical solutions, developed by the government as compliance mechanisms under Reg. 419/05, that allow Algoma to continue to produce steel, generate funds

to invest in new technology, and protect livelihoods related to this industry, while urgently transforming our business for a greener tomorrow. As a result of the progressive shutdown of cokemaking facilities in the transition to EAF steelmaking, a substantial reduction or elimination of benzene, benzo(a)pyrene, particulate matter, and sulfur dioxide emissions is expected. When we complete our EAF transformation, we expect to meet the general Ontario air quality standards and no longer require site-specific or technical standards for any of the four compounds, but it cannot happen overnight. The site-specific or technical standards allow for a period of transition as we work with our existing technology. We continue to maintain our assets and pursue continuous improvements to minimize our air quality impacts.

The site-specific standards for Algoma are based on complex computer models that predict air emissions. In 2021, the model used to predict potential maximum emissions changed. While Algoma's actual emissions did not change, with the changes to the model, our site-specific standards had to be amended to reflect the new model. We continue to monitor the situation and are committed to providing the community surrounding our operations with regular updates on our continued efforts to improve air emissions performance. Continuing to reduce our air quality impact remains a top priority.

Algoma has invested in electric arc steelmaking, a modern best-in-class technology that will improve our air emissions performance.





PERFORMANCE

We look forward to beginning our EAF operations, currently anticipated to be at the end of 2024. With the construction of our EAF, we anticipate reducing our emissions of numerous air contaminants. For more information on our EAF transformation see [Algoma's Investment in EAF Steelmaking](#) in [Climate Strategy](#).

The table below provides a summary of our air emissions. These metrics are provided for the calendar year from January 1 to December 31 as our regulatory obligations require that we track and report air emissions data as per the calendar year.

TABLE 3: SUMMARY OF AIR EMISSIONS METRICS

METRIC	UNIT	CALENDAR YEAR 2020	CALENDAR YEAR 2021	CALENDAR YEAR 2022
Carbon monoxide ("CO")	Metric tons (t)	614	586	621
Oxides of nitrogen ("NOx")	Metric tons (t)	1,328	1,304	1,208
Oxides of sulphur ("SOx")	Metric tons (t)	3,871	3,874	4,207
Particulate matter <10um	Metric tons (t)	177	158	138
Manganese ("MnO")	Metric tons (t)	4.54	2.98	6.36
Lead ("Pb")	Metric tons (t)	0.822	0.398	0.402
Volatile organic compounds ("VOCs")	Metric tons (t)	74	93	104
Polycyclic aromatic hydrocarbons ("PAHs")	Metric tons (t)	0.35	0.33	0.68

ANALYST CORNER

SASB EM-IS-120a.1

Energy Management

WHY THIS MATTERS

Steel production requires significant amounts of energy, primarily sourced from the combustion of fossil fuels and purchased from the electrical grid. Purchased fuels and electricity for operations can account for a significant proportion of total production costs. Improved energy efficiency practices can reduce Algoma's reliance on fossil fuels and reduce operating costs by limiting Algoma's exposure to electrical grid disruptions and energy price fluctuations. Energy efficiency will continue to be important as we switch to electricity as our primary source of energy for steelmaking.

OUR APPROACH

Algoma is a unique facility when it comes to energy management. We consume from Ontario's grid but also have three sources of power generation onsite. The internally sourced electricity is from two cogeneration ("Co-Gen") facilities, the Boiler House facility and the Essar Power Canada Ltd ("EPC") facility. The EPC facility is contracted by the Independent Electricity System Operator ("IESO").¹⁰ The two facilities use over 90% by-product fuels from Algoma Steel and a set volume of natural gas to generate power and steam. By-product fuels originate primarily from cokemaking and ironmaking. The gases pulled off the coal during the cokemaking process get scrubbed to become Coke Oven Gas. Coke Oven Gas is distributed throughout the facility for consumption in our



boilers to generate steam and electricity, and in burners for production purposes in lieu of natural gas. During the ironmaking process, a combustible fuel called Blast Furnace Gas is produced when iron pellets are reduced to liquid iron in the Blast Furnace. Blast Furnace Gas is consumed by boilers to generate steam and electricity. The Co-Gen facilities reduce our reliance on the Ontario electricity grid by providing approximately half (50%) of our power needs internally at favourable prices.

A third internal power source is the Lake Superior Power ("LSP") facility, a natural gasfired power plant that we use occasionally for emergencies or during high-demand grid loads.

The rest of our electricity is sourced from Ontario's electricity grid which is one of the lowest carbon-emitting power supplies across North America. To ensure we have access to competitive, stable, and predictable electricity price rates for electricity sourced externally from Ontario's electricity grid, we are part of the Northern Energy Advantage Program and receive the Northern Industrial Electricity Rate.¹¹ We also obtain electricity from the IESO in Ontario.

¹⁰ [Independent Electricity System Operator \(IESO\)](#) coordinates and integrates Ontario's electricity system by monitoring the province's energy needs to balance the supply and demand and direct the flow of electricity across Ontario's transmission lines.

¹¹ [Northern Energy Advantage Program | ontario.ca](#)

We participate in the IESO's energy efficiency rebate program and are in the process of upgrading our facilities to reduce energy consumption. For example, we are changing lightbulbs throughout our operations to energy-efficient LED bulbs. As we are just beginning the rebate program, we do not yet know the scope of our energy reduction but are looking to do an assessment in the future to quantify our energy savings.

Electricity is a significant input required in EAF steelmaking. For more information on our transition to EAF steelmaking, see [EAF Steelmaking](#). To meet the future electricity demands of EAF steelmaking and secure a reliable source of energy, we are refurbishing our internal natural gas power plant to

supply sufficient power in addition to available grid power. In 2022 we awarded GE Gas Power a contract for upgrading our natural gas combined cycle power plant, including the installation of two gas turbine packages. We expect the project to be completed in 2023, ahead of our commissioning of the new EAFs. At full capacity, the refurbished Co-Gen facility is designed to have the ability to generate 110 MW of electricity.

We anticipate needing our internal natural gas power plant until regional power systems are upgraded. Regional electrical grid updates sufficient to meet the energy demands of our future EAF operations are not expected until 2029 or later. Currently, we are pursuing a local electricity transmission infrastructure upgrade and technical contingency

solution to allow us to access more power sooner from the grid in Sault Ste. Marie.

Once our EAFs are in operation, we will begin by operating in hybrid mode to limit our power requirements until more grid energy is available. Hybrid mode will include the operation of our No. 7 blast furnace at a reduced level.

Our advanced Direct Strip Production Complex is North America's only thin slab caster with direct hot rolling capability and is coupled with a basic oxygen furnace melt shop. This energy-efficient process enables liquid steel to become exceptional quality hot rolled coils using 60% less energy than conventional mills at a significant cost advantage.





54%
reduction achieved in energy intensity per ton of steel since 1993.

PERFORMANCE

Algoma has achieved a 54% reduction in energy intensity per ton of steel since 1993. We have achieved energy efficiencies in the past three years and have gradually decreased both our total energy and fuel consumed. As we transition to EAF steelmaking and replace coal with scrap metal and continue to electrify, we expect to see our coal and natural gas use to decrease as we replace these energy sources with electricity from the grid.

TABLE 4: SUMMARY OF ENERGY METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Total energy consumed ¹²	Gigajoules (GJ)	33,471,398	34,379,244	31,959,769
Percentage of total energy consumed that is grid electricity	Percentage (%)	5	5	6
Percentage of total energy consumed that is renewable energy	Percentage (%)	0	0	0
Total fuel consumed ¹³	Gigajoules (GJ)	29,870,071	30,533,130	28,265,153
Percentage of total fuel consumed that is coal ¹⁴	Percentage (%)	25	21	18
Percentage of total fuel consumed that is natural gas	Percentage (%)	36	34	39
Percentage of total fuel consumed that is renewable	Percentage (%)	0	0	0

¹² Total energy consumed includes grid power, generated power including the station service power required by our generators to transmit the power generated by Algoma into the Algoma steel facility and includes by-product fuels used for energy, specifically coke oven gas produced during the cokemaking process where coal is used as a metallurgical additive and blast furnace gas, produced during the ironmaking process from iron ore pellets. Coal used in the steelmaking process as a metallurgical additive is excluded.

¹³ Total fuel consumed includes natural gas consumed and by-product fuels consumed, specifically coke oven gas produced during the cokemaking process when coal is used as a metallurgical additive and blast furnace gas, produced during the ironmaking process from iron ore pellets. Coal used in the steelmaking process as a metallurgical additive is excluded.

¹⁴ Percentage of coal consumed includes by-product fuels consumed, specifically coke oven gas produced during the cokemaking process when coal is used as a metallurgical additive. Coal used in the steelmaking process as a metallurgical additive is excluded.

ANALYST CORNER

SASB EM-IS-130a.1
SASB EM-IS-130a.2

Waste & Hazardous Materials Management

Algoma recognizes that to continue operating responsibly, managing waste and hazardous materials from our steel production process must remain a priority.

WHY THIS MATTERS

The steel industry has the potential to generate substantial quantities of waste including large volumes of by-products such as slag, dust, and sludges. If not properly managed, waste from steel production can have environmental and human health impacts. Responsible waste and hazardous materials management can reduce operational and compliance costs, avoid liabilities, and facilitate obtaining permits while also safeguarding Algoma's reputation as a responsible steelmaker within the community. Algoma recognizes that to continue operating responsibly, managing waste and hazardous materials from our steel production process must remain a priority.

OUR APPROACH

Our Environment Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements including requirements related to the management of waste from steel production.

Our [Health, Safety & Environment Policy](#) and our [Code of Business Conduct & Ethics](#) guides our approach to managing issues related to waste and hazardous materials. Our Health,

Safety & Environment Policy states that all employees, contractors, and visitors have a shared responsibility for excellence in Health, Safety, and Environmental practices including reducing Algoma's impact on the environment and the community. In our Code of Business Conduct & Ethics, we state that Algoma aims to reduce the use of toxic substances in industrial processes.

Steel is the most recycled material in the world. Easily recovered with magnets, steel is 100% recyclable and can be recycled time and time again without loss of quality. We recycle or reuse around 80% of all waste materials from generated operations. Every steelmaking heat at Algoma contains scrap steel which we recycle through our manufacturing process for new end-use applications.

We are also looking to monetize or reduce our legacy piles of slag and initiatives are underway to determine or develop alternative uses of various byproducts generated on site. Some of the byproducts that we are investigating alternative uses for include various slags, sludges and dusts from our process.

