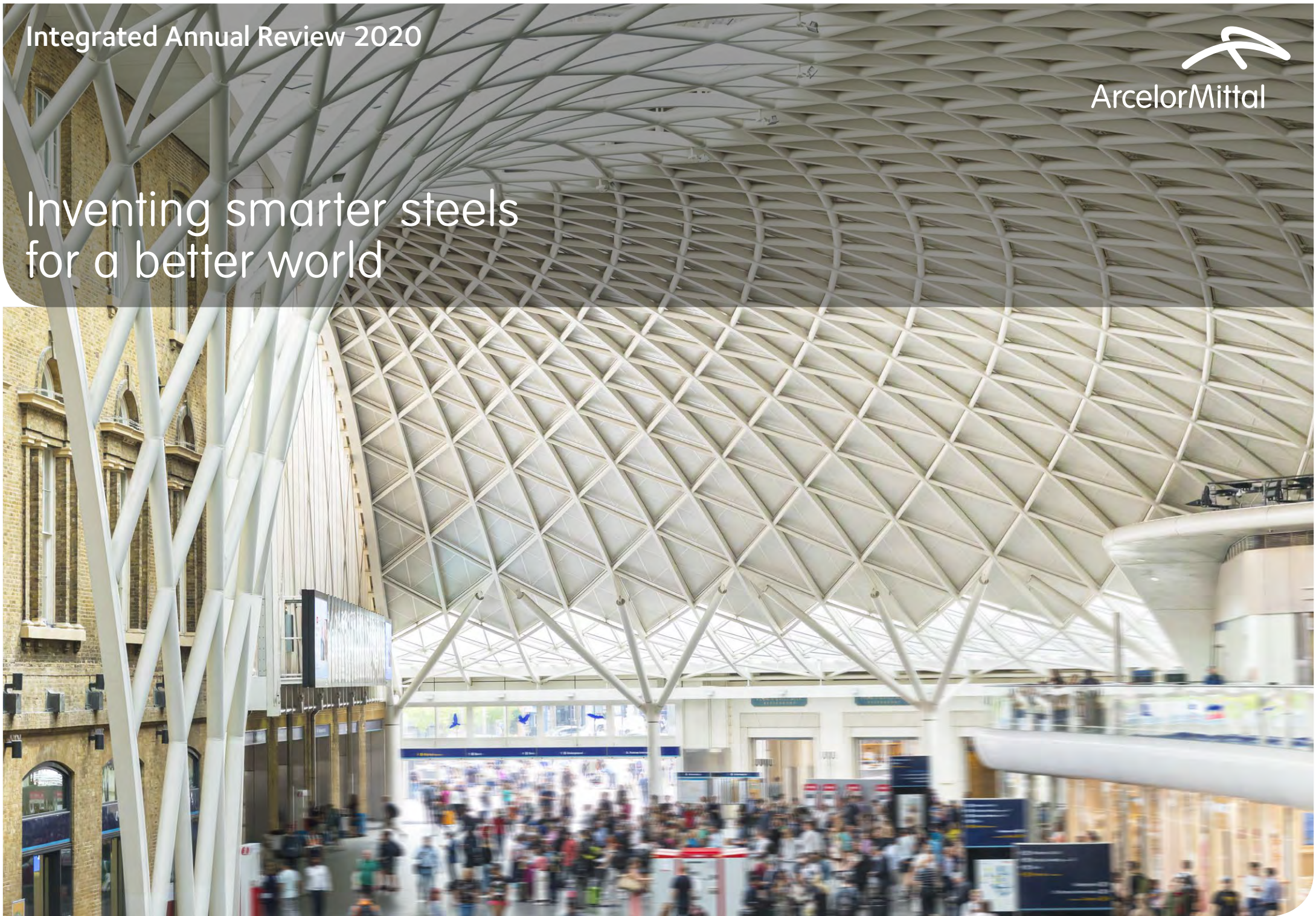




Inventing smarter steels for a better world



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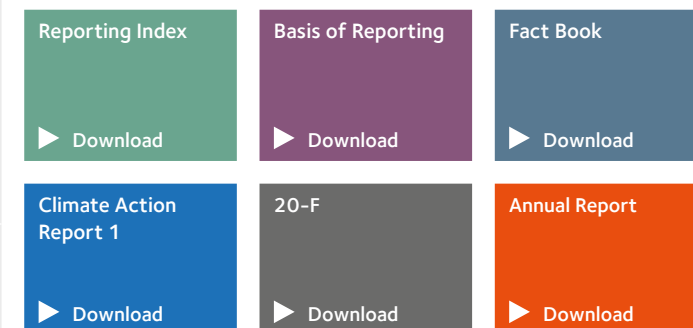
About this report

This Integrated Annual Review 2020 describes the context for and progress of ArcelorMittal as the world's leading steel and mining company. It covers the year 1 January 2020 to 31 December 2020 and aims to outline our key considerations in creating value for our stakeholders now and in the future.

In our reporting, we aim to reflect the guiding principles of the International Integrated Reporting Framework (IIRC). We also report in line with the Global Reporting Index (GRI) Sustainability Reporting Standards 2016, the United Nations Global Compact (UNGC), the European Union's Directive 2014/95/EU on non-financial reporting and the Sustainability Accounting Standards (SASB). For details, please see [Our reporting on p59](#).

Our reporting

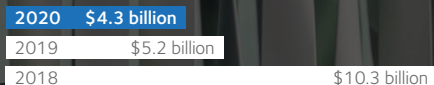
Our Integrated Annual Review is a central element in our commitment to engage stakeholders and communicate our financial and non-financial performance. It forms part of our wider approach to reporting at a global and local level, supported by reports that provide details on specific areas of our work or are designed for the use of specific stakeholder groups. Our local sustainability reports are available on country websites. Please find details of our other reporting below.



Performance at a glance

EBITDA

\$4.3bn



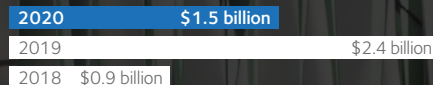
STEEL SHIPMENTS

69.1Mt



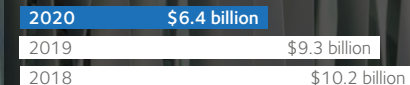
FREE CASH FLOW

\$1.5bn



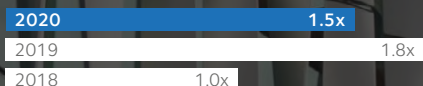
NET DEBT

\$6.4bn



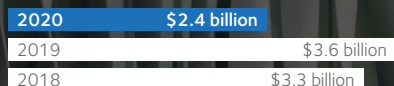
NET DEBT / EBITDA RATIO

1.5x



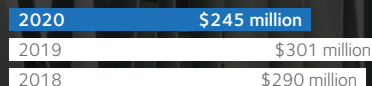
CAPEX

\$2.4bn



INVESTMENT IN RESEARCH AND DEVELOPMENT

\$245m



ESTIMATED DIRECT ECONOMIC CONTRIBUTION

\$53bn



SAFETY – LTIFR¹

(incidents per million hours worked)

0.61



CO₂e INTENSITY (STEEL)²

(tonnes per tonne of steel)

2.08



DUST INTENSITY

(ducted kg per tonne of steel)

0.64



WOMEN IN MANAGEMENT

(managers and above)

12.6%



1 Data does not include the LTIFR for Ilva (subsequently renamed ArcelorMittal Italia) which was acquired on 1 November 2018.

2 CO₂e intensity (Steel) – for details on how it is calculated see the [Basis of Reporting](#)

Section 1

Our business

“The year was shaped by the Covid-19 pandemic, but I am proud of how we responded. We reached the end of a very tough year in a strong position, looking forward to the future, and with a clear vision to remain the world’s leading steel company for many decades to come. Our financial strength, our innovative nature and the ingenuity and capability of our people to find solutions to the toughest challenges will serve us well as we continue inventing smarter steels for a better world.”

Lakshmi N. Mittal, Executive Chairman



Dacero, wind turbine towers

Executive Chairman's statement

Welcome to ArcelorMittal's Integrated Annual Review 2020

Dear stakeholders,

It is 45 years since I founded a small rolling mill in a greenfield in Indonesia. That rolling mill grew to become ArcelorMittal, a company we are proud to call the world's leading steel company.

In those decades we have had good years, some great years, and some tough years. 2020 was one of the toughest. The year was shaped by the Covid-19 pandemic. Its impact on our company and industry was significant, but I am proud of how we responded. We undertook a range of actions to protect our people and our profitability. Given the unprecedented operating environment, the financial performance of the company was robust. Remaining free cash positive in these market conditions was an impressive achievement and reflects the work that has been done in recent years to strengthen the company, as well as the levers activated to respond to the steep drop in demand as a result of Covid-19.

Moreover, we achieved some important strategic milestones, including reaching our \$7 billion long-term net debt target, which enabled us to re-commence shareholder returns. As well as strengthening the company financially we have also strengthened the company operationally – looking carefully at our footprint and taking decisions that enable us to focus our production on our most competitive assets, both in developed and developing markets. The disposal of ArcelorMittal USA is one such example; we are still a leading producer in the NAFTA region but focused on our assets in Canada and Mexico and AM/NS Calvert in the US.

As a result, we reached the end of a very tough year in a stronger position than we have been for many years. After careful consideration, I concluded this to be the right time for me to transition to Executive Chairman. Aditya Mittal was announced

as the new Chief Executive earlier this year. I am as passionate about the company and the industry as I have ever been and as Executive Chairman remain fully involved.

The vision of the Chief Executive and I is very much to remain the world's leading steel company for many decades to come. We are aware that our ability to do so will be shaped not only by our financial performance but also our social and environmental performance, and particularly our ability to decarbonise. I have seen many fascinating and transformational developments in my decades in business. None, I believe, have quite the same implications as the challenge to decarbonise the global economy.

It is a mammoth task for everyone and particularly for those of us operating in the so-called "hard to abate sectors" which includes steel. We are acutely aware of the carbon footprint associated with steelmaking. Nevertheless, we remain confident that steel can and will remain the material of choice for building the world's infrastructure – as it has done for the past decades on account of its versatility, flexibility and affordability. With its natural sustainability and circular credentials, coupled with a lower comparative carbon footprint, steel already enjoys an advantage over most other materials. While we in no way underestimate the challenge of the transition, we are energised by the opportunities it will provide. Much of the infrastructure required for the transition to a low-carbon economy for example, including renewable energy systems and electric vehicles, depend on steel.

The potential of the opportunity is what keeps us focused and energised. Our teams of engineers are working hard to ensure ArcelorMittal plays a leading role in the decarbonisation of our industry. I have always been convinced at ArcelorMittal we have the best team in the steel industry, so I am confident in the coming years we will continue to make progress towards carbon neutral steel. Our financial strength, our innovative nature and the ingenuity and capability of our people to find



Lakshmi N. Mittal
Executive Chairman

solutions to the toughest challenges stands us in good stead to fulfil our purpose of inventing smarter steels for a better world.

I must also take this opportunity to say thank you to our stakeholders for your support in this most difficult of years. Thank you also to my colleagues on the Board of Directors for their advice, support, guidance and commitment, to the executive leadership of the company and indeed to all our employees. That we started 2021 in a position of strength is testament to the contribution of all our people across the globe.

Lakshmi N. Mittal
Executive Chairman

Chief Executive Officer's statement

Dear stakeholders,

It is my pleasure and privilege to write to you for the first time as Chief Executive of ArcelorMittal.

2020 was, by any measure, an extraordinary year. The Covid-19 global pandemic caused unprecedented disruption to societies, businesses and individuals across the globe, forcing us all to re-think the way we live and work. But it was also a year of great political and social turbulence. And it coincided with a dramatic intensification of focus on the climate challenge the world faces.

“Our clear priority throughout the pandemic was to keep our employees safe and well. We are proud of the care they showed each other and their commitment to keeping the business running.”

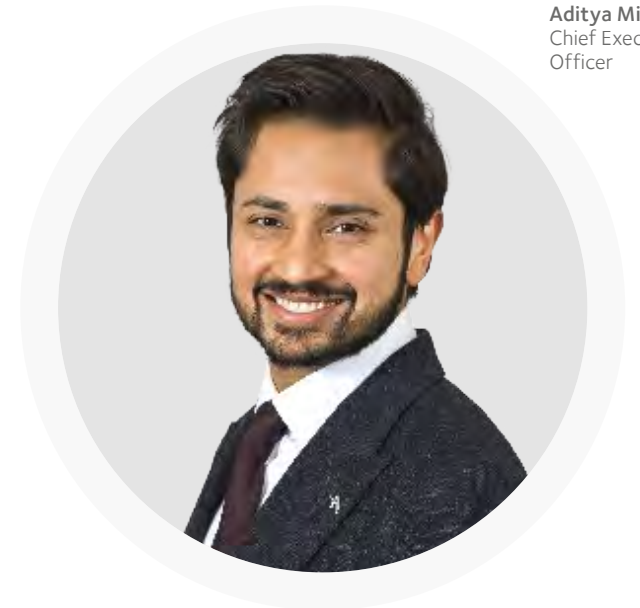
Aditya Mittal
Chief Executive Officer

While the political and social tensions have somewhat abated, they have left their mark, and the climate focus has, if anything, only continued to intensify. And while we may hope that the worst of Covid-19 is behind us, there remains much uncertainty. The current situation in India, where we operate a large business with our partner Nippon Steel, clearly demonstrates that we still have a long way to go until this virus is under control.

What seems clear is that we will not be returning to life as it was before. We will need to establish a ‘new-normal’, the shape of which remains yet to be fully defined. But at the heart of it will surely lie an even greater focus on sustainability – ensuring that business and societal practices do not compromise our ability to live safe from the sort of disruption we have experienced this past year.

The extended shutdown of large parts of the global economy had significant consequences for all businesses, including ArcelorMittal. Our clear priority throughout the pandemic was to keep our 168,000 employees safe and well. We are proud of the care they showed each other and their commitment to keeping the business running. However, we also felt the virus's economic impact. What was already a tough environment, became more challenging and we had to adjust to a dramatically different market backdrop. This involved significant, albeit temporary, output reductions to align our production levels with the demand environment, and a sharp focus on cost control, reducing our fixed costs in-line with our lower production levels.

These actions helped to support our profitability levels and, set against the context of the most difficult market conditions we have ever faced, our 2020 financial performance demonstrated reasonable resilience and the benefits we derive from our vertically integrated model. Our Ebitda was \$4.3 billion, with



Aditya Mittal
Chief Executive
Officer

the severity of the market impact most apparent in the second and third quarters. By the fourth quarter we started to see a rebound in demand, generating \$1.7 billion of Ebitda.

An aspect of our performance which was especially gratifying were the many examples of how local teams everywhere helped their communities in all manner of ways. This included accessing essential medical supplies and personal protective equipment, using our global networks to facilitate the transfer of equipment to regions which are in most need, donating money to healthcare facilities, including laboratories to carry out tests for Covid-19, expanding the network of diagnosis and control of the disease and keeping people safe. In India, currently 210 metric tonnes of liquid oxygen is provided every day from our facilities to nearby medical facilities and in May we opened a temporary, 250-bed hospital, scalable to 1,000

CEO's statement



Our R&D engineer with a 3D-printed automotive part at Maizières-lès-Metz R&D centre, France

“A significant milestone in our decarbonisation ambitions was the launch in March of XCarb™, a brand that brings together all of ArcelorMittal’s reduced, low and zero-carbon steelmaking activities into a single effort, focused on achieving demonstrable progress towards carbon-neutral steel.”

Aditya Mittal
Chief Executive Officer

beds, near the plant in Hazira. We have also leveraged our research and development skills, designing and 3D printing ventilators and face shields, the latter of which has been used by healthcare professionals and our employees.

These stories are powerful reminders if we needed them that business does not stand apart from society. Covid-19 is an extraordinary situation which requires an extraordinary response – but even in normal operating conditions it is important that business is recognised by its communities as a source of value, aligned with their interests.

However, we do also have to recognise that in one particular area – safety – we fell short.

Although it is encouraging that we again improved our lost-time injury frequency rate in 2020, 17 valued colleagues lost their lives working in our facilities last year. Health and safety has been the company’s priority since our formation in 2006. Since then we have worked tirelessly to ensure our policies and procedures, rules and regulations, and training programmes are best-in-class. However, despite this effort, where we have fallen short is on implementing a culture which places safety at the forefront of everything everybody within our business does, every single day. There are examples of excellence within the group. In Brazil, for example we have sites which have not had a lost-time injury for over six years, and we have not had a fatality in Brazil for over four years. But the statistics tell us the culture of care we need is not present in all of our operations. We have therefore launched a company-wide initiative to drive a step-change in our approach to safety. This is being implemented through enhanced governance and a relaunch of our Global Health and Safety Council, which consists of health and safety experts and business segment leaders from across the Group. Ensuring that this new process delivers demonstrable progress will be a critical sustainability priority for me and the company in the years to come.

Chief Executive Officer's statement

For all the challenges of 2020, it was also a year of progress for ArcelorMittal. The company achieved its net debt target of \$7 billion. Together with various other balance sheet measures, this put the company onto a stronger financial footing than for many years, enabling us to shift our capital allocation priorities from debt reduction to returning value to shareholders who have supported us on our deleveraging journey. This is demonstrated by the three share buybacks we have announced, and the capital returns policy we outlined in February 2021.

We have also improved the quality and earnings capability of our asset portfolio through the sale of ArcelorMittal USA, and by the public/private partnership we have established for our Italian business. The upshot is a higher growth portfolio as we are able to focus investment behind higher growth opportunities in markets like Brazil, Mexico, India and Liberia.

I have therefore stepped into the CEO role at a time when the company is in many ways stronger, allowing me to focus

“In 2020, the Company announced a group-wide commitment to being carbon neutral by 2050, building on the commitment made in 2019 for its European business to reduce CO₂ emissions by 30% by 2030, and be carbon neutral by 2050. We will shortly be going further by announcing a group-wide CO₂ emissions target for 2030.”

Aditya Mittal
Chief Executive Officer

on the strategic priorities that will enable us to ensure we establish ourselves as the steel company for the future, which includes transitioning to a low carbon economy.

We have established four strategic pillars which we believe will define successful value creation for our investors and stakeholders. These four pillars underpin our vision to remain the world's leading steel company in the coming decades. The first three – strong balance sheet, growth portfolio and competitive cost position – put the company in a strong position to grow and develop. Our balance sheet strength allows us to both return value to shareholders and invest in the most compelling, high-return organic growth opportunities within our business. We are also targeting further improvement in our cost position, heeding the lessons learnt from our comprehensive temporary Covid-19 response actions and seeking to permanently embed these across the business. We have set a target of delivering more than \$1 billion of sustained savings by the end of 2022.

The fourth pillar of our strategy is the ambition to be a sector leader in sustainability. In the short term, the economic stresses of 2020 meant that inevitably some of our plans had to be put on hold. But global concern for sustainability and responsible business continued to grow in 2020, perhaps even accentuated by the challenge of the pandemic.

We see heightened interest from a broad range of stakeholders with customers, colleagues, investors, politicians, civil society and communities all seeking increasing assurance about how we run our business. At the heart of this discussion lies the topic of decarbonisation. How we address this is the single greatest long-term strategic priority facing ArcelorMittal. It is our duty and responsibility to succeed in this effort. Indeed, we have no alternative if we wish to still be in business in 2050.

In 2020, the company announced a Group-wide commitment to being carbon neutral by 2050, building on the commitment

made in 2019 for its European business to reduce CO₂ emissions by 30% by 2030, and be carbon neutral by 2050. We will shortly be going further by announcing a Group-wide CO₂ emissions target for 2030.

Meeting these targets will require an enormous effort by our entire organisation, not least our technology and R&D teams as we progress along the path of lowering emissions and, ultimately, producing zero-carbon steel in industrial quantities, on a commercial basis. But they are consistent with our aspiration to lead the industry on the road to decarbonisation and with our purpose – ‘inventing smarter steels for a better world’.

ArcelorMittal has already developed innovative products and processes that help our customers reduce their carbon footprint, such as S-in motion® for automotive and Steligence® for construction.

And our expertise is also evident in our range of low emissions technology projects, many of which are now at a very advanced stage. The Group's first Smart Carbon projects include: Carbalyst and Torero, to start production in Ghent, Belgium next year; 3D in Dunkerque, France due this year; and Igar, also in Dunkerque, due to finish in 2022. The first hydrogen reduction project in Hamburg, Germany will come on stream between 2023 and 2025.

In March, we also announced conceptual plans to build a large-scale industrial plant for the direct reduction of iron ore (DRI) and electric arc furnace (EAF)-based steelmaking at its site in Bremen, as well as an innovative DRI pilot plant in addition to an electric arc furnace (EAF) in Eisenhüttenstadt, following the announcement of the planned expansion of Germany's hydrogen infrastructure.

A significant milestone in our decarbonisation ambitions was the launch in March of XCarb™, a brand that brings

Chief Executive Officer's statement

together all of ArcelorMittal's reduced, low- and zero-carbon steelmaking activities into a single effort, focused on achieving demonstrable progress towards carbon-neutral steel.

The launch included three XCarb™ branded initiatives: 'XCarb™ green steel certificates', which will enable us to support our customers as they seek to reduce their Scope 3 emissions; 'XCarb™ recycled and renewably produced' pioneering products for customers; and an 'XCarb™ innovation fund' which will invest up to \$100 million a year into innovative technologies with the potential to accelerate decarbonisation.

The transition to a low carbon society is a challenge but it also presents ArcelorMittal with tremendous opportunity. When it comes to sustainability, steel is an ideal material in the circular economy since it is easily recoverable and infinitely recyclable. Lifecycle analysis on the environmental impact of products during production, use and disposal shows that steel regularly outperforms other materials, such as aluminium and concrete. So steel will remain a vital material in the energy transition across many different sectors.

That means that we are uniquely placed to help our customers and their customers tackle some of their sustainability challenges. To this end, we continue to work hard to provide customers with total confidence in our ESG reassurance across the supply chain, through observing high levels of transparency, good governance processes and taking a proactive role in leading standard-setting bodies such as ResponsibleSteel™ and the Initiative for Responsible Mining Assurance (IRMA). Although Covid-19 affected some of our timelines, we have re-started the ResponsibleSteel™ certification process at our European flat products sites this year. We also plan to achieve IRMA accreditation for our mines in Liberia, Brazil, Mexico and Canada by the end of 2025.

The ResponsibleSteel™ standard encompasses a wide range of environmental and social issues. While climate has emerged as



ArcelorMittal is the world's leading steel company

our most material environmental issue, we are acutely aware of our broader environmental footprint and the need to improve our performance on all environmental metrics. When it comes to social, one area where we know we need to improve is diversity, especially with regards to gender.

