2025 Sustainability Report



ALGOMA STEEL INC.

Covering the twelve months ended December 31, 2025



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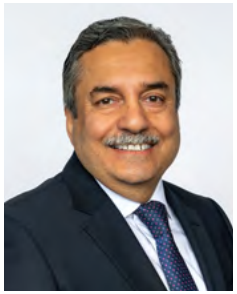
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Messages from Leadership



"Our focus remains on operating responsibly, protecting the safety and well-being of our employees, and maintaining strong relationships with our customers, communities, and partners."

I am pleased to present Algoma Steel's 2025 Sustainability Report, which outlines our performance for the calendar year ended December 31, 2025.

This report reflects a pivotal period in Algoma's transformation and marks the end of an era of blast furnace and coke oven operations as we have transitioned to Electric Arc Furnace ("EAF") steelmaking.

Throughout 2025, we advanced key milestones in EAF steelmaking, while continuing to operate our legacy steelmaking assets. While the year presented challenges for the Canadian steel industry, we remained focused on operational discipline and long-term strategic execution. Our teams demonstrated resilience and commitment, maintaining a strong focus on safety while advancing the most significant transformation project in our company's history and Canada's largest industrial decarbonization project.

A major milestone was achieved with the successful commissioning and start-up of the first EAF unit. By year-end, the furnace was producing steel for high-quality plate and hot-rolled coil that meets customer specifications. At the same time, construction and installation activities continued to progress on the second EAF unit, which remains on track to begin production in 2026.

While this report reflects our performance in 2025, it is important to recognize that in January 2026, we ceased operating and began decommissioning our Blast Furnace No. 7 and cokemaking assets. This marks a fundamental shift in how we produce steel and the beginning of a new era for Algoma as an EAF steel producer. This transformation is targeted to reduce our carbon emissions intensity by approximately 70% and position Algoma as a leading producer of sustainable steel for North American and global markets.

As we approach our 125th anniversary in 2026, this transition underscores the strength and adaptability that have defined Algoma for generations. Our focus remains on operating responsibly, protecting the safety and well-being of our employees, and maintaining strong relationships with our customers, communities, and partners.

While important progress has been made, our work continues. Sustainability remains central to how we operate and how we create long-term value. We are committed to improving our performance, enhancing transparency, and supporting the industries and infrastructure that rely on Canadian steel.

On behalf of the leadership team, I would like to thank all of our stakeholders including our employees, customers, investors, suppliers, and community partners for their continued trust and support as Algoma enters this next era.



Rajat Marwah,
Chief Executive Officer



On behalf of the Board of Directors, we are pleased to present Algoma's 2025 Sustainability Report, highlighting a year of significant transformation for Algoma. Throughout the year, the Board has focused on providing oversight for Algoma's transition to EAF steelmaking, while responding to the challenges posed by U.S. tariffs on steel and other geopolitical factors. We have ensured that our strategic decisions align with long-term sustainability, financial discipline, and responsible operations.

This transition demonstrates Algoma's capability to adapt to evolving market and environmental expectations while positioning itself for future success. The Board remains committed to supporting management in advancing Algoma's strategy, emphasizing safety, risk management, operational performance, and the creation of sustainable long-term value for shareholders and stakeholders."

Andy Harshaw
Chair of the Board of Directors

About This Report

This Sustainability Report covers the 12 months ended December 31, 2025. We now report our sustainability performance on a calendar-year basis, aligned with our financial reporting practices. This report outlines the sustainability factors that impact our operations, employees, contractors, suppliers, communities, investors, and long-term value.

The terms "Algoma," "Algoma Steel," "the Company," and similar terms refer to Algoma Steel Group Inc. and our subsidiaries.

2025 data is reported for the 12 months ended December 31, 2025. To support trend analysis and comparability, we also provide four years of historical data for calendar years 2022 to 2025. All facts and figures are as of December 31, 2025, unless otherwise noted.

The scope of data and information in this report applies to all of our operations unless otherwise noted. Any data limitations are explicitly stated where relevant. Where data is not reported, we explain our exclusion and indicate whether we intend to disclose it in the future.

Please note, certain data points for previous years have been restated as Algoma works to enhance our data collection approach and alignment with leading ESG reporting frameworks and established methodologies. Certain scope, boundaries, definitions, and calculation methods may have been updated and refined.

Projected Carbon Emissions Reductions

The projected carbon emissions reductions presented in this report are based on calculations derived from legacy data. These projections utilize international standards and benchmarks for electric arc steelmaking and related processes. While every effort has been made to ensure accuracy, these calculations may not fully reflect the latest technological advancements, operational changes, or real-time emissions data. Actual reductions in carbon emissions may vary based on site-specific factors, new innovations, and evolving industry practices. This information may not be interpreted as a definitive guarantee of future environmental performance or sustainability outcomes.

Sustainability Standards and Frameworks

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

Sustainability Accounting Standards Board ("SASB") – Iron and 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 with these frameworks in future reports.

The sustainability disclosure landscape continues to evolve, particularly with the establishment of the International Sustainability Standards Board ("ISSB") and its issuance of the IFRS Sustainability Standards. Additionally, in 2024, the Canadian Sustainability Standards Board ("CSSB") released its Canadian Sustainability Disclosure Standards ("CSDS"). Algoma is committed to monitoring these developments, assessing the implications for our reporting, and adapting as needed to meet investor expectations and regulatory requirements.

Additional Disclosure

Additional information on sustainability can be found in our regulatory filings disclosed under Investor Relations on our website.

THIRD-PARTY ASSURANCE AND FINANCIAL DATA

Scope 1 GHG emissions data for calendar year 2025 is expected to receive assurance through a third-party verification by September 2026 conducted by PricewaterhouseCoopers ("PwC").[1]



[1] The third party verification excludes coal storage emissions as these emissions are not subject to provincial carbon tax obligations.

About Algoma Steel

Building on over a century of steelmaking excellence, we are producing steel for a more sustainable Canada.

Founded in 1901 in Sault Ste. Marie, Ontario, Algoma Steel has nearly 125 years of steelmaking history in Canada. From the early rail networks that connected the country in the 1910s and 1920s to today's infrastructure, energy systems, and industrial manufacturing, Algoma's steel has supported Canada's growth, mobility, security, and trade for generations.

Today, Algoma operates as an EAF steel producer, manufacturing plate and hot-rolled sheet products for customers across North America. We are the only Canadian-owned and operated steel mill and the only producer of discrete plate in Canada, supplying steel that supports national priorities including transportation and mobility, critical infrastructure and construction, energy systems, defence and shipbuilding, and industrial manufacturing.

Headquartered on the St. Mary's River in Sault Ste. Marie, Algoma remains a major employer and economic anchor in Northern Ontario, with a long-standing commitment to supporting our employees, community, and the industries that rely on Canadian steel.



A NEW ERA IN CANADIAN STEELMAKING

For nearly 125 years, Algoma operated as an integrated steel producer, supporting critical infrastructure and industrial development across North America. Algoma had originally planned a staged transition to EAF steelmaking, with blast furnace production continuing through the full ramp up of the EAF. However, beginning in early 2025 and intensifying mid-year, the United States trade measures — unprecedented in scope — and designed to eliminate Canadian steel imports into the United States (including through the imposition of 50% tariffs on imported steel products and derivative steel products) fundamentally decoupled previously integrated North American supply chains.

Across North America, the combination of these trade measures with persistent weak demand and rising import volumes created oversupply conditions in Canada that weighed heavily on the economics for Canadian producers throughout the year. Taken together, these conditions made clear that the traditional integrated steelmaking model faced structural, not cyclical, headwinds — and that decisive action was required. On September 28, 2025, having concluded that the continuation of integrated ironmaking operations was no longer viable in the trade-impacted environment, our Board of Directors approved a plan to wind down and decommission our blast furnace and coke oven operations and accelerate the transition fully to EAF steelmaking.

In January 2026, we ceased operating and began decommissioning our Blast Furnace No. 7 and cokemaking assets. **Today, Algoma operates exclusively as an EAF steel producer.**

Ramp-up of the first EAF unit is progressing in line with expectations, with the furnace and associated melt shop systems performing as designed and achieving quality targets across both plate and hot-rolled coil product grades. Construction of the second EAF unit continues and is expected to be completed in 2026, further strengthening operational flexibility. **Once fully operational, the transition to EAF steelmaking is targeted to reduce our carbon emissions intensity by approximately 70%.**

Our Commitment and Core Values

Algoma's purpose, mission, and values are interconnected with and reinforce our commitment and approach to sustainability.

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 an 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.





Our 2025 financial results reflect the significant external pressures facing the Canadian steel industry, including ongoing market disruption, pricing challenges, and the impact of unprecedented tariff measures that limited access to the U.S. market and disrupted North American steel flows.

While these factors weighed on near-term performance, we remained focused on disciplined cost management, maintaining liquidity, and advancing our EAF transition. We took decisive action to reposition the business for long-term viability, including accelerating the wind-down of our integrated steelmaking operations and focusing on our strength as Canada's sole producer of discrete plate. At the same time, we secured $500 million in government-backed debt financing to support the Company and adjust to evolving market conditions and advance our commercial strategy.

While these actions impacted near-term performance, they are expected to reorientate the markets we serve, lower our cost structure, and strengthen our financial position as we scale up our EAF operations."

Michael Moraca,
Chief Financial Officer

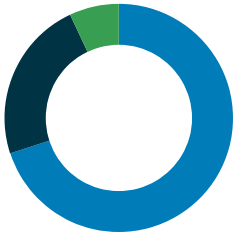
2025 by the Numbers

$2,085.7 M Consolidated Revenue	**$1,326.2 M** Loss from Operations	**$984.9 M** Net Loss	
$-261.4 M Adjusted EBITDA[2]	**0.16** Lost Time Incident Rate	**2,444** Full Time Employees	**95%** of Workforce Represented by Unions

[2] Adjusted EBITDA is a Non-IFRS measure. Please see our management's discussion and analysis for the 12 months ended December 31, 2025, available under our System for Electronic Document Analysis and Retrieval profile at www.sedarplus.ca and filed by Algoma with the SEC 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.

High Strength Steel for Demanding Applications

PRODUCT SHIPMENT MIX
12 month period ending December 31, 2025



- **70%** Hot Roll
- **23%** Plate
- **7%** Cold Roll

END MARKET VOLUME
12 month period ending December 31, 2025



- **27%** Transportation[3]
- **21%** Manufacturing & Construction
- **39%** Distribution
- **13%** Tubular

GEOGRAPHIC SHIPMENTS
12 month period ending December 31, 2025



- **51%** United States
- **48%** Canada
- **1%** Mexico

[3] Includes 35–40% automotive.

2025 Review

2025 was a significant year for Algoma as we advanced key milestones in our transition to EAF steelmaking while operating in a disrupted trade environment.

Tariff measures impacted Canadian steel flows and limited access to the U.S. market, contributing to pressure on Canadian pricing and demand. Despite these conditions, we progressed our transformation, including the successful start-up of the first EAF unit in July, 2025, marking the beginning of Volta™ steel production. By year-end, the furnace was producing steel for plate and hot-rolled coil that met customer specifications. Construction of the second EAF unit also advanced and will support increased production capacity and operational flexibility in 2026.

In 2025, we advanced the most significant environmental transformation in our history through the transition to EAF steelmaking. While emissions performance for the year reflects legacy integrated operations, in January 2026 we ceased operating and began decommissioning our Blast Furnace No. 7 and cokemaking assets and now operate solely as an EAF steel producer. Early 2026 data shows reductions in Scope 1 emissions, reflecting the shift to EAF steelmaking. During the year, we also strengthened environmental performance and transparency, including developing Environmental Product Declarations ("EPDs") for all steel products and receiving regulatory approval for our EAF-related air emissions framework, confirming alignment with Ontario air quality requirements.

Safety remained a priority in 2025. We are progressing alignment of our Occupational Health and Safety Management System with ISO 45001 and implemented a leadership safety walk program. The Near Miss Frequency Rate ("NMFR") decreased from 3.85 in 2022 to 2.95 in 2025, and the Lost Time Injury Rate ("LTIR") declined from 0.31 to 0.16 over the same period. As of December 31, 2025, the construction of the EAF project recorded a Total Recordable Incident Rate ("TRIR") of 0.4 across 1,939,177 hours worked, supported by 260 area audits and 3,132 individuals safely inducted.

Approximately 95% of our workforce is represented by unions, and approximately 99% is based in the Sault Ste. Marie region. In September 2025, in response to sustained market disruption and trade-related impacts, our Board of Directors approved a plan to accelerate the wind-down of blast furnace and coke oven operations and transition fully to EAF steelmaking. In connection with this transition, layoff notices were issued in December 2025 to approximately 1,050 unionized employees, effective March 23, 2026. Throughout this process, we engaged with union leadership, employees, and government partners and provided access to information sessions and support services, including the Employee and Family Assistance Program and workforce transition resources.

We maintained a disciplined approach to community investment in 2025 in response to market and trade conditions. During the year, we contributed approximately $175,000 across 31 community initiatives and continued to honour annual sponsorships and multi-year commitments. As of December 31, 2025, $321.2 million had been invested locally through contractor work supporting the EAF project. We also continued to invest in workforce development, including securing approximately $2.1 million in funding over two years through our partnership with the Canadian Skills Training and Employment Coalition ("CSTEC") to support upskilling aligned with EAF operations, alongside ongoing collaboration with academic and training partners.

Throughout 2025, we continued to strengthen our governance framework to support our transformation and evolving risk environment. The Board of Directors maintained oversight of sustainability and strategic priorities, supported by ongoing education in climate, cybersecurity, and emerging technologies. We enhanced enterprise risk management and compliance programs to support accountability and reporting. We also advanced responsible supply chain practices, including exiting coal and mining-related supply contracts and strengthening oversight of scrap sourcing through our partnership with Triple M Metals. In parallel, we enhanced cybersecurity and data governance practices, aligning with recognized frameworks and maintaining human oversight of AI-enabled systems.



0.4 TRIR

recorded across 1,939,177 hours worked during EAF construction.

45%

reduction in Lost Time Injury Rate, dropping from 0.31 to 0.16 between 2022 and 2025, reflecting sustained progress on workplace safety.

$321.2 M

invested locally through contractor work supporting the EAF project as of December 31, 2025.

Transforming our Greenhouse Gas Emissions Profile

In 2025, Algoma's greenhouse gas ("GHG") emissions profile reflected operations under our legacy steelmaking configuration, with blast furnace and coke oven operations supporting production.

Scope 1 emissions intensity remained consistent with historical levels. In January 2026, we ceased operations of these assets and commenced their decommissioning, completing the transition away from carbon-intensive steelmaking and establishing a new emissions profile as an EAF steel producer.

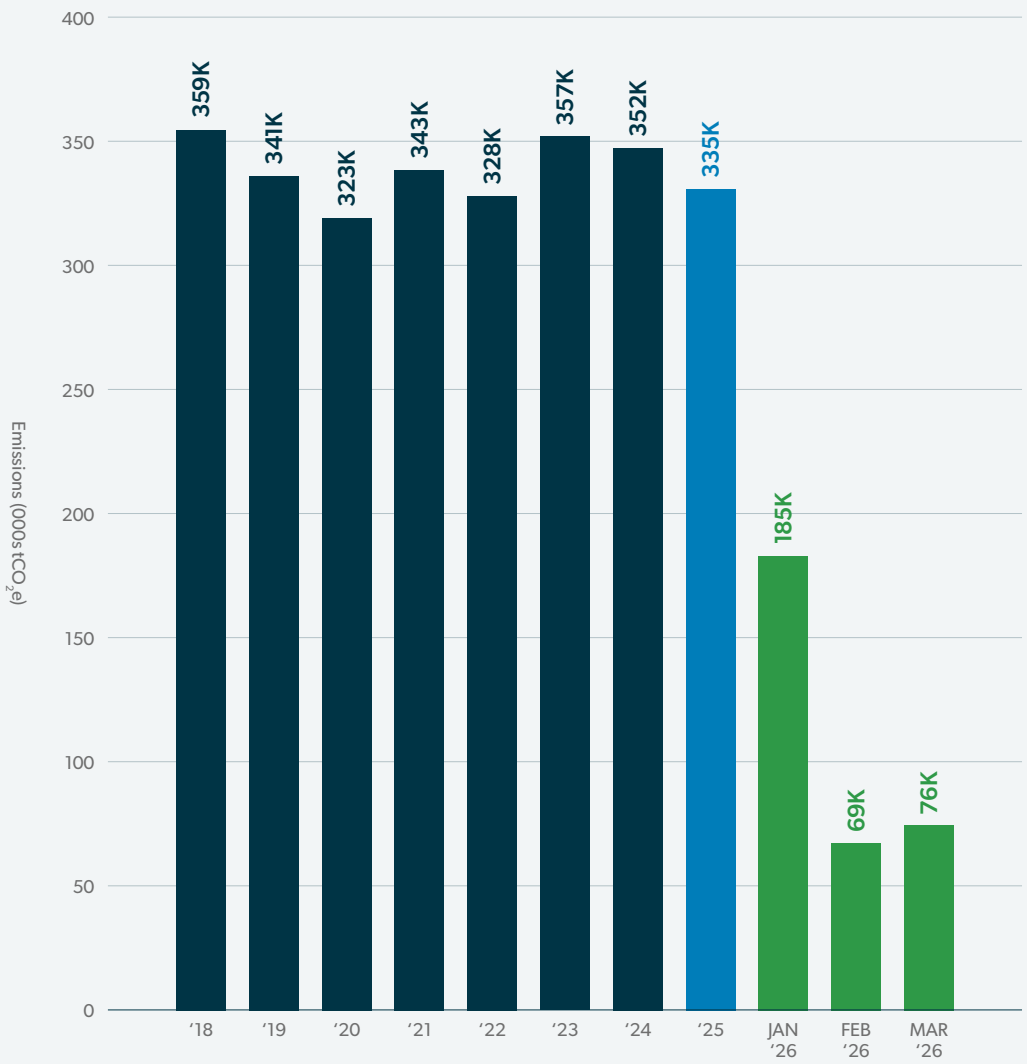
Preliminary data from January through March 2026 shows a reduction in Scope 1 GHG emissions compared to 2025. These results reflect the transition to EAF steelmaking and the use of electricity, including electricity from Ontario's low-emissions grid.

It is also important to note that this initial period also reflects lower production levels, driven by weak market demand. As a result, these figures are not indicative of expected emissions performance at full production. As production levels increase, emissions are expected to rise in absolute terms; however, emissions intensity is expected to remain significantly lower than under our legacy steelmaking configuration due to the structural benefits of EAF steelmaking.

As EAF operations continue to ramp up and regional electricity grid upgrades become available, further improvements in emissions performance are expected. Algoma's long-term target is to reduce GHG emissions by approximately 70% relative to Historical Emissions.

For more details on the company's GHG emissions reduction targets, see the **Sustainability Strategy and Performance Targets** section.

