

Whistleblower Mechanism

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Context

The Whistleblower Process has been historically used to report wrongdoings related to **financial matters**. However, recent legislation has changed the scope to other areas.

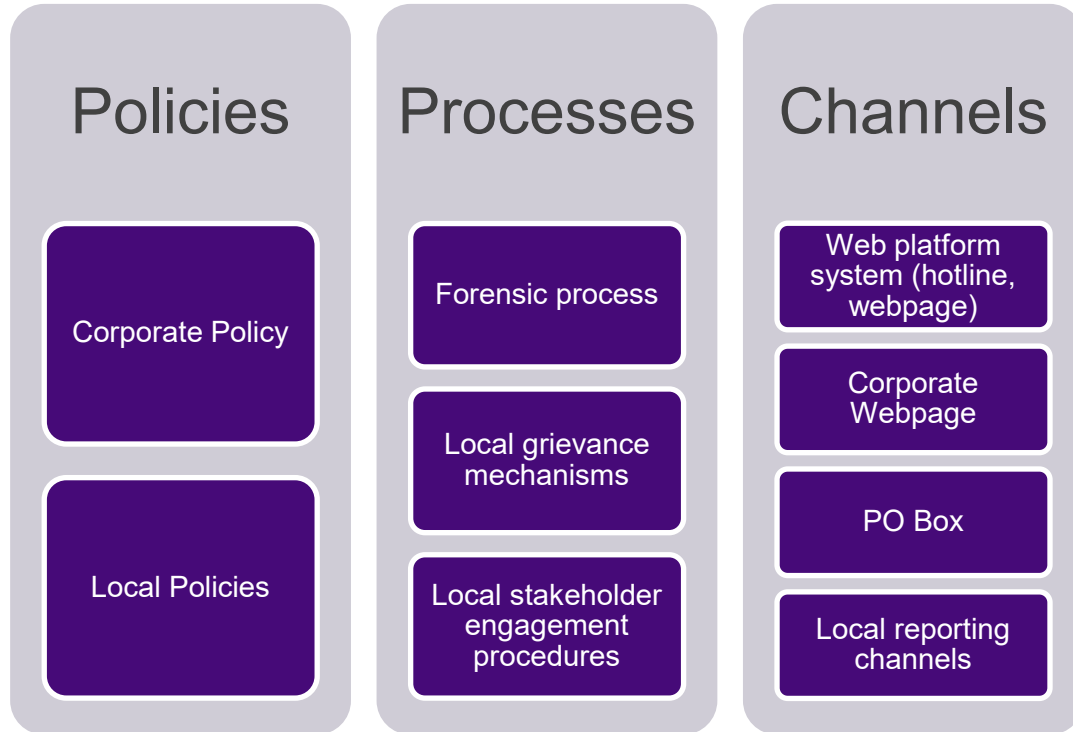
EUROPE

- High-profile cases of whistleblowers exposing fraud and corruption in the financial industry, administration, and corporate.

UNITED STATES

- Watergate scandal (1970s)
 - False Claims Act and creation of the Securities and Exchange Commission's whistleblower program (1980's)
 - Whistleblower Protection Enhancement Act (1990's) to protect federal employees who report wrongdoing.
 - Sarbanes-Oxley Act (2000's)
 - Dodd-Frank Wall Street Reform and Consumer Protection Act (2010's)
 - Whistleblower Protection Act of 1978.

Context: How does it work now?

