About this report

This report was developed in part to share our long-standing commitment, dedication, and achievements regarding sustainability. Based on stakeholder feedback concerning the most beneficial methods to disclose certain related information, we have provided metrics using the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board’s (SASB) Iron & Steel Producers Standard.

GRI provides a framework for organizations to report on the impact and management of economic, social, and environmental matters. SASB provides a framework to report on industry-specific sustainability topics that are deemed to be material. Additionally, in order to make our information more accessible, we have provided a GRI and SASB cross-reference index, and it is available on our website at steeldynamics.com under Sustainability.
A letter from Mark D. Millett

Welcome to our sustainability message — in these pages we describe how we are “Intentionally Sustainable” in our strategy, growth, and business framework. Since our founding, we have grown to become one of the largest and most diversified domestic steel producers and metals recyclers in the United States, combined with a meaningful downstream steel fabrication manufacturing platform. Our commitment to all aspects of sustainability is embedded in our founding principles — valuing our people, our partners, and our communities. We make steel utilizing electric arc furnace (EAF) technology, which uses recycled ferrous scrap as the primary raw material. This method of steelmaking has a much lower environmental and climate impact when compared to traditional steelmaking technology – which comprises about 70% of global steel production today.

As we have grown, we have intentionally made capital investments or acquisitions within this environmentally preferred technology, while also increasing our product diversification and percentage of higher-margin, value-added products we sell. We have also focused on providing supply chain solutions for our customers, which often not only provide convenience and savings to them, but also decrease logistics needs and other resource consumption.

Our intentional growth strategy focuses on increasing through-cycle cash generation and providing growth opportunities for our people, partners, communities, and shareholders – all while keeping the sustainability of resources and climate-impact at the fore. We intentionally developed a vertically connected operating model, further strengthening our company by creating a looped manufacturing life cycle.

Our metals recycling platform collects and processes scrap from manufacturers and from end-of-life items, such as automobiles, appliances, and machinery. This processed scrap is then sold to end-users for reuse, including our EAF steel mills, which produce new steel from the scrapped material. Our steel is then sold to consumers that both further process and manufacture end products. We sell a meaningful amount of steel to our own manufacturing businesses that in turn sell finished products to consumers. Ultimately, when these products reach the end of their lives, they can be collected as scrap and used again in our steelmaking operations—creating our “Vertically Connected Sustainable Production Life Cycle.” We also use this model in other smaller unique operations, including using copper scrap to produce new copper rod and using aluminum scrap to create raw materials for the steel and foundry industries. We are driven to use our resources wisely and to develop innovative solutions to help in this conservation process.
Our six pillars

We refer to our founding principles as our six core strategic pillars. They bring us together with a common focus, and they provide the foundation upon which we operate and grow. Our unique entrepreneurial culture and business model benefit us operationally, financially, and through the responsible use of our resources in diverse economic environments. Innovation in all forms is essential to our success, and our teams focus on how to do things “smarter” within our current operations as well as how we continue to grow. This means creating solutions for our teammates, customers, suppliers, and other stakeholders. It also includes finding ways to “do business” with less resources and less environmental impact.

“OUR SIX PILLARS AND THE TEAM’S EXECUTION OF THEM EACH DAY HAS DRIVEN OUR SUCCESS AND SUSTAINABILITY.” Mark Millett

<table>
<thead>
<tr>
<th>SAFETY</th>
<th>GROWTH</th>
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<tr>
<td>Goal of zero injuries – No accidents</td>
<td>Intentional margin expansion and consistency through-the-cycle</td>
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<tr>
<th>CULTURE</th>
<th>INNOVATION</th>
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<tbody>
<tr>
<td>Foster a team of energetic, positive, driven, innovative, and diverse individuals</td>
<td>Drive innovation to improve safety, quality, productivity and resource sustainability</td>
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<table>
<thead>
<tr>
<th>CUSTOMER COMMITMENT</th>
<th>FINANCIAL STRENGTH</th>
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<tbody>
<tr>
<td>Focus on being a preferred partner by providing quality products and unique supply-chain solutions</td>
<td>Higher utilization and lower costs provide strong cash flow generation</td>
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Valuing people

The importance we place on our culture, individual health and safety, respect, diversity and inclusion, and development opportunities, drives our long-term success and stakeholder value creation.

Valuing our stakeholders

Next to our people, our partner relationships are critical to our innovation and success, including the interaction with our customers, suppliers, communities, and shareholders.

Our focus to be our customers’ preferred partner is displayed by providing the highest quality products and supply-chain solutions, exceeding both their current expectations and anticipating their future needs.

We rely on our suppliers to provide quality materials and services, adhering to our safety and supplier governance protocols.

In addition to supporting 9,400 team members and their families, we also benefit the communities where we work and live, through donations from our charitable foundation and corporate contributions. Equally important, we strongly encourage our teams to give time to active community volunteerism.

We actively engage shareholders to build and sustain longer-term relationships.

Valuing the environment

Our “Vertically Connected Sustainable Production Life Cycle” enhances and complements our commitment to high environmental standards in all areas. Additionally, our company-wide performance-based incentive programs constantly encourage our team to create innovative solutions to reduce raw material usage, reuse secondary materials, and generally increase material conservation and recycling. We are committed to minimizing our climate impact.
Levering our extensive construction and operating expertise, we are building a next-generation EAF steel mill with production capabilities beyond existing domestic EAF flat roll steel producers. Through technology, product, and supply-chain differentiation, we will compete even more effectively with higher-emission traditional blast furnace technology and domestic import supply. We are also in the process of assessing the feasibility of complementing our energy sources with renewable energy alternatives. Operations are expected to begin mid-year 2021.

We are committed to operating in a sustainable manner by continuing to identify areas for innovation and implementing action plans to accomplish these improvements in our day-to-day business. We will continue evaluating company-wide impacts, including elevating our goals to achieve further upgrades in our sustainable business model.

We want to be the safest, most efficient producer of high-quality, broadly differentiated, diversified, value-added steel products, creating the highest level of sustainable earnings for the long-term benefit of all involved – our teams, their families, our communities, suppliers, customers, and shareholders. We are creating shareholder value through responsible, efficient capital allocation, with an intentional focus toward continued responsible strategic growth that considers all stakeholders best interests. We recognize that being a good steward of our resources is essential. We look for opportunities to innovate and to improve our processes, equipment, and technology to be more efficient and to limit our climate impact.

This is true for our largest organic investment since our inception – the construction of a new $1.9 billion EAF flat roll steel mill that is located in Texas.
## Selected Financial Data

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>$7,594</td>
<td>$7,777</td>
<td>$9,539</td>
<td>$11,822</td>
<td>$10,465</td>
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<tr>
<td>Operating Income (Loss)</td>
<td>(73)</td>
<td>728</td>
<td>1,067</td>
<td>1,722</td>
<td>987</td>
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<tr>
<td>Adjusted Operating Income</td>
<td>398</td>
<td>861</td>
<td>1,067</td>
<td>1,738</td>
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<tr>
<td>Net Income (Loss)</td>
<td>(130)</td>
<td>382</td>
<td>813</td>
<td>1,258</td>
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<tr>
<td>EBITDA</td>
<td>178</td>
<td>472</td>
<td>641</td>
<td>1,269</td>
<td>674</td>
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<tr>
<td>Adjusted EBITDA</td>
<td>706</td>
<td>1,172</td>
<td>1,405</td>
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<td>Cash Flow from Operations</td>
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<td>853</td>
<td>739</td>
<td>1,415</td>
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<tr>
<td>Capital Expenditures</td>
<td>115</td>
<td>198</td>
<td>165</td>
<td>239</td>
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<tr>
<td>Share Repurchases</td>
<td>-</td>
<td>25</td>
<td>252</td>
<td>524</td>
<td>349</td>
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<tr>
<td>Dividends Paid</td>
<td>128</td>
<td>136</td>
<td>146</td>
<td>169</td>
<td>200</td>
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</tbody>
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*Please see the reconciliation of these amounts to GAAP measures on page 45 of this report.

### 2019 EXTERNAL REVENUES

- **Steel**: 76%  
- **Steel Fabrication**: 9%  
- **Metals Recycling**: 11%

*The remaining 4% not shown above consists of other operations.*
Competitively advantaged differentiation is core to our long-term value creation strategy. We set ourselves apart in every aspect of our business with a spirit of excellence. The core values on the following pages drive our differentiation strategy.