It is widely recognised that diverse teams bring many benefits to organisations, including an increased wealth of perspectives and the capacity to make better-informed decisions. Studies have proved that diversity also leads to better business results; idea generation is richer, teams are more effective, and talents are stimulated. While our workforce is internationally diverse, our key issue has been gender diversity. We have worked on the plans to address it – raising awareness of the importance and benefits of greater diversity, building an inclusive culture and increasing focus on

female talent in recruitment – and are targeting doubling the number of female managers – or higher – by 2030.

To conclude, it remains only to thank all my colleagues for their exceptional efforts in the most difficult of years. We are living in times of great change and challenge, but also of opportunity and excitement. I remain very confident in the future of steel, and in the ability of ArcelorMittal to succeed in this environment.

Aditya Mittal
Chief Executive Officer

A global company

Our strategy is designed to maintain our position as the world's leading steel and mining company for the long term, enabling us to deliver value to shareholders and all stakeholders in a rapidly changing world, where material demand will continue to rise but an increasingly sustainable and circular economy will be required.

We operate through all parts of the steel value chain, from the mining of raw materials to downstream transformation and distribution activities. We see the value in being present in attractive markets worldwide including both developed markets, with higher per capita steel demand and sophisticated, high-value product offerings, and developing markets, which offer strong long-term growth potential.

Our large and global asset base provides us with a unique opportunity to leverage our scale and maintain world-class operations, whether in relation to cutting-edge R&D, embracing digitalisation, or our leadership in sustainability.

The following examples show our 2020 highlights from our operations around the world.

NAFTA

- Signed agreement with Nippon Steel to build EAF at AM/NS Calvert
- New Grade 80 steel used for the first time in the US, in Chicago's Union Station Tower, helping to lower project costs and embodied carbon emissions
- Invested in strip cooling and coiling modernisation at ArcelorMittal Dofasco to produce higher value products and improve safety
- Will become the only producer in Canada to make Alusi® Coated Usibor® for automotive applications
- Continued progress of hot strip mill project in Mexico to become a new source of high value-added flat steel products

- + Flat
- + Flat, pipes and tubes
- + Long
- + Long, pipes and tubes
- + Flat and long
- + Iron ore mine
- + Pipes and tubes
- + Coal mine

2020 Global highlights

- Announced target to become a net zero carbon emissions company by 2050, building on the 2019 commitment to become carbon neutral in Europe
- Launched XCarb™, signalling its commitment to producing carbon-neutral steel
- Launched XCarb™ innovation fund
- Maintained 'A-' CDP grade, putting the company in the top 10% of the steel industry
- Selected as the sole steel supplier of third-generation advanced high-strength steel for the 2021 Ford Bronco, the first car in the world to use ArcelorMittal Fortiform® 980 GI
- Global Automotive rolled out latest 5-in motion® rear chassis solutions for electric vehicles
- Launched XCarb™ green steel certificates offer to help customers track their Scope 3 emissions
- AM/NS India won the Deal of the Year Award at the S&P Platts 2020 Global Metals Awards for completing the \$5.7 billion acquisition of Essar Steel India Limited

Europe

- Installed a second hybrid filter in the sinter plant at Zenica, Bosnia & Herzegovina
- Announced collaboration between ArcelorMittal Long Products and Vow subsidiary ETIA to build the first industrial-scale biogas plant for the steel industry in Luxembourg
- ArcelorMittal intends to build a large-scale industrial plant for the direct reduction of iron ore (DRI) in Bremen and an innovative DRI pilot plant in Eisenhüttenstadt in combination with electric arc furnaces by 2026
- Air Liquide and ArcelorMittal join forces to accelerate the decarbonisation of steel production in the Dunkerque industrial basin
- Started coke-oven gas injection for Blast Furnace B at ArcelorMittal Asturias. This will reduce CO₂ emissions by 125,000 tonnes a year
- Released 'Climate Action in Europe' report, laying out the European roadmap for a 30% CO₂ reduction target by 2030 and carbon neutrality by 2050
- Granted €75 million loan from the EU for two projects that will initially reduce CO₂ emissions by up to 350,000 tonnes a year

Brazil

- Resumed expansion project at ArcelorMittal Vega, to increase capacity to make high value-added products. Completion due late 2023 with total capex of around \$0.35 billion
- Announced target to have a 30% female workforce by 2030
- Joined the Business Coalition for Racial and Gender Equity
- Became a member of the Green Building Council

Mining

- Set up the Liberia and West Africa Private Sector Coronavirus Platform to help Liberia and its neighbours respond to the Covid-19 pandemic
- ArcelorMittal Liberia expansion project planned to recommence in 2021 with the modular build of a 15 million tonne concentrator (Phase 2), with aligned mine, concentrator, rail and port capacity, transitioning ArcelorMittal Liberia to 'premium products'

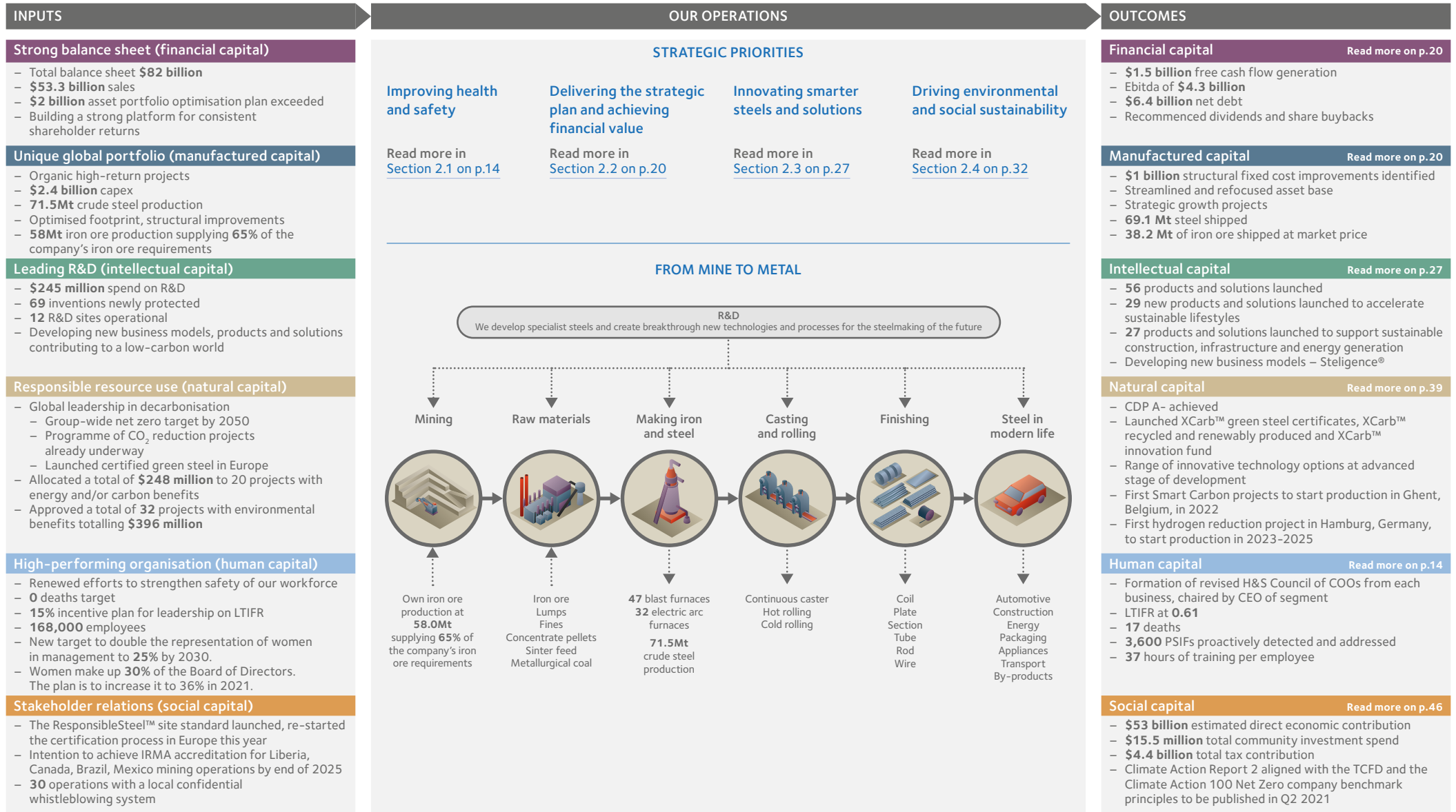
ACIS

- Invested \$13.7 million in occupational safety and health at ArcelorMittal Kryvyi Rih
- Continued modernisation of Sinter Plant #2 to improve the efficiency of gas cleaning plants and reduce dust emissions at ArcelorMittal Kryvyi Rih
- ArcelorMittal Kryvyi Rih provided medical equipment, including oxygen concentrators and ventilators, to support the local Covid-19 response
- Introduced online emissions monitoring system at ArcelorMittal Temirtau
- ArcelorMittal Temirtau allocated more than \$190,000 (80millionn KZT) to open a new Covid-19 PCR-laboratory

- Celebrated the 60th anniversary of ArcelorMittal Canada's railway in the North Shore region
- Provided Voluntary Principles on Security and Human Rights Training for employees at ArcelorMittal Liberia
- ArcelorMittal Liberia hosted a visit from Liberian President, His Excellency Dr. George M. Weah, senior ministers and other government officials

How we create value

Inventing smarter steels for a better world – how we create value through six capitals, in line with the IIRC reporting framework.



How we create value

Value drivers	Strategic priority	Assets and action in 2020	Outputs and outcomes
Strong balance sheet (financial capital)			
<p>Enables flexibility in capital allocation to ensure:</p> <ul style="list-style-type: none"> – leading position in attractive product-market segments worldwide through active portfolio management – investment in our asset base and progressively increase shareholder returns over the long term 	<p>Delivering the strategic plan and achieving financial value</p>	<ul style="list-style-type: none"> – Sales – Financial capital – Building a strong platform for consistent shareholder returns 	<ul style="list-style-type: none"> – Strengthened balance sheet – Financial performance: <ul style="list-style-type: none"> – \$6.4 billion net debt, lowest level since ArcelorMittal merger – \$1.5 billion free cash flow generation – Ebitda of \$4.3 billion – Recommended dividends and share buybacks
Unique global portfolio (manufactured capital)			
<p>Enables the company to derive value through our leading position in steel markets with favourable structures and dynamics</p>	<p>Delivering the strategic plan and achieving financial value</p> <p>Inventing smarter steels and solutions</p> <p>Driving environmental and social sustainability</p>	<ul style="list-style-type: none"> – Structural improvements – Streamlined and refocused asset base – Strategic growth in emerging markets and premium iron ore products; investment in high-return opportunities – Enhanced productivity – Optimised footprint – \$1 billion structural fixed cost improvements identified – Mining providing strategic value to the Group – Capex of \$2.4 billion 	<ul style="list-style-type: none"> – \$2 billion asset portfolio optimisation plan exceeded – Repositioned North American footprint through the completed sale of ArcelorMittal USA to Cleveland Cliffs, unlocking value – Reinforced its European footprint through the agreed investment by the Italian government in ArcelorMittal Italia – New \$1 billion fixed cost reduction programme in progress to ensure that a significant portion of fixed cost savings achieved during the Covid-19 crisis is sustained; expected completion by the end of 2022 – Strategic growth: focused on organic growth, cost improvement, product portfolio and margin enhancing projects in emerging growth markets, including: Mexico HSM project (completion expected in 2021); Brazil cold rolling mill complex project (recommenced, with start-up planned for 2023); and Liberia phase II expansion (first concentrate planned for Q4 2023) – ArcelorMittal Mining supplying 65% of the iron ore raw material – ArcelorMittal requires for iron and steelmaking, providing a natural hedge against market volatility – 69.1Mt steel shipped and produced 58.0Mt of iron ore
Leading R&D (intellectual capital)			
<p>Enables the invention of smarter steels to support a net zero carbon economy and further enhance our product and service offerings to meet our customers' evolving needs</p>	<p>Delivering the strategic plan and achieving financial value</p> <p>Inventing smarter steels and solutions</p> <p>Driving environmental and social sustainability</p>	<ul style="list-style-type: none"> – \$245 million spend on R&D – 12 R&D sites operational – 56 products and solutions launched – Developing new business models, products and solutions contributing to a low-carbon world 	<ul style="list-style-type: none"> – 29 new products and solutions to accelerate sustainable lifestyles launched, while also progressing further on 16 such product development programmes – Launched 27 products and solutions to support sustainable construction, infrastructure and energy generation, while also progressing further on 17 such product development programmes – Fully capitalising on the capacity of Steligence® – Developed S-in motion® project dedicated to chassis of electric vehicles – 28 lifecycle assessment studies – 69 inventions newly protected

How we create value

Value drivers	Strategic priority	Assets and action in 2020	Outputs and outcomes
Responsible resource use (natural capital)			
Enables efficient production of steel for a net zero carbon economy, and enables other sectors to reduce their carbon emissions, while building and maintaining the trust of our stakeholders	<p>Driving environmental and social sustainability</p> <p>Strategic leadership in decarbonisation</p> <p>Inventing smarter steels and solutions</p>	<ul style="list-style-type: none"> Group-wide net zero target by 2050, aligned with 1.5°C scenario 30% target for CO₂ reduction in Europe by 2030 Group-wide plan for CO₂ reduction by 2030 to be announced in Q2 2021 Launched XCarb™, signalling our commitment to producing carbon neutral steel Decarbonization plans in place to develop opportunities across the Group where policy is supportive All capex decisions informed by CO₂ impact assessment Allocated a total of \$248 million to 20 projects with energy and/or carbon benefits Approved a total of 32 projects with environmental benefits totalling \$396 million 	<ul style="list-style-type: none"> Launched XCarb™ green certificates, XCarb™ recycled and renewably produced and XCarb™ innovation fund CDP A- achieved Range of innovative technology options at advanced stage of development First Smart Carbon projects to start production in Ghent, Belgium in 2022 First hydrogen reduction project in Hamburg to start production, in 2023-2025 First sales of certified green steel achieved; independent certification process completed in Q1 2021 29 million tonnes CO₂ avoided due to use of scrap 7.9% carbon footprint intensity improvement since 2007 2.08t CO₂e intensity (steel) per tonne of steel compared with 2.11 in 2019 160.3 million tonnes absolute CO₂e footprint (steel and mining) Every year selling between 10-15 million tonnes of slag to the cement industry, avoiding 8 to 11 million tonnes of CO₂
High-performing organisation (human capital)			
Enables our employees to feel safe, respected and valued, to develop their skills, be committed to their work and able to perform at their best	<p>Improving health and safety</p> <p>Driving environmental and social sustainability</p>	<ul style="list-style-type: none"> Renewed efforts to strengthen safety of our workforce 15% incentive plan for leadership based on LTIFR Focus on reporting potential severe injuries and fatalities (PSIFs) 168,000 employees, 37 hours of training per employee Work on actions to address gender diversity performance Women make up 30% of the Board of Directors. The plan is to increase it to 36% in 2021. 89.5% of employees completed human rights training 96.0% of employees completed anti-corruption training 88.5% of employees completed code of conduct training 	<ul style="list-style-type: none"> Formation of revised H&S Council of COOs from each business, chaired by CEO of segment Robust response to the Covid-19 pandemic LTIFR at 0.61 17 deaths 3,600 PSIFs proactively detected and addressed New target to double the representation of women in management to 25% by 2030 12.6% of women in management positions, representing 13.7% of our senior succession planning candidates
Stakeholder relations (social capital)			
Essential to maintain our licence to operate with our customers, host governments, investors and communities	Driving environmental and social sustainability	<ul style="list-style-type: none"> The ResponsibleSteel™ site standard launched; re-started the certification process in Europe this year Intention to achieve IRMA accreditation for Liberia, Canada and Brazil mining operations by end of 2025, other operations undergoing self-assessments 30 operations with a local confidential whistleblowing system Numerous stakeholder surveys and engagement meetings 	<ul style="list-style-type: none"> \$53 billion of estimated direct economic contribution \$15.5 million total community investment spend \$4.4 billion total tax contribution Climate Action Report 2 aligned with the TCFD and the Climate Action 100+ Net Zero company benchmark to be published in Q2 2021

Section 2

Our progress

"Society's expectations are rising all the time. We see heightened interest from a broad range of stakeholders with customers, colleagues, investors, politicians, civil society and communities all seeking increasing assurance about how we run our business. At the heart of this discussion lies the topic of decarbonisation. How we address this is the single greatest long-term strategic priority facing ArcelorMittal."

Aditya Mittal, Chief Executive Officer

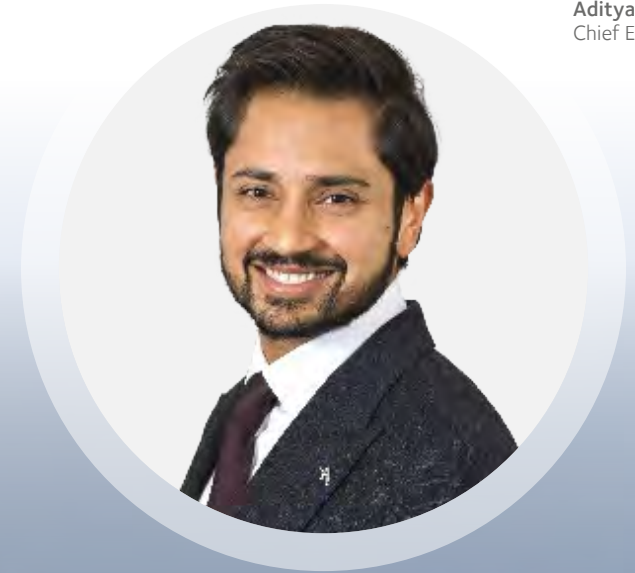


Yonge Street, Ontario, Canada

Section 2.1

Improving health and safety

“While I am proud of the way that our frontline teams kept our plants running during the Covid-19 pandemic, we continue to record an unacceptable number of deaths and accidents at some of our sites. We must – and can – change.”



Aditya Mittal
Chief Executive Officer

Section 2.1 Improving health and safety

While keeping our people safe and well has long been of paramount importance to ArcelorMittal, Covid-19 added a new dimension. The pandemic had a profound impact on many countries around the world and disrupted the lives of millions of people, but we are proud of the efforts of our frontline teams to take care of our employees and keep our plants running, despite the very difficult environment.

We took the risks associated with the outbreak extremely seriously and acted quickly to protect the safety and wellbeing of our 168,000 employees. This included following guidelines from both the World Health Organization and local governments in the countries where we operate. We introduced pandemic safety protocols to reduce the risk of the virus spreading at our operations, including shutting offices where necessary.

At the onset of the crisis, our global Health and Occupational Hygiene and Health and Safety Councils issued Covid-19

safety principles to all our sites. These outlined minimum requirements while daily field audits allowed us to check that sites were following the principles and help teams improve their response to the pandemic.

We ensured there were sufficient supplies of sanitation products and essential personal protective equipment, introduced strict social distancing procedures and conducted enhanced cleaning. We also monitored the health of employees when they entered and exited work premises.

Wherever possible, we implemented remote working and provided our employees with the support, advice and guidance they needed to adjust to working in challenging times.

At a corporate level, we set up a Covid-19 committee comprising of colleagues from across the business, including human resources, health and safety, risk, security, corporate responsibility and communications. The committee met regularly to discuss the latest developments regarding the virus and any specific challenges faced by the business so that additional support could be offered where needed. It also ensured that all our employees were given access to the latest medical information, guidelines and rules.

This team updated our policies on issues such as travel and homeworking, and created new guidelines such as social distancing and testing. The taskforce shared regular updates on employee case numbers with senior leaders and created a steady flow of information between our leadership and operational teams in all of our regions to share best practice and ensure the right decisions were being taken for the wellbeing of employees.

For more on our response to Covid-19 see [Engaging with communities and building a workplace for tomorrow](#).



Covid-19 health and safety measures in place at ArcelorMittal Fos-sur-Mer, France

Section 2.1 Improving health and safety

Monitoring Covid-19 at our sites

By carefully monitoring all of our locations, we could quickly identify sites with higher case numbers. For example, in Mexico, we lost 16 people to the virus in the first few months of the pandemic and the number of cases at our Lázaro Cárdenas site in Mexico was higher than any of the company's other plants globally.

Although Mexico as a country was particularly badly hit by the pandemic, our Covid-19 committee asked risk assessment experts DNV to carry out an in-depth infection risk assessment at Lázaro Cárdenas. We wanted to find out whether there was more we could do to protect our people.

The audit included a review of our Covid-19 documentation, a three-day inspection and stakeholder interviews. DNV concluded that we had taken a proactive approach and that our processes and standards were adequate, well understood and followed. Nevertheless, the audit made several additional recommendations, for example:

- Adding more types of infection risk to our risk management programme
- Adding extra types of data to track confirmed and suspected cases of Covid-19
- Streamlining our infection control documents to avoid repetition and improve understanding
- Providing infection risk training for leaders
- Keeping training records up to date.

We accepted and have implemented all of the audit's recommendations.

We continue to actively manage the impact of the pandemic on our business, including monitoring of all sites and stress-testing our Covid-19 protocols and policies to ensure we protect our people.

Health and safety – more to do

While we made some progress on operational safety during 2020 and demonstrated resilience in the face of significant extra challenges due to Covid-19, we remain disappointed by our overall level of health and safety performance, which has been essentially flat for several years now. Keeping our people safe at work is the absolute priority for ArcelorMittal; and beyond the obvious requirement to protect our people, strong safety processes are a component of strong operating processes more broadly.

Tragically and unacceptably, 17 people lost their lives while working at our facilities in 2020. Of these, 14 were in our steel business and three in mining. Our lost-time injury frequency rate per million hours worked (LTIFR) was 0.61 (0.92 including ArcelorMittal Italia). While this figure was below the 0.68 (1.14) target that we set ourselves for 2020 – and is relatively low for our industry – we are not improving in the way we are targeting.

We know that we can and must further improve these results. The Executive Office, the Appointments, Remuneration, Corporate Governance and Sustainability Committee (ARCGS) and indeed the full Board reviewed and discussed the safety performance regularly throughout the year and, dissatisfied with the results that were being reported, instigated several changes designed to support a step change in safety performance.

This includes the reconfiguration of our Global Health and Safety Council (GHSC) under the chairmanship of Jefferson De Paula, our EVP, CEO ArcelorMittal South America Long.

Creating a culture of care

Our business in Brazil has not recorded a death in almost four years. Furthermore in 2020, Brazil reported an LTIFR of 0.29 – the lowest in the Group.



The right PPE is essential for our employees' safety (Taranto, Italy)

Our business in Brazil owes much of its success to a combination of constant vigilance, mutual accountability and strong leadership. Over the past four years, our Brazilian business has successfully driven a 'culture of care' across every aspect of the business – from training to shop floor leadership to consequence management. In doing so, it has reached the interdependent stage of the Bradley Curve, which is known to support the best safety results through not only strong tools and processes but also shared responsibility and ownership, underpinned by a strong belief that zero accidents is an achievable target.