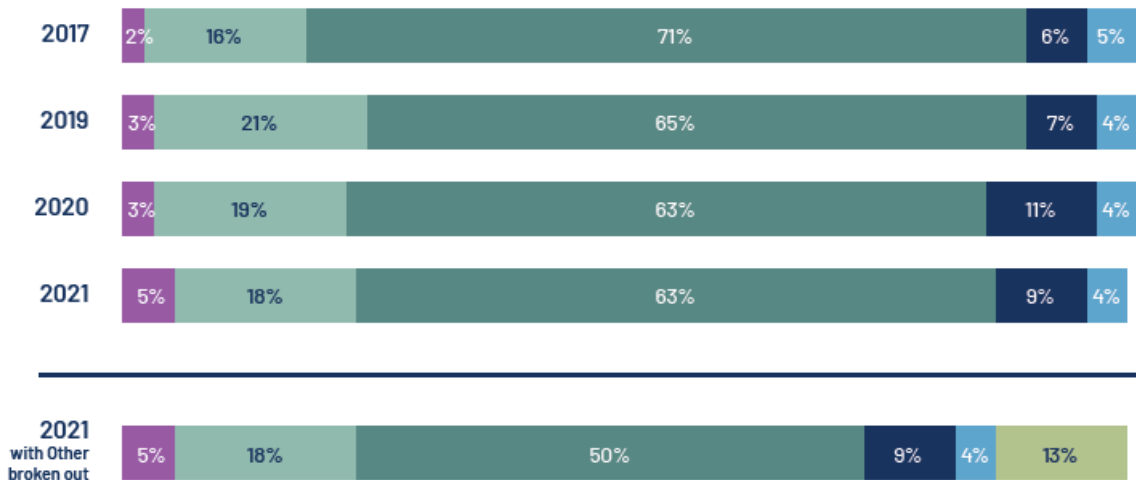


2. Why do companies need to adapt its Whistleblower Process?

The reality

Reports by Allegation Category

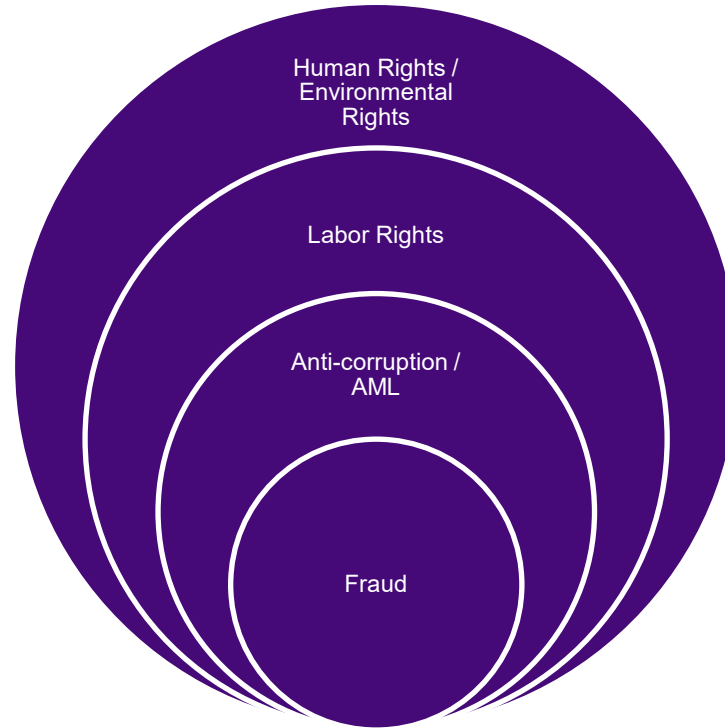
Median Reporting Value (MRV); Other Previously Included in HR