**Our entrepreneurial, unique culture**

Our entrepreneurial culture is at the core of our success and is driven by our extensive, performance-based incentive compensation philosophy for those on the plant floor to senior leadership. Over 60% of a plant floor colleague’s total potential compensation is “at risk” to both quality production and cost-effectiveness. Over 85% of our senior leadership team’s total potential compensation is “at risk” to company-wide financial performance metrics that encourage long-term value creation, including return on equity, growth, cash generation, and return on invested capital metrics. Our common goal of consistently achieving excellence in all we do is reflected in the esprit de corps that permeates our team. We believe diversity within our teams enhances broad-based thinking, innovation, and value creation.

**Our diversified, value-added product offerings and supply-chain solutions—intentional growth**

We have one of the most diversified, high-margin product offerings of any domestic steel producer. We have a track record of profitable growth, driving diversification in both end markets and product offerings to sustain higher volume and profitability through all market environments. Over 70% of our steel and fabrication sales are considered value-added. A key competitive advantage is our numerous supply-chain solutions which provide significant advantages to our customers, creating long-lasting relationships and higher through-cycle sales. These solutions are typically generated by our innovative teams, supported by our performance-based incentive programs.

**Our vertically connected businesses and pull-through volume advantage**

Our vertically connected businesses contribute to our higher through-cycle steel production and overall profitability. The power of steel demand that is generated from our internal manufacturing businesses is a significant competitive advantage to support higher and more stable through-cycle earnings and cash flow generation. Our steel fabrication operations and downstream processing locations use a
To further diversify and increase our value-added product capability, we recently invested $160 million to add a third galvanizing line at our Columbus Flat Roll Division. This line not only increases Columbus’ value-added annual capability by 400,000 tons, but it also provides a new aluminized flat roll product to the company. The new line began operations in July 2020.

Since acquiring Columbus in September 2014, we have increased their value-added product mix by almost 15%, and significantly diversified the end markets Columbus serves. Our ability to quickly execute high-return, strategic investments to increase profit margins and broaden product mix has created greater consistency of earnings in all market environments.

Our strong capital foundation

All of these factors drive a preferred, adaptable financial foundation to responsibly support both current operations and continued meaningful strategic growth. We are committed to responsible growth to optimize earnings and maintain investment grade ratings.
At Steel Dynamics, valuing people includes providing a safe and healthy work environment and creating a culture of safety that extends beyond the workplace, into our homes and communities. Safety is and always will be our primary focus and core value. Our goal is for each individual to arrive at the workplace and return home safely each day – without accident or injury.

This is achievable when we all work together. It requires commitment from leadership and team members at every level to take ownership and responsibility for their safety and the safety of others. Under no circumstance does the desire to maximize production or earnings override the priority of individual safety.

Safety

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Leadership commitment

Safety is our first core strategic pillar – it is the foundation of decision making. Safety is always at the forefront and is a constant topic of conversation across the company, whether led by a team member from the plant floor, a supervisor, or a manager. Leadership is engaged and continuously evaluates where we can improve. We believe having every individual engaged in safety will lead to zero injuries.

We are committed to achieve world-class safety performance throughout our businesses to ensure everyone goes home safely. This commitment is foundational and integral to our culture. Working as one team, we will achieve it.
Safety Program

We continuously look for ways to refine and improve our safety programs to ensure a safe outcome for everyone. We discuss our safety programs and performance with our Board of Directors regularly. The leadership team and safety professionals located throughout our businesses are responsible for implementing, monitoring, and evaluating the programs. However, our success depends on the awareness and personal commitment of each of our team members. It is everyone’s responsibility to be committed to their own safety and to the safety of others.

Each individual is appropriately trained for their position and is expected to be thoroughly knowledgeable of and observe all safety practices. We encourage anyone with ideas for safety improvement to share their thoughts with other team members and local leadership. In fact, most of the ideas to improve safety come from team members.

Platform Total Recordable Injury Rate¹

During 2019, each of our platforms performed meaningfully better than industry benchmarks.

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<tbody>
<tr>
<td>Steel</td>
<td>1.4</td>
<td>2.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel Fabrication</td>
<td>2.4</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metals Recycling</td>
<td>2.7</td>
<td>5.1</td>
<td></td>
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¹ Total Recordable Injury Rate is defined as OSHA recordable incidents x 200,000 / hours worked, Lost Time Injury Rate is defined as OSHA days away from work cases x 200,000 / hours worked, and Severity Rate is defined as OSHA days away from work x 200,000 / hours worked.

Core Safety Group

As one of our steps to creating a “World Class” safety environment, we formed the Core Safety Group (CSG), which guides our company-wide safety culture and programs for 100% of our team members. The CSG consists of rotating members with both safety and operational expertise from each of our three primary operating platforms: Steel, Steel Fabrication, and Metals Recycling operations. The CSG is the vehicle for our coordinated safety communications, collaboration, and alignment throughout all of our businesses and locations.

The Core Safety Group’s primary function is to guide our overall safety programs toward achievement of zero injuries. The CSG meets regularly at varying company facilities across all operating platforms and conducts onsite safety “walk-throughs,” interacting with location team members, safety coordinators, and local management to learn “what is” and “what may not be” effective with regard to safety practices.

This process provides value not only to each individual location, but also to the CSG when establishing “Best Practices” for company-wide safety. We believe this is an essential part to improving safety, as the best ideas are derived from those individuals that are closest to the work being performed.

The collaboration across locations, divisions, and platforms led by the CSG has resulted in numerous safety advancements throughout our businesses. Guidelines have been established for handling non-routine tasks and performing safety walk-throughs on a routine basis by all levels of leadership.

Safety orientation guidelines and programs have been established for all new team members. Furthermore, many of our facilities have started their own safety groups that monitor and drive safety within their facilities by involving local leadership and engaging fellow team members.

We are continuously evaluating and expanding our safety programs by focusing on increased individual and team awareness and potential hazard identification and removal, with a goal to eliminate potential injuries.

This forward-looking approach to safety includes specific actions in three key areas:

**SAFETY FOR ME**

Control safety for yourself – Keeping safety “Top-of-Mind”

**SAFETY FOR MY TEAM**

Control safety for your team—Being one another’s “Keeper”, “See Something, Say Something, Do Something”

**SAFETY FOR ALL**

Identification and elimination of hazardous exposures that could result in potentially significant life-altering injuries
Leadership’s commitment and dedication to ongoing safety enhancement is partially evidenced by the annual creation of each division’s safety improvement plans. This process requires each of our facilities to establish actionable plans for both near and long-term continuous safety improvement. These longer-term goals encourage broader strategic thinking, and the development of ideas that will advance future safety performance.

During 2019, the CSG formed a special task force to specifically eliminate both actual injuries and the “potential” for such injuries that could result in serious life altering implications or even death. We believe by doing this we will see broad-based improved safety performance across our businesses. The team was comprised of senior executive leadership, senior operational leaders, and department managers from across the company.

The task force identified ten critical components necessary to achieve this goal:

1. Leadership Commitment
2. Hazard Awareness and Recognition
3. Quality Safety Training
4. Safety Alerts
5. Supervisor and Team Member Conversations,
6. “See Something, Say Something, Do Something”
7. Safety Mentors
8. Sharing a Safety Message
9. Contractor and Visitor Safety
10. Significant Injury Prevention Program
Each of these areas are a call to action for leadership, location management, line supervisors, and each team member. Everyone throughout our company is expected to proactively identify potential hazardous exposures that could result in injury and take appropriate actions. We deemed this our “Take Control of Safety” initiative.

Quality safety training

We ensure that appropriate safety training is provided to all individuals in their respective roles. Training covers potential safety and health hazards, safe work practices, and procedures to eliminate or minimize hazards. In addition, we provide information to team members through regular internal communication channels, such as team meetings, one-on-one conversations, special speakers, location postings, and other communications.

We maintain a comprehensive safety training program that includes annual training initiatives for each location. Key safety topics are specifically identified to match the unique need of each facility. To remain relevant, updates are made regularly based on the latest safety findings. By maintaining a formal list of safety topics, we keep these initiatives top of mind.

Safety coordinators, company leaders, and third-party trainers regularly engage team members in high impact safety discussions and active learning sessions utilizing examples of actual incidents and other relevant content to keep safety “top-of-mind” and to help in the identification and prevention of hazardous exposures for themselves and their teams.