Algoma works closely with government and other groups on programs aimed at reducing the use of toxic substances in industrial processes. Our Environmental Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements. Our environmental management system is ISO 14001-2015 certified.

We are dedicated to reusing and recycling materials, when possible, to divert material from landfills and continuously seek alternative uses for byproducts generated on site. Some of these materials include blast furnace slags, mill scale, iron pellet fines, scrap metal, light oil, coal tar, coke braize, and kish iron.

As part of our internal grassroots recycling program, we provide excess materials including belting, wood packaging, and industrial bins to employees for personal reuse. Currently this is happening at a small scale, but we hope to continue to grow the initiative in the future.



PERFORMANCE

We recycle or reuse around 80% of all waste materials from generated operations.

TABLE 5: SUMMARY OF WASTE METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Amount of waste generated	Metric tons(t)	1,419,179	1,627,904	1,472,636
Percentage of waste recycled	Percentage (%)	73	71	80
Number of hydrocarbon spills	Number (#)	0	0	1
Aggregate volume of hydrocarbon spills	Litres (L)	0	0	1,250

We experienced an incident on June 9, 2022, where oil-based lubricant was released from our hot mill in Sault Ste. Marie. The oil entered our water treatment facility, and some quantity of the oil was discharged into the St. Mary's River. Working with technical experts, we have been able to ascertain that the estimated amount of oil released was between 1,000 liters (263 gallons) to 1,250 liters (330 gallons), with the amount not likely exceeding 1,250 liters. Following the discharge, traffic on the river was temporarily halted. The local public health authority issued a water advisory and a nearby municipality issued a precautionary emergency declaration regarding its municipal water supply. We actively worked with our response partners deploying equipment and resources necessary to contain and mitigate

the effects of the oil release on the waterway and neighbouring communities to clean up the released oil while working with local, provincial, and federal regulatory authorities. The water advisory was lifted by the public health authorities on June 21, 2022, and the US Coast Guard did not see any impact to shoreline or marine wildlife. The provincial and federal regulators (Ontario's Ministry of the Environment, Conservation and Parks, and Environment and Climate Change Canada) are each currently investigating this incident but have not laid any charges at the time of this report. To avoid future incidents, we are currently working with a consulting firm to investigate and implement plant-wide oil loss prevention initiatives.

ANALYST CORNER

SASB EM-IS-150a.1

Water Management

WHY THIS MATTERS

Algoma is situated on the St. Mary’s River, and we rely on access to water for steel production. Algoma’s operations are subject to Canadian federal, provincial, and local environmental, health, and safety laws and permit approval processes related to water. While we do not operate in a water-stressed region, we understand responsible water stewardship can decrease exposure to regulatory fines and penalties, facilitate access to permits, and can help enhance our reputation in the community as responsible steel producers.

OUR APPROACH

Our Environment Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements including requirements related to water management.

We strive for efficient water use in our operations. Our Environmental Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements, including those related to water management. Our environmental management system is ISO 14001-2015 certified.

More than eleven chemical parameters are monitored daily to ensure the quality of water discharged from our operations meets all applicable regulatory criteria. Automated water samplers ensure representative composite samples are collected every 15 minutes, 24 hours a day, 7 days a week. All of Algoma’s water effluent discharges are consistently significantly below legislative requirements during normal operating conditions, with five elements consistently registering less than the detection limit. Samples are also sent to a third-party where acute lethality and chronic toxicity tests are conducted to determine if there could be any short- or long-term effect on key indicator organisms.

Our treated process water at our onsite water treatment facility meets or exceeds requirements set out by the Ontario Ministry of Environment. Also, with the construction of our new EAF facility, we will be building a brand-new state-of-the-art, non-contact, recirculating water treatment plant to facilitate our EAF operations.

We have installed water recirculation systems in our Direct Strip Production Complex, No. 7 blast furnace, and our cogeneration power facility which significantly reduces the demand for water and allows us to recycle over 45% of our water.



Our treated process water at our onsite water treatment facility meets or exceeds requirements set out by the Ontario Ministry of Environment.

TABLE 6: SUMMARY OF WATER METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Total freshwater withdrawn	Cubic meters (m ³)	313,528,295	301,428,571	259,893,138
Percentage of fresh water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	0	0

ANALYST CORNER

SASB EM-IS-140a.1

Biodiversity Impacts

WHY THIS MATTERS

Steel production can have a range of impacts on the surrounding biodiversity and ecosystems. Algoma is required to comply with federal, provincial, and local environmental laws and regulations including those relating to environmental protection and remediation. Failure to manage biodiversity and ecosystem impacts could lead to regulatory fines and liabilities and adverse reputational impacts.

Our operations in Sault Ste. Marie lie adjacent to the St. Mary's River and in close proximity to Whitefish Island. Both ecosystems are recognized for important biodiversity features by a number of governmental and non-governmental organizations. We recognize that continuing to receive government approval and permits for steel production, maintaining a strong relationship with the community, and remaining a viable business requires minimizing our impacts on the surrounding biodiversity and river ecosystems.

OUR APPROACH

We have a demonstrated commitment to environmental stewardship and are committed to continuing to minimize our impact on the environment surrounding our operations.

The Environmental Department regularly reviews and audits our operating practices to monitor compliance with our environmental policies and legal requirements including requirements related to biodiversity impacts. Our environmental management system is ISO 14001-2015 certified.

Our [Health, Safety & Environment Policy](#) commits all employees, contractors, and visitors to a shared responsibility for excellence in Health, Safety, and Environmental practices including reducing Algoma's impact on the environment.

Our [Code of Business Conduct & Ethics](#) outlines the company's commitment to environmental protection and enhancing the environment in the communities where it operates through responsible and environmentally-oriented operating practices.

Algoma has a rich history in Sault Ste. Marie and has been operating in the area since 1901, before the adoption of modern environmental best practices. In response to historical environmental issues, we developed a Legacy Environmental Action Plan ("LEAP") with the Ontario Ministry of the Environment, Conservation and Parks ("MECP") in accordance with the Framework Agreement Concerning Environmental Issues. The LEAP is a risk-based environmental

Algoma has a rich history in Sault Ste. Marie and has been operating in the area since

1901



management plan, maintained and funded by Algoma, with the objectives of identifying, assessing, managing and mitigating off-site adverse environmental effects caused by legacy environmental contamination at the Site. Algoma is responsible for planning, budgeting/funding, implementing, documenting, and reporting the activities undertaken as part of the LEAP, while the MECP has oversight, review and approval responsibilities for LEAP budget, plans and activities of eligible LEAP expenses.

Under the auspices of the LEAP Algoma has launched a Site Greening Initiative that includes surface stabilization, ground and surface water management, and revegetation. The plan includes the creation of naturalized green buffer strips along the perimeter

of the site by introducing clean soils, creating seasonal surface water ponding areas, and vegetating with select native plants and tree species. In 2022 1,885 trees were planted on a wind berm by students from Sault College's Forest Technician – Conservation Program.

PERFORMANCE

To date, Algoma has invested \$10.5 million in site remediation efforts, with an additional \$4.4 million of investment planned in 2023.

Shoreline Stabilization on St. Mary's River

Algoma has begun an initiative to install shoreline stabilization over 4.1 km adjacent to its operations on the St. Mary's River. Algoma's shoreline stabilization project is required to support the Site Greening Initiative to ensure that the naturalized green buffer strips along the perimeter of the site remain intact and are protected from possible erosion.

The shoreline stabilization project consists of a multi-year plan to design and implement shoreline protection along the St. Mary's River via the placement of clean rip-rap and armour stone.



Our mission is to create steel that improves the lives of not only our people, but also the community.

Social



Workforce Health & Safety

WHY THIS MATTERS

Steel production can pose significant risks to the health and safety of our workforce and other visitors to our operations. Onsite conditions typically involve potential exposure to toxic chemicals, high temperatures, and heavy machinery use. Algoma is subject to provincial and federal employee health and safety regulations including Ontario's Occupational Health and Safety Act. We recognize maintaining a strong health and safety track record is crucial to safeguarding employee health and safety and continuing to build a strong reputation in the community and retaining and attracting skilled employees.

OUR APPROACH

Our [Health, Safety & Environment Policy](#) commits all employees, contractors, and visitors to a shared responsibility for excellence in health and safety practices including through preventing workplace injuries and occupational diseases. The Policy outlines Algoma's commitment to continuously striving for a positive safety culture.

Our Code of [Business Conduct & Ethics](#) includes a section on health and safety that outlines Algoma's intention to provide all employees with a safe and healthy work environment. The Code sets the expectation for cultivating an environment of mutual trust, honesty and respect, and describes that all employees share a responsibility for maintaining a safe and healthy workplace.



We also have a Workplace Violence, Harassment, and Sexual Harassment Policy that outlines Algoma's commitment to maintaining a fair and equitable environment free of harassment and violence and commits the Company to taking all reasonable actions to prevent the occurrence of workplace violence, harassment, and sexual harassment through the implementation of a prevention program. The program includes incidents that occur beyond the normal workplace, on social media, or outside of working hours.

EMBEDDING HEALTH AND SAFETY THROUGHOUT THE COMPANY

Without compromise, Algoma is committed to the health and safety of its employees, contractors, and visitors. To this end, we have a cooperative Joint Health and Safety System, working with our two locals of the United Steelworkers ("USW") (Local 2251 and Local 2724), that supports Algoma with providing

a healthy and safe workplace. The Joint Health and Safety System uses joint committees to assist with safe work planning, inspections, investigating incidents, and monitoring health and safety throughout the organization.

The Corporate Occupational Health and Safety Committee focuses on aspects of our health and safety program. This committee includes the Manager of Health and Safety with oversight of Algoma's health and safety program and two union representatives, one from each USW local (Local 2251 and Local 2724) to complement the Corporate Committee. Each department has its own respective health and safety committee with the department manager holding responsibility for that department's health and safety. Managers hold monthly operational health and safety meetings to review performance, review safety bulletins provided by the health and safety department and discuss then address any concerns that workers may have.

Summaries of health and safety across departments are reported to executives of the Company, including the CEO, and to the Board. Supporting these committees, there are 10 worker representatives, three area Health and Safety Specialists, two Hygiene Specialists, plus multiple workers and management personnel. In addition, we have added a Health and Safety Management role specifically assigned to support the EAF Project.

