

# 2023 SUSTAINABILITY UPDATE



INTENTIONALLY SUSTAINABLE



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## ABOUT THIS UPDATE

This update was developed to share our long-standing commitment, dedication, and achievements regarding sustainability. Based on discussions with numerous constituents concerning the most useful disclosures related to sustainability information, we provided metrics using the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board's (SASB) Iron & Steel Producers Standards within this report. GRI provides a framework for organizations to report on the impact and management of economic, social, and environmental matters. SASB provides a framework for organizations to report on industry-specific sustainability topics that are deemed to be material. Our sustainability reporting is available on our website at [steeldynamics.com](http://steeldynamics.com) under Sustainability Reporting.

# 1

## OUR COMMITMENT

On behalf of everyone at Steel Dynamics, I thank our loyal customers, vendors, communities, and shareholders for their continued support of our company. In particular, my heartfelt thanks to our extraordinary team members for their passion, innovation, and commitment to excellence.



Our commitment to all aspects of sustainability is embedded in our founding principles—valuing our people, our partners, our communities, and our environment. These strategic principles drive long-term value creation for us all.

The health, safety, and welfare of our people is our number one value and primary focus. Nothing surpasses the importance of each individual team member. Safety is an integral part of our culture, and we strive to collectively ensure every person is personally engaged in sustaining a safe workplace for themselves, their team members, and their families.

We are also committed to operating our business in an environmentally responsible manner, and have been since our founding. With our electric arc furnace (EAF) steelmaking, North American recycling business, circular manufacturing model, and innovative teams, Steel Dynamics is already a leader in the production of lower-carbon steel products within the global industry. We continue to encourage the research and use of new technologies and processes to further reduce our impact on the environment, including a strategic focus on lowering carbon emissions with a goal for our steel mills to be carbon neutral by 2050.

Our sustainability and decarbonization strategy is an ongoing journey, and we plan to use our entrepreneurial, innovative spirit to continue to be a leader in the industry. We are excited to share our progress on this journey.

Sincerely,

**Mark D. Millett**  
Co-Founder, Chairman, and Chief Executive Officer

## 2 2023 PERFORMANCE

The entire Steel Dynamics team delivered another exceptional performance during 2023. Our strategic growth and market positioning over the last several years, combined with our superior operating culture, were fundamental to our achieving numerous significant operational and financial milestones. Most gratifying was completing our best safety year, with the lowest recordable incident rate ever. We applaud and congratulate all of our team members for the monumental effort put forth to achieve this.

<b>\$2.5B</b> Net Income	<b>12.8M</b> Tons Record Steel Shipments	<b>1.4</b> Record Low Total Recordable Injury Rate
<b>20%</b> Reduction in Our Steel Mills' Scope 1 & 2 GHG Emissions Intensity Since 2018	<b>10%</b> Use of Renewable Electricity at Our Steel Mills	<b>78%</b> Less Energy Used than World Steel Averages <sup>1</sup>
<b>50%</b> of Our Board Members are Ethnically Diverse or Female	<b>\$6.2M</b> Combined Companywide and SDI Foundation Charitable Donations	<b>\$3.4M</b> of Scholarships Earned by Children of Our Team Members
<b>100%</b> of Our Steel Mill Production Utilizes Electric Arc Furnace Technology	<b>13.4M</b> Tons of Ferrous Scrap Reintroduced into the Manufacturing Life Cycle	<b>1.1B</b> Pounds of Nonferrous Scrap Reintroduced into the Manufacturing Life Cycle

<sup>1</sup> Steel Dynamics steel mills' 2023 data compared to World Steel Association 2022 BF-BOF data from their Sustainability Indicators November 2023 report.



## 3 VALUING PEOPLE

Our long-term success is driven by our culture, individual health and safety, respect, inclusion and diversity of experiences and backgrounds, and talent development opportunities. We value the dedicated people whose passion, innovation, and spirit of excellence have helped successfully grow our company and serve our customers.



