

Smarter steels for people and planet

ArcelorMittal Integrated
Annual Review 2021



ArcelorMittal



#smartersteels

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About this report

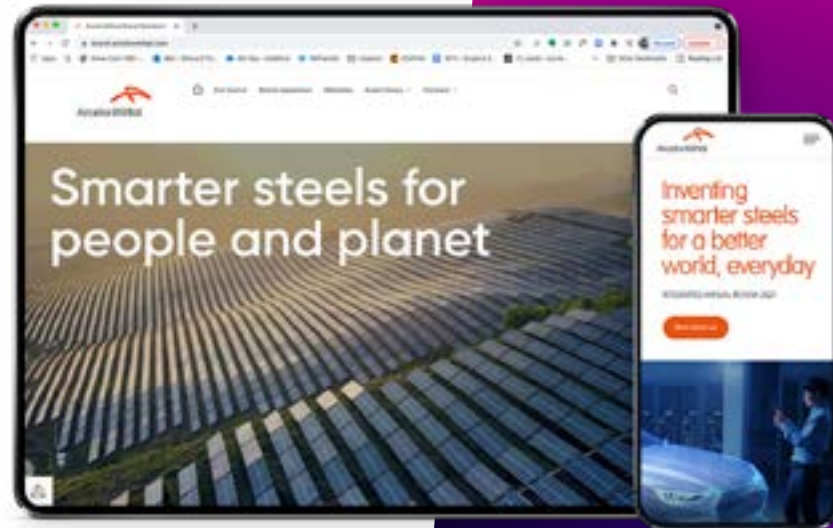
This Integrated Annual Review 2021 describes the context for and progress of ArcelorMittal as the world's leading steel and mining company. It covers the year 1 January 2021 to 31 December 2021 and aims to outline our key considerations in creating value for our stakeholders now and in the future. In our reporting, we aim to reflect the guiding principles of the Value Reporting Foundation (VRF)  International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB). We also report in line with the Global Reporting Index (GRI) Sustainability Reporting Standards, the United Nations Global Compact (UNGC), the European Union's Directive 2014/95/EU on non-financial reporting. For details, please see 'Our approach to reporting' on page 55.

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.

-  Reporting Index
-  Climate Action Report 2
-  Basis of Reporting
-  Form 20-F
-  Fact Book
-  Annual Report

annualreview2021.arcelormittal.com

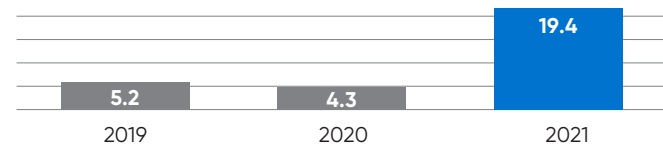


Overview – Performance at a glance

Financial and non-financial results in 2021

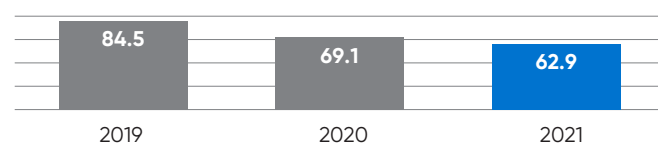
Ebitda

\$19.4bn



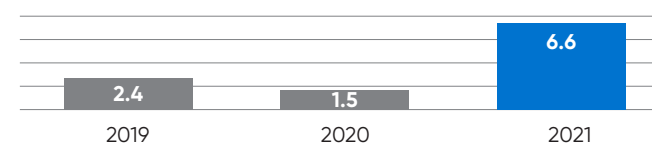
Steel shipments¹

62.9Mt



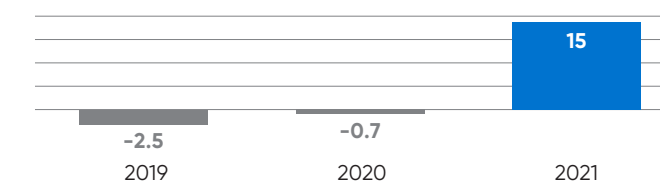
Free cash flow

\$6.6bn



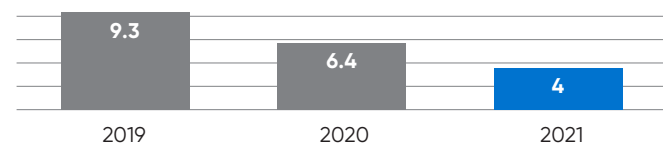
Net income

\$15bn



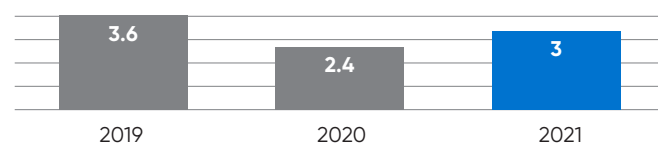
Net debt

\$4.0bn



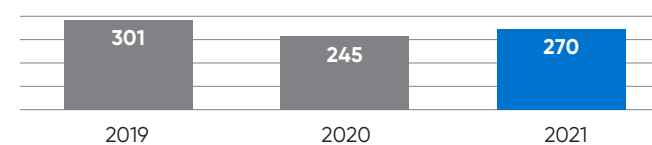
Capex

\$3.0bn



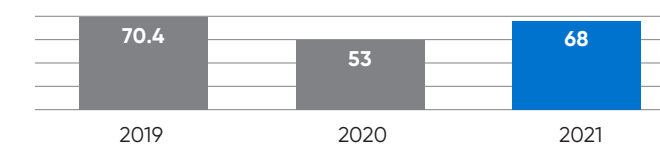
Investment in R&D

\$270m



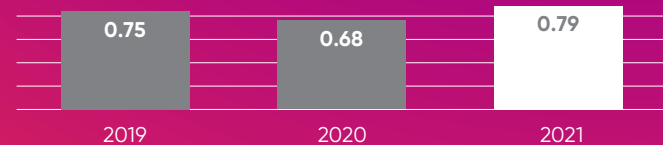
Estimated direct economic contribution

\$68bn



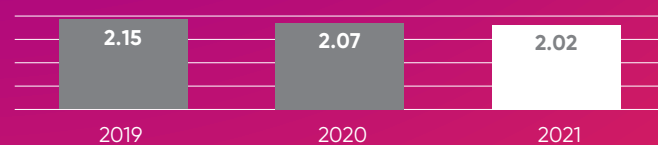
Safety – LTIFR² (incidents per million hours worked)

0.79



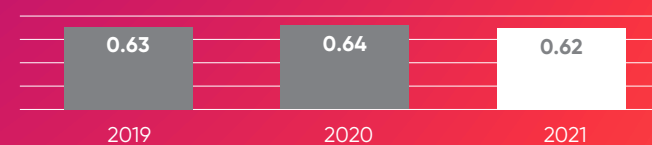
CO₂e intensity (steel Scope 1+2+limited Scope 3)³ (tonnes per tonne of steel)

2.02



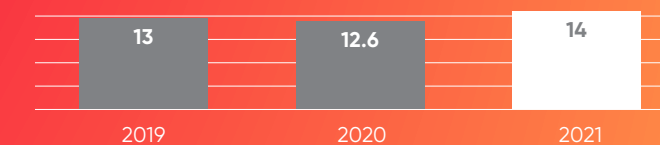
Dust intensity (ducted kg per tonne of steel)

0.62



Women in management (managers and above)

14%



1. Based on the ArcelorMittal portfolio in the reporting year. On a comparable basis, excluding the shipments from ArcelorMittal USA, sold to Cleveland - Cliffs on December 9, 2020, and ArcelorMittal Italia, (deconsolidated as from April 14, 2021), steel shipments for 2021 increased by 9.2% as a result of the broad based recovery in demand following the impacts of Covid on 2020 operations.
 2. Each year health and safety data we publish is provisional with the best available data at the time of publication. We have restated 2020 LTIFR following a full review of data.
 3. CO₂e intensity (Steel) – for details on how it is calculated see the Basis of Reporting. Also, see page 31.

[Full performance data in our Fact Book](#)

Welcome to ArcelorMittal's 2021 integrated annual review

Dear stakeholders,

I hope you will find the 2021 integrated annual review an interesting and informative read, giving you a clear understanding of how ArcelorMittal is managing its business in an increasingly integrated way to reflect our purpose of 'smarter steels for people and planet.'

It is vital we do, because in my 45 years in business I am hard pushed to remember a more complex time. It is true that life in the steel industry has never been dull – but whether it is covid, climate change, a rapidly growing population or worrying political instability, the intensity of the last few years has brought a new dynamic, with the pace of change more rapid than at any time in history, accompanied by atypical events like Covid and now the conflict in Ukraine.

As a company with 26,000 employees in Ukraine, I must start by saying how shocked and deeply concerned I, and indeed all of us at ArcelorMittal, are by the aggression that we have seen since 24 February. I think we have all been humbled by the strength and fortitude of the Ukrainian people, fighting with all their heart for the future they are determined their children and grandchildren should enjoy. Writing this on the 14 April, I can only hope and pray that by the time this report is published we are a step closer to restoring peace and stopping the needless and tragic loss of life.

The human impact of war is the only consideration that ultimately matters. But as we know there are also other knock-on effects, not least relating to global trade and energy. The war has caused disruption to supply chains across the world – including in our business. At a time when the world wants to focus on efforts to accelerate decarbonisation, it faces new challenges of energy security. No doubt we will all be grappling with the repercussions of this event on all fronts – humanitarian, political and commercial – for some time to come.

Fundamentally though, I remain very optimistic, and indeed excited, about the long-term outlook for our industry and, particularly for ArcelorMittal. That optimism has at its foundation the conviction that important role steel plays in supporting the world's economic development is only going to grow. ArcelorMittal analysis indicates that steel demand is going to grow – from 1.9 billion tonnes today to around 2.6 billion tonnes by 2050. Underpinning this growth will be the continued economic development of emerging economies, as well as the vast investment in the clean energy systems required for a net-zero future.

After a very strong 2021 in which the company generated Ebitda of US\$19.4 billion, ArcelorMittal is stronger today than at any time in our history.

We are ideally positioned to invest strategically and responsibly to capture the opportunities ahead as well as delivering on our promise of returning substantial amounts of free cash to shareholders.

When it comes to volume growth, we are particularly focused on the developing economies where steel demand continues to grow at an above average rate. That's why we are making investments in countries like Mexico, Brazil and of course India. It took us many years to establish a major production presence in India – but it was worth the wait. AM/NS India, which we own and manage together with Nippon Steel, gives us the ideal platform from which to grow and meet India's demand not just for more steel, but for higher quality steel.

The opportunity for growth provided by the global transition to net-zero is also considerable. Vast investment will be required in the infrastructure that will support a zero-carbon world – and steel sits right at the heart of this. Steel is a vital material for wind and solar farms, electric vehicles, and low carbon buildings. One of our most successful recent products is Magnelis®, an innovative coated steel for the solar industry that generated double-digit growth in 2021. We have also established ourselves as the premier supplier to the electric vehicle market thanks to the continued expansion of our range of S-in motion® solutions. Meanwhile Steligence®, our low carbon solution for the construction market, is going from strength to strength.

At the same time as developing products for the transition to net-zero, we know we must ourselves decarbonise. Indeed, our aim is to lead the decarbonisation of the steel industry. We have the leadership commitment, the technology capability, and the intellectual engagement to succeed. We made good progress in 2021, setting new 2030 targets for the group and announcing important decarbonisation projects in Europe and Canada.



Overview – Executive chairman’s statement

We hope to see construction start on some of these projects this year. With the latest Intergovernmental Panel on Climate Change (IPCC) report further reinforcing just how critical the next few years will be, we understand our stakeholders want to see progress – and so do we.

Policy support is vital. Just to transition the European steel industry, using the DRI-EAF route will require ten times more electricity than we use today – and that all needs to be green. That renewable electricity is required not only to power the electric arc furnaces, but also to make the green hydrogen that will reduce the iron-ore. And, of course, for a globally traded material like steel, a level playing field to ensure lower-carbon assets in one region are not undercut by higher-carbon assets from another is vital.

Leading the decarbonisation of the steel industry is a clear priority. Improving our safety results is another. Wherever we operate around the world, we must have excellent safety results. Sadly, this was not the case in 2021. There has been a full review of every aspect of safety and a multi-pronged action plan has been developed to build on and support the considerable policies and processes that are already in place across our group. I sincerely hope that this time next year we will be able to report the progress these actions are delivering.

Ensuring the safety of our employees is at the core of our corporate responsibility. Indeed, there can be no more fundamental issue. As a global steel and mining company we are highly aware of the importance of managing all aspects of our social and environmental impact. In 2021, we undertook an updated materiality assessment, to ensure that our view on our most material issues are up-to-date and aligned with those of our stakeholders. The results of the materiality analysis are reflected in our strategic

business decisions and highlighted throughout this report. The most prominent themes this year include, but aren't limited to: safety, climate and nature, gender, products and their value to circular economy and responsible supply chains. The concept of the “just transition” also featured for the first time and this is certainly an area we plan to give further thought to in the year ahead. More details of our materiality assessment can be found on page 53 of this report.

We continue to work hard on ensuring we can track and improve performance on all key metrics. The ResponsibleSteel™ certification process has been very helpful in this regard. Ten of our sites achieved ResponsibleSteel™ site certification standard in 2021 – indeed our four plants in Belgium were the first steel plants in the world to do so. Having been involved in ResponsibleSteel™ right from the start, we were delighted to achieve this status. ResponsibleSteel™ has proved itself to be highly valuable to our operations in terms of understanding and improving multiple aspects of their ESG performance. Our intention is to continue to roll the standard out across our operations, recognising that our business in some countries have more to do than others to close the gaps required to achieve certification.

We are developing new multi-year plans to help them to do so, particularly on the environmental side but also on social topics including human rights and diversity. We recognise that our performance on gender diversity at the executive level falls short – on the board of directors we have strong female representation and I very much value the richness of thinking and discussion our diversity of gender, as well as nationality, brings. In 2021 we set a new target to double the women in management by 2030, with a new gender diversity committee being formed to drive and monitor progress.

Ultimately it is our people that drive our success. I would like to take this opportunity to thank the board of directors, the management committee and indeed all employees of ArcelorMittal for the role you all play in helping us remain at the forefront of global steelmaking. The team is always more powerful than the individual and what we have achieved together is testament to the knowledge, experience, energy and enthusiasm of our people – working hard every day to produce smarter steels for people and planet.

I remain as excited about the industry and the prospects for ArcelorMittal as ever.

Lakshmi N. Mittal
Executive chairman

Hot Strip Mill, Mexico →



True leadership carries deep responsibility

Dear stakeholders,

It is just over a year since I was appointed Chief Executive of ArcelorMittal. Having the opportunity to lead a global, multinational at any time is a great privilege; being asked to do so at a time of real transformation for the global economy makes that opportunity even more distinctive.

I took up the role of CEO with the advantage of knowing this company extremely well. Even from this starting point it has been a very exciting year – so much around us is changing. We will need to do things differently yet the world's need for the product we make is only set to grow.

Smarter steels for people and planet

It is in recognition of this changing world that we refreshed our brand earlier this year – updating our visual identity and launching a new purpose: 'Smarter steels for people and planet.'

This should remind us every day that steel is a product that will continue to be a vital material for our world for a long time to come – as long as we can ensure it makes an ever more meaningful contribution to a circular, low-carbon and socially fair world.

It is certainly my guiding principle. And leading a company that employs 158,000 people around the globe, and has an indirect impact on millions more, I believe we must always start with people.

Our people

Since 24 February, everyone at ArcelorMittal has been deeply concerned about our 26,000 colleagues who work at our plant in Kryvyi Rih, in Ukraine. Most of us cannot begin to imagine what it must be like to wake up one day to the reality of war. Some of our employees have been called up to the army – others have volunteered. Their bravery, and indeed the bravery of the entire Ukrainian population, is remarkable as they defend with all their strength a future of their own design.

We are supporting our people and the local communities in whatever way we can. The entire organization has rallied, donating money into a group-wide match funding initiative, sending provisions, and offering accommodation to the women and children we have helped leave the country. The response we have seen is a heartwarming reminder of the kindness and generosity of humanity.

We cannot know when this conflict will end, but I sincerely hope that by the time this report is published we are a step closer to ending this needless loss of life, and that the integrity of Ukraine as a country will be maintained.

Situations like the one we now see in Ukraine are, thankfully, not everyday occurrences. Keeping our 158,000 people safe at work in our plants and operations, is.

I have been very clear in my view that quite irrespective of all other achievements, we can only truly consider ourselves the world's leading steel company if we lead on safety. Regrettably that was not the case in 2021. Our safety results last year were extremely disappointing. 29 people died working in our operations.

Quite clearly when faced with this result there is only one option – to make every intervention required to ensure that we re-set on our journey to zero harm. We know it is possible – because we have plants that consistently achieve excellent results. I have invested a considerable amount of time in understanding why this isn't yet the case everywhere. We have the same group wide, best-in-class policies and life-saving rules everywhere – but not the same results.

You will find more detail on how we are addressing this most important of priorities, in this report.

At the core is ensuring a truly safety-first interdependent culture with shop floor presence embedded in the way we manage the business daily, supported by regular, thorough, in-person training, by both internal and external experts. Please rest assured this has my full attention – and, also, the full attention of the chairman, the board of directors, the management committee, and the wider leadership group at ArcelorMittal.

The Planet

Steel has established itself as a vital material for our world. It builds much of the infrastructure we need for a comfortable life. The building you work in, the car you drive, the washing machine that cleans your clothes – all made with steel. And that's only the beginning.

It also has natural sustainability properties – being by far the most recyclable and recycled of all materials, well aligned with the concept of a circular economy. The recyclability targets other materials are now setting for themselves – steel has been doing for years.

But now our planet faces one of its biggest ever challenges. An urgent need to decarbonise to prevent the dangerous temperature rises which threaten increasingly extreme weather patterns that will cause significant harm to the planet, the population, and the economy.