“See Something, Say Something, Do Something”

Our team members embrace personal responsibility for not only work being performed by themselves, but also being performed by others. They are expected to address any perceived unsafe actions or conditions. If approached by someone concerning safety or any matter, team members are expected to be respectful of the other individual’s perspective and to collectively discern the safest resolution. Confronting peers with safety concerns can be uncomfortable, however, it is an obligation to help ensure everyone returns home safely each day. We emphasize this obligation and celebrate these interactions as our “Courageous Culture”.

AWARDS

Multiple steel production and processing divisions received recognition from the Steel Manufacturers Association for zero lost time incidents during 2019

In 2019, our secondary aluminum manufacturing division Superior Aluminum Alloys received the Outstanding Safety Award and Safety Process Award from the North American Die Casting Association

During 2019, our metals recycling yards in North Carolina received the Gold Award from the North Carolina Department of Labor for no lost-time injuries
Individual team engagement

Individual engagement is a critical success factor to each team member going home safely each day. It is our desire to inspire our teams to do the right thing, even when no one is watching. They are responsible to work safely not only for themselves, but for their families, loved ones, and fellow team members.

Continuous improvement

During CSG onsite visits, the team may identify ways to improve existing practices and engagement, and share “best practices” across the organization. If company-wide improvements are recommended, they are first extensively discussed across our operations within varying operating groups to ensure optimal implementation and team support.

Our entrepreneurial culture fosters team-driven ideas and innovation. We believe team empowerment drives superior performance and greater engagement.

Connecting subject matter experts

In certain cases when a safety initiative is identified, the CSG will form a team of subject matter experts from across the company to develop solutions for specific safety challenges. We believe this practice results in better results and encourages greater support and execution throughout our operations.

As an added benefit, these individuals form relationships across our businesses, establishing ongoing communication and collaboration.

Hazard awareness and recognition

Processes have been developed to identify and control hazardous exposures associated with both routine and non-routine tasks. Our teams conduct routine safety audits and review procedures to proactively identify potentially hazardous exposures and to ensure a method for controlling hazards that exist.

Team members proactively identify potential hazards within each job and can understand the methods to control those exposures for both themselves and others.
Making safety conversational

Programs, policies, and data all have a role in supporting safety performance but communicating the personal aspect of safety often has the greatest impact. Supervisors frequently initiate private one-on-one safety conversations with their team members to express genuine concern for their individual safety and to encourage the individual to use them as a resource. These discussions often center around our Take Control of Safety initiatives.

Sharing Safety Messages

Achieving an environment with no injuries requires a culture of open communication and transparency. Safety messages are shared daily throughout our operations to support safety awareness and share best practices. These messages are communicated by leadership, supervisors and team members, often emphasizing potential hazards and how to control those present in their job, facility and life.

Health

Our teams’ health and well-being are inextricably linked to their safety. We have nurses available at all of our major locations. We believe it is critical to the support of our operational teams’ health. During the last several years we meaningfully increased the number of onsite nurses.

Our nursing team implements health and safety programs and provides guidance regarding safe practices at work and home. They also provide wellness education, ergonomic assessments, and education on healthy sleep, nutrition, and exercise.

Our nurses help our teams make healthier, well-informed choices and at times find outside resources for managing their health.

Our nurses work alongside our safety professionals to prevent injuries and illnesses, and to care for our teams. They perform triage, provide care resources, and help manage individual health and safety related incidents. Our nurses participate in continuing education and training to stay abreast of current matters and best practices.
Our nursing team also has extensive knowledge of our operations, which allows them to best provide for the health and safety of our people. Our nurses get to know individuals and provide care for occupational health issues, along with guidance on both occupational and non-occupational matters. Many of our locations hold health and safety fairs that provide health and safety training and other health-related educational opportunities.

Coronavirus (COVID-19)

Our leadership teams, safety professionals, and nursing team have been instrumental in our responsible handling of the recent COVID-19 pandemic. Protecting the health and well-being of our teams and communities is at the core of who we are — it is also a commitment we make to each other.

Steelmaking and its ancillary support businesses are considered a “critical infrastructure industry” by the Department of Homeland Security. As such, our businesses have remained operational throughout the COVID-19 outbreak. We took decisive, conservative actions and implemented numerous additional health related protocols and policies very early in 2020, when it became apparent there was a risk to our teams. We believe these steps were and remain critical in protecting our teams, their families, and our communities.

As we confront the global spread of COVID-19, we will continue to put our team’s health and safety first. We are closely monitoring the situation and are taking every step necessary to do all that we can to provide an environment to our teams that protects them, their families, and our communities, while also serving our customers. As of the date of this report, none of our operations have been closed or idled due to the COVID-19 pandemic.

SERVICES INCLUDED:
- Health education and promotion
- Worker & work hazard detection and prevention
- Disease prevention
- Counseling and crisis prevention
- Blood donation opportunities
- Smoking cessation
- Proper body mechanics
- Health risk assessments and screenings
People drive everything we do

Above all, we value the dedicated people whose passion, innovation, and dedication to excellence have helped successfully grow our company and serve our customers. We have a culture of trust, fostered through individual empowerment and accountability that drives decision-making throughout our business. Our performance-based incentive compensation programs align us with the interests of our strategic long-term growth and our external stakeholders, including our customers, communities, and shareholders. We know our teams will do what is right and that trust comes from effective communication and transparency.

Performance-based incentives drive superior results

All team members have ownership of their area of responsibility, and this autonomy is complemented with accountability. We believe those closest to an issue will ultimately determine the best, most effective solution when given the right tools and opportunity to do so. We believe the best decisions are made on the front line. We empower people with performance goals, align their interests with the company’s long-term strategy, provide them with the right tools and resources, and watch them succeed.

Aligning interests

We believe in empowering our teams and rewarding them for their achievements through a four-tiered performance-based compensation framework. The various components of our compensation programs promote a balance of high-return growth, effective capital investment, low-cost operations, and risk mitigation. By rewarding our teams based on the performance of them as an individual, as a team, as a company, and based on shareholder concerns, we believe we have the ultimate alignment with our stakeholders.
Individual performance awards consist of an individual’s base compensation, which is determined by their individual performance, responsibilities, and skills.

Team performance awards are based on departmental results, rewarding cost effectiveness and quality production. Our performance-based incentive programs reward team members for reducing waste and increasing efficiency, while also producing quality products for our customers. These awards can be well over 100% of base wages, based on strong performance and on the teams doing things that are within their control.

Company-wide performance awards unite everyone through our profit-sharing program, which is based on consolidated pretax profitability and our 401(k) match, which is based on consolidated return on assets.

Finally, alignment with our shareholders and the pursuit of long-term value creation is fostered through the issuance of restricted stock units. Each full-time, non-union, United States-based team member receives annual equity awards. These awards have a two-year vesting period, supporting retention and company-wide strategy alignment. In 2019, overall retention was approximately 90%, with steel operations retention of 94%.

Our compensation framework helps ensure that we remain strong with best-in-class performance and retain top talent even in economic downturns. We all share in the company’s successes, as well as the challenges.
Talent development and educational opportunities

Our people represent the foundation of our six strategic pillars. Their continued education and talent development is paramount to our success. Our educational assistance and development programs encourage personal growth so individuals can remain current in their areas of responsibility, as well as develop new skills for advancement. Senior leadership plays a key role in our development programs, linking our culture to critical, proven leadership concepts. As we continue to grow, building talent and creating opportunities within our teams is one of our most important tasks and critical to our long-term success.

Talent development

Dynamic Development is our leadership talent development program, and it is designed to enhance individual leadership skills across the company, while embedding the tenets of our unique vibrant culture. In partnership with a local university, we develop educational programs that link individual professional development with our business strategies and rich culture. University faculty, external subject matter experts, and our own leadership teams facilitate these courses. Among many topics, we focus on culture, leadership skills, effective communication, accounting and finance matters, strategic thinking, and emotional intelligence, including how we relate to each other in all matters.

Dynamic leadership

Dynamic Leadership is our supervisor talent development program, and it is designed to provide frontline supervisors with the necessary tools to positively impact our operations and those individuals on their team by creating a safe, positive, innovative, and effective environment and to equip them with the skills necessary to build an empowered workforce. Our supervisors have considerable responsibility and serve in a critical role, as the experience and development of a majority of our team members are directly impacted by these individuals.