Jefferson, one of our two CEOs in Brazil, was an obvious choice to be the first chair of the new global safety council. ArcelorMittal has long leveraged its global presence to share knowledge and drive progress. The new safety council has taken this to the next level, not only by being a platform for safety coordinators to share best practice, but now to convene the business segment chief operating officers on a quarterly basis in a move to ensure safety performance is driven by leadership across the Group.

Section 2.1 Improving health and safety

One output of the new GHSC is the development of a revised Group-wide safety plan. This plan supports the three pillars of our long-term safety strategy – namely, preventing deaths, risk management and safety leadership – and includes the following new objectives:

- Analysis to identify site-specific gaps
- Pairing high-performing sites with those that need more help
- Detailed action plans to ensure quality and consistency of implementation of our ‘golden tools’
- Minimum requirements for in-house safety training
- Close follow-up on leading KPIs to ensure improvement.

In addition to the council meetings which have taken place to date, 50 additional safety meetings have been held by the chairman of the council and his team following up on specific actions identified. These meetings have particularly focused on those segments with the biggest safety challenges and the main causes of fatalities over the last three years, which have been identified as people crushed by moving machinery, crushed or rolled over by a vehicle, and falls from height.

Segment COOs have also been ‘twinned’ so they can learn directly from each other and ensure that change is led by our most senior leaders.

Communication with our leadership has also been intensified. Safety has always been a topic of the quarterly leadership presentations, led by the Executive Chairman and CEO. Now the chair of the safety council also provides an update on activity during the prior quarter with a summary of main lessons learned and actions implemented to take the entire Group to the interdependent stage of the Bradley Curve.

The ARCGS continues to review safety performance at its quarterly meetings, at which the segment leaders of the segments with the most improvement to make now attend in

person to discuss the measures being implemented to support the step change. Leadership engagement is vital if we are to create a culture of care that encompasses every part of the organisation. We are aware that cultural change takes time, but we are taking all the steps we can to ensure that across the Group our leaders are fully committed to playing their part in re-engaging our people in this most important of topics.

Building on our basics

Our leadership teams across the business are working to ensure safety improvements, quality implementation of our ‘golden tools’ and safety culture programmes for all employees and contractors. They are also strengthening analysis, actions and follow-ups on PSIFs and unsafe situations.



Social distancing in action at ArcelorMittal Fos-sur-Mer plant in France

LTIFR (Number of lost-time injuries per million hours worked)

0.61

2020	0.61
2019	0.75
2018	0.69

Data does not include the LTIFR for ArcelorMittal Italia which was acquired on 1 November 2018.

Section 2.1 Improving health and safety

Brazil – our benchmark for safety

Over the past four years, ArcelorMittal's Brazil Long business has shifted its approach to safety from reactive to a proactive culture of care. A culture in which everyone has a responsibility to look after themselves and others.

Chief executives and chief operating officers at every business and plant are expected to set the tone and are held accountable for their facility's safety performance, using specific KPIs. Management teams are expected to show up regularly on the shop floor and sites are temporarily shut until unsafe equipment is fixed.

Since our frontline teams are our operational eyes and ears, Brazil Long has also introduced a safety competency framework in its global employee development process. This gives clear guidance on the way Brazil Long employees are expected to behave. All of this is underpinned by our golden tools, PSIFs and training. Frontline employees have the power to stop unsafe activity and are encouraged to treat every PSIF as a potential death avoided.

And since safety is a continuous commitment, Brazil Long is always looking for ways to improve. For example, every audit must make specific recommendations that the team must then act on. Leaders must regularly assess audit quality and make changes when necessary. Finally, leaders and supervisors are expected to run Take Care training sessions to make sure they hear about the real-life challenges that their teams face on the shop floor.

ArcelorMittal, Brazil



“In Brazil, everyone is accountable for health and safety and we train our people to understand that. It’s created a real sense of team spirit.”

Raquel Bonesana Brandao De Oliveira
Head of health and safety,
ArcelorMittal Brazil Long

Our ‘golden tools’ include hazard identification and risk analysis, pre-shift safety meetings and shop floor audits. They also include identifying potential serious injuries and fatalities (PSIFs), which have become one of the most valuable tools in our kit. PSIFs help our teams detect and proactively treat the circumstances that could lead to an accident. We detected and addressed 3,600 situations in 2020 (which included the period of temporary shutdowns). This compares to 3,500 in 2019 when our sites were running at full capacity.

PSIFs are now a KPI for the company and, alongside deaths and LTIFR, they are reported monthly to leadership as part of the governance process.

Despite Covid-19, we were able to continue running Safety Leadership and Take Care training sessions, albeit remotely.

Section 2.1 Improving health and safety

Board oversight on safety

While the GHSC oversees our day-to-day progress on safety, our ARCGS retains oversight on behalf of the Board. The ARCGS meets quarterly and safety is always the first topic to be discussed. In addition, the ARCGS has also requested dedicated safety-specific meetings to review issues in greater depth, often involving segment chief executives and other leaders from across the business. The step-change we took in our approach to safety in 2020 and the relaunch of the GHSC originated from discussions between the ARCGS, the Executive Office and the full Board.

When a death occurs, all levels of management are informed of the circumstances. We carry out a comprehensive review of the incident, including a question-and-answer session with the site and segment chief executives. During this review process, both the Executive Office and the ARCGS expect to be fully informed about what happened and the steps that the head of the segment where the fatality occurred is taking to prevent it happening again, along with any wider lessons for the Group.

In light of the circumstances surrounding severe accidents and fatalities, the Group’s tools and standards are periodically reviewed. Analysis of the causes of death over the past four years shows that moving machinery, vehicle injury and falls from height are the most common types of circumstance

resulting in fatalities. A summary of the mitigation actions we’ve taken to prevent such causes reoccurring are presented in the table on the right.

While we expect everyone at ArcelorMittal to be responsible for themselves and their colleagues, we know that creating a true culture of safety starts with our leaders. Change must be understood and led from that top management in each segment. To that end, starting in 2021 we will now link 15% of bonuses (up from 10%) – from managers to chief executives – to safety-related KPIs. This includes PSIFs, which are considered a leading indicator of safety performance.

We are also now asking leaders to be directly involved in the training of their teams.

We know our tools, processes and training work but together with culture change they must become the foundation for the next stage in our safety journey.

The results in the first quarter of 2021 have been deeply disappointing. In particular the tragedy in South Africa, where we lost three employees in one incident, was devastating. Following this incident we called a special meeting of the Global Joint Health and Safety Committee, which is co-chaired by our head of human resources and a global trade union executive and composed of health and safety experts from both parties.

Together we reviewed specific circumstances of accidents and we agreed how we can best work together to sustainably improve our health and safety performance. Collaboration and dialogue with our stakeholders is very welcome and indeed it is important we can have these frank and open discussions which are a critical part of identifying areas for improvement and corrective actions.

We believe the changes that are being implemented will make a significant positive difference. This includes looking at the health and safety impact of every capex decision. We will be evaluating and tracking this progress on a very regular basis throughout the remainder of the year at the levels of the ARCGS Committee, Executive Office, Management Committee and our leadership group of 300 VPs and GMs, as well as with segment leadership teams.

Top causes of fatality 2017-2021	
1 Crushed by moving machinery	Review of global Hazard Identification and Risk Assessment (HIRA) tool on annual basis, with adaption at site level for local conditions and mandatory ‘Stop, Think & Act’ measure ie HIRA Lite and control measures before any unusual/non-standard task or job.
2 Crushed or rolled over by vehicle	Modification and update of the ArcelorMittal Fatality Prevention Standard 006 relating to Vehicles and Driving undertaken April 2020, requiring mandatory alarms for safety belts and parking brake and proximity detectors for specified industrial vehicles, plus additional details about wheels and tyre maintenance.
3 Fall from height	Modification and update of the ArcelorMittal Fatality Prevention Standard 005 relating to Working at Height in July 2019, strengthening requirements for roofing activities, to integrate learning points from fatalities in 2018, and in June 2020 integrating requirements for docks activities linked to fatalities in 2019.



“At ArcelorMittal, leaders must be accountable for safety and ensure that every member of our operational management teams understands their responsibilities and takes all necessary actions to achieve our goal of zero harm. Sharing best practice and creating the right organisational culture are important steps: this doesn’t just take time, it takes attention, focus and consistency.”

Jefferson de Paula
Chairman of the Health and Safety Council

Section 2.2

Delivering the strategic plan and achieving financial value – CFO's statement

"In many respects 2020 was a pivotal, milestone year for the company. Strong free cash flow of \$1.5 billion and the \$2 billion capital raise we undertook supported a reduction in net debt to \$6.4 billion, below our long-term \$7 billion target and our lowest ever level."



Genuino M. Christino
Executive vice president –
Chief Financial Officer

Section 2.2 Delivering the strategic plan and achieving financial value

Dear stakeholders,

It gives me great pleasure to write this message, my first as ArcelorMittal’s Chief Financial Officer. After 17 years with the company, it is a privilege and honour to have been appointed to the position. The company is today well placed to benefit from the work it has undertaken in recent years to improve its competitive and financial position, and from the tangible improvement seen in our operating environment as our markets and customers recover from the impact of the Covid-19 pandemic.

A swift and agile response in an extraordinarily challenging year

The recovery we have seen has arguably been more pronounced and faster than expected, given the extremely volatile environment in which we operated last year. The onset of the pandemic and subsequent lockdowns we saw across the globe – which had a severely disruptive impact on our customers and supply chains – led to some of the most difficult market conditions ArcelorMittal has ever faced.

Our response was developed with the following objectives in mind: keeping our people safe; aligning our production with the considerably lower level of demand; and reducing our cost base in line with this lower level of production. We did this well, deploying actions to ensure we provided a safe and healthy working environment for our employees, while also protecting our profitability levels.

Set against the context of our operating environment, our financial performance demonstrated commendable resilience. Driven primarily by a significant market-related decline in our steel shipments of 18% to 69.1 million tonnes (2019: 84.5 million tonnes), Ebitda for the year reached \$4.3 billion (2019: \$5.2 billion), while net income was a loss of \$0.7billion (2019: loss of \$2.5 billion).



“Our response was developed with the following objectives in mind: keeping our people safe; aligning our production with the considerably lower level of demand; and reducing our cost base in line with this lower level of production. We did this well.”

Genuino M. Christino
Executive vice president – Chief Financial Officer



Significant strategic progress in a milestone year

However, our headline profitability figure presents an incomplete picture of the year. In many respects 2020 was a pivotal, milestone year for the company. Strong free cash flow of \$1.5 billion and the \$2 billion capital raise we undertook supported a reduction in net debt to \$6.4 billion, below our long-term \$7 billion target and our lowest ever level, while we also reshaped our asset portfolio through the sale of ArcelorMittal USA and the public/private partnership we agreed for ArcelorMittal Italia.

These results and strategic actions have placed the company in a strong position financially and structurally, meaning we can now change our capital allocation focus and have increased the quality of the Group’s earnings potential.

Section 2.2 Delivering the strategic plan and achieving financial value

Deleveraging journey complete; focus turns to shareholder returns

To put our debt reduction in perspective, in 2008 the Group's net debt exceeded \$32 billion, and in 2012 our annual interest cost was \$1.9 billion. For 2021, we anticipate our interest cost to be \$0.3 billion. Our net debt is now at a level we believe should sustain investment grade credit metrics through the steel cycles and our lower interest costs mean that our ability to convert Ebitda to free cash flow is greatly enhanced.

Therefore, with our balance sheet strength significantly enhanced and our deleveraging journey complete, we have been able to change our capital allocation priorities, with a focus on rewarding our shareholders who supported us through our deleveraging process. This process started with a \$500 million share buyback in September last year using the cash proceeds received from the sale of ArcelorMittal USA. It has since been supplemented by the re-instatement of our dividend (subject to shareholder approval at our upcoming

“With our balance sheet strength significantly enhanced and our deleveraging journey complete, we have been able to change our capital allocation priorities, with a focus on rewarding our shareholders who supported us through our deleveraging process. This process started with a \$500 million share buyback in September last year using the cash proceeds received from the sale of ArcelorMittal USA.”

Genuino M. Christino

Executive vice president – Chief Financial Officer

AGM), and two further share buybacks. One of these is again linked to proceeds received from the ArcelorMittal USA sale, the other a result of our commitment to return 50% of annual free cash flow (after dividend payments) to shareholders, per the capital allocation policy we outlined at the time of our 2020 full year results. Once the buybacks are complete, including dividend payments, we will have returned approximately \$2 billion to shareholders.

In addition to returns, the other area in which we are seeing increasing interest from our shareholders is on environmental, social and governance (ESG) matters. Organisations with a reputation for having environmentally sustainable, socially responsible, and strong corporate governance practices will be successful in the long-term. We have placed increasing focus and attention on communicating with shareholders how we manage ESG issues in recent years and I fully expect this trend to continue in the coming years.



ArcelorMittal, Saint-Chély-d'Apcher, France

Section 2.2 Delivering the strategic plan and achieving financial value

2021: Our financial priorities

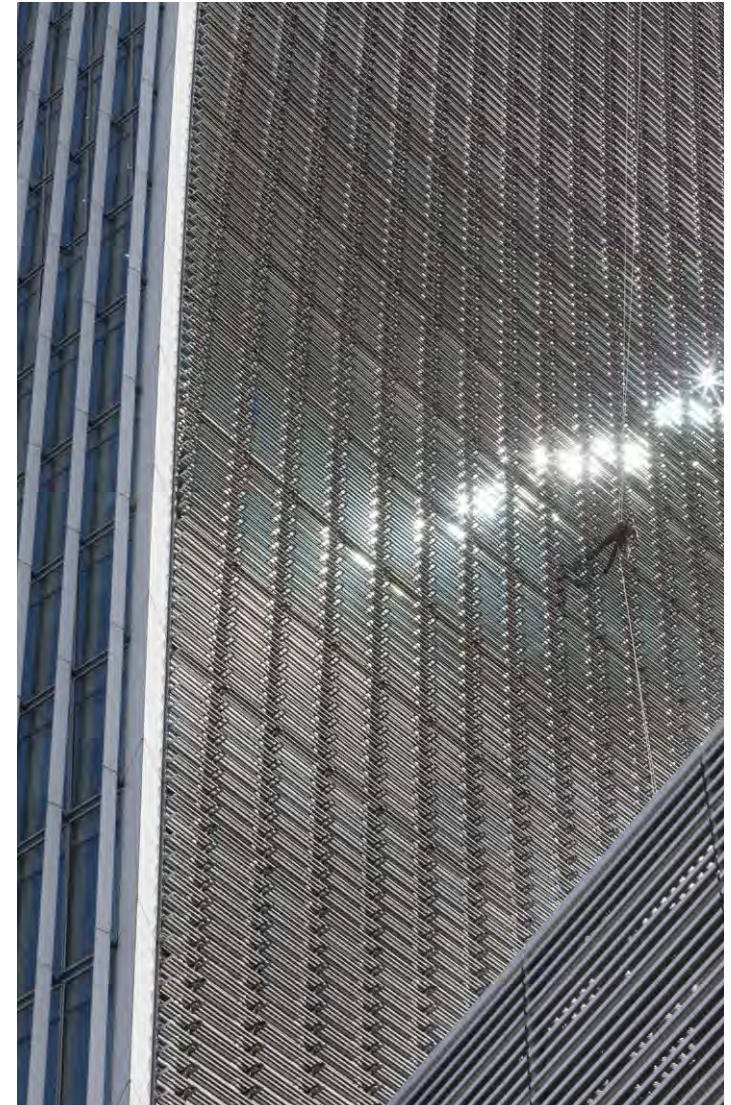
Turning to the current year, we have outlined our financial priorities:

- The first is to heed the lessons learned from last year when we successfully reduced our fixed costs, albeit on a temporary basis. We are now seeking to further enhance our structural resilience and competitiveness through a \$1 billion cost reduction programme. We anticipate the programme to complete by the end of 2022, albeit the majority of savings should be realised this year.
- Second, in addition to returning value to shareholders, we are in a position where we can focus on growth by investing in the best, high-return organic opportunities within our business. We have ongoing projects in Brazil, Mexico and Liberia that, cumulatively, can deliver \$0.6 billion of annual Ebitda for \$1.5 billion of capital expenditure between now and 2024.

To conclude, we are well placed, financially and operationally, to benefit from the improvement in market conditions we have seen. Although we must continue to navigate the ongoing challenge presented by the Covid-19 pandemic – which we will do by prioritising the safety of our people at all times – our results from the fourth quarter of last year demonstrated the improvement we have seen in the demand and pricing environment, momentum that has continued into the start of this year. Our immediate focus is therefore on capturing the opportunities the market currently presents, while also ensuring that we deliver against the financial priorities we have set for the year ahead.



Genuino M. Christino
Executive vice president – Chief Financial Officer



20 Fenchurch Street, London, United Kingdom



In line with the company’s strategy to invest in high-growth projects and markets and to provide high value raw material products to customers, we plan to re-commence Phase 2 of our Liberia project this year and expand our operations from current c.5Mtpa of Direct Shipment Ore (DSO) product to 15Mtpa of premium product concentrate. The concentrator phase, to be constructed in modules, will transition ArcelorMittal Liberia to a premium product category (high-grade concentrate).

The capex required to conclude the project is expected to total approximately \$0.8 billion as the project is effectively a brownfield opportunity given that 85% of the procurement has already been done (with the equipment on site) and 60% of the civil construction complete.

The expansion is highly complementary to the Liberian government’s ‘Pro-Poor Agenda for Prosperity and Development’ and will generate more revenue and taxes for the country, more direct and indirect jobs during the peak construction, and provide opportunities for small and medium scale Liberian enterprises to support operations. As well as stimulating the economy, it will create a long-life, world-class operation, with highly skilled and trained local people.



SPOTLIGHT
Mining: short-term agility, long-term sustainability



“While our mining business strategy remains unchanged, Covid-19 tested it in new ways. I am proud of how our people quickly rose to that test, helping protect our workforce and communities and helping keep our mines open to continue to deliver the products our customers need. I am also pleased that we are making progress on our key sustainability and ESG issues and look forward to sharing safety lessons across assets to ensure we are making progress in our ‘journey to zero.’”

Simon C. Wandke
CEO of ArcelorMittal Mining

Our mining operations are a key part of our vertically integrated business model, ensuring both security and quality in the supply of raw materials to ArcelorMittal and our customers.

We are one of the largest iron ore producers in the world and, in 2020, we produced 58Mt of iron ore, amounting to 65% of the raw material the company needs for iron and steelmaking. This self-sufficiency allows us to provide our customers with ESG assurances throughout our whole value chain and provides a natural hedge against market volatility, something that was particularly valuable in 2020 when iron ore prices rose steeply in the second half of the year to reach levels not seen for almost a decade.

In our vertically integrated business model, our world-class ironmaking expertise and R&D capabilities allow us to develop higher value-in-use products. This improves the productivity of our steelmaking operations, achieves higher yields and better margins, ensuring our products are globally competitive and sustainable.

Last year, this business model helped us to adapt to rapid regional changes in demand and divert raw materials to markets that needed them most, keeping products flowing to our customers and

making an important financial contribution to Group results. In 2020, we generated Ebitda of \$1.9 billion, an 11.8% improvement on 2019.

We strive to be resilient, agile and competitive against other mining suppliers while upholding the Group’s standards. This puts ESG and sustainability issues at the heart of our business strategy.

An agile response to Covid-19

Our agility proved vital during the pandemic as we adapted to new ways of working to keep our people safe and mines open. To that end, we followed guidelines from both the World Health Organization and local governments in the countries where we operate. We introduced the Group-wide Covid-19 safety measures, adapted shift patterns and, where necessary, sent home vulnerable employees. Our executive team held daily calls with local teams, site leaders and regulators. We also helped communities respond to the pandemic. (For more on how we managed health and safety during Covid-19 [see pages 15 and 16](#) and social chapter [page 46](#).)

SPOTLIGHT Mining: short-term agility, long-term sustainability

A mixed picture on safety

Covid-19 aside, our success in managing health and safety at our operations remains mixed. While we have made an improvement in our lost-time injury frequency rate performance and Brazil led the way with zero deaths and no lost-time injuries, sadly we lost three colleagues.

Our progress in operations like Brazil show that it is possible to achieve sustained low injury rates and zero fatalities. It takes enormous effort from everyone and starts with culture. This means holding everyone – from leaders to frontline employees – accountable for safety, their own and their colleagues. It means leaders being consistently visible on the shop floor; proactively recording and learning from near misses; using our ‘golden tools’ to assess risk before work happens; and training. The changes we have made to our Global Health and Safety Council (GHSC), including attendance by all site chief operating officers, will help us share lessons between the best performing teams and the ones who need more help. For more on the Council’s remit, [see pages 16 and 17](#).

A more sustainable future for mining

Although keeping our people safe while adapting to Covid-19 topped our agenda in 2020, we remained focused on addressing other environmental, social and governance (ESG) issues. Our Mining CEO Sustainable Development (SD) Council meets every month to oversee, set direction, discuss and exchange on these issues. In 2020, the Council adopted Responsible Mining Assurance (IRMA) as our pathway to common, rigorous assurance. It also agreed six priority sustainability/ESG areas that support ArcelorMittal’s 10 SD outcomes [see page 34](#).

IRMA – greater governance for greater reassurance

We are particularly pleased with the work our mines are doing towards IRMA certification. Most have started self-assessment work to identify the gaps between IRMA requirements and current standard. It is our intention to achieve IRMA accreditation for our mines in Liberia, Brazil, Mexico and Canada by the end of 2025. We know that this will be challenging for some, but the benefits are multiple; IRMA gives us a common language and new governance tools to help all our mining sites take a globally recognised approach to sustainability. This is also aligned with our steel colleagues’ work to reach ResponsibleSteel™ accreditation. For more on IRMA [see page 45](#).

Environment – taking a global view

Like health and safety, our environmental track record in mining is an area of continued focus for improvement. We know that regulations continue to raise the bar and that our global stakeholders do not distinguish between regions. So progress on a global scale is essential. At a local level, community expectations push our sites to think in a more circular way – considering everything from turning waste into valuable new products to exploring the use of non-conventional fuels to reduce greenhouse gas (GHG) emissions.

Indeed, tackling GHG emissions in mining can play an important role in helping ArcelorMittal’s broader ambition to reach net zero by 2050. To that end, mining has committed to reducing GHG emissions by 30% by 2030 and reaching net zero by 2050. To help achieve this, every site must manage their own decarbonisation plan with clear steps; for example, using technology to improve energy efficiency and replacing fossil fuels with

Six priorities sustainability/ESG areas that support ArcelorMittal’s 10 SD outcomes



Health and safety



Environmental protection:
Air, water, decarbonisation
biodiversity and NCS



Customer reassurance



Value creation for communities



Tailings/waste stewardship and governance



Mine closure

Underpinned by strong governance, transparency and assurance aligned with ResponsibleSteel™

renewable energy and natural gas. Sites will also report in more detail on their carbon emissions to the SD Mining Council.