Overview – Chief executive officer's statement

At the same time as providing a growing population, of whom nearly 800 million still live in extreme poverty, with an improved standard of living.

And while Covid is not as top of mind as it was this time last year, there are still repercussions from the pandemic with large numbers of the global population remaining unvaccinated.

Addressing all this is no easy task for world leaders. But while it may not be easy, I believe it is all possible. In this transformation, steel also has an important role to play, one to support sustainable growth and second to find ways to accelerate decarbonisation.

Steel will be a vital material for the energy transition, including electric vehicles, low-carbon buildings and renewables infrastructure including both wind and solar. This is one of the reasons steel demand is expected to grow to 2.6 billion tonnes by 2050, from 1.9 billion tonnes in 2021.

Of course, we ourselves also have to decarbonise – because while steel has a critical role to play, it is also responsible for seven percent of global emissions.

Those of you who read our latest climate action report will know that ArcelorMittal is clear in its ambition to lead the decarbonisation of the steel industry. You will also know how we plan to do so, by pursuing two main technology routes, innovative DRI and smart carbon, with a third, direct electrolysis, in the R&D phase. I am pleased with the progress made in this regard in 2021. Not only did we announce new targets, but we also announced US\$5.6 billion worth of decarbonisation projects in Canada, Spain, Belgium and France.

I expect we will be able to make meaningful progress on some of them this year. Success will ultimately be a collaborative effort. Decarbonising the European

steel industry for example means we will need ten times more electricity than we use today – and all of it clean. The reason we have just been able to successfully begin testing green hydrogen in our Midrex plant in Contrecoeur, Canada is because of an energy policy that makes clean electricity readily available. Supportive policy that takes into account finance for capex, higher opex costs and a level playing field, as well as accelerating the development of renewables, is crucial.

As well as developing the technologies for steelmaking, we are also looking at how we can play a role in speeding up systems change across the value chain. That is why we launched our XCarb™ product portfolio, which for the first time offered certified low-carbon products to our customers. It is also why we became an anchor partner in the Breakthrough Energy Catalyst and why we launched the XCarb™ Innovation Fund. It is why we are a partner in Hydeal and recently joined the Green Hydrogen Catapult. And it's why we have recently announced an acquisition of 80% of voestalpine's HBI plant in Texas, and a collaboration with Greenko in India to develop a new solar and wind project with storage capability.

As we decarbonise, we must be also aware of the potential social impacts. The concept of a just transition is now quite rightly high on the agenda. Fundamentally the investment in a new energy system should create many new job opportunities – I was reminded of this directly recently when visiting the new LanzaTech installation at our plant in Ghent. This technology – in which we have also taken an equity stake through our XCarb™ Innovation Fund – uses microbes to “eat” carbon monoxide and turn it into bio-ethanol. So, we need bio-engineers and indeed for the first time we now have bio-engineers working at ArcelorMittal.

Smarter steels

Whether it the latest iteration of S-in motion® for the electric vehicle industry or Magnelis® for the solar industry, we are continually re-inventing steel for the future. I don't believe the innovative potential of steel is yet fully understood. Nearly half the steels we make today did not exist ten years ago. Our research and development team is continually looking ten years ahead, thinking about what our customers will want before they themselves realise what they might need. We are also now developing steel powders for 3D printing and have already successfully printed small parts for the automotive industry.

As well as developing our product range, we are always enhancing our presence in the developing markets where steel demand is set to grow at above average rates. This includes Brazil, Mexico and India, countries where ArcelorMittal already has a presence and plans to further grow. A good example is AM/NS India – our joint venture with Nippon Steel. Steel demand is forecast to grow more quickly in India than in any other region in the world, and AM/NS India has announced capacity expansion plans that more than double its existing footprint.

I also believe that as a company we ourselves will be smarter if we are diverse. Diversity brings richness of thinking and having different voices represented around a table supports and fosters continuous progress and innovation. We are strong on some aspects of diversity, weaker on others, specifically gender. We have introduced an action plan to improve. We already have strong female representation on the board of directors, and I am sure all our board members will vouch for the value that diversity brings. We now have two women on the group management committee and have announced a new target to double the number of women in management positions by 2030.

I want ArcelorMittal to be a company where everyone feels welcome and valued and where our workforce represents the society in which we operate.

A strong platform for success

You will find a lot more detail on all the above and more in this report, including more information on our record financial results (net income of \$15 billion) and on the significant capital (\$6.7 billion), that we returned to our shareholders, as well as how we surpassed our balance sheet targets giving us headroom to think strategically about our options to develop the business. I hope you find it interesting and informative and that it gives you a clear understanding of how ArcelorMittal is working to create value for all stakeholders.

For this we rely on the 158,000 employees who bring their best every day in our plants and offices. A company of this size and scale can only succeed if its employees deliver – and we are incredibly fortunate to have the best in the business.

Every year brings something new – 2022 will be no different. I hope we can continue to meet and surpass your expectations on all aspects of stakeholder performance, starting with safety.



Aditya Mittal
Chief executive officer

A year of strategic and financial progress

2021 was an extremely positive year. A strong rebound in demand and record steel prices helped us generate excellent financial results. This allowed us to further strengthen our balance sheet and continue to deliver consistent returns for shareholders.

Strong market, exceptional results

After the challenging conditions of 2019 and the disruption of the pandemic in 2020, steel prices hit all-time highs in 2021. The global economy rebounded sharply following the easing of lockdown restrictions and conditions remained buoyant throughout 2021.

Rising real demand coupled with a sustained period of customer restocking brought the most favourable market conditions we have seen for years.

Ebitda was \$19.4 billion, with a strong contribution from all operating segments; Ebitda per tonne was \$309. Net income reached \$15.0 billion in 2021, boosted by a strong performance from our JVs and associates, notably AM/NS India and AM/NS Calvert. Free cash flow was \$6.6 billion – \$0.2 billion higher than the past five years combined.

Strong financial foundations

With our net debt now at a record low level we have a firm financial footing on which to strategically grow our business and deliver consistent returns to our shareholders.

At the end of the year, net debt was \$4.0 billion – down from \$6.4 billion a year earlier. Our debt is again investment grade rated.

This balance sheet strength has enabled us to shift our capital allocation focus from deleveraging to shareholder returns. We returned \$6.7 billion to shareholders in 2021. With healthy free cash flow anticipated for this year, we are confident of maintaining this trend.

Improving our cost competitiveness

Steel is a highly competitive industry and so we must continuously improve our cost position through efficiency improvements, productivity gains and harnessing synergies from our global scale. In 2021, we delivered fixed costs savings of \$0.6 billion. We have now launched a new three-year \$1.5 billion Value Plan, which seeks to protect against inflationary pressures and support sustainably higher profitability.

Investing in growth

In recent years we have refocused our operational footprint through divestments and acquisitions, investing strategically in markets that offer high-growth potential. This, coupled with organic growth opportunities focussed on the most value adding opportunities within our business – mean we have strong potential to grow Ebitda and create additional value.

In total, we will be allocating \$3.1 billion to strategic growth opportunities including Brazil, Liberia, and Mexico between 2021 and 2024, which will generate an additional \$1.1 billion of annualised Ebitda (at normalised market levels). We are also growing our joint ventures operations, particularly AM/NS India and AM/NS Calvert.

As a result, our capital expenditure will increase this year, to \$4.5 billion, from a spend of \$3.0 billion in 2021. Our 2022 figure includes \$3.1 billion on normative capex, \$0.3 billion on decarbonisation (net of government support) and \$1.1 billion on the strategic envelope projects mentioned above.

Committed to decarbonisation

Our efforts in this area are covered extensively elsewhere in this report, so I will just add that we are also committed to leading the industry in terms of our target-setting, performance and disclosure. In 2021, we reported on our climate risks and opportunities in our Climate Action Report 2 [▶](#) in line with many recommendations of the Task Force

on Climate-Related Financial Disclosures (TCFD). This year, we are assessing the resilience of the business against different transition and physical climate scenarios, to help inform our strategy and manage our transition and physical climate risk exposure.

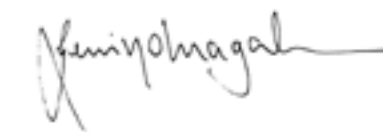
We were also pleased to see our score improve in the most recent Climate Action 100+ Net Zero Benchmark. We are working towards full alignment to both the benchmark and TCFD.

A step-change on ESG assurance

We know that environmental, social and governance (ESG) matters are important to our stakeholders. Our interaction on these issues has materially increased over recent years, and we expect this trend to continue. Guided by a strong internal view that companies with strong ESG reputations will be better placed to deliver value in the long-term, we are committed to improving performance in all aspects of sustainable development. Achieving the demanding ResponsibleSteel™ certification at ten ArcelorMittal sites, is a good example of progress.

Conclusion

ArcelorMittal is a stronger company today than at any point in its history. We have a unique mix of assets in developed and emerging markets, with established plans to strengthen our business, and the financial wherewithal and technology expertise required to progress our growth and decarbonisation priorities. The situation in Ukraine is very worrying, but the fundamentals for our industry remain positive, and we anticipate another year of good progress against our strategic priorities.



Genuino M. Christino
Executive vice president – chief financial officer

Section 1 – Sustainable business

Sustainable business

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As the world's leading steel and mining company, it is our responsibility to be a champion for sustainable business and to embrace the challenges of creating smarter steels for people and planet. With steelmaking facilities in 17 countries and customers in almost 150 more, we have a unique platform from which to lead the transition to a net zero and more circular economy, and create sustainable value for all of our stakeholders. //

Aditya Mittal
Chief executive officer



Section 1 – Sustainable business

Our strategy

Our strategy aims to maintain our long-term position as the world's leading steel and mining business, meet the world's rising demand for steel in a sustainable way while supporting the broader transition to a more circular, increasingly decarbonised economy, and deliver value to all stakeholders – including shareholders – throughout the cycle.

Our five strategic priorities are key to achieving these goals and driving sustainable value creation:

- **Improve safety**
- **Strategic growth**
- **Decarbonisation and sustainability leadership**
- **Cost advantage**
- **Consistent returns**

Improve safety

Safety is our number one priority. A concerted effort is underway to improve health and safety across the group and strengthen our safety culture. We have completed a comprehensive review of our efforts to eradicate accidents and fatalities, and have started 2022 with a refreshed company-wide commitment to put this fully into action.

Corporate oversight of safety has been strengthened, our Global Health & Safety Council of business COOs is sharing and promoting best practice, peer-to-peer mentoring between sites has been introduced, training both internal and external



Dacero, wind turbine towers ↑

has been strengthened and we are prioritising support for underperforming units. More details to be found on page 15.

Strategic growth

ArcelorMittal has a unique global presence, with market-leading operations in each of the markets where we operate. We are active in all parts of the steel value chain, from raw materials we need to creating sophisticated, high-value steel products. We are present in developed markets – which benefit from higher per capita steel demand – and developing markets – which offer strong long-term growth potential.

Steel demand is due to increase globally from 1.9 billion tonnes in 2021 to 2.6 billion tonnes in 2050. Our growth plans are designed to ensure we capture the opportunities in both the developing markets where steel demand is growing faster – and also in new product categories that will be required for the energy transition. We will do this through strategic organic growth, harnessing our world-class R&D operations as well as selective value accretive M&A.

Research and development sits at the heart of our operations and we are using our R&D leadership to leverage the unique advantages of steel – such as its ability to be completely reusable and recyclable – to create new products, solutions, business models and develop production processes that use less energy, emit less carbon and reduce costs.

Decarbonisation and sustainability leadership

Decarbonisation is our most material sustainability issue and we are committed to being a leader. We plan to do this by pursuing two technology routes – innovative DRI and smart carbon – with a third in the research and development phase. In 2021, we set out a clear roadmap for achieving our medium-term 2030 CO₂e targets with anticipated cost of \$10 billion, and our commitment to achieve net zero steelmaking globally by 2050.

We announced ambitious decarbonisation projects in France, Spain, Belgium and Canada, including the creation of what we hope will be the world's first zero carbon emissions steel plant at ArcelorMittal Sestao.

We are also very engaged in helping accelerate the transition across the value chain. Launched in 2021, our new XCarb™ products are supporting customers with their own plans to reduce carbon emissions, while our XCarb™ innovation fund has already invested \$180 million to foster the development of technologies that will support both our own and the steel industry's decarbonisation plans.

More generally, steel needs to continue to evolve to become smarter and more sustainable. Steel has some natural sustainability properties that stands it in good stead, not least the fact it is the most easily recycled material aligning perfectly with the transition to a circular economy. But with a growing population on a planet with only limited resources, consistently improving sustainability performance in-line with the UN Sustainable Development Goals (SDGs) is a vital part of achieving our long-term vision of remaining the world's leading steel company. This is why growing our business responsibly and meeting the expectations of all our stakeholders is integral to our long-term strategy.

Section 1 – Sustainable business

Our strategy

Our sustainability focus needs to encompass a wealth of environmental and social initiatives. We also recognise the importance of investing in our people, embracing diversity and attracting the leaders of tomorrow.

We have been at the forefront of developing industry standards to ensure steel customers can be confident the steel they use has been produced responsibly. We have worked closely with ResponsibleSteel™ since it was launched in 2015 have now achieved ResponsibleSteel™ certification at 10 steelmaking sites in Europe and Brazil.

Cost advantage

No other steel company has the same level of scale, geographic exposure and end-market diversification as ArcelorMittal. This unique asset base means we can benchmark and leverage our scale to improve productivity and efficiency. In 2021, we generated \$0.6 billion of fixed cost savings through productivity gains, footprint optimisation and lower corporate costs. Maintaining our cost competitiveness remains an important priority and in 2022 we announced a new \$1.5 billion Value Plan to be achieved over the next three years.

Consistent returns

All of the above is designed to ensure we can deliver consistent returns to shareholders through the cycle. Having built a very strong balance sheet, we have been able to switch our capital allocation focus from deleveraging to shareholder returns. In 2021, we returned €6.7 billion to shareholders through dividends and a share buyback programme. Under our clearly defined capital allocation policy, a base dividend plus 50% of surplus free cash flow will be returned to shareholders each year.

How we create value

We create sustainable value through six 'capitals' in line with the Value Reporting Foundation (VRF) and International Integrated Reporting Council (IIRC) reporting framework.

- Financial capital** – Our strong balance sheet
- Manufactured capital** – Our unique global portfolio
- Intellectual capital** – Our leading R&D
- Natural capital** – Our responsible use of resources
- Human capital** – Our high-performing organisation
- Social capital** – Our stakeholder relations

A summary of our actions and outcomes for each value driver in 2021 can be found on page 12.

Global steel demand is rising

Under current consumption patterns, global demand for steel is forecast to increase from 1.82 billion tonnes in 2020 to over 2.6 billion tonnes by 2050. Steel is a beneficiary of increasing global demand for materials, largely driven by the construction of infrastructure in developing countries that is necessary to achieve the United Nations' Sustainable Development Goals.

Increasing steel demand is driven by the accumulation of what the Energy Transmission Commission (ETC) describe as "steel stocks", typically in buildings, infrastructure and transport vehicles. According to Material Economics, developed countries tend to have stocks of 12-13 tonnes per capita, a level that is not expected to increase significantly. Demand for steel in developed economies is now driven primarily by the replacement of buildings and equipment, and could largely be met through recycling of existing steel stocks.

The picture is very different in developing economies. Steel stocks per capita in India and Africa are around 1 tonne per capita, so likely to grow for several decades. While the massive expansion of steel production in China has increased its stock to over 5 tonnes per capita, this is still some way below developed country levels.

Steel has unrivalled circularity credentials relative to other material groups such as plastics, cement and aluminium. However, the ability to re-use steel within the steel production

process relies on the availability of discarded steel that has reached end of life for its use.

Material Economics estimates that 83% of steel is re-melted to produce new steel products, although this is over 90% in some countries. Thanks to these high recycling rates, end-of-life steel represents around 20% of the inputs for new steel produced globally. The availability of end-of-life scrap is projected to increase globally over the coming decades as equipment and buildings produced or constructed over the past 30 to 80 years approach the end of their life; we see this phenomenon being driven by China particularly.

As this happens, the advantages of steel – most importantly, its ability to be infinitely recycled with no loss of quality – means it the material will make a valuable and vital contribution to the transition to a fully circular economy.

The IEA estimates that, by 2030, 37% of steel will be produced through scrap-based EAF, compared with 24% in 2020. By 2050, we believe this will increase to approximately 50%. While the production of primary steel will remain necessary for several decades, by 2100, we envision the world transitioning to a fully and sustainable circular steel industry, where the amount of equipment and buildings coming to their end of life will be a sufficient input to meet society's replacement steel needs.

Sources: ArcelorMittal Strategy, ETC Mission Possible Steel Sectoral Report, Material Economics (2018), The circular economy: a powerful force for climate mitigation

In 2022, ArcelorMittal was recognised as a Sustainability Champion by worldsteel for its outstanding sustainability efforts and performance in 2021.

Section 1 – Sustainable business

How we create value – business model

We are transforming how steels are made and used. Because while the world needs more steel, a sustainable world needs smarter and decarbonised steels. ArcelorMittal is using innovative processes to make cleaner and stronger steels that use less energy and emit significantly less carbon. We are driven by an entrepreneurial spirit, a passion for excellence, with R&D at the heart of our operations.