There are a number of Standing Sub Committees that report to the Corporate Occupational Health and Safety Committee with recommendations for setting policy, procedures, and guidelines including:

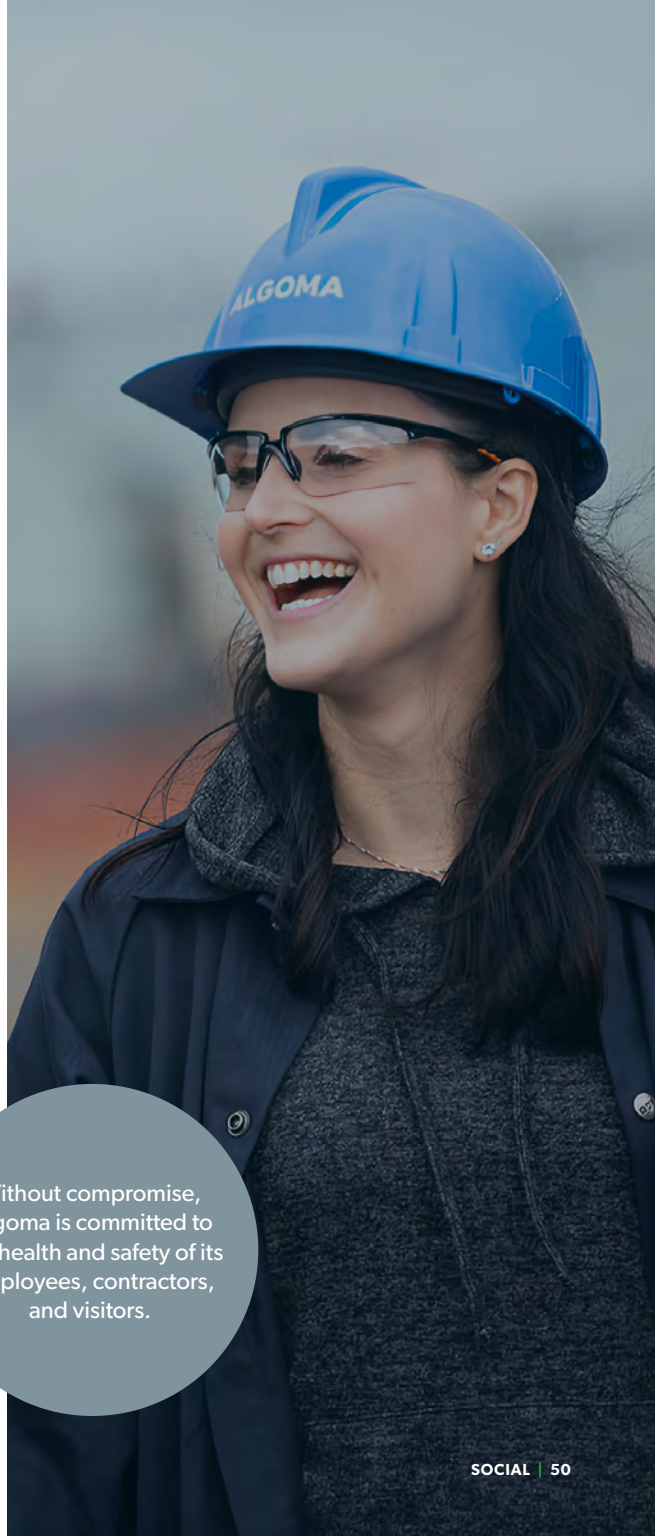
- Joint Industrial Hygiene / Environment Committee
- Joint Education & Training Committee
- Joint Welfare & Walkway Committee
- Joint Electrical Maintenance Policy and Lockout Committee
- Joint Gas Committee
- Joint Electrical Maintenance Policies and Lockout Committee

PROTECTING THE HEALTH AND SAFETY OF OUR WORKFORCE

A number of strategies are in place to protect the health and safety of all employees at Algoma including:

- Implementation of an Occupational Health and Safety Management System (“OHSMS”) in alignment with ISO 45001 to further Algoma’s efforts towards continuously improving our health and safety performance, making Algoma a safer place to work.
- Active participation in the Ontario’s Workplace Safety and Insurance Board (“WSIB”) Health & Safety Excellence Program to assist with mapping our journey towards implementing an OHSMS with action plans along with proof of actions all being verified by approved program providers.

- Providing our front line supervisors with extensive health and safety training, by offering Chief Prevention Officer approved Joint Health and Safety Certification Training Level 1 and Level 2. As well as providing them with additional tools & resources for emergency response through First Aid training sessions.
- Exercising emergency response drills with assistance from the Emergency Services Department and rescue plans.
- Monthly health and safety audits in each department with the worker representative and the front line supervisors. For additional support with these audits the area health and safety specialist and other workers from the area may participate. Findings are entered into our incident management system. Supervisors assign action items to respective parties, and action items are monitored by management.
- Our internal record keeping system is used to support the Internal Responsibility System. Employees can request a code 14 to enable immediate action to take place in the event of unsafe conditions. These requests are monitored electronically and reported in daily meetings. In response to a code 14, a code 15 is issued when corrective action is taken to address the condition. Request completions are monitored during monthly department meetings.
- Ongoing projects to improve safety, including machinery and crane guarding upgrades.
- Continuously improving our Contractor Management Program by utilizing ISN, a third party platform and supplier information management compliance system that validates and monitors qualifications for contractors against industry, regulatory and company-specific standards, including related to health, safety, quality, insurance, training, and cybersecurity. These requirements must be met and maintained while working with Algoma. Training sessions and platform resource guides were offered for Contractors as well as Algoma employees that hire, monitor, or provide support to Contractors.



Without compromise, Algoma is committed to the health and safety of its employees, contractors, and visitors.



- Mental health awareness sessions were made available for all staff to participate in, understanding that psychological health and safety is just as important as physical health and safety.
- We have a Pat Batter Award Committee to acknowledge individuals who go above and beyond their regular call of duty to help foster a healthy and safe workplace environment.

INDUSTRIAL HYGIENE

Algoma Steel employs two Hygiene Specialists who are responsible for recognizing, investigating, evaluating, monitoring, and providing direction with regards to concerns relating to industrial hygiene. They keep Management informed of hygiene issues that can have an impact on the health and safety of employees, and the Company's legislative compliance. They co-chair the Joint Industrial Hygiene and Environment Committee and participate in the Joint Steelworks meetings as required.

Industrial Hygiene is responsible for the development and maintenance of Algoma's corporate programs, policies, and procedures related to Industrial Hygiene. These programs include Algoma's Radiation Protection Program, Asbestos Management Program, Respiratory Protection Program, Hearing Protection Program, Thermal Stress Management Program, Mercury Control Program, Benzene Control Program, and Coke Oven Emission Control Program. All training required as a part of these programs is delivered to Algoma employees by the Industrial Hygiene staff. They also continually evaluate the legislative requirements for the addition of new programs.

Industrial Hygiene is also accountable for completing effective and accurate monitoring and reporting of workplace exposures to Management, and government agencies if applicable. Assessments are completed as per the legislated requirements and compared to all relevant occupational exposure limits. Recommendations for appropriate control measures are made to Management to meet the requirements imposed by legislation or government agencies.



Prioritizing Health and Safety Through the EAF Project

Building the future of Algoma, starts with safety. The EAF Construction Project has dedicated health and safety resources that assist with safe work planning, pre-job safety meetings with the project supervisor(s) and applicable contractor(s), site indoctrinations, site inspections, and investigations.

Just as Algoma has internal committees to collaboratively work towards a safer work environment, the EAF project has a Joint Health and Safety Committee representing workplace parties involved in the project. The committee is led by two Algoma co-chairs and supported by multiple project management group members and contractors. Contractor worker representatives are voted in by the group(s) they represent. The committee meets monthly to discuss health and safety performance, hazards/concerns, review incidents and to plan/discuss initiatives for the project.

The EAF project group strives for a positive safety culture, by ensuring communication is ongoing with all parties. Each day starts with safety bulletins and morning safety meetings to discuss safety matters for the day as well as job coordination with all supervisors. The Joint Health and Safety Committee offers a platform for workers to bring issues/concerns and ideas forward to anyone on the committee. All committee members act with honesty, integrity and truly do care about minimizing risk levels for all.



PERFORMANCE

Our commitment to health and safety has led to sustained improvement of safety metrics over time.

The need for contractors to assist with our ongoing EAF construction has elevated the number of contractors we have onsite and in proportion to full-time employees, which can increase health and safety risks. Algoma has recently begun to capture the number and type of contractor injuries in our safety management system to ensure better monitoring of contractor health and safety performance.

TABLE 7: SUMMARY OF HEALTH AND SAFETY METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Total Recordable Incident Rate (TRIR) – full-time employees	Rate (#)	2.35	2.35	2.05
Total Injury Rate – contract employees ¹⁵	Rate (#)	9.76	12.41	13.15
Fatality Rate – full-time employees	Rate (#)	0	0	0
Fatality Rate – contract employees	Rate (#)	0	0	0
Near Miss Frequency Rate (NMFR) – full-time employees ¹⁶	Rate (#)	4.19	4.40	3.29
Total Lost Time Incident Rate (LTIR) – full-time employees ¹⁷	Rate (#)	0.19	0.08	0.26
Average hours of health, safety, and emergency response training – full-time employees	Hours (hrs)	21	21	21
First Aid Frequency – full-time employees ¹⁸	Rate (#)	6.11	6.18	5.53
Total hours worked by full-time employees	Hours (hrs)	5,252,327	5,274,424	5,353,673
Total hours worked by contract employees	Hours (hrs)	430,278	708,573	897,614

¹⁵ These values reflect both First Aid Treatment and OSHA recordable injuries. Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. Moving forward, we will be able to report Total Recordable Incident Rate for contractors.

¹⁶ Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. Moving forward, we will be able to report near misses for contractors but at present time, we can only report for full-time employees.

¹⁷ Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. Moving forward, we will be able to report total lost time incidents for contractors but at present time, we can only report for full-time employees.

¹⁸ First aid treatment x 200,000 divided by number of total hours worked for full-time employees. Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. Moving forward, we will be able to report first aid frequency for contractors but at present time, we can only report for full-time employees.

ANALYST CORNER

SASB EM-IS-320a.1

Fatal Incident

With extreme sorrow we reported a fatal incident after the end of fiscal year 2023 involving an employee of a contractor who was retained to perform specialized maintenance work.