Other key areas are water and biodiversity. For example, in 2020, we approved a \$36 million water treatment plant in Canada that will eventually help us release treated water back to the natural supply. And, we continued to strengthen the environmental management of our tailings storage facilities. This included reviewing our processes, stewardship and governance against the International Council on Mining and Metals’ new Global Tailings Standard, introduced in August 2020.

We also continue to carry out remediation and reclamation at our sites. This includes conservation measures in Liberia and planting local plant species on reclaimed areas in Brazil. We have increased our efforts on reclamation and closure planning and expect to issue new corporate guidance in 2021.

Having a positive impact in the community

We do our best to address the issues that matter most to the communities living near our sites. This year, of course, responding to the pandemic took centre stage ([see pages 46 to 48](#)), but we also continued other work, for example on human rights. We expect all sites to follow ArcelorMittal’s human rights policy. This includes working with public and private security forces in ways that meet relevant country and international standards, including the Voluntary Principles on Security and Human Rights (VPSHR). This is consistent with IRMA.

When issues occur, we expect sites to address them. It begins with education and training. For example, in Liberia we introduced VPSHR scenario-based workshop sessions. In 2020, 383 employees completed the training. We plan to train another 237 employees by the end of 2021.

SPOTLIGHT Mining: short-term agility, long-term sustainability

Our human rights policy also sets out a Group-wide commitment to respect the rights and cultural heritage of Indigenous Peoples. Here, too, we are guided by several international standards, including IRMA and the United Nations Declaration on the Rights of Indigenous Peoples.

In light of the destruction of Aboriginal rock shelters in Australia in May 2020, we conducted an investigation to identify local and critical cultural heritage sites. At ArcelorMittal Mining Canada (AMMC), where our operations are based near traditional Indigenous territory and several important cultural heritage sites, we are introducing additional training for our employees building on understanding and respect. Also in Canada, our Joint Environment Protection Committee manages projects that offset the impact of our mining footprint. For example, in 2021 in Quebec, we will begin a project to compensate for indirect losses to fish habitats close to the Moisie River. This is a culturally important, strategic location for the Innu Peoples.

In 2020, the AMMC management team reviewed its work with Indigenous communities and is now developing an improved community grievance mechanism. They are also reviewing HR and procurement policies to identify new employment and business opportunities. In February 2021, all 10 members of the executive team took part in Innu cultural awareness training.

Many communities' concerns, though, are quite specific to them. For example, issues such as lack of skills training and community social development programmes are particularly important in Liberia's developing economy. Since 2017, our Vocational Training Centre has helped young people develop globally recognised vocational skills. Despite Covid-19, 97 students enrolled in 2020. Our first Group of 45 apprentices graduated from the three-year residential programme in May 2021.

Meanwhile, our Community Development Social Fund helps support broader projects in areas such as agriculture and infrastructure. In 2020, the Liberian government agreed that 20% of the fund would support those living closest to our operations. The projects are selected by beneficiary committees and approved by local County Approval Committees. ArcelorMittal Liberia manages all contracts for goods and services and distributes payments.

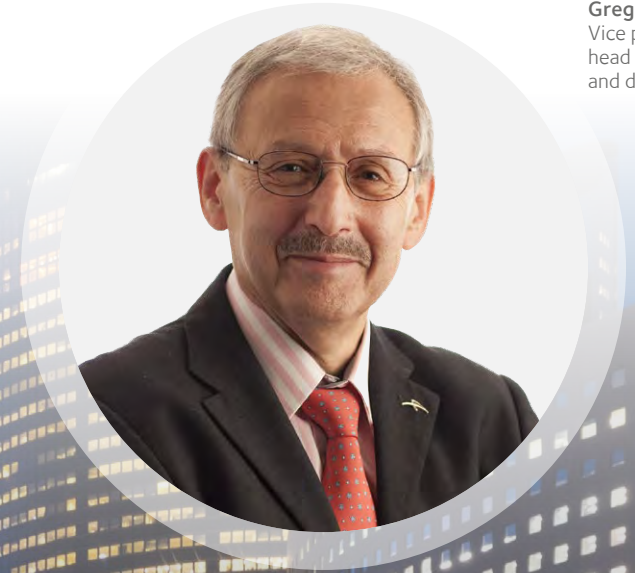


ArcelorMittal Mining Canada railway

Section 2.3

Innovating smarter steels and solutions

“To create the sustainable steel our customers expect, and help ArcelorMittal achieve its net zero ambitions, we must continue to innovate. I am proud of the way our R&D team continued to develop new, more sustainable products in 2020.”



Greg Ludkovsky
Vice president,
head of research
and development

Section 2.3 Innovating smarter steels and solutions

Steel has a unique role to play in helping our customers address sustainability in their own value chains. The products and solutions that our R&D team has developed give us a competitive edge in some of the world's biggest industries, such as car manufacturing, construction and – increasingly – low-carbon energy and mobility solutions.

ArcelorMittal operates 12 research and development sites around the world and invested \$245million in R&D during 2020. From construction to food packaging to mobility, advances in technology are helping us find ways to create stronger, lighter, more cost-effective and more sustainable products – what we call smarter steels for a better world.

Supporting our customers with R&D

S-in motion® – transforming the way we drive

Over the past 10 years, our S-in motion® series of engineering solutions has showcased the applications of our Advanced High Strength Steel (AHSS) products and helped car manufacturers improve fuel efficiency, costs and safety.

These products also have great potential to transform electric vehicle (EV) design. For example, in 2020, we completed a study that identified new lightweight steel options for the rear chassis of SUV battery electric vehicle (BEV). Compared with aluminium, these options could reduce costs of the solution by as much as 45% and CO₂ emissions by up to 58% during manufacturing process. The results will help car manufacturers and suppliers as they continue to adapt to the EV revolution.



Floating solar power plant utilising Magnelis™, Netherlands

Steligen® – more sustainable construction

To help the construction industry address its carbon footprint, we created Steligen®. Steligen® is an integrated service to help architects and engineers take a more holistic approach to building design, using smarter steels to create modular buildings that are cheaper, more efficient and easier to reuse.

While Covid-19 prevented us launching it globally, Steligen® is one of ArcelorMittal's fastest-growing initiatives.

During the year, ArcelorMittal Dofasco, Canada, joined our Europe and Brazil businesses in rolling out Steligen® to their customers. As part of that, the team published several case studies, using scientific evidence to demonstrate to the construction industry how a building's environmental footprint and costs can be radically reduced when designed and built with Steligen® concepts.

Our team designed a virtual six-storey mixed commercial/residential building, comparing steel, concrete and mass

timber construction, for the Canadian market.

The work showed that the steel-based design was the most environmentally sustainable and economical overall. While it is important to consider all building construction solutions for a project, this case study showed steel should be a forerunner considering the advantages it can provide to both the owner and the environment.

Also in 2020, we strengthened our resident engineering team, which has a critical role to play in deploying Steligen®.

Magnelis® – for longer lasting steel

Our patented anti-corrosion coating is helping steel play an increasing role in the global transition to renewable energy. With its self-healing properties, Magnelis® is particularly useful in steel solar farm frames, which are exposed to the elements for many years.

Magnelis® has been used in large solar power plants in the Middle East, as well as all across Europe, including in the largest floating plant located in the Netherlands.

Hyperloop – a potential new future for mobility

Hyperloop is an exciting long-range ground transportation project that could one day revolutionise the way we travel and move goods, using pods that 'fly' through low-pressure, low-friction tubes at high speeds. If successful, it could dramatically cut journey times, energy consumption and carbon emissions.

ArcelorMittal's multi-disciplinary R&D team is working with several strategic partners to create steel designs and solutions that combine the structural strength and electromagnetic performance that Hyperloop would need to run safely.

Section 2.3 Innovating smarter steels and solutions

Investing in R&D for long-term sustainability

Despite the short-term challenges related to Covid-19, in 2020 we launched 29 new products and solutions to accelerate sustainable lifestyles and 27 to support sustainable construction, infrastructure and energy generation. These represent progress against outcomes 2 and 3 of ArcelorMittal's 10 sustainable development outcomes (see page 34).

On the manufacturing process side, R&D continued work on identifying sources of dust emissions from our plants and defining the best methods to quantify them. These methods

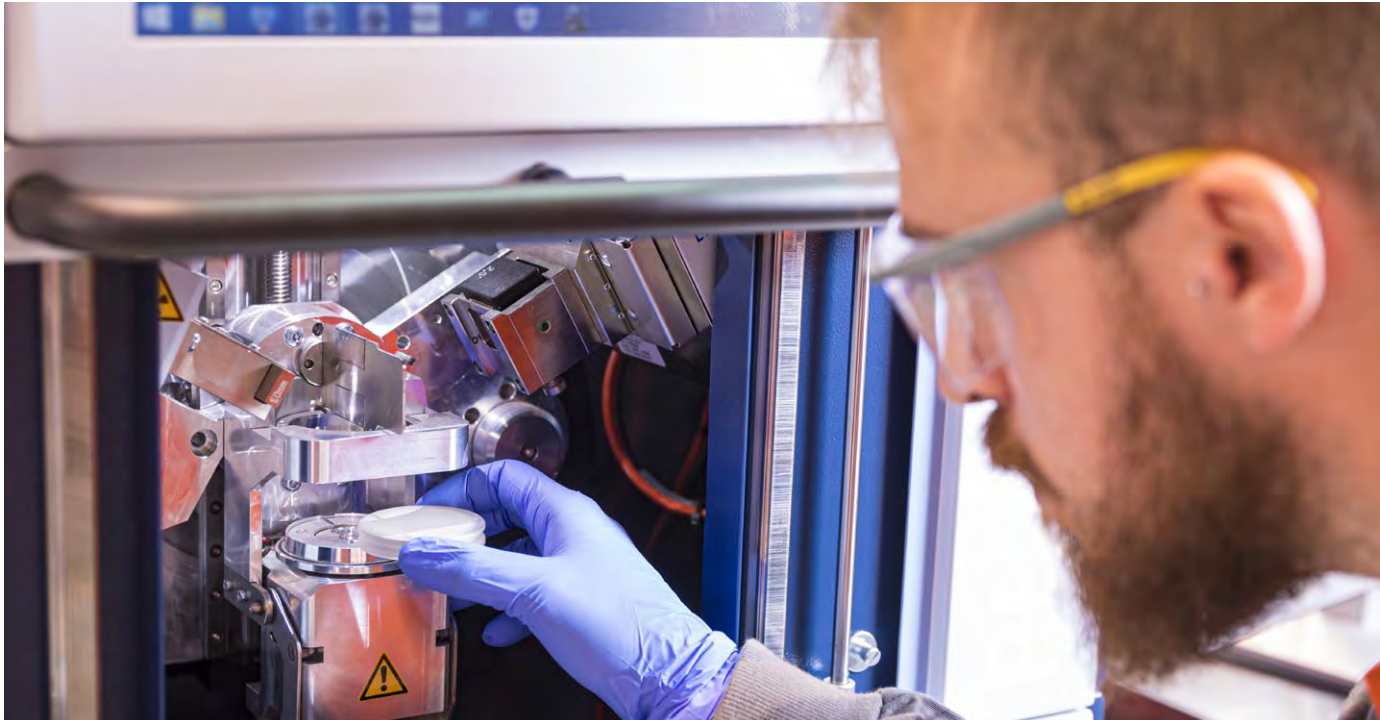
will help us assess the actual impact our plants have on their surroundings. The team also continued to investigate technologies to control dust generation and movement and conducted industrial-scale testing of advanced filtration technologies to reduce emissions from stacks.

In our mining business, R&D carried on upgrading and digitalising monitoring systems at our tailings dams, using satellites, drones and wireless sensors. In addition, the team continued to develop an artificial intelligence methodology to further improve the accuracy and reliability of our production

▶ For more examples of how our R&D and environmental teams work together, see page 37.

forecasts and material movements through our value chain. The R&D team also worked on new agglomeration processes, such as briquetting and cold pelletising, which will help the company to reduce CO₂ emissions.

We also made significant progress in projects aimed at helping ArcelorMittal accelerate efforts to reach our net zero ambitions. For example, we are developing new sintering technology that replaces 50% of the fossil fuels we need to make conventional steel with hot bio-fumes. This will help lower CO₂ emissions without affecting the steel's metallurgical properties.



Our engineer at ArcelorMittal R&D, Avilés, Spain

56
products and solutions launched

12
research and development sites around the world

28
Life cycle assessment studies in 2020 related to steel products and the processes used to make them, all guided by the ISO standard 14040-44

Section 2.3 Innovating smarter steels and solutions

▶ Read more about how we leverage the digital economy on our [website](#).

Digitalisation – transforming the way we work

Our vision is to be a fully digitalised enterprise where everything is connected. We continue to use ‘big data’ and artificial intelligence, and create new algorithms and solutions to solve problems and make improvements in ways that were not possible before. For example, we’re improving yields thanks to predictive quality, productivity, manufacturing costs with in-house production scheduling systems that use AI and mathematical optimisation.

ArcelorMittal’s digitalisation initiatives are co-ordinated by our Company Digital Steering Committee. Together, we agree specific areas of focus as well as the roles of the contributors such as Group CTO, R&D, Corporate IT and our segments.

Our Global R&D team is responsible for:

- Global digital platforms such as:
 - Big Data – ARTHUR: massive data storage and distributed computing
 - Industrial Internet of Things – DASHIELL: massive connectivity and edge computing
 - Industrial process models for use in machinery such as blast furnaces, hot strip mills and hot dip galvanizing.
 - Collaborative digital product development platform
- Creating bespoke algorithms based on AI and mathematical optimisation, which gives us competitive advantage.

\$245m

invested in R&D during 2020

“Digitalisation and, in particular, artificial intelligence are helping us unlock new value. Our digital solutions are changing the way we schedule our production units, develop new products, interact with our customers and manage our inventories.”

Carlos Alba, Global R&D Head of Digitalisation

We deploy R&D digital solutions globally around the Group to support everything from manufacturing processes to business functions to designing automotive parts. For example, we used multiple digital tools to simulate the behaviour of electric vehicles to help us design our most recent S-in motion® projects. We also use tools, such as augmented reality, to discuss the details of our engineering solutions with customers.

Our new predictive quality approach and algorithms help us improve yield in even our most challenging products. These improvements contribute to our delivery performance to our customers and help us reduce CO₂ emissions.

Using AI and mathematical optimisation techniques, we have developed production optimisation algorithms that are improving production costs and delivery times. We have implemented a pilot project in Fos-sur-Mer, France, as well as in North America and sites in Europe. We plan to extend this pilot to more sites in other parts of the world, including CIS, South Africa. This is increasing our productivity while reducing order backlog, even with very complex product mixes.

Our e-sales platforms help us offer new sales channels and additional ways of doing business with our customers. For example, new in-house AI algorithms and a recommendation system allow our customers to select interesting products based on their historical purchases.



Exploring reality augmenting technology at Dunkerque, ArcelorMittal Europe

Section 2.3 Innovating smarter steels and solutions

Additive manufacturing

We see significant potential in ‘additive manufacturing’ and 3D metal printing as it offers opportunities to transform industries and contribute to sustainability. It can substantially reduce the material intensity of products and revolutionise design because it can create parts with specialised properties impossible to make using traditional processes. While metal additive manufacturing is currently a niche industry catering to high-end parts and limited batch production, as 3D technology

matures, it will have an increasing impact on the way our company and our customers do business. Our R&D team is exploring opportunities and partnering with specialised companies in this field. Additive manufacturing is also an opportunity to improve our processes. We ‘print’ spare parts when predictive analytics show that equipment needs replacing, thus reducing disruptions.



Final inspection of part made by wire and arc additive manufacturing

▶ For more on how we helped protect our people and communities, [see page 46](#).

Supporting the business during the Covid-19 pandemic

Like the rest of our business, R&D had to adapt quickly to the challenges of Covid-19.

We adjusted our manufacturing process R&D focus to support shorter-term business needs. This included designing and delivering technologies that help to strengthen operational efficiency and financial performance, while continuing to tackle environmental challenges. For example, at our sites in Europe, our R&D teams helped successfully re-start five blast furnaces that were idled temporarily due to the impact of Covid-19 and lower demand earlier in the year.

We also used our R&D skills to protect people. For example, in Spain, our biologists adapted their laboratory to screen employees’ Covid-19 PCR and antibody tests and keep our plants open. It was the first non-medical laboratory certified to perform these tests in Spain and worked 24/7 to conduct routine testing for thousands of employees.

The R&D team also used its engineering capabilities and 3D printing skills to make more than 14,000 face shields for healthcare workers and staff, including adapting some of them to fit different types of safety helmet.

We also joined forces with leading researchers and medical professionals in Spain to produce ventilators, supporting front line efforts to treat coronavirus. We designed the ventilators in just one week and produced them using 3D printing. They were used not only in Spain but also in Liberia, Brazil and the Dominican Republic.

Section 2.4

Driving environmental and social sustainability

“If the pandemic has proved anything it is that the spotlight on environmental, social and governance (ESG) issues is only getting brighter. The means to address these issues remain complex, particularly given the challenging economic environment that we operate in. But we are determined to play our part and in my new role, I am looking forward to tackling those challenges head on.”



Bradley Davey

Executive vice president, head of corporate business optimisation, responsible for technology, R&D, CCM, capital goods, communications and corporate responsibility as well as global automotive



Section 2.4 Driving environmental and social sustainability

Covid-19 took up a lot of our focus during 2020. We adapted quickly to put measures in place to keep our employees safe and found ways to help the communities near our sites respond to the crisis.

But the pandemic also brought important ESG issues, such as environmental stewardship and social inequality, to the fore. And interest from our stakeholders and customers on how we're addressing ESG issues in our own business continued to grow. That, of course, includes climate change, an area of important strategic focus.

Perhaps the biggest step we took in 2020 was a new global commitment to reach net zero by 2050. In the second quarter of 2021, we will publish our second Climate Action Report in which we will announce our 2030 target. These targets build on early commitments in our European business and recognise the fact that, as an industry, we must intensify efforts to decarbonise.

And we're making good progress with several commercial-scale pilot projects across two low-emissions steelmaking routes – Smart Carbon and Innovative DRI. The first projects are set to move into production next year. We also launched our first three XCarb™ initiatives to help us, our customers and our industry accelerate low-carbon steelmaking.

While we are increasingly confident that these initiatives have the potential to deliver carbon-neutral steel, they will also need to be backed by constructive government policies if we are to achieve net zero.

In broader ESG progress, we have reinvigorated the Sustainable Development Council (SDC), which meets every quarter to complement discussions at the The Appointments, Remuneration, Corporate Governance & Sustainability Committee (ARCGS) of the Board. Here, our most senior leaders discuss stakeholder expectations and business performance to help address our ESG issues in a more integrated way. Each meeting discusses key topics pertaining to our five most material SD themes.

And we continue to play an active role in two of our industry's leading standard-setting bodies: ResponsibleSteel™ and the Initiative for Responsible Mining Assurance (IRMA). We are particularly proud of our active role on the ResponsibleSteel™ board and the way the organisation continues to develop, including work on a new standard to give customers reassurance about the raw materials used and the carbon embedded in certified steel products.

While there is always more we can do, I am delighted to see the work our team is doing recognised once again by CDP for our strong performance in corporate transparency and action on climate change. We retained our A- score in 2020 putting us in the top 10% of our industry.

This review sets out steps we are taking to achieve our sustainability targets.

• **Addressing the climate challenge page 35:** Our second Climate Action Report will be published shortly which will provide a comprehensive update on all aspects relating to decarbonisation. It will also follow TCFD reporting guidelines. In this review we summarise the current status and recent key developments.

- **Managing environmental impacts page 39:** Striking the balance between making the environmental improvements we would like to see and remaining competitive was made more challenging by the harsh business environment of Covid-19. Nevertheless, our major sites have started creating five-year sustainable development plans.
- **Reassuring customers on sustainability performance page 43:** Although Covid-19 affected some of our timelines, we have re-started the ResponsibleSteel™ certification at our European flat products sites and we remain committed to achieving IRMA accreditation at our mining operations.
- **Engaging with communities and building a workplace for tomorrow page 46:** While proud of the swift action we took to protect the safety and wellbeing of our employees and support local communities, here, too, we had to make some difficult economic decisions. However, we continued to address longer-term issues in diversity and inclusion, including announcing plans to double the number of women managers – or higher – by 2030.