Value drivers and inputs

Strong balance sheet

- Robust financial performance
- \$90.5bn total balance sheet
- \$76.6bn sales

Unique global portfolio

- Optimised footprint and enhanced productivity
- High-return projects to support higher normalised Ebitda
- \$3bn capex

High-performing organisation

- Strengthened safety strategy and governance
- 15% incentive plan for leadership on LTIFR
- Double female representation in management to 25% by 2030

Responsible use of resources

- Group target of a 25% reduction in CO₂e emissions intensity by 2030
- \$565 million allocated to 40 projects with environmental benefits
- XCarb™ steel transformation programme

Leading R&D

- \$270m spend on R&D
- 37 Life Cycle Assessment (LCA) studies
- 51 products and solutions launched

Stakeholders

- ResponsibleSteel™ certification
- Commitment to IRMA
- Climate Action Report 2 aligned with TCFD and Climate Action 100+ published

Steel

Focused on sustainable value creation

- Leading position in attractive product-market segments
- Operate through all parts of the steel value chain
- Large and global asset base
- Supplier of choice by anticipating customers' needs and transforming the life of steel
- Consistent free cash flow generation

Mining

Delivering integrated value

- World-class ironmaking expertise and R&D
- Specialised, high value-in-use concentrate products
- Security and quality in the supply of raw materials
- Natural hedge against market volatility
- Processing routes tailored to fit our steel mills

All operations

Operational excellence

- Improve safety
- Continuous improvement
- Increasing the share of HAV products
- Innovation
- Delivering strategic transformational initiatives
- Talent and technological advancements

Our core values

- Health and safety
- Sustainability
- Quality
- Leadership

Outputs and outcomes

People	Women in management position
LTIFR 0.79	14%
Customers	RS™ certified sites
XCarb™ sales 0.1Mt	10
Investors	Capital returned to shareholders
Ebitda \$19.4bn	\$6.7bn
Communities	Spend on STEM projects
Community investment spend \$10.2m	\$3.5m
Government	Tax contribution
Direct economic contribution \$68bn	\$5.7bn

Financial stability Implementing our strategy Building stakeholder trust = Long term value

Section 1 – Sustainable business

How we create value – six capitals

Inventing smarter steels for people and planet – how we create value through six capitals, in line with the VRF, IIRC reporting framework.

Value drivers	Strategic priority	Inputs and actions in 2021	Outputs and outcomes
Strong balance sheet (financial capital)			
Enables flexibility in capital allocation to ensure: <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 	Cost advantage	<ul style="list-style-type: none"> • Sales 	<ul style="list-style-type: none"> • Robust financial performance • Ebitda of \$19.4bn • \$6.6bn free cash flow generation • \$15bn net income • \$6.7bn capital returned to shareholders
	Strategic growth	<ul style="list-style-type: none"> • Financial capital • Building a strong platform for consistent shareholder returns 	
	Consistent returns		
Unique global portfolio (manufactured capital)			
Enables the company to derive value through our leading position in steel markets with favourable structures and dynamics	Cost advantage	<ul style="list-style-type: none"> • Structural improvements 	<ul style="list-style-type: none"> • Fixed cost savings of \$0.6bn achieved through productivity gains, footprint optimisation and SGA reduction • New \$1.5bn value plan to be achieved over the next three years • Capex in 2022 of \$4.5bn to fund strategic growth and decarbonisation • Mexico hot strip mill to optimise capacity and improve product mix – first coils produced in December 2021 • Strategic growth projects underway: Brazil (Vega, Monlevade, Barra Mansa), iron ore (Liberia, Serra Azul, Las Truchas), CIS cost reduction projects • Record performance from AM/NS India – cash to be reinvested for brownfield expansion • Balance sheet headroom provides strategic optionality to consider M&A in support of strategic targets • Established strategic renewable energy partnership with Greenko Group in India • Signed an agreement to acquire an 80% shareholding in voestalpine's world-class Hot Briquetted Iron ('HBI') plant in Texas • In 2021, ArcelorMittal Mining supplied 59% of the iron ore raw material ArcelorMittal requires for iron and steelmaking, providing a natural hedge against market volatility • 62.9Mt steel shipped and 26Mt iron ore shipped (AMMC and Liberia)
	Strategic growth	<ul style="list-style-type: none"> • Streamlined and refocused asset base • Targeting higher growth markets/product categories 	
	Consistent returns	<ul style="list-style-type: none"> • Leveraging infrastructure to develop iron ore resources • Enhanced productivity 	
	Sustainability leadership	<ul style="list-style-type: none"> • Optimised footprint • \$1bn structural improvement plan • Capex of \$3bn • Growing contribution to net income from JVs & associates 	
Leading R&D (intellectual capital)			
Enables the invention of smarter steels for people and planet to support a net zero carbon economy and further enhance our product and service offerings to meet our customers' evolving needs	Strategic growth	<ul style="list-style-type: none"> • \$270m spend on R&D • 11 R&D sites operational 	<ul style="list-style-type: none"> • 24 new products and solutions to accelerate sustainable lifestyles launched, while also progressing further on 17 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 • XCarb™ steel transformation programme, sales reached 0.1Mt n 2021 • Fully capitalising on the capacity of Steligence® • Magnelis® advanced coating combined with hyper high-strength steels has become material of choice for light weight solar structures • 37 life cycle assessment studies
	Sustainability leadership	<ul style="list-style-type: none"> • 51 products and solutions launched • Developing new business models, products and solutions contributing to a low-carbon world 	

Section 1 – Sustainable business

How we create value – six capitals

Value drivers	Strategic priority	Inputs and actions in 2021	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	Decarbonisation and sustainability leadership	<ul style="list-style-type: none"> Group target of a 25% reduction in CO₂e emissions intensity by 2030 Europe target increased to 35% reduction in CO₂e emissions intensity by 2030 XCarb™ steel transformation programme successfully launched Committed to SBT target within two years Broad innovation portfolio of smart carbon and hydrogen-DRI technologies under way World's first full scale zero carbon-emissions steel plant in Sestao, Spain by 2025 Decarbonisation plans for further steelmaking transformation in Europe and NAFTA in place FY 2022 capex of \$4.5bn includes anticipated \$0.3bn spend on decarbonisation projects All capex decisions informed by CO₂ impact assessment Allocated a total of \$565m to 40 projects with environmental benefits 	<ul style="list-style-type: none"> XCarb™ sales reached 0.1Mt in 2021, targeting 0.6Mt run-rate in 2022 XCarb™ innovation fund investment in five technology partnerships First Smart Carbon projects to start production in Ghent, Belgium by end of 2022 First hydrogen reduction project in Hamburg to start production in 2024-2025 SBTi steel sector project under way Working with ETC, NZSPMP, SBTi, ResponsibleSteel™, to frame the transition to net-zero steelmaking The achievement of 2030 group carbon emissions target is linked to executive remuneration Published 2nd Climate Advocacy Alignment report 2.02 CO₂e intensity (steel) per tonne of steel (Scope 1+2+limited scope 3) 146.7Mt absolute CO₂e footprint (steel and mining, Scope 1+2+3) Sold 9.2Mt of slag to the cement industry, avoided 7Mt 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	Improving health and safety Sustainability leadership	<ul style="list-style-type: none"> Renewed efforts to improve safety performance 15% incentive plan for leadership based on LTIFR 158,000 employees, 34 hours of training per employee Target to double the representation of women in management to 25% by 2030 Establishment of global Diversity & Inclusion Council Women make up 36% of the Board of Directors 94.83% of employees completed human rights training 96.20% of employees completed anti-corruption training 91.32% of employees completed code of conduct training 	<ul style="list-style-type: none"> Renewed focus on improving safety performance with governance and accountability strengthened 2022 safety strategic focus on: leadership and shop floor presence, fatality prevention, revamp of H&S policy reflecting best practice standards, worse performing assets LTIFR at 0.79 Regrettably, 29 deaths Safety target in STIP increased to 15%, and LTIP increased to 10% Action plan to address gender diversity performance and reach the target (launched global D&I charter with mission, actions and governance) In 2021 included gender diversity target in our executive remuneration schemes 14% of women in management positions, representing 19.3% 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	Sustainability leadership	<ul style="list-style-type: none"> 10 sites certified to the ResponsibleSteel™ site standard Intention to achieve IRMA transparency for Liberia, Canada, Brazil and Mexico mining operations by end of 2025 33 operations with a local confidential whistleblowing system Numerous stakeholder surveys and engagement meetings 	<ul style="list-style-type: none"> ArcelorMittal Europe Flat sites in Luxembourg, Belgium, Germany and ArcelorMittal Tubarao certified, plans to certify remaining ArcelorMittal Flat and Long sites and sites in Brazil in 2022 Mining operations undergoing IRMA self-assessment \$68 billion of estimated direct economic contribution \$10.2m total community investment spend \$5.7bn total tax contribution Climate Action Report 2 aligned with the TCFD and the Climate Action 100+ Net Zero Company Benchmark published in July 2021

Section 2 – Responsible growth

Responsible growth

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Growing our business responsibly has become integral to our strategy and how we evaluate our performance. The value we build and protect is not simply financial, but extends across a much greater sphere of social, natural, human and intellectual capital. It is about making a positive contribution as a company for our people, for the communities within which we operate and in the wider world. //

Aditya Mittal
Chief executive officer

ArcelorMittal employees →



Section 2 – Responsible growth

Driving a relentless focus on safety

2021 was the worst safety performance we have had in many years. Regrettably 29 people died working at our plants.

This reality is very painful to everyone at ArcelorMittal. And that pain is, of course, greatest for those who have lost loved ones while they were working in our plants.

There can be no excuses. Clearly, the significant progress we had made was not as deeply embedded in the culture of the organisation as we believed. And while we have many assets that consistently deliver excellent safety results, that by itself is nowhere near good enough.

What makes the 2021 results even more disappointing is that considerable time and attention had been given to this topic at senior levels of the company in recent years. We were aware that after years of steady improvement our performance had plateaued, and that additional interventions were required to ensure it continued to improve.



We are acutely aware that our safety performance is nowhere near good enough as it stands today. Whilst we have already set out the required world-class standards and targets to which we aspire, it is clear that achieving them will need a much deeper implementation of leadership on the ground, performance management, training and mentoring, communication and information flow, as well as a relentless focus on strengthening our safety culture. While we have demonstrated the capabilities within a number of units of our group, we must focus on getting all areas to the proper performance level. We have started 2022 with a company-wide acknowledgement and commitment to put this fully into action. //

Aditya Mittal
Chief executive officer

ArcelorMittal employee ↓



Section 2 – Responsible growth

Driving a relentless focus on safety

Strengthened governance and scrutiny

At the end of 2020 we relaunched our Global Health and Safety Council (GHSC) which is to be chaired on a rotational basis by the CEO's of our major operating regions. We assigned the first CEO (for 2021 and 2022) to be one from a top performing unit with exemplary practices and results in H&S (Jefferson De Paula, EVP, CEO ArcelorMittal South America Long). Under his leadership, regular senior-level exchange with all business leaders was instigated where rigorous analysis of each segment's safety challenges was discussed, and best practice and solutions shared.

While we are convinced all this activity was valuable, it was clearly not enough to support the improvement we demand and offset the new challenges Covid presented us over the last two years. Over the past six months there has been a further intensification of focus to ensure we leave no stone unturned in responding to the situation. Forensic discussions have taken place in the Executive Office, at the Management Committee, at the full Board of Directors and at the Board Sustainability Committee to map out a clear way forward that will deliver the results we all want to see.

This analysis reinforced that ArcelorMittal has world-class policies and standards in place across the group, but the extent to which they are rigorously embedded and audited across the business varies from one segment to another, from one country to the next. While there is undoubtedly a cultural element to this, again we cannot accept this as a reason. We must achieve the same everywhere, learning from those who do it best and not being satisfied until there is clear evidence that sustained progress is being made everywhere.

At the corporate level, we have strengthened the global health and safety team, with the function now reporting into Brad Davey, EVP, business

optimisation who reports to the group CEO. Brad spent much of his career at ArcelorMittal Dofasco, one of our best plants when it comes to safety performance. He and Jefferson De Paula, the current chair of the GHSC, will work very closely together to spearhead a group-wide best-in-class initiative that seeks to identify all and any weaknesses that exist around the group and develop very clear plans to evolve every plant to the interdependent stage of the Bradley curve. They have the full support of the executive chairman and CEO to make whatever changes are necessary to succeed.

The group's health and safety policy, standards and golden rules have been updated and relaunched to coincide with this year's steel industry health and safety day. There must be 100% implementation across the group with no exceptions.

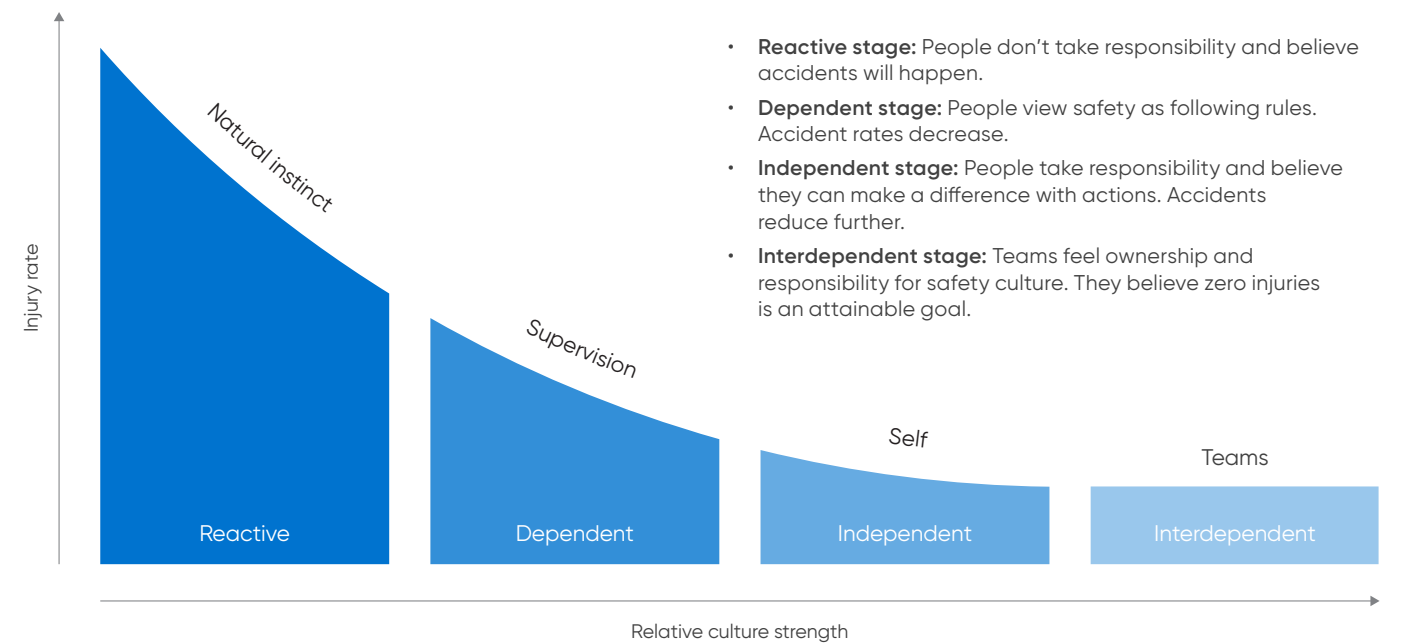
Extending and deepening our safety training and coaching programmes

Training will be enhanced, with external support. All ArcelorMittal employees receive thorough and regular training as a matter of course through one of the company's bespoke training programmes, e.g. 'Take Care'. A complementary programme harnessing renowned external experts such as dss+ (formerly DuPont Safety Solutions) will now also assess the effectiveness of leaders, with mandatory coaching being provided for those who are not at the required level.

Mandatory management visible presence on the shop floor

The company is also tightening guidelines for mandatory leadership shop floor presence. All leaders must now spend a minimum of one hour on the shop floor every week – when they must carry out a safety layered evaluation. While the company policy has always specified leaders to regularly

The Bradley curve



Enhanced safety actions for 2022

Increase leaders' presence on the shop floor at all units. Unstable units will increase it 2-3 times until the operation is stable	→ Deploy quarantine
Hold monthly meetings led by ArcelorMittal CEO to discuss safety with segment CEOs	→ Monthly CEO safety meetings
Bring in external safety experts to support actions to accelerate performance improvements	→ Safety mentoring at shop floor
Set proactive targets for segments related to fatality prevention standards and the Bradley Curve	→ Official proactive targets
Focus on visible and impactful workplace environment improvements	→ Visible workplace improvements
Focus on improvements in line with the Fatality Prevention Standard	→ FPS and PSIFs
For each segment, introduce clear safety plans with KPIs that must be reported during 'business area review' meetings	→ Monitoring and follow-up
Build a consistent link between safety and reliability: a stable operation is a safe operation	→ Operational stability

Section 2 – Responsible growth

Driving a relentless focus on safety

spend time on the shop floor, setting out a higher minimum accepted level for senior leaders will help reinforce the culture of visible felt leadership which we know has weakened in some regions as a result of Covid.

Enhanced KPI reporting and quarantining

Reporting of proactive KPIs such as potential serious injury frequency (PSIF) will be also be strengthened. Every segment is required to put in place a quality assessment process for PSIFs. Understanding clearly why PSIFs happen is vitally important to tightening processes, improving behaviours and preventing fatalities.

Widespread use of what we call 'quarantining' will also now be in place across all operations. Initiated in Brazil, plants are put into 'quarantine' if a seriously unsafe incident takes place or the plant is deemed to be at risk of a serious incident or fatality. This means management's shop floor presence is doubled for a determined amount of time depending on the incident. Those plants which are struggling most with safety performance have already been put in mandatory quarantine for a six-month period after which the status will be re-evaluated. We find that our assets with the best safety performance utilise quarantining regularly and that it sits at the core of a truly successful safety

culture. For example a plant in Brazil which has not had a fatality for five years still decided that part of its plant needed to be placed under quarantine because its LTIF rate led them to have concerns that unless action was proactively taken its safety first always culture could be compromised. We have seen the same proactive engagement at Dofasco in Canada. Dofasco has not had a fatality since 2006 but it has recognised that other safety KPIs have been deteriorating and senior leadership has stepped in to reinforce the shop floor interdependent culture before it slips any further. Meanwhile in Europe, Fos-sur-Mer has not had a fatality since 2015. This has been supported by strong management and quality assessment process for PSIFs and effective implementation of the safety leadership and Take Care training programmes.

experts to support on specific mandates. We have already engaged specialist safety consultants to advise and partner on dedicated programmes to help these assets improve. This will encompass all aspects of building an interdependent safety culture.