Technical skills development

We are growing our collective technical capabilities with the assistance of a local community college. This program provides an individual with the opportunity to learn customized skills, while being trained and mentored at work. The objective of the program is to combine a stimulating curriculum with academic theory, as well as hands-on training to ensure technical mastery. At the end of this program, the individual continues a career with us with the added benefits of an enhanced skillset and a two-year college degree.
Workplace philosophy

Our people are the foundation of our success and are our most important resource. Our culture safeguards all people and requires each person to be treated fairly and with dignity. We have equal employment opportunity, no tolerance for harassment of any kind, respect for human rights, diversity, and inclusion – all of which focus on our expectations of treating every person with the utmost respect. Our leadership is reminded of these expectations and receives recurring training on these critical topics.

We provide equal employment opportunities to all individuals and applicants. This philosophy of fairness extends to work assignments, opportunities for advancement, compensation, training opportunities, and all other aspects of employment. All job-related considerations are based on merit and ability, without regard to race, color, religion, creed, sex, sexual orientation, gender identity or expression, national origin, genetics, age, marital or veteran status, pregnancy, the presence of handicaps or disabilities, or any other basis protected by law. We provide accommodations as required by applicable laws for disabilities and religious beliefs.

We respect human rights, which includes providing safe work environments for our people, providing fair compensation based on job responsibilities and performance, and ensuring all team members meet minimum age requirements and eligible working status to qualify for employment.

We do not tolerate harassment or disrespect of an individual for any reason. Harassment of a team member is prohibited, both in the workplace and off the premises. We forbid harassment by any personnel of a customer, vendor, or any other person. Likewise, we prohibit harassment of our teams in any way related to their interactions with customers, vendors, or any other person related to their work responsibilities.

We recognize the value of having a business that reflects diversity of backgrounds and experiences. In 2019, females represented 11% of our overall team.

We work together as a unified team and respect each other as individuals. Our team-based compensation structure reinforces this philosophy.

We strive to create an open and inclusive environment, ensuring the best ideas are recognized regardless of the position or the individual. We believe these ideals will continue to drive our success.

Leadership and our Board of Directors fully support these practices and provide numerous methods for individuals to voice any thoughts or concerns they may have without fear of reprisal.
We are influenced and supported by numerous external stakeholders including our customers, suppliers, vendors, communities, and shareholders. Their relationships have contributed to our sustainable growth and continued success.

Our customers are integral to our success

We want to grow and innovate alongside our customers, providing differentiated high-quality products and supply chain solutions to meet their current and future needs. We have one of the most diversified steel product portfolios within the industry, with over 70% of our steel and fabrication sales within value-added products.

We thrive on the long-lasting partnerships we have established with our customers. At every step, our actions are meant to promote the highest degree of trust and transparency. No false promises – we do what we say we are going to do, when we say we are going to do it.

We want our customers to look to us for new products and services — for solutions to their needs. We have made numerous changes to supply chain dynamics or product deliverables that have meaningfully benefited the customer through cost reductions, time savings, reduced working capital investment, and shorter supply chain.
We are constructing a technologically advanced flat roll steel mill in Texas, with product capabilities beyond existing domestic EAF producers, competing even more effectively with the integrated steel model and foreign competition.

We created the model to operate a flat roll steel paint line contiguous to a steel mill — benefiting our customers with yield savings, supply chain time reduction, and greater supplier transparency. Based on the competitive advantages of this model, we now operate three paint lines, with plans to have another operational mid-year 2021.

We developed long railroad rail — benefiting our railroad customers with faster rail installation, superior weld points (where safety issues often occur), and lower customer maintenance costs.

**Partnering with our customers**

Our metals recycling platform offers custom-tailored recycling programs for larger, ferrous scrap-generating companies, such as the automotive industry. We provide the most comprehensive customer-service package available in the industry today. Our ultimate goal is to increase customers’ efficiency and increase their revenue, allowing them to concentrate on their core businesses, while we benefit from procuring higher volumes of recycled ferrous scrap for use in our steel operations.

We also help clients design and install automation that promotes increased efficiency, enhanced safety, and environmentally compliant practices.

**Our focus is to grow and innovate alongside our customers, providing differentiated products and solutions to meet their needs.**
Our suppliers and vendors

We have many strong long-term relationships with our suppliers and vendors, ensuring quality service, supplies, and other deliverables to ensure efficient and effective operations. There is a high degree of collaboration to optimize the cost and efficiency within our businesses. We expect all our service providers to operate with the same level of safety practices as we expect from ourselves. They are expected to prioritize the safety of their own teams by providing safe and healthy working environments.

We also expect the same level of integrity and good judgment as we expect from ourselves. They are expected to abide by our Supplier Code of Business Conduct and to have and enforce their own comprehensive codes of business conduct that prohibit unethical or unlawful behavior in all aspects of their business.

We expect them to be good stewards of the environment and to comply with all environmental laws and regulations regarding waste and emissions. We also encourage vendors to employ recycling programs to minimize waste, energy consumption, and water usage, and to pursue opportunities to reduce any detrimental impact on our physical world.

Our shareholders

We value the support, interest and feedback of our shareholders. Thus, we actively engage shareholders to build and sustain longer-term relationships. We engage with shareholders through our:

- Securities and Exchange Commission filings
- Quarterly earnings calls
- Investor presentations
- Annual meeting for shareholders
- Press releases
- Management roadshows
- Conferences
- Management meetings and calls

Our community

We strongly believe in making a positive social impact on our communities through supporting organizations in which our team members are involved and by empowering and encouraging volunteerism and leadership throughout our company.

We collaborate with our teams and communities to determine areas of need and to identify those organizations that most effectively provide current and long-term solutions to address those needs. Among other areas, this has included financial support for human services organizations, educational institutions, and community programs. We are proud of, grateful for, and humbled by our team’s generosity.
We encourage and empower our teams to identify and support those organizations that have the most expansive and enduring positive impact in their geographic regions. Those organizations may receive company generated donations or be selected for a grant from the Steel Dynamics Foundation. We want to enrich quality of life and assist those in less fortunate circumstances, especially through education and economic empowerment.

**Higher education**

We believe an educated population creates a stronger economy with higher living standards and more opportunities for everyone to benefit, including those in need of assistance. Our monetary contributions to higher education include supporting campus expansion projects, STEM programs, scholarship opportunities, and educational equipment at colleges and universities.

**Physical Structures**
- Advanced manufacturing training center
- Student activities facilities
- Alternative energy science lab
- Classroom facilities

**Student Support**
- Scholarships for students studying science, technology, business, engineering, metallurgy, etc.
- Forgivable loan program to incentivize students
- Post-secondary education scholarship program for colleagues’ children

**Program Support**
- Collegiate-based entrepreneurship / innovation center
- STEM / skilled trades program support and development
- Educational equipment and environmental research

**Sustainable future**

Our support of these initiatives is a way to help individuals improve job-related skills. In addition, this contributes to a sustainable, skilled workforce, which is a critical component of attracting and retaining businesses that provide high-quality jobs.
Human services

We support human services organizations in our communities to improve quality of life and promote social and economic mobility. We contribute to services that support those with immediate needs in our communities, as well as provide education and resources they can use to sustain themselves in the future.

Our stories

Feeding the hungry

During a local annual food drive, three of our locations collected a record 52,000 pounds of food for those in need, utilizing the help of local grocery stores, a nearby soup manufacturer, and friends and family. These teams have a direct positive impact within their community by helping to feed families.

Support of immediate needs

Transportation for the disabled
Programs for children and adults with disabilities
Cancer support services
Food banks
Need-based drives

Support of a sustainable future

- Mentoring for at-risk children
- Reading programs
- Programs that encourage youth entrepreneurial and business achievement

As we help build a solid foundation for youth in our communities, they become better equipped to sustain a higher-quality life.

Our stories

Supporting health organizations

Our donation to the American Red Cross funded a state-of-the art bloodmobile to serve Northeast Indiana supporting emergency blood resources. Over the course of its expected 10-year lifespan, the bloodmobile will collect approximately 30,000 units of blood, providing life-saving resources to thousands of patients.
A thriving community is the basis for economic growth, prosperity, and personal well-being. We support the development of communities to enrich the lives of individuals, their families, and future generations. Building better communities attracts business and high-quality jobs, which in turn improves lives.