### HEALTH AND SAFETY

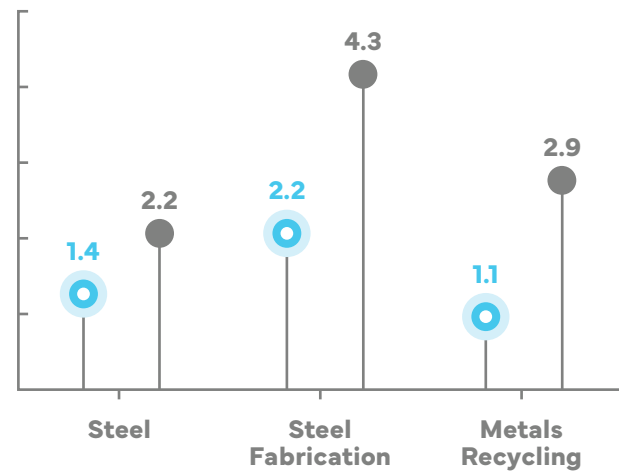
Valuing people includes providing a healthy and safe work environment, and creating a culture of safety that extends beyond the workplace, into our homes and communities. Safety is, and always will be, our primary focus and core value.



We intend for each individual to arrive at the workplace safely and return home safely each day. 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 anything—including the desire to maximize production or earnings—override the value of individual safety.

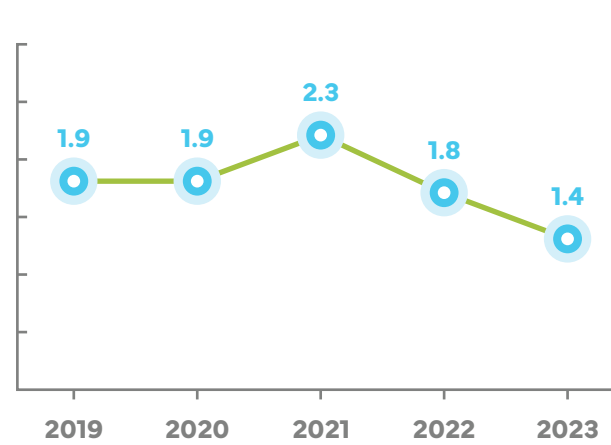
### Platform Total Recordable Injury Rate<sup>1</sup>

During 2023, each of our platforms performed meaningfully better than industry benchmarks.



● Steel Dynamics ● Industry<sup>2</sup>

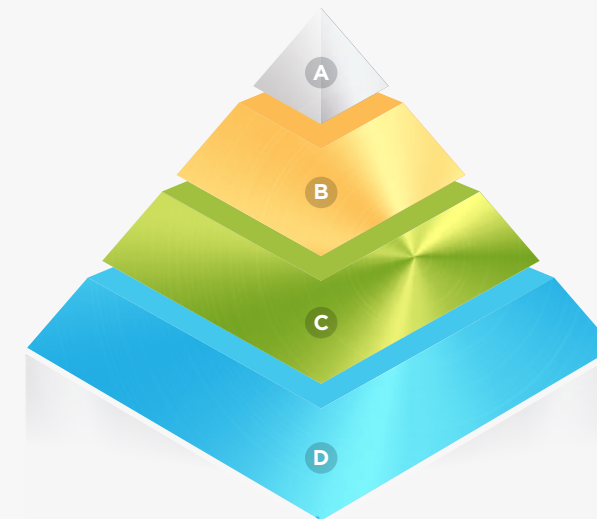
### Companywide Total Recordable Injury Rate<sup>1</sup>



<sup>1</sup>Total Recordable Injury Rate is defined as OSHA recordable incidents x 200,000/hours worked.

<sup>2</sup>Source: 2022 U.S. DOL Bureau of Labor Statistics released in 2023.

### Performance-based Incentive Compensation



- A Stock Awards**  
Align team members with shareholders in pursuit of long-term value creation.
- B Profit Sharing, 401(k) Match**  
Unites team members of the business segments in promoting the success of the company as a whole.
- C Production, ROA, Conversion Bonuses**  
Teamwork and performance bonuses focus on productivity, cost control, and efficient use of assets.
- D Base Pay**  
Rewards individual for superior performance, responsibilities, and personal skill level.

Safety is our first core strategic pillar—it is the foundation of our decision-making. We are committed to achieving world-class safety performance throughout our operations. This commitment is foundational and integral to our culture.