Making safety a core part of business performance reviews and incentivisation

We are acutely aware that our safety performance is nowhere near good enough as it stands today. We have conducted an intensive review to build on and complement our existing efforts with the aim of ensuring we never have another year like 2021.

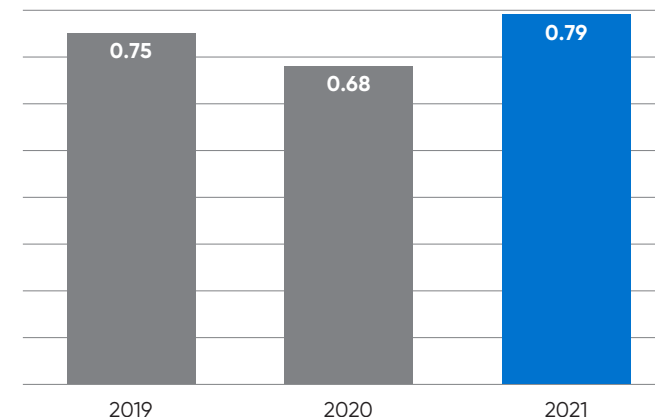
The Executive Office will ensure that safety performance is reported and discussed very regularly with the business. All business area reviews (BARs), which are held quarterly, will start with a discussion on safety. Furthermore, the segments that are currently below the group average are being required to implement additional management actions such as external expert assessments and additional reviews at EVP and/or CEO level. Executive compensation linked to safety has also been strengthened. Starting in 2021, we increased the proportion of bonuses linked to safety-related KPIs for leaders from 10% to 15%.

Building the cultural belief in and commitment to safety

Success starts with belief. Everyone working at ArcelorMittal must believe it is possible to be a fatality-free company. That belief brings commitment – commitment to ensure what we know is possible becomes the reality. And after the commitment comes daily, constant hard work – to ensure all the policies and rules that support consistently good results are rigorously upheld with no deviation tolerated.

This is what we must replicate at every single one of our assets. Our results show us clearly where we have the greatest challenges. Our corporate health and safety team, in collaboration with the GHSC, will particularly focus on helping these segments strengthen their culture, performance and results. We recognise that this means bringing in external

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



Introducing safety 'quarantine' procedure in ArcelorMittal Europe, Flat Products

Our safety 'quarantine' procedure originated in the Brazil Long business and has been implemented following the recommendation of the GHSC. The Europe Flat Products business chose a different name – 'Safety Alert Procedure' – to differentiate from the pandemic-related restrictions that are commonly known as 'quarantines' in Europe.

When an imminent risk of a fatality is identified in a department or cluster, the procedure is enacted for 40 days. It is also launched by default when a serious incident occurs. The role of the procedure is to mobilise all possible resources, from local to segment level, to give maximum support to the area at risk.

The main measures that are deployed during the procedure include increasing supervision, auditing all levels of operations and fine-tuning the safety action plan at the department or site. Crucially, communication with workers to reinforce awareness of best practice is also enhanced.

One key lesson so far has been that involving shop floor workers is crucial to achieving progress. As communication with them intensifies during the 40 days, the levels of engagement in our health and safety action plan increase significantly. They also remain high after the quarantine period has ended.

Section 2 – Responsible growth

Driving a relentless focus on safety

We will also ensure that our HR policies and annual appraisal system reflects the value the company puts on this culture. The company brand was recently refreshed, and safety added as a fourth value – alongside sustainability, quality and leadership. HR systems will be tightened to ensure that each employee’s safety results and record is actively considered as part of the evaluation process and that it will not be possible for people to further progress, even if they have exceptional results in other areas, until their dedication to safety is proven.

We have started 2022 with all of the above well communicated across the organisation starting with the leadership team. The corporate health and safety team and the business segments know what needs to be done and are working hard to make all the additional changes required, with a special focus on our most struggling assets. We must make meaningful progress in 2022 – there is no other option.

Top causes of fatality 2017-2021 and measures to address these

Top causes of fatality 2017-2021	Measures to address these
1. Crushed or rolled by vehicle	Focus on proactive PSIF detection, strengthening the effectiveness of controls as part of our risk management, modification and update of our Fatality Prevention Standard (FPS) relating to vehicles and driving, mandatory alarms for safety belts and parking brakes, mandatory proximity detectors for specified industrial vehicles, and improved procedures relating to wheel and tyre maintenance.
2. Crushed by moving machinery	Focus on proactive PSIF detection, strengthening the effectiveness of controls as part of our risk management, review of our global Hazard Identification and Risk Assessment (HIRA) tool on an annual basis, with adaptation at site level for local conditions and mandatory ‘Stop, Think & Act’ measures and implementing control measures before any unusual/non-standard task or job.
3. Fall from height	Focus on proactive PSIF detection, strengthening the effectiveness of our controls as part of risk management, modification and update of our FPS relating to working at height, strengthening requirements for roofing activities, integrating learning points from related fatalities, and integrating fatality prevention requirements for our dock.

Focus on Kazakhstan and Ukraine operations

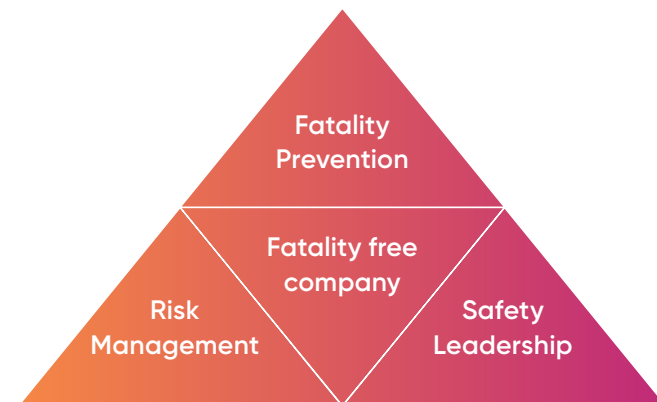
Intensive safety improvement programmes have been put in place at our Kazakhstan and Ukraine operations, which include:

- Focus on measures addressing the highest risk activities and to identify evolving hazards
- Increased shopfloor audits, leadership presence, training and communication
- Circa \$375 million of accelerated capex on prioritising safety: investment on equipment and assets including at underground coal mines towards sensors, stress measurement, remote mine

development degassing auger drills, new safer road-headers, mid-seam longwall complex

- Strengthened safety organisation and support, including external assessment and training from DuPont and JMJ
- Appointment of experienced safety directors from ArcelorMittal Canada and ex-DuPont at both Kazakhstan and Ukraine
- Increased specialist workforce for activities such as degassing, mine surveying, geomechanics and geology

From a reactive to a proactive safety culture: three pillars



Risk management

1 Focus on **Quality and continuous improvement**



- Hira-lite (on the job hazard investigation and risk assessment)
- Shop floor audits
- Pre-shift/regular meetings

PSIF

2 Focus on **Potential Serious Injuries and Fatalities (PSIF)**



- Fatality: 0
- FPS: self assessment audits in order to maintain/achieve FPS level 3
- Follow-up of PSIF actions

Caring Safety Culture

3 Improving the safety culture **‘TAKE CARE’ and safety leadership**



- Site director and frontline leader take ownership of safety
- From a reactive to a proactive safety culture (‘see and act’ visible on the shop floor)
- Permanent safety meetings and follow up on leadership’s routine

Section 2 – Responsible growth – Transforming for long-term growth

Growing strategically and responsibly



The world is changing but the demand for steel is growing. We are in a strong position to capitalise on the opportunities and invest in strategic growth. Our investment priorities are focused on opportunities that: deliver high returns, improve our product portfolio with an increased proportion of higher added value products, capture growth in emerging markets, and align with our target of being net zero by 2050. //

Genuino M. Cristino

Executive vice president – chief financial officer

Organic growth opportunities

In total we are allocating \$3.1 billion to strategic growth opportunities between 2021 and 2024. These investments are targeted to generate an additional \$1.1 billion of annualised Ebitda (at normalised market conditions).

Generally, these are aimed at capturing growing demand and the need for higher added value products in the developing economies.

In December 2021, our new 2.5Mt hot strip mill in Mexico – produced its first coil. This is expected to add \$250 million to Ebitda on completion. In Brazil we are expanding our flat and long steel production

capabilities, including construction of a new section mill in Barra Mansa aimed to deliver higher added value products to increase domestic market share and to enhance productivity. The \$250 million investment is expected to be completed in 2024. We are also expanding our Monlevade operations to increase wire rod capacity by 1Mtpa and increasing coated/ CRC capacity in Vega.

In mining, we have growth plans for Liberia, Mexico and Brazil. In Las Truchas, Mexico, engineering has started on a \$150 million project that will add 1Mt a year to pellet feed production and improve concentrate grade. At Serra Azul, Brazil, a \$350 million project will construct facilities to produce 4.5Mt of DRI quality feed each year.

In Liberia, we have signed an amendment to our Mineral Development Agreement with the Government of the Republic of Liberia. It is currently under the legislative ratification process. The US\$0.8 billion investment includes the construction of a new concentration plant and the substantial expansion of mining operations, with the first concentrate expected in late 2023, ramping up to 15Mtpa. The project will generate new jobs and significant wider economic benefits for Liberia. We expect this project to add \$250 million to annual Ebitda upon full completion.

We are also growing our joint ventures operations, particularly AM/NS India and AM/NS Calvert. AM/NS India delivered record production and shipment levels last year, and our debottlenecking programme enabling Hazira to reach nameplate capacity of 8.8Mt by the end of 2023 is progressing

to plan. Beyond this, we intend to significantly increase capacity and play a leading role in the growth of the Indian steel industry, which is expected to more than double this decade. Our initial focus is on increasing the capacity of the Hazira plant to at least 14.4Mt by mid-decade, with concept plans in development to ultimately reach a production capacity of 18Mt.

At AM/NS Calvert, our state-of-the-art downstream finishing facility in Alabama, USA – we continue with plans to construct a 1.5Mt electric arc furnace, set to be commissioned in the first half of 2023. The EAF will build additional flexibility to its slab sourcing and enhance its ability to serve its full range of customers. We are also studying the potential to add a further 1.5Mt of steelmaking capacity.

Investing for a smart transition

Within our investment plans we are mindful of the need to secure increasing access to green renewable energy supplies to support our transition to a net zero status, and to pursue other opportunities to facilitate a more circular and decarbonised approach to our business. Such projects must also deliver our required rates of return.

We recently announced a strategic partnership with Greenko Group, India's leading energy transition company, to develop a round-the-clock renewable energy project with 975 MW of nominal capacity. The \$600 million project will combine solar and wind generating assets, supported by Greenko's hydro pump storage facility to overcome the intermittent nature of wind and solar generation. AM/NS India

will enter into a 25-year off-take agreement with ArcelorMittal to purchase 250 MW of renewable electricity annually. This will supply 20% of the Hazira plant's electricity requirement, reducing carbon emissions by around 1.5Mtpa whilst also providing an attractive return on investment for ArcelorMittal.

We have also recently announced an agreement to acquire an 80% shareholding in voestalpine's Hot Briquetted Iron ('HBI') plant located in Corpus Christi, Texas. The state-of-the-art plant, which was opened in October 2016, is one of the largest of its kind in the world. It has an annual capacity of two million tonnes of HBI, a high-quality feedstock made through the direct reduction of iron ore which is used to produce high-quality steel grades in an electric arc furnace ('EAF'), but which can also be used in blast furnaces, resulting in lower coke consumption. This strategic acquisition accelerates both our progression into producing high-quality metallic feedstock for EAFs and our global decarbonisation journey.

The plant currently uses natural gas to directly reduce iron ore pellets into HBI with an Fe content which exceeds 91%. This already carries a significantly lower carbon footprint than BF-BOF steelmaking. It also has the potential to transition to 100% hydrogen, with the Texas coast presenting advantageous weather conditions to produce renewable energy powered green hydrogen. DRI/HBI is therefore expected to play a prominent role in the decarbonisation of the steel industry, a process ArcelorMittal intends to lead.

Pioneering new products, solutions and business models for a smart transition

ArcelorMittal R&D employee ↑

Evolving our product offering is an important part of our growth. As we transition to a more circular and sustainable world, we see that steel has a central role to play in this future, delivering new products, solutions and business models in areas such as transport, construction, infrastructure and energy transition. Innovation and technology are at the heart of everything- captured in our new purpose 'smarter steels for people and planet.'

// We are at the beginning of a new industrial revolution, the magnitude of which has not been seen in any previous age. As the leading steel manufacturer globally we intend to be at the forefront of these developments – in new forms of manufacturing, with new energy sources, with artificial intelligence and digitalisation – pioneering breakthrough technologies for low emissions steelmaking, and delivering smarter steel solutions for our customers. **//**

Greg Ludkovsky
Vice president,
head of research and development

Our investment in innovation

Around the world, we now have 11 cutting-edge research and development sites and 1,500 dedicated staff, devoted to transforming our products and processes to deliver steels that are stronger, have a lower carbon footprint and are fundamentally better optimised to their specific purpose – to help materially improve people’s lives. Artificial intelligence, digitalisation and 3D printing are now fundamental parts of our research programmes, and are increasingly being rolled out in our operations.

In 2021, we invested \$270 million in R&D initiatives. We launched 24 new products and solutions to contribute to more sustainable lifestyles and 27 products to support sustainable construction, infrastructure and energy generation. These represent progress against our sustainable development outcomes 2 and 3 (see page 50).

ArcelorMittal has been identified by LexisNexis® as one of the

Top 100 Innovators

with exceptionally high-performing and well-maintained patent portfolios.

R&D highlights in 2021

\$270 million invested in R&D in 2021

24 new sustainable lifestyle products and solutions

27 new sustainable construction, infrastructure and energy generation products and solutions

37 life cycle assessment studies of steel products and the processes used to make them, all guided by the ISO standard 14040-44

4 environmental production declarations (EPDs), including 2 XCarbTM EPDs for ArcelorMittal Long Europe

Section 2 – Responsible growth – Transforming for long-term growth

Pioneering new products, solutions and business models for a smart transition

Delivering high-specification steels for the energy transition

We will soon be living in a very different world, powered by renewables, delivered in a carbon-free way. For us this presents both challenges and opportunities. There is a huge and growing demand for renewables infrastructure such as solar arrays and wind turbine units, and for hydrogen infrastructure, which require new forms of high-strength steel. Consequently, we are developing a series of new steel products and specifications to address these markets.

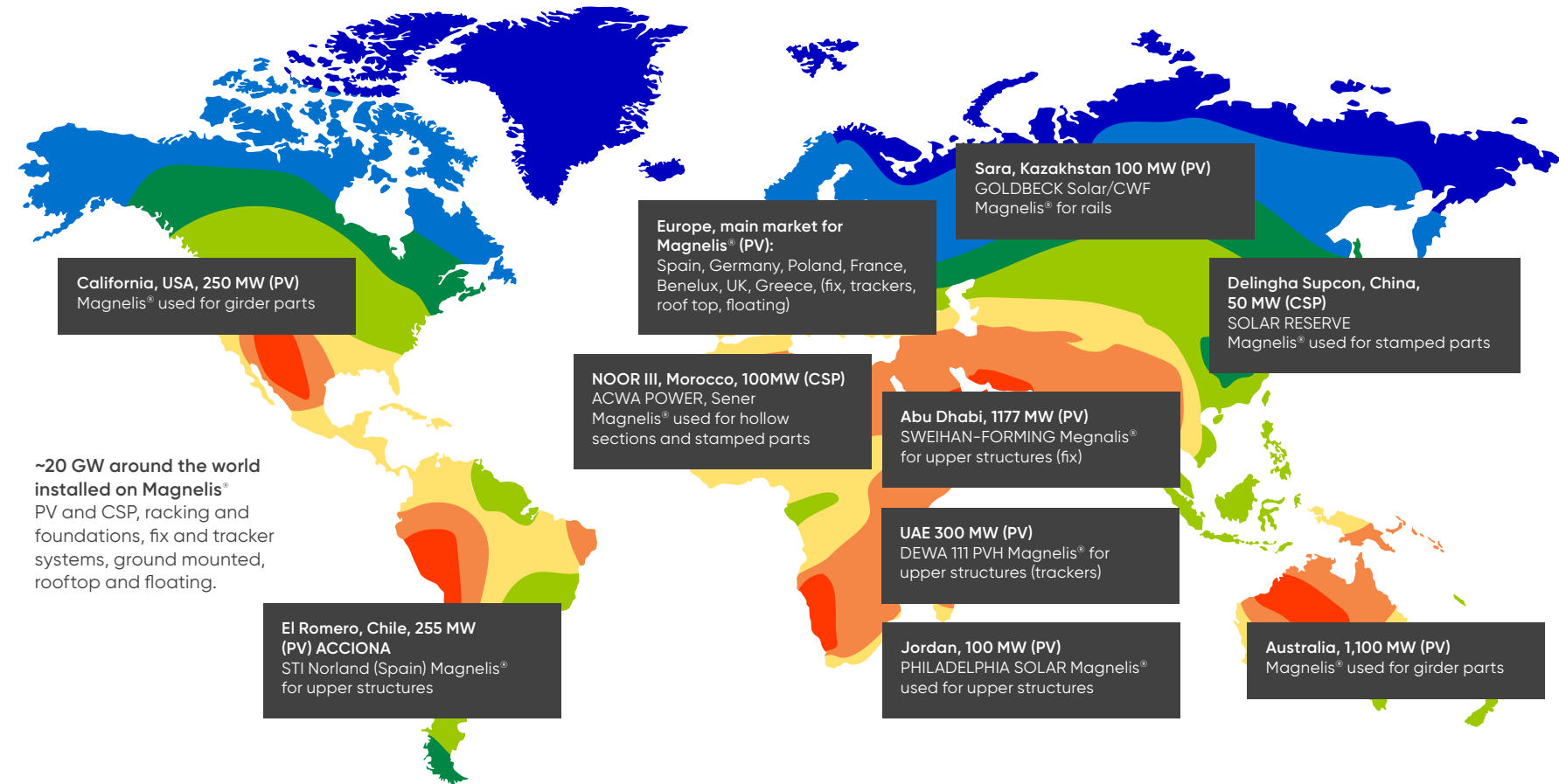
Magnelis®: innovative coated steel products

Our R&D capabilities have delivered anti-corrosion coated steel products such as Magnelis® and advanced high-strength steel (HyPer®) grades that are essential in the construction of solar array systems, which are exposed to harsh environments.