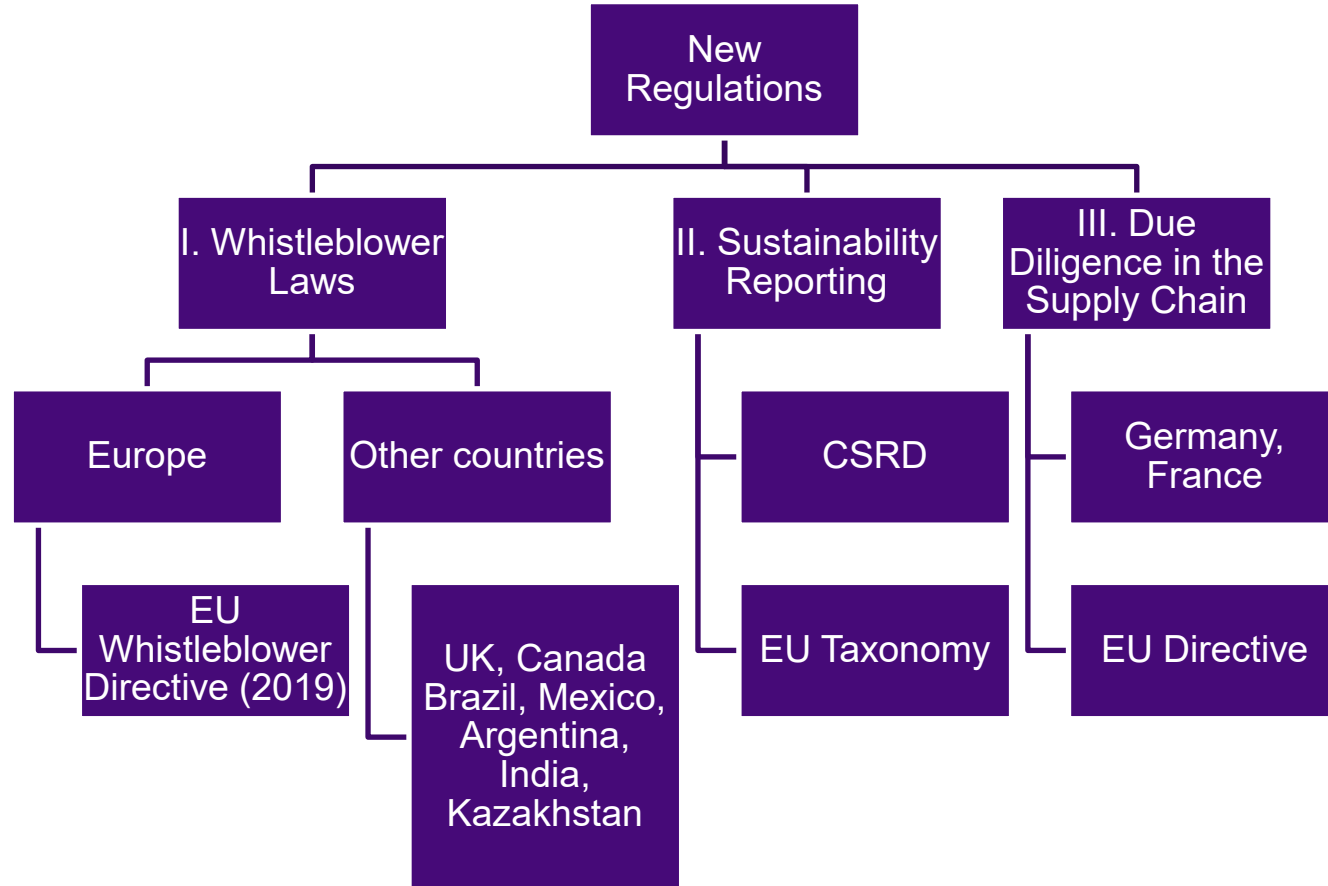
Percent of All Reports*



Scope has increased over time



New Regulations require companies to enhance its Whistleblower Process



3. What needs to be adapted?

I. Whistleblower Directive - gap analysis

Gaps	Requirements of the Directive	Actions
1. Scope (arts. 4 and 2)	Broader personal and material scope	<p><u>Review and update policies and procedures</u> to ensure compliance with the Directive's requirements, as well as other laws and regulations.</p> <p><u>Feedback to whistleblowers</u>: include a process for providing feedback to whistleblowers on the outcome of their reports.</p> <p><u>Internal reporting channels</u>: to make them accessible, confidential, and secure to all employees, contractors, and other stakeholders, and provide a clear process for reporting suspected violations.</p> <p><u>Whistleblowers and retaliation</u>: to ensure that our policy includes protection against retaliation for whistleblowers. To specify the types of retaliation that are prohibited and outline the steps that we will take to investigate and address any retaliation that occurs.</p> <p><u>Provide training and awareness</u> to all employees, contractors, and other stakeholders to ensure that they understand the importance of whistleblowing and are aware of the company's whistleblower policy and reporting channels.</p>
2. Treatment of reports (art. 9)	More details on confidentiality, acknowledgement of receipt, designation of impartial person for follow up, timeframes, accessible information.	
3. Public disclosure (art. 15)	Broader requirements for reporters who want to make public disclosures	
4. Confidentiality (art. 16)	More protectionism. Only one exception to confidentiality: where this is a necessary and proportionate obligation imposed by Union or national law.	
5. Non-retaliation (Chapter IV)	Broader protection measures: prohibition of retaliation, measures of support, protection against retaliation, protection of persons concerned.	

II. Sustainability Reporting

Regulation	Requirements	Actions
CORPORATE SUSTAINABILITY REPORTING DIRECTIVE	<p>Companies will have to report:</p> <ul style="list-style-type: none"> - Incidents, complaints and grievances on labor and human rights - Description of the channels for own workforce and affected communities to raise their concerns or needs directly with the company together with information on how the company supports or requires the availability of such channels and whether it has insight into the issues raised - Company's safeguards of its employees for reporting irregularities including whistleblowing protection and protection of those of its own workforce who refuse to act unethically - An overview of the procedures in place to prevent, detect and address allegations or incidents of corruption or bribery. 	<ul style="list-style-type: none"> • Develop and implement a robust and comprehensive whistleblower policy and process that clearly outlines the company's commitment to protecting whistleblowers from retaliation, ensuring confidentiality, and providing mechanisms for reporting irregularities. • Dashboard by area.
EU TAXONOMY	<p>To have Taxonomy alignment, the company needs to have Minimum Safeguards in place. This means to have policies and actions/due diligence on 4 areas (anticorruption, competition, human rights and taxation). Setting up an enhanced Whistleblower Process can help the company to prove its human rights and anticorruption due diligence.</p>	<ul style="list-style-type: none"> • Develop and implement a Whistleblower Process which will allow companies to clearly identify incidents in human rights and its own workforce.

III. Due Diligence in the Supply Chain

Regulation	Requirements	Actions
DUE DILIGENCE IN THE SUPPLY CHAIN	Identify, prevent, and mitigate human rights and environmental risks in their operations and supply chains. Have effective complaint and grievance mechanisms in place for affected stakeholders, which may include whistleblowers. Mechanisms must be accessible, transparent, and effective, and enable stakeholders to report grievances, seek remedies, and access information about the company's efforts to address their concerns.	<ul style="list-style-type: none">• Develop a Whistleblower Process which will allow companies to clearly identify incidents in human rights and its own workforce. Categorize classifications according to rights disclosed on Annex I.

4. Conclusions

Conclusions

1. Adapt policies and procedures.
2. Create governance for classifying investigations of human rights, labor, environment and other matters.
3. Adapt existing channels for a more centralized approach that will allow the Company to comply with new reporting Regulations.