On the afternoon of June 15th, 2023, the worker lost consciousness while cleaning an out-of-service gas line. Algoma Steel Emergency Services personnel responded immediately with assistance from Sault Ste. Marie Fire and Paramedic Services. The worker was transported to Sault Area Hospital where they succumbed to their injuries. The Ontario Ministry of Labour has been notified and an investigation is being conducted. Algoma is undertaking its own investigation into the incident. Algoma extends its sincere condolences to the family, friends, and colleagues affected by this devastating loss. The safety and well-being of everyone in our workplace is the top priority and a core value at Algoma Steel.



Labour Relations

WHY THIS MATTERS

Labour unions representing workers' interests and managing collective bargaining agreements for wages and working conditions are prevalent in the steel industry. Failure to effectively manage labour relations could lead to work stoppages and impact our ability to operate efficiently. At Algoma, 95% of our workforce is unionized and represented by two locals of the United Steelworkers ("USW") under two collective bargaining agreements. The USW has a long history in Sault Ste. Marie and has been active for over 50 years. We recognize the importance of maintaining a constructive relationship with the USW to create a positive labour relations environment.

OUR APPROACH

We work closely with union representatives to maintain a positive working relationship. Our Chief Human Resources Officer has executive management responsibility for labour relations and serves as the conduit between Algoma and the USW. The full Board is involved in mandates for bargaining union agreements.

Algoma ratified its agreement with Local 2724 for technical, professional, and front-line supervisory employees on July 26, 2022, before the agreement was set to expire on July 31, 2022. The agreement with Local 2724 included providing an enhanced economic package for members and set out a process to transition the workforce to EAF steelmaking. Algoma needs its skilled workforce to accomplish its aspirations of being a

climate change leader in the Canadian steel industry. As we transition to EAF steelmaking from basic oxygen we need our workforce alongside us on the transformative journey (for more detail see [Algoma's investment in EAF steelmaking](#)).

On July 31, 2022, the agreement with Local 2251 for hourly workers expired and Algoma successfully ratified the terms of a new 5-year collective agreement on August 30, 2022.

PERFORMANCE

Our positive working relationship with the USW is reflected by 30 years without a work disruption. In FY 2023 we continued with no strikes or lockouts. We maintain a high level of union workers with 95% of our employees covered by collective-bargaining agreements.

We recognize the importance of maintaining a constructive relationship with the USW to create a positive labour relations environment.



TABLE 8: SUMMARY OF LABOUR RELATIONS METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Percentage of employees covered by collective-bargaining agreements	Percentage (%)	95	95	95
Number of strikes and lockouts	Number (#)	0	0	0
Duration of strikes and lockouts	Days	0	0	0

Human Capital Management

WHY THIS MATTERS

Our operations require a skilled workforce with the technical expertise to manufacture high-quality light gauge steel products. The steel industry in Canada is a competitive labour market and Algoma must compete for skilled workers. An effective approach to human capital management, including fostering a diverse and inclusive culture, facilitates attraction and retention of individuals with the skills required to conduct our operations. We are dedicated to improving our employee engagement, diversity, equity and inclusion, and talent development to enhance performance and productivity, protect the company's reputation, and reduce operating costs in the longer term, resulting in enhanced profitability.

OUR APPROACH

Executive management responsibility of human capital management lies with the Chief Human Resources Officer.

EMPLOYEE TRAINING AND DEVELOPMENT

We offer a variety of learning opportunities to help our employees build the skills required to do their job today while acquiring new skills in preparation for new challenges tomorrow. Professional development opportunities range from on-the-job training and experiential learning to coaching and mentoring and formal instructor-led training (either in-house or through an outside educational institution). Relevant ongoing training initiatives include:

- [Apprenticeship Program](#): Offered in conjunction with the Ontario Ministry of Training, Colleges, and Universities, and offers employees the opportunity to become a certified tradesperson. Apprentices work under the supervision of a person skilled in the trade of their choosing and apprenticeship programs entail 80% on-the-job training combined with 20% in-school training.
- [Graduate Engineering Trainee Program](#): Offers a 12-month structured learning program for recent engineering graduates. There is an opportunity for permanent placement with Algoma upon successful completion of the program.
- Algoma hires approximately 100 summer students each year. These summer students primarily perform full operation jobs before returning to school in the fall. Summer student opportunities are promoted internally through notices to employees and externally with job postings on our website and social channels.

We continue to have a supportive relationship with the Canadian Skills Training and Employment Coalition ("CSTEC") which supports training and upskilling initiatives. CSTEC's mission is to work with employers, jobseekers, educators, and unions to help them find innovative and successful solutions to training and labour market challenges. Algoma has partnered with CSTEC to fund several upskilling initiatives to help train and upskill our workforce.

Appointment of Chief Human Resources Officer

Recently, Algoma appointed Danielle Baker to the position of Chief Human Resources Officer. Danielle comes to Algoma as a Certified Human Resources Leader (CHRL) with a Master's degree in Industrial Relations from Queen's University and over 25 years of experience in labour and employee relations, people and culture strategy, and organizational change. Danielle's priorities include incorporating equity and inclusion into organizational development. Appointing Danielle Baker as Chief Human Resources Officer showcases Algoma's commitment to improving our human capital management practices for successful employee attraction and retention.



Danielle Baker,
Chief Human Resources Officer



To assist with employee attraction and retention, pension plans are available for all employees.

BENEFITS FOR EMPLOYEES

Algoma has a profit sharing plan for unionized employees. The amount of profit sharing is defined in the Collective Bargaining Agreements.

To assist with employee attraction and retention, pension plans are available for all employees. Algoma sponsors three Defined Benefit Pension Plans and one Defined Contribution Pension Plan. The Defined Benefit pension plans have been closed to non-unionized new entrants since 2004 and to unionized employees since 2011. Employees hired subsequent to the closure of these plans become members of the Defined Contribution Pension Plan. Through these Defined Benefit pension plans, Algoma pays pension benefits to approximately twice as many retirees as current employees. We not only value our current employees, but also hold strong relationships with retirees. Our CEO and Vice President, People and Culture meet with retiree groups regularly to maintain a strong relationship. All retirees will be invited to our annual Family Day celebrations because we recognize the integral role retired employees play at Algoma and within the community of Sault Ste. Marie.

ACADEMIC COLLABORATIONS

To help recruit the next generation of steelworkers and contribute to steelmaking innovation, Algoma works closely with the following academic institutions:



Diversity, Equity, and Inclusion

Historically, steel production has been identified as an industry lacking diversity. At Algoma, we are committed to enhancing our diversity, equity, and inclusion (DEI) across our organization because we recognize that fostering a diverse and inclusive culture strengthens our business, enhances our culture, and enriches the relationships we have with our employees, customers, suppliers, and community.

Our [Diversity, Equity & Inclusion Policy](#) outlines Algoma's commitment to DEI. The Policy describes how Algoma values diversity and strives to create and foster an inclusive environment that encourages our employees to bring their whole selves to the workplace. The Policy was intended to help create an environment where Algoma employees can attend work without feeling as though certain aspects of their personality and identity must be kept private for fear of criticism, harassment, or stigmatization within the organization.

Our [Code of Business Conduct & Ethics](#) outlines our intent to provide equal opportunity in all aspects of employment and recognizes diversity as an important asset to Algoma. We do not tolerate acts of discrimination based on age, ancestry, colour, race, citizenship, ethnic origin, creed, disability, family status, marital status, gender, sex, sexual orientation, or any other ground of discrimination prohibited by law.

Our [Multi-year Accessibility Policy and Plan](#) outlines Algoma's commitment to improving access and opportunity for people with disabilities. The

Policy commits Algoma to treating all people with dignity, respect, and in a way that maintains individual independence. Included in the Policy are goals and a multi-year accessibility plan. The goals for accounting for accessibility needs of employees with disabilities completed to date include:

- Establishment of accessibility policies;
- Creation of accessibility plans;
- Accessible formats and communication supports;
- Notification of accommodation for applicants with disabilities during employee recruitment, assessment, and selection process;
- Notification of policies for accommodating employees with disabilities when providing notice to successful employee applicants;
- Informing employees of available supports; and
- Return to work process.

The ideals of diversity and inclusion underpin our successful team of individuals from varied backgrounds, cultures, gender, experiences, and perspectives coming together to promote and realize key advantages.





Ongoing and in-progress accessibility goals that account for accessibility needs of employees with disabilities are:

- Training to all employees and volunteers on the requirements of the accessibility standards referred to in the Accessibility for Ontarians with Disabilities Act and on the Human Rights Code as it pertains to persons with disabilities;
- Accessible websites and web content;
- Accessible formats and communication support for employees;
- Workplace emergency response information;
- Documented individual accommodation plans;
- Performance management;
- Career development and advancement; and
- Redeployment.

As part of our Strategic Innovation Fund Agreement with the Federal Government for our EAF steelmaking, Algoma is committed to demonstrating our ability to advance gender equality and corporate diversity by improving access for underrepresented groups including, women, racialized persons, people who identify as LGBTQ2+, people living with disabilities, and First Nations, Inuit, and Métis. The People & Culture team at Algoma has created an all-encompassing DEI Program to support the launch of our DEI Policy. Initiatives undertaken via the program include:

- Anonymous DEI Pulse Survey was released to employees to collect valuable employee input for informing Algoma’s DEI strategy.
- DEI focus group sessions were held to better understand open ended questions and findings from the DEI Pulse Survey.
- Recruitment of employees outside of Human Resources department to serve as DEI Committee Members.
- 5-day workshop with the DEI Committee Members was facilitated by our third party DEI partner without representatives from Algoma’s Human Resources team to develop a 5-year strategic roadmap and governance strategy for DEI. A summary of the results from the workshop was presented to the Board for approval.
- DEI Committee Members were invited to participate in the Gabegendaadowin Training from Algoma University. Gabegendaadowin translates to mutual respect, thoughtfulness, care, consideration, and awareness for others. The training is an interactive learning program that bridges understanding between Indigenous and non-Indigenous communities.¹⁹

Algoma has made progress this past year on DEI but recognizes we are just beginning our journey in making the steel industry a diverse and inclusive space. We remain committed to better understanding the demographics of our workforce and improving DEI programs in the future to strengthen DEI across the organization.



¹⁹ [Grow with Gabegendaadowin - Algoma University](#)

PERFORMANCE

In FY 2023 we increased our full-time workforce by 5%, our contractors employed by 56%, and continued to grow our co-op program by increasing intake by 47%. These numbers highlight the greater number of contractors needed for the construction of our EAF project and our continued dedication to helping students gain valuable experience in steelmaking through our co-op program.