## PERFORMANCE-BASED INCENTIVES DRIVE SUPERIOR RESULTS

We have a culture of trust, fostered through individual empowerment and accountability, that drives decision-making throughout our business. We empower our teams 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. Our performance-based incentive compensation programs align with the interests of our strategic long-term growth, our customers, communities, and shareholders. We know our teams will do what is right, and that trust comes from effective communication and transparency.



## TALENT DEVELOPMENT

Our people represent the foundation of our six strategic pillars. Their continued education and talent development are 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 are among our most important tasks and critical to our long-term success.



## WORKPLACE PHILOSOPHY—INCLUSION AND DIVERSITY

Our people are the foundation of our success and 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, and respect for human rights, inclusion, and diversity—all of which focus on our expectations of treating every person with the utmost respect.

We recognize the value of having a business that reflects diversity of backgrounds and experiences. 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 a welcoming, open, and inclusive environment, ensuring the best ideas are heard and valued regardless of the position or the individual. We believe these ideals will continue to drive our success.

Our teams and colleagues represent the diversity of the communities where we live and work. Our teams are representative of our industry and communities with 11% of our colleagues being female and 33% of our colleagues considered ethnically diverse in 2023. Additionally, of the eight individuals that were on our senior leadership team in 2023, one is female and one is ethnically diverse (Hispanic).

### 2023 Employee Diversity Metrics

#### GENDER

Male	89%
Female	11%

#### ETHNICITY

Caucasian	67%
Ethnically Diverse	33%

#### AGE

Under 30 Years Old	20%
30–50 Years Old	54%
Over 50 Years Old	26%



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## VALUING RELATIONSHIPS

We are supported by numerous external constituents, including our customers, suppliers, vendors, communities, and shareholders. These relationships have contributed to our sustainable growth and continued success.

### INNOVATIVE PARTNERSHIPS

We grow and innovate alongside our customers, providing differentiated high-quality products and supply-chain solutions to meet their current and future needs.

### SUPPLIER AND VENDOR RELATIONSHIPS

We have strong, long-term relationships with our suppliers, ensuring quality service, supplies, and other deliverables, resulting in efficient and effective operations. We expect all of our service providers to operate with the same high-performance level of safety, service, and social practices as we demand from ourselves.

### COMMUNITY SUPPORT

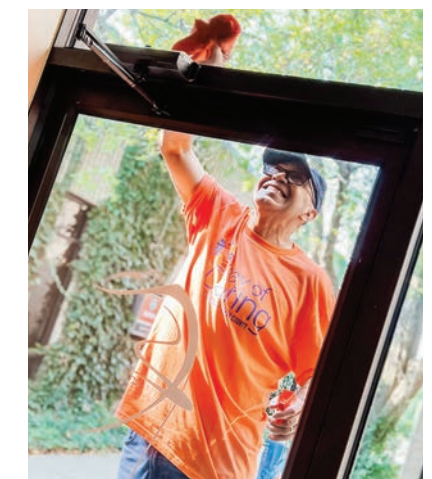
We strongly believe in making a positive social impact on our communities, through supporting organizations where our teams are involved, and by empowering and encouraging our teams to volunteer and take leadership roles in these organizations. We collaborate with our teams and communities to determine 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 the generosity of our teams.