Our Speakers
Meet your talented colleagues who are inventing smarter steels for a better world

Erica Bellhouse, PhD Senior Researcher ArcelorMittal Global R&D Vertebrae	Sereia de Schreiner Program Leader Advanced Coating & Cooperation Solutions	Sigrid Jacobs Expert for Electrical Steels ArcelorMittal Global R&D	Marion Charrier Research Engineer ArcelorMittal Global R&D Lorraine	Tatjana Javak, PhD Senior Research Engineer ArcelorMittal Global R&D Change	Tatjana Furubas Notarica de Abreu Director of Innovation Long Carbon Steel	Mallory Shires Plant Manager Digital Innovation ARCOR Client
\$15M modernization of the hot strip mill to create high-strength automotive steels that boost fuel efficiency	Hydrogen – a new, energy-efficient mobility solution that could lower people and freight air noise or hypercar speed.	How warmer steel structures can be designed to sustain the forces and save lives.	Smarter steel solutions – using innovative production processes to create more, cleaner steel.	How cultural and technological information leads to excellence and safety in smart steel production.	The role of Industry 4.0 and digitalization at ArcelorMittal, including the \$700M electric arc furnace separation	
Maria Jose Sanchez Business Development/Marketing Manager ArcelorMittal Long Products Spain	Isabel Hernandez CTA Manager ArcelorMittal Long Products Spain	Lotte Van Peteghem PhD Candidate/Researcher Sponsored by CEO - Technology Strategy	Paula Maria Hainrica Director People, Communication ESM Process, Technology Long Carbon Steel	Katlyn Sutherland Associate Engineer ESM Process, Technology ARCOR Client	Stacey Vander Heiden GSM, PhD The ArcelorMittal University	
From Mill to track – smarter rails with sustainable benefits, Arc	Decarbonization – Focus on continuous use of fuel	Meet the AgBell, the world's first Open Innovation Lab of the steel	Creating smarter steels through			

A conference organised by ArcelorMittal University inviting talented women to speak about their work

How we manage sustainable development

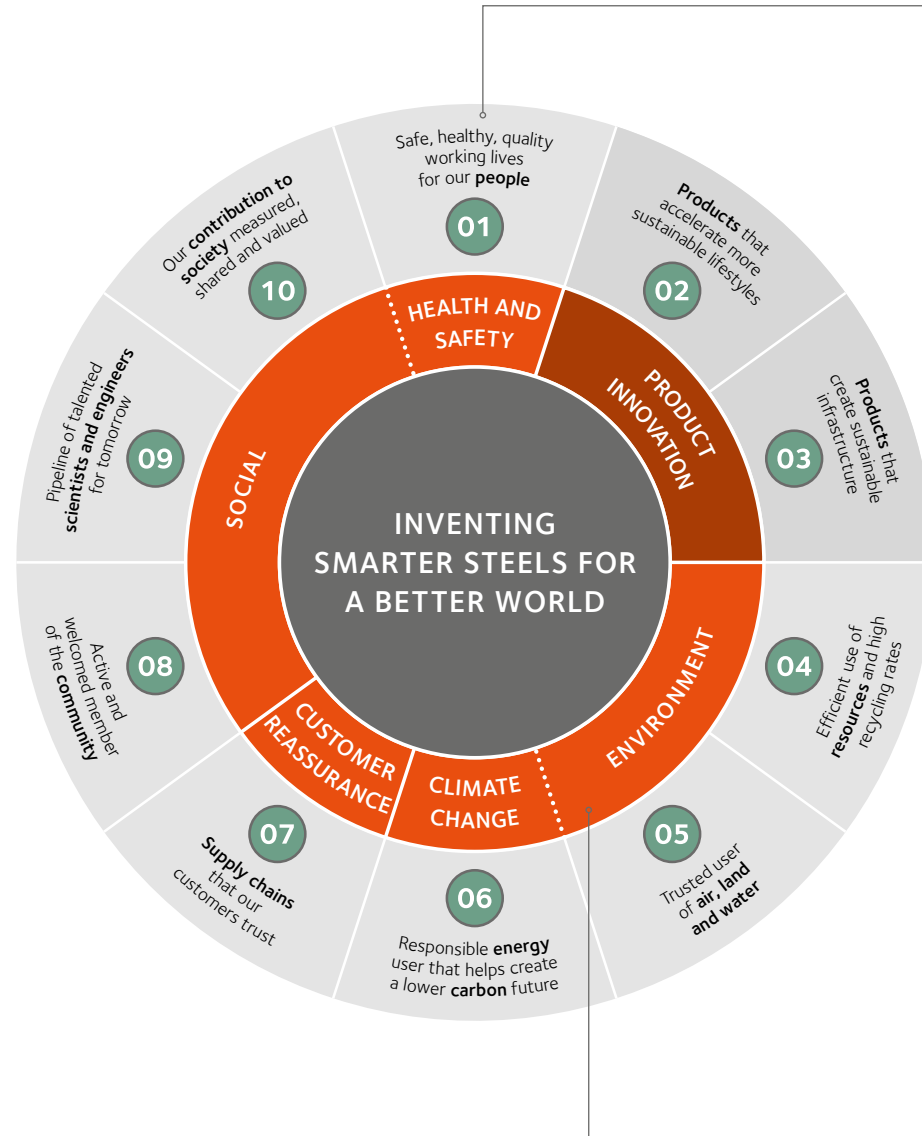
This wheel shows the relationship between the five governance themes through which our Board of Directors oversees SD and the planning process across the business in order to achieve our 10 SD outcomes.



17 UN Sustainable Development Goals (SDGs)

The UN SDGs were launched in 2015 to address the major challenges the world faces, and fast-track progress towards a better and more sustainable future for everyone. They inform and underpin our 10 SD outcomes and overall sustainable development strategy.

sustainabledevelopment.un.org/sdgs



10 SD outcomes

Our 10 SD outcomes describe the business we need to become if we are to bring optimal value to all our stakeholders, and drive our transformation into the steel company of the future. Their development was informed by the SDGs, in particular those most relevant to our business, and they support our strategic SD governance through the five themes. Read more on our [10 SD outcomes](#).

5 themes

The Appointments, Remuneration, Corporate Governance & Sustainability Committee (ARCGS) of the Board oversees the company's management of sustainable development issues against the five themes. The ARCGS reviews progress on a quarterly basis, with reporting on theme-by-theme dashboards and detailed sets of KPIs ensuring active, specific and robust governance.

To enhance our day-to-day oversight we reinvigorated the Sustainable Development Council in 2020 that meets quarterly to complement discussions at the ARCGS. See [page 54](#) for more information on the Council's role.

The themes are addressed fully in this report:

- Health and safety – [Improving health and safety, p.14](#)
- Climate change – [Addressing the climate challenge, p.35](#)
- Environment – [Managing environmental impacts, p.39](#)
- Customer reassurance – [Reassuring our customers on sustainability performance from mine to steelmaking, p.43](#)
- Social – [Engaging with communities and building a workplace for tomorrow, p.46](#)

Product innovation also drives the delivery of two of our SD outcomes. As innovation is one of the core strategic priorities of our business, it has separate oversight and is discussed in [Innovating smarter steels and solutions, p.27](#).

Section 2.4 Driving environmental and social sustainability

Addressing the climate challenge



“There are lots of ways in which steel can help create a more sustainable world. But to be a truly low-carbon material, we must address the emissions associated with making it. We believe we have a responsibility to play a leading role in that. Our X-Carb™ initiative is part of our journey to deliver on our 2050 net zero commitment, but we will also need a constructive policy environment and a fair, competitive market to create a level playing field between steelmakers.”

David Clarke

Vice president, head of strategy

Steel is fundamental to modern life. It’s one of the most important materials in engineering, automotive and construction and can be found in everything from lightweight electric cars to bridges to soup cans. Increasingly, it is a key enabler for new technologies and clean infrastructure solutions, such as wind turbines, solar farms, low-energy buildings and hydrogen electrolyzers. Its value also lies in the circular economy – its co-products help other industries decarbonise, such as low-carbon cement and, in the future, biomaterials. Together with its highly recoverable properties, and recycling rates between 85% and 90%, steel clearly has an essential role to play in a sustainable future.

Nevertheless, making primary steel is an energy-intensive process. Using clean energy technologies on a commercial scale while staying competitive remains a significant challenge. Today, our industry accounts for around 7-9% of the world’s carbon emissions. And since steel consumption is expected to continue growing as economies expand, we have to make the steel the world needs in ways that align with a low carbon economy.

We are committed to the objectives of the Paris Agreement and believe we have a responsibility to lead efforts to decarbonise the steelmaking process, particularly in primary steel. That’s why we published our first Climate Action Report in 2019, explaining the technologies we are working on to decarbonise the steelmaking process.

We then made a pledge in the same year to reduce carbon dioxide (CO₂) emissions in our European business by 30% by 2030, and followed this with a report in 2020 to set out our roadmap to this target. Later, in September, we announced a Group-wide commitment to become carbon neutral by 2050.

In the second quarter of 2021, we will launch our second Climate Action Report, which will outline our 2030 target and details on how we plan to achieve this.

A-

We retained our A- score in the 2020 CDP Climate Change assessment. This puts us in the top 10% of our industry

Section 2.4 Driving environmental and social sustainability Addressing the climate challenge

Reaching these goals will require significant investment. We will provide more details on the costs associated with a Group 2030 target in the dedicated Climate Action Report.

Supportive policy

It is certain that the high levels of investment needed will need constructive government policies and the right market conditions to create a level playing field between steelmakers. To manage higher costs, we need a fair and competitive environment. With the right support, though, we are confident that the transition to a low-emission steel industry is possible, and that steel can be the material of choice for a low carbon world.

We are continuing to work with governments, experts, industry bodies and partners to shape policies that meet these conditions. For example, as part of the Mission Possible Partnership, we are working with the Energy Transition Commission and others on the Net Zero Steel Initiative to develop ways to trigger the decarbonisation of the steel sector. We have also worked to develop consensus among the steel industry on the principles for assessing science based targets, in the Net Zero Steel Pathway Methodology Project, which will contribute to the development of a new sectoral approach by the Science based Target Initiative. With regard to industry bodies, we have transparently mapped the positions of our membership associations against our stated climate policy positions in a [published report](#).

XCarb™

Towards carbon neutral steel

XCarb™ – the next step on our net zero journey

In March 2021, we launched XCarb™, bringing all our reduced-, low- and zero-carbon products and steelmaking activities together under one umbrella to demonstrate progress on our net zero ambition. As part of the launch we unveiled our first three XCarb™ initiatives:

1 XCarb™ green steel certificates

The decarbonising technologies we are introducing at our European facilities are already creating CO₂ savings.

Now we intend to pass those savings on to our customers in our industry's first-ever certification scheme. The CO₂ savings are aggregated, independently assured, and converted into XCarb™ green steel certificates using a conversion factor that represents the average CO₂ intensity of integrated steelmaking in Europe. This means customers can buy certificates attached to their physical orders of steel and report a reduction in their Scope 3 carbon emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. We anticipate we will offer certificates representing 600,000 tonnes of CO₂ savings by the end of 2022. The whole process is independently audited by DNV.



Carbalyst site in Gent

Section 2.4 Driving environmental and social sustainability

Addressing the climate challenge

2 XCarb™ recycled and renewably produced

This offer has been designed for products we make using scrap steel, electric arc furnace technology and electricity from renewable sources. It means our flat and long customers can buy steel with a CO₂ footprint of around 300kg per tonne of finished steel (using 100% scrap). The electricity used in the steelmaking process is independently verified, with a 'Guarantee of Origin' to demonstrate it comes from renewable sources.

3 XCarb™ innovation fund

We will invest up to \$100 million every year in groundbreaking companies developing pioneering or breakthrough technologies that will accelerate the steel industry's transition to carbon-neutral steelmaking.

To be eligible for funding, companies will need to be developing commercially scalable technologies that support ArcelorMittal on its journey to decarbonise.

Technology pathways to achieve our ambitions

The net zero targets we have set ourselves will require significant progress in a range of areas, including technology innovation, greater use of scrap in primary steelmaking, a supportive policy environment and greater energy efficiency.

In technology, we have identified two low-emissions steelmaking pathways – Innovative-DRI, using hydrogen, and Smart Carbon.

Both have the potential to lower emissions at our plants and help deliver our carbon-neutral goals. In addition, the Smart Carbon route also has a potential to take us to negative carbon emissions. Given the scale of the challenge and the level of technological, economic and political uncertainty, we see an advantage in pursuing both routes simultaneously and believe both are necessary to achieve global CO₂ reductions.

We have made progress in a number of projects within each technology route over 2020. The first Smart Carbon projects include: Carbalyst and Torero, to start production in Ghent, Belgium next year; 3D in Dunkerque, France due this year and Igar, also in Dunkerque, due to finish in 2022. The first hydrogen reduction project in Hamburg, Germany will come on stream between 2023 and 2025.

In March, we also announced conceptual plans to build a large-scale industrial plant for the direct reduction of iron ore (DRI) and electric arc furnace (EAF)-based steelmaking at its site in Bremen, as well as an innovative DRI pilot plant in addition to an electric arc furnace (EAF) in Eisenhüttenstadt, following the announcement of the planned expansion of Germany's hydrogen infrastructure. We are also one of seven partners and the co-ordinator of the 'Siderwin' project based in Maizières, France. This project uses electrolysis to turn iron oxide into pure iron, removing the need for any carbon-based energy or hydrogen.

We will detail these within the context of our climate strategy, including the policy conditions we need and our governance of climate issues within ArcelorMittal, in our forthcoming Climate Action Report 2.

Supporting the circular economy through scrap

In the very long term, we expect global demand for steel to plateau. Eventually, it should be possible to make almost all the steel the world needs using scrap, creating a completely circular economy.

That future is some way off, however, not least because steel consumption continues to outpace the supply of scrap. Global steel demand is expected to rise to around 2.6 billion tonnes by 2050 (up from 1.9 billion tonnes in 2019), and to meet much of this, we will still need primary steelmaking using raw materials.

In the meantime, we continue to look for the most efficient ways to use available scrap. For example, using local scrap in local plants to avoid transportation emissions. As more scrap becomes available in the regions where we operate, we will increase our use of local scrap as part of our overall strategy. We are also investing in new EAF technologies that can melt more, and lower quality scrap in our primary steel production facilities. And we're using advanced digital technology to help our sites buy the right quantity and quality of scrap to improve production efficiency.

Creating more energy efficient facilities

Our low-emissions strategy also focuses on energy efficiency in our existing steelmaking operations and expanding opportunities to use renewable energy. Each year, our Investment Allocation Committee (IAC) approves a number of capital investments designed to improve energy and carbon efficiency, helping us meet our medium-term emissions reduction targets. In 2020, the IAC allocated a total of \$248 million in capital expenditure to 20 projects with energy and/or carbon benefits to be spent in the coming years.

Overall in 2020, we generated 33% of electricity from renewable sources and internally recovered energy.



Our first Climate Action Report won the CRR Award for Best Climate Report in July 2020

Section 2.4 Driving environmental and social sustainability Addressing the climate challenge

Carbon performance

Following the formation of ArcelorMittal in 2006, we set ourselves a target of reducing our CO₂ per tonne of steel by 8% by 2020 over 2007. By the end of 2020, we had achieved a 7.9% reduction.

Overall in 2020, our absolute CO₂e footprint for our steel and mining operations was 160.3 million tonnes, an 18% decrease against 2019. For our steel operations, it was 148.5 million

tonnes, a 19.7% decrease against 2019. This fundamentally is because of the decrease in the Group's steel output which were largely due to the effects of Covid-19 but also, to some extent, it is the result of a number of carbon and energy efficiency projects implemented in our steel operations in 2020.

Our global average carbon intensity was 2.08 tonnes of CO₂ per tonne of steel over the year in our steel business, a 1.4% improvement over 2019 and a 7.9% improvement since 2007

(for our steel business, scopes 1, 2 and 3 as defined in our Basis of Reporting, and in relation only to those sites we operate today that we operated in 2007). This is based on data for almost 100 steelmaking sites across the Group. Due to the variable impacts of Covid-19, production at some sites reduced more than at others. On analysis, a general pattern has emerged that those sites where production was most reduced were also those which perform better in terms of CO₂. Therefore, the average impact of our CO₂ reduction measures on CO₂ intensity across the Group was lower than anticipated, and as a result we did not fully reach our 2020 target.

By comparison, the global average figure provided by the World Steel Association is 1.83tCO₂/ts (worldsteel 2019). The key reason for our higher carbon intensity is that the share of our production from the more carbon-intensive primary steelmaking route stands at 81% – compared with 72% in the global steel market as a whole (worldsteel 2019). Making primary steel via the BF-BoF route emits more CO₂ than secondary steelmaking in the EAF, and yet as below (see increasing our use of scrap) it is a necessary investment to generate the recyclable scrap stocks of the future that we need to enable fully circular steelmaking. In 2020, the average carbon intensity of our primary (BF-BoF) steelmaking operations fell by 0.86% year on year.

Governance

We have a governance system to help us track progress against all our climate targets. Climate change is overseen by the ARCGS. It reviews quarterly progress reports on climate strategy, including resource and investment decisions, policy and stakeholder expectations. It is supported by our Group CO₂ Technology Committee and reported both to the Group Climate Change Committee and the Executive Office. For more information, see our [Governance chapter](#) and Climate Action reports.



Steel plant interior

Section 2.4 Driving environmental and social sustainability

Managing environmental impacts



“Our steels are vital to modern living. At the same time, we know that operating with an increasingly lower impact on environment is key – not only for us as a responsible steel producer but for our stakeholders too. The outcome we want is to be a ‘trusted user of the land and water’. Our challenge in achieving this, as a large industrial business, is to make continued progress globally while operating in so many different legislative environments. We are strengthening our governance processes across the business to support us in making the progress we need.”

Frank Schulz

Vice president, head of governmental affairs, environment and real estate

Steel is an essential material for modern economies. However, the process of making it comes with environmental footprint. Driven by regulation and increasing expectations from our stakeholders and our neighbouring communities, our ambition is to manage these environmental issues effectively and to do so transparently.

Our licence to operate relies heavily on our environmental stewardship. At its simplest level, this means making sure that we comply with all relevant regulations. But those regulations are getting stricter while community tolerance for issues such as air and water quality is falling rapidly. And those communities increasingly want more from our environmental performance than basic legal compliance.

Addressing these issues is not straightforward. Due to the diversity of our assets in terms of age, quality, production footprint, location and regulatory requirements, we must ensure we progress while remaining competitive. The harsh business environment of Covid-19 has exacerbated this situation, meaning that the gap between sites with the highest and lowest environmental performance is widening. For example, we have made good progress at our sites in Europe with a good example being our operations in Fos-sur-Mer. This has been aided by increased regulation, which gives a level playing field for all steelmakers. And yet, in our CIS business our dust emissions are higher.

Investment in a challenging environment

Regulatory change that creates the high standards stakeholders expect, while levelling the playing field for the whole sector in that region, is a long-term goal. Stakeholders

\$396m

allocated by the IAC to 32 projects with environmental benefits in 2020

2020	\$396m
2019	\$692m
2018	\$405m

accept that we cannot do everything at the same pace in every region, but they do expect to see us take these issues with the seriousness that they do. We understand the critical role environmental management has to play in preserving our license to operate and in achieving long-term value. Naturally we are pursuing an environmental investment programme. In 2020, our Investments Allocations Committee (IAC) assigned \$396 million to 32 projects with environmental benefits.

These numbers are lower than 2019. Covid-19 accounts for some of that fall, but it also reflects the fact that we approved two large projects in 2019 – a pellet plant in Ukraine and two sinter plants dedusting in Italy.

And we are now progressing five year plans with clear investment programs for our sites facing the largest environment challenges, specifically in the CIS. If we can make progress with these sites in the coming five years, this will make a material difference to our overall footprint.


Section 2.4 Driving environmental and social sustainability Managing environmental impacts

A focus on good housekeeping

Investment is only half the picture, though. With better site maintenance and housekeeping we can improve in other ways. To that end, our corporate environment team has been working with senior managers at some of our most challenged sites for the past three years to create environmental action plans. We also hold quarterly calls with site chief executives to discuss progress and next steps.

Despite a shift to remote working during the Covid-19 pandemic, this process continued, helping share examples of good practice from our best performing sites with those that need most help. We're pleased to see that more site chief executives are approaching our central team for support.

Meanwhile, our in-house expert continues to help us study the environmental health implications of our activities at a local level. For example, in 2020, we carried out in-depth analysis on air quality data taken near our site in Bottrop, Germany, and discussed the issues with community stakeholders.

 [Read more about R&D on page 27.](#)

Good housekeeping also means monitoring and managing air, water, energy and residues at all our production sites.

Governance

We know that strong governance is vital to making environmental improvements. We now require every major site to have a five-year environmental improvement plan, which CEOs report on in their regular business area review meetings. Site level performance is also reviewed by our Sustainable Development Council and reported regularly to our ARCGS committee ([see page 54](#)).

We now require every major site to have a five year environmental improvement plan, which CEOs report on in their regular business area review meetings.

Investing in R&D to lower our footprint

Technology plays an increasingly important role in creating more responsible steelmaking processes.

Our Environmental R&D steering committee meets quarterly to discuss and approve new project proposals and make recommendations on technologies that are ready for industrial application.

We also carry out in-depth testing at two semi-industrial pilot plants – AirLab and WaterLab, located at our Global R&D centre in Asturias, Spain – to help us trial new technologies long before we introduce them in a 'live' environment. We were pleased to continue this work despite the pandemic.

For example, WaterLab tested new wastewater treatments that remove cyanide, metals and ammonia from our blast furnace gas scrubbing systems. AirLab, meanwhile, trialled a potato-based, biodegradable dust suppressant that drastically reduces the amount of dust emissions released from stored materials. After successful tests, we installed both technologies at our facilities in Gijón, Spain.

The AirLab team is also working with external suppliers to test new air filter technologies before they go to market. Following positive results, we now plan to run industrial trials at two sites in France and Poland in 2021.



Supporting a circular economy

One of steel's significant advantages is that it is infinitely recyclable. And since it's also magnetic it's easy to recover. Indeed, we are the world's largest materials recycler, by tonnage.

In 2020, we processed 22 million tonnes of scrap into new steel, yielding an average recycled input rate of 31%. This is 1% higher compared with 2019. Our numbers remain in line with the wider steel industry.

We are also turning steel by-products into useful new materials. For example, in Ghent, Belgium, our blast furnace slag is being used to build new wind barriers instead of metal. Slag can also be blended with cement to reduce carbon dioxide (CO₂) emissions. Every year, ArcelorMittal sells between 10–15 million tonnes of slag to the cement industry, avoiding 8 to 11 million tonnes of CO₂.

ArcelorMittal R&D, Avilés, Spain

Section 2.4 Driving environmental and social sustainability
Managing environmental impacts

Air

Air quality remains one of the biggest concerns for the communities who live near our operations. We have made a wide range of environmental capex investments at many sites in recent years aimed at reducing our environmental emissions – \$396 million was authorised by IAC in 2020 alone.

Our mining operations in 2020 saw reductions in dust, NO_x and SO_x emissions across the Group. Some of the environmental improvement programmes at our steelmaking sites remain

work in progress, and some new technologies being installed are still in the demonstration phase of innovation, hence our investments to date are not yet translating into visible reductions in our environmental performance.

The average levels of dust, NO_x and SO_x emissions at steelmaking sites show no improvement year on year.

However, we are seeing some signs of improvement. In Fos-sur-Mer, France, a 10-year, €100 million investment

0.64	1.18	1.92
dust intensity kg/tonne steel	NO _x intensity kg/tonne steel	SO _x intensity kg/tonne steel
2019: 0.63	2019: 1.15*	2019: 1.82*
2018: 0.61	2018: 1.11	2018: 1.84

programme has reduced our SO_x and NO_x levels by 45% each and dust emissions by 70%. The site will invest another \$50 million in environmental projects between 2021 and 2023.

Meanwhile, we continue to fit new hybrid and fabric filters to our sinter plants across the Group. By the end of 2020, we installed seven hybrid filters and eight fabric filters. And we expect work on our new methodology to better quantify, evaluate and address ducted and diffuse emissions to be ready later in 2021.

In 2020, we continued our efforts to address air quality issues at a local level:

Initiative	Our progress
ArcelorMittal Bottrop, Germany	In 2019, the local authorities banned the consumption of vegetables, such as kale, following concerns about contamination from benzoapyrene emissions at our site, which exceeded European Union (EU) regulations. To fix the problem, we spent more than €20 million replacing doors, installing new railroad tracks and automatic positioning systems. This reduced levels drastically in 2020, bringing them back under EU limits. However, we continue to study pollution levels in vegetables and expect the results later in 2021.
ArcelorMittal Kryvyi Rih, Ukraine	In the past 15 years, we have invested more than \$5 billion in production processes that have reduced our CO ₂ , SO _x and NO _x emissions by more than 42% and wastewater discharge by almost 80%. And in the next years, we will be investing an additional \$1 billion in projects including environmental benefits. We have started building a new pellet plant to replace two old sinter plants. We're also modernising a third sinter plant. Together, they represent 75% of the site's total dust emissions. The new pellet plant will reduce pollution by 78,000 metric tonnes a year and CO ₂ emissions by 800,000 metric tonnes a year. We expect it to be up and running by 2024.
ArcelorMittal Termitau, Kazakhstan	In the next four years, we will invest more than \$380 million as part of an environmental action plan to reduce emissions and improve overall environmental performance. This year we will complete installation of a new electrostatic precipitator (ESP) for sinter machine 5, and a new ESP for the lime shop. New boiler with emissions control equipment will be installed in 2022. Other investments will include: filters for our sinter machines 6&7, gas cleaning plant in the coke battery, new coke plant, and two new boilers in powerplant 1. We expect emissions to reduce by 39% once we have delivered the full plan.