**Our stories**  
**Encouraging youth entrepreneurial and business achievement**

Provided support towards a new facility for the Junior Achievement of Northern Indiana entrepreneurial and business achievement programs, including the Steel Dynamics Entrepreneurship Center.

**Support of immediate needs**

- Local community festivals and events
- Capital campaigns to build community assets
- Arts and culture programming

**Support of a sustainable future**

- Local festivals where we focus on educating and building excitement for potential community development projects
- Seed money to help non-profit organizations create revenue-generating programs

We help communities grow and sustain their vitality well into the future.

**Our stories**  
**Community development**

Provided support for a new facility for the Boys and Girls Club of Fort Wayne. The new building now serves as a safe and supportive environment to 500 children and teens each day, allowing the Boys & Girls Club to provide impactful programs focused on academic success, good character and citizenship, and health lifestyles with a goal to have all members on track to graduate from high school with a plan for their future, involved in the community, and living a healthy lifestyle.
We are committed to operating our business in an environmentally responsible manner and have been since our founding. We encourage the use of new technologies and processes to reduce our impact on the environment and the climate, including a strategic focus on carbon mitigation. We only produce steel using EAF technology with recycled ferrous scrap as the primary raw material. We believe EAF production is currently the steelmaking technology that provides the least environmental impact, is the most cost effective, and provides the most flexibility, and as such, this has been our method of growth.

Through our innovation and intentional growth strategy, our combined business platforms also present a vertically connected business model, creating an almost “closed loop” manufacturing environment benefiting us financially while mitigating our environmental footprint.
For our steel mills, ferrous materials represent the single largest raw material input – approximately 55% to 60% of our costs to produce steel. Our steel operations use recycled ferrous scrap as their primary raw material in the production of high-quality steel and source much of their scrap needs from our own metals recycling operations. This benefits our steel mills with lower working capital, lower cost, and higher quality recycled raw materials.

Our diverse steel products are then used in numerous end markets, including in our own manufacturing and steel fabrication businesses. This optimizes our company-wide through-cycle profitability through the option to source steel internally in weaker demand environments or externally in strong markets.

Finally, as steel and other finished goods reach their end-of-life, our metals recycling operations collect and process these items – once again reintroducing nonferrous and ferrous recycled materials into the production life cycle. We also design, install, and manage customized scrap management programs for numerous manufacturing companies throughout North America, thereby helping customers become more sustainable as well.

Our Butler Flat Roll and Columbus Flat Roll divisions’ environmental management systems are certified with the International Organization for Standardization 14001. These locations represent our largest operations and over 60% of our 2019 steel production. Each of our six EAF steel mills have an onsite environmental engineering group focused on emissions, regulatory compliance and continuous improvement, and these teams and our team members are knowledgeable on how to properly handle waste streams and engage in responsible environmental practices.
Sustainable innovation

Our culture and performance-based compensation drive entrepreneurial and innovative thinking and actions throughout all our operations. We want to provide unique, superior products, customer supply chain solutions, and next-generation technologies and processes – all while focusing on resource requirements.

Ironmaking Innovation

The creation of our ironmaking operation (Iron Dynamics, or IDI) is a prime example of our team’s innovation and focus on environmental responsibility. Using a unique process, IDI produces liquid pig iron from steel waste streams and other secondary materials. Our Butler Flat Roll Division uses this liquid pig iron as a preferred raw material substitute for merchant pig iron and prime scrap. Due to the liquid pig iron being delivered in a molten state, it provides meaningful productivity gains and cost savings at the steel mill, including a reduction in energy requirements and electrode consumption. The reduced energy needs translate into lower emissions. Between 2017 and 2019, IDI converted over 1.2 million tons of mill scale and other related material from steel companies throughout the United States and Canada into liquid pig iron.

Zinc Innovation

The Iron Dynamics team is continuing its successful resource recovery journey. In 2019, IDI began trials to recover reusable materials from another EAF steel mill waste stream – the dust produced and then collected from the steelmaking process, which is typically required to be sent to a landfill or to a third party processor. EAF dust is primarily comprised of iron oxide and zinc oxide and is listed as a hazardous waste.

The trials to recover additional iron units and crude zinc oxide for reuse in other manufacturing processes were successful with the conversion of over 20,000 tons of EAF dust in 2019. Over 50% of the EAF dust generated at our Butler Flat Roll Division is now being processed by IDI with plans to recycle 100% in the near future. This unique technology provides an economic benefit through the sale of the crude zinc oxide, the reuse of the iron units, and the reduction of third-party processing or landfill costs.
Nonferrous Innovation

We are the largest nonferrous metals recycler in the United States. In order to increase recovery of nonferrous and other materials from our automotive shredding operations, in prior years we invested over $40 million in additional processing technology. These investments resulted in over 200 million pounds of additional reusable materials annually.

We also have businesses (highlighted below) that produce products using recycled nonferrous scrap materials, much of which are collected and processed by our own metals recycling operations.

Continuous Environmental Innovation

We empower and encourage our teams to make decisions and provide innovative solutions in all areas of business, including resource sustainability and climate-related matters. We believe this entrepreneurial culture provides meaningful long-term financial and environmental benefits to our business and our communities. Some example projects recently completed are described below.

01
Our Structural & Rail Division upgraded natural gas burners on our ladle preheaters. This improvement resulted in a 40% reduction of natural gas usage for this process which in turn drives a reduction in greenhouse gas (GHG) emissions.

02
Our Engineered Bar Products Division installed technology that has stabilized the arc and reduced melting down time. This translates to a reduction of electricity consumption by 3% per ton and reduced electrode consumption by 5% thus lowering emissions.

03
Our Columbus Flat Roll Division has installed heat recovery technology on certain coating lines at the facility. This allows the heat to be recovered and reused allowing for a reduction in natural gas consumption.

04
Many of our facilities have implemented or are in the process of implementing off-gas analysis at the electric arc furnaces which enables them to closely monitor inputs and outputs from that process. At our Engineered Bar Products Division, this technology has resulted in a 4% reduction in electrical energy, 11% reduction in natural gas usage, and 7% reduction in charge carbon.

AWARDS

Columbus Flat Roll Division was the recipient of the 2020 Association for Iron & Steel Technology Gold Level Reliability Achievement Award for their use of pyrometers instead of thermocouples for the ladle pre-heat burner control. The use of pyrometers has allowed for a more efficient use of natural gas. It has also improved safety by eliminating the need for frequent replacement of the thermocouple from the ladle heating wall. This award recognized Columbus for reliability improvements and achievements that can be demonstrated as unique or first in the industry.
Electric arc furnace vs. blast furnace technology

Blast Furnace

We are one of a very small number of steel producers that only use electric arc furnace technology. We have always been and continue to be a leader in the production of sustainable, lower-carbon emission steel products.

We believe the single most impactful decision a steel consumer can make in order to support GHG emission reduction is to understand the differences between EAF and basic oxygen or blast furnace steelmaking technologies and related supply chain environmental impacts — and then, source their steel needs accordingly. Electric arc furnace steelmaking technology generates a mere fraction of the carbon emissions produced and energy intensity required by traditional blast furnace steelmaking technology.

Steel Dynamics steel production is 100% EAF

We are one of a very small number of steel producers that only use electric arc furnace technology. We have always been and continue to be a leader in the production of sustainable, lower-carbon emission steel products.

We believe the single most impactful decision a steel consumer can make in order to support GHG emission reduction is to understand the differences between EAF and basic oxygen or blast furnace steelmaking technologies and related supply chain environmental impacts — and then, source their steel needs accordingly. Electric arc furnace steelmaking technology generates a mere fraction of the carbon emissions produced and energy intensity required by traditional blast furnace steelmaking technology.

Steel is the most recycled material in the world.¹ EAF technology uses primarily recycled ferrous scrap metal to produce new steel. Our EAF steel mills use recycled ferrous, or steel scrap, as the single-largest raw material input in the production of new finished steel products. In 2019, 84% of the material used in our furnaces to produce steel at our six EAF steel mills was recycled ferrous scrap and internally generated iron substitutes (in contrast to traditional blast furnace steelmaking, where the proportion of recycled ferrous scrap has been between 25% to 35%).