MONTHLY AVERAGE SCOPE 1 CARBON EMISSIONS



2018–2025 values reflect monthly averages based on annual gross global Scope 1 emissions. Scope 1 GHG emissions data for calendar year 2025 is expected to receive assurance through a third-party verification by September 2026 conducted by PwC. 2026 represents current production levels, is preliminary and directional, and yet to be verified in the normal course.

Algoma's Approach to Sustainability

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

Strategy

ALGOMA'S STRATEGIC DIRECTION

Algoma has entered a new era, marked by a full transition to EAF production and a fundamental shift in how we operate. As we navigate through this period of fundamental market disruption and transformation, Algoma is focused on maintaining financial discipline while advancing key investments that support long-term performance and resilience. Sustainability remains a core element of this strategy and is one of our four key strategic priorities. Our sustainability framework, outlined in our **ESG Position Statement**, reflects the role of sustainability in supporting operational efficiency, reducing emissions, and aligning our business with evolving market and stakeholder expectations. Through this approach, sustainability is embedded in Algoma's transformation and integrated into our broader corporate strategy.

We measure our sustainability performance through Key Performance Indicators ("KPIs") aligned with SASB Standards and TCFD recommendations, ensuring year-over-year consistency in reporting. Sustainability data is detailed in the **Sustainability Performance Metrics** section, with the **SASB Index** summarizing key industry metrics and the **TCFD Index** outlining our climate-related disclosures.



FIGURE 2: ALGOMA'S STRATEGIC DIRECTION

ONGOING | UPCOMING | RECENTLY ANNOUNCED

STRATEGIC DIRECTION →

OPERATIONAL & CAPITAL IMPROVEMENTS Algoma has developed and executed numerous operational and capital projects that add long term value to the business.	**EAF APPROVAL** Received Board approval to begin construction of Electric Arc Furnace. *Nov 2021*	**PMM PHASE 1** Enhancing quality and expanding grade range on Canada's only discrete plate mill. *2022*	**LSP POWER PLANT** Installation of new turbines to support power generation for EAF project. *Jun 2023*	**PMM PHASE 2** Final installation of key elements substantially complete. *2024*	**EAF 2** First heat achieved July 2025. *2025*	**EAF 1** Construction progressing, commissioning activities expected in mid 2026. *2026*	**OPERATIONAL PIVOT** Accelerate EAF transformation with a plate – first strategy focusing primarily on the Canadian market. *2026*
FINANCIAL DISCIPLINE Algoma has focused on streamlining its balance sheet, finding effective sources of capital to fund its strategic initiatives and providing long-term value to stakeholders.	**RETURN TO PUBLIC MARKETS** Including Equity injection of $306M USD. *Oct 2021*	**SUBSTANTIAL ISSUER BID** Algoma buys back approximately 1/3 of outstanding shares. *Aug 2022*	**NORMAL COURSE ISSUER BID** Algoma renewed its NCIB for share repurchases. *2023/24*	**ABL RENEWAL** Amend and extend Algoma's now upsized US$300M asset-based loan. *May 2023*	**DEBT OFFERING** Opportunistically raised $350M USD to strengthen balance sheet and mitigate risk. *Apr 2024*	**ABL UPSIZE** Algoma amended and upsized its asset-based loan from US$300M to US$375. *2025*	**LIQUIDITY FUNDING SUPPORT** Algoma closed on its credit agreement for $500M of financing from the Governments of Canada and Ontario. *2025*
STRATEGIC PARTNERSHIPS Algoma continues to develop partnerships focused on de-risking the organization and creating long-term value for stakeholders.	**ATM METALS** JV with Triple M Metals for committed supply of scrap and metallic units *Ongoing*	**DANIELI** Technology partner for OEM Equipment for Algoma's Transformation to Electric Arc Steelmaking. *2021–2025E*	**TRANSPOD** Partnering with TransPod and Supreme Steel to build Canada's first ultra-high-speed TransPod line between Calgary and Edmonton. *Ongoing*	**SEASPAN** Signed MoU with Seaspan and Stigterstaal to explore strategic partnership on expanding shipbuilding in Canada. *Ongoing*	**HANWHA OCEAN** Signed $250M USD binding MoU to support the potential development of a structural beam mill. *Jan 2026*	**DAVIE** Davie and Algoma celebrated the rolling of Canadian steel plate for the Polar Max Icebreaker. *2026*	**ROSHEL** Formed Roshel Algoma Defence (RADS), a joint venture to establish a Canadian Centre of Excellence for Ballistic Steel Production. *2026*
ESG FOCUS Algoma is committed to initiatives geared at driving performance, reducing risk and developing a culture of organizational excellence that improve our ESG performance.	**FOCUS ON SAFETY** TRIR improved from 2.35 in FY2022 to 1.45 in 2024, reflecting stronger training, engagement, and safety focus. *Ongoing*	**STRONG BOARD GOVERNANCE** An active, well-informed board with diverse perspectives and experience. *Ongoing*	**ENTERPRISE RISK MANAGEMENT** Develop a culture of risk management. *Nov 2019*	**ESG POSITION STATEMENT** Published Algoma's approach to ESG. *Apr 2023*	**INTEGRATED BUSINESS PLANNING** Planning process to enhance operational efficiency and improve ship-on-time performance. *Ongoing*	**SUSTAINABILITY REPORT** Published its third annual Sustainability Report. *2025*	**EMISSION REDUCTION** EAF project expects to reduce emissions 70% and improve GHG performance once fully transitioned.

Integrated Business Planning

In 2025, Algoma continued our Integrated Business Planning ("IBP") process to better align our strategic, operational, and financial goals with our long-term business objectives. This approach has enabled us to streamline our operations, improve resource management, and make more data-driven decisions across all levels of the organization.

By integrating finance, production, commercial, and supply chain functions, we have enhanced our ability to forecast demand, better coordinate scheduling, and facilitate on-time deliveries to our customers. This improvement is essential for strengthening customer relationships and reinforcing our commitment to reliability and service excellence.

As we continue to refine our IBP process, it will evolve to address new challenges, market shifts, and opportunities. Through this initiative, we are not only improving operational efficiency but also creating a foundation for long-term success, sustainability, and customer satisfaction.

Sustainability Strategy and Performance Targets

Algoma's sustainability strategy is focused on delivering measurable improvements in environmental performance and health and safety, supported by clearly defined targets and a disciplined approach to execution.

These priorities are informed by our materiality assessment, which identifies greenhouse gas emissions, climate change transition, and workforce health and safety as our most significant focus areas, with corresponding targets established to support performance and accountability.

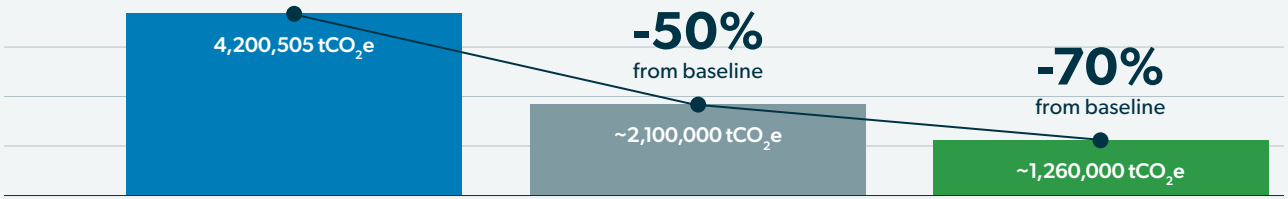
Safety Performance Targets

To support continuous improvement and accountability, Algoma has established a safety performance target, including a Lost-Time Injury Rate ("LTIR") target of 0.15 in 2025. This target is reviewed annually, established in alignment with union partners, and sets clear steelworks objectives. Performance against this target is assessed regularly, and the target is updated as objectives are achieved to support ongoing improvement.

Scope 1 GHG Emissions Reduction Targets

Algoma has established emissions reduction targets to support our decarbonization strategy. In 2018 and 2019, Algoma operated as an integrated steel producer, with emissions-intensive coke ovens and a blast furnace forming the basis of our steelmaking operations. Following the cessation and commencement of decommissioning activities for these assets in early 2026 and the transition to EAF steelmaking, Algoma has targeted to achieve approximately a 50% reduction in Scope 1 emissions by 2027 relative to Historical Emissions. Further reductions are expected as regional electricity grid upgrades are completed, enabling increased use of low-carbon power and supporting progress toward Algoma's 70% reduction target by 2030. These targets are based on EAF operations at expected production capacity and are intended to reflect emissions performance at production levels approximately 30% higher than Historical Emissions.

Climate-related governance is embedded at both the Board and management levels. The Board of Directors maintains oversight of sustainability, including climate-related risks and opportunities, supported by the Nominating and Governance Committee. Management, led by our Chief Executive Officer, is responsible for executing our sustainability strategy and regularly reports to the Board on climate-related matters. Updates on performance against emissions reduction targets are to be provided to the Board at least on a bi-annual basis to support ongoing oversight and accountability.



	2018/2019	2027	2030
POWER	Two Internal Cogeneration Facilities (155MW) and Existing 115KV Transmission (150MW)	Lake Superior Power (110MW) and Existing 115KV Transmission (150MW)	Existing 115KV Transmission (150MW), Local 230 kV Transmission (0-300MV), and Regional Bulk Transmission Upgrade (300MV)
PRODUCTION	Blast Furnace and Coke Battery Operations	EAF Unit 1 and 2 *(increased production capacity of ~30%)*	EAF Unit 1 and 2 *(increased production capacity of ~30%)*





As a fully EAF steel producer, Algoma manufactures steel using 100% recycled scrap metal as our primary input.

Pictured: Algoma's EAF Scrap Bay

Circular Steel Production

Steel is recyclable and can be reused indefinitely without losing its strength or quality. With an infinite lifecycle and the ability to be 100% recycled, steel is a foundational material in a circular economy.

As an EAF producer, recycling is central to how we produce steel. This approach reduces reliance on virgin raw materials and lowers the overall environmental impact of steel production.

Steel can be continuously reprocessed and returned to use in new applications, supporting a closed-loop system where materials are recovered and reused at the end of their lifecycle. Algoma sources a mix of recycled steel inputs, including both pre-consumer and post-consumer scrap. Pre-consumer scrap is generated during manufacturing processes, while post-consumer scrap is recovered from products that have reached the end of their useful life. Access to well-established North American scrap markets supports a reliable supply of these materials, enabling consistent production and reinforcing Algoma's circular steel model.

To support responsible sourcing and reduce emissions associated with purchased materials, Algoma has partnered with Triple M Metals, a leading North American recycler. This partnership strengthens supply chain transparency and enables greater visibility into scrap sourcing, processing, and transportation.

We are implementing initiatives to reduce Scope 3 emissions associated with the transportation of scrap used in EAF steelmaking. These include the use of dual-use trailers to minimize empty return trips and improve the efficiency of scrap movement within the supply chain, as well as expanded marine shipping solutions. Beginning in 2026, the M/V Blair McKeil, developed in partnership with McKeil Marine Limited, will deliver finished steel to customers and return with scrap for use in EAF operations. We continue to evaluate opportunities to further reduce supply chain emissions through scrap sourcing, supplier engagement, and operational efficiencies. Additional information is provided in the **Decarbonizing Our Supply Chain** section of this report.

In addition to scrap steel, we continue to recover and reuse by-products generated through steelmaking, reducing waste, diverting materials from landfill, and improving overall resource efficiency. This circular approach extends beyond materials, with water reuse systems supporting efficient resource management across operations. Further details can be found in the **Waste and Hazardous Materials Management** section of this report.

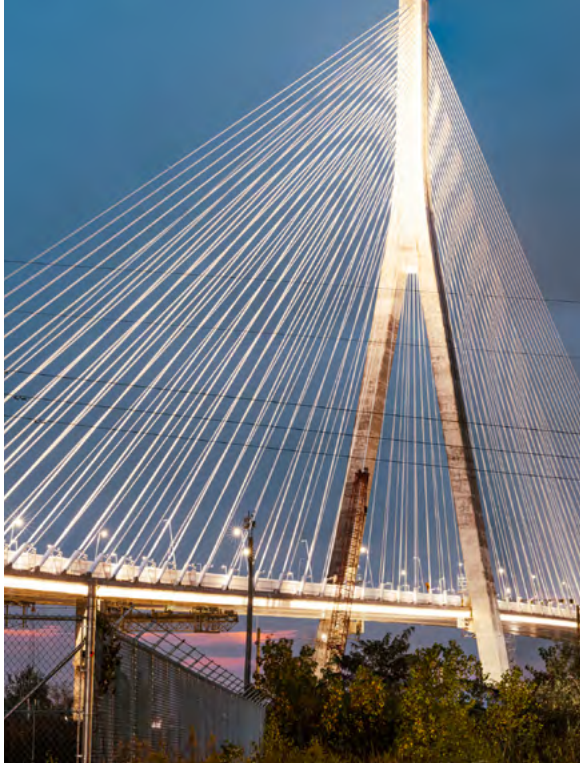
Supporting Customers in the Transition to Lower-Carbon Steel

Steel is essential to modern infrastructure and will play a critical role in the transition to a low carbon economy. As industries decarbonize, demand for lower-carbon materials is expected to increase across sectors including construction, transportation, energy, and manufacturing.

Algoma is positioned to support this shift as an EAF steel producer. By producing steel using recycled scrap and low-emitting electricity, Algoma is reducing the carbon intensity of our products while maintaining the strength, quality, and reliability required for critical applications.

As customers advance their sustainability objectives, Algoma is aligning our product offering with evolving requirements. This includes the development of EPDs and enhanced transparency on product-level emissions. In 2025, we developed EPDs, including lifecycle assessments for all steel products produced by Algoma, enabling us to clearly demonstrate their environmental performance across the full product lifecycle. Following our transition to EAF steelmaking and the cessation and commencement of decommissioning activities of our legacy integrated assets, updated EPDs will be released in 2026 to reflect our current operating model. Our current EPDs are available on our **corporate website**.

Looking ahead, Algoma's EAF-based production platform provides greater flexibility to respond to changing market demands, support the growth of lower-carbon supply chains, and deliver steel that meets both performance and sustainability expectations.

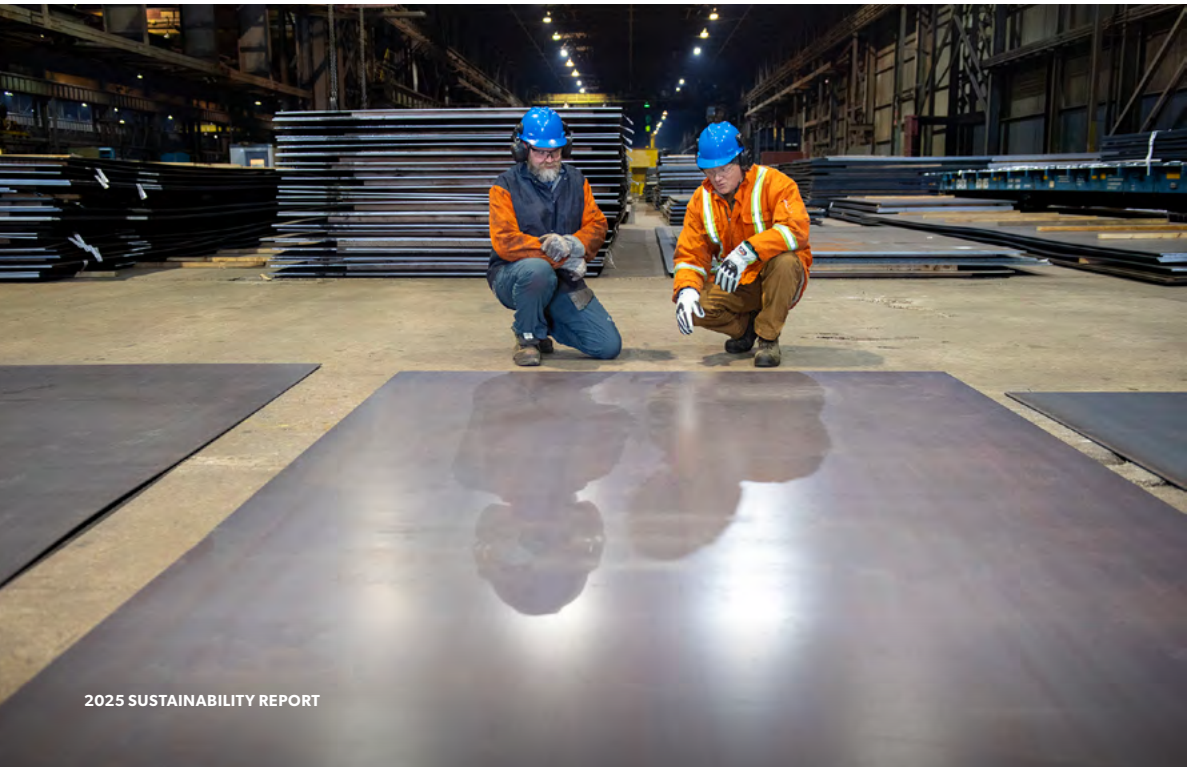












Canada's Only Discrete Plate Producer

Algoma is Canada's only discrete plate producer, with production capacity of up to approximately 700,000 tons per year. Our discrete mill is a critical asset for producing high-strength steel for demanding applications. The Plate Mill Modernization Project, completed with a total investment of $150 million, has significantly enhanced the mill's capacity, product quality, and overall productivity. This strategic initiative has allowed Algoma to meet higher customer quality requirements, including improved surface quality and flatness, and expand the range of high-strength grades offered.

The modernization also introduced key upgrades, including new automation systems, an improved plate de-scaler, a new hot leveler, and advanced inspection technologies, which have streamlined operations, improved reliability, and increased plate shipment capacity. As a result, Algoma is better positioned to meet the growing demands of industries such as energy, infrastructure, shipbuilding, defense, transportation, and heavy equipment, reinforcing our competitive advantage in the North American steel market.

Direct Strip Production Complex ("DSPC")

Algoma's DSPC is a key asset supporting efficient, lower-emissions steel production, with annualized capacity of approximately 2.3 million tons. By integrating direct casting with hot rolling, the DSPC eliminates intermediate processes such as slab reheating, reducing energy consumption, improving production efficiency, and enhancing product quality.

The DSPC is fully integrated with Algoma's EAF operations, enabling a streamlined, flexible production process that supports a broad range of hot rolled sheet steel grades. These products are supplied to customers across sectors including automotive, construction, energy, and manufacturing. This configuration strengthens Algoma's cost competitiveness while contributing to a lower overall environmental footprint.





Build with Volta™

All steel produced through our EAFs carry the Volta™ brand — delivering the same performance our customers rely on, with significantly lower emissions intensity. Our EAFs, powered by Ontario's low-carbon electricity grid, are targeted to reduce our carbon intensity by approximately 70%. Volta™ represents steel produced through this process, supporting the growth of the low-carbon economy. The name Volta™ pays tribute to Alessandro Volta, who first harnessed electricity in 1800.

Build a Better Future. Build with Volta™

First Heat of Volta™ Steel

In July 2025, we successfully produced our first heat of steel from the first EAF unit, marking the beginning of Volta™ steel production. This milestone represents the transition from construction to operation of Algoma's EAF facility.