TABLE 9: SUMMARY OF WORKFORCE METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Full-time employees	Number (#)	2,687	2,703	2,846
Part-time employees	Number (#)	0	0	0
Total number of contractors employed	Number (#)	8	32	50
Number of co-op term positions	Number (#)	0	62	91
Total Workforce	Number (#)	2,695	2,797	2,987

Total workforce
as of FY 2023:

2,987



Compared to FY 2022, the number of women in management positions increased to

14%



The number of women in management positions increased to 14% compared to FY 2022 and the percentage of female representation across our workforce remained similar to previous years. We remain committed to increasing female representation at the management level and for all employees in future years. Our commitment towards higher levels of female representation is demonstrated by a low ratio of basic salary and remuneration between women and men (-0.1% in FY 2023) that is trending towards no difference in salaries (0%) between women and men. We are enhancing our ability to collect data on diversity and in future years will work towards disclosing more employee diversity information once we have the data available.

TABLE 10: SUMMARY OF WORKFORCE DIVERSITY METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Percentage of executive management positions held by women	Percentage (%)	14	0	14
Percentage of racialized group representation in executive management positions ²⁰	Percentage (%)	NRP	NRP	25
Percentage of executive management positions held by individuals who identify as LGBTQ+	Percentage (%)	NRP	NRP	0
Percentage of female representation for all employees	Percentage (%)	7	6	6
Percentage of employees under 30 years old	Percentage (%)	13	12	11
Percentage of employees aged 30-50 years old	Percentage (%)	52	50	49
Percentage of employees over 50 years old	Percentage (%)	35	38	40

²⁰ Since Algoma is a Nasdaq listed company, we report on diversity in alignment with the Nasdaq's Board Diversity Rule as it applies to foreign issuers. 25% of our executive management team self-identify as underrepresented individuals based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in Canada.

To ensure continuity and future labour stability, a high proportion of our key personnel have succession plans with over 88% of key personnel with succession plans in place in FY 2023.

All non-unionized employees received performance reviews.

A decrease by 18% in employee productivity by shipment tonnes and by 15% in employee productivity by production tonnes is reflective of some production issues in FY 2023. Furthermore, our EAF project remained in the construction phase and therefore does not yet contribute to production metrics.

TABLE 11: SUMMARY OF EMPLOYEE ENGAGEMENT AND PERFORMANCE METRICS

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Percentage of non-unionized employees receiving performance reviews	Percentage (%)	100	100	100
Voluntary turnover rate for all employees	Percentage (%)	8	6	11
Involuntary turnover rate for all employees	Percentage (%)	1.0	0.9	0.9
Ratio of basic salary and remuneration of women to men	Percentage (%)	-1.1	-0.3	-0.1
Percentage of succession plans that exist for key personnel	Percentage (%)	93	92	88
Employee productivity – shipment tonnes	Tonnes (t) Shipped / At Work Employee	774	867	736
Employee productivity – production tonnes	Tonnes (t) Produced / At Work Employee	761	875	758



100%
of non-unionized employees received performance reviews.



Rights of Indigenous Peoples

WHY THIS MATTERS

Algoma acknowledges that we operate in the Robinson-Huron Treaty territory, the traditional territory of the Anishinaabe People, including the Batchewana and Garden River First Nations, as well as the Métis People. We recognize our responsibility in contributing to reconciliation in Canada and our obligation to consult with Indigenous Rights and Titleholders to obtain their free, prior, and informed consent on projects.

OUR APPROACH

The Director Corporate Affairs & Sustainability, Trade & Economics has senior management responsibility for Rights of Indigenous Peoples and reports on Indigenous relations to the Board Nominating and Governance Committee. Executive accountability for Rights of Indigenous Peoples lies with the Vice President of Strategy and Chief Legal Officer.

Algoma is committed to continued engagement and consultation with local Indigenous communities in the context of our Provincial [Site-Specific Standard Application](#) and as part of our broader ESG and DEI strategies.

As part of our Strategic Innovation Fund Agreement with the federal government for our EAF steelmaking project, Algoma must consult with, or accommodate, any Indigenous groups that may be affected by the terms of the agreement. Algoma



has initiated outreach to a number of Indigenous communities with respect to our transition to EAF steelmaking.

Several Non-disclosure Agreements (“NDAs”) have been reached with local First Nation communities. Algoma has embarked on an NDA with Batchewana First Nation and working groups have been established to discuss electricity and energy requirements, employment, and cultural opportunities, collaborative advocacy on local electricity transmission needs, and other procurement opportunities. We have also signed an NDA with Missanabie Cree First Nation to focus on opportunities related to procurement and alternative energy and biomass. Informal discussions with Garden River First Nation continue with a commitment to enter into formal discussions on similar economic development opportunities including procurement, biomass, transportation, and material processing.

TRUTH AND RECONCILIATION TRAINING

We place value on continuing to develop our understanding of Indigenous culture in Canada. In collaboration with the USW and Algoma University, Indigenous Cultural Training is scheduled for a select group of our leaders and employees.

Additionally, many members of our DEI Committee participated in the Gabegendaadowin Training from Algoma University. Gabegendaadowin translates to mutual respect, thoughtfulness, care, consideration, and awareness for others. The training is an interactive learning program that bridges understanding between Indigenous and non-Indigenous communities.

The local district office of the USW runs a 5-day immersive course aimed at non-Indigenous steelworkers on truth and reconciliation called ‘Unionism on Turtle Island.’ Algoma encourages unionized employees to attend. Algoma’s Vice President, People and Culture has also attended the course.



Board Tour of Shingwauk Hall

Algoma's Board of Directors had the opportunity to tour Shingwauk Hall in Sault Ste. Marie. Shingwauk Hall serves as an exhibition for educating visitors on the history in the area within the context of colonization, including the history of residential schools in Canada.

CHIEF SHINGWAUK'S VISION & SHINGWAUK INDIAN RESIDENTIAL SCHOOL

Chief Shingwaukonse, also known as Shingwauk (The Pine) (1773-1854) developed the idea of a "Kinooaage Gamig" (Teaching Wigwam) for the Anishinaabek as well as the Europeans. It was Chief Shingwauk's vision that the Anishinaabe people would have to live in harmony with the European settlers and this would come from mutual teachings of each other's ways.

Chief Shingwauk provided the land Algoma University now sits on for this teaching purpose. In 1833 with support from the Government and the Church, the Shingwauk School was opened in Sault Ste. Marie. The Chief's vision was soon lost and after commissioning, the school forced children away from their families, forbid them to speak their language or practice their culture. These conditions continued until Shingwauk Indian Residential School closed in 1970.

Shortly after closing, the school's survivors became catalysts in growing the healing movement, creating the original Shingwauk Project in 1979 and the 1981 Shingwauk Reunion. From these events began the decades-long work of collecting, organizing, researching, and educating the public that led to the establishment of the Children of Shingwauk Alumni Association and the Shingwauk Project, now known as the Shingwauk Residential Schools Centre. In 2006, Algoma University

College signed the Shingwauk Covenant with Shingwauk Education Trust. The Shingwauk Education Trust has now established Shingwauk Kinooaage Gamig, this university has a special mission of cross-cultural Indigenous education and research.

RECLAIMING SHINGWAUK HALL

Reclaiming Shingwauk Hall is a permanent exhibition that tells the story of the Shingwauk school within a larger narrative of colonization, including the struggle for self-determination. It is an ongoing project to honour the experiences, resilience, and healing of survivors. The exhibition displays decades of archival research and data collection, including the recording of oral histories. It features photos and stories of some of the earliest Children of Shingwauk.

Algoma thanks Shingwauk Kinooaage Gamig for offering our Board of Directors the opportunity to receive critical education on Truth and Reconciliation in Sault Ste. Marie through the tour of Shingwauk Hall.

Community Relations

WHY THIS MATTERS

Steel production can have significant environmental and socio-economic impacts on communities and require community support to obtain permits and operate without disruption. To this end, our mission is to create steel that improves the lives of not only our people, but also the community. As the largest employer in Sault Ste. Marie with over 70% of the city of Sault Ste. Marie's population directly or indirectly economically dependent on Algoma and representing around 40% of the city's GDP, we are dedicated to continuing our contribution to the prosperity of the communities in which we operate. Building and strengthening our relationship with the community through continued engagement can ensure the benefits of Algoma's steel production endure for generations.

OUR APPROACH

The Corporate Citizenship and Philanthropy Committee meets monthly to review requests for community involvement and identify suitable opportunities. The Committee is composed of representatives from across the organization and conducts regular polling and outreach with employees to ensure strategic alignment on community initiatives. Recommendations by the Committee are tabled with the Executive Committee for final approval and then executed under the direction of the Manager of Communications and Branding.



BUILDING BETTER LIVES

Algoma has a long history of charitable giving and corporate sponsorships that enhance the well-being of our community. We know our employees know the needs of their community best, which is why we leverage their knowledge and expertise to ensure our efforts target the causes with the highest impact per dollar. We also seek opportunities that promote awareness of our community-focused efforts to a larger audience than those directly impacted.

To enhance our 'Building Better Lives' initiative, Algoma launched a more structured charitable giving process to ensure our efforts are aligned with Algoma's corporate strategy, core values, and the social license we continue to build in our community. Algoma's Corporate Citizenship and Philanthropy program seeks to follow a reporting structure in line with the

London Benchmarking Group ("LBG") Model.²¹ Impacts are assessed in areas of education, health, economic development, environment, arts and culture, social welfare, and emergency relief. The LBG Model helps Algoma select and assess community-related inputs, outputs, and outcomes across our three core areas of Community and Employee Engagement, Healthy and Safe Communities, and Education and Skills Development.

The many causes supported through our Corporate Citizenship and Philanthropy program reflect the values embodied in our employees and are intrinsic to Algoma's culture. Our employees care about the community that they call home. They are talented steelmaking professionals, but it is their care and concern for local development and the next generation that fuels Algoma's donor program and drives our engagement with our neighbours.

²¹ [The LBG Model](#) is a recognized global standard framework for managing, measuring and reporting community investment.



Community and Employee Engagement

We proudly participate in local events and give back through targeted financial, in-kind, and volunteer contributions. By aligning our support with important causes that are near and dear to our employees we can have a more meaningful impact on quality of life in our community.

The *Algoma Steel Bring A Doctor Home Tournament* is a perfect example of the difference you can make when you combine employee passion for hockey and their desire to address the doctor shortage in Northern Ontario with strong corporate backing. The result is an annual, week-long tournament featuring 25 teams across 5 divisions, raising more than \$450,000 in scholarships since its inception for local youth attending medical school in the North. When paired with Algoma Steel's Northern Ontario School of Medicine bursary, funded in perpetuity, this focused approach to giving is bringing doctors to our community.