Our metals recycling operations provide a regional source of recycled ferrous scrap to our steel mills. Due to the geographic proximity of our metals recycling locations to our steel mills, the energy expended

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¹ World Steel Association (WSA).
² The total energy intensity for steel produced at our six EAF steel mills includes the melting, casting, reheating, hot rolling, and other cold rolling or finishing processes at our facilities. This results in an energy intensity per cast steel metric ton of only 25% of the WSA amount. For melting and casting steel only excluding carbon units, when compared to the WSA average energy intensity per cast steel metric ton, we use 11% of this amount as disclosed in prior reports.
Electric Arc Furnace

- Over 8 times lower emissions per ton versus average U.S. blast furnaces¹
- Only 25% of the energy needed per ton versus world steel averages²

**RECYCLING 1 TON OF STEEL**
Reduces the need for:
- 2,500 pounds of iron ore
- 1,400 pounds of coal
- 120 pounds of limestone

Fewer natural resources required drives lower emissions, energy, wastes, and water usage

**ENERGY**

By connecting the casting and rolling processes in our flat roll mills, we roll slabs into steel coils while the steel is still hot, requiring significantly less energy compared to traditional blast furnace technology, which typically requires reheating slabs before rolling. In 2019, our EAF operations, on a per metric ton basis, required only 25% of the energy intensity of average steel operations worldwide, when compared to the World Steel Association.²

**EMISSIONS**

Using EAF steelmaking technology, we produce substantially less emissions than produced from traditional blast furnace technology which creates significant air emissions through the conversion of iron ore, coke and coal into steel. During 2019, our EAF operations generated only 12% of the greenhouse gases, on a per metric ton basis, of average United States blast furnace steelmaking operations.³

**WATER**

Our EAF operations recycled and reused 100% of water withdrawn in 2019. In fact, the average gallon of water was recycled and reused multiple times before it was lost either to evaporation or discharge.

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¹ Based on Scope 1 CO₂ equivalent emissions reported to the U.S. EPA.
² Institute of Scrap Recycling Industries.
³ Based on Scope 1 CO₂ equivalent emissions reported to the U.S. EPA.
Energy

Our EAF steel mills require energy in the form of electricity and chemical energy such as natural gas to melt ferrous materials and transform metal into high-quality finished steel products. As a percentage of our total costs to manufacture steel, electricity generally represents approximately 4% and natural gas represents approximately 1%.

As a major consumer of power, we seek to maximize energy efficiency throughout our operations to reduce costs and absolute energy usage. We regularly review detailed energy usage and costs at each steelmaking location, including the total energy required to produce a ton of steel. Our operational leaders and subject matter experts share best practices related to energy conservation, including new technologies and processes. We believe these efforts lead to tangible continuous improvement in energy efficiency.

Our six steel mills are located in various states throughout the United States, and each state has unique laws concerning power generation and sourcing. We source our electricity from multiple providers and all of them have some portion of their generation from renewable energy sources, including hydro, nuclear, and wind power. In 2019, approximately 40% of our electricity used at our six steel mills was derived from carbon-neutral power sources (primarily nuclear and hydro). At our new Texas EAF steel mill, we are also in the process of assessing the feasibility of complementing our energy sources with renewable energy alternatives. Operations are expected to begin mid-year 2021.
Greenhouse Gas Emissions

Our EAF steel mills are the primary source of our company-wide greenhouse gas emissions. Using EAF steelmaking technology, we generate substantially less emissions than generated from traditional blast furnace technology. During 2019, we emitted 1.7 million metric tons of Scope 1 CO₂ equivalent emissions from our six electric arc furnace mills. Our emissions remain a fraction of the average domestic blast furnace with our 2019 Scope 1 and Scope 2 emissions intensities remaining steady.

Our Scope 2 emission rate (lbs CO₂e/MW) from our six EAF steel mills is lower than the rate of nearly half of the power being generated in the United States according to the U.S. EPA’s Emissions & Generation Integrated Database. Our Butler Flat Roll Division and Columbus Flat Roll Division represent over 60% of our steel production capability and each procures electrical power from utilities with over 50% from carbon-neutral sources. Also, due to the region’s energy mix near our new flat roll steel mill in Texas, including a large renewable wind energy footprint, we anticipate Scope 2 emissions there will be lower than most EPA regions.

In accordance with United States law, our facilities meeting the reporting requirements annually report GHG emissions to the United States Environmental Protection Agency.

We recognize that minimizing the impact of GHG emissions is important to our stakeholders, including local communities and our team members. We endeavor for continuous improvement in minimizing carbon dioxide emissions, while maintaining compliance with regulated emission limits. We evaluate our GHG emissions by regularly reviewing furnace performance and efficiency. We analyze the latest available technologies to also determine whether emissions can be minimized.

1 The total energy intensity for steel produced at our six EAF steel mills includes the melting, casting, reheating, hot rolling, and other cold rolling or finishing processes at our facilities. This results in an energy intensity per cast steel metric ton of only 25% of the WSA amount. For melting and casting steel only excluding carbon units, when compared to the WSA average energy intensity per cast steel metric ton, we use 11% of this amount as disclosed in prior reports.

2 Based on Scope 1 CO₂ equivalent emissions reported to the U.S. EPA.
Carbon Mitigation Strategy

Our strategy to mitigate GHG emissions is based on four primary elements:

INVOLVED LEADERSHIP / GOVERNANCE
AWARENESS / CONTINUOUS RISK AND OPPORTUNITY ASSESSMENT
INNOVATION / OPPORTUNITY EVALUATION AND IMPLEMENTATION
ACCOUNTABILITY / PERFORMANCE AWARENESS

Involved Leadership / Governance

Our carbon mitigation strategy is integral to our overarching sustainability program to address climate-related considerations. Our Board of Directors provides oversight concerning the company’s sustainability strategy, disclosures, and climate-related impact. Our senior leadership, including our Chief Executive Officer, Chief Financial Officer, and operating platform executives establish our near- and long-term strategies related to our climate-related assessments, goals, and programs.

We have environmental professionals at each of our major steelmaking locations that are responsible for regulatory compliance and opportunities for climate-related impact initiatives. All significant capital investment decisions are reviewed by our environmental professionals for input and approval. These individuals share current developments, environmental trends, best practices, and discuss opportunities for continuous improvement. In 2020, we are further supporting this effort with the creation of a Core Environmental Group (CEG). This team, in combination with our senior leadership, is tasked with guiding our company-wide GHG emissions mitigation efforts and allocation of resources to these efforts, among other responsibilities.

The CEG is a part of the human resource, safety, and sustainability organization that reports through our Chief Financial Officer and consists of members from senior leadership, operational leadership, environmental engineers, and other experts in the fields of sustainability, environmental regulation, and renewable energy.

Awareness / Continuous Risk and Opportunity Assessment

Our senior leadership, including our Chief Executive Officer, Chief Financial Officer, and operating platform executives provide overall direction regarding the company’s sustainability initiatives and implementation of its GHG mitigation strategy.
Annually a company-wide risk assessment is completed with input from a wide breadth of individuals, including our Board of Directors, senior leadership, operational leaders, and administrative individuals. Among other topics, this assessment includes climate-related risks and company mitigation efforts.

This evaluation includes among other items:

Current and possible future environmental and other related regulations, and how they might impact our business, including increased administrative costs, higher operating costs, and increased restrictions which could reduce operational flexibility.

Potential for extreme weather events and how an occurrence could disrupt either our own operations or our customers and suppliers.

Potential for the creation of innovative technologies or processes that could provide a competitive advantage and a positive climate impact, particularly with respect to low carbon-emitting technologies, energy management, and waste reduction.

The CEG, with the involvement of our operational teams and others, evaluate these potential opportunities, set project priorities, and execute them when appropriate.

**Innovation / Opportunity Evaluation and Implementation**

We empower our teams to make decisions and provide innovative solutions in all areas. We believe this entrepreneurial culture will provide meaningful benefits to carbon mitigation as well.

As part of its charter, the CEG works in close collaboration with environmental, energy, and sustainability professionals to help guide our GHG mitigation efforts by identifying and evaluating potential initiatives, discussing these ideas with senior leadership, and assessing the eventual performance of initiated projects.

**Development and implementation of GHG mitigation projects has occurred already or may occur in the following areas:**

**LOWER CARBON PROCESS TECHNOLOGIES** – achieving lower Scope 1 GHG emissions and emissions intensity by using Electric Arc Furnace technology

**ENERGY EFFICIENCY** – improving energy management to reduce emissions, enhance operational efficiency, and lower associated operating costs

**WASTE REDUCTION AND MANAGEMENT** – reducing solid waste from our operations by increasing recycling and source reduction programs

**RENEWABLE ENERGY** – sourcing power from renewable energy sources, where feasible

**CARBON TRADING** – generating or purchasing carbon offsets or renewable energy credits, where feasible

**Accountability / Performance Awareness**

Our sustainability and climate-related strategy is an ongoing journey, and we are moving forward with an intention to have a positive impact and succeed. We issued our inaugural sustainability report and related disclosures in 2018, which included performance data from 2015 through 2017. We provided an update for 2018 data.