Since start-up, the first EAF unit has progressed to production readiness operation, producing high-quality sustainable steel that meets customer specifications. With our second EAF unit expected to come online in 2026, Algoma will further increase production capacity and strengthen our supply of lower-carbon intensive steel to the Canadian market.

Product Development and Diversification

In 2025, Algoma operated in a fundamentally altered market for Canadian steel producers, driven by aggressive U.S. trade measures and tariff actions that materially restructured Canadian steel flows, severed traditional pricing linkages, and effectively restricted access to the U.S. market.

In response, we have repositioned our commercial strategy to focus on the Canadian market, prioritizing discrete plate production while aligning sheet output with domestic demand. This shift is supported by our EAF steelmaking, which provides greater flexibility in production, product mix, and responsiveness to market conditions. Our EAF operations enable us to better align output with customer requirements while supporting the production of lower-carbon steel. This increased flexibility also supports the long-term sustainability and resilience of Algoma by strengthening our ability to adapt to changing market conditions and maintain competitiveness in a dynamic global steel environment.

To support operations during this transition, Algoma secured $500 million in debt financing ("LETL Facilities"), comprised of $400 million from the Canada Enterprise Emergency Funding Corporation under the Large Enterprise Tariff Loan ("LETL") program and $100 million from the Province of Ontario. The LETL Facilities provide additional liquidity as we adjust to evolving market conditions and advance our commercial strategy.

Algoma continues to evaluate opportunities to diversify our product offering, align production with domestic demand, and support long-term competitiveness in the Canadian steel market. These efforts are complemented by strategic partnerships that reinforce demand for Canadian steel across key sectors, including infrastructure, shipbuilding, and defence.





STRATEGIC PARTNERSHIPS AND MARKET DEVELOPMENT

Algoma continues to advance strategic partnerships that support long-term demand for Canadian steel and align with our transition to EAF steelmaking. In 2025 and early 2026, we expanded collaboration across key sectors including infrastructure, shipbuilding, and defence — areas central to Canada's economic and industrial priorities.

On April 23, 2025, we signed a letter of intent with Ontario Shipyards to join the Team Vigilance preferred supplier program as the exclusive steel plate provider. This collaboration supports the Canadian Continental Defence Corvette program and represents the first time Royal Canadian Navy ships are expected to be constructed using primarily made-in-Canada steel.

On July 17, 2025, Seaspan Vancouver Shipyards signed a memorandum of understanding with us and Stigterstaal Canada to prioritize Canadian-made steel in the construction of Canada's first heavy polar icebreaker, supporting Canada's National Shipbuilding Strategy and strengthening domestic supply chains. On February 9, 2026, we rolled Canadian steel plate for the Polar Max Icebreaker program, and on April 2, 2026, construction officially began at Davie's shipyard in Lévis, Québec.

On October 2, 2025, TransPod announced a strategic collaboration with us and Supreme Steel to advance the Edmonton–Calgary Tube Transportation Project Test Track. The project has been designated by the Government of Alberta as a Major Project, reflecting its potential to support job creation, attract investment, and strengthen long-term economic competitiveness.

On January 26, 2026, we announced that we had entered into a binding memorandum of understanding with Hanwha Ocean Co., Ltd., representing a potential US$250 million strategic arrangement. The agreement is intended to support Canada's future submarine program and includes the potential development of a structural steel beam mill, advancing global market diversification and future demand for lower-carbon steel.

On April 7, 2026, we announced the formation of Roshel Algoma Defence Solutions Inc. ("RADS"), a joint venture with Roshel Inc. to establish a Canadian Centre of Excellence for Ballistic Steel Production. This partnership is designed to deliver sovereign, made-in-Canada ballistic steel solutions, including fabrication and processing capabilities, to support domestic defence programs across vehicle, marine, and infrastructure applications.

These partnerships reflect our strategy to diversify our customer base, strengthen domestic supply chains, and support critical infrastructure, industrial development, and national priorities. We continue to build strategic partnerships that support long-term demand for Canadian steel, strengthen domestic supply chains, and align with Canada's evolving industrial and economic priorities.



Trade Policy

Algoma actively engages with federal and provincial governments, industry associations, and policymakers to support fair, rules-based trade and a competitive domestic steel industry.

As a Canadian steel producer, we provide practical, industry-informed input on trade policy, enforcement measures, Buy Canadian frameworks, and long-term industrial and infrastructure decision-making. Algoma regularly participates in consultations, policy discussions, and industry working groups to help shape policies that impact the steel sector.

Unfairly traded steel, including products that are subsidized or sold below cost, continues to distort global markets and create challenges for domestic producers. Differences in environmental and safety standards across jurisdictions can further impact competitiveness. Through our participation in organizations such as the Canadian Steel Producers Association ("CSPA"), Canadian Institute for Steel Construction ("CISC"), and Canadian Manufacturers and Exporters ("CME"), Algoma works alongside industry partners to advance policies that promote fair competition and a level playing field.

Trade dynamics in North America continue to evolve. In 2025, the United States imposed 50% tariffs on imported steel products, including those from Canada, contributing to shifts in regional trade flows and increased pressure from imported steel in the Canadian market. In response to broader global pressures, Canada has implemented measures to protect the domestic steel sector, including tariff rate quotas ("TRQs") on certain imported steel products and a 25% surtax on certain steel imports from China. Anti-dumping and countervailing duty measures also remain in place across a range of products and jurisdictions.

The United States-Mexico-Canada Agreement ("USMCA") continues to support integrated North American supply chains, including requirements that steel used in qualifying automotive production be melted and poured within North America.

Maintaining a strong domestic steel sector is critical to supporting Canada's economic and strategic priorities, including infrastructure development, energy systems, shipbuilding, and defence. Recent policy developments, including Canada's Defence Industrial Strategy and increasing emphasis on Buy Canadian approaches, highlight the importance of domestic steelmaking capacity in supporting national supply chains. Algoma continues to work collaboratively with governments and industry partners to support policies that strengthen domestic supply chains, promote fair trade, and ensure Canadian steel remains competitive in a changing global market.

Awards, Certifications, and Memberships

Awards

- Canadian Institute of Steel Construction ("CISC") Ontario Awards of Excellence – Institutional/Industrial Project Award of Excellence for Algoma Steel's EAF Melt Shop Building
- Caterpillar Supplier of Excellence Award
- 2025 SEAL Business Sustainability Awards - Environmental Initiatives Award
- Globe and Mail Report of Business Best Executive Award
- Globe and Mail Report on Business CEO Award: Corporate Citizen
- 2025 Canadian HR Awards for The Queen's University IRC Award for Best Learning and Development Strategy Excellence Awardee

Certifications

Algoma upholds high environmental, health, and safety standards while producing high-quality steel.

Our facilities are ISO 14001 certified and maintain quality certifications including:

- ISO 9001 and IATF 16949:2016 – Quality Management
- American Bureau of Shipping ("ABS"), DNV, and Lloyd's Certification – Steel Plates and Structural Steels
- ISO 17025 – Accredited Laboratory for Mechanical and Chemical Testing
- Canadian Welding Bureau ("CWB") and Technical Standards and Safety Authority ("TSSA") – Safety Compliance
- CSA N299.3 Nuclear Safety Certification

For a full list of certifications, visit the **Resource Library** page on our website.

Memberships

Algoma actively participates in industry and safety organizations, including:

- Canadian Steel Producers Association ("CSPA") – Member of Environment, Climate and Trade Committees; Canadian Institute of Steel Construction ("CISC") and Canadian Manufacturers and Exporters ("CME")
- Association for Iron and Steel Technology ("AIST"), Metal Service Centre Institute ("MSCI"), and North American Steel Alliance ("NASA")
- Association of Women in Metals Industries and Decarbonization Leaders Network
- Workplace Safety and Insurance Board ("WSIB") Health and Safety Excellence Program

We collaborate with industry peers to advance sustainability, best practices, and workplace safety, reinforcing our commitment to a safer, greener steel industry.





ESG Materiality Assessment

In 2022, we conducted a formal ESG Materiality Assessment to identify and prioritize our material sustainability 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 sustainability 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 sustainability standards and frameworks, such as the SASB Standards and TCFD recommendations
- Sustainability priorities of our current and prospective investors
- Sustainability priorities of our industry peers
- Sustainability requests from our customers
- Methodologies of sustainability research and ratings providers
- Relevant industry sustainability initiatives
- Sustainability and climate-related disclosure regulations

The ESG Materiality Assessment results were reviewed and validated by our internal sustainability working group, the Executive team, and the Board of Directors. Our material sustainability factors are identified in our Materiality Matrix. Sustainability 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 review the results of the ESG Materiality Assessment on an annual basis and update as needed.

OUR MATERIALITY ASSESSMENT PROCESS

IDENTIFYING POTENTIAL ESG FACTORS

- 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

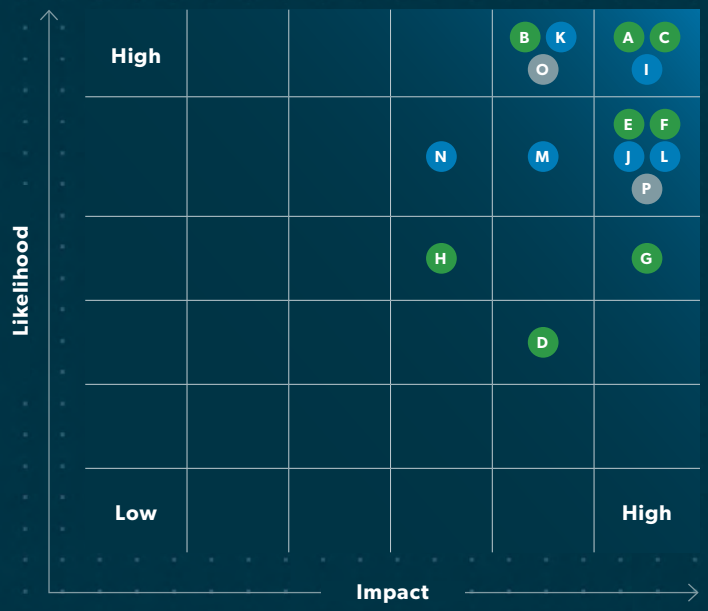
IMPACT AND LIKELIHOOD ASSESSMENT

- Assessment of potential materiality over the short, medium and long-term, based on likelihood of occurrence and potential magnitude of impact

VALIDATION

- Validation by Algoma executive leadership team and Board

Materiality Matrix



ENVIRONMENT

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

SOCIAL

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

GOVERNANCE

- O ESG Governance
- P Business Ethics & Transparency

Governance



Driving Business with Integrity

Our approach to sustainability is supported by governance structures that provide oversight of sustainability-related risks and opportunities, including climate-related matters. These responsibilities are integrated within our existing governance framework to ensure alignment between sustainability priorities, enterprise risk management, and long-term business strategy.

Leadership in Sustainability

Our Board of Directors holds ultimate oversight responsibility for sustainability matters, including climate-related risks and opportunities. Our Board currently consists of nine directors, including our Chief Executive Officer.

The Board provides strategic direction and oversight of management's approach to sustainability and regularly receives updates on key sustainability priorities, risks, and performance.

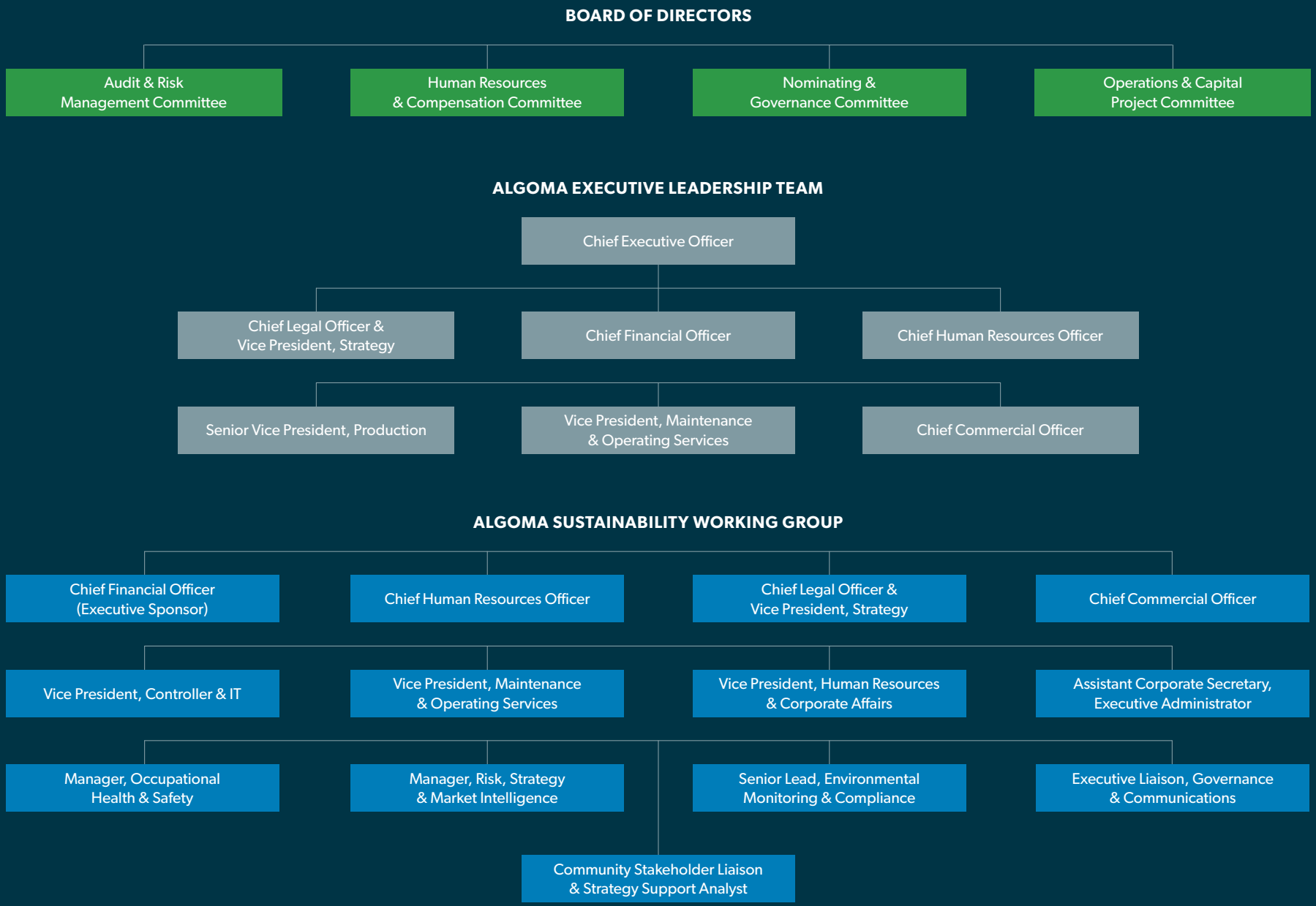
The Nominating and Governance Committee leads sustainability oversight, coordinates with other Board committees, and reports to the Board. The committee reviews emerging sustainability issues, monitors progress against sustainability priorities and oversees the integration of sustainability considerations into our governance framework, including climate change oversight as part of its mandate. The Audit and Risk Management Committee oversees Algoma's Enterprise Risk Management ("ERM") program and advises the Board on the effectiveness of our risk management practices, including sustainability and climate-related risks. Additional details on our Board of Directors and its committees are available on the **Governance** section of our Investor Relations website.

Our Chief Executive Officer holds the highest level of management responsibility for sustainability, including climate-related matters, and reports to the Nominating and Governance Committee at least quarterly.

Management oversight of sustainability initiatives is supported by a cross-functional sustainability working group comprised of representatives from key operational and corporate functions. This group helps coordinate the implementation of sustainability initiatives, monitor progress, and support integration of sustainability considerations into operational and strategic decision-making.



FIGURE 3: SUSTAINABILITY WORKING GROUP



Board Skills and Education

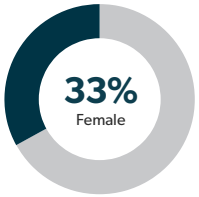
To ensure strong sustainability oversight, our Board Skills Matrix includes expertise in areas such as business development, strategic growth, public company governance, environment, safety, sustainability, human capital management, labour relations, legal, compliance, enterprise risk management, technology, and cybersecurity. This matrix is detailed in Algoma's Management Information Circular currently filed on SEDAR+ and EDGAR.

Key Skills and Experience

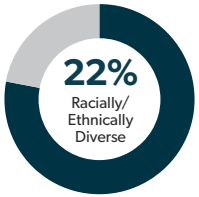


Composition and Diversity of Director Nominees

GENDER DIVERSITY



RACIAL/ETHNIC DIVERSITY

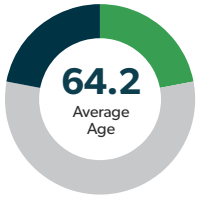


TENURE



- **56%** | 4-5 years
- **11%** | 3-4 years
- **11%** | 1-2 years
- **22%** | 0-1 year[4]

AGE



- **22%** | 70s
- **56%** | 60s
- **22%** | 50s

[4] Rajat Marwah was appointed Director and CEO effective January 1, 2026.

Algoma supports ongoing director development through a combination of onboarding, operational exposure, and continuing education. New directors are provided with comprehensive orientation materials outlining our operations, governance practices, and strategic priorities, and have access to senior management to deepen their understanding of the business and the steel industry. Directors are also provided opportunities to visit our facilities to enhance their understanding of operations and key risks.

Directors are encouraged to pursue ongoing education to support effective oversight. In 2025, Board members participated in a broad range of training and development sessions aligned with emerging risks and strategic priorities. These included topics such as climate and nature-related accountability, cybersecurity and ransomware risk, artificial intelligence and digital transformation, global trade and regulatory developments, enterprise risk management, crisis management, and corporate governance practices, including CEO succession and stakeholder engagement. Directors also participated in programs and sessions delivered by leading institutions and organizations, including the Institute of Corporate Directors ("ICD"), Global Competent Boards, the Global Risk Institute, National Association of Corporate Directors ("NACD"), and Harvard Business School, among others.

Algoma's approach to sustainability is supported by a range of sustainability-related policies that can be found on our **Sustainability Documentation** page on our corporate website. These policies are regularly reviewed to ensure they remain relevant and aligned with our business operations.

Board Diversity

As of December 31, 2025, women hold 33% of Board positions, and 22% of Board members identify racially and/or ethnically diverse.

Algoma is committed to a diverse and inclusive Board. Our **Board Diversity Policy** supports broader perspectives on governance. We are actively:

- → Expanding candidate searches beyond existing networks
- → Directing search firms to include diverse candidates
- → Maintaining a pipeline of diverse Board candidates

While the Board has not adopted specific Board diversity goals, the Board aims to maintain a Board in which each gender represents at least 30% of the Board.

33%

of Board positions are held by women as of December 31, 2025.

22%

of Board members identify as racially and/or ethnically diverse as of December 31, 2025.