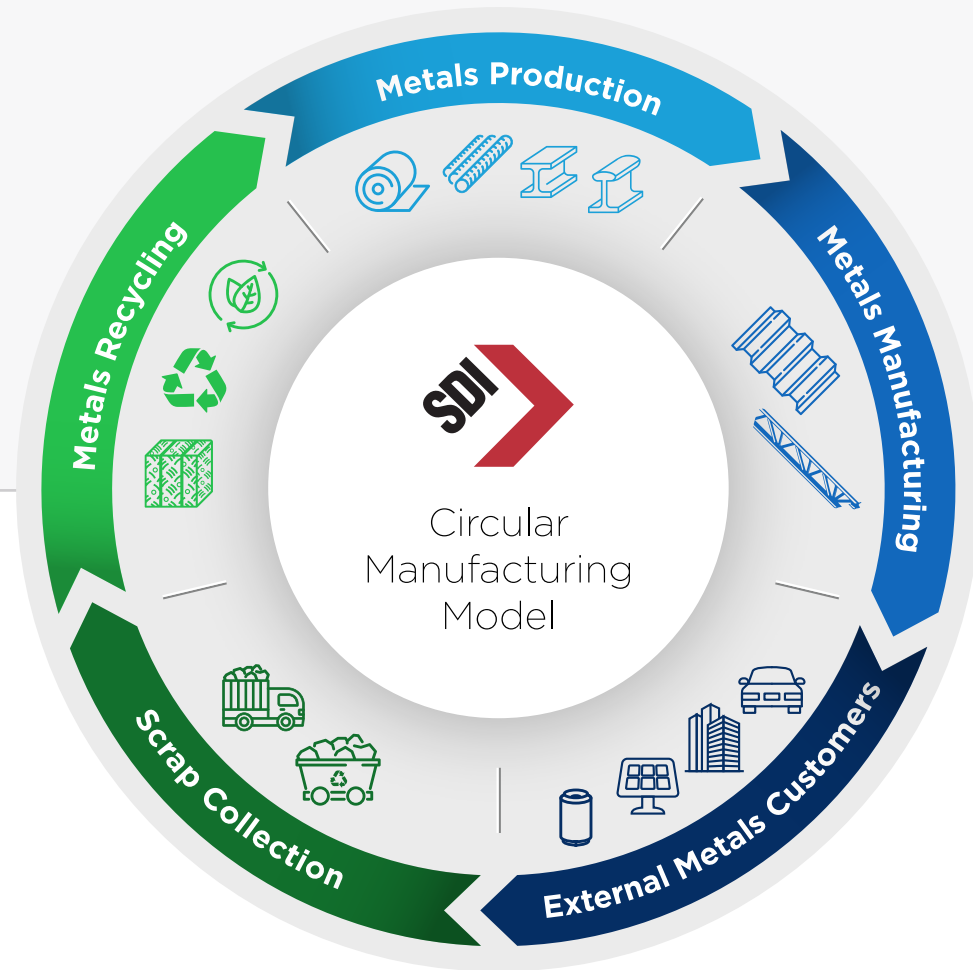
### ENGAGEMENT

We value the support, interest, and insights of our shareholders. We actively engage existing and potential shareholders to build and sustain long-term relationships.

# \$43M

Combined companywide and SDI Foundation charitable donations over the last 10 years





O Omni Metals Recycling Operation

We intentionally developed a circular manufacturing model. Our metals recycling platform collects and processes scrap, which is then sold to end users for reuse, including our EAF steel mills and, in the future, our aluminum operations. 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. Scrap, from the industrial manufacturing process, and from when these products ultimately reach the end of their lives, can be collected and used again in our steelmaking operations, creating our circular manufacturing model.

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## VALUING THE ENVIRONMENT

At Steel Dynamics, we take pride in our intentionally sustainable approach. We are committed to operating our business in an environmentally responsible manner and have been since our founding. Our steel mills exclusively use EAF technology with recycled ferrous scrap as the primary raw material, producing lower-carbon emission quality steel products for our customers and driving returns for our shareholders. Additionally, our companywide performance-based incentive programs encourage our teams to create innovative solutions to increase efficiencies, reduce raw material usage, reuse secondary materials, and promote material conservation and recycling.



**100%** of our steel mill production utilizes EAF technology

**82%** of the raw materials used in our EAFs were recycled ferrous scrap and internally produced iron

**37M** tons of ferrous scrap were reintroduced into the manufacturing life cycle from 2021 through 2023

**3.3B** pounds of nonferrous scrap were reintroduced into the manufacturing life cycle from 2021 through 2023

## WE PRODUCE THE STEEL REQUIRED FOR A SUSTAINABLE FUTURE

The domestic steel industry is vital to a healthy manufacturing base and sustainable infrastructure. Steel is essential to connect our energy grid and utilities, and to build roads, bridges, automobiles, hospitals, schools, and businesses.

With our EAF steelmaking, circular manufacturing model, and innovative teams, Steel Dynamics is already a leader in the production of lower-carbon steel products within the global industry.