In this report, we have further expanded our discussion concerning our ongoing sustainability efforts, in part, utilizing the GRI and SASB disclosure frameworks in an effort to help stakeholders appreciate our performance. During 2021, we plan to adopt quantitative, company-wide goals for GHG reduction, renewable energy use, and greater energy efficiency opportunities. Additionally, we plan to assess the feasibility of aligning potential GHG reduction goals with the Science Based Targets initiative. We plan to continue to address climate-related issues and to play a leadership role in innovative ways to reduce our climate impact.
Water

We recognize our responsibility to understand the potential environmental impacts our operations may have on our natural resources, including water. We withdraw water for use as both contact- and noncontact-cooling sources in our steel mills, where cooling is necessary to provide high-quality steel products. We also use water to apply cleaners to product before further processing on our value-add steel production lines, such as our galvanizing or painting lines, to ensure product quality.

Over 97% of the total water withdrawn for our steel mills is from low water stress regions. However, we understand the impact our operations may have on the water supply at the local level and have implemented water withdrawal best practices to minimize any impact. To evaluate the amount of water withdrawn, the water wells utilized for our production processes have flow meters, and the results are directly communicated to our teams. The results are also included in an annual report to the designated state regulatory agencies.

We have also implemented water reuse programs at our steel mills, which are designed with cascading water systems to continually reuse withdrawn water. Water from noncontact water systems is reused in other noncontact water systems or in contact water systems.

Some of our steel mills also reuse a portion of their treated water onsite instead of discharging it. During 2019, our steel mills discharged less than 1% of their total water demand, therefore minimizing the environmental impact that discharging treated water may cause. Withdrawing and discharging water in larger volumes more frequently would be more costly. Therefore, reusing the already withdrawn water is also a cost-saving method.

1 Includes our ironmaking facility located on the campus of one of our steel mills.
Other emissions: nitrogen oxides, sulfur dioxide, other

Our EAF steel mills are the primary source of our air emissions. Routine testing of air emissions and frequent monitoring of our operations give us the ability to ensure the compliant, safe and sustainable production of our high-quality steel products. This emission information is submitted regularly to state and federal regulators.

Our air emissions are frequently managed by control devices with permitted Best Available Control Technologies—baghouses capture particulate matter (PM), natural gas-fired burners are designed to reduce nitrogen oxide (NOx) emissions and thermal oxidizers destroy paint line volatile organic compounds, among other control devices. We implement state-of-the-art air pollution control practices to meet a variety of different emission limits in facility air permits. We are committed to minimizing our steel mills’ impact on air quality of surrounding communities and understand our responsibility to maintain compliance.

### 2019 EMISSIONS
(pounds/liquid steel ton)

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<thead>
<tr>
<th></th>
<th>NOx</th>
<th>SO2</th>
<th>PM</th>
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<td>lbs/ton</td>
<td>0.29</td>
<td>0.17</td>
<td>0.12</td>
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</table>
Waste

Our EAF steel mills generate various nonhazardous and some hazardous wastes in the steelmaking process. We follow strict procedures for how wastes are handled, disposed of, or recycled.

One way we take extra measures to responsibly manage our hazardous waste stream is by diverting EAF dust from landfills to either our own zinc recovery facility or other third-party vendors. During 2019, we redirected 99% of our EAF dust in this manner to be recycled.

To minimize disposal of other byproducts of the manufacturing process, we assess what materials are considered reusable and redirect those materials to be reused or recycled versus sent to a landfill. Where feasible, we recycle materials either onsite (e.g., scrap, mill scale, EAF dust) or offsite (e.g., used oil, universal waste). We continually look for ways to minimize waste generation and the costs associated with nonhazardous and hazardous wastes. Our facilities share best practices for reducing waste. Most of our steel mills have implemented single-stream recycling. We also partner with companies to make slag or furnace stone available as a valuable commodity for reuse.

Our performance-based incentive programs reward team members for reducing waste and increasing efficiency, while also producing quality products for our customers. Our teams continually innovate ways to better manage waste streams.

1 Includes our ironmaking facility located on the campus of one of our steel mills.
Environmental stewardship

As we continue down the path of strategic growth, we recognize that being a good steward of our environment and the communities where we work and live is essential. As we evaluate opportunities for growth, we also evaluate opportunities to improve our processes, equipment, and technology to reduce our impact on the environment. With all new material projects, we not only evaluate strategy and financial returns, but we also assess the environmental requirements and related climate impact.

Our steel mills do not operate in areas designated as critical habitats or with high biodiversity value. However, we recognize that certain areas are designated as such and would consider this with any potential expansion.

We are members of communities where we operate and want to ensure that we are a responsible, contributing influence.

Our Environmental Policy, sustainability disclosures and certifications are available on our website at www.steeldynamics.com under sustainability.

- Environmental Policy
- SASB and GRI Index
- ISO 14001 Environmental Management System Certifications
- ISO 9001 Quality Management System Certifications
- IATF 16949 Certifications
Board of Directors

Our business affairs are managed under the direction of our Board of Directors. The role of our Board of Directors is to effectively govern the matters of the company for the long-term benefit of our stakeholders, including our teams, customers, vendors, communities, and stockholders. Our Board of Directors has three standing committees that function under individual charters and consist of only independent directors. The committees consist of an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

Our Board of Directors value diversity of background, experience, gender, and ethnicity in order to optimize the benefits it brings to the senior leadership team and ultimately to all of the company’s stakeholders. The Board utilizes a contribution matrix when evaluating both the skillsets of existing directors and potential new directors. This matrix takes into account such factors as subject matter expertise, gender and ethnic diversity, insight into our long-term strategic direction, time availability, board tenure, age, and membership on other public company boards.

Our independent lead director and chairperson of our Corporate Governance and Nominating Committee also facilitate an annual performance assessment of both the board as a whole and each individual director in order to ensure the board’s effectiveness.

18% OR TWO DIRECTORS ARE FEMALE

73% ARE INDEPENDENT / ALL COMMITTEE MEMBERS ARE INDEPENDENT

8 YEARS AVERAGE TENURE FOR INDEPENDENT DIRECTORS
Best practices

The Board is also responsible for ensuring that our business activities are conducted in a responsible and ethical manner. We are committed to sound corporate governance principles some of which are reflected in our written Corporate Governance Policies. As governed by our Corporate Governance Policies, all board committee members must meet both objective and subjective independence standards, and a majority of our total directors must also be determined as independent, including the Lead Independent Director.

The following highlights additional key attributes of our Board of Directors best practices:

- Lead Independent Director
- Robust Stock Ownership Guidelines for Executive Officers and Directors (5% of our common stock is beneficially owned by this group)
- Board Refreshment – Director Retirement Policy
- All Board members attended at least 75% of Board and Committee meetings
- Ongoing succession planning and talent development for senior leadership and the Board
- All directors stand for election annually
- Independent directors meet at least quarterly in executive session
- Board committees consist of 100% independent directors
- Code of Business Conduct and Ethics
- Annual board evaluation, including individual director assessment
- Diverse director backgrounds and perspectives, combined with seasoned industry knowledge

AWARDS

Since 2018, Steel Dynamics has maintained an “exemplary” stewardship rating from Morningstar, one of the world’s largest independent investment research firms. As part of their research they analyze the strength of corporate management teams by assessing stewardship of investor capital.

The rating recognizes whether the actions and strategies of corporate management are well-suited to drive long-term shareholder value or not.
Risk oversight

The Board believes their responsibility concerning oversight of the company’s enterprise risk is one of its most critical duties. The Board regularly discusses the company’s business-specific risks with the senior leadership team and other subject matter experts, including but not limited to, health and safety, talent development, leadership succession, social matters, financial, operational, information and cybersecurity, business continuity, legal, environmental and climate, trade, technological, and regulatory exposures. In addition, at least annually, the Board and the senior leadership team discuss the company’s overall enterprise risk profile through the view of materiality and probability, also including potential “Black Swan” events. The Board actively participates in this evaluation. During this process, the Board reviews and challenges comprehensiveness of the evaluation, as well as the framework senior leadership uses to actively assess, manage, monitor, and mitigate these existing or potential exposures.