30%

minimum representation per gender is the Board's target for gender diversity.

Executive Compensation

Our Human Resources and Compensation Committee oversees executive compensation to attract, retain, and motivate top talent while aligning executive incentives with Algoma's long-term business objectives.

Our executive compensation program includes base salary and short-term incentives, with 10% linked to safety performance (lost time injury rate). Our annual short-term incentive program also incorporates qualitative, business plan-driven strategic initiatives, including sustainability and climate-focused priorities. This program applies to executive management and other eligible employees, with all non-unionized employees eligible to participate. The program also includes long-term incentives, which include equity-based awards that align executive compensation with shareholder value creation and our long-term strategy. All executive long-term incentive awards are tied to clearly defined and disclosed performance measures, along with established vesting conditions. In the case of resignation or termination with cause, unvested equity awards are forfeited.

Our **Clawback Policy** allows for the recovery of incentive compensation if, following the restatement of our financial results due to its material non-compliance with financial reporting requirements under the securities laws, it is later determined that performance measures were misstated or not met. In addition, the Clawback Policy provides for the recovery of incentive-based compensation in circumstances where an executive officer engages in fraud, criminal misconduct, gross negligence or other intentional and serious misconduct that results in an accounting restatement. Further details on executive compensation are outlined in Algoma's Management Information Circular currently filed on SEDAR+ and EDGAR.



Algoma has a long-term incentive plan for non-union employees that supports attraction and retention and is aligned with Algoma's performance. The performance targets are reviewed and approved annually by the Board of Directors. Additional details are provided in the **Compensation and Benefits** section of this report.

Business Ethics and Transparency

Integrity is a core value at Algoma Steel. We are committed to fostering a culture of trust, honesty, and respect, recognizing that ethical business practices are fundamental to our long-term success. Operating in Canada — scoring 75/100 and ranked 16th as per Transparency International's Corruption Perceptions Index[5] — minimizes our risk of exposure to corruption, but upholding the highest standards of ethics and transparency remains a top priority. Our approach is grounded in strong governance practices, clear policies, and a culture of accountability across all levels of our organization. Business ethics is overseen at the highest levels, with the Audit and Risk Management Committee providing governance oversight and the Ethics Committee — comprising of the Chief Human Resources Officer, Chief Financial Officer and Chief Legal Officer & Vice President, Strategy — monitoring ethical risks and compliance.

Algoma conducts periodic internal audits to assess compliance with ethical standards, bribery prevention, regulatory requirements, and our **Disclosure and Confidentiality Policy**. This policy is designed to ensure that we provide transparent and timely disclosures while protecting sensitive and confidential information. Findings are reported to the Ethics Committee, and remediation plans are implemented as needed. A quarterly report summarizing compliance trends and key actions is reviewed by the Audit and Risk Management Committee.

As a publicly traded company, Algoma complies with a Sarbanes-Oxley ("SOX") compliant internal control framework, reinforcing strong governance and accountability. The discipline and rigor of this framework support the reliability of sustainability-related data and disclosures, contributing to transparent and credible sustainability reporting.

Our **Code of Business Conduct and Ethics** (the "Code") sets the standard for how we operate and supports our core values of safety, teamwork, integrity, and caring. It provides clear expectations to guide ethical decision-making across the organization and applies to all employees, supervisors, senior managers, and officers. The Code is reviewed and approved by our Board of Directors.

The Code outlines our responsibilities related to compliance with laws and regulations, fair competition, conflicts of interest, and the protection of confidential information, while also establishing expectations for relationships with suppliers, customers, and public officials. It reinforces our commitment to anti-bribery, anti-corruption, and human rights, as well as health, safety, and environmental responsibility. We updated the Code to enhance clarity and transparency by explicitly defining the prohibition of bribery, corruption, kickbacks, and other improper payments, and adding references to our **Human Rights Policy** and Responsible and Ethical Use of Artificial Intelligence Policy. Employees are expected to act in accordance with the Code and are encouraged to raise concerns or report potential violations without fear of retaliation.

All employees receive mandatory training on the Code upon joining Algoma, covering topics such as bribery prevention, conflicts of interest, whistleblower protections, and ethical decision-making. Compliance is actively monitored, with periodic refresher training required. As of December 31, 2025, 82% of employees are up to date with Code training requirements. 2025 reflects a year of significant organizational change, as we progressed toward our EAF transition, resulting in increased employee movement across roles and departments and creating challenges in maintaining 100% alignment with internal Code training requirements.

Algoma complies with all applicable federal and provincial political financing legislation, including requirements set out by Elections Canada and Elections Ontario. We do not make financial contributions or donations to political parties.



[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.



In 2026, Algoma introduced a formal **Human Rights Policy** that provides a more complete statement of our position on human rights across our operations and value chain.

The policy is overseen by our Board of Directors and reflects internationally recognized human rights standards; where Algoma's expectations exceed local law, the higher standard applies. It applies to employees, with expectations extended to contractors, suppliers, and business partners. The policy sets zero tolerance for forced labour, child labour, human trafficking, and modern slavery, and affirms respect for the rights of Indigenous Peoples and meaningful engagement with affected communities. Implementation is supported by risk-based due diligence, including risk assessment, supplier screening, contractual integration, and monitoring and remediation. The policy is incorporated into our **Code of Business Conduct and Ethics**, our **Vendor Code of Conduct**, and supplier and contractor agreements.

Algoma also enforces policies such as our **Insider Trading Policy**, which prohibits employees, officers, and other insiders from trading on material non-public information, with a view to fairness and transparency in the financial markets.

We recognize that even the most robust controls cannot fully eliminate the risk of ethical breaches. To support a culture of transparency and accountability, Algoma has a **Whistleblower Policy** that allows employees, contractors, and stakeholders to report concerns related to misconduct, fraud, legal violations, or unethical behaviour — confidentially and, if preferred, anonymously — through a secure, third-party platform. All reports are reviewed by Algoma's Ethics Committee, with the Chief Executive Officer included for more serious cases. The process includes thorough investigation by the Internal Audit team, followed by Ethics Committee recommendations, implementation of any necessary remediation or mitigation actions, and ongoing monitoring and reporting. We maintain a strict non-retaliation policy, protecting those who report in good faith, and expect full cooperation in all internal investigations.

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In 2025, zero monetary settlements due to legal proceedings related to bribery, corruption, or ethics violations.

Responsible Supply Chain Management

We extend our commitment to ethical conduct beyond our operations through responsible supply chain practices. Our policies align with international best practices and our Code of Business Conduct and Ethics, ensuring accountability across our operations and supplier network.

We maintain a zero-tolerance policy for forced labour, child labour, human trafficking, and other human rights violations within our operations and supply chain. Our **Vendor Code of Conduct** reinforces these expectations by requiring suppliers to comply with applicable labour and human rights laws, uphold ethical business practices, and operate with transparency and integrity. Approximately 99% of Tier 1 suppliers are based in Canada and the United States, which reduces our exposure to environmental and social risks related to sourcing of critical value chain inputs. As part of our transition to EAF steelmaking, in 2025 Algoma exited coal and mining-related supply contracts, reducing exposure to certain higher-risk areas within the supply chain.

In 2024, we conducted a Forced Labour and Child Labour Risk Assessment in partnership with beeAware Consulting. While our direct operations pose low risk, we identified higher-risk categories in alloys, scrap, refractories, back-up rolls, and steel slabs. To address these risks, Algoma has implemented and continues to enhance a range of mitigation measures. These include strengthening oversight of scrap sourcing through our partnership with Triple M Metals and expanding employee training to support the identification of forced and child labour risks.

In 2025, Algoma Steel conducted a targeted survey of suppliers with over $5 million in annual spend within identified high-priority categories, including alloys, scrap, refractories, backup rolls, and steel slabs, using self-assessment questionnaires to evaluate alignment with expectations related to forced labour, child labour, and broader human rights practices. The results indicate that over 80% of suppliers have established policies addressing human rights, typically embedded within codes of conduct or broader ethical frameworks. Algoma continues to publish an annual Forced Labour and Child Labour Report, outlining our approach, risks, and mitigation efforts.

Looking ahead to 2026, we plan to strengthen our supplier engagement approach through a standardized, technology-enabled annual survey. This process will enhance data collection, analysis, and risk monitoring, while improving supplier experience. The survey will target suppliers representing the top 25% of procurement spend, supporting a more focused, risk-based approach to oversight. Internally, we plan to develop and implement an annual training program on forced and child labour through our Learning Management System ("LMS"), focused on employees in roles with potential exposure to these risks, including the executive team, procurement, legal, risk, human resources, and internal audit.

Concerns related to potential violations of our **Vendor Code of Conduct** can be reported through our **Whistleblower Policy** or other established reporting channels, which allow for anonymous reporting and are monitored by Algoma's compliance team.



100%

of Procurement staff is trained on forced labour and child labour regulation as of December 31, 2025.

ANALYST CORNER

SASB EM-IS-430a.1

Risk Management

Algoma integrates sustainability and climate-related risks into our company-wide risk management framework to promote proactive identification, monitoring, and mitigation. The Executive Risk Committee, composed of the entire executive team, oversees key risks and ensures appropriate resource allocation and reporting to the Board of Directors.

The Audit and Risk Management Committee provide governance oversight, with a view to our risk management processes remaining effective in managing uncertainty and supporting long-term business success.

Our ERM framework provides a structured approach towards identifying and mitigating strategic risks. The framework centralizes risk reporting, assigns ownership to senior leaders, and leverages Key Risk Indicators ("KRIs") to monitor risk exposure and validate severity. By embedding sustainability risks into the risk register and integrating them into decision-making, Algoma improves our financial resilience, operational sustainability, and long-term competitiveness.

In 2025, Algoma made substantial progress in advancing the maturity of our risk management practices. Key accomplishments include:

- **The environmental risk register,** initially under development in 2024, has been fully deployed across our operations. This register systematically captures process and equipment-related environmental hazards.
- **Departmental-level risk visibility** continues to strengthen our ability to identify and manage emerging risks closer to the source. By extending risk ownership and reporting into individual departments, we have enhanced the granularity and timeliness of our risk intelligence, supporting more informed strategic planning and resource allocation. Monthly KRIs reporting and tracking is now producing actionable results, enabling risk owners to monitor trends and inform mitigation strategies with greater precision.
- **Safety and environmental risks**, elevated to top-tier status during our 2024 enterprise risk workshop, continue to receive the same level of scrutiny and oversight as other strategic risks.



STRENGTHENING COMPLIANCE AND GOVERNANCE

As a natural extension of our maturing risk program, Algoma implemented a centralized Compliance Management System in 2025 to serve as a single repository for all regulatory and contractual obligations spanning safety, environmental, operational, financial, and human resources domains. The system assigns ownership of each obligation at the appropriate level within the organization, ensuring accountability and enabling timely completion through a structured and focused approach to document control. With built-in escalation protocols to designated sponsors, the system provides early visibility into upcoming deadlines and potential gaps, allowing for proactive intervention before issues arise. Since implementation, we are seeing positive results in both the consistency of obligation tracking and the responsiveness of action owners, reinforcing a culture of compliance discipline across the organization.

Cybersecurity

The Board's Audit & Risk Management Committee provides oversight of cybersecurity at Algoma and receives reports on a quarterly basis at a minimum.

In addition, periodic deep-dive sessions are conducted to provide detailed insights into key risk areas, along with the mitigation strategies in place to address them. Algoma has not experienced any material cybersecurity breaches to date. Our cybersecurity program is aligned with the NIST Cybersecurity Framework, and we conduct recurring third-party maturity assessments to benchmark and continuously improve our capabilities. We are also actively progressing toward compliance with NIST SP 800-171, which we anticipate will be a requirement for participation in Canadian government-sponsored projects.

To strengthen our human defense layer, we maintain a comprehensive cybersecurity awareness and training program for all employees. This includes ongoing education as well as simulated phishing campaigns to reinforce vigilance and reduce susceptibility to social engineering threats.

We have established an Artificial Intelligence ("AI") Committee which includes the development of a Responsible and Ethical Use of AI Policy to guide employee use of AI technologies. As we expand the use of AI, we are aligning our governance approach with the NIST Risk Management Framework ("RMF") playbook for AI, with oversight provided by the Chief Financial Officer. This includes implementing appropriate risk controls, validation processes, and maintaining a human-in-the-loop review model to ensure that no AI-driven changes are deployed to production environments without appropriate oversight and approval.

100%

of salaried employees completed mandatory cybersecurity training in 2025.



Environment



Dedicated to Building a Greener Future

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.

Greenhouse Gas Emissions and Climate Change

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 market 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 emission 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.

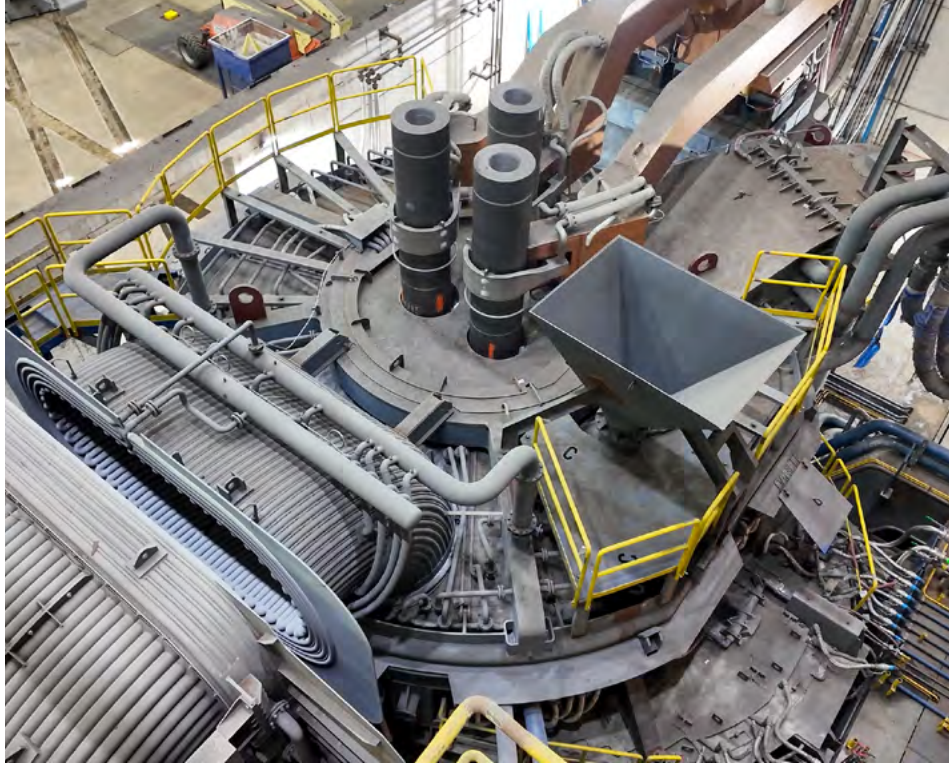
The projected increase in demand for low-carbon steel offers the opportunity for Algoma to become a climate change leader and contribute towards a sustainable and environmentally responsible future for Canadian steel production. To this end, we support the objectives of the Paris Agreement and as a member of the CSPA, we are aligned with the objectives of the CSPA, including our shared aspirational goal to achieve carbon neutrality by 2050. Algoma has established emissions reduction targets aligned with our decarbonization strategy, including a target to reduce Scope 1 GHG emissions by approximately 50% by 2027 and by approximately 70% by 2030, relative to Historical Emissions.

SCOPE 1 GHG EMISSIONS REDUCTION TARGETS

(Relative to Historical Emissions)

~50%
2027 Target

~70%
2030 Target







We continue working towards being a 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 sustainability approach evolves over time.

Climate Change Governance

Climate-related governance is embedded at both the Board and management levels. The Board of Directors maintains oversight of sustainability, including climate-related risks and opportunities, with the Nominating and Governance Committee providing primary support. Management, led by our Chief Executive Officer, is responsible for executing our sustainability strategy and regularly reports to the Board on climate-related matters.

ESG Global Advisors has provided ongoing education to the Board. Directors are encouraged to pursue education on climate change-related matters to continue further developing Board climate change expertise. Members of the Board have undertaken climate change-related training including the Institute of Corporate Directors ("ICD") Board Oversight of Climate Change course and Competent Boards Climate, Sustainability and ESG course. Other climate-related education topics and/or designations include Climate Governance, Climate and Biodiversity, and Climate Regulation.

Our Chief Executive Officer has the highest level of management responsibility for sustainability 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 Strategy

Climate change and decarbonization are central to Algoma's strategy. We recognize the critical role the steel industry plays in addressing climate change and are committed to being part of the solution. Algoma is executing our decarbonization strategy through the transition to EAF steelmaking. Following the cessation and commencement of decommissioning activities of our legacy integrated steelmaking assets in January 2026, we now produce steel exclusively through EAF. This fundamental shift in our operating model is expected to significantly reduce our carbon emissions and positions Algoma as a lower-carbon steel producer in North America. We continue to focus on optimizing EAF operations, improving energy efficiency, and advancing additional emissions reduction opportunities to support our long-term climate objectives.

The ESG Materiality Assessment conducted in 2022 (the "2022 ESG Materiality Assessment") (for more details see the previous section on our **ESG Materiality Assessment**) included 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

Climate change presents both risks and opportunities that are closely linked to Algoma's business strategy. As an EITE industry, steel production is directly impacted by evolving climate policies, carbon pricing, and increasing demand for lower-carbon products.

Algoma is subject to evolving environmental laws and regulations, including those governing GHG emissions. Compliance with these requirements could result in increased capital and operating costs and could impact operational flexibility. Carbon pricing and emissions performance

standards remain key considerations. Variability in operations may result in emissions exceeding applicable benchmarks, requiring the purchase of compliance instruments. In addition, Algoma competes in markets where not all producers face equivalent carbon costs, which may impact competitiveness. Changes in climate-related regulation, policy, or enforcement, as well as evolving market expectations, may further affect demand, cost structures, and financial performance.

At the same time, the transition to a low-carbon economy presents significant opportunities for Algoma. Demand for lower-carbon steel is increasing as governments and customers work toward net-zero targets. Following the transition to EAF steelmaking and the cessation and commencement of decommissioning activities of legacy integrated operations, Algoma is positioned to produce steel with a significantly lower emissions profile compared to traditional blast furnace-based production. EAF steelmaking uses recycled scrap and electricity, reducing reliance on coal and lowering overall emissions intensity. Ontario's low-carbon electricity grid further enhances this advantage, enabling Algoma to produce steel with a lower emissions profile relative to many global producers. This positions us to meet growing demand for lower-carbon steel in key sectors such as infrastructure, automotive, and manufacturing. In addition, government programs supporting industrial decarbonization may provide opportunities to offset capital costs and support continued investment in lower-carbon technologies and infrastructure.

Through our transition to EAF steelmaking and continued focus on operational efficiency and emissions reduction, Algoma is strengthening our ability to manage climate-related risks while capturing opportunities associated with the shift to a lower-carbon economy. This transition supports the long-term sustainability and resilience of the business by enhancing competitiveness, reducing exposure to carbon-related costs, and aligning with evolving market and regulatory expectations.