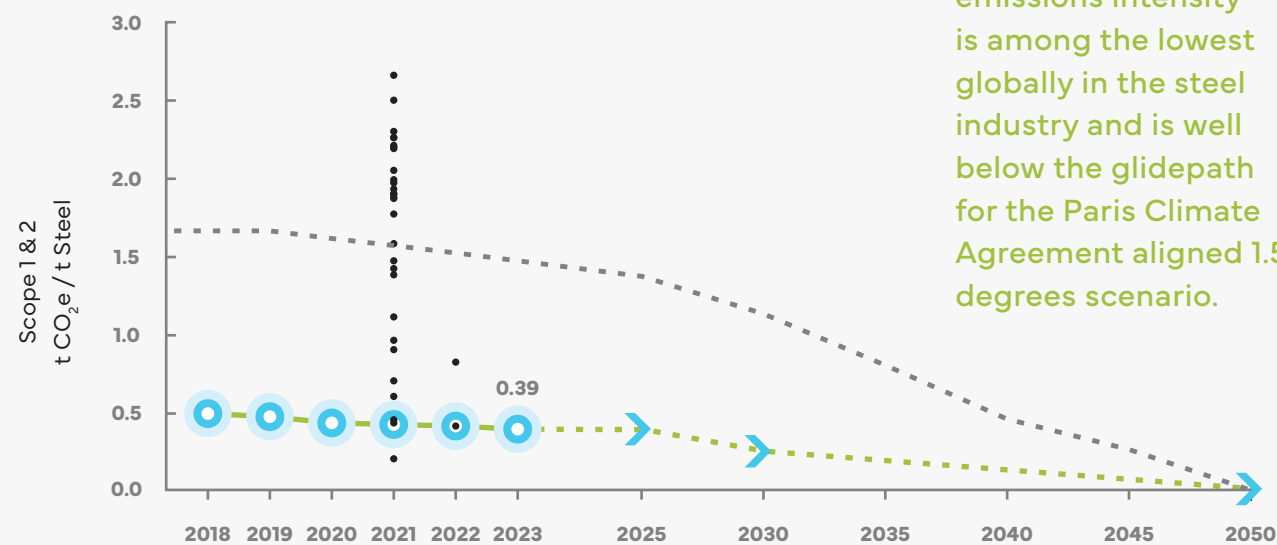
## ENVIRONMENTAL PERFORMANCE AND GOALS

### EMISSIONS

Exclusively using EAF steelmaking technology, we generate approximately a third of the GHG emissions per metric ton compared to those generated from global blast furnace steelmaking technology, which creates significant emissions through the conversion of iron ore, coke, and coal into steel.

### Global Steel Industry Carbon Performance

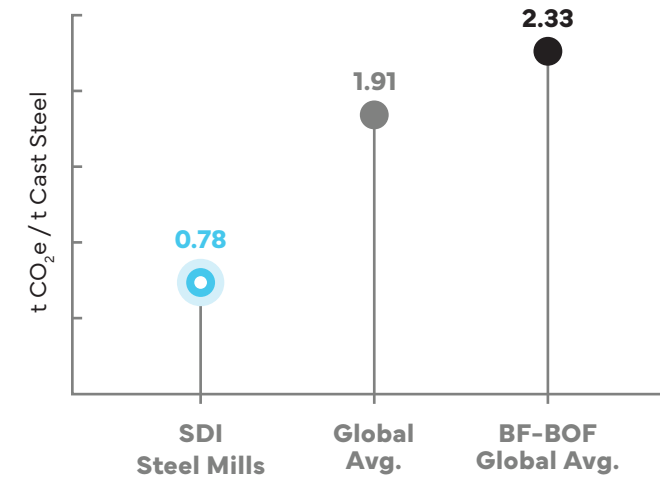
Our steel mills' Scope 1 and 2 GHG emissions intensity is among the lowest globally in the steel industry and is well below the glidepath for the Paris Climate Agreement aligned 1.5 degrees scenario.