Magnelis® generated double-digit growth in 2021. To meet strong demand we are expanding manufacturing capabilities across our operations, most recently in Ghent in 2021.

We are continuously improving Magnelis® to enhance its anti-corrosion properties. In December 2021, the French Corrosion Institute issued a certificate stating that on average Magnelis® performs nearly four times better than regular galvanised steel.

By early 2021, Magnelis® mounting systems for solar energy arrays accounted for 20 GW of generating capacity worldwide



New standards for hydrogen transport pipes

With the imminent arrival of hydrogen power, we are also looking at hydrogen infrastructure. Developing safe and cost-effective storage and transport of hydrogen is complicated. We need to improve our understanding of the structure, properties and performance needed for our related steel products. We are part of the EU's Clean Hydrogen Alliance, the Green Hydrogen Catapult and an active member of Horizon Europe, the EU's key funding programme for research and innovation in green energy.

These efforts have already led to the delivery of high-specification pipes for a new high-pressure hydrogen pipeline that stretches almost 450km across Italy.

We are also researching and developing new grades of steel and pipe designs to transport CO₂, for commercial applications and to limit carbon emissions through the capture, transportation and sequestering of CO₂.



Defining a new standard for hydrogen transport pipes is a key priority for the EU and the energy sector. It will enable operators to use their pipelines at full capacity and go a long way to meeting the need for this remarkable fuel. //

Olivier Brun
Portfolio director for industry at ArcelorMittal Global R&D

Section 2 – Responsible growth – Transforming for long-term growth

Pioneering new products, solutions and business models for a smart transition

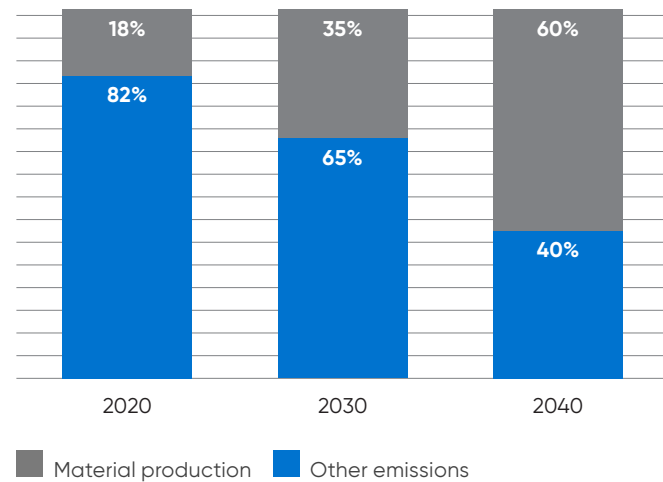
Driving innovation in the automotive industry

The automotive industry is profoundly important to our business. The speed of the transition to electric vehicles is surpassing expectations. Consequently, the demands facing vehicle manufacturers are changing dramatically. To date the focus has been on weight reduction and tail pipe emissions for conventional internal combustion engine vehicles; the latter have been responsible for 60-70% of life cycle emissions. However in the era of electrification, it is anticipated emissions from materials production could reach 60% of overall life cycle emissions for an EV vehicle by 2040, assuming the use of clean electricity for vehicle driving. Reducing emissions from material production becomes even more important.

% of life cycle emissions

Material production versus other emissions

(150,000km/vehicle)



Our automotive customers expect new techniques to reduce the impact of the manufacturing process – the use of cast components, reducing pressing and welding operations, new battery pack concepts, automation of final assembly and novel body painting solutions.

We are a member of the Horizon 2020 EU-funded ALMA project. Together with eight other partners including Ford in Germany, this international collaboration of scientists, researchers and engineers aims to develop a more energy efficient, sustainable vehicle structure. See more information [▶](#)

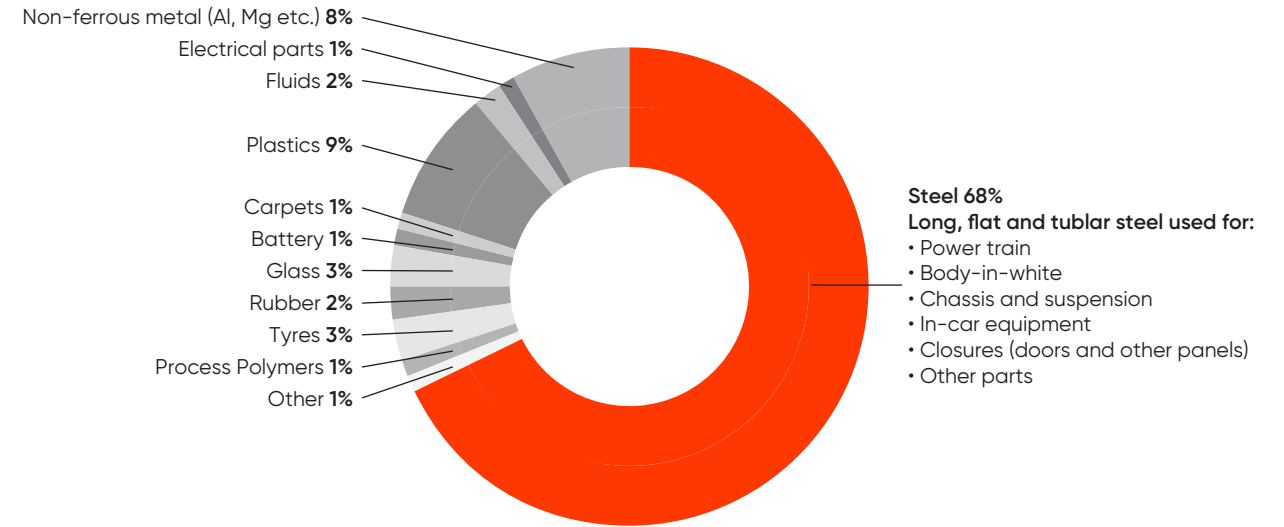
S-in motion® range of solutions

We continue to develop new S-in motion® solutions for automotive customers. Compared with aluminium, our lightweight steel solutions for battery electric vehicles (BEVs) can reduce costs by as much as 45% and CO₂ emissions by up to 58% during the manufacturing process.

A project dedicated to B-segment ('small') BEVs, popular in Europe and China, enabled us to propose new battery pack concepts. We also implemented a project that illustrates the potential of the latest hot-rolled products for chassis applications. And we industrialised new ultra-high-strength solutions offering outstanding combinations of mechanical properties particularly attractive for the rapidly growing battery pack market.

Steel is the dominant material in a car and as automotive evolves, steel will get smarter.

Global breakdown of car materials (by weight)



Source: Cambridge University [▶](#)

Smarter steels have a central role to play in the new world of electrified mobility. Given the inherent strength of these advanced materials, cars today can be both lighter and safer. Steel can also make electric drivetrains more efficient and is perpetually recyclable.

Global R&D Montataire →



Section 2 – Responsible growth – Transforming for long-term growth

Pioneering new products, solutions and business models for a smart transition

Paving the way in the construction transition

Construction is also going through momentous change as it adapts to the demands of decarbonisation. Increasingly our construction customers are requiring detailed specification of Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs) for our products. We are focusing our attention on the higher-value-added products that meet our customers' complete needs.

Steligen[®] – a holistic approach to building design

Our proprietary integrated Steligen[®] solution considers buildings holistically and encourages greater collaboration between architects, engineers, urban planners, real estate developers and construction contractors by delivering a range of facts-based sustainability and cost benefits. As a result, buildings can become more modular and quicker to construct, leading to significant efficiencies, cost savings and carbon reductions, while also creating the potential for reuse and recycling. In 2021, amid rising global prices of construction materials, customers expressed greater interest in using Steligen[®] to reduce costs and optimise the carbon footprint of buildings.

XCarb[™] recycled and renewably produced steels

Steligen[®] solutions are increasingly integrated with our XCarb[™] products in the construction of green buildings. Launched in 2021 their high recycled content and the green energy steelmaking route deliver significantly lower CO₂ emissions. We can offer steel produced with a CO₂ footprint as low as 0.33 per tonne of sections and merchant bars and 0.37 per tonne for the EcoSheetPile[™] Plus brand.

// Our XCarb[™] recycled and renewably produced steels can support the construction industry in meeting more stringent requirements for reducing the embedded carbon footprint of buildings and infrastructure. **//**

Olivier Vassart
Chief executive officer of Steligen[®]

MegaColumn[™]

Our innovative MegaColumn[™] construction concept is being used for the first time in what will be Canada's tallest building, the One Tower. Architects need to minimise the size of vertical structural elements without compromising the economic feasibility of projects. The MegaColumn[™] technical solution brings several advantages: a smaller column footprint; lower prices; enhanced safety and reliability through the minimisation of welding on site and a significant reduction in construction times thanks to off-site fabrication and faster assembly.

A mid-rise office building in the Greater Toronto Area, Canada ↓



A mid-rise office building in the Greater Toronto Area in Canada was virtually designed using steel component construction and contrasted against concrete construction with identical specifications and functionality. Life cycle assessments of the two design scenarios were conducted using the life cycle analysis application tool, winner of the World Steel Associations award for excellence. The steel solution was 48% lighter than the concrete construction, delivered a 9% cost saving and a 36% reduction in embodied carbon.



↑ One Tower, Toronto. Copyright credit: Foster + Partners

Section 2 – Responsible growth – Transforming for long-term growth

Pioneering new products, solutions and business models for a smart transition

Innovating for sustainable manufacturing

Broader pollution and particulates are understandably of concern to communities. The monitoring, tracking and prediction of flue gases and dust emissions are increasingly important and we devote considerable research efforts to addressing these areas. This includes technology for cleaning fumes from stacks, reducing dust diffusive emissions, cleaning water discharges and solving water scarcity issues.

Using cutting-edge laser scanning we can now find the origin of emissions and start to predict how they may develop given variables of production metrics, meteorological conditions and other variables. This then enables appropriate preventative or mitigating measures to be put in place such as de-dusting and advanced filtration.

We are looking for alternative uses for the waste slag that is produced during steelmaking, in order to facilitate a more circular approach. In 2021, we made considerable progress in developing a roadmap for our operations in Kazakhstan. Our R&D team collaborated with Nazarbayev University and defined three potential applications for asphalt agglomerates, winter abrasives and railway ballasts. This work will continue in 2022.



The project to characterise the steel slags produced and stored is important for the entire environmental community, for scientific potential, and for the economy of Kazakhstan. //

Ilesanmi Adesida

Nazarbayev university provost

In 2021, ArcelorMittal also launched research projects to investigate the steel co-products that will be generated in the new decarbonised steel routes. The aim is to design and develop the new valorisation routes to eliminate waste with the continuous flow of materials in the economy.

Seizing the potential of 3D printing

Additive manufacturing and 3D printing will be transformative across all industrial and manufacturing sectors including the steel industry. During 2021, we progressively increased the adoption of the use of 3D printed parts in our operations, and The Steel Printers (a joint-venture between ArcelorMittal and Frankstahl) is now present in four countries where it produces parts for our plants.

As 3D technology matures it will increasingly impact the way we all do business. Our intention is to be a key player in the supply of powders and wires to the additive manufacturing industry. Significant progress has already been made in the ATOM project, aiming at producing our first powders for additive manufacturing in 2023. We see huge opportunities in the integration of science in AI and additive manufacturing for delivering a whole new generation of solutions for clients particularly in the automotive industry, that answer their demands for reduced numbers of parts, more robust composition and streamlined manufacturing processes.

Case study

ArcelorMittal and Nebrija University partner to develop revolutionary lightweight steel motorbike chassis with 3D printing technology

In collaboration with Nebrija University in Spain, we have used our growing 3D printing expertise to produce a revolutionary new steel chassis for the motorbike world. Weighing just 3.8 kg, compared with 5 kg or more of a typical chassis, it combines the mechanical properties of steel with the lightweight characteristics more typically associated with aluminium or titanium. It has been made possible through designing a completely hollow geometrical skeleton and the use of additive layer technology. Managing to

make steel components lighter than those made of aluminium or titanium, while controlling the cost is a challenge that Sergio Corbera, Head of the Motor Engineering department at Nebrija University says “seems simple but is enormously complex”.

It opens the way to developing very lightweight steel solutions in a whole range of manufacturing applications.



Lightweight steel motorbike chassis ↑ with 3D printing technology

Section 2 – Responsible growth – Transforming for long-term growth

Pioneering new products, solutions and business models for a smart transition

The role of Life Cycle Assessment (LCA) and Environmental Product Declarations (EPDs) in smarter steel applications

Life Cycle Assessments

Innovation extends to our expertise in LCA which establishes the full environmental impact of a product throughout its entire life cycle from raw material extraction and transformation to delivery, use and disposal. Steel already regularly outperforms competing materials such as aluminium or concrete in LCA terms. Focusing on LCA we can analyse all the component parts and processes of a product's journey, such that we can improve efficiencies and enhance its overall environmental performance, thereby producing a better result for our customer and further outcompeting other products and materials.

Our expertise in LCA is an important R&D asset and we have accumulated over 15 years' of experience. In 2021, we undertook a total of 37 LCA studies related to steel products and the processes used to produce them, all guided by the relevant international standards (ISO 14040-44). We are members of the CIRAIG International Lifecycle Chair and a member of the Product Social Impact Assessment Partnership.

Environmental Product Declarations

Environmental Product Declarations (EPDs) are transparent, objective evaluations of the potential impact of products on people and the planet. They are becoming increasingly important in the specification of products and decision-making in supply chains. Information communicated in an EPD is based on LCA methodology and is aligned with the LCA standards (ISO 14040 & 14044) and also specific to EPDs ISO 14025 and EN 15804. An EPD effectively summarises the environmental performance and impact of different materials or products over the course of their lifetime. They are particularly applicable to the construction industry, where they support carbon emission reduction by making it possible to compare the impacts of different materials and products to select the most sustainable solution at building level. EPDs help to achieve credits in certification schemes such as LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Methodology).

In 2021 we issued four EPDs, including the first two EPDs for XCarb™ recycled and renewable produced steel solutions, one for the EcoSheetPile™ Plus brand and one for our structural steels used in construction and infrastructure.

Final inspection of part made by wire and arc additive manufacturing →



Section 2 – Responsible growth

Our roadmap to net-zero




Decarbonising the global economy and mitigating the impacts of climate change is fundamental to a sustainable future. The size of the global challenge presented at the COP26 conference in Glasgow in November 2021 has further raised expectations on businesses and governments to demonstrate greater ambition on the transition to net-zero and to accelerate progress. It is now one of our most material issues, with increased scrutiny on both targets and performance.

For ArcelorMittal this represents a huge transformation in how we operate and requires the full integration of climate considerations into the way we run our company, both strategically and operationally. We made significant progress in 2021 by developing our low carbon product portfolio, investing in new technologies, setting out our new 2030 carbon emissions reduction targets and developing our roadmap to achieve net-zero steelmaking.


Our decarbonisation strategy

New, more ambitious targets

We intend to be leaders within the steel industry in terms of target-setting, performance and disclosure. In July 2021, we published our Climate Action Report 2  in which we set out our new target to reduce carbon emissions intensity by 25% globally by 2030, and by 35% (increased from 30%) in Europe. Both targets cover Scopes 1 and 2 for steel and mining per tonne of crude steel.

The 2030 group carbon emissions intensity reduction targets reflect the unequal pace of change of the world's decarbonisation journey. In Europe and Canada, where the promise of supportive policy is more advanced, we can be more ambitious. In other regions, the pace of change is likely to be slower as the regulatory system is less evolved. Policymaking has a crucial role to play, and we will continue to advocate for policies that support the acceleration of this transition.



Decarbonisation is one of our most material sustainability issues, and we intend to be leaders within the steel industry in terms of target-setting, performance and disclosure. 