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, the 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 a strong focus on decarbonizing operations and GHG emissions reductions. With the cessation and commencement of decommissioning activities of our legacy integrated assets in 2026, Algoma has fully transitioned to EAF-based steel production, fundamentally shifting our operating model and significantly reducing our GHG emissions. We remain focused on optimizing operations, managing carbon pricing exposure, and advancing opportunities in lower-carbon steel. 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. We are actively exploring additional reduction measures related to electrification, energy efficiency, carbon capture and storage.





EXPLORING CARBON CAPTURE POTENTIAL

We are actively evaluating the carbon capture potential of both legacy basic oxygen furnace ("BOF") steel slag, as part of an integrated decarbonization strategy. Initial work includes assessing direct air capture ("DAC") technologies to concentrate atmospheric carbon streams; however, we are also exploring pathways to utilize industrial carbon emissions to improve overall system efficiency. Steelmaking slags produced from BOF and EAF processes contain reactive alkaline phases — such as free calcium oxide, magnesium oxide, and calcium silicates that can permanently bind carbon through mineral carbonation. In 2025, we initiated a pilot-scale trial to evaluate the accelerated recarbonation of legacy BOF steel slag under controlled conditions. The trial is designed to test the effectiveness of exposing prepared slag materials — optimized through size reduction, iron oxide minimization, and potential blending with alkaline additives — to atmospheric carbon within a managed process environment. The recarbonated material may subsequently be utilized in the concrete industry, providing a durable end-use that effectively stores carbon in a stable, long-lived form.





To ensure we are responding to customer expectations for lower carbon intensity products and transparently communicating the environmental performance of our products, in 2025, we developed EPDs, including lifecycle assessments for all steel products produced by Algoma, enabling us to clearly demonstrate their environmental performance across the full product lifecycle. Following our transition to EAF steelmaking and the cessation and commencement of decommissioning activities of our legacy integrated assets, updated EPDs will be released in 2026 to reflect our current operating model.

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. With the cessation and commencement of decommissioning activities of our blast furnace and coke oven operations and the transition to EAF steelmaking in January 2026, we have eliminated coal-based steelmaking from our operations, significantly reducing our exposure to carbon pricing.

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

We have not yet conducted climate change scenario analysis given capacity constraints but will evaluate our capacity to do so in the future. We plan 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.

Climate-related Risk Management

We are committed to integrating climate-related risks into our firm-wide risk management policies and processes. Algoma's sustainability risk management, including climate-related risks, is described in detail in the **Risk Management** section. Material climate-related risks are identified, assessed, and managed alongside all other Company risks through Algoma's existing risk management process.

Climate Change Metrics and Targets

Algoma has established emissions reduction targets aligned with our decarbonization strategy, including a target to reduce Scope 1 GHG emissions by approximately 50% by 2027 and by approximately 70% by 2030, relative to 2018 and 2019 levels. For more details, see section **Sustainability Strategy and Performance Targets** in this report.

Following the transition to EAF steelmaking in 2026, early improvements in our Scope 1 emissions are already being observed. For further details, see the **Transforming Our Greenhouse Gas Emissions Profile** section.

Algoma tracks and reports Scope 1 and Scope 2 GHG emissions and emissions intensity as key performance indicators. Emissions data is prepared in accordance with regulatory requirements and is subject to third-party verification. As part of our ongoing commitment to transparency, Algoma also reports climate-related information through our sustainability disclosures and external frameworks, including the TCFD recommendations.

As EAF operations continue to mature, Algoma expects to realize further improvements in emissions performance through increased operational efficiency, continued electrification, and ongoing process optimization. We continue to evaluate additional opportunities to reduce emissions and enhance environmental performance over time. We are also currently exploring opportunities and initiatives to prove our direct air carbon capture using legacy slag materials.

Note that our emissions data for the calendar year 2025 reflects our blast furnace operations as we did not cease and begin decommissioning our integrated assets until January 2026. Scope 1 GHG emissions data for calendar year 2025 is expected to receive assurance through a third-party verification conducted by PwC by September 2026.

We have identified a set of metrics to monitor our performance on sustainability 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 the table below).

Greenhouse Gas Emissions and Climate Change Metrics

SCOPE	METRIC	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Gross global Scope 1 emissions[6]	Metric tons (t) CO_2e	SASB EM-IS-110a.1 TCFD Metrics and Targets b)	4,111,476	3,936,243	4,292,167	4,226,732	4,024,463
Gross global Scope 2 GHG emissions	Metric tons (t) CO_2e	TCFD Metrics and Targets b)	NRP	14,115	24,877	24,765	22,356
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	100	100
Scope 1 GHG emissions intensity	Metric tons (t) CO_2e/ Metric ton of steel	TCFD Metrics and Targets b)	1.71	1.86	1.86	2.04	2.07
Scope 1 and 2 GHG emissions intensity	Metric tons (t) CO_2e/ Metric ton of steel	TCFD Metrics and Targets b)	NRP	1.91	1.84	2.05	2.08
Percentage of steelmaking production using coke and iron	Percentage (%)	TCFD Metrics and Targets a)	100	100	100	100	100
Percentage of steelmaking production using EAF	Percentage (%)	TCFD Metrics and Targets a)	0	0	0	0	2.5
Internal carbon price[7]	Amount ($)	TCFD Metrics and Targets a)	40.00	50.00	65.00	80.00	95.00

[6] 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.

[7] 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-making.

Decarbonizing Our Supply Chain

Addressing Scope 3 emissions is an important component of Algoma's climate strategy, with a focus on reducing emissions associated with the transportation of raw materials and finished products.

A key initiative is our partnership with McKeil Marine Limited to introduce the M/V Blair McKeil, an advanced shipping vessel equipped with a custom TMS crane solution. Beginning in 2026, the vessel will deliver finished steel to customers and return with steel scrap for use in EAF operations. This dual-use approach reduces empty return trips, lowers transportation-related emissions, and supports a more circular supply chain.

In addition to this initiative, Algoma is optimizing logistics across our supply chain, including the use of dual-use trailers, enhanced material flow planning, and expanded marine shipping solutions to improve efficiency and reduce emissions intensity.

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

Steel production can generate significant air emissions, particularly in integrated steelmaking processes that rely on coal-based cokemaking and ironmaking processes. Managing and reducing these emissions is critical to protecting air quality and the health of the communities surrounding our operations.

In January 2026, Algoma ceased operating and began decommissioning our integrated ironmaking and cokemaking assets and transitioned to producing steel exclusively through EAF technology. This represents a fundamental change in our operating model and a significant step change in our air emissions profile.

EAF steelmaking eliminates several of the most emissions-intensive sources associated with traditional steel production, including coke ovens and blast furnace operations. As a result, emissions of sulfur dioxide, particulate matter, and other combustion-related air contaminants are expected to be significantly reduced or eliminated from our operations. With the first EAF unit operational since July 2025 and full transition to EAF steelmaking in January 2026, we will see improvements in our overall air emissions profile in 2026.

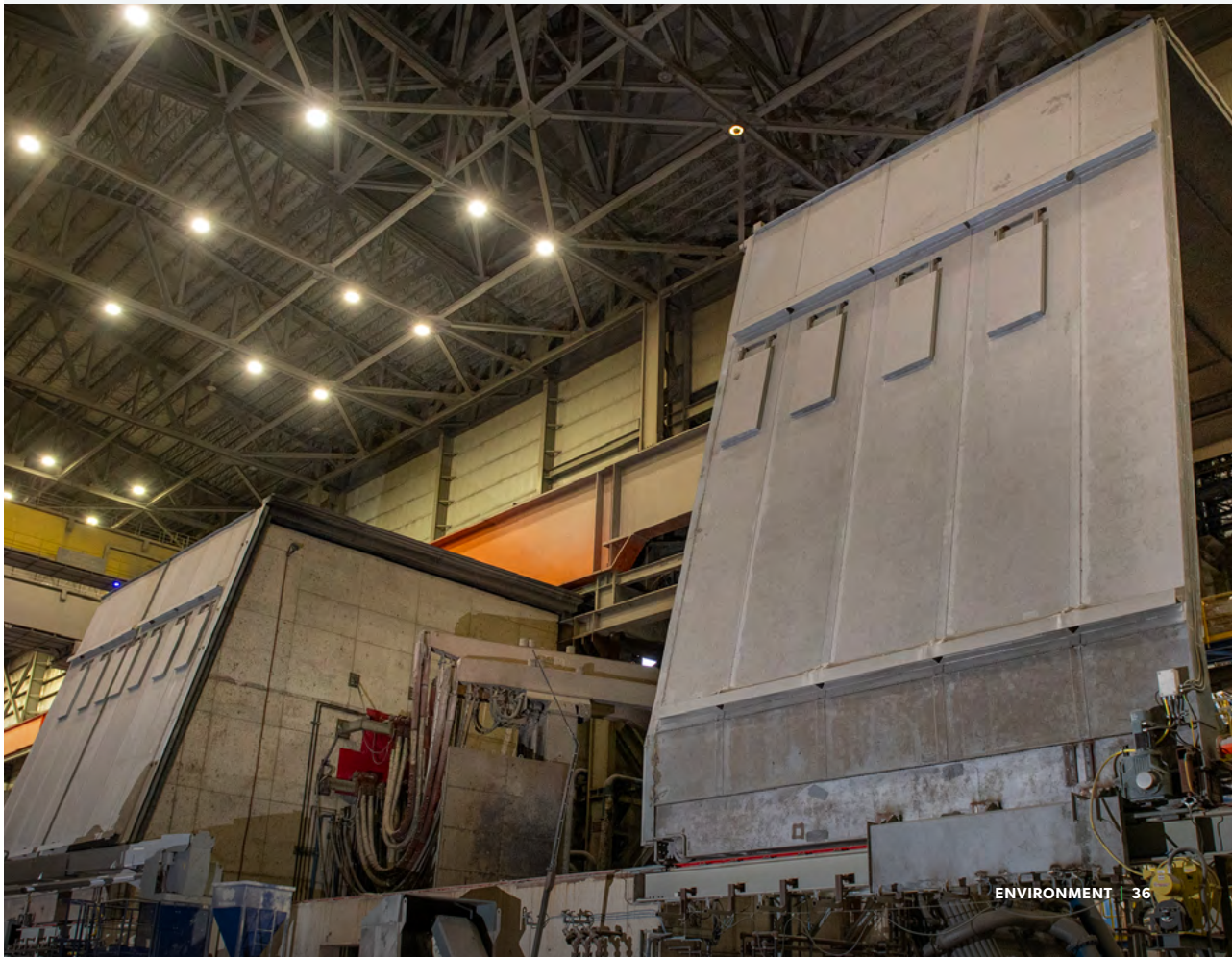
Algoma operates under Ontario's Environmental Protection Act and associated regulations, and compliance with applicable air quality standards remains a core requirement across all operations. With the transition to EAF steelmaking, our operations are expected to align with general Ontario air quality standards, reducing the need for site-specific or technical standards that were previously required for integrated steelmaking. Improvements

NOISE CONTROL IN EAF OPERATIONS

Noise control was a key design consideration in Algoma's EAF facility, with measures implemented to reduce impacts on employees, surrounding operations, and the local community.

Each furnace is housed within a fully enclosed structure, commonly referred to as the "doghouse." The enclosure is constructed with reinforced concrete walls approximately 22 inches thick and 80 feet tall, designed to contain noise generated during steelmaking operations. The furnace is further enclosed by large access doors made of steel skins with integrated sound insulation, approximately 12 inches thick. These doors open during furnace charging and close during operation, fully encapsulating the EAF while the furnace is arcing.

Together, the wall and door systems are designed to reduce noise levels within the building by approximately 30 decibels.





in air quality performance are supported by targeted investments in emissions control technologies. Algoma has commissioned advanced fume treatment systems designed to capture and treat emissions from EAF operations and installed engineered furnace enclosures to contain emissions, dust, and noise at source. These systems are complemented by ongoing maintenance and upgrades to supporting infrastructure to ensure consistent environmental performance across the site.

Our approach to air emissions management is supported by continuous monitoring, emissions modelling, and regulatory reporting. As part of the EAF permitting process, the Ministry of the Environment, Conservation and Parks ("MECP") has reviewed and incorporated updated emissions estimates into our performance tracking, improving the accuracy and transparency of our reporting. In 2025, Algoma received regulatory approval for our EAF-related air emissions framework, confirming that the design and operation of our new facilities are aligned with Ontario's air quality requirements.

Under the *Canadian Environmental Protection Act,* we maintain a pollution prevention plan that was originally developed to reduce emissions from cokemaking and associated processes. This plan has been updated to reflect our transition to EAF steelmaking, with the expected outcome of achieving emissions performance that exceeds applicable regulatory requirements.

Algoma maintains open communication with regulators, local stakeholders, and community members to ensure transparency and responsiveness on air quality matters. To support an open dialogue on environmental issues with the community, we have established a community engagement program and are committed to frequently reporting on our environmental performance. We host a minimum of two Community Open Houses annually where community members and local businesses are invited to learn more about our environmental performance, sustainability initiatives, and to ask questions. 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 meetings 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 environmental approvals in effect. To ensure the objectives of the CLC are met, we provide information to the members as necessary on an ongoing basis. We also publish monthly reports on environmental concerns on our website and host at least two public open houses annually, supporting transparency, accountability, and ongoing communication with stakeholders.

Air emissions performance data is reported annually and is available in the **Sustainability Performance Metrics** section of this report.

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SASB EM-IS-120a.1 - see Sustainability Performance Metrics section

Energy Management

Steel production is energy-intensive, and energy management plays a critical role in both operational performance and environmental impact.

At Algoma, electricity and fuel consumption represent a significant portion of production costs, making energy efficiency and reliability essential to maintaining competitiveness.

With the transition to EAF steelmaking in January 2026, electricity has become the primary energy source for our operations. This shift reduces reliance on coal-based energy and supports a lower-emissions production process, enabled by Ontario's low-carbon electricity grid.

Our transition to EAF steelmaking represents one of Canada's largest industrial decarbonization projects and is central to strengthening our competitiveness through all market cycles while supporting long-term economic activity in Northeastern Ontario. As an EAF producer, reliable access to low-carbon electricity is critical to our operations and long-term decarbonization strategy. However, existing transmission infrastructure in Sault Ste. Marie has been operating at capacity and unable to access surplus power available north of the city. To enable our transition, we invested in our Lake Superior Power ("LSP") natural gas power plant to ensure sufficient on-site generation capacity while broader transmission solutions are advanced.

We have also actively advocated for expanded transmission infrastructure to support our operations and regional demand. A new 230 kV transmission line into Sault Ste. Marie was approved in 2024 and is expected to be completed by the end of 2027, improving access to electricity supply.



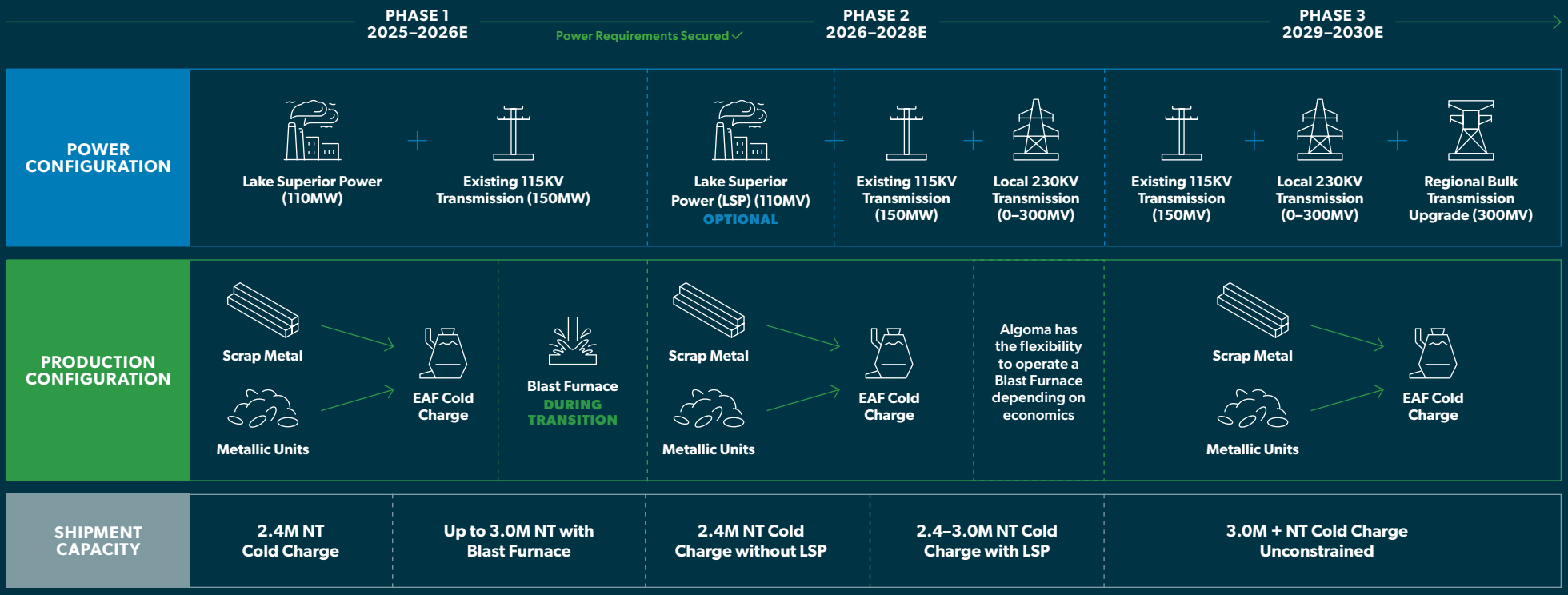
To support EAF operations, we have enhanced our internal power generation capabilities and secured the necessary approvals to connect to the provincial grid. We continue to work closely with the Independent Electricity System Operator ("IESO") and transmission partners to ensure reliable, long-term access to low GHG intensity electricity.

Hydro One Networks Inc. is advancing two major projects to strengthen transmission capacity between Sudbury and Sault Ste. Marie, with completion anticipated in 2029. These include the Northeast Power Line, a new 500 kV transmission line from Sudbury to Thessalon, and the North Shore Link, which will extend capacity to Sault Ste. Marie through two new 230 kV transmission lines.

At the local level, we work closely with PUC Transmission LP and PUC Distribution Inc. to support reliable electricity delivery. PUC Transmission is constructing a new 230 kV transmission line connecting Hydro One's Third Line Station to a new transformer station near our site. Construction began in 2025, with completion expected by the end of 2027.

Improving energy efficiency remains a key focus across our operations. Algoma continues to implement initiatives that reduce energy consumption, improve process efficiency, and lower operating costs. Our DSPC is a key example of this approach. As North America's only thin slab caster with direct hot rolling capability, DSPC reduces energy consumption by approximately 40% compared to conventional steelmaking methods.