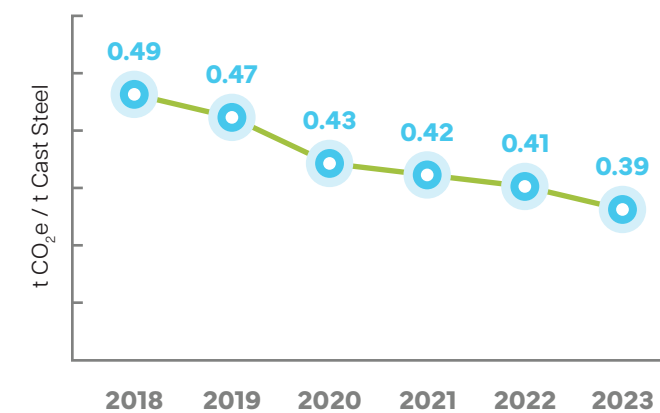
- Steel Dynamics Steel Mills
- Steel Dynamics Steel Mills' GHG Intensity Goals
- Steel Sector 1.5 Degrees Glidepath<sup>1</sup>
- Global Peers<sup>1</sup>

<sup>1</sup> Based on Transition Pathway Initiative (TPI) publicly available data for the steel sector (<https://www.transitionpathwayinitiative.org/sectors/steel>) as of February 2024. TPI global peer data for 2022 and 2021 were the most recently available years and are reflected in the chart.

### Industry Scope 1, 2, & 3 GHG Emissions Intensity<sup>1</sup>



### SDI Steel Mills' Scope 1 & 2 GHG Emissions Intensity<sup>3</sup>



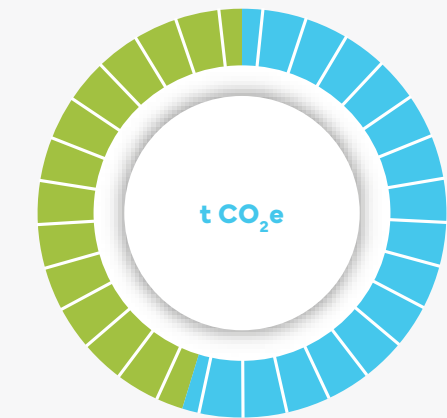
<sup>1</sup> Steel Dynamics steel mills' data is for 2023. Steel Dynamics steel mills' Scope 1, 2, and 3 emissions data were verified by a third party in accordance with ISO 14064-3:2019. Global average and BF-BOF global average data is for 2022 and is from World Steel Association, Sustainability Indicators November 2023 report.

<sup>2</sup> 2023 Scope 1, 2, and 3 emissions data were verified by a third party in accordance with ISO 14064-3:2019.

<sup>3</sup> 2023, 2022, and 2021 Steel Mills' Scope 1 and 2 emissions data were verified by a third party in accordance with ISO 14064-3:2019.

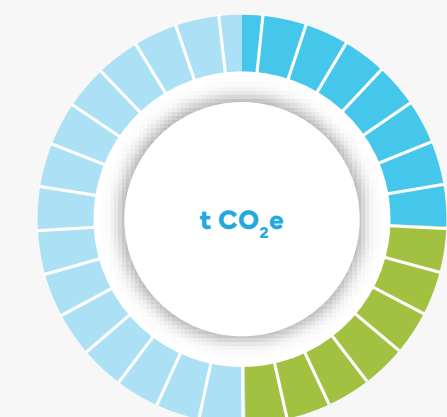
<sup>4</sup> All sites for which Steel Dynamics has operational control have been included in this companywide assessment.

### Companywide GHG Emissions<sup>2,4</sup> 2023



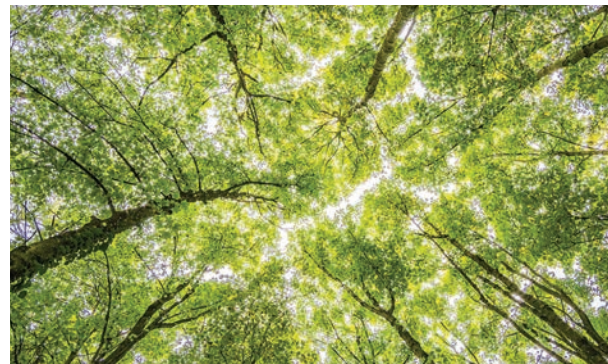
- Scope 1: 2,750,371
- Scope 2: 2,314,679

### Steel Mills' GHG Emissions<sup>2</sup> 2023



- Scope 1: 2,056,455
- Scope 2: 2,028,292
- Scope 3: 4,041,082

► We have already made meaningful progress toward our current decarbonization goals. Since 2018 (our baseline year), we have reduced our steel mills' Scope 1 and 2 GHG emissions intensity by 20%, already achieving our 2025 Scope 1 and Scope 2 emissions intensity goal.