Initiative	Our progress
ArcelorMittal Tubarão, Brazil	Since signing an Environmental Commitment Agreement with the Espírito Santo state government in 2018, we have completed more than 300 environmental improvements. These include almost 4,000 new covers for belt conveyors, new canvas-covered trucks and the start of construction on a new dedusting system, which we expect to finish in 2021. Tubarão is also building a network of 60 towers, each fitted with three sensors, that will continuously monitor diffuse emissions around the facility. This network will help advance environmental management at the site. To date, we have invested 137 million reals. This will rise to 1 billion reals between now and 2023.
ArcelorMittal Zenica, Bosnia and Herzegovina	We installed a second hybrid filter at our sinter plant, bringing dust emissions below 10mg per normal cubic metre (Nm ³). This is within EU standards and well below Bosnia and Herzegovina's own 50mg/Nm ³ limit. We have also completed a €5.1 million project to install, test and commission a secondary dedusting system at our steel plant's basic oxygen furnace.
ArcelorMittal Asturias, Spain	Between 2017 and 2022, we will invest €210 million in environmental upgrades that we expect to lower our site's diffuse emissions by 50%. For example, we are installing a new €12 million bag filter at sinter A. This will reduce particulate emissions by 75% to ensure they fall below 10mg/Nm ³ . We also completed a coke-oven injection project for Blast Furnace B at our Gijón plant, which will reduce CO ₂ emissions by 125,000 tonnes a year. This is equivalent to annual emissions from 84,000 Spanish households using natural gas-based heating systems.

* Each year the environmental data we publish is provisional with the best available data at the time of publication. We have restated our 2019 NO_x and SO_x emissions after a full review of the data.

Section 2.4 Driving environmental and social sustainability

Managing environmental impacts

Water and land

Water is an essential resource in the steelmaking process. However, extensive water treatment and recycling means we keep the amount of fresh water we use to a minimum.

In 2020, net water use per tonne of steel was at 2.4m³/t compared with 2.3m³/t in 2019. The 2020 and 2019 figures were restated due to methodology change.

We continue to work with our R&D teams to find new ways to manage our water consumption (see box: Investing in R&D to lower our footprint).

In the meantime, local water conditions guide our actions. For example, our site in Tubarão, Brazil, is building a \$17 million desalination plant to secure a more sustainable water source for future production.

Atlantic Forest, Brazil



In Taranto, Italy, we are investing in new rainwater collection, separation and treatment processes. We have also completed investment in water treatment to improve the water quality in our coke plant and blast furnace.

In our mining operations, some of our sites recycle as much as 98% of their water. At ArcelorMittal Mining Canada (AMMC), we are working on a \$36 million multi-year holistic water management project that includes installing treatment units to control surface effluents on waste rock piles. The project will eventually help us release treated water back into the natural supply.

To support broader industry efforts to reduce water consumption we took part in two EU-funded projects – SPOTVIEW and INSPIREWATER. Both explored new technologies and water management practices that could help our industry reduce consumption, energy use and waste

generation. Completed in 2020, our R&D environmental team is now analysing the results.

As well as managing our own environmental footprint, we look for ways to help protect local habitats. We're particularly proud of our 20-year support for the TAMAR project in Brazil, run by the Chico Mendes Institute for Biodiversity Conservation. This project protects local marine habitats and species, such as endangered sea turtles, including a colony that live near our Tubarão site.

Also in Brazil, we manage more than 1,000 hectares of the Atlantic Forest, one of the world's most ecologically diverse regions, at our Serra Azul facilities. The area is five times larger than that set aside for iron ore extraction. To preserve the forest for future generations we work with the Velhas River Basin Committee and our in-house nursery, which grows and donates seedlings from more than 60 native species. Our goal is to grow 300,000 new seedlings by 2022.

“We understand the critical role environment management has to play in preserving our licence to operate and achieving long-term value. The management and safeguarding of our local environments and communities is a fundamental part of our sustainability strategy. This means being fully compliant with regulatory standards and also listening to our stakeholders and maintaining their trust.”

Cristina Moro Marcos
General manager, environment

Section 2.4 Driving environmental and social sustainability


Reassuring our customers on sustainability performance from mine to steelmaking



“The world is changing rapidly, with more customers expecting high levels of environmental and social governance. That means creating supply chains they can trust – from raw materials we buy to our own steel plants and mines. We continue to make steady progress towards creating industry-leading standards and auditing our sites against them. This gives our customers reassurance and our team robust governance tools.”

Bradley Davey

Executive vice president, head of corporate business optimisation, responsible for technology, R&D, CCM, capital goods, communications and corporate responsibility as well as global automotive

 [Read more about ResponsibleSteel™](#)

While the Covid-19 pandemic forced us to adapt our day-to-day operations, it did not change our commitment to environmental, social and governance (ESG) reassurance across key parts of the steel supply chain. Global concern for sustainability and responsible business continued to grow in 2020, despite the challenges of the pandemic. Customer interest is growing, too, with businesses in major industries, such as automotive, renewable energy and construction, increasingly asking us more about our climate strategy, our sourcing strategy and our whole approach to ESG.

We want customers to have total confidence in our ESG reassurance.

This is why we are proactive members of two leading standard-setting bodies: ResponsibleSteel™ and the Initiative for Responsible Mining Assurance (IRMA). Both collaborate with all stakeholders to debate and agree standards across the ESG spectrum, and offer certification services against those standards. This gives customers, investors and other stakeholders a one-stop shop for the reassurance they need about the social and environmental performance of our steel and mining sites.

ResponsibleSteel™ accreditation: making progress

Established in 2015, ResponsibleSteel™ is our industry’s only global multi-stakeholder certification initiative.

In 2019, the organisation launched its first site certification standard. This consists of 12 principles that address everything from health and safety and biodiversity, to human rights and environmental management systems.

We began assessing the readiness of our European flat products production sites for ResponsibleSteel™ accreditation in 2019.

Section 2.4 Driving environmental and social sustainability

Reassuring our customers on sustainability performance from mine to steelmaking

While this work continued in 2020, Covid-19 hampered our progress, with leadership teams focused on keeping our people safe and operations running smoothly. Fewer people on site meant we were unable to carry out as many audits as originally planned. However, to date, we have internally assessed all seven Flat Carbon Europe clusters (Poland, Asturias, Bremen, Eisenhüttenstadt, Belgium, Dunkerque, Fos) and independently audited three of them (Belgium, Germany, Eisenhüttenstadt). We also began assessments at our European Long sites and, outside Europe, at our sites in Brazil. This work will continue in 2021.

ResponsibleSteel™ certification involves a rigorous site audit against a range of ESG issues. Preparing for the audit can start up to a year in advance, with sites carrying out a self-assessment against 400+ requirements. This helps them identify and address their gaps before the formal process begins.

The audit itself takes place in two stages. During the first, the auditor visits the site, reviews the self-assessment and sets out their expectations for a second, more detailed inspection. This second audit usually lasts around seven days. It includes in-depth interviews with teams responsible for specific ESG issues, site managers, frontline employees and external stakeholders. Sites are expected to address any 'non-conformities' within certain timeframes before the auditor can recommend certification.

As a founding member of ResponsibleSteel™, we are proud of the active role we play on the board, and as a member. In 2020, the organisation began developing a new standard to give customers reassurance about the raw materials used and the carbon embedded in certified steel products. While we made steady progress, unparalleled attention on the way in which members measure and report carbon emissions has raised some technical complexities. With ResponsibleSteel™, we are currently working through those and the organisation aims to launch the standard later in 2021.

Mining: supporting a responsible value chain

To be holistic, reassurance needs to cover other elements of the steel value chain. This includes the way raw materials are mined. To this end, we are a member of IRMA and sit on the steering committee.

Our aim is for all our mining operations to be IRMA-accredited. In 2020, we conducted virtual training sessions at all operations to help teams learn more about the assessment process and how to plan for future accreditation. The sites have also mapped their readiness for IRMA certification and our intention is to achieve accreditation for Liberia, Brazil, Canada and Mexico mining operations by the end of 2025.

We also remain committed to the Mining Association of Canada's Towards Sustainable Mining initiative at our mines in Canada. ArcelorMittal Mining Canada (AMMC) has implemented TSM protocols since 2004 and is TSM-assured and five-star rated.

These initiatives give us high-quality, rigorous assessment tools that help us demonstrate how we're managing social and environmental performance at our steel plants and mines. They reassure our customers, investors and stakeholders and encourage a more sustainable steel value chain.



12	50+	200+
SD principles	criteria	auditable requirements

ResponsibleSteel™ site certification standard

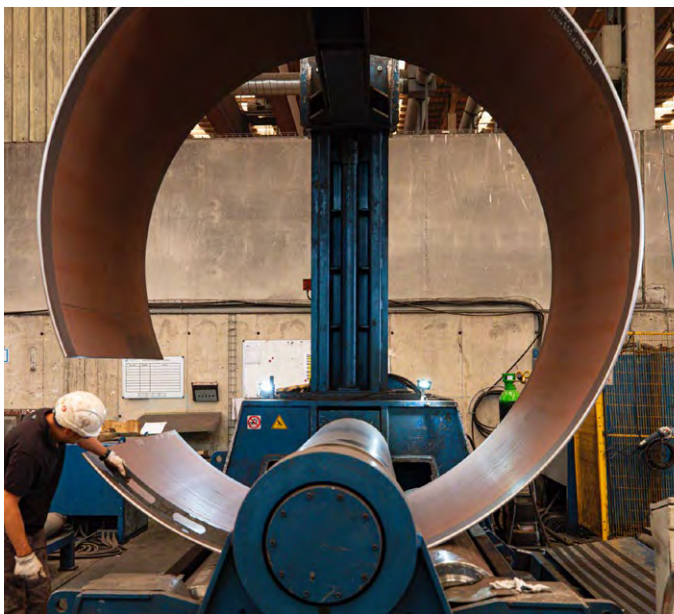
Section 2.4 Driving environmental and social sustainability
Reassuring our customers on sustainability performance from mine to steelmaking

Working with raw materials suppliers

Our own mines supply 65% of the iron ore that we use in integrated steelmaking, and ArcelorMittal Mining Canada, TSM assured, represents approximately 40% of our iron ore production. This means 35% still comes from external suppliers. To create a responsible value chain we need external raw material suppliers to adhere to the same rigorous standards that we aim for ourselves. Our vision is to source raw materials from suppliers whose location is known and whose policies and practices are aligned to the ResponsibleSteel™ standard. This means working towards certification schemes with robust ESG standards, in partnership with stakeholders. IRMA and TSM are good examples. To this end, we continue to talk to our biggest raw materials suppliers and recommend that they follow these standards.

Early indications from our suppliers are mixed. Some mining companies are happy to take IRMA on board; others are happy in principle but prefer to use a different assurance scheme; others want to know more about the approach as a whole. However, we believe applying these standards is the best way to improve responsible sourcing of the raw materials used in steelmaking and reduce supply-chain risk.

To encourage our suppliers to adopt an assurance scheme, in 2020 we revised our Code for Responsible Sourcing to include explicit references to our commitment to ResponsibleSteel™, IRMA and other industry initiatives. The Code sets out the minimum standards we expect from our core suppliers, in areas such as health and safety, human rights and ethics. The updated Code now includes our expectations that suppliers will adopt practices in line with ResponsibleSteel™ standards. In 2021, we will set up more specific targets for our suppliers aligned with ResponsibleSteel™ responsible sourcing steel standard.



Dacero, wind turbine

Every year, we assess a number of our largest suppliers against our Code, based on risk priority. We ask suppliers to complete a self-assessment questionnaire and share supporting evidence. We may also conduct site visits. If we find breaches of the Code, we discuss how to address them, and agree a timeline and process. Mitigation actions could include: engagement with the supplier to encourage them to commit to certification, sharing support and knowledge to address specific challenges or encouraging the supplier to join a wider initiative if the issue is one that is endemic across the industry.

Organisations we partner with	
ResponsibleSteel™	The steel industry’s first global multi-stakeholder standard and certification programme.
IRMA (the Initiative for Responsible Mining Assurance)	Aims to certify social and environmental performance at mine sites globally using an internationally recognised standard.
Towards Sustainable Mining (TSM)	Established by the Mining Association of Canada (MAC) and recognised worldwide.
Responsible Minerals Initiative (RMI)	A multi-stakeholder resource addressing responsible mineral sourcing issues.

We continue to carry out additional ESG risk mapping and analysis, and apply further layers of due diligence based on OECD guidelines where our Code assessments highlight areas of social and environmental concern. We develop action plans where needed, and pay particular attention to ‘conflict minerals’, such as tin and tungsten, which are needed in small quantities for effective steelmaking, and engage with suppliers over the ESG concerns we identified. In 2020, we did desk-top due diligence on our larger European suppliers, the outcome of which was a risk assessment shared with our procurement team.

Section 2.4 Driving environmental and social sustainability

Engaging with communities and building a workplace for tomorrow



“Covid-19 is testing us all in ways we never could have imagined. We are proud of the way our people have pulled together to ensure each other’s safety and wellbeing, and that of people in their communities. And we’ve done what we can to keep focused on our ongoing priorities, but there have inevitably been disruptions to our workforce and community programmes that we hope to get back on track as we get beyond the pandemic.”

Nicola Davidson

Vice president, communications and corporate responsibility



“While 2020 has brought new short-term challenges, we are not losing sight of the long-term issues that will keep us fit for the future – particularly diversity and inclusion. I am proud of the international diversity of the ArcelorMittal team, yet our gender statistics remain stubbornly flat. Our new target to double the representation of women in management to 25% by 2030 sets us on the right path to improve in this area.”

Bart Wille

Executive vice president, head of human resources

Covid-19 has challenged the health and wellbeing of millions of people around the world. From the moment the pandemic hit, ArcelorMittal’s people rose to that challenge, helping to protect each other and the communities that live near our sites.

Responding to Covid-19

While ArcelorMittal took action to protect the safety and wellbeing of our 168,000 employees, our local teams everywhere helped their communities in all manner of ways. This included accessing essential medical supplies and personal protective equipment (PPE), using our technical expertise to design ventilators, donating money for testing kits and keeping people safe.

Protecting our people and those around us

As the scale of the pandemic became clear, our leadership worked hard to develop plans to ensure our plants could operate and not put our employees at risk. We looked to the World Health Organization for its global view, while paying close attention to guidelines from local governments. At a corporate level, we set up a Covid-19 taskforce to track the pandemic and ensure we could give all our employees access to the latest medical information, guidelines and rules.

This taskforce updated our policies on issues such as travel and homeworking and created new guidelines (available in multiple languages) on issues such as social distancing and testing. It also shared weekly updates on employee case numbers with senior leaders and created a steady flow of information between our leadership and operational teams.

Section 2.4 Driving environmental and social sustainability

Engaging with communities and building a workplace for tomorrow

In the initial phase of the pandemic, our Management Committee met twice a week and our CEO had calls with the top 300 leaders of the company every six weeks. We were able to share learnings effectively around the world via these platforms, leveraging best practice and learning lessons from those who had been hit earliest and hardest. For example, we learnt a lot from our VAMA plant in China, one of the first plants affected by the pandemic. In the era of Covid-19, where countries were affected at different times, being a global Group was more valuable than ever.

In the first instance, we introduced new safety measures at all our operating sites. These included:

- Strict social distancing rules
- Sufficient supplies of sanitisation products and PPE
- An enhanced regular cleaning regime
- Monitoring the health of employees as they enter and leave the premises.

Meanwhile, we temporarily closed many of our offices. To help our employees adjust to home working, we shared advice on new ways of working and how to cope with the lack of social contact. For example, we used regular employee communications and online training, such as 'working during challenging times', 'working remotely' and 'managing through crisis'.

In 2019, we launched our Employee Value Proposition to communicate the values, culture and unique set of benefits that ArcelorMittal offers employees in return for their skills and experience. We used that proposition in 2020 as the basis for two Covid-19-specific internal communications campaigns. 'Proud of our people. Looking forward together'

aimed to bring people together during the pandemic, inviting employees to share photographs of themselves holding the message. The other, 'Embracing new ways', aimed to energise and motivate colleagues by highlighting the positives of the new ways of working and living we have all had to adapt to. Launched by the CEO, the campaign asked people to share what they've learned, achieved and are proud of from their experience of working through Covid-19. Overall, employees from 17 countries took part and we shared their photos and testimonials across our internal communications channels.

Using our expertise to help communities respond

We like to think of ourselves as a 'community brand' with our communities as critical stakeholders. To that end, SD outcome 8 is for us to be 'an active and welcomed member of the community'.

This means we do our best to embrace regular, open, two-way dialogue with local stakeholders and want our communities to have confidence that we will address the challenges that matter to them. This ethos guided the way in which we helped communities respond to the pandemic. All our sites played a key role in helping their communities deal with the challenges – here are just some examples.

Our R&D team, based in Spain, channelled its expertise into supporting regional hospitals and healthcare centres, as well as our own employees. One key area was designing models for two ventilators, both of which were approved by the Spanish Drug Agency and Ethical Committee to be used in clinical research with Covid-19 patients. The team also made and delivered 27 ventilators to Liberia, Brazil and the Dominican Republic.

▶ For more on our health and safety response to Covid-19 see [pages 15 and 16](#).



ArcelorMittal used its expertise to help communities respond to the Covid-19 pandemic

Section 2.4 Driving environmental and social sustainability

Engaging with communities and building a workplace for tomorrow

Using our experience of Ebola to help in Liberia

To help Liberia and its neighbours respond to the pandemic, ArcelorMittal set up the Liberia and West Africa Private Sector Coronavirus Platform. Based on a model we used during the Ebola crisis in 2014, the platform connected local governments, businesses, communities and other stakeholders, such as the World Economic Forum. This allowed the region to work together to:

- Distribute medical supplies in a fair way
- Provide information to help local communities recognise Covid-19 symptoms, prevent its spread and avoid fake medicines

- Increase testing in local communities to measure and slow the spread of the disease within and between countries
- Help local businesses stay afloat and support long-term economic recovery
- Identify other sources of external funding, such as the US Agency for International Development.

The platform also drew on private supply chain expertise to centralise the process of buying and distributing important equipment, such as testing kits, life support machines and PPE. For example, ArcelorMittal Liberia shared its supply chain and technical skills to increase laboratory testing capacity across the country.



ArcelorMittal Liberia handing over a consignment of medical supplies and equipment to Liberia's Minister of Health

Other teams around the world also used their skills and experience to help local healthcare services ramp up their response to the virus. For example, in Brazil, we helped repair mechanical ventilators and built a new laboratory to run Covid-19 tests. ArcelorMittal Tubarão's R&D team (also in Brazil) designed and built an air filtration machine that prevents the spread of infectious Covid-19 aerosols. This helped a local hospital turn a normal wing into a dedicated Covid-19 unit.

In many locations, such as Spain, Mexico, Brazil and the US, we used our 3D printing skills to make and distribute face shields.

At ArcelorMittal Temirtau, Kazakhstan, we turned our two health resorts into a quarantine centre, with the capacity to look after up to 450 people at a time. We also paid for Covid-19 PCR test kits to help the local community increase daily testing from 1,200 to 3,000 and donated 200 oxygen concentrators to a local hospital.

AM/NS India, a joint venture between ArcelorMittal and Nippon Steel, collaborated with HMEL, a partnership between Hindustan Petroleum and Mittal Energy Investments, to provide a response package intended to strengthen India's capacity to protect impacted communities. Both operations committed INR 100 Crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM-CARES), which provided countrywide relief.

In addition, to help combat the second wave of Covid-19, AM/NS India has been supplying 210 metric tonnes of liquid oxygen per day from our facilities to nearby medical facilities.. AM/NS India has also undertaken a vaccination drive for all medical and paramedical staff near the plant in Gujarat, and a new programme to vaccinate all employees of AM/NS India is now underway. The Company has also set up a 250-bed, scalable to 1,000 beds, Covid hospital near the plant in Hazira.

Section 2.4 Driving environmental and social sustainability

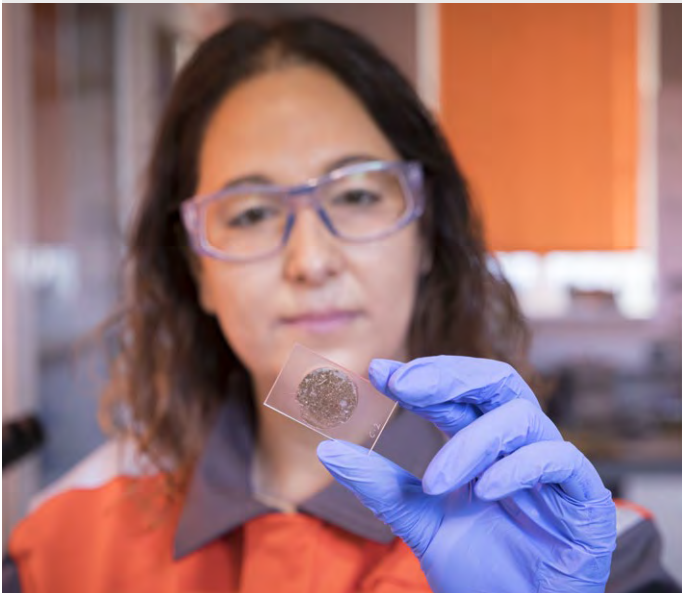
Engaging with communities and building a workplace for tomorrow

Promoting gender diversity in our Argentinian business

In 2020, ArcelorMittal became the first steel company in Argentina to sign up to the UN Women's Empowerment Principles (WEPEs) and Global Compact.

As part of this, we carried out a self-assessment to identify ways in which we can better support gender equality. As a result, we set up a new Gender and Diversity Committee, with members drawn from different levels of the business and geographical locations.

The committee has since run seven workshops to discuss areas for improvement and will develop an action plan in 2021. In the meantime, our Argentinian business has launched a new gender and diversity policy, made improvements to bathroom and changing facilities for women and held talks on gender equality to raise awareness across our team.



Our employees: looking beyond Covid

Our first priority throughout the pandemic has been to keep our people safe and well. We are proud of the care they have shown each other and their commitment to keeping the business running. The pandemic has not changed the need to address important issues that are essential for a successful future, long after the pandemic has passed. Issues such as respect for workers' rights, diversity and inclusion (D&I) and career development.