FIGURE 4: ENERGY USE CHANGE OVER TIME



In addition, Algoma has begun developing a comprehensive Energy Management System to enhance the monitoring and management of key resources across the operation, including water, air, gases, energy, and steam. This initiative is intended to improve visibility into resource consumption, support the identification of efficiency opportunities, reduce operating costs, and contribute to lowering GHG emissions.

With EAF steelmaking now fully implemented, Algoma's energy profile is shifting toward increased electricity use and reduced reliance on fossil fuels. This transition is expected to lower overall emissions intensity while improving energy efficiency over time. Algoma continues to evaluate opportunities to further optimize our energy mix, infrastructure, and operational performance as EAF operations mature.

Algoma tracks energy consumption and intensity as part of our environmental performance monitoring and reporting. Over time, we have achieved reductions in energy intensity per tonne of steel, and we expect this trend to continue. Our energy performance data is available in the **Sustainability Performance Metrics** section of this report.

ANALYST CORNER

SASB EM-IS-130a.1 - see Sustainability Performance Metrics section

SASB EM-IS-130a.2 - see Sustainability Performance Metrics section

Waste and Hazardous Materials Management



Steel production generates by-products such as slag, dust, and sludges, which must be carefully managed to minimize environmental and human health impacts.

At Algoma, responsible waste management is an integral part of our operations, supporting regulatory compliance, reducing costs, and advancing our sustainability objectives.

Algoma manages waste and hazardous materials in accordance with applicable environmental regulations and internal policies, including our **Environment Policy** and **Code of Business Conduct and Ethics**. Our Environment Department oversees these activities, with a focus on reducing waste generation, minimizing hazardous materials, and increasing recycling and reuse.

Steel is inherently recyclable, and circularity is a key component of Algoma's approach to waste management. In 2025, approximately 70% of waste materials generated from our operations were reused or recycled. As an EAF steel producer, Algoma has increased our use of recycled steel scrap as a primary input, reducing reliance on raw materials and supporting a more circular production model. Learn more in the **Circular Steel Production** section of this report.

In addition to scrap utilization, Algoma continues to identify beneficial uses for by-products generated through steelmaking. Materials such as slag, sludges, scale, and dust are evaluated for reuse opportunities in construction, material recovery, and other industrial applications, reducing landfill disposal and recovering value from these materials.

In 2025, we continued to produce and market granulated blast furnace slag ("GBFS") as a value-added co-product of our steelmaking operations. Through controlled water granulation, molten blast furnace slag is rapidly quenched to form a glassy, cementitious material suitable for use as a supplementary cementitious material in concrete. The use of GBFS in concrete applications significantly reduces the carbon intensity of construction by displacing a portion of ordinary Portland cement, which is a major source of global CO_2 emissions. By supplying GBFS into the concrete and infrastructure markets, Algoma supports a circular economy approach — diverting material from waste streams while enabling lower-carbon building solutions. As an EAF steel producer, we continue to evaluate opportunities to expand the beneficial use of both legacy and newly generated slag materials, including their potential role in carbon capture and permanent mineralization pathways.

As part of our transition to EAF steelmaking, we are also managing new by-products, including EAF dust, which is classified as a hazardous material. Algoma has established a partnership with a specialized recycling facility to process this material, enabling it to be diverted from landfills and reused in the recovery of valuable metals.

Algoma also supports research and innovation to further advance waste reduction and resource recovery. In collaboration with Algoma University, we are exploring phytoremediation techniques for slag reuse, including assessing the recovery potential of elements such as zinc, cadmium, lithium, and rare earth materials. This initiative includes participation from Batchewana and Garden River First Nations and provides hands-on research and training opportunities for students. Learn more about this initiative in the **Phytoremediation Research Partnership** section of this report.

Our approach to waste management is supported by our ISO 14001:2015-certified environmental management system, which includes regular monitoring, audits, and continuous improvement initiatives. Algoma continues to evaluate opportunities to reduce waste generation and improve material recovery across our operations. This includes ongoing monitoring of environmental performance and targeted initiatives to address specific risks.

Waste performance is tracked and reported annually, with data available in the **Sustainability Performance Metrics** section of this report.

ANALYST CORNER

SASB EM-IS-150a.1 - see **Sustainability Performance Metrics** *section*

Water Management

Water is essential to steel production, and Algoma's operations are located along the St. Mary's River, providing reliable access to water resources.

While our operations are not located in a water-stressed region, responsible water management remains critical to minimizing environmental impact, maintaining regulatory compliance, and supporting the communities in which we operate.

Algoma manages water use and discharge in accordance with applicable federal and provincial regulations, supported by our ISO 14001:2015-certified environmental management system. Our Environment Department oversees water quality, treatment, and monitoring programs to ensure compliance and drive continuous improvement.

Water quality is maintained through a combination of treatment, monitoring, and testing. Algoma operates an on-site water treatment facility that processes water to meet or exceed Ontario MECP standards. Discharge water is continuously monitored, including automated sampling at regular intervals, and tested against multiple chemical parameters to verify compliance. Third-party testing is also conducted to assess acute lethality and chronic toxicity, ensuring protection of aquatic life.

Algoma has implemented water recirculation systems across key areas of the site to reduce overall water demand and improve efficiency.

With the transition to EAF steelmaking and the cessation and commencement of decommissioning activities of our integrated steelmaking operations, our overall water profile is changing. EAF steelmaking requires less water than traditional processes, and as part of this transition, Algoma has invested in a non-contact, recirculating water treatment system designed to support operations. This system enhances water conservation, reduces thermal and process impacts on discharged water, and improves overall system efficiency, contributing to lower total water use and reduced intake from the St. Mary's River.

Algoma tracks water use and discharge as part of our environmental performance monitoring and reporting. Our water performance data is available in the **Sustainability Performance Metrics** section of this report.

~15%

Reduction in Water Use Expected with EAF.

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SASB EM-IS-140a.1 - see Sustainability Performance Metrics section



EAF WATER TREATMENT AND COOLING SYSTEMS

As part of our transition to EAF steelmaking, Algoma has implemented advanced water treatment and cooling systems designed to support efficient operations while reducing overall water use.

The EAF Water Treatment Plant operates multiple non-contact cooling water circuits tailored to specific process needs. Water used to cool equipment, including the furnaces, is kept separate from process materials, allowing it to be continuously captured, cooled, and recirculated through a closed-loop system. This approach reduces reliance on fresh water intake while maintaining stable operating conditions.

Cooling is achieved through induced draft cooling towers, where heated return water is cooled and recirculated back into the system. The system is designed with multiple independent cooling cells and automated controls that adjust performance based on temperature and operating conditions, ensuring consistent and efficient cooling. To support reliability, the system includes built-in redundancy and emergency backup capabilities. In the event of a power or Programmable Logic Controller ("PLC") failure, cooling continues via an elevated storage tank and backup pumps powered by diesel and standby generators, activated by a hardwired relay system independent of the PLC. Emergency tanks hold sufficient reserves for backup cooling, with levels continuously monitored through the PLC.

The system is monitored and controlled through centralized automation, with real-time data on flow, temperature, pressure, and water levels supporting safe and efficient operation. Chemical treatment and corrosion monitoring are also integrated to maintain water quality and protect system integrity over time.

Biodiversity Impacts

Steel production can impact local biodiversity and ecosystems, particularly in areas adjacent to waterways and ecologically sensitive sites. Algoma's operations are located along the St. Mary's River and near Whitefish Island, both of which are recognized for their ecological significance.

Managing these impacts responsibly is essential to protecting local ecosystems and maintaining strong relationships with surrounding communities.

Algoma manages biodiversity and land-related impacts in accordance with applicable federal and provincial regulations, supported by our ISO 14001:2015-certified environmental management system and internal policies that reinforce responsible environmental practices across our operations.

Recognizing historical environmental impacts, Algoma developed the Legacy Environmental Action Plan ("LEAP") in collaboration with the Ontario MECP. LEAP is a risk-based program focused on identifying, assessing, and remediating legacy environmental conditions across the site, while supporting long-term improvements to land, water, and ecosystem health.

As part of LEAP, Algoma has undertaken a multi-year shoreline stabilization project spanning approximately 4.1 kilometers along the St. Mary's River. This work includes the placement of clean riprap and armour stone to reinforce the shoreline and reduce erosion, helping to protect aquatic habitats and maintain the long-term health of the river ecosystem.

Algoma has also implemented a Site Greening Initiative aimed at restoring naturalized areas and enhancing biodiversity. This includes revegetation using native plant species, stabilization of surface and shoreline areas to prevent erosion, and the creation of natural buffer zones to protect surrounding habitats. These efforts support the recovery of previously impacted areas and contribute to improved ecological conditions over time.

Since 2019, Algoma has invested approximately $19.8 million in site remediation and environmental improvement initiatives.

Algoma continues to evaluate opportunities to enhance biodiversity and land management practices as part of our broader environmental strategy. Through remediation, restoration, and proactive land stewardship, we are working to reduce our ecological footprint and support long-term environmental sustainability.



PHYTOREMEDIATION RESEARCH PARTNERSHIP

Algoma is partnering with Algoma University on a research initiative exploring plant-based solutions for steel slag reuse.

As part of this work, graduate researcher Quincy Clark examined how plants and fungi adapt to post-industrial environments. Her research focused on steel slag — an extreme growing medium characterized by high pH and low nutrient availability — where vegetation has already begun to establish.

Through greenhouse trials and analysis of fungal communities, the research provided valuable insights into how natural systems can support plant growth under challenging conditions. These findings may help inform future approaches to land recovery and the sustainable reuse of slag materials.

Following Quincy's graduation at the end of 2025, the next phase of the project is now underway as a three-year initiative with a new graduate researcher, Noah Snyder, ensuring continued progress and knowledge development.



Social



Powered by our People

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

Health and Safety

Steel production presents inherent risks, including potential exposure to high temperatures, toxic chemicals, and heavy machinery. Safety is one of our core values and fundamental to how we operate.

We are committed to ensuring that everyone who enters our site returns home safely. Our Operations and Capital Projects Committee holds the highest level of Board responsibility for health and safety, while our Chief Executive Officer holds the highest level of management responsibility.

Algoma complies with all applicable provincial and federal health and safety regulations, including Ontario's Occupational Health and Safety Act. Maintaining a strong safety track record is critical to protecting our workforce, sustaining community trust, and supporting the long-term success of our business. We foster a safety-first culture where employees, contractors, and visitors share responsibility for maintaining a safe work environment. Our **Health and Safety Policy** emphasizes injury prevention and continuous improvement, supported by our **Code of Business Conduct and Ethics** and policies addressing workplace violence, harassment, and psychological safety, including a **Workplace Violence, Harassment, and Sexual Harassment Policy**. The Workplace Violence, Harassment, and Sexual Harassment Policy extends beyond the workplace to cover incidents on social media and outside of working hours.

Algoma maintains a Joint Health and Safety System in collaboration with United Steelworkers ("USW") Locals 2251 and 2724. Oversight is provided through the Corporate Occupational Health and Safety Committee, which includes representation from union members, management, and health and safety specialists. Department-level committees and monthly operational meetings support ongoing performance review, issue resolution, and communication of safety priorities.

Safety performance is reported monthly to executive leadership, our Chief Executive Officer, and the Board of Directors, alongside updates on the effectiveness of the Occupational Health and Safety management system, key program enhancements, audit outcomes, and emerging risks to support informed oversight and continuous improvement. Algoma has established a Lost-Time Injury Rate ("LTIR") target of 0.15 in 2025. For more details, see section **Sustainability Strategy and Performance Targets** in this report.



THE PAT BATTER SAFETY AWARD

Since 1982, the Pat Batter Safety Award has recognized employees who demonstrate exceptional commitment to health and safety. The award is named in honour of Patrick Myles Batter, P.Eng., Superintendent of the Electrical Maintenance Department, who was widely respected for his leadership and deep commitment to the safety and well-being of those he worked with. His belief that safety is a shared responsibility continues to shape Algoma's safety culture today. The award recognizes employees, both current and retired, who have made meaningful contributions to workplace health and safety. This includes advancing initiatives that reduce injuries or illness, demonstrating long-standing dedication to safety, performing acts of bravery, or taking actions that help protect others.

Recipients are selected through Algoma's Joint Health and Safety System, ensuring recognition from both management and union representatives. In 2025, 34 employees were recognized for their leadership and actions in advancing safe work practices, including proactive hazard identification and interventions to prevent potential incidents.

Algoma's Life Saving Rules



FIT FOR DUTY
Ensure you are trained, authorized, and physically and mentally fit to work.



CONFINED SPACE ENTRY
Never enter a confined space unless authorized and have all required training.



ENERGY ISOLATION
Verify that hazardous energy has been released and the equipment is locked out before starting work.



FALL PROTECTION
Always use an appropriate method of fall protection when working from heights.



MACHINE GUARDING
Never alter, disable, or remove safety guarding or devices on operating machinery.



SAFE DRIVING
While driving, adhere to traffic rules and be alert to your surroundings.

To strengthen oversight, our Health and Safety team is comprised of one Health and Safety Manager, thirteen union worker representatives, three Health and Safety Specialists, and one Hygiene Specialist. In 2025, the Board of Directors approved a plan to accelerate the wind-down of our blast furnace and coke oven operations and transition fully to EAF steelmaking. In preparation for these shutdowns, a dedicated Health and Safety team member conducted comprehensive risk assessments for all required tasks, carefully considering both safety and environmental factors. In 2026, these assets were successfully shut down without any health and safety incidents or environmental spills. The dedicated Health and Safety resource is now actively supporting the decommissioning team, ensuring that all work continues to be carried out safely and without environmental impact.

Our approach to safety is grounded in proactive risk management and continuous improvement. We are progressively aligning our Occupational Health and Safety Management System with the principles of ISO 45001, emphasizing risk management, worker participation, and continuous improvement, supported by training such as Joint Health and Safety programs, emergency response drills, and first aid certification.

A dedicated Training Department coordinates safety and workforce training across the organization. We maintain a strong Internal Responsibility System, where employees can identify unsafe conditions through a Code 14 request, triggering immediate response and corrective action. Monthly audits, ongoing infrastructure improvements, and enhanced safety systems support hazard identification and risk reduction across our operations.

Algoma's Life Saving Rules focus on the most critical hazards that could result in serious injury or fatality. These rules establish clear, non-negotiable expectations for safe work and are reinforced across all operations under the principle of Safety without Compromise. The Life Saving Rules are embedded into employee and contractor training, including site inductions, and are supported by ongoing communication and targeted programs to reinforce safe behaviours.

In 2025, Algoma introduced a structured leadership safety walk program to further strengthen safety engagement across our operations. Each week, members of the Health and Safety team and our leadership team visit a different operational area to conduct safety walks, observe work practices, and engage directly with employees on site. These visits provide an opportunity to reinforce safe work practices, identify potential hazards, and gather feedback from employees performing the work.

SAFETY ON THE EAF CONSTRUCTION PROJECT AS OF DECEMBER 31, 2025

These results reflect a strong safety culture and disciplined approach to project execution.

1
Lost Time Injuries ("LTI")

Total Recordable Incident Rate ("TRIR") of 0.4 across 1,939,177 hours worked

260
area audits conducted

3,132
individuals safely inducted to the project

To reinforce safety performance at the operational level, we have implemented monthly recognition programs, including the Golden Lunch Box initiative within Steelmaking & Slabcaster. This program recognizes front-line supervisors and teams that demonstrate strong safety performance, including consistent audit completion, timely incident investigations, and a proactive approach to hazard identification and resolution.

Contractor safety is an integral part of our program. Algoma uses ISN, a third-party compliance platform, to support contractor qualification and monitor safety performance, insurance, training, and cybersecurity. Contractors must meet and maintain industry, regulatory and company specific standards while working with Algoma. While ISN provides visibility into contractor compliance, day-to-day contractor safety is actively managed by Algoma's supervisors through pre-commencement meetings, job inspections, and toolbox talks. In 2024, we launched a contractor safety dashboard to help address safety deficiencies by tracking grades, identifying risk areas, and monitoring performance trends. Training and resource guides are available for contractors, and Algoma employees are actively involved in contractor oversight. In addition, we introduced supplementary online, Algoma-specific lockout/tagout training, which contractors are required to complete prior to arriving on site.

We recognize that safety extends beyond physical hazards. Creating a supportive environment where employees feel heard and valued remains a top priority. We continue to support mental health awareness through resources available to our employees, including counseling and mental health support services. As part of the Employee and Family Assistance Program ("EFAP"), employees have access to confidential support, including counseling and crisis intervention services. The Employee Referral Agent program further ensures that employees know where to turn for help when needed. Employees trained as Referral Agents act as a first point of contact, guiding their peers to appropriate resources and support, ensuring that mental health needs are addressed swiftly and confidentially.



In 2025, Algoma participated in MSCI's Safety Survey under the "*Zero Harm, Safety Always*" initiative, submitting 2024 safety performance data to benchmark our performance against industry peers and gain insights to support continuous improvement. Results indicated strong performance relative to industry benchmarks, particularly in the prevention of serious injuries. In addition to external benchmarking, we regularly monitor and evaluate our health and safety performance against industry peers through internal analysis, supporting ongoing identification of improvement opportunities. We plan to participate in the MSCI Safety Survey again in 2026 to continue strengthening safety practices.

Algoma actively monitors and classifies all potential Serious Injury or Fatality ("pSIF") incidents in accordance with the Edison Electric Institute model. When an incident is identified as a pSIF, Algoma conducts a thorough investigation using the Incident Cause Analysis Method ("ICAM")[8] methodology. The findings and lessons learned are then shared across the organization to help prevent similar incidents in the future.

[8] ICAM, or Incident Cause Analysis Method, is a systematic investigation process designed to identify root causes and contributing factors of incidents to improve workplace health and safety outcomes. Developed in the 1990s, ICAM has become a widely used method for incident investigations, emphasizing a deeper analysis beyond immediate causes. The ICAM process consists of six steps, including gathering evidence, identifying failed defenses, and developing recommendations to prevent future incidents.

We continue to focus on improving workplace safety performance. Over the past four years, we have achieved meaningful reductions in several key safety indicators. The Near Miss Frequency Rate ("NMFR") improved from 3.85 in 2022 to 2.95 in 2025, while the Lost Time Injury Rate ("LTIR") improved from 0.31 to 0.16 over the same period. While Algoma made continued progress in reducing workplace injuries, the 2025 LTIR of 0.16 was slightly above the target of 0.15. This variance reflects the outcome of a small number of cases where recovery timelines and scope of recovery extended beyond normally anticipated expectations, resulting in classification as lost time injuries. Algoma continues to focus on injury prevention, early intervention, and return-to-work practices to support improved outcomes.

We remain committed to transparency and accountability. In June 2023, a contractor employee sustained fatal injuries. In May 2024, Algoma was served with three charges under the provincial *Occupational Health and Safety Act*, and we continue to respond to this matter with the seriousness it warrants.

Our health and safety performance data is provided in the **Sustainability Performance Metrics** section of this report.