The Board committees also support the company’s risk oversight in an even more detailed nature.

<table>
<thead>
<tr>
<th>Audit Committee</th>
<th>Corporate Governance and Nominating Committee</th>
<th>Compensation Committee</th>
</tr>
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<tbody>
<tr>
<td>• Reviews the company’s risk management processes, systems, and controls which leadership has established.</td>
<td>• Reviews legal and regulatory compliance risks related to, among other things, corporate governance practices and processes.</td>
<td>• Reviews our executive compensation programs to ensure they are using performance-based metrics that are aligned with Board and stakeholder strategy, and that they do not encourage unnecessary or excessive risk-taking.</td>
</tr>
<tr>
<td>• Reviews the risks related to financial reporting and disclosure processes, as well as, capital structure framework, liquidity sufficiency, financial regulatory compliance, and market trends.</td>
<td>• Reviews risks related to environmental, climate, and social matters, including the sustainability impact our operations have on our communities, and the diversity of our teams.</td>
<td></td>
</tr>
<tr>
<td>• Discusses significant financial risk exposures with leadership to ensure adequate mitigation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

While the Board and its committees oversee risk management strategy, leadership is responsible for implementing and leading the day-to-day execution and reporting to the Board and its committees on such matters.
Ethical behavior

We believe that every team member contributes to the company’s culture of excellence, not only through efficiency and innovation, but also through personal integrity.

Our Code of Business Conduct and Ethics (the “Code”) sets a foundation for the highest level of integrity and permeates everything we do. The Code articulates the fundamental aspects of our commitment to always act with integrity and to ensure ethical and lawful conduct in every aspect of our interactions. The Code is also part of a larger framework that includes expectations for adherence with all of our corporate and business policies, and the existence of open transparent communication between all team members and leadership, as well as, with our other stakeholders, including customers, suppliers, and shareholders. Ethical business and personal conduct are part of the foundation upon which we operate, and we expect each team member to exercise integrity and good judgment every day.

We also operate under a separate Code of Ethics for Principal Executive Officers and Senior Financial Officers which is reviewed and signed annually by senior leadership that provides principles to guide the company’s leadership to ensure ethical behavior and compliance with certain other laws and regulations.

Ethics line

Our team members may raise confidential, anonymous complaints regarding possible violations of our general Code of Business Conduct and Ethics, other claims of financial irregularities, fraud, or any other matters. Complaints submitted through this confidential process are communicated directly to the Board’s Audit Committee chairperson, external legal counsel, and internal legal counsel. Depending upon the allegations made, this group along with members of senior leadership will ascertain the appropriate method for investigation and any subsequent actions to be taken (if required). These matters are taken very seriously.

Federal law protects anyone against unlawful discrimination or retaliation by the company as a result of lawful reporting of information or participating in any investigations involving possible violations of any matter through this Ethics Line process.

Corporate Policies

Our company-wide governance policies are available on our website at steeldynamics.com under Investors, Corporate Governance.

- Corporate Governance Policies
- Code of Ethics for Principal Executive Officers and Senior Financial Officers
- Code of Business Conduct and Ethics
- Policy Governing the Receipt, Retention and Treatment of Complaints
- Statement of Policy for the Review, Approval or Ratification of Transactions With Related Persons
- Environmental Policy
- Supplier Code of Business Conduct
- Political Contributions and Advocacy Report
- Human Rights Policy
### Adjusted EBITDA Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$(145)</td>
<td>$360</td>
<td>$806</td>
<td>$1,256</td>
<td>$678</td>
</tr>
<tr>
<td>Income Taxes (Benefit)</td>
<td>(97)</td>
<td>204</td>
<td>129</td>
<td>364</td>
<td>197</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>154</td>
<td>146</td>
<td>134</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>Interest Income</td>
<td>(1)</td>
<td>(5)</td>
<td>(10)</td>
<td>(23)</td>
<td>(28)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>263</td>
<td>261</td>
<td>265</td>
<td>283</td>
<td>286</td>
</tr>
<tr>
<td>Amortization</td>
<td>25</td>
<td>29</td>
<td>29</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>15</td>
<td>22</td>
<td>7</td>
<td>3</td>
<td>(7)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$214</td>
<td>$1,017</td>
<td>$1,360</td>
<td>$2,038</td>
<td>$1,283</td>
</tr>
<tr>
<td>Unrealized Hedging (Gains)/Losses</td>
<td>3</td>
<td>1</td>
<td>5</td>
<td>(6)</td>
<td>3</td>
</tr>
<tr>
<td>Inventory Valuation</td>
<td>28</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Equity-based Compensation</td>
<td>29</td>
<td>30</td>
<td>34</td>
<td>40</td>
<td>43</td>
</tr>
<tr>
<td>Asset Impairment</td>
<td>429</td>
<td>120</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financing Expenses</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$706</td>
<td>$1,172</td>
<td>$1,405</td>
<td>$2,074</td>
<td>$1,333</td>
</tr>
</tbody>
</table>

### Adjusted Operating Income Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Operating Income (Loss)</td>
<td>$(73)</td>
<td>$728</td>
<td>$1,067</td>
<td>$1,722</td>
<td>$987</td>
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<tr>
<td>Asset Impairment Charges</td>
<td>429</td>
<td>133</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Minnesota Idle &amp; Non-cash</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Inventory Charges</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Iron Dynamics Outage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Non-cash Purchase Accounting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Operating Income</td>
<td>$398</td>
<td>$861</td>
<td>$1,067</td>
<td>$1,738</td>
<td>$987</td>
</tr>
</tbody>
</table>
Forward-looking statements

This report contains some predictive statements about future events, including statements related to conditions in domestic or global economies, conditions in steel and recycled metals market places, Steel Dynamics’ revenues, costs of purchased materials, future profitability and earnings, and the operation of new, existing or planned facilities. These statements, which we generally precede or accompany by such typical conditional words as “anticipate”, “intend”, “believe”, “estimate”, “plan”, “seek”, “project”, or “expect”, or by the words “may”, “will”, or “should”, are intended to be made as “forward-looking,” subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These statements speak only as of this date and are based upon information and assumptions, which we consider reasonable as of this date, concerning our businesses and the environments in which they operate. Such predictive statements are not a guarantee of future performance, and we undertake no duty to update or revise any such statements. Some factors that could cause such forward-looking statements to turn out differently than anticipated include: (1) the effects of uncertain economic conditions; (2) the effects of pandemics or other health issues, such as the recent novel coronavirus outbreak (COVID-19); (3) cyclical and changing industrial demand; (4) changes in conditions in any of the steel or scrap-consuming sectors of the economy which affect demand for our products, including the strength of the non-residential and residential construction, automotive, manufacturing, appliance, energy, and other steel-consuming industries; (5) fluctuations in the cost of key raw materials and supplies (including steel scrap, iron units, zinc, graphite electrodes, and energy costs) and our ability to pass on any cost increases; (6) the impact of domestic and foreign imports, including trade policy, restrictions, or agreements; (7) unanticipated difficulties in integrating or starting up new, acquired or planned businesses or assets; (8) risks and uncertainties involving product and/or technology development; and (9) occurrences of unexpected plant outages or equipment failures.

More specifically, we refer you to Steel Dynamics’ more detailed explanation of these and other factors and risks that may cause such predictive statements to turn out differently, as set forth in our most recent Annual Report on Form 10-K under the headings Special Note Regarding Forward-Looking Statements and Risk Factors, in our quarterly reports on Form 10-Q, or in other reports which we from time to time file with the Securities and Exchange Commission. These are available publicly on the Securities and Exchange Commission website, www.sec.gov, and on the Steel Dynamics website at www.steeldynamics.com under Investors, SEC Filings.

Note regarding non-GAAP financial measures

We report our financial results in accordance with U.S. generally accepted accounting principles (GAAP). We believe that certain non-GAAP financial measures, including “Adjusted Net Income”, “Adjusted Operating Income”, and “Adjusted EBITDA” provide additional meaningful information regarding the company’s performance and financial strength. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company’s reported results prepared in accordance with GAAP. In addition, because not all companies use identical calculations, non-GAAP measures included in this report may not be comparable to similarly titled measures of other companies.