Nicola Davidson

Vice president, head of corporate communications and corporate responsibility

Group target of a

25%

reduction in CO₂e emissions intensity by 2030 (Scope 1 and 2)

Europe target increased to

35%

reduction in CO₂e emissions intensity by 2030 (Scope 1 and 2)

Section 2 – Responsible growth

Our roadmap to net-zero

Setting out our roadmap to net-zero

In 2021, we set out our roadmap to net-zero by 2050. The roadmap envisages five key levers that act as stepping stones towards the 2050 goal. These are:

- A. Steelmaking transformation
- B. Energy transformation
- C. Increased use of scrap
- D. Sourcing clean electricity
- E. Offsetting residual emissions

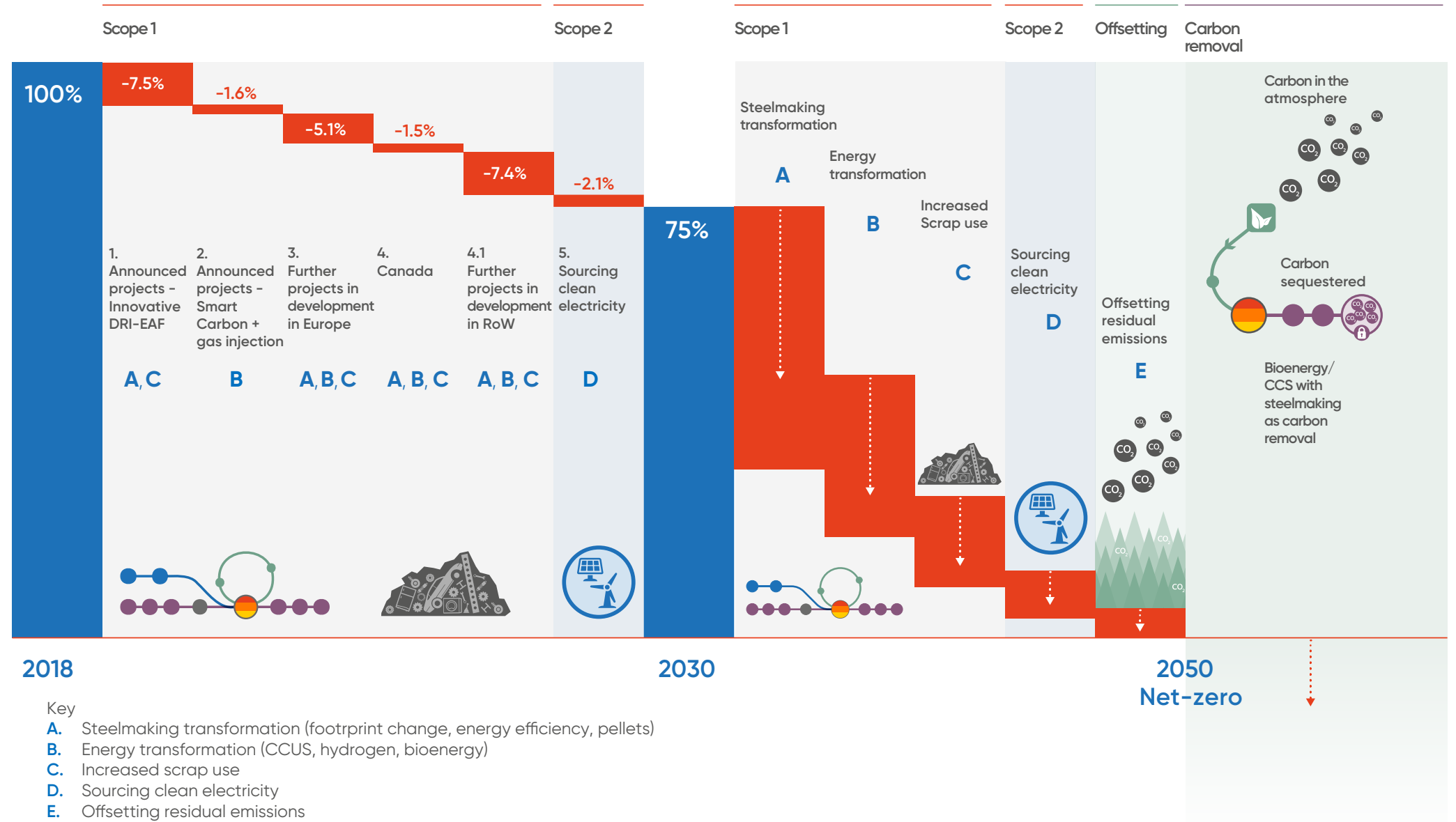
The waterfall chart shows a breakdown of the 25% global reduction in CO₂e emissions intensity we are targeting, taking into account announced projects and initiatives we expect to announce in the coming years.

Our assumptions behind our targets

For the purpose of setting our group target, we have made a key set of assumptions as a base case:

- The cost of green hydrogen will become increasingly competitive over the next decade but will still require government support
- Carbon capture, utilisation and storage infrastructure will take time to be built at scale. While Europe is expected to take the lead, CCUS infrastructure has the potential to expand quickly in the US and Canada – providing some potential upside to our assumptions
- Different regions of the world will continue to move at very different paces and the level of climate ambition will differ between jurisdictions at any given time
- The introduction of climate-friendly policies in other regions will be 5-10 years behind Europe
- As it has been reported, 2050 may not be a realistic net-zero target for developing economies, which may mean emissions do not peak until 2030.

The waterfall chart 2030-2050 breakdown is for illustrative purposes only



Further detail on each of these five levers can be found on page 12 of our Climate Action Report 2021

Section 2 – Responsible growth

Our roadmap to net-zero

Pursuing new technology pathways

We are adopting a multi-pronged approach to decarbonisation, having developed the industry's broadest and most flexible suite of low-emissions steelmaking technologies and integrating them into two pathways, Innovative-DRI and Smart Carbon. Both these pathways hold strong potential to deliver carbon-neutral steelmaking. A third pathway – direct electrolysis of iron – is in the research and development phase and showing good potential.

We have made considerable progress in developing these two more immediately viable routes. Whilst they are not yet commercially competitive, the expectation is that over time these technologies will become more competitive as the cost of carbon increases around the world, and the technologies themselves mature and become more efficient. We envisage that this will take at least ten years and in the transition period support will be required, enabling us to manage the required capital spend against the longer-term returns. That is why we are asking for public funding support for around half of our estimated \$10 billion capex programme to achieve our 2030 group target, as well as support on operating costs in the short to medium term.

Innovative DRI-EAF

Existing natural gas based DRI technology can be transitioned to use hydrogen as the main energy and reductant, thereby emitting significantly less emissions. This is seen as a major enabler that will help the steel industry to achieve net-zero by 2050.

As the availability of renewable and low-carbon electricity increases, the production of affordable, industrial-scale green hydrogen to supply DRI-EAF plants becomes more viable. Reflecting the commitment in Europe and Canada to prioritise

green hydrogen production and infrastructure at competitive prices, our approach to date is largely focused on the Innovative DRI pathway. We are accelerating our Innovative DRI investment through the following projects:

Innovative DRI-EAF projects

See Climate Action Report 2 [▶](#) and ArcelorMittal website [▶](#) for details of projects.

Sestao & Gijon, Spain	It will become world's first full-scale zero-carbon emissions steel plant by 2025. €1 billion MoU with the Spanish government for investment in hydrogen DRI plant and hybrid electric arc furnace to produce 1.6Mtpa. 50% reduction in carbon emissions within next 5 years. Strategic alliance with HyDeal España to deliver competitive renewable hydrogen to our operations.
Hamburg, Germany	Testing hydrogen DRI instead of natural gas in Europe's only DRI-EAF plant and carbon-free DRI in EAF steelmaking process. Aiming for 100,000 tonnes of DRI per year by 2025. Supported by planned €55 million investment from the German federal government.
Fos-sur-Mer, Dunkirk & Mardyck	Investment of €1.7 billion in decarbonisation of both sites with EAF at Fos-sur-Mer and 2.5Mt DRI unit and additional EAF at Dunkirk. Operational by 2027, it will reduce company's carbon emissions in France by around 40% by 2030. Investment of €300 million in Mardyck to produce electrical steels for industry and electromobility. Scheduled to start up in 2024. Supported by the French government. Partnering with Air Liquide: implementing solutions to produce low-carbon steel in Dunkirk by combining a Direct Reduction Plant with arc furnaces, expected to produce 2Mt of hot metal/year, using low carbon hydrogen. Planned for 2025.
Ghent, Belgium	€1.1 billion investment in 2.5Mt DRI plant and 2 EAFs. Letter of Intent with governments of Belgium and Flanders to invest in Ghent's decarbonisation. The DRI plant and electric furnaces will operate alongside modified BF taking waste wood and plastic as fossil carbon substitute. Planned carbon emissions reduction of 3.9Mtpa by 2030.
Hamilton, Canada	Joint investment with governments of Canada and Ontario of CAD\$1.8 billion in decarbonisation to transition to DRI-EAF from BF-BOF. Will reduce Hamilton's carbon emissions by 60% by 2028.
Contrecoeur, Canada	2022 test of hydrogen injection in DRI plant.

Smart Carbon

Smart Carbon also has the potential to achieve zero-carbon emissions steelmaking by harnessing circular, sustainable bioenergy (forestry and agriculture residues), other biomaterials (waste plastics) and carbon capture, utilisation and storage (CCUS). These are technologies that the International Energy Agency and the UN Intergovernmental Panel on Climate Change see as critical to achieving net-zero by 2050. Crucially, Smart Carbon gives us flexibility to adjust our carbon emission reduction plans to local steelmaking conditions.

We are constructing several commercial-scale projects to test and prove a range of Smart Carbon technologies:

Smart carbon projects

See Climate Action Report 2 [▶](#) and ArcelorMittal website [▶](#) for details of projects.

Torero, Ghent, Belgium	€55 million construction of demonstration plant to convert waste wood into renewable energy through torrefaction. Two reactors will produce 40,000 tonnes of biocoal annually as a replacement for coal in the Ghent plant commencing 2022.
Carbalyst[®], Ghent, Belgium	€180 million investment in an industrial scale plant using Carbalyst [®] technology to capture steelmaking waste gases to produce bioethanol. Expected production of 80 million litres of bioethanol with sales of €75 million per year commencing 2022.
3D, Dunkirk, France	Pilot project at Dunkirk to capture CO ₂ off-gases, for transport and/or storage. Its goal is to lower CO ₂ capture costs versus alternative technologies. Roll out of technology would be dependent on development of transport and storage infrastructure.

Section 2 – Responsible growth

Our roadmap to net-zero

Launch of XCarb™ low carbon products and initiatives

In 2021, we launched our proprietary strategic low carbon brand, XCarb™. It brings together all of ArcelorMittal's reduced, low and zero carbon emissions products and steelmaking activities, as well as wider initiatives and green innovation projects, into a single effort focused on achieving demonstrable progress towards net-zero steel.



XCarb™ green steel certificates

Our progress enables us to pass our carbon emission reductions onto customers for the first time via an independently audited certification scheme. In 2021, our XCarb™ green steel certificates sales reached 0.1Mt, and we are targeting 0.6Mt run-rate by end of 2022 as we continue to drive down emissions following investments in new technologies.

An independent auditor verifies the tonnes of carbon savings achieved through the company's investment in decarbonisation technologies in Europe, in accordance with the GHG Protocol Project Accounting standard. These savings can be passed on to customers in the form of verified certificates. They can then use those to report an equivalent reduction in their Scope 3 emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

XCarb™ recycled and renewably produced

XCarb™ recycled and renewably produced products are made via the EAF route using scrap steel and 100% renewable energy. By using only scrap steel and renewable energy, XCarb™ recycled and

renewably produced products have an extremely low CO₂ footprint that can be as low as approximately 300kg of CO₂ per tonne of finished steel when the metallics are 100% scrap. The electricity used in the steelmaking process is independently verified, with a 'Guarantee of Origin' given that it is from renewable sources.

XCarb™ innovation fund

The ArcelorMittal's XCarb™ innovation fund is supplementary to the numerous technologies the company is already developing and deploying across its operations. It is intended to invest in companies developing breakthrough technologies with the potential to support and accelerate the transition to net-zero carbon steelmaking.

ArcelorMittal has made five commitments totalling \$180 million from its XCarb™ innovation fund to date:

Heliogen – unlocking the power of sunlight to replace fossil fuels	Invested an initial \$20 million in renewable energy technology company Heliogen. Its technology will harness solar energy by using a field of mirrors which will act as a multi-acre magnifying glass to concentrate and capture sunlight. The sunlight will then be subsequently converted into heat (HelioHeat™), electricity (HelioPower™) or clean fuels (HelioFuel™).
Form Energy – scaling low-cost and reliable battery technology	Committed \$25 million in Form Energy working to accelerate the development of its breakthrough low-cost energy storage technology to enable a reliable, secure, and fully-renewable electric grid year-round. It has recently unveiled a new iron-air battery which is low cost, has multi-day reliability, is scalable; and can be sited anywhere.
Breakthrough Energy's Catalyst programme – driving adoption of next-generation clean technologies	Committed to an equity investment of \$100 million over the next five years. Founded by Bill Gates, Breakthrough Energy is committed to scaling the technologies the world needs to reach net-zero emissions by 2050. The programme will initially focus on four decarbonisation technologies: direct air capture, green hydrogen, long-duration energy storage and sustainable aviation fuel.
LanzaTech – carbon recycling	Expanded our partnership with LanzaTech, with a \$30 million investment. Using LanzaTech's gas fermentation technology, which captures carbon-rich waste gases from the steelmaking process and converts them into sustainable fuels and chemicals. It is also developing technology to convert captured emissions into a range of other chemical building blocks to make useful materials, such as textiles, rubber, and packaging.
H2Pro – disruptive hydrogen production technology	Invested \$5 million as part of a \$75 million Series B fundraise, with other investors including Temasek, Horizons Ventures, Breakthrough Energy Ventures and Yara. H2Pro is developing a disruptive way of producing hydrogen from water. It is expected to prove more cost-effective than traditional electrolysis, with capex costs anticipated to be broadly halved, alongside lower operational costs.

Further details on these investments are available on our website here [▶](#).



↑ The longest cycle bridge in Europe is being made with our XCarb™ recycled and renewably produced steel and will link Ville d'Esch-sur-Alzette and Esch-Belval in Luxembourg* Administration des ponts et chaussées Luxembourg

Branded products with reduced emissions and low-embedded GHG emissions

0.1Mt of XCarb™ green steel certificates sales reached in 2021, targeting 0.6Mt run-rate by end 2022

XCarb™ Innovation Fund investments in five technology partnerships

Section 2 – Responsible growth

Our roadmap to net-zero

Climate governance and risk management Structures and decision-making

Our climate-related activity and progress is overseen by a robust governance structure that includes an executive-level Climate Change Committee and Board-level Sustainability Committee chaired by an independent non-executive director. The Board has now decided to link the achievement of our 2030 group carbon emissions target to executive remuneration, with decarbonisation targets now part of the performance criteria for vesting of the performance share units in the long-term incentive plan.

In terms of investment decision-making, each major capital expenditure project proposal is required to demonstrate its carbon impact to the Investment Allocation Committee (IAC). The IAC considers both the potential future carbon cost as well as the capital cost of decarbonisation, to maximise our chances of achieving our targets while ensuring each project is economically justifiable and earns its cost of capital.

TCFD-aligned risk management

In 2021, we reviewed and reported on our climate risks and opportunities in our Climate Action Report 2 which was our initial response to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2022, we have taken further expert advice to assess the resilience of the business against different transition and physical climate scenarios, so that our business can consider the potential financial implications in more detail, inform our strategy and manage our transition and physical climate risk exposure. The first phase of this project will establish initial, high-level conclusions in 2022.

Reporting and disclosing our climate performance and actions

Investor benchmarks and frameworks

The finance community is increasing its scrutiny of companies' carbon emissions reduction commitments and performance, with many investors seeking to align their portfolios with the goals of the Paris Agreement, often using third-party ratings and proxies in order to do so. The longest standing of these are the Carbon Disclosure Project (CDP) Climate survey, which incorporates the recommendations of the TCFD, and the Science-Based Targets Initiative (SBTi).

Climate Action 100+

As a coalition of institutional investors, Climate Action 100+ has developed a common approach to engaging companies in hard-to-abate sectors on their response to climate change. We have engaged with the coalition since 2018. In March 2020, Climate Action 100+ released its Net-Zero Benchmark covering not only targets but plans and policies. Over the two cycles of the benchmark published to date, we have improved our alignment and are working towards full alignment with the benchmark.

The Center for Climate Aligned Finance (CCAF)

CCAF aims to define collective agreement on how banks assess steel companies' decarbonisation progress for use by the Net Zero Banking Alliance. We have liaised with CCAF on those aspects of the Net Zero Steel Pathway Methodology Project (NZSPMP) where the thinking has been provided by ArcelorMittal: the need to ensure that any Paris Agreement aligned trajectory firstly considers the limits on global scrap supplies and so drives the decarbonisation of primary steelmaking and secondly draws a clear and consistent boundary around the emissions considered.

Climate Action 100+ Net-Zero Benchmark published in March 2022, with our own assessment

Benchmark indicator	Climate Action 100+ assessment	ArcelorMittal self-assessment	Explanation
Net-zero greenhouse gas emissions by 2050	●	●	In September 2020, ArcelorMittal made a commitment to achieve carbon-neutral steelmaking by 2050.
Long-term (2036-2050) greenhouse gas reduction targets	●	●	ArcelorMittal's net-zero target covers 95% of its greenhouse gas emissions from steelmaking.
Medium term (2026-2035) greenhouse gas reduction targets	●	●	ArcelorMittal has published 2030 and 2035 targets for its global operations. We believe these are in line with the IEA Net-zero 2050 scenario for steels.
Short term (up to 2025) greenhouse gas reduction targets	●	●	ArcelorMittal has published a 2030 target for CO ₂ emissions reduction.
Decarbonisation strategy	●	●	ArcelorMittal has outlined its decarbonisation strategy and roadmap to meet its medium and long-term CO ₂ targets and quantified the reductions from different sources.
Capital allocation alignment	●	●	ArcelorMittal's Investment Allocations Committee ensures its capex decisions do not disable the company from achieving its Paris Agreement aligned CO ₂ reduction targets.
Climate policy engagement	●	●	ArcelorMittal supports climate policy that facilitates our sector's alignment with the Paris Agreement and commits to ensuring all company and our engagement with the policymakers is consistent with this position.
Climate governance	●	●	ArcelorMittal has clear board oversight for the delivery of its CO ₂ e targets. The Group's 2030 target is now linked to executive remuneration.
TCFD disclosure	●	●	ArcelorMittal has committed to implement TCFD recommendations. Its analysis is based on the outcomes of policy/technology scenarios to test the opportunities for CO ₂ reduction, rather than temperature scenarios to test its operational resilience. Additional project to assess resilience of the business against different transition and physical climate scenarios will be finalised in 2022.

CDP and ACT

CDP Climate (and also CDP Water and CDP Forests) aim to provide investors with a signal of the level of progress a company has made in its response to climate change and related aspects of sustainable development, by rating a company based on its response to a detailed survey. We received B score in the 2021 CDP Climate Change assessment.