2025 EMPLOYEE SAFETY STATS

1.44 TRIR	0.16 LTIR (target of 0.15)	2.95 NMFR

ANALYST CORNER

SASB EM-IS-320a.1 - see **Sustainability Performance Metrics** *section*



Labour Relations

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 an impact on our ability to operate efficiently. At Algoma, 95% of our workforce is unionized and represented by two locals of the 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 support a stable and respectful labour relations environment.

We work closely with union representatives and respect the collective bargaining agreements in place, which establish the framework for wages, working conditions, and employee rights. Our Chief Human Resources Officer has executive management responsibility for labour relations and serves as the conduit between Algoma and the USW. Our Board of Directors are involved in mandates for bargaining union agreements.

The agreement with Local 2724, representing technical, professional, and front-line supervisory employees, was ratified on July 26, 2022. The agreement with Local 2251, representing hourly employees, was ratified on August 30, 2022, following the expiry of the previous agreement on July 31, 2022. Both agreements include an enhanced economic package as well as a framework to support the workforce through Algoma's transition to EAF steelmaking.

Algoma's skilled workforce is critical to our operations and long-term success. As we transform our operations, we remain committed to working collaboratively with our union partners and managing change in a manner that is respectful, transparent, and aligned with our collective agreements. Our positive and stable labour relations are reflected in more than 30 years without any work disruption. In 2025, we continued that record with no strikes or lockouts.

Our labour relations performance data is provided in the **Sustainability Performance Metrics** section of this report.

95%

of our workforce is unionized.

WORKFORCE TRANSITION

In September 2025, in response to sustained market disruption and trade-related impacts, our Board of Directors approved a plan to accelerate the wind-down of our blast furnace and coke oven operations and transition fully to EAF steelmaking. In connection with this transition, layoff notices were issued in December 2025 to approximately 1,050 unionized employees, effective March 23, 2026.

Throughout this process, Algoma worked to manage the transition in a manner that was transparent, respectful, and aligned with our obligations under applicable collective bargaining agreements and legislation. This included ongoing communication with union leadership and employees, as well as hosting employee information sessions to provide clarity around timelines, impacts, and available supports. Algoma engaged closely with our union partners, internal teams, and the federal and provincial governments to support employees through the transition, including facilitating access to available resources and on-site support services, such as Algoma's Employee and Family Assistance Program, CSTEC, and Service Ontario.









Human Capital Management

A skilled workforce is essential to our ability to manufacture high-quality steel. In a competitive labour market, Algoma Steel must attract and retain top talent while fostering a diverse, inclusive, and engaged workplace.

Our focus on employee development, engagement, and equity supports long-term productivity, operational efficiency, and profitability. Human capital management is overseen by the Chief Human Resources Officer and includes targeted initiatives to develop skills, support career growth, and enhance workplace culture.

Talent Development

At Algoma, we recognize that the strength of our workforce is critical to our long-term success. We are committed to developing the skills, capabilities, and leadership required to support our operations today and into the future. Through a combination of hands-on-experience, formal training, and targeted development programs, we provide employees with opportunities to grow and advance their careers. In partnership with the Ontario Ministry of Training, colleges, and universities, we provide a pathway for employees to become certified tradespeople through a combination of on-the-job and in-class training. The program supports the development of critical skilled trades capabilities within our workforce.

In 2024, 98% of Algoma's supervisors, managers, and executives completed foundational leadership training focused on core leadership principles. Building on this, 97% of leaders also completed Situational Leadership training, equipping them to adapt their leadership approach based on team needs and operating conditions. In 2025, we focused on embedding these leadership capabilities into day-to-day operations through the development of the Algoma Management System ("AMS").

AMS translates leadership principles into structured routines that guide how work is planned, executed, and reviewed across the organization. This includes defined daily and weekly activities such as crew huddles, field presence, coaching, safety verifications, and follow-up cycles.

Algoma also works with the Canadian Skills Training and Employment Coalition ("CSTEC") to support upskilling and workforce development initiatives aligned with operational transformation and evolving workforce needs. Through this partnership, approximately $2.1 million in workforce training has been delivered over the past two years, supported in part through external funding programs. These initiatives include targeted training for operations and maintenance employees, such as precision maintenance and reliability training, as well as non-destructive examination ("NDE") certifications, helping to prepare the workforce for EAF steelmaking.

As part of our broader workforce development strategy, Algoma maintains a structured approach to succession planning. Critical roles are identified based on operational risk, strategic importance, and talent availability. We conduct regular talent assessments, incorporating input from key stakeholders to evaluate readiness and identify development needs. In 2025, Algoma completed a full-cycle talent assessment across leadership levels to strengthen our understanding of succession pipelines and support targeted development planning.

100% of succession plans exist for key personnel

BUILDING LEADERSHIP TO SUPPORT TRANSFORMATION

As Algoma is now an EAF producer, developing strong, adaptable leadership across the organization remains a key priority. In 2025, this commitment was recognized nationally, with Algoma named an Excellence Awardee at the Canadian HR Awards and short-listed for the Queen's University IRC Award for Best Learning & Development Strategy.

At the core of this recognition is Algoma's Leadership Foundations Training Program, designed to equip leaders at all levels with the skills needed to support a period of significant operational change. A distinctive feature of the program is its internal delivery model, where 40 high-potential employees were trained as facilitators. This approach ensures that learning is grounded in real operational experience, while also supporting long-term sustainability and cost efficiency.

By bringing together frontline supervisors and senior leaders in a shared learning environment, the program has helped strengthen alignment, break down silos, and build mutual respect across teams. To date, more than 370 leaders — from frontline supervisors to executive leadership — have completed the program, with participation rates exceeding 98%.



CELEBRATING YOUNG PROFESSIONALS

Algoma proudly celebrates young professionals making an impact on the workplace and community. At the annual Algoma Visionary Awards hosted by Strive Young Professionals Group, Autumn McLean, Community Stakeholder Liaison & Strategy Support Analyst, received the Business Administration Award. The recognition reflects her professionalism, attention to detail, and commitment to supporting cross-functional teams and stakeholder engagement initiatives.

Celebrating emerging leaders like Autumn reinforces our commitment to developing talent and supporting professional growth within our organization and across the Sault Ste. Marie community.



Autumn McLean,
Community Stakeholder Liaison & Strategy Support Analyst



Compensation and Benefits

Attracting and retaining skilled employees is critical to our operational success and long-term sustainability. We are committed to providing competitive compensation, comprehensive benefits, and meaningful career opportunities, while fostering a workplace that supports employee well-being, engagement, and long-term security. Algoma upholds merit-based hiring, fair wages, and equal opportunities for growth, fostering a workplace built on integrity, respect, and accountability. We are committed to providing a living wage and maintaining fair and competitive compensation practices across the organization. All employees receive comprehensive benefits coverage from day one, including medical, drug, dental, and vision care, as well as life insurance, disability coverage, vacation, and pension plans.

To enable employees to share in our performance, unionized employees participate in a profit-sharing plan, with terms defined in collective bargaining agreements. For non-union employees, Algoma maintains a long-term incentive plan, which supports attraction and retention and is aligned with our performance. The performance targets are reviewed and approved annually by the Board of Directors. We also provide pension plans for all employees, including three Defined Benefit Pension Plans and one Defined Contribution Pension Plan. While Defined Benefit Plans have been closed to new entrants since 2004 (non-union) and 2011 (union), Algoma continues to pay pension benefits to approximately twice as many retirees as current employees, underscoring our long-term commitment to workforce security.

Employee Experience and Recognition

We maintain strong relationships with our retirees, recognizing the important role retirees continue to play in the broader Algoma and Sault Ste. Marie community. This includes participation in groups such as the Steelworkers Organization of Active Retirees, as well as hosting quarterly pension update sessions that provide regular updates and opportunities for dialogue.

We also recognize the contributions of employees at the time of retirement through a dedicated retirement gifting program. In partnership with local artist Amy Williams, employees are presented with a custom painting reflecting a key area of the operation connected to their career at Algoma, including facilities such as the DSPC, cokemaking, blast furnace, EAF, and LMF. This program provides a meaningful way to acknowledge the lasting impact of our employees' contributions.

Student Programs and Academic Partnerships

In 2025, Algoma welcomed 59 summer students, providing meaningful opportunities for early career development and exposure to careers in steelmaking and related fields. Through placements across operations, maintenance, and corporate functions, students gained practical experience while contributing to real projects — supporting local workforce development and strengthening future industry talent pipelines. Throughout the summer, three check-in sessions and two safety refreshers were delivered in addition to onboarding training, ensuring students were well equipped, supported, and positioned to maximize their summer employment experience.

Algoma also collaborates with academic institutions to provide students with pathways into the steel industry, supporting talent attraction, skills development, and innovation. Additional information on these initiatives is available in the **Education and Skills Development** section under Community Relations.



ACADEMIC PARTNERSHIPS DRIVING REAL-WORLD IMPACT

Since 2022, Algoma has partnered with Davie, Université du Québec à Chicoutimi, Professor Mousa Javidani, and additional research collaborators to support the use of Canadian-made steel in complex shipbuilding applications, including the Polar Max program. Through this work, applied research and industry expertise are brought together to address real-world challenges in advanced manufacturing and marine engineering. This collaboration demonstrates the value of aligning Canadian industry and academia around a shared objective.

In February 2025, this work produced real-world impacts, with Algoma rolling the first steel plate for the Polar Max program. This marked a key milestone in delivering high-strength, Ontario-made steel designed to perform in demanding marine environments and support Canada's shipbuilding supply chain.







CANAM BRIDGE PROJECT

In 2025, Algoma supported the University of Toronto's research initiatives through the donation of 171 tons of steel, to be fabricated by CANAM, enabling the advancement of the research equipment for student research.

INSPIRING THE NEXT GENERATION OF WOMEN IN TRADES

In the fall of 2025, Algoma welcomed 100 young women to explore future careers in steelmaking and the skilled trades. In collaboration with Skills Ontario and Tenaris, students experienced steel production firsthand through tours of our LMF and Plate Mill, gaining insight into modern operations.

The experience also included a hands-on electrical workshop, where students built their own lamps — introducing them to the tools, skills, and creativity behind the electrician trade.

> "Partnering with Skills Ontario and Tenaris on this event allows young women in our community to explore skilled trades in a hands-on, meaningful way. These early experiences build confidence, ignite curiosity, and we are proud to play a role in helping students explore these pathways."
>
> **Rajat Marwah,**
> Chief Executive Officer



Inclusion and Representation

Teamwork and caring are essential to fostering a diverse and inclusive workplace where all employees can thrive.

Algoma is committed to advancing gender equality and increasing access for underrepresented groups, including women, racialized persons, LGBTQ2+ individuals, people with disabilities, and Indigenous peoples. Our Chief Human Resources Officer holds the ultimate oversight of Diversity, Equity, and Inclusion ("DEI"). Our **DEI Policy** is designed to ensure equal opportunity in all aspects of employment.

Hiring, promotion, and development decisions are based on qualifications, performance, and integrity.

Our **Workplace Violence and Harassment Policy** establishes a zero-tolerance stance on workplace violence, harassment, and discrimination, ensuring a safe and respectful environment for all employees. To ensure accessibility, our **Multi-Year Accessibility Plan** outlines key commitments, including providing accessible formats and communication supports, ensuring accommodations throughout the hiring and employment process, informing employees of available supports, and establishing a structured return-to-work process.

DEI Committee Initiatives

The DEI Committee continues to play a key role in fostering an inclusive and respectful workplace through awareness, education, and employee engagement. In 2025, the Committee further strengthened its impact by expanding event offerings and enhancing opportunities for participation, ensuring a broader range of perspectives are represented.

Key initiatives this year included:

WOMEN'S RESOURCE GROUP LAUNCH

Established a dedicated space for dialogue and support, with early sessions focused on women's health benefits and PPE.

BLACK HISTORY MONTH SESSION

Hosted Dr. Isaac Nortey Darko of Algoma University to explore cultural awareness and collective support.

DISABILITIES AWARENESS SESSION

Delivered training on visible and non-visible disabilities, promoting understanding and inclusive practices.

PINK SHIRT DAY

Employees participated to raise awareness about bullying and reinforce a workplace rooted in respect, kindness, and inclusion.

GATHERING AT THE RAPIDS POW WOW BOOTH

Hosted interactive booth activities that strengthened community engagement, fostered cultural connection, and celebrated Indigenous culture.

DEI CORPORATE CALENDAR

Launched an inclusive calendar highlighting cultural observances and DEI initiatives.

Our human capital performance data is provided in the **Sustainability Performance Metrics** section of this report.





ALLIES IN STEEL: ADVANCING EQUITY TOGETHER

In 2025, Algoma's Tom Katagis, General Manager of the Plate Mill, represented Algoma as a panelist at the AIST Women in Steel Conference. Participating in the Allies in Steel: Men and Women Building a Stronger Industry Together panel. Tom contributed to a meaningful discussion on the role of allyship in advancing women in the steel industry. The conversation highlighted the importance of inclusive leadership, addressing systemic barriers, and creating equitable opportunities. Through this dialogue, Algoma continues to support a culture where diverse perspectives are valued and all individuals can thrive.

Rights of Indigenous Peoples

Algoma acknowledges that we operate on the traditional and ancestral lands of the Anishinaabe People, specifically within the Robinson-Huron Treaty territory.

We recognize the enduring presence and contributions of the Batchewana and Garden River First Nations, as well as the Métis People. We are committed to recognizing and respecting these communities, their histories, and their ongoing connection to this land. The Vice President of Human Resources and Corporate Affairs has senior management responsibility for Rights of Indigenous Peoples and reports quarterly on Indigenous relations to the Board Nominating and Governance Committee. Executive accountability for Rights of Indigenous Peoples lies with the Chief Legal Officer.

Algoma is committed to continued engagement and consultation with local Indigenous communities. As part of our Strategic Innovation Fund ("SIF") Agreement with the federal government for our EAF 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 local Indigenous communities with respect to our transition to EAF steelmaking.

We have established formal engagement frameworks, including a Non-Disclosure Agreement with Batchewana First Nation, focused on electricity and energy requirements, employment opportunities, cultural initiatives, and procurement. In 2025, we also continued collaboration with the Sault Tribe of Chippewa Indians on energy-related initiatives.

Our relationships with Missanabie Cree First Nation and the Métis Nation of Ontario remains focused on cultural understanding, community engagement, and ongoing dialogue.

First Nation representation is also reflected in our CLC, where members from Batchewana First Nation and Garden River First Nation hold seats. This forum supports open dialogue on environmental performance, reinforcing transparency, accountability, and responsible land stewardship engagement.

Many of Algoma's community investments and activities support Indigenous organizations and initiatives. Over the past few years, Algoma has provided support for the following initiatives:

- Participation and sponsorship of the Skills Ontario First Nations, Métis and Inuit Trade and Tech Student Summit
- Hosting a booth at the 2025 Gathering at the Rapids Pow Wow, alongside a $5,000 contribution; Algoma also participated in the event's planning committee
- A $20,000 donation to the Children of Shingwauk Alumni Association
- A $5,000 donation to the Roots and Reconciliation Workshop
- Contributions supporting Batchewana First Nation Community initiatives and Nogdawindamin Family Services
- Annual participation in the Missing and Murdered Indigenous Women, Girls and 2SLGBTQI+ People ceremony
- Attendance at the Métis Nation Annual General Assembly as a guest of Regional Councilor Mitchell Case

STRENGTHENING INDIGENOUS PATHWAYS IN SKILLED TRADES

In March 2025, Algoma participated in the Skills Ontario First Nations, Métis and Inuit Trade & Tech Student Summit, engaging Indigenous youth through hands-on activities led by our Electrical and NDE teams. Our Human Resources team was also on-site, offering guidance and support to students exploring future careers in the skilled trades. This initiative provided an opportunity to connect directly with Indigenous youth, share knowledge, and help build awareness of career pathways in manufacturing.



Connecting with Our Community

Steel production can have significant environmental and socio-economic impacts, making strong community relationships essential for responsible operations.

As one of the largest employers in Sault Ste. Marie, we play a pivotal role in the local economy — approximately 99% of our workforce resides in the local region, and our operations contribute meaningfully to regional economic activity.

We are committed to ensuring our operations create lasting value for our employees and the broader community. By engaging proactively with stakeholders and fostering strong relationships, we aim to sustain the positive impacts of steel production for generations to come.

The Corporate Citizenship and Philanthropy Committee, composed of representatives from across our organization, meets regularly to evaluate community engagement opportunities. The Committee consults employees to ensure our initiatives align with their values and the community's most pressing needs. Recommendations by the Corporate Citizenship and Philanthropy Committee are tabled with the Executive Committee for final approval and then executed under the direction of the Vice President of Human Resources and Corporate Affairs.

To enhance our 'Building Better Lives' initiative, in recent years 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. 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.



These efforts reflect the values of our employees, who are not only skilled steelmakers but also dedicated community members. Their commitment to giving back and fostering local development drives our donation program and strengthens our connection with the community we proudly call home.

Algoma has a long history of charitable giving and corporate sponsorships aimed at strengthening our community. In 2025 the North American steel industry experienced significant trade and market disruptions beginning in February. As a result, Algoma adopted a more focused and disciplined approach to community investment during the year, ensuring that annual sponsorships and multi-year commitments were honoured in an environment requiring a disciplined approach to financial management.

Community relations performance data is available in the **Sustainability Performance Metrics** section of this report.

2025 COMMUNITY INVESTMENTS

~$175,000
Total Contributions

31
Community Causes Supported

13%
Community and Employee Engagement (11 causes)

70%
Healthy and Safe Communities (16 causes)

17%
Education and Skills Development (4 causes)

Community and Employee Engagement

Our employees play a vital role in shaping our community — not only as skilled professionals, but as engaged and active citizens. Many of our team members volunteer their time and expertise with local organizations, including Algoma University, Sault College, the Algoma District School Board, and the Rotary Club of Sault Ste. Marie, helping to strengthen the communities where we live and work.

Algoma Green Giving Team

Algoma supports employee engagement in the community through the Algoma Green Giving Team, which brings our commitment to building better lives into action. We provide structured opportunities for employees to participate in volunteer activities, fundraising initiatives, and local events that support community needs. By actively promoting and coordinating participation across the organization, the Green Giving Team helps connect employees with meaningful initiatives and makes it easier to contribute time, skills, and expertise throughout the year.

EMPLOYEE-LED FUNDRAISING AND PARTICIPATION

In 2025, Algoma employees participated in the Bring a Doctor Home Hockey Tournament, which marked its 20th anniversary. The event featured over 27 teams, many comprised of Algoma employees, and has raised more than $500,000 since inception to support academic bursaries at the Northern Ontario School of Medicine.

SUPPORTING MENTAL HEALTH THROUGH PARTICIPATION

Employees took part in the Strong Minds – Run for Change for the fourth consecutive year, supporting local mental health and addictions programming through both participation and fundraising efforts.

VOLUNTEER SUPPORT FOR COMMUNITY PROGRAMS

During the holiday season, employees volunteered with St. Vincent Place through the Meals for Community Program, helping prepare and serve meals to individuals experiencing food insecurity.