Diversity and inclusion as part of a culture of respect

Some of these issues require systemic change. While we are proud of the experience and commitment of our team, we know that, as a whole, it does not reflect the societies in which we operate. A key issue for us is gender diversity. It matters to us because when both women and men are involved in our thinking and decision-making we enjoy a richer diversity of perspectives, and so we see it as a condition for our success. We recognise our gender diversity performance is low, and we are working on actions to address it. Women currently hold three of our ten positions on the Board, as well as 12.6% of our management positions. They also represent 13.7% of our senior succession planning candidates.

In 2020, we benchmarked our diversity and inclusion policies against other companies to identify gaps and opportunities, engaged with several stakeholders on this topic and developed a strategy to address this issue. The topic was thoroughly discussed at the ARCGS and had the full attention and support of both, the Executive Chairman and the CEO.

As a result of that work, we have announced our new plans to double the number of women who are ArcelorMittal managers or higher within the next decade. Our aim is to reach 25% by 2030.

“We recognise our gender diversity performance is low, and we are working on actions to address it. In 2020, we benchmarked our diversity and inclusion policies against other companies to identify gaps and opportunities, engaged with several stakeholders on this topic and developed a strategy to address this issue. As a result of that work, we have announced our new plans to double the number of women who are ArcelorMittal managers or higher within the next decade. Our aim is to reach to 25% by 2030.”

Bart Wille

Executive vice president, head of human resources

To achieve this figure, we are reviewing our policies and HR practices to give women employees greater flexibility to fit work into their lives; we will tackle unconscious bias and discrimination through training; and we intend to consider at least one woman (either internal or external) in our recruitment shortlists for all exempt positions. To improve the gender balance in our leadership positions, our Executive Office will oversee an annual career development planning process for high-potential women and we will include a minimum of one woman in every senior management succession plan. A newly established Diversity and Inclusion Council will oversee Group D&I performance and progress.

Section 2.4 Driving environmental and social sustainability

Engaging with communities and building a workplace for tomorrow

We have also put specific training, mentoring and networking programmes in place to develop more women leaders. Since 2017, our in-house university has run a training programme called Women@ArcelorMittal. In our European business, 29% of our women take part in mentoring and 13% are mentors themselves. Also in Europe, we plan to introduce a new flexible working policy to help women with young children come back to work.

While gender equality is key, we aim to support diversity in all its forms. To help us do that, we began rolling out a new integrated management system in 2020. This draws together all our employee data – from recruitment and performance to succession planning and career development. It helps us better analyse our people data and identify gaps and opportunities to improve diversity and inclusion across the whole company.

We also look for ways to strengthen our approach at a site level. For example, in Brazil, we set up employee resource groups for specific communities, such as people with disabilities and LGBTI+ people. More than 5% of our employees volunteered to participate in these groups during 2020, helping to develop initiatives for a more inclusive and diverse company. These included improving accessibility, learning sessions and themed conferences. And in France, seven sites have agreed with three unions to promote the vocational integration of workers with disabilities.

To help foster an inclusive culture, the ArcelorMittal University runs training programmes to help employees across the company understand how attitudes, actions and communication styles differ between nationalities. It also gives them ways to manage these differences and work effectively together.

\$15.5m

Community investment spend (including STEM spend)

To be a truly inclusive business we must create a working environment based on mutual trust, understanding and respect for workers' rights. We continue to work with unions, and collective labour agreements cover 88% of our workforce across all countries of production.


A crucial part of an inclusive culture is encouraging and giving people the confidence to speak up when they see breaches of policies and procedures. To this end, we have a confidential whistleblowing service which we promote to all employees.


For more on this, [see page 55](#).

Keeping our focus on learning

Learning is an important part of every employee's career development. However, Covid-19 required us to think differently about the way in which we deliver it, increasing our emphasis on virtual over classroom learning. In June 2020, we hosted our first virtual version of our global learning week, featuring sessions on five key themes, such as technical knowhow, wellbeing and teamwork.

More than 35,000 employees took part in virtual live events. We saw a 73% increase in active learners and a 181% increase in total training hours versus 2019. Feedback was extremely positive, with most participants who completed a post-training survey telling us they were likely to use what they'd learned in their job.

 For more on ResponsibleSteel™ and our other accreditation work, [see pages 43-45](#).

 For more on how we manage our environmental impact, [see pages 39-42](#).

\$53bn

Estimated direct economic contribution

\$4.4bn

Total tax contribution

Building a leadership pipeline

Our ARCGS Committee oversees senior succession planning and we expect every business unit to assess its strategic workforce plans at quarterly reviews with the Executive Office.

In 2020, we identified 2,513 high-potential employees (called HiPos) across the company and stepped up our efforts to fast track their careers. Every HiPo now takes part in twice-yearly career counselling sessions with their manager and HR representative, which helps us customise leadership development and training plans for individual HiPos. More than 300 HiPos took part in leadership training in 2020. Meanwhile, our Talent Acceleration Pool (TAP) programme helps us identify talented employees who have the potential to reach managerial levels. We promoted 57 participants, including 12 women, to manager level in the past 18 months. We also promoted another 91 to new jobs with extra responsibilities.

More broadly, we introduced a new leadership objective, competency framework and 360° assessment to our global employee development programme in 2020. Together, they will help our leaders focus on what and how to lead.

We also run a Group mentoring programme, which gives all employees an opportunity to work with a mentor. By the end of 2020, 455 participants had enrolled.

Section 2.4 Driving environmental and social sustainability

Engaging with communities and building a workplace for tomorrow

Investing in STEM for future generations

We know that to be fit for the future and remain competitive, we need different skillsets. That's why SD outcome 9 is to build a 'pipeline of talented scientists and engineers for tomorrow'.

So, while managing our response to the pandemic took priority, we continued to invest in science, technology, engineering and mathematics (STEM) activities in 2020. For example, we support long-term engineering internships, with 100 MSc students and 40 PhD students working in our global R&D teams in 2020. We also fund student award programmes, such as the Prix des Innovateurs in France and the ArcelorMittal Advanced Academic Scholarship Program (AAASP) in Liberia.

In South Africa, we have invested R28 million in Science Centres near our Vanderbijlpark and Saldanha operations to encourage more school children to consider maths and science subjects and counter the national skills crisis, especially in engineering.

Our wider community engagement programme

Our local corporate relations teams are largely responsible for engagement and work with their communities, supported by the global corporate responsibility team, which oversees our Group-wide programme. Covid-19's impact meant that we were not able to further evolve the community issues traffic light dashboard system put in place in 2019, as was planned.

We instead looked at other ways that our global team could help contribute to local efforts, and developed some important new ways of working, including weekly calls between the teams to share expertise and advice to help tackle issues. This is now a powerful global network that will continue to offer mutual support as we move out of the pandemic.

\$3.4m
spent on STEM projects

As the ResponsibleSteel™ certification process is being rolled out, our sites have been preparing for the rigorous audits against a range of ESG issues, including social ones such as human rights, health and safety and stakeholder engagement. This process is meticulous, and has been enormously valuable for our company. The audit takes place in two stages, with sites first carrying out a self-assessment against the 400+ requirements, followed by an in-person audit involving in-depth interviews and more detailed inspections. Any non-conformities are compiled into a report, which sites are expected to address within a certain timeframe before the auditor can recommend certification. Some examples of minor non-conformities identified at our sites include: the need to be more transparent about the criteria for selecting charities – which will be addressed by publishing more detailed information about the criteria for selecting charities and level of support; ensuring our local grievance mechanisms are easier to access and allow anonymity, and engaging with communities more regularly, especially on those issues that matter to them most.

“As the ResponsibleSteel™ certification process is being rolled out, our sites have been preparing for the rigorous audits against a range of ESG issues, including social ones such as human rights, health and safety and stakeholder engagement. This process is meticulous, and has been enormously valuable for our company. It will assure our stakeholders that we are operating sustainably, responsibly and to the highest standards, as expected by our communities and society.”

Nicola Davidson Vice president, communications and corporate responsibility

We were pleased that the new community relations guidance and a toolkit for local teams developed in 2019 was used in some sites, for example, as part of an audit to prepare for ResponsibleSteel™ accreditation.

Early in 2020, we began interviewing some of our site and country chief executives to learn more about their community challenges and successes. We intended to turn their insights into an action plan but the work was put on hold during the pandemic. However, those initial conversations raised some significant points – such as the importance of mutual trust when working with the community – and, Covid-19 permitting, we will restart this work in 2021.

Addressing community concerns

The main concern for all communities this year has, of course, been Covid-19 and, as discussed, we have worked hard to ensure people's safety both in and around our sites.

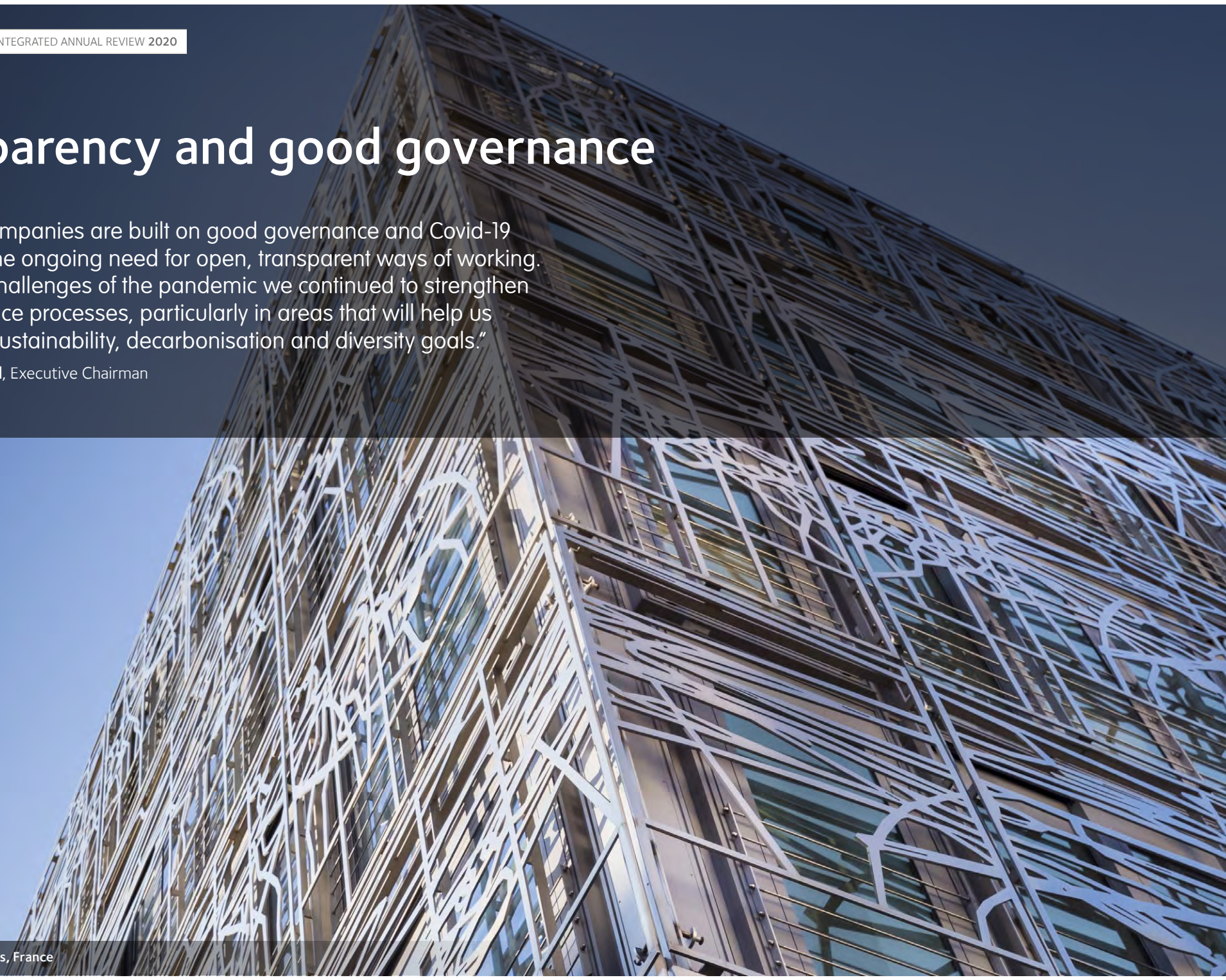
However, we continue to address issues that arose before the pandemic, such as air quality concerns. It is among the most salient issues for the communities around our operations, as well as an ongoing focus for regulators. We are therefore continuing to invest in programmes to reduce both ducted and diffuse emissions, and developing new technologies to improve our performance. For more information, please [see page 41](#).

Section 3

Transparency and good governance

“Successful companies are built on good governance and Covid-19 highlighted the ongoing need for open, transparent ways of working. Despite the challenges of the pandemic we continued to strengthen our governance processes, particularly in areas that will help us achieve our sustainability, decarbonisation and diversity goals.”

Lakshmi N. Mittal, Executive Chairman



Section 3 Transparency and governance

Governance

We place a strong emphasis on good corporate governance, and aim to maintain a culture of integrity that ensures compliance and the sensible management of business risks. Demonstrating responsibility and respect for our colleagues and all stakeholders, and actively listening and responding to their concerns, are central to our business.

“Integrity and reputation are key to good corporate governance at ArcelorMittal. We are committed to applying best practice standards in corporate governance, in our dealings with our stakeholders, to ensure the highest standard of oversight and transparency.”

Anne Van Ysendyck
Vice president Legal

Governance structure

ArcelorMittal S.A., the parent company of the Group, is a public limited liability company (Société Anonyme) incorporated in Luxembourg. It is governed by a Board of Directors in accordance with the requirements set out in law and the Company’s Articles of Association.

The Board of Directors (see table) oversees the governance and direction of the business. Responsibility for the implementation of the company strategy, the overall management of the business and all operational decision-making is delegated to the Executive Office, which comprises the Executive Chairman, Mr. Lakshmi N. Mittal, and Chief Executive Officer, Mr. Aditya Mittal.

The Executive Office works closely with members of the senior management on key strategic issues.

We describe the background and experience of each Board member in our Annual Report. The Board of Directors is of the view that its members have the appropriate range of skills, knowledge and experience, as well as the degree of diversity that enables it to govern the business efficiently.

The Board’s composition and its members’ skills are reviewed on a regular basis and in line with the expected development of the business. We actively seek to strengthen Board knowledge on key issues, additional skills and experience when appropriate. For example, the Board now receives regular in-depth knowledge development sessions on climate change. The Board is also involved in succession planning.

Name	Age ⁴	Date of joining the Board ⁵	End of term	Position within ArcelorMittal ⁴
Lakshmi N. Mittal ⁴	70	May 1997	May 2020	Chairman of the Board of Directors and Chief Executive Officer
Aditya Mittal ^{4,7}	44	June 2020	May 2023	Director and Chief Financial Officer
Vanisha Mittal Bhatia ⁶	40	December 2004	May 2022	Director
Suzanne P. Nimocks ^{2,3}	61	January 2011	May 2022	Director
Bruno Lafont ^{1,2,3}	64	May 2011	May 2023	Lead Independent Director
Tye Burt ^{2,3}	63	May 2012	May 2021	Director
Michel Wurth	66	May 2014	May 2023	Director
Karyn Ovelmen ^{1,3}	57	May 2015	May 2021	Director
Karel de Gucht ^{1,3}	66	May 2016	May 2022	Director
Etienne Schneider ^{1,3}	49	June 2020	May 2023	Director

1 Member of the Audit and Risk Committee.

2 Member of the Appointments, Remuneration, Corporate Governance and Sustainability Committee.

3 Non-executive and independent director.

4 Age and position as at 31 December 2020. In February, 2021, Mr. Lakshmi N. Mittal became Executive Chairman and Mr. Aditya Mittal was appointed Chief Executive Officer of ArcelorMittal.

5 Date of joining the Board of ArcelorMittal or, if prior to 2006, its predecessor Mittal Steel Company NV.

6 Mrs. Vanisha Mittal Bhatia is the daughter of Mr. Lakshmi N. Mittal and sister of Mr. Aditya Mittal.

7 Mr. Aditya Mittal is the son of Mr Lakshmi N. Mittal and brother of Mrs. Vanisha Mittal Bhatia.

Section 3 Transparency and governance

Governance

The Company Secretary, Henk Scheffer, oversees compliance with statutory and regulatory requirements and acts as Head of Compliance.

In line with worldwide efforts to increase gender diversity at Board level, our Board of Directors set a goal to increase the number of women on the Board to at least three by the end of 2015. We met this target in May 2015, with the election of Mrs. Karyn Ovelmen. As a result, in 2020, women represented 30% of our ten Board members.

The Board of Directors found that it is now required to strengthen its skills in ESG as this is becoming more and more an area of focus for the Company and its stakeholders. The Board of Directors recommends that Mrs. Clarissa Lins be elected as a member of the Board for a three-year term as she has a consolidated experience and expertise in environment and corporate governance. Mrs. Clarissa Lins would become an independent director of the Board of Directors upon her election. With her appointment, women will represent 36% of our ten Board members. And it is our intention to further increase this ratio.

Details of the Directors' remuneration can be found in our Annual Report.

Appointments, Remuneration, Corporate Governance and Sustainability (ARCGS) Committee

The ARCGS is chaired by lead independent director Bruno Lafont. The Committee oversees executive appointments and remuneration, as well as the company's corporate governance arrangements, the implications of sustainability issues for the business and issues related to the Code of Business Conduct. The Committee oversees the company's strategic planning on sustainability in response to the risks and opportunities that arise. The ARCGS chair also liaises closely with the chair of the Audit and Risk Committee.

Audit and Risk Committee

This Committee is chaired by non-executive independent director Karyn Ovelmen. It ensures that the interests of the company's shareholders are properly protected in relation to risk management, internal control and the quality and integrity of financial reporting. It oversees both the identification of risks to which the ArcelorMittal Group is exposed, via regular senior management reports and recommendations on how to mitigate those risks.

The Board's Audit and Risk Committee and the ARCGS are each comprised exclusively of independent directors.

Sustainable development

Fully integrating sustainable development (SD) into the business is essential to reach our aim of achieving long-term value for our shareholders and other stakeholders, while maintaining a profitable market share.

The ARCGS Committee of the Board oversees the company's management of sustainable development issues against five themes: health and safety, climate change, environment, customer reassurance and social. It reviews progress on a quarterly basis, with reporting on theme-by-theme dashboards and detailed sets of KPIs, ensuring active, specific and robust governance. The Committee holds deep-dive sessions into each of the themes on a rotating basis, or whichever is considered most critical from the Committee's perspective. The ARCGS can request additional meetings with senior management on particular sustainability matters.

To enhance our day-to-day oversight, in 2020 we re-instigated the Sustainable Development Council to complement discussions at the ARCGS. The Council is chaired by Executive Vice President, Bradley Davey, head of corporate business optimisation, responsible for technology, R&D, commercial coordination, capital goods, communications and corporate responsibility as well as global automotive.

The purpose of the SD Council is to strengthen our environmental, social and governance (ESG) oversight. The Council reviews stakeholder expectations and business performance to help the business decide which ESG issues are most material and require executive oversight. It meets on a quarterly basis one month after the ARCGS meeting, enabling it to follow up and discuss issues raised there and ensure the necessary work is undertaken before the next ARCGS meeting. The chair of the SD Council discusses ESG issues with the Executive Office and recommends topics to be discussed with the Group Management Committee. The SD Council also oversees the content of this Integrated Annual Review.

Climate change governance

Climate change governance is overseen by several committees and councils:

The ARCGS Committee reviews quarterly progress reports on climate strategy, including resource and investment decisions, policy and stakeholder expectations. It then shares a summary of those reports with the full Board.

ARCGS members receive regular training on climate change-related issues. They also have a wealth of experience in sustainability matters, thanks to leadership roles in the cement, mining and global consulting sectors.

The Committee chair is also a board member of the World Business Council for Sustainable Development.

Section 3 Transparency and governance

Governance

The Climate and Environment Committee helps ArcelorMittal keep pace with the latest stakeholder and scientific trends on climate change, including investor, customer and policymaker expectations. This helps minimise any risk associated with the company's response to these changing expectations and ensures the company's response minimises risk. Bradley Davey chairs the Committee, which is attended by senior managers from relevant corporate functions, each of whom may have their own working groups.

The Investment Allocations Committee is also chaired by Bradley Davey. It makes capex decisions, including investment to improve environmental performance, energy and carbon efficiencies. Since 2020, all projects submitted to the IAC need to include the carbon emissions impact. Committee members include the VP technology strategy and VP head of strategy.

The company also convenes several councils, such as the Global Breakthrough Technology Council and Government Affairs Council to oversee CO₂-related capex investment decisions, public policy work, stakeholder relations, technology planning and target development. These councils also track progress across each segment. These governance processes are described in more detail in our Climate Action Report, in line with the TCFD reporting framework for climate disclosures.

For more information, please see our Form 20-F and also our Climate Action Report 2, which will be published in the second quarter of 2021.

Risk management

ArcelorMittal identifies, assesses and manages risks and opportunities – including those related to climate change – on an ongoing basis. In 2020, we strengthened our top-down risk perspective with the roll-out of a formal process among the Group's top executives to identify material risks with recommended actions for mitigation. Our site management teams, meanwhile, identify short-term (12-month) risks through a bottom-up process.

Our management team identifies climate-related trends and risks and uses them to inform the company's strategic outlook. This is discussed on a regular basis by the Group Management Committee.

For more detailed information on our approach to risk management see Materiality and risk management on [page 57](#).

Business ethics

We encourage our employees to be good corporate citizens, acting with integrity in everything they do. We strive to create a positive culture in which everyone wants, and knows how, to do the right thing.

Our commitment to integrity is embodied in our Code of Business Conduct and is supported by a comprehensive framework of policies and procedures in areas such as human rights, anti-corruption and insider dealing. These documents reflect the principles and concepts of the UN Global Compact, the OECD Guidelines on Multinational Enterprises and UN Sustainable Development Goal 16 – Peace, justice and strong institutions.

Compliance and our Code of Business Conduct

Our Code of Business Conduct defines what acting with integrity means in practice. It applies to all directors, officers and employees of ArcelorMittal S.A. and its subsidiaries worldwide. Based on a training matrix, our employees take part in training on the Code of Business Conduct and other aspects of compliance every three years.

Confidential reporting of breaches

Employees and stakeholders can report any breaches of our policies and procedures through a confidential whistleblowing facility on our corporate website.

We also have confidential whistleblowing hotlines in 30 major countries where we operate. In 2020, we received 162 complaints relating to alleged fraud via these systems. All allegations were referred to and duly investigated by our Internal Assurance Department. Following review by the Audit and Risk Committee, none of these complaints were found to be significant. However, they were followed up and, where appropriate, we took actions to mitigate the issue.