Reporting Scope 3 emissions

To be truly net-zero, we understand that we must address Scope 3 emissions alongside our Scope 1 and 2 emissions. We are working to expand our coverage of and improve the quality of our Scope 3 data, so that we can analyse and report on these emissions more completely in future. This involves interacting closely with our upstream and downstream supply chains and transport networks to establish holistic carbon emissions from our entire value chain.

Section 2 – Responsible growth

Our roadmap to net-zero

Requirement for supportive climate policies

Policy has a key supporting role to play in transitioning the global economy to net-zero. Policy is required to address not just the significant capital expenditure needed to transition to the new zero carbon-emissions technologies, but also the considerably higher operating costs associated with these technologies in their early stages of implementation. Policy instruments such as contracts for difference, used so effectively in enabling the renewable energy industry to become competitive, will play an important role in ensuring a level playing field during the transition period. ArcelorMittal intends to actively and directly engage with policymakers and organisations that advocate for the policies and conditions that will enable steel to accelerate and achieve its net-zero transition globally while remaining competitive. We believe that policy instruments need to deliver five market conditions to ensure that low and zero carbon-emissions steelmaking is at least as competitive as higher carbon-emissions steel:

1. Measures to incentivise the transition to low and zero carbon-emissions steelmaking.
2. A fair competitive landscape that accounts for the global nature of the steel market, ensuring domestic production, import and exports are subject to equivalent GHG reduction regulations and incentives, such as a fairly and internationally applied Emissions Trading Scheme (ETS).
3. Financial support to innovate and make long-term investments and neutralise the higher operating costs of low and zero carbon-emissions steelmaking.
4. Access to sufficient clean energies at affordable price levels.
5. Incentives to encourage the consumption of low and zero carbon-emissions steel over higher carbon-emissions steel.

Working and collaborating with industry, civil society and policymakers

We are committed to playing a leading part in the steel industry's role in decarbonisation. This means we need to actively engage with the rest of the industry, public organisations, NGOs and policymakers. Standards for low-CO₂ steel and responsibly sourced steel are vital to ensuring steel fulfils its potential to underpin the transition to a circular low carbon global economy. Collaboration and partnerships are critical to drive positive change and enhance understanding of differing perspectives.

Beyond these initiatives, we are actively advancing the climate change regulation agenda in all jurisdictions, also focusing on developing significant traction between industry advocacy platforms and governments (for example via Eurofer and Canada).

Collaborations & partners

With these partners and memberships, the group will continue to step up advocacy efforts for policies that support the acceleration of the steel industry's climate transition, addressing the fact that both capex and opex costs will be significantly higher, at least in the short to medium term. This includes developing clean energy infrastructure, securing public funding support and addressing the carbon leakage resulting from the unequal regional pace of change in a globally traded steel market.

Our carbon performance in 2021

We are committed to our **global target KPI** – reducing our CO₂e intensity of our steel and mining operations (Scopes 1 and 2) – by 25% by 2030. However, in 2021, our global target KPI was 2.04tCO₂/tcs, similar to our 2018 baseline. Significant reductions are only likely to be made with the successful deployment of steelmaking and energy transformation projects. Fluctuations in this KPI since 2018 have been largely caused by volatility in methane levels in our Kazakhstan mines (per tonne crude steel). These mask smaller improvements in our steel operations.

In order to view the trend for **CO₂e intensity of steel** only, we also report this data since 2018 in the table below, adjusted for structural changes to our portfolio (e.g. exclusion of ArcelorMittal USA,

Acciaierie d'Italia, ex ArcelorMittal Italia, AM/NS Calvert). This shows a reduction of 1.5% since 2018, from 2.05tCO₂e/tcs to 2.02 tCO₂e/tcs.

For our European target KPI – CO₂e intensity of our steel operations (Scopes 1 and 2) we saw a 2.4% improvement in 2021, down to 1.66tCO₂e/tcs from the 2018 baseline of 1.70tCO₂e/tcs.

The adjusted **absolute emissions** that correspond to our global target KPI (Scope 1 and 2, steel and mining) increased by 12.8% compared with 2020. This is due to a corresponding increase in steel production on a like for like basis, accounting for structural changes e.g. exclusion of ArcelorMittal USA, Acciaierie d'Italia (ex ArcelorMittal Italia) and AM/NS Calvert, as shown in the adjusted steel production figures in the table below.

Metric	Unit	Scope + perimeter	2018	2019	2020	2021	Target % improvement 2018-2030	2030 equivalent
Adjusted absolute CO ₂ e footprint ¹	Million tonnes	ArcelorMittal Scope 1+2	151.5	144.3	122.9	138.6	–	–
Adjusted absolute CO ₂ e footprint ¹	Million tonnes	Europe Scope 1+2	67.4	63.8	51.2	59.2	–	–
Adjusted crude steel production ¹	Mt	ArcelorMittal	74.5	70.5	58.2	67.9	–	–
Adjusted Group CO ₂ e intensity target KPI ¹ (steel and mining)	tCO ₂ e/tonne of steel	ArcelorMittal Scope 1+2	2.03	2.05	2.11	2.04	25%	1.52
Adjusted Europe CO ₂ e intensity target KPI ¹ (steel)	tCO ₂ e/tonne of steel	Europe Scope 1+2	1.70	1.71	1.68	1.66	35%	1.11
CO ₂ e intensity steel only ²	tCO ₂ e/tonne of steel	Steel Scope 1+2+ limited scope 3	2.09	2.15	2.07	2.02	–	–
Adjusted CO ₂ e intensity ² steel only	tCO ₂ e/tonne of steel	Steel Scope 1+2+ limited scope 3	2.05	2.05	2.04	2.02	–	–

1 These figures have been adjusted for structural changes to the ArcelorMittal portfolio in the previous 12 months, and reflect emissions and production for ArcelorMittal's site portfolio as at December 2021 to enable a like for like annual comparison.
 2 This indicator includes those emissions from purchased goods that a steelmaker would normally be expected to produce, such as coke, slabs, burnt lime in order to maintain a consistent system boundary and so a like for like comparison – see the Basis of Reporting for more explanation.

Section 2 – Responsible growth – Sustainability leadership

ResponsibleSteel™ – underpinning improved ESG performance

We started working with ResponsibleSteel™ in 2015 to develop a credible platform for standards certification in the steel industry that went beyond existing cross-sectoral technical accreditations such as ISO 9001. We were looking for a system that also addressed environment, health and safety, energy, social, community, labour and other multi-stakeholder considerations. ResponsibleSteel™ now fully encompasses this holistic standards perspective. As such, we see our compliance with it as a powerful pivot to the future of responsible, smarter and greener steelmaking. Beyond this we now recognise its power to drive forward how we operate as a business, employing a more integrated systems way of thinking and interacting, breaking down silos, bringing our teams together to address issues and challenges, and building value in our brand and products.

In our mining business, we are working in a very similar way with IRMA, the Initiative for Responsible Mining Assurance, to deliver the same credible validation for our many stakeholders.

In 2022, ArcelorMittal was recognised as a Sustainability Champion by worldsteel for its outstanding sustainability efforts and performance in 2021.

ResponsibleSteel™ is the steel industry's first global multi-stakeholder standard and certification initiative. ArcelorMittal is a founder member and has played a pivotal role in establishing it. The initiative now involves over 100 members, including steel producers, customers, NGOs, mining majors, financial institutions and industry bodies.

In 2019, ResponsibleSteel™ published its first certification standard for steelmaking sites based on 12 environmental, social and governance principles. This global, multi-stakeholder standard addresses everything from health and safety to biodiversity. Preparing for the rigorous audit process can take over a year and involve self-assessment against more than 400 requirements. Members using the standard are able to reassure customers and other stakeholders of the credibility of social and environmental management of their steel operations.

A global first in ResponsibleSteel™ certification

In 2021, nine ArcelorMittal plants in Belgium, Germany and Luxembourg became the first sites globally to become ResponsibleSteel™ certified. In early 2022, we also achieved certification at one of our plants in Brazil. Focus has now shifted to the certification of the

remainder of our steel plants in Europe and Brazil. We have also started self-assessment at NAFTA sites.

We see the standard as a major differentiator, defining the quality, provenance and reduced impacts of the steel coming from our certified sites. The next step is to take this differentiation into our product portfolio, so we have been actively engaged in a ResponsibleSteel™ initiative to create a 'Certified Steel' product standard to complement the existing 'Certified Site' standard. The final product standard is expected to be released by mid-2022.

Our leading role with ResponsibleSteel™, along with certification for our own sites, demonstrates our commitment to going 'beyond compliance' and yields significant internal and external benefits. It gives us advantage when competing for market share and enhances relations with our customers, particularly in automotive, renewable energy and construction industries.

Setting responsible mining standards with IRMA

Within our mining operations we are pursuing the same approach through our membership of the Initiative for Responsible Mining Assurance (IRMA). IRMA is a leading multi stakeholder standard-setting organisation focused on more socially and environmentally responsible mining. Our mining operations in Canada, Liberia, Brazil, Mexico have started the IRMA self-assessment process and are working towards achieving the first level of the certification pathway by end 2025.

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

In 2021, ArcelorMittal won the Supplier Sustainability Award at Ford Motor Company's World Excellence Awards.

“ Ford Motor Company's World Excellence Awards recognise our top-performing suppliers around the world for helping bring the Ford+ plan to life. Suppliers like ArcelorMittal are key to Ford's continued success as we leverage foundational strengths to build new capabilities and enrich customer experiences. ”

Hau Thai-Tang
Chief product platform and operations officer of Ford

quality, rigorous assessment tools that help us demonstrate how we're managing social and environmental performance at our mines. Both IRMA and TSM have been formally recognised by ResponsibleSteel™ as meeting the criteria for its 'certified steel' responsible sourcing requirements expected to be released in mid-2022.

Earning our licence to operate and engaging with stakeholders

Our work with ResponsibleSteel™, IRMA and TSM demonstrates our willingness to drive industry-wide standards and solutions. Gaining credible verification against these standards provides assurance to our customers and stakeholders of our licence to operate. Certification and compliance is about taking a more outward-looking view of our business, and how we impact the society around us. Implementing world-class standards of ESG has proven to improve key stakeholders' perceptions of our business. It is helping us to make better, long-term decisions and thereby build and protect value for the future.

Section 2 – Responsible growth – Sustainability leadership

ResponsibleSteel™ – underpinning improved ESG performance

The ResponsibleSteel™ audit process

Hanna Piorkowska, Support manager site management, ArcelorMittal Belgium, shares her experience of the ResponsibleSteel™ audit.

“We were the first ArcelorMittal sites to go through the ResponsibleSteel™ audit process for site certification. This was a tremendous opportunity for the company but we were also a test case for ResponsibleSteel™ so it was quite daunting.

When the audit process started, we assembled an internal team of eleven process owners and site coordinators who would lead and coordinate the assessment and audit. The process focuses on our relationship with the outside world, and with external stakeholders.

Next, we completed an internal gap analysis to identify potential weaknesses in each of the 12 ResponsibleSteel™ principles, and against considerations including: strategy (including governance, compliance and risk management); people development and employee experience; continuous improvement; energy and environment; sourcing of products and services; and occupational health and safety.

After three weeks of intensive work, we were ready for the stage one audit. The certification team from AFNOR, an independent standards organisation, conducted the initial, one day-audit, followed by the longer one-week stage two audit that included visits to all ArcelorMittal Belgium sites. The auditor conducted interviews

with many of our external stakeholders and employees to gauge people’s perceptions of the business and how it operates.

After each audit, the auditor provided a report listing our minor non-conformities, any opportunities for improvement, and ‘strong points’. This generated a lot of work for the team as we had to provide root cause analysis and proposals of corrective action plans for every non-conformity to the auditor.

The final audit report was submitted by the auditor to the ResponsibleSteel™ assurance panel for final checking. A surveillance audit takes place around 18 months after certification is received to check if the non-conformity gaps have been closed in line with the proposed actions plans and if the site continues to meet the requirements of the ResponsibleSteel™ standard.

We’ve all learned a lot during the audit process – including the importance of listening to our diverse group of stakeholders – are incredibly proud of our achievement. We’ve also used issues raised during the audit process to make improvements elsewhere in our business. It’s great to know that ArcelorMittal manages social topics with the same systematic rigour with which quality, environment and safety topics are handled.”



ResponsibleSteel™

The steel industry’s first global multi-stakeholder standard and certification programme. ArcelorMittal is a founding member and has been instrumental in the development of global standards for the steel value chain. ArcelorMittal is a founding member with a seat on the Board.



IRMA (the Initiative for Responsible Mining Assurance)

The mining industry’s first global multi-stakeholder standard and certification programme. ArcelorMittal sits on the Steering Committee.



Toward Sustainable Mining (TSM)

A sustainable mining standard established by the Mining Association of Canada (MAC) and recognised worldwide. ArcelorMittal has been implementing TSM protocols since 2004.

Building a responsible supply chain

Our commitment to ESG reassurance covers our entire steel supply chain. One of the benefits of being a vertically integrated steelmaker is that we supply around two-thirds of our iron ore needs – giving us the ability to manage the social and environmental performance at our own mines. We also work closely with suppliers of iron ore and other raw materials that we purchase to support the wider adoption of higher standards.

To create a responsible value chain, we want to source raw materials from suppliers whose policies and practices are aligned to the standards we apply to ourselves. This means encouraging raw material suppliers to work towards robust mining certification schemes – such as IRMA and TSM – that are recognised by ResponsibleSteel™. To facilitate this process for suppliers we revised our Code for Responsible Sourcing to include explicit references and targets relating to our commitment to ResponsibleSteel™, IRMA and other industry initiatives.

The Code was established in consultation with customers, suppliers, peer companies and NGOs. It covers health and safety, human rights, labour

standards, business ethics and environmental management. Every year, we assess several of our largest suppliers against our Code. We also ask suppliers to complete self-assessment questionnaires, backed by supporting evidence. We may also conduct a site visit to identify potential breaches of the Code and agree on a timeline and process for mitigating them. Any new suppliers are required to commit to the terms of our Code and adopt practices in line with ResponsibleSteel™ or equivalent standards.

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.

With the new ‘European Due Diligence Act’ and German ‘Act on Corporate Due Diligence in Supply Chains’ we are reviewing our management systems, policies and standards to ensure we comply with these new requirements.

Strengthening our environmental stewardship

Port Cartier ↑



While sustainability and the environment have always been at the heart of our strategic thinking, the challenges of Covid and the imperative to decarbonise have increased our focus on these priorities. //

Anne van Ysendyck

Vice president,
head of government affairs and environment

In 2021, ArcelorMittal's IAC has approved expected capital expenditures totalling

\$565 million

for 40 projects with environmental benefits

New five year environment plans underpinning improvement programme

We aim to be a trusted user of resources and assure our local communities and broader stakeholders that we are responsible stewards of the environment.

To achieve this aim, we know we need to continue to strengthen our overall environmental strategy, investment and governance. Last year, our Investment Allocation Committee (IAC) approved expected capital expenditures totalling \$565 million for 40 projects with environmental benefits. We have also put in place more robust measurement and monitoring.

Our environmental experts in diverse fields meet on a quarterly basis to share best practice and discuss matters related to environmental governance. Each quarter the network focuses on one particular issue for deeper discussion and analysis.

Perhaps most critically, we have committed to establish comprehensive and accountable five-year environmental improvement plans across the business, for all segments and sites, that are integral to their broader business plans and targets.

All our steel business units and their individual sites are now required to prepare these five-year plans. In addition to the compliance and performance monitoring and reporting requirements, ducted dust, SO₂, and NO_x have been selected initially as environmental KPIs. The plans are required to include actions, projects, timelines and expected emission reductions to be achieved by 2025 and then subsequently 2030. Their importance is evidenced by the requirement that they should be fully integral to each business' broader strategic plans.

This will also help ensure we meet the regulatory requirements which are developing rapidly and becoming more stringent. Environmental impacts are coming under greater scrutiny as evidenced by the updated air quality guidelines issued by the World Health Organisation (WHO) in September 2021 and the impending revision of the European Union's Industrial Emissions Directive (EU IED 2010/75/EU).

We are also preparing for the new wave of stakeholder expectations that will emerge from the new Task force on Nature-related Financial Disclosure (TNFD). TNFD is a risk management and disclosure framework for organisations to report and act on nature-related risks and it is expected to launch its final recommendations in late 2023.

Further support to reducing emissions and other impacts is also provided through product development. LCAs and EPDs are becoming a necessity for the specification and validation of our products and services. More detail is found on page 20.

ResponsibleSteel™ and IRMA compliance and certification

We are underpinning our environmental governance through the ResponsibleSteel™ and IRMA certification processes (see page 32) against which we are also testing our social responsibility performance, helping us to verify the robustness of our environmental and stakeholder management systems. This approach enables us to provide greater assurance to our customers, stakeholders and communities regarding issues that matter to them, both globally and locally.

We have 10 sites already certified under ResponsibleSteel™ guidelines with more to come in 2022, read more on page 32.

We have also established an Environmental Compliance Methodology that covers the identification, investigation and mitigation of environmental non-compliances and associated risks. It is based on ISO 14001 and covers environmental compliance at all steel and mining operations across the group, relating to air, water, soil, residues, noise, permits, landfills, monitoring and reporting, among others.

The Board Sustainability Committee and the executive level Sustainable Development Council also review and discuss environmental performance and planning regularly.

Section 2 – Responsible growth – Sustainability leadership

Strengthening our environmental stewardship



Control room of the continuous annealing line, Saint- Chély ↑

Emissions performance 2021

Dust intensity kg/tonne steel

0.62

2020: 0.64
2019: 0.63

NO_x intensity kg/tonne steel

1.11

2020: 1.18
2019: 1.16

SO_x intensity kg/tonne steel

1.82

2020: 1.89
2019: 1.83

Reducing emissions to air

Emissions to air remains one of our most critical issues, especially for the employees and communities in and around our operations.