SHARING KNOWLEDGE WITH THE NEXT GENERATION

Employees engaged in school and community initiatives, sharing knowledge across areas including skilled trades, information technology, and human resources to support student learning and career awareness. Additional details on these efforts can be found in the **Education and Skills Development** section of this report.

These initiatives represent just a few examples of how our employees contribute to our local community. In 2025, as we maintained a disciplined approach to financial management, we placed an increased emphasis on contributing our time and expertise.

Algoma serves as an active and responsible stakeholder in the Sault Ste. Marie community, and we 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.







RIDING TOGETHER FOR YOUTH MENTORSHIP

Algoma took part in MEGABike Canada, hosted by Big Brothers Big Sisters, joining others in the community to support youth mentoring programs across Sault Ste. Marie. Funds raised through MEGABike helped provide mentorship opportunities for local youth, supporting programs that build confidence, create meaningful connections, and empower young people to reach their full potential.





SUPPORTING COMMUNITY HERITAGE

Algoma employees, in partnership with USW Local 2724, contributed their time and expertise to restore the historic artillery gun at the Royal Canadian Legion Branch 25 in Sault Ste. Marie. Through this collaboration, employees applied their skills to help preserve an important piece of local history and honour the service and sacrifice of veterans.

Healthy and Safe Communities

Safety is more than a priority — it is one of our core values. By keeping our employees safe, providing good-paying jobs, and fostering an inclusive workforce, our operations will continue to contribute to the social and economic fabric of our community.

We support organizations that promote health, well-being, and active living through long-term partnerships that deliver sustained impact. While 2025 required a disciplined approach to spending, we remained committed to our multi-year community investments. Some examples include:

SUPPORTING COMMUNITY WELLNESS

We are investing $250,000 over five years in the Sault Ste. Marie YMCA, with 2025 representing year two of this commitment, supporting programs that promote physical, mental, and social well-being. Employees also receive a $10 monthly membership discount.

INCREASING ACCESS TO YOUTH SPORTS

2025 marked year two of a three-year commitment of $40,000 annually to the Soo PeeWee Hockey League and $10,000 annually to the Sault Female Hockey Association, helping reduce barriers to participation.

SUPPORTING LOCAL INITIATIVES

We also contributed to community-led events such as the Sault Ste. Marie Professional Fire Fighters Association Hockey Marathon for Local Charity.



Through these initiatives, we continue to invest in health, recreation, and inclusive community programs.

Community relations performance data is available in the **Sustainability Performance Metrics** section of this report.

Education and Skills Development

We believe that education and workforce development are essential to building a strong, sustainable future for our community. Through scholarships, training programs, hands-on experiences, and partnerships with local institutions, we are helping students and apprentices develop the skills needed for careers in engineering, skilled trades, and technology.

SUPPORTING ACCESS TO EDUCATION

We continue to support students through a range of scholarships and bursaries focused on STEM, skilled trades, and business, including partnerships with Algoma University, Sault College, and the Northern Ontario School of Medicine.

PROMOTING CAREERS IN MANUFACTURING

Through our Careers in Steel program and broader outreach efforts, we engage students early to increase awareness of modern manufacturing careers. In 2025, employees across the organization participated in more than 17 school and community-based initiatives, including classroom visits, career fairs, and industry events, sharing insights into opportunities across skilled trades, engineering, environmental management, health and safety, human resources, and information technology.

PROVIDING HANDS-ON LEARNING

In addition to outreach, we hosted student tours, classroom sessions, and educator engagement initiatives, offering direct exposure to steelmaking operations and career pathways. These efforts reflected a focus on contributing our time and expertise, enabling employees to share real-world experience and help bridge the gap between education and employment.

SUPPORTING AN INCLUSIVE WORKPLACE AND INDUSTRY

We were an event sponsor of the AIST Women in Steel Conference, contributing $17,000 in support of the initiative. We also participated in the conference through representation on the Allies in Steel: Men and Women Building a Stronger Industry Together panel. For more information on our participation and approach to inclusion and representation, see the Inclusion and Representation section of this report.

BUSHPLANE CENTRE PARTNERSHIP

Algoma sponsors and participates in educational programming at the Bushplane Heritage Centre, supporting barrier-free access to large-scale STEM and environmental learning events. Through a three-year commitment of $4,000 annually, Algoma helps fund student transportation, removing barriers to participation. In addition to sponsorship, Algoma actively contributes through keynote speakers, presentations, and interactive exhibits that highlight careers in steelmaking. These initiatives provide hands-on learning experiences for up to 1,000 students annually.

By investing in education and workforce development, we are helping to equip the next generation with the knowledge and skills needed to drive innovation and economic growth.



TRY A TRADE: OPENING DOORS TO TRADES CAREERS FOR YOUNG WOMEN

Algoma participated in the Skills Ontario *Try-A-Trade* Career Fair for Young Women as the Algoma Regional Co-Program Sponsor. The event provided hands-on exposure to skilled trades, helping participants explore career pathways and build confidence in traditionally underrepresented fields. This initiative supports workforce development by encouraging greater participation of women in trades and contributing to a more inclusive, future-ready talent pipeline.



EAF Steelmaking Benefits to the Local Community

Algoma's transition to EAF steelmaking represents a significant transformation of our operations and its role in the Sault Ste. Marie community. Today, as an EAF steel producer, Algoma is operating with a lower emissions profile while continuing to support local employment, economic activity, and community development.

During construction, the EAF project contributed significantly to the local economy, with $321.2 million invested in local contractor work as of December 31, 2025. This investment supported local businesses, skilled trades, and job creation across the region.

As operations continue, the EAF facility incorporates modern environmental controls designed to reduce impacts on the surrounding community. Including a state-of-the-art fume treatment system to capture air and dust emissions, a water treatment system enabling the recycling of non-contact water and reducing overall water use. It also includes an engineered furnace enclosure and building design features with acoustic insulation supporting noise reduction during operations. More details are provided in the **Air Emissions** section of this report.

The transition to EAF steelmaking also enables Algoma to produce lower-carbon steel — targeted to reduce carbon emissions by approximately 70% — while improving product quality and operational efficiency. This strengthens our ability to support key industries while contributing to a more sustainable future.

Algoma remains committed to ongoing community engagement. Throughout the project and into operations, we have hosted regular community open houses and continue to engage with residents through forums such as the CLC, providing opportunities for dialogue, feedback, and transparency.

Algoma's workforce remains deeply rooted in the local community, with the majority of employees based in the Sault Ste. Marie region. This continued local presence reinforces Algoma's long-standing role as a major employer and contributor to the community.

Additional community performance data is provided in the **Sustainability Performance Metrics** section of this report.



$321.2 M

invested in local contractor work for the EAF construction as of December 31, 2025

Index & Performance Metrics



SASB Index

The Sustainability Accounting Standards Board ("SASB") publishes industry-specific sustainability accounting Standards, intended to help companies disclose financially material, decision-useful sustainability 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 and Steel Producers Standard. Any omissions or deviations from the Standard are explained.

VIEW IRON & STEEL PRODUCERS STANDARD →

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 tonnes (t), Percentage (%)	About Algoma Greenhouse Gas Emissions and Climate Change
	EM-IS-000.B	Total iron ore production.	Metric tonnes (t)	
	EM-IS-000.C	Total coking coal production.	Metric tonnes (t)	
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	Metric tonnes (t) CO_2-e, Percentage (%)	Greenhouse Gas Emissions and Climate Change
	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) NOx (excluding N_2O). (3) SOx. (4) Particulate matter (PM10). (5) Manganese (MnO). (6) Lead (Pb). (7) Volatile organic compounds (VOCs). (8) Polycyclic aromatic hydrocarbons (PAHs).	Metric tonnes (t)	Air Emissions
Energy Management	EM-IS-130a.1	(1) Total energy consumed. (2) Percentage grid electricity. (3) Percentage renewable.	Gigajoules (GJ), Percentage (%)	Energy Management
	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 water withdrawn. (2) Total water consumed. Percentage of each in regions with High or Extremely High Baseline Water Stress.	Thousand cubic meters (m^3), Percentage (%)	Water Management
Waste Management	EM-IS-150a.1	(1) Amount of waste generated. (2) Percentage hazardous. (3) Percentage recycled.	Metric tonnes (t), Percentage (%)	Waste and Hazardous Materials Management 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 and Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR). (2) Fatality rate. (3) Near miss frequency rate (NMFR). For (a) direct employees and (b) contract employees.	Rate	Workforce Health and Safety Algoma has recently begun to capture the number and type of contractor injuries in our safety management system. At the present time, we can only report NMFR 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	Responsible Supply Chain Management

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 Sustainability 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
		(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
		(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
		(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
		(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.	

Sustainability Performance Metrics

The following table provides Algoma's key sustainability performance data.

2025 data is reported for the 12 months ended December 31, 2025. To support trend analysis and comparability, we also provide four years of historical data for calendar years 2022 to 2025. All facts and figures are as of December 31, 2025, unless otherwise noted.

The scope of data and information in this report applies to all our operations, unless stated otherwise. Any data limitations are explicitly noted where relevant. Where data is not reported, we have explained why it is not relevant to Algoma or have indicated if we plan to report it in the future. Scope 1 GHG emissions data for calendar year 2025 is expected to receive assurance through a third-party verification by September 2026 conducted by PwC.

Please note, certain data points for previous years have been restated as Algoma works to enhance its data collection approach and alignment with leading ESG reporting frameworks and established methodologies. Certain scope, boundaries, definitions, and calculation methods may have been updated and refined.

Financial data is presented in Canadian dollars (CAD).

Governance

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Business Ethics & Transparency	Amount of monetary settlements as a result of legal proceedings associated with bribery, corruption, and other related issues.	Amount ($)		0	0	0	0	0
	Percentage of employees up to date their training on the Code of Business Conduct and Ethics.	Percentage (%)		NRP	100%	57%	91%	82%
Board Diversity	Percentage of Board members that identify as female.	Percentage (%)		NRP	27%	30%	30%	33%
	Percentage of Board members that identify as racially and/or ethnically diverse.[9]	Percentage (%)		NRP	18%	20%	20%	22%

Environment

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Greenhouse Gas Emissions & Climate Change	Gross global Scope 1 emissions[10]	Metric tons (t) CO_2e	SASB EM-IS-110a.1 TCFD Metrics and Targets b)	4,111,476	3,936,243	4,292,167	4,226,732	4,024,463
	Gross global Scope 2 GHG emissions	Metric tons (t) CO_2e	TCFD Metrics and Targets b)	NRP	14,115	24,877	24,765	22,356

[9] Racially and/or ethnically diverse refers to individuals who self-identify as members of visible minority groups, as defined under the *Employment Equity Act*.

[10] 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.

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Greenhouse Gas Emissions & Climate Change (continued)	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	100	100
	Scope 1 GHG emissions intensity	Metric tons (t) CO_2e/ Metric ton of steel	TCFD Metrics and Targets b)	1.71	1.86	1.86	2.04	2.07
	Scope 1 and 2 GHG emissions intensity	Metric tons (t) CO_2e/ Metric ton of steel	TCFD Metrics and Targets b)	NRP	1.91	1.84	2.05	2.08
	Percentage of steelmaking production using coke and iron	Percentage (%)	TCFD Metrics and Targets a)	100	100	100	100	100
	Percentage of steelmaking production using EAF	Percentage (%)	TCFD Metrics and Targets a)	0	0	0	0	2.5
	Internal carbon price[11]	Amount ($)	TCFD Metrics and Targets a)	40.00	50.00	65.00	80.00	95.00
	Amount of investment deployed towards climate-related risks and opportunities	Amount in millions ($)	TCFD Metrics and Targets a)	N/A	N/A	295.4	235.4	182.2
Air Emissions[12]	Carbon monoxide	Metric tons (t)	SASB EM-IS-120a.1	586	855	766	765	930
	Oxides of nitrogen	Metric tons (t)	SASB EM-IS-120a.1	2,194	2,032	2,329	2,177	2,303
	Oxides of sulphur	Metric tons (t)	SASB EM-IS-120a.1	4,312	3,490	3,493	2,626	2,969
	Particulate matter <10um	Metric tons (t)	SASB EM-IS-120a.1	NRP	NRP	674	665	310
	Manganese	Metric tons (t)	SASB EM-IS-120a.1	1.19	4.64	5.18	6.32	1.84
	Lead	Metric tons (t)	SASB EM-IS-120a.1	0.287	0.291	0.317	0.391	0.300
	Volatile organic compounds	Metric tons (t)	SASB EM-IS-120a.1	120	150	117	115	95
	Polycyclic aromatic hydrocarbons	Metric tons (t)	SASB EM-IS-120a.1	0.33	0.68	0.56	0.56	0.47
Energy Management	Total energy consumed[13]	Gigajoules (GJ)	SASB EM-IS-130a.1	33,471,398	34,379,244	31,959,769	35,751,492	31,390,157
	Percentage of total energy consumed that is grid electricity	Percentage (%)	SASB EM-IS-130a.1	5	5	6	5	5
	Percentage of total energy consumed that is renewable energy	Percentage (%)	SASB EM-IS-130a.1	0	0	0	0	0

[11] 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-making.

[12] In 2021, the model used to predict potential maximum emissions changed. The changes to the model resulted in adjustments to our air emissions data. As part of the EAF permitting process, the MECP has been conducting a thorough review of the model and updates have been made to refine the emission estimates which have resulted in an increase in the calculated total releases. Moving forward, Algoma will be using this new model to calculate emissions and has re-stated historical data where available.

[13] 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.

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Energy Management (continued)	Total fuel consumed[14]	Gigajoules (GJ)	SASB EM-IS-130a.2	29,870,071	30,533,130	28,265,153	31,032,671	27,305,417
	Percentage of total fuel consumed that is coal[15]	Percentage (%)	SASB EM-IS-130a.2	25	21	18	11	14
	Percentage of total fuel consumed that is natural gas	Percentage (%)	SASB EM-IS-130a.2	36	34	39	49	46
	Percentage of total fuel consumed that is renewable	Percentage (%)	SASB EM-IS-130a.2	0	0	0	0	0
Waste and Hazardous Materials Management	Amount of waste generated	Metric tons (t)	SASB EM-IS-150a.1	1,419,179	1,627,904	1,472,636	1,439,992	1,311,078
	Percentage of waste recycled	Percentage (%)	SASB EM-IS-150a.1	73	71	80	62	70
	Number of hydrocarbon spills	Number (#)		0	0	1	0	0
	Aggregate volume of hydrocarbon spills	Litres (L)		0	0	1,250	0	0
Water Management	Total freshwater withdrawn	Cubic meters (m^3)	SASB EM-IS-140a.1	303,562,434	276,480,950	245,648,438	263,790,916	250,924,531
	Percentage of fresh water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	SASB EM-IS-140a.1	0	0	0	0	0

Social

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Workforce Health and Safety	Total Recordable Incident Rate (TRIR) – full-time employees	Rate (#)	SASB EM-IS-320a.1	2.45	2.06	1.28	1.23	1.44
	Total Recordable Incident Rate (TRIR) – contract employees	Rate (#)	SASB EM-IS-320a.1	NRP	1.76	4.53	1.79	3.51
	Fatality Rate – full-time employees	Rate (#)	SASB EM-IS-320a.1	0	0	0	0	0
	Fatality Rate – contract employees[16]	Rate (#)	SASB EM-IS-320a.1	0	0	0.22	0	0
	Near Miss Frequency Rate (NMFR) – full-time employees	Rate (#)	SASB EM-IS-320a.1	3.55	3.85	3.24	3.30	2.95
	Total Lost Time Incident Rate (LTIR) – full-time employees	Rate (#)		0.04	0.31	0.07	0.25	0.16

[14] 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.

[15] 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.

[16] See **Workforce Health and Safety** and/or our **2024 ESG Report** for further detail.

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Workforce Health and Safety (continued)	Lost Time Severity Rate – full-time employees	Rate (#)		NRP	0.76	0.65	0.16	0.41
	Average hours of health, safety, and emergency response training – full-time employees	Hours (hrs)		NRP	21.45	28.43	37.93	44.08
	Average hours of health, safety, and emergency response training – contract employees	Hours (hrs)		21	21	21	21	21
	First Aid Frequency – full-time employees[17]	Rate (#)		6.53	4.92	6.59	6.99	6.90
	Total hours worked by full-time employees	Hours (hrs)		5,300,051	5,241,856	5,795,305	5,691,914	5,103,992
	Total hours worked by contract employees	Hours (hrs)		530,051	794,528	927,212	1,228,739	969,915
Labour Relations	Percentage of employees covered by collective-bargaining agreements	Percentage (%)		95	95	95	95	95
	Number of strikes and lockouts	Number (#)		0	0	0	0	0
	Duration of strikes and lockouts	Days		0	0	0	0	0
Human Capital Management	Full-time employees	Number (#)		2,687	2,736	2,900	2,780	2,444
	Part-time employees	Number (#)		0	0	0	0	0
	Total number of contractors employed	Number (#)		8	46	47	38	3
	Number of co-op and summer student positions	Number (#)		0	103	101	56	65
	Total workforce[18]	Number (#)		2,695	2,782	2,947	2,818	2,444
	Percentage of executive management positions held by women	Percentage (%)		14	0	13	22	13
	Percentage of racially and/or ethnically diverse representation in executive management positions[19]	Percentage (%)		NRP	NRP	25	22	25
	Percentage of female representation for all employees	Percentage (%)		7	6	6	7	6
	Percentage of employees under 30 years old	Percentage (%)		13	12	12	11	9
	Percentage of employees aged 30–50	Percentage (%)		52	52	52	54	59
	Percentage of employees over 50 years old	Percentage (%)		35	36	35	35	33

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

[18] As at December 31, 2025. Number of co-op term positions excluded from total as they are not active workforce participants as at December 31, 2025.

[19] Executive Management refers to the Chief Executive Officer and senior executives who report directly to the CEO and are eligible to participate in executive compensation programs.

METRIC		UNIT	REFERENCE	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Human Capital Management (continued)	Percentage of non-unionized employees receiving performance reviews	Percentage (%)		100	100	100	100	100
	Voluntary turnover rate for all employees	Percentage (%)		8	9	8	7	5
	Involuntary turnover rate for all employees	Percentage (%)		1	1	1	2	13
	Ratio of basic salary and remuneration of women to men	Percentage (%)		-1.10	1.00	0.99	1.02	2.50
	Percentage of succession plans that exist for key personnel	Percentage (%)		88	88	88	88	100
	Employee productivity – shipment tonnes	Tonnes (t) Shipped / At Work Employee		774	571	616	619	662
	Employee productivity – production tonnes	Tonnes (t) Produced / At Work Employee		761	682	684	719	679
Community Relations	Percentage of workforce from the local region of operations	Percentage (%)		99	99	99	99	99
	Annual amount invested in local communities	Amount ($)		1,310,493[20]	297,000	360,000	415,000	175,000

[20] FY2023 includes Algoma's significant one time $1-million donation to the Northway Wellness Centre.



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 benefits, including the 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, estimates, 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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