SDI Steel Mills' Scope 1 & 2 GHG Emissions Intensity Goals

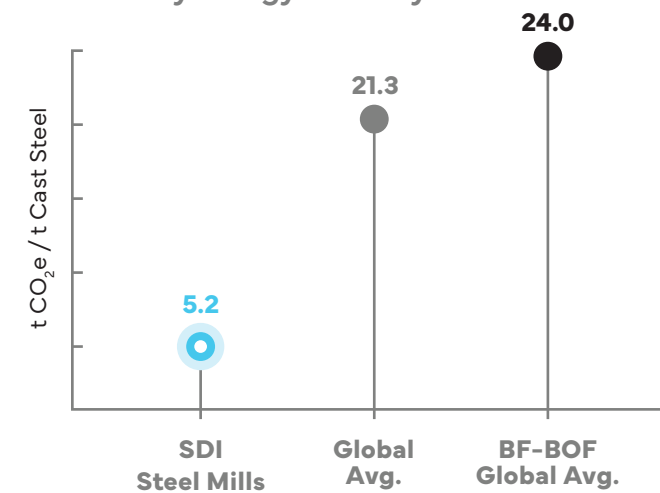


© New Millennium Steel Joist Installation at a Jobsite

ENERGY

Our steel mills require less than a quarter of the energy compared to global blast furnace steelmaking technology.<sup>1</sup> One key reason is by connecting the casting and rolling processes in our EAF flat roll steel mills, we roll slabs into steel coils while the steel is still hot, compared to blast furnace steelmaking technology, which typically requires reheating cold slabs before rolling.

Industry Energy Intensity<sup>1</sup>

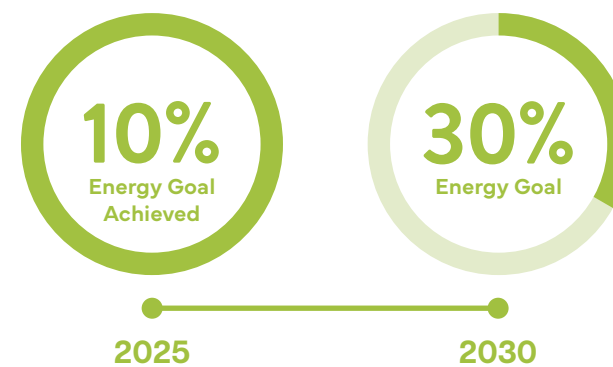


<sup>1</sup> Steel Dynamics steel mills' 2023 data compared to World Steel Association 2022 BF-BOF data from their Sustainability Indicators November 2023 report.



© Canyon Wind Energy Center | Photo: NextEra Energy Resources

SDI Steel Mills' Renewable Electrical Energy Goals



► Since 2018 (our baseline year), we have increased our use of renewable electrical energy to 10% within our steel mill operations, already achieving our 2025 renewable electrical energy goal.



WATER

Our EAF steel operations are designed to recycle and reuse water efficiently. In fact, in 2023, the average gallon of water was recycled and reused multiple times before it was lost either to evaporation or discharge.



## OUR PATH FORWARD

We have an actionable path forward to carbon neutrality at our steel mills, and we continue to make progress toward our GHG emissions reduction and renewable electrical energy goals.

Our entrepreneurial, innovative, performance-based culture supports our decarbonization efforts through the continuation of EAF steelmaking technology development, the continuation of new technologies in our metals recycling operations, the identification of lower-carbon raw material alternatives, and increased operating efficiency initiatives.

While we believe we operate some of the most efficient steel operations in the world, we recognize the need for continuous improvement. In 2023, we began construction of a biocarbon production facility located in Columbus, Mississippi. The facility will use high-temperature pyrolysis to convert sustainability sourced biomass to high-purity biocarbon. We will use this biocarbon as a lower carbon replacement for anthracite in our steelmaking operations, which could result in as much as a 35% reduction in our steel mills' Scope 1 GHG absolute emissions. The facility is projected to begin operations before the end of 2024. This investment represents a significant step toward the decarbonization of our steel mills.