The passion of our employees and our corporate support of their commitment is further exemplified in the company's partnership with the United Way, which dates back more than 60 years. Our commitment as a founding and leading corporate supporter has remained steadfast as we have supported the *United Way Sault Ste. Marie & Algoma District* in mobilizing collective action to improve lives and build community.



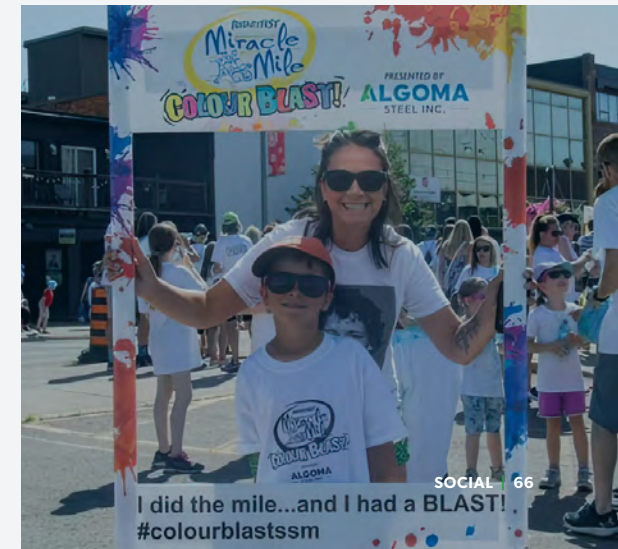
Healthy and Safe Communities

People are at the core of our business. By keeping our employees safe, providing good-paying jobs, and fostering inclusivity and diversity in our workforce, our operations will continue to contribute to the social and economic fabric of our community.

Our inclusive approach to stakeholder engagement and impact management enables us to zone in on areas of greatest need in our community and to be a part of the solution. It was through this inclusive process that we knew assisting in our community's response to addictions was where we wanted to apply our resources.

At Algoma, our employees make up a significant portion of the community. We know the very serious impact substance abuse has on individuals, their families, and their co-workers. We are committed to advancing the quality of life in the community where we live and work, and our gift of \$1 million towards the *Sault Area Hospital Foundation's new Residential Withdrawal Management Facility 'The NorthWay Wellness Centre,'* will help transform a first-class treatment centre into a home for healing.

We also seek to highlight the critical importance of physical activity to health and wellbeing by helping make local recreational opportunities accessible to all residents regardless of ability or socio-economic background. Whether it's through our pledged support for recreational hockey leagues – the *Soo PeeWee* and the *Sault Female Hockey Association*, a donation towards the purchase of specialized equipment for the *No Limits Adaptive Skiing Association*, or sponsorship of the *Rosedale Park Revitalization Program* and free *Community Holiday Skates*, our continued investment in healthy active living for all demonstrates how we live our core value of caring.



Education and Skills Development

Algoma believes that education and skills development is a pathway for the residents of our community to achieve economic prosperity. We are committed to forming a strong relationship with local education institutions with particular focus on our connection to Algoma University and Sault College.

As part of Algoma's efforts to educate and inspire tomorrow's engineers, skilled tradespeople, and technology professionals, our approach to STEM outreach includes support for programs, partnerships with regional post-secondary institutions, and campaigns that foster student achievement, development, and gender and ethnic diversity. We have created endowments at regional post-secondary institutions to set up scholarships to help ensure that our community has skilled workers needed for the jobs of tomorrow by assisting students with financial support. We sponsor several scholarships primarily intended for children of local residents, particularly those of Algoma's past and present employees including:

Northern Ontario School of Medicine -

Algoma Bursary: Endowed for the benefit of a full-time student from the geographical region of Sault Ste. Marie. The recipient must be a resident of a northern, rural, or remote community for a minimum of 10 years and demonstrate financial need.

Sault College - Algoma Award of Excellence:

Awarded to 2nd or 3rd year full-time students of Sault College enrolled in technical trades, engineering technology, or computer studies.

Recipients are selected by the Sault College Scholarship, Bursary, and Awards Committee.

Sault College - Algoma Steel Women in

Trades Award: Awarded to 2nd or 3rd year full-time students of Sault College who self-identify as women and are enrolled in a technical trade or engineering technology. Recipients are selected by the Sault College Scholarship, Bursary, and Awards Committee.

Algoma University - Algoma Student Assistance

Award: Given annually to an Algoma University student enrolled in full-time studies in business, computer science, or chemistry, who is in good academic standing with demonstrated financial need. Recipients of this award will have demonstrated an open and respectful attitude, maturity, entrepreneurial ability, accountability, and a willingness to participate in community life.

In 2022, we partnered with Sault College for our site-greening initiative. The team of Sault College Forest Technician – Conservation Program students planted 1,885 seedlings on site that they grew this year in the Sault College greenhouse.

To further support education and skills development in the community, Algoma also contributed by:

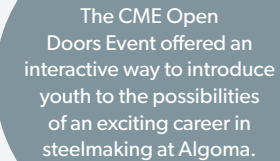
- Investing \$100,000 in the *Sault College Mechatronics Program* to go toward the purchase of new instruction equipment to give students the ability to gain hands-on experience which is critical to the advancement of this field.

- Continuing to collaborate with regional academia and other partners to engage with youth and raise awareness about career opportunities in STEM and the trades. From the promotion of careers in STEM through active participation in events like *Boundaries, Barriers and Balance* in partnership with the Canadian Bushplane Heritage Centre and Science North, to the sponsorship of a local *VEX Robotics* team to a *Mind over Metals Summer Camp* in partnership with Canadian Welding Bureau Foundation, we continually strive to provide high calibre hands-on learning experiences to area youth.

- A monthly networking social has been established where the Algoma University team and students can connect with leaders and employees from Algoma Steel.

Also in 2022 we sponsored a *CME (Canadian Manufacturers and Exporters) Open Doors Event* wherein we hosted 100 female students in grades 7 and 8 to promote careers in manufacturing. The program offered an interactive way to introduce youth to the possibilities of an exciting career in steelmaking at Algoma.

Algoma has also collaborated with the local school boards, Huron-Superior Catholic District School Board ("HSCDSB") and Algoma District School Board ("ADSB"), to bring Algoma-related career information to students and host teachers and school advisors on site for tours and discussions.



The CME Open Doors Event offered an interactive way to introduce youth to the possibilities of an exciting career in steelmaking at Algoma.



COMMUNITY ENGAGEMENT PROGRAM

We are dedicated to continuing community engagement and building our trust with the community. To support an open dialogue on environmental issues with the community, we have established a community outreach program and are committed to frequently reporting on our environmental performance. The Community Liaison Committee (“CLC”) serves as the forum for exchanging relevant environmental information with the public and solicits representation from community organizations, agencies, and public bodies. The CLC holds quarterly meetings and publicly publishes meeting presentations and minutes on our website. Our objectives for the CLC include remaining informed of any community concerns about the operations of our facility, and keeping the community informed about our facilities in relation to the requirements of the environmental approvals in effect. To ensure the objectives of the CLC are met, the Company provides information to the members as necessary on an ongoing basis.

We held an Environmental Open House in 2022 to communicate our application for new environmental compliance approvals and site-specific standards needed to allow Algoma to continue operating during the transition period towards [EAF steelmaking](#). For more details see Algoma’s [Site-Specific Standards](#). Another Open House is planned for the fall of 2023.

To help with our [EAF transformation](#), Algoma made the intentional decision to employ the Ontario-based company, Walters, to assist with project execution. Algoma chose Walters in part because of the company’s history of working with local contractors. We are committed to supporting local and in addition to using local contractors we are using our own Algoma steel for the EAF building fabrication.

We serve as an active and responsible stakeholder in the Sault Ste. Marie community and are actively involved in advancing and preserving the quality of life in the community.



EAF Steelmaking Benefits to the Local Community

Building a new era in Algoma’s history through the transition to EAF steelmaking will bring many benefits for the community of Sault Ste. Marie. For more information on the transformation see our EAF Steelmaking section.

Along with electric arc furnaces, we plan to construct state-of-the-art fume and water treatment plants. The fume treatment plants will capture air and dust emissions while the water treatment plant conserves water usage by recycling non-contact water from the EAF steelmaking process. Also, EAF steelmaking involves using an engineered furnace enclosure for noise abatement. These enclosures feature large doors which seal shut before

the arcing process begins, containing any sound, sparks, or dust particles. The building design for the EAF includes heavy gauge steel and acoustic insulation to further buffer sound from the operation.

In addition to positive improvements to air, water, and noise impacts for the community, the EAF construction has, and is expected to continue to, contribute significantly to the local economy. As of March 31, 2023 we have spent \$55.2 million in the community on constructing the EAF and engaged with 47 local suppliers. Our project spend as of March 31, 2023 was \$267 million, from a total estimated project budget of \$878 million.²²

²² Project budget estimates as of February 1, 2023.



We serve as an active and responsible stakeholder in the Sault Ste. Marie community and are actively involved in advancing and preserving the quality of life in the community. We are a longstanding member of the Sault Ste. Marie Chamber of Commerce. While the Chamber’s programs tend to focus on small businesses, we support their work for the community’s economic development. We sponsor the Chamber, attend functions, and provide input for advocacy and policy statements from the Chamber to the Ontario Chamber of Commerce.

PERFORMANCE

Virtually all our workforce continues to be employed from the local region demonstrating our strong commitment and tie to the local Sault Ste. Marie community.

TABLE 12: ALGOMA’S CONTRIBUTIONS TO THE COMMUNITY

METRIC	UNIT	FY 2021	FY 2022	FY 2023
Percentage of workforce from the local region of operations	Percentage (%)	99	99	99
Annual amount invested in local communities	Amount (\$)	NRP ²³	388,473	1,310,493

²³ Not Reported.

FY2023 Contributions Toward Community Causes

In FY 2023, Algoma committed to 38 causes and inputted both monetary and human capital toward creating positive outcomes in the community. We donated \$1,310,493 in contributions across 38 total causes. Donations were separated amongst 15 Healthy and Safe Communities, 11 Education and Skills Development, and 12 Community and Employee Engagement causes.