Section 3 Transparency and governance

Governance

Human rights

We developed our first human rights policy in 2010 and review it regularly in line with the United Nations Guiding Principles on Business and Human Rights and the UK Modern Slavery Act.

Our current policy was approved by the Board of Directors in May 2017. It draws on the UN Universal Declaration of Human Rights, the International Bill of Human Rights, the Core Conventions of the International Labour Organization and the UN Global Compact. It is reviewed regularly in line with evolving international standards, such as the United Nations Guiding Principles on Business and Human Rights and the UK Modern Slavery Act. It also aims to incorporate UN SDG 8's focus on decent working conditions, including target 8.7 on eradicating modern slavery. The policy includes commitments to workers, local communities and business partners and covers health and safety, labour rights and the rights of Indigenous Peoples.

To support our efforts, the company's remuneration policy links 15% of leadership bonuses – from managers to the CEO – to safety KPIs in the business where he or she works, where relevant.

We require all employees in appropriate functions to undergo human rights training every three years.

In 2020, we continued to deepen our understanding of the relevant risks in our supply chain by strengthening our supply chain risk management and audit processes. The most salient human rights risk was identified in our raw materials supply chain and this is also a focus of interest for our customers.

In 2020, we continued to progress IRMA certification programme for our mines. We also revised our Code for Responsible Sourcing to include explicit references to our commitment to ResponsibleSteel™, IRMA and other industry initiatives. The Code sets out the minimum standards we expect from our core suppliers, in areas such as health and safety, human rights and ethics. The updated Code now includes our expectations that suppliers will adopt practices in line with ResponsibleSteel™ standards.

Stakeholder relations

We endeavour to be transparent and honest with all our stakeholders and do our best to address the issues that matter most to the communities living near our sites. To help us do that, we talk to them regularly, including through this report, and using our internal stakeholder relations procedure.

For more on this, see Materiality and risk management on [page 57](#).

Transparency and balance

Reporting is central to our promise of openness with stakeholders. We are committed to applying best practice standards in corporate governance in our dealings with shareholders and other stakeholders, and with respect to transparency, balance and quality of disclosure and reporting. This commitment underpins this Integrated Annual Review and our Climate Action Reports. Our materiality process is described in the next section.

We also published several country sustainability reports in 2020, alongside our disclosures to the CDP (formerly the Carbon Disclosure Project) on climate change and water, and a number of investor and customer surveys. In 2020, we published our Report on Payments to Governments in respect of Extractive Activities for the year ended 31 December 2019. We also report in line with the Mine Safety Disclosure Requirements of the Dodd-Frank Act.

Section 3 Transparency and governance

Materiality and risk management

Summary of ArcelorMittal's risk management process

We identify, assess and manage risks and opportunities – including those related to climate change – on an ongoing basis. The Group-level strategy, R&D, commercial, technology, communications and sustainable development functions, and segment level experts where appropriate, assess social, environmental, regulatory, stakeholder and technological trends. We use modelling to analyse key risks and develop scenarios to understand potential financial and operational impacts. In 2020, we strengthened our top-down risk perspective with the roll-out of a formal process among the Group's top executives to identify material risks to the business with recommended mitigation actions.

Our site management teams identify short-term (12-month) risks through a bottom-up process. Each quarter, our business segments consolidate the risks identified by site management and report the top ones to the Executive Office. For this process, we use a risk management framework based on a blend of a COSO framework, ISO 31000 and an in-house model. Sites assess risks by assigning them a probability of occurrence and a potential financial impact and/or non-financial consequence, such as environmental harm. Our corporate risk officer uses Monte Carlo simulations to stress-test our consolidated list of top ten short-term risks. This exercise quantifies the potential financial and operational impacts for each top risk to an appropriate level of confidence, and includes recommendations for mitigation. The findings are shared with the Group Management Committee and the Head of Global Assurance, who report to the Audit and Risk Committee.

The Audit and Risk Committee is chaired by a non-executive independent director. It ensures that the interests of our shareholders are properly protected in terms of risk management, internal control and financial reporting. The Committee assists the Board of Directors in overseeing our risks, and is responsible for monitoring, reviewing the risk management framework and process and recommending actions to mitigate risks.

Our strategic outlook is informed by climate-related trends and risks identified by management. This is discussed on a regular basis by the Group management committee.

Our risk factors are outlined in our [Form 20-F](#).

Summary of the SD materiality process for our integrated annual review

In addition to the risk management process, through our stakeholder materiality process, we assess the issues that are material to our stakeholders and to our business in maintaining our licence to operate.

To understand these issues, we engage at every level with internal and external stakeholders. We also continuously conduct analysis of global sustainability challenges, reputation surveys, commercial challenges and business disruptors. These are mapped against our 10 sustainable development (SD) outcomes ([see box on page 58](#)).

Key challenges and opportunities are raised and discussed by our Appointments, Remuneration, Corporate Governance and Sustainability Committee (ARCGS) and our Sustainable Development (SD) Council. The purpose of the SD Council is to strengthen our environmental, social and governance (ESG) and SD oversight. The Council discusses stakeholder expectations and business performance to help it decide which ESG/SD issues are most material and require executive oversight. It complements discussions at the ARCGS.

In 2020, we strengthened our top-down risk perspective with the roll-out of a formal process among the Group's top executives to identify material risks to the business with recommended actions for mitigation. It confirmed that, from an ESG/SD perspective, climate change, safety and diversity are the issues we need to focus on most (see relevant chapters in IAR).

This ongoing materiality process gives us a strong understanding of the key social, environmental, technology and regulatory external trends, the key topics that concern our stakeholders at each level of the business and the implications of both for our business.

Section 3 Transparency and governance
Materiality and risk management

Material SD topics underpinning our 10 SD outcomes:
 Below we outline the material SD topics that underpin our 10 SD outcomes. We use our ongoing materiality process to draw up this list:

01	SD outcome 1 Safety and Social	<ul style="list-style-type: none"> – Occupational health and safety – Employee development – Gender diversity – Human rights – workforce
02	SD outcome 2 and outcome 3	<ul style="list-style-type: none"> – Product innovation – Ensuring our innovation pipeline creates SD solutions for our customers
03	Product Innovation	
04	SD outcome 4 Environment	<ul style="list-style-type: none"> – Recycling – Waste and by-products – Process innovation
05	SD outcome 5 Environment	<ul style="list-style-type: none"> – Air emissions – Water efficiency in stressed areas – Tailings dam management – Biodiversity (mining) – Process innovation
06	SD outcome 6 Climate change	<ul style="list-style-type: none"> – Carbon – Energy – Process innovation
07	SD outcome 7 Supply chain	<ul style="list-style-type: none"> – Due diligence on environment, workforce, community, ethics and human rights issues in our supply chain – Customer reassurance via standards and certification
08	SD outcome 8 Social	<ul style="list-style-type: none"> – Community trust – Community health – Community investment – Human rights – community
09	SD outcome 9 Social	<ul style="list-style-type: none"> – STEM talent pipeline – STEM education projects to encourage gender diversity
10	SD outcome 10 Social	<ul style="list-style-type: none"> – Economic and social impact

The continuous process of assessing our material issues can be broken down into the following four steps below.

Assessment of our SD-related material issues

Step 1: Identify and track relevant trends and topics: using our 10 SD outcomes as our foundation, we continually assess social, environmental, governance and technological trends in the changing world to understand emerging topics that might affect our business now and in the future. For example, we:

- Monitor social media and relevant publications to identify trends in stakeholder concerns and competitor trends.
- Monitor research and opinion pieces relevant to our sector to identify emerging stakeholder views on risks and opportunities.
- Actively participate in several cross-sector working groups and industry bodies, which helps us identify key emerging focus areas for stakeholders.

Step 2: Assess stakeholder expectations affecting the business outlook: we use a wide range of channels to talk to key stakeholders about our 10 SD outcomes and key topics that matter to them. This helps us continually track their importance.

Employees – We invite our employees to complete a Speak up! survey every two years, as well as pulse surveys on a range of topics. This helps us to gather their views and concerns, and identify areas for improvement. Each business unit develops an improvement plan following the survey. We also conduct leadership surveys, often several times a year.

Customers – We discuss SD issues in all levels of our customer engagement, through one-to-one meetings with key customers and customer satisfaction surveys on a business unit level. We also use other channels to confirm the changing importance of SD and ESG topics to our customers. For example, through ESG surveys from our customers, such as Ecovadis, NQC and SACS (Sustainability Automotive Customer Service) and our participation in standards such as ResponsibleSteel™, TSM and IRMA.

Investors – We talk to shareholders, lenders and ratings agencies continually throughout the year via one-to-one calls, roundtables, conferences and meetings. We also respond to a large number of ESG investor surveys. We track investor areas of interest and record the environmental, social and governance topics that are raised during engagements. And we analyse the frequency with which each topic is raised over the year. This helps us to get a view of the priority, standard and emerging topics for investors.

Section 3 Transparency and governance

Materiality and risk management

Communities – We work with local communities to make a positive economic and social contribution through employment, procurement, taxation and sustainable development initiatives, as well as through strong risk management and respect for human rights. To do this, we understand we must take a partnership approach, listening to the concerns of stakeholders at site, country and segment levels, to give them the confidence that we will address issues that affect them and their environment. This is an essential part of our integrated approach to managing risks and impacts and, therefore, maintaining our social licence to operate. Our local operations teams directly manage community issues, monitoring local risks and opportunities, as well as overseeing any action to address them. Community dashboards established with the ARCGS Committee oversee the significance of a site's risks and opportunities. We aim to use the dashboards to improve performance at sites that are identified as being at risk, in particular those considered to be high risk.

NGOs – We work with several NGOs at a global level on climate to help us track the evolving expectations of civil society on this priority topic and at a local level on issues that are material to local communities.

Step 3: Internal process to determine priority topics requiring executive oversight and governance. The ARCGS reviews quarterly updates on ESG matters across all our operations, including performance dashboards and progress against KPIs. In addition, our SD Committee reviews and discusses stakeholder expectations and business performance and determines the most material ESG/SD issues requiring executive oversight and governance.

Step 4: Disclose. The outcome of the ongoing materiality process is an internal understanding of the key social, environmental, technology and regulatory external trends, the topics of concern for our stakeholders at each level of the business, and the implications of both for ArcelorMittal's business. Key topics are managed and reviewed internally, with oversight from the Board, and we report on these externally. We disclose information to our stakeholders that reflects both the key challenges and opportunities we currently see, as well as our ability to create value, and a longer-term perspective on materiality. This is delivered via our Form 20-F, this Integrated Annual Review, the CDP, our Climate Action Report and our quarterly sustainable development leadership review.

ResponsibleSteel™: identifying priority topics for the steel sector

ResponsibleSteel™ is a multi-stakeholder industry initiative that has identified priority issues through extensive discussions between steel companies, automotive companies (key customers), financial institutions and NGOs.

Those discussions led to a new ResponsibleSteel™ standard that is based on 12 principles, covering social, environmental and governance aspects:

1. [Corporate Leadership](#)
2. [Management Systems](#)
3. [Occupational Health and Safety](#)
4. [Labour Rights](#)
5. [Human Rights](#)
6. [Stakeholder Engagement](#)
7. [Local Communities](#)
8. [Greenhouse Gas Emissions](#)
9. [Noise, Emissions, Effluent, Waste](#)
10. [Water Stewardship](#)
11. [Biodiversity](#)
12. [Decommissioning and Closure](#)

Barring further difficulties with the pandemic, we are on track to seek full certification of our European flat products sites by the end of 2021. We have also started assessments at our European Long sites and, outside Europe, at our sites in Brazil.

Section 3 Transparency and governance

Our reporting

Our approach to reporting

Integrated reporting framework

This Integrated Annual Review 2020 describes the context for and progress of our business as the world's leading steel and mining company, and so outlines what the key considerations are in creating value for our stakeholders now and in the future.

Through this report, we aim to reflect the guiding principles of the International Integrated Reporting Framework (IIRC). We detail the alignment with the IIRC framework in our [Reporting Index](#).

“Together with my fellow members of the ARCGS Committee, I have reviewed the 2020 edition of our Integrated Annual Review and am satisfied that it describes the context of our business and the progress that we have made in the past year as the world's leading steel and mining company. The report outlines the key considerations the Board must make to create value for all our stakeholders today and in the future. I believe its content meets the principles and concepts of integrated reporting.”

Lakshmi N. Mittal, Executive Chairman

UN Sustainable Development Goals (SDGs)

There is significant alignment between our 10 SD outcomes and the 17 UN SDGs. We contribute to many of the SDGs and we have identified 10 SD outcomes and five SD themes through which we manage and provide oversight for our strategic response, as outlined on [page 34](#).

EU directive on non-financial reporting

European Union law requires large companies to disclose certain information about the way they operate and manage social and environmental challenges. Directive 2014/95/EU lays down the requirement for disclosure of non-financial and diversity information by large companies. As a company registered in Luxembourg, we are guided by the Luxembourg implementation of the directive, using the IIRC framework to guide our reporting on risks and materiality.

Global Reporting Initiative (GRI)

We continue to report in line with the GRI across our reporting landscape, including this Integrated Annual Review, our ongoing online narrative reporting, and our local sustainability reports. We are now using their latest guidelines on GRI Sustainability Reporting Standards (further details in the Reporting Index). Whilst we cover those Standards that are material on a global scale within this report, many more are material to stakeholders in certain countries, and most meaningfully reported within our country SD reports. Most of these used the GRI G4 guidelines in 2020.

“We have supported the United Nations Global Compact since 2008. This Integrated Annual Review serves as our communication on progress of our implementation of the 10 UN Global Compact principles.”

Lakshmi N. Mittal, Executive Chairman

Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) published a draft disclosure standard for the iron and steel industry in 2014, and launched their first public standard in December 2018. ArcelorMittal recognises the value of SASB's approach to create disclosures expectations based on the material issues for each sector, even if there is not full consensus as to what these are. It is the second year we publish an index to guide users to our disclosures according to the SASB Sustainability Accounting Standard for the iron and steel industry.

Reporting format

We believe that online reporting is the most practical and efficient way to communicate with the widest number of stakeholders, and we have produced this report as an interactive, downloadable pdf. To bring our Integrated Annual Review further in line with the IIRC principle of conciseness, we have focused the content on the progress of the year and our outlook; where appropriate, we signpost the reader to further information published elsewhere online.

Section 3 Transparency and governance

Our reporting

Scope, boundaries and methodologies

This Integrated Annual Review covers ArcelorMittal S.A. and its consolidated entities, unless indicated differently in the outcome and boundary description in the Basis of Reporting. A list of consolidated entities, joint ventures and associates can be found within our Form 20-F filed with the US Securities and Exchange Commission.

All data is reported for the period from 1 January to 31 December 2020. Our reporting cycle is annual, and the previous annual review and sustainable development report were published in May 2020.

Financial data – basis of presentation

Financial information has been extracted from the audited consolidated financial statements of ArcelorMittal and its consolidated subsidiaries, including the consolidated statements of financial position as of 31 December 2020 and the consolidated statements of operations, other comprehensive income, changes in equity and cash flows for the year ended 31 December 2020. ArcelorMittal's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Non-financial data – basis of reporting

We report on a large number of non-financial metrics in our SD performance table. The methodology behind the calculation and reporting of these indicators, and our reporting boundaries, are set out in our Basis of Reporting document.

Changes to scope and boundaries in 2020

Our 2020 performance data excludes any sites from our organisational perimeter from the date on which they were idled. See more information on our assets in our [Form 20-F – Item 4D: Property, plant and equipment, page 72](#).

On 9 December 2020, the company completed the sale of 100% of the shares of ArcelorMittal USA, ArcelorMittal Princeton and ArcelorMittal Monessen, their subsidiaries and certain other subsidiaries, as well as the joint operations of Hibbing Taconite Mines, Double G Coatings and I/N Tek and the joint venture I/N Kote to Cleveland-Cliffs Inc.

On 10 December 2020, the company signed a binding agreement with Invitalia, an Italian state-owned company, forming a public-private joint venture between the parties. The company completed the investment agreement with Invitalia in April 2021.

[Details of changes in our scope of consolidation can be found in our Form 20-F – Note 2: Scope of consolidation, page 222.](#)

Since 2018, we no longer report on absenteeism rate as a meaningful indicator of employee health.

Forward-looking statements

This review may contain forward-looking statements that represent the expectations, beliefs, plans and objectives of ArcelorMittal's management regarding its financial and operational performance in 2020 and beyond, and assumptions or judgements based on such performance. Future performance expectations are forward-looking and accordingly involve estimates, assumptions, judgements and uncertainties.

Many factors may cause actual results or outcomes to differ materially from the expectations of our management. These risk factors are set out in the Form 20-F, filed each fiscal year with the US Securities and Exchange Commission.

Reporting Index

Our Integrated Annual Review 2020 aims to reflect the principles and guidelines of the International Integrated Reporting Council's integrated reporting framework, and the Global Reporting Initiative Sustainability Reporting Standards 2016. It also reflects how ArcelorMittal contributes to the UN SDGs, and serves as our 2020 communication on progress of our implementation of the United Nations Global Compact (UNGC) principles.

Details of how it meets these various frameworks can be found [here](#).

Section 3 Transparency and governance

Our reporting

Assurance statement

We believe that independent assurance leads to quality and process improvements, and reassures readers and ArcelorMittal's management that the information we publish is accurate and material, and therefore contributes to building trust and credibility with key stakeholders.

This is the 11th year that our sustainable development reporting has received independent assurance.

In 2020, we asked our Group non-financial auditors, DNV, to provide assurance on the following sustainability performance indicators, in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements – Revised (ISAE3000 Revised):

- Absolute CO₂e footprint (steel and mining) (million tonnes)
- Absolute CO₂e footprint (steel) (million tonnes)
- Absolute CO₂e footprint (mining) (million tonnes)
- Primary energy consumption (steel) (petajoules)
- Dust (ducted) per tonne of steel, kg/t of crude steel
- NO_x (ducted) per tonne of steel, kg/t of crude steel
- Net water consumption, m³ (steel)
- Waste (non-used residues) landfilled, tonnes (steel)
- Waste (non-used residues) in storage, tonnes (steel)
- Fatalities (steel and mining)
- Lost-time injury frequency rate (FR), per million hours worked (steel and mining)
- Industrial operations (including mining) certified to OHSAS 18001, % (steel and mining)

DNV GL provides an independent third-party assurance statement. This assurance covers the specified data in the [Fact Book](#) and on the relevant pages of this report. DNV's recommendations will be addressed in 2021.



Independent Limited Assurance Report

to the Directors of ArcelorMittal Société Anonyme

DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) were engaged by ArcelorMittal Purchasing S.A.S. to provide limited assurance to ArcelorMittal Société Anonyme (“ArcelorMittal”) over Selected Information presented in the ArcelorMittal Fact book 2020 (the “Fact book”) for the reporting year ended 31 December 2020.

Our Conclusion



Our Conclusion: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV holds other audit and assurance contracts with ArcelorMittal, none of which conflict with the scope of this work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Our observations and areas for improvement will be raised in a separate report to ArcelorMittal’s Management. Selected observations are provided below. These observations do not affect our conclusion set out above.

- ArcelorMittal’s Basis of Reporting states that disclosures for joint ventures varies, with differing approaches for including or excluding joint ventures from health and safety versus environmental outcome boundaries. For the next reporting period, we recommend setting a consistent approach for reporting data for all joint ventures, in line with the WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.
- Neither the Basis of Reporting nor the Fact book specifically define which sites and legal entities are included in the outcome boundaries of the reported indicators. We recommend that ArcelorMittal lists which sites and legal entities are included or excluded in the scope of the reported data, along with any reasons for exclusions.
- Our testing did not identify any material misstatements of the Selected Information at Group level. The data for environmental indicators are collected for reporting purposes once a year, and are not subject to the same consistent oversight as health and safety indicators. We recommend that ArcelorMittal considers introducing a governance process to help ensure regular oversight of environmental indicators at a segment or global level.
- Environmental data are currently collected from sites and aggregated at group level using spreadsheets. We restate our recommendation for ArcelorMittal to consider implementing an online system, with built-in audit and approvals functions, similar to that already in place for safety data. Such a system could reduce the risk of errors arising from the manual manipulation of the data and enable more effective reporting.
- We recommend that ArcelorMittal considers adopting market-based Scope 2 CO₂e emissions reporting in line with the GHG Protocol.
- We recommend that ArcelorMittal extends its reporting of Scope 3 CO₂e emissions to include additional raw materials and transportation.
- We noted that ArcelorMittal’s health and safety reporting procedures in relation to suppliers and subcontractors that are performing product and other deliveries to ArcelorMittal sites were not clearly defined. We recommend that ArcelorMittal should clarify its safety reporting procedure and update the Basis of Reporting for next years’ disclosures.

Selected information

The scope and boundary of our work is restricted to the Key Performance Indicators included within the Fact book on pages 37, 38 and 39 (the “Selected Information”), listed below :

- CO₂e intensity (steel) (tonnes CO₂e per tonne of steel)
- Absolute CO₂e footprint (total, steel, mining) (million tonnes)
- Primary energy consumption (steel) (petajoules)
- Dust intensity (steel) (kg/tonne of steel)
- NO_x intensity (steel) (kg/tonne of steel)
- SO_x intensity (steel) (kg/tonne of steel)
- Net water use (steel) (m³/tonne of steel)
- Waste (non-used residues) landfilled (steel)
- Waste (non-used residues) in storage (steel)
- Fatalities (total) (number)
- Lost-time injury rate (total) (per million hours worked)
- Industrial operations (including mining) certified to OHSAS 18001 (sites certified to ISO 45001 included, excl. AMNS India)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used ArcelorMittal’s Basis of Reporting (the “Criteria”), which can be found [here](#). We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on ArcelorMittal’s website for the current reporting period or for previous periods.



Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with ArcelorMittal’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Remote site testing of the following sites to review process and systems for preparing site level data consolidated at Head Office for the Selected Information listed on the previous page. DNV were free to choose the sites on the basis of materiality and their contribution to the Group’s overall data.
 - Dunkerque, France (steel)
 - Fos-sur-Mer, France (steel)
 - Avilés and Gijón, Spain (steel)
 - Vanderbijlpark, South Africa (steel)
 - Newcastle, South Africa (steel)
 - Monlevade, Brazil (steel)
 - Villa Constitución, Argentina (steel)
 - Zenica, Bosnia and Herzegovina (steel)
 - Prijedor, Bosnia and Herzegovina (mining)
 - Mont Wright (Port Cartier), Canada (mining)
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by ArcelorMittal for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

DNV Business Assurance Services UK Limited

London, UK
21st May 2021



WHEN TRUST MATTERS

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by ArcelorMittal have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

Responsibilities of the Directors of ArcelorMittal and DNV

The Directors of ArcelorMittal have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to ArcelorMittal in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV Business Assurance

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.
www.dnvgl.co.uk/BetterAssurance

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We welcome your feedback on this report.

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