Additionally in 2023, we signed the largest renewable product purchase agreement for the steel industry in North America, equivalent to approximately 15% of our steel mills' electricity usage in 2023. This wind energy center came online in the first quarter of 2024, and represents the single most significant step in increasing our exposure to renewable electrical energy, surpassing our 2025 goal and propelling us much of the way to our 2030 goal of 30% renewable electricity. This investment is also expected to meaningfully contribute to our long-term reduction of Scope 2 GHG emissions intensity and represents a meaningful step forward on our path to carbon neutrality.

► **These biocarbon and wind energy initiatives will help us achieve our stated Scope 1 and Scope 2 emissions reduction goals.**



© Biocarbon Production Facility | Photo: Mike Hainsey, Northstar Aerospace Solutions

### To Achieve Carbon Neutrality at Our Steel Mills, We Plan to Continue Working to:



**Identify and implement GHG emission reduction projects**



**Improve energy management to reduce GHG emissions and enhance operational efficiency**



**Increase the use of renewable energy, including partnering with utilities**



**Research, develop, and implement innovative technologies**



## MOVING THE INDUSTRY FORWARD

We are a founding member of the Global Steel Climate Council (GSCC), an international coalition of steel producers and other stakeholders spearheading the steel industry's efforts toward reducing carbon emissions. The GSCC is a nonprofit association organized to advance climate strategy through its Steel Climate Standard and advocate for carbon emissions reductions within the steel industry. In 2023, the GSCC published the Steel Climate Standard to provide a technology-agnostic global standard to measure and report steel product GHG emissions and provide a science-based target-setting framework to enable the industry to reduce carbon emissions.

The Steel Climate Standard is comprised of two main components: (1) product certification criteria that allow customers to know if the steel they are buying is on the glidepath to achieve the goals of the Paris Climate Agreement; and (2) a science-based target-setting framework based on a 1.5°C scenario glidepath for net zero GHG emissions by 2050. The Steel Climate Standard will measure all key GHG emissions through hot rolling from Scope 1, Scope 2, and upstream Scope 3 categories.

We are excited to have led in the development and launch of this important standard for the industry, and for the investment and innovation that will surely follow. We intend to issue GSCC science-based targets for our steel mills' Scope 1, 2, and 3 GHG emissions in 2024. We plan to continue to address decarbonization issues and to play a leadership role in developing innovative ways to reduce our carbon impact.



## FORWARD-LOOKING STATEMENTS

This update contains some predictive statements about future events, including statements related to conditions in domestic or global economies, conditions in steel, aluminum, 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 guarantees 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) domestic and global economic factors; (2) global steelmaking overcapacity and imports of steel, together with increased scrap prices;

(3) pandemics, epidemics, widespread illness, or other health issues; (4) the cyclical nature of the steel industry and the industries we serve; (5) volatility and major fluctuations in prices and availability of scrap metal, scrap substitutes and supplies, and our potential inability to pass higher costs on to our customers; (6) cost and availability of electricity, natural gas, oil, and other energy resources are subject to volatile market conditions; (7) increased environmental, greenhouse gas emissions and sustainability considerations from our customers or related regulations; (8) compliance with and changes in environmental and remediation requirements; (9) significant price and other forms of competition from other steel and aluminum producers, scrap processors, and alternative materials; (10) availability of an adequate source of supply of scrap for our metals recycling operations; (11) cybersecurity threats and risks to the security of our sensitive data and information technology; (12) the implementation of our growth strategy; (13) litigation and legal compliance; (14) unexpected equipment downtime or shutdowns; (15) governmental agencies may refuse to grant or renew some of our licenses and permits; (16) our senior unsecured credit facility contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility; and (17) the impacts of impairment charges.

More specifically, we refer you to our 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 file with the Securities and Exchange Commission. These reports are available publicly on the Securities and Exchange Commission website, [www.sec.gov](http://www.sec.gov), and on our website, [www.steeldynamics.com](http://www.steeldynamics.com) under "Investors-SEC Filings."



Value-Added Flat Rolled Coil

## ADDITIONAL DISCLOSURE

For purposes of this report, we have determined materiality based on the relevant sustainability reporting framework definitions, which is different than the definition used in the federal securities laws for filings with the Securities and Exchange Commission (SEC). Issues deemed material, and use of the term material, for purposes of this report may not be considered material for SEC reporting purposes.