39%

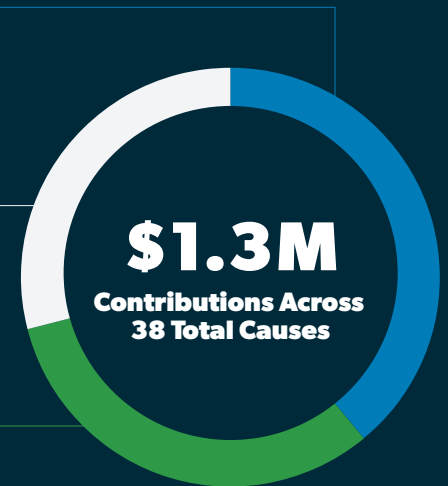
Healthy and Safe Communities (15 Causes)

29%

Education and Skills Development (11 Causes)

32%

Community and Employee Engagement (12 Causes)



Index & Performance Metrics

SASB Index

[VIEW IRON & STEEL PRODUCERS STANDARD >](#)

The Sustainability Accounting Standards Board (SASB) publishes industry-specific sustainability accounting Standards, intended to help companies disclose financially material, decision-useful ESG information to investors in a cost-effective and comparable way. We have reported applicable metrics from the SASB Standard applicable to our business: the Iron & Steel Producers Standard. Any omissions or deviations from the Standard are explained.

ESG TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT	REFERENCE
Activity Metrics	EM-IS-000.A	Raw steel production, percentage from: (1) Basic oxygen furnace processes (2) Electric arc furnace processes	Metric tons (t), Percentage (%)	About Algoma (p.10) Greenhouse Gas Emissions & Climate Change (p.31)
	EM-IS-000.B	Total iron ore production	Metric tons (t)	
	EM-IS-000.C	Total coking coal production	Metric tons (t)	
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO ₂ -e, Percentage (%)	Greenhouse Gas Emissions & Climate Change (p.31)
	EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n/a	
Air Emissions	EM-IS-120a.1	Air emissions of the following pollutants: (1) CO (2) NO _x (excluding N ₂ O) (3) SO _x (4) Particulate matter (PM ₁₀) (5) Manganese (MnO) (6) Lead (Pb) (7) Volatile organic compounds (VOCs) (8) Polycyclic aromatic hydrocarbons (PAHs)	Metric tons (t)	Air Emissions (p.37)
Energy Management	EM-IS-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Gigajoules (GJ), Percentage (%)	Energy Management (p.40)
	EM-IS-130a.2	(1) Total fuel consumed (2) Percentage coal (3) Percentage natural gas (4) Percentage renewable	Gigajoules (GJ), Percentage (%)	

ESG TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT	REFERENCE
Water Management	EM-IS-140a.1	(1) Total fresh water withdrawn (2) Percentage recycled (3) Percentage in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m ³), Percentage (%)	Water Management (p.45)
Waste Management	EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Metric tons (t), Percentage (%)	Waste & Hazardous Materials Management (p.43) Algoma is not able to accurately quantify the percentage of waste generated that is hazardous at present time but will assess capacity to do so in the future.
Workforce Health & Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Rate	Workforce Health & Safety (p.49) Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. Moving forward, we will be able to report total recordable incident rate and near miss frequency rate for contractors but at present time can only report for full-time employees.
Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	n/a	Supply Chain Management & Human Rights (p.29)

TCFD Index

The Taskforce on Climate-related Financial Disclosures (TCFD) developed a framework to help companies and investors disclose decision-useful, forward-looking information on climate-related risks and opportunities. We are beginning to align our ESG Report with the TCFD recommendations from the start as this framework has emerged as the leading investor-preferred framework for climate-related disclosure, and plan to enhance our disclosure in future reports.

CATEGORY	RECOMMENDATION	RECOMMENDED DISCLOSURES	REFERENCE
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	(a) Describe the board’s oversight of climate-related risks and opportunities.	Climate Change Governance (p.31)
		(b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate Change Strategy (p.32)
		(b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	
		(c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have not yet conducted climate change scenario analysis given capacity constraints. We are planning to take a phased approach to alignment with the TCFD recommendations within a reasonable timeframe. We are committed to continuing to enhance our understanding of climate-related risks and opportunities and the ways in which they could impact our business, strategy, and financial planning.
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization’s processes for identifying and assessing climate-related risks.	Climate-related Risk Management (p.35)
		(b) Describe the organization’s processes for managing climate-related risks.	
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related Metrics and Targets (p.35)
		(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

ESG Performance Metrics

The following table summarizes all ESG data provided in this report. Data is provided on a fiscal year basis with the exception of GHG emissions and air quality data which are provided for the calendar year. Our regulatory obligations require that we track and report GHG emissions and air quality data as per the calendar year. All facts and figures are as of March 31, 2023, unless otherwise noted.

The scope of data and information in this report applies to all our operations, unless otherwise noted. Any data limitations are explicitly noted where relevant and where information is available.

Scope 1 GHG emissions data received reasonable assurance through a third-party verification conducted by RWDI AIR Inc.

Financial data is stated in Canadian dollars (CAD).

METRIC		UNIT	REFERENCE	FY 2021	FY 2022	FY 2023
Governance						
Business Ethics & Transparency	Amount of monetary losses as a result of legal proceedings associated with bribery, corruption, and other related issues	Amount (\$)		0	0	0
	Percentage of employees who completed training on the Code of Business Conduct & Ethics	Percentage (%)		NRP	NRP	100%
Board Diversity	Percentage of Board members that identify as male	Percentage (%)		NRP	NRP	73%
	Percentage of Board members that identify as female	Percentage (%)		NRP	NRP	27%
	Percentage of Board members that identify as members of a racialized group ²⁴	Percentage (%)		NRP	NRP	18%
	Percentage of Board members that identify as LGBTQ+	Percentage (%)		NRP	NRP	0%

²⁴ Since Algoma is a Nasdaq listed company, we report on diversity in alignment with the Nasdaq's Board Diversity Rule as it applies to foreign issuers. "Diverse" within the meaning of Nasdaq's rules for a Canadian issuer means an individual who self-identifies as an underrepresented individual based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in Canada.

METRIC		UNIT	REFERENCE	CALENDAR YEAR 2020	CALENDAR YEAR 2021	CALENDAR YEAR 2022
Environment						
Greenhouse Gas Emissions & Climate Change ²⁵	Gross global Scope 1 emissions ²⁶	Metric tons (t) CO2e	SASB EM-IS-110a.1 TCFD Metrics and Targets b)	3,880,106	4,111,476	3,995,014
	Gross global Scope 2 GHG emissions	Metric tons (t) CO2e	TCFD Metrics and Targets b)	NRP	NRP	14,115
	Percentage of gross global Scope 1 GHG emissions that are covered under emissions-limiting regulations	Percentage (%)	SASB EM-IS-110a.1 TCFD Metrics and Targets a)	100	100	100
	Scope 1 GHG emissions intensity	Metric tons (t) CO2e/ Metric ton of steel	TCFD Metrics and Targets b)	1.80	1.72	1.90
	Scope 1 and 2 GHG emissions intensity	Metric tons (t) CO2e/ Metric ton of steel	TCFD Metrics and Targets b)	NRP	NRP	1.91
	Percentage of steelmaking production using coke and iron	Percentage (%)	TCFD Metrics and Targets a)	100	100	100
	Percentage of steelmaking production using EAF	Percentage (%)	TCFD Metrics and Targets a)	0	0	0
	Internal carbon price ²⁷	Amount (\$)	TCFD Metrics and Targets a)	30.00	40.00	50.00

METRIC		UNIT	REFERENCE	FY 2021	FY 2022	FY 2023
Greenhouse Gas Emissions & Climate Change	Amount of investment deployed towards climate-related risks and opportunities ²⁸	Amount in millions (\$)	TCFD Metrics and Targets a)	N/A	57.3	230.4

²⁵ GHG emissions and other climate change metrics (except for amount of investment deployed towards climate-related risks and opportunities) are provided for the calendar year from January 1 to December 31 (2020, 2021, 2022) as our regulatory obligations require that we track and report GHG emissions data as per the calendar year.

²⁶ Provincially reported Scope 1 GHG emissions. Provincial Reporting Values are based on regulatory requirements outlined by the Ministry of Environment, Conservation and Parks during the year. This value includes methane emissions from the coal purchased for the cokemaking process.

²⁷ The regulatory carbon price covering 100% of Scope 1 GHG emissions is the same carbon price Algoma applies internally for decision-making and planning. Algoma's decision to move towards EAF steelmaking is indicative of the company considering carbon pricing as part of decision-marking.

²⁸ Data provided for the fiscal year.

METRIC		UNIT	REFERENCE	CALENDAR YEAR 2020	CALENDAR YEAR 2021	CALENDAR YEAR 2022
Air Emissions ²⁹	Carbon monoxide	Metric tons (t)	SASB EM-IS-120a.1	614	586	621
	Oxides of nitrogen	Metric tons (t)	SASB EM-IS-120a.1	1,328	1,304	1,208
	Oxides of sulphur	Metric tons (t)	SASB EM-IS-120a.1	3,871	3,874	4,207
	Particulate matter <10um	Metric tons (t)	SASB EM-IS-120a.1	177	158	138
	Manganese	Metric tons (t)	SASB EM-IS-120a.1	4.54	2.98	6.36
	Lead	Metric tons (t)	SASB EM-IS-120a.1	0.822	0.398	0.402
	Volatile organic compounds	Metric tons (t)	SASB EM-IS-120a.1	74	93	104
	Polycyclic aromatic hydrocarbons	Metric tons (t)	SASB EM-IS-120a.1	0.35	0.33	0.68

METRIC		UNIT	REFERENCE	FY 2021	FY 2022	FY 2023
Energy Management	Total energy consumed ³⁰	Gigajoules (GJ)	SASB EM-IS-130a.1	33,471,398	34,379,244	31,959,769
	Percentage of total energy consumed that is grid electricity	Percentage (%)	SASB EM-IS-130a.1	5	5	6
	Percentage of total energy consumed that is renewable energy	Percentage (%)	SASB EM-IS-130a.1	0	0	0
	Total fuel consumed ³¹	Gigajoules (GJ)	SASB EM-IS-130a.2	29,870,071	30,533,130	28,265,153
	Percentage of total fuel consumed that is coal ³²	Percentage (%)	SASB EM-IS-130a.2	25	21	18
	Percentage of total fuel consumed that is natural gas	Percentage (%)	SASB EM-IS-130a.2	36	34	39
	Percentage of total fuel consumed that is renewable	Percentage (%)	SASB EM-IS-130a.2	0	0	0
Waste & Hazardous Materials Management	Amount of waste generated	Metric tons (t)	SASB EM-IS-150a.1	1,419,179	1,627,904	1,472,636
	Percentage of waste recycled	Percentage (%)	SASB EM-IS-150a.1	73	71	80
	Number of hydrocarbon spills	Number (#)		0	0	1
	Aggregate volume of hydrocarbon spills	Litres (L)		0	0	1,250

²⁹ Air emissions data are provided for the calendar year from January 1 to December 31 (2020, 2021, 2022) as our regulatory obligations require that we track and report air emissions data as per the calendar year.

³⁰ Total energy consumed includes grid power, generated power including the station service power required by our generators to transmit the power generated by Algoma into the Algoma steel facility and includes by-product fuels used for energy, specifically coke oven gas produced during the cokemaking process where coal is used as a metallurgical additive and blast furnace gas, produced during the ironmaking process from iron ore pellets. Coal used in the steelmaking process as a metallurgical additive is excluded.

³¹ Total fuel consumed includes natural gas consumed and by-product fuels consumed, specifically coke oven gas produced during the cokemaking process when coal is used as a metallurgical additive and blast furnace gas, produced during the ironmaking process from iron ore pellets. Coal used in the steelmaking process as a metallurgical additive is excluded.

³² Percentage of coal consumed includes by-product fuels consumed, specifically coke oven gas produced during the cokemaking process when coal is used as a metallurgical additive. Coal used in the steelmaking process as a metallurgical additive is excluded.

METRIC		UNIT	REFERENCE	FY 2021	FY 2022	FY 2023
Water Management	Total freshwater withdrawn	Cubic meters (m ³)	SASB EM-IS-140a.1	313,528,295	301,428,571	259,893,138
	Percentage of fresh water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	SASB EM-IS-140a.1	0	0	0
Social						
Workforce Health & Safety	Total Recordable Incident Rate (TRIR) – full-time employees	Rate (#)	SASB EM-IS-320a.1	2.35	2.35	2.05
	Total Injury Rate – contract employees ³³	Rate (#)		9.76	12.41	13.15
	Fatality Rate – full-time employees	Rate (#)	SASB EM-IS-320a.1	0	0	0
	Fatality Rate – contract employees	Rate (#)	SASB EM-IS-320a.1	0	0	0
	Near Miss Frequency Rate (NMFR) – full-time employees	Rate (#)	SASB EM-IS-320a.1	4.19	4.40	3.29
	Total Lost Time Incident Rate (LTIR) – full-time employees	Rate (#)		0.19	0.08	0.26
	Average hours of health, safety, and emergency response training – full-time employees	Hours (hrs)		21	21	21
	First Aid Frequency – full-time employees ³⁴	Rate (#)		6.11	6.18	5.53
	Total hours worked by full-time employees	Hours (hrs)		5,252,327	5,274,424	5,353,673
	Total hours worked by contract employees	Hours (hrs)		430,278	708,573	897,614
Labour Relations	Percentage of employees covered by collective-bargaining agreements	Percentage (%)		95	95	95
	Number of strikes and lockouts	Number (#)		0	0	0
	Duration of strikes and lockouts	Days		0	0	0

³³ These values reflect both First Aid Treatment and OSHA recordable injuries.

³⁴ First aid treatment x 200,000 divided by number of total hours worked for full-time employees.

METRIC		UNIT	REFERENCE	FY 2021	FY 2022	FY 2023
Human Capital Management	Full-time employees	Number (#)		2,687	2,703	2,846
	Part-time employees	Number (#)		0	0	0
	Total number of contractors employed	Number (#)		8	32	50
	Number of co-op term position	Number (#)		0	62	91
	Total workforce	Number (#)		2,695	2,797	2,987
	Percentage of executive management positions held by women	Percentage (%)		14	0	14
	Percentage of racialized group representation in executive management positions ³⁵	Percentage (%)		NRP	NRP	25
	Percentage of executive management positions held by individuals who identify as LGBTQ+	Percentage (%)		NRP	NRP	0
	Percentage of female representation for all employees	Percentage (%)		7	6	6
	Percentage of employees under 30 years old	Percentage (%)		13	12	11
	Percentage of employees aged 30-50	Percentage (%)		52	50	49
	Percentage of employees over 50 years old	Percentage (%)		35	38	40
	Percentage of non-unionized employees receiving performance reviews	Percentage (%)		100	100	100
	Voluntary turnover rate for all employees	Percentage (%)		8	6	11
	Involuntary turnover rate for all employees	Percentage (%)		1.0	0.9	0.9
	Ratio of basic salary and remuneration of women to men	Percentage (%)		-1.1	-0.3	-0.1
	Percentage of succession plans that exist for key personnel	Percentage (%)		93	92	88
	Employee productivity – shipment tonnes	Tonnes (t) Shipped / At Work Employee		774	867	736
Employee productivity – production tonnes	Tonnes (t) Produced / At Work Employee		761	875	758	
Community Relations	Percentage of workforce from the local region of operations	Percentage (%)		99	99	99
	Annual amount invested in local communities	Amount (\$)		NRP	388,473	1,310,493

³⁵ Since Algoma is a Nasdaq listed company, we report on diversity in alignment with the Nasdaq's Board Diversity Rule as it applies to foreign issuers. 25% of our executive management team self-identify as underrepresented individuals based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in Canada.

Cautionary Note Regarding Forward Looking Information

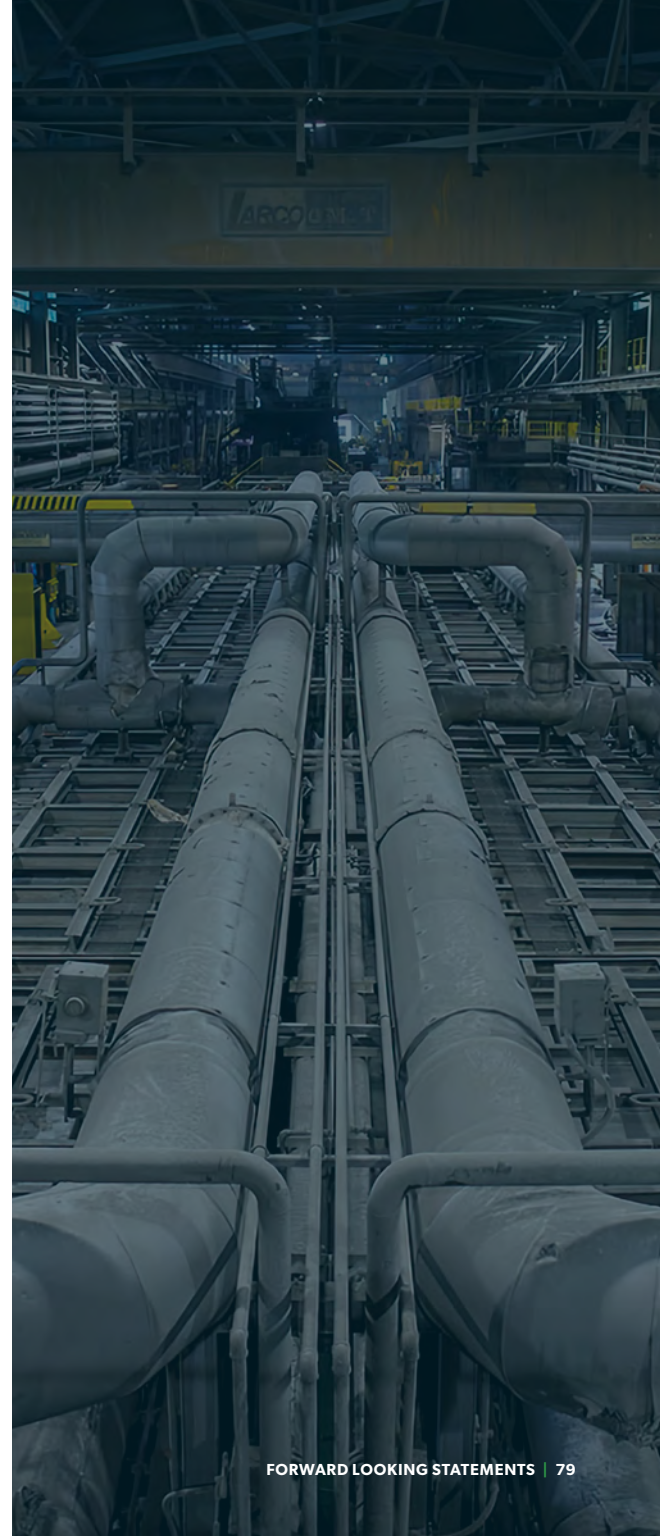
This report contains “forward-looking statements” within the meaning of the *U.S. Private Securities Litigation Reform Act of 1995* and “forward-looking information” under applicable Canadian securities legislation (collectively, “forward-looking statements”), that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and strategic objectives, the expected timing of the EAF transformation and the resulting increase in raw steel production capacity and reduction in carbon emissions, projected cost savings associated with the transformation to EAF steelmaking, short-term and long-term ESG goals, strategic priorities and our goals, targets, commitments and plans and our expectations regarding those goals, our engagement and relationship with Indigenous groups, local communities and other stakeholders, statements regarding our greenhouse gas emissions reduction goals, risk management, including climate-related risks and opportunities, statements relating to environmental, greenhouse gas, carbon, accounting and other laws or regulations and changes in general economic conditions. In some cases, you can identify forward-looking statements by the words “believe,” “project,” “expect,” “anticipate,” “target,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “pipeline,” “aim,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result” or the negative of these terms or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, esti-

mates, or expectations contemplated by us will be achieved. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors described under “Cautionary Note Regarding Forward-Looking Information” and “Risk Factors” in the Company’s Annual Information Form, filed by Algoma with applicable Canadian securities regulatory authorities (available under the company’s SEDAR+ profile at www.sedarplus.ca) and with the United States Securities and Exchange Commission (the “SEC”), as part of Algoma’s Annual Report on Form 40-F (available at www.sec.gov), as well as in Algoma’s current reports with the Canadian securities regulatory authorities and the SEC.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying assumptions will prove to be correct. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date hereof, to conform these statements to actual results or to changes in our expectations.

For the purposes of this report, we have determined materiality and material topics based on the relevant ESG framework definitions, which is different than the definition used in Canadian and United States securities laws for filing with applicable Canadian securities regulatory authorities or the SEC, respectively. Issues deemed material and use of the words “materiality” and “material,” for purposes of this report may not be considered material for Canadian or United States reporting purposes.





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