Last year there has been some improvement in average emissions levels of dust, NO_x and SO_x. We are determined to continue improving our performance. A large share of our emissions come from Kryvyi Rih in Ukraine and Temirtau Kazakhstan. We are therefore making emissions to air a major part of our five-year environmental plans for each site, with detailed planned abatement of ducted dust, SO₂, NO_x. At the same time, we are running pilot programmes to test the effectiveness of automated monitoring equipment aimed at giving us a better oversight of dust emissions and ad hoc emission events with the intention to be rolled out across the priority sites.

Case studies

Air quality improvement projects

Kryvyi Rih, Ukraine

At Kryvyi Rih* we are investing \$1 billion to address the emissions improvement necessary. We have started building a new pellet plant to replace two high-emission sinter plants, and are modernising a third. Together, they represent 75% of the site's total emissions. The new pellet plant will reduce pollution by 78,000 tonnes a year and cut CO₂ emissions by 800,000 tonnes a year.

*Due to the war in Ukraine, there will be delays in the implementation of investments.

Temirtau, Kazakhstan

In addition to already invested \$240 million in the last ten years in environmental projects, we are investing more than \$800 million over the next ten years in environmental projects (part of the \$3 billion investment in Temirtau operations, 2021-2031). The 2025 environmental action plan includes innovative hybrid filter technology at sinter machines, upgrade of emission filters for power plant 1, two new boilers in power plants 1 and 2, a new coke gas cleaning plant, and the replacement of coal with natural gas for our upstream and downstream facilities. Completion of the five-year plan is expected to deliver more than 39% reduction in total dust, NO_x and SO_x per tonne of steel by 2025 from 2018 baseline. Completion of the ten-year plan is expected to deliver 52% reduction of air emissions.

Read more about the investment programme ▶

ArcelorMittal Méditerranée, France

In Fos-sur-Mer, France, a 10-year €100 million investment programme has reduced SO_x and NO_x levels by 45% each and dust emissions by 70%. Several environmental protection units have been commissioned, including to desulphurise coke oven gases and to remove dust at the steel plant furnace, as well as low NO_x burners in the slab furnace of the hot strip mill. In parallel with this programme, we have invested €150 million in fully renovating the coking plant's 126 ovens. Between 2021 and 2023, the site will invest another €50 million in environmental projects.

ArcelorMittal Asturias, Spain

Between 2017 and 2022, we are investing €210 million in environmental upgrades that are expected to reduce the site's diffuse emissions by 50%. This includes installation of bag filter to improve dust collection capacity in the cast house of blast furnace B, collecting and filtering equipment for diffuse emissions in coke oven plant and new gas washing system and revamp of process gas ducts in Aviles steel-shop.

Among other initiatives, we have installed a new €17 million bag filter at sinter plant A. Completed in 2021, it is expected to reduce particulate emissions from the source by 75%, bringing them below 10mg/Nm³.

In addition, we completed a project to introduce coke oven injection in blast furnace B at the Gijón plant. This will reduce CO₂ emissions by 125,000 tonnes a year.

Section 2 – Responsible growth – Sustainability leadership

Strengthening our environmental stewardship

Newcastle, South Africa – storm water treatment project

- \$8 million project to construct 460,000m³ stormwater runoff dam
- Project aims also to reduce the plant's overall water demand
- Includes increased capacity stormwater interceptors
- Integration with existing water treatment facilities
- Due for completion in May, 2023

Safeguarding water resources

Water is a vital resource and we aim to be responsible for the amount we consume and the quality discharged back into the environment. Our work in this area is aligned with the UN's SDG 6 ("Clean water and sanitation"), with particular reference to targets 6.3 (water recycling), 6.4 (water efficiency) and 6.5 (water management). Our net water use, defined as the difference between the water we withdraw and what we discharge, is measured, monitored and managed at each site by a dedicated team. We generally treat and recycle the same intake of water repeatedly, losing it only through evaporation. Withdrawals from groundwater sources make up less than 1% of our water intake. In 2021, net water use per tonne of steel was at 2.6 compared with 4.2m³/t in 2020.

We are committed to ongoing reductions in our water consumption. In pursuing our responsibilities, we are investing significantly in innovative techniques for water recovery, water treatment, establishing alternative water sources and reduced energy usage.

In our mining operations, some sites recycle as much as 98% of their water. At AMMC in Canada, 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 is expected to be completed by the end of 2022.

Protecting the land and communities around our sites

We aim to practice prudent land use management in the environments where we operate and protect local communities from impacts during and following our operations. In 2021, we have increased our efforts regarding tailings dam safety, reclamation and closure planning of mines and are also focusing attention on reducing the storage of waste around our steel operations, including slag. We are aware that increasing residue storage is creating potential future problems in terms of both space and peripheral impacts, and therefore we have ongoing initiatives to minimise reusable and recyclable residues going to landfill and to minimise onsite storage.

Reducing waste storage and finding innovative uses for residues

In line with our pursuit of circular principles, we are searching for innovative uses of slags, dust and sludges. Our R&D team is looking at ways to improve slag quality and find new applications for it. As an example, in 2021, 9.2 million tonnes of blast furnace slag were reused as a raw material in cement production saving 7 million tonnes of CO₂.

We currently recycle most dust and sludges internally. With the help of an EU-funded project that started in 2020, our researchers are working on agglomeration solutions that will allow us to use these materials as alternatives to natural resources.

Case study

ArcelorMittal Tubarão constructed largest desalination plant in Brazil

South eastern Brazil underwent one of its worst droughts in four decades in 2014. The drop in rainfall saw river levels fall so severely that the government of the state of Espírito Santo declared a state of emergency. In response, ArcelorMittal Brazil developed a water master plan to deal with the water shortage.

Within the master plan, ArcelorMittal Tubarão has constructed the largest sea water desalination plant in Brazil. The plant, extending over 6,000m², provides an alternative source to freshwater from the Santa Maria da Vitória River. The process consists of collecting sea water and transforming it into industrial water using reverse osmosis. The \$13.4 million investment covers all the necessary infrastructure to collect and filter sea water, desalinate it, and then store and distribute the end product. The desalination plant will consume around 3 MW of energy, which is equivalent to 1% of energy generated

by ArcelorMittal Tubarão itself. One of the desalination plant's differentiators is its modular configuration. The first module will be able to desalinate 500m³ per hour of seawater, enough to supply a community of 80,000 people per day. Additional modules may be added in the future.

“The project mainly aims to increase water security and ensure the stability of our operations, putting ArcelorMittal Tubarão at the forefront of water management, with an appropriate strategy for future adaptation to climate change.”

Jorge Luiz Ribeiro de Oliveira
Vice president, chief executive officer,
Flat South America

Tubarao desalination plant →



Section 2 – Responsible growth – Sustainability leadership

Strengthening our environmental stewardship

Fundamental focus on tailings dam safety and impacts

We have developed our tailings strategy based on the leading industry guidelines from the Mining Association of Canada (MAC), the Canadian Dam Association (CDA) and the Global Industry Standard for Tailings Management (GISTM). Our governance model takes the principles laid out in the GISTM and aims to ensure that all our tailings facilities are structurally sound and safe, with all efforts directed at minimising risk, including independent audits benchmarked against these international guidelines.

We have 26 tailings storage facilities (TSFs) including conventional, paste, dry-stack and in-pit facilities, of which 15 are active, 10 are inactive and one is closed. To ensure the safety of all our TSFs, we have a review process that includes internal and external audit. The internal part is conducted at the corporate level to assess compliance with ArcelorMittal's tailings management strategy standard. The external audit includes an independent technical review evaluation by a panel of industry specialists. These are considered best practice.

We are also seeking continuous improvement through best available technologies. This includes reducing the risk of existing conventional operations by promoting reduced moisture disposal methodologies; and using latest and proven new technologies such as high-precision radar, InSAR satellite monitoring and remote instrumentation to monitor facilities globally in real time.

We are assessing all our mining operations for transition in line with these principles and developing customised design solutions for non-conventional tailings system management. To date we have implemented tailings thickening steps in assets in Mexico, and reduced moisture disposal methodologies in Brazil and Canada.

In compliance with the new resolution set by the Brazilian National Mining Agency (ANM), the emergency level of the tailings dam located at Serra Azul Mine, was changed to level 3.

This reclassification does not change the dam's safety conditions, which remain unchanged since February 2019. The dam has been idled since 2012 and the structure is monitored 24/7, with daily updates being sent to ANM. The engineering projects are being developed for the construction of a downstream containment structure and for the dam decommissioning.

Since 2019, safety measures stricter than those required by legislation have been preventatively adopted, including the preventative relocation of residents within the Self-Rescue Zone.

Partnering to protect biodiversity

We aim to protect biodiversity in the environments within which we operate, particularly through partnerships with local environmental organisations and community groups to preserve local flora and fauna. Limiting our land use, reducing emissions and ensuring local water supply and quality all contribute to reducing biodiversity impacts, but we recognise that our involvement and work needs to go beyond the boundaries of our sites and extend into engagement with local communities and livelihoods.

Nature based solutions – the Biodiversity Conservation Programme (BCP) in Liberia

Located to the east of ArcelorMittal Liberia's mining operations, the Nimba mountain range extends from Liberia into Guinea and the Ivory Coast, and is covered in moist evergreen, montane and secondary forests. The range has global conservation value and is home to a remarkable diversity of species and habitats, many of which are highly threatened or occur nowhere else in the world.

In 2011, we launched the 'BCP' to compensate for biodiversity impacts from our mining operations that could not be avoided, minimised or restored. Designed to achieve a net gain for biodiversity, the BCP is multidisciplinary in its approach, and founded on the principle of nature-based solutions (NbS). Our BCP scheme seeks to address multiple threats to biodiversity, including underlying drivers of livelihood insecurity and unsustainable farming practices, and is designed to deliver numerous benefits.

We have found that this multifaceted, collaborative approach is the most effective way to create long-term change and protection. We are working closely with Liberian government bodies and both international and local NGOs we now have conservation agreements and livelihood programmes in 13 communities in Nimba County.

In 2021, we also embarked on a joint programme with the World Bank on NbS. Given an anticipated increase in pressures on biodiversity and ecosystem services in the landscape, we will expand the programme in 2022. To this end, in 2021, we signed a memorandum of understanding with the University of Monrovia regarding collaborating on biodiversity.

Given the BCP success in Liberia, we are now looking at rolling out a similar BCP approach to our Canadian mining operations and associated communities.

In Brazil, we are particularly proud of our 20-year support for the TAMAR project, run by the Chico Mendes Institute for Biodiversity Conservation.

The initiative focuses on protecting local marine habitats and species, such as endangered sea turtles, including a colony that lives near the company's Tubarão site. Also in Brazil, through the Serra Azul facility, we managed more than 1,000 acres of the Atlantic Forest, one of the world's most ecologically diverse regions. 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 Valhas River Basin Committee and its in-house nursery, which grows and donates seedlings from more than 60 native species.

Environmental Impact Assessments (EIAs)

Environmental Impact Assessments (EIAs), which analyse comprehensively the environmental impacts of a scheme, project or programme, are compulsory for all major industrial developments internationally, and we undertake them for any proposed new mine or plant, and see them as an inherent part of their feasibility assessment alongside their financial performance and returns. We have completed a number of EIAs for ArcelorMittal Liberia and the expansion project to evaluate potential environmental impacts and develop mitigation plans.



ArcelorMittal Liberia BCP →

Developing a workplace for tomorrow; building strength in diversity

People are our most important asset and we are committed to ensuring that they have the support, resources and opportunities to succeed, to develop their professional capabilities and to realise their potential. Our performance as a company is dependent on ensuring the positive contribution of all our employees to the collective success of the business.

Introducing a new diversity and inclusion strategy

We believe that our international diversity delivers great strength to our company, and we are committed to go further, to establish equal opportunities and inclusion across the company. Our first focus is on making up the gap that currently exists in the representation of women in our management teams.

Four of our eleven Board members are women, including a female sustainability expert who was appointed in 2021.

4

Two of our Group Management Committee members are women.

2

Our gender diversity target: to double women in management.

By 2030:	2021:
25%+	14%

In 2020, we benchmarked our diversity and inclusion policies against other companies, to identify gaps and opportunities. We also engaged with several stakeholders on this topic and developed a strategy to address this issue. The topic was discussed at the ARCGS Committee and has the full support of the Executive chairman and the CEO. As a result, we introduced a new diversity and inclusion strategy and publicly committed to doubling the number of senior leadership positions held by women to at least 25% by 2030, up from 14% currently. A new group diversity and inclusion committee was formed.

ArcelorMittal Méditerranée – Vincent Négrerie →



Case study

ArcelorMittal makes further progress on French gender equality index and reaches a score of 94 out of 100

ArcelorMittal has continued to improve on its professional gender equality index for its French operations with a 2021 score of 94 points out of 100, +5 points on 2020 based on the index criteria set out by the French Ministry of Labour.

Eric Niedziela, Vice president, chairman of the Board, ArcelorMittal France, commented: "This further improvement in our professional equality index reflects our commitment to give women their full and deserved place in our teams. ArcelorMittal offers exciting jobs, open to both women and men. In France, our workforce is more than 14% female and we are working to

increase this share: women represent more than 17% of new hires in 2021 and more than a quarter of our apprentices.

The index result shows particularly good performance on the following criteria:

- No gap between the pay increases granted to women and men in most of the group companies in France, and only a small gap between promotions
- Few pay gaps between women and men
- Individual increases systematically granted on return from maternity leave

Section 2 – Responsible growth – Sustainability leadership

Developing a workplace for tomorrow; building strength in diversity

Case study

D&I initiatives across the group

In Brazil, the management team have been developing a robust D&I programme with participation from the Executive Committee, the National Diversity and Inclusion Committee and a committee covering each minority group including gender, people with disabilities, racial, and LGBTI+. More than 1,000 people have been trained on inclusive leadership, individual accessibility mapping and a diverse learning programme.

ArcelorMittal Spain has joined the CEO Alliance for Diversity, the first alliance in Europe to bring together business leaders around the topic of diversity and inclusion. Supported by 75 companies, seeks to support competitiveness of talent in Spain and to reduce inequality and exclusion in Spanish society.

ArcelorMittal Belgium has entered into a partnership with the non-profit organisation JobRoad to attract more diverse candidates, focused on people excluded from the job market through disadvantaged backgrounds, with the objective of better integrating them into society and the workplace.

Our new strategy is designed to raise awareness of the importance of greater diversity, build an inclusive culture to support women's career progression and increase our focus on female talent in recruitment. In 2021, women accounted for 17% of our total workforce. We now require at least one female successor to be named in every senior management succession plan. 56% of key positions have at least one woman assigned as potential successor. We are also actively supporting high-potential women through career-mapping, outlining the steps and skills needed to progress, and by providing role models to assist with their professional development. In 2021, we also decided to include our gender diversity target in our executive remuneration schemes.

At a broader level, we are reviewing our policies and HR practices. This includes tackling unconscious bias and discrimination through training. At least one woman candidate, is now required in shortlists for all professional and leadership positions. We have also evolved our approach to flexible working, recognising this is an important component of having an engaged and diverse workforce.

To strengthen our diversity and inclusion governance, a global Diversity & Inclusion Council was created, to oversee and stimulate the group's performance in this area and share positive experiences. The Council itself is diverse in many ways, representing every part of the organisation, as well as comprising both senior and junior people. When selecting members, we sought to include people who are passionate about diversity and inclusion and who can act as ambassadors in their local constituency.

// The D&I council has already met four or five times – we are having some very valuable open, honest conversations that should help us drive forward in this important area across the group. //

Nicola Davidson

Vice president, corporate communications and corporate responsibility, co-sponsor of the D&I Council



In 2021, we took clear, decisive steps to make our workforce more diverse and inclusive. As a global business we see real strength in our diversity, and we regard truly equal access to opportunity and skills as part of our performance culture for the future' //

Bart Wille

Executive vice president and global head of human resources

Diversity comes in many forms. To harness a broader range of talent, our integrated management system set up in 2020 enabled us to take a more data-led approach in 2021. Drawing together all employee information, from recruitment and performance to succession planning and career development, it helps us better identify gaps and opportunities to improve the diversity of our people and our inclusiveness.

We have also put in place learning opportunities to promote a more inclusive culture. Over 1,100 people attended three workshops, focusing on driving inclusivity held in October, November, and December 2021.

Diversity and Inclusion (D&I) Council and Charter

The Council was formed in 2021 to champion D&I and oversee actions at corporate and segment level.

Responsibilities:

- Champion diversity and inclusion and support our ambition to be an employer of choice
- Improve inclusion, growth and trust throughout the employee experience
- Provide guidance, share best practices and encourage segments to develop their own D&I strategies and plans
- Challenge the status quo, monitor the group's global progress and promote company-wide communication on D&I achievements

The mission, actions and governance of the Council are detailed in the global D&I Charter.

Section 2 – Responsible growth – Sustainability leadership

Developing a workplace for tomorrow; building strength in diversity

Ensuring a culture of wellbeing and support

The theme of mental health and resilience has been identified as a key focus area for 2022, following feedback from our internal engagement survey, SpeakUp+. We are preparing a global mental wellbeing initiative to be launched this year, building on the internal workshops we launched last year titled "Taking a moment to breathe." It will seek to increase recognition of stress factors in the workplace, improve ways of working, and provide support to any employees who might be affected.

To ensure that our people perform optimally, we are seeking to encourage a healthy work-life balance, with generous holiday allowances. A new flexible working policy is part of this.

ArcelorMittal Dofasco in Canada has launched a wellness programme to support physical and mental wellbeing. It is supported by an Employees and Family Assistance Programme together with web resources available 24/7.

Over 2,000 employees have been trained in mental health awareness so far. As a result, ArcelorMittal Dofasco has been recognised with an Excellence Canada Gold Certification Award in the Healthy Workplace category.

Launch of SpeakUp+ to monitor and drive engagement

In 2021, we launched SpeakUp+, an upgraded version of our employee engagement survey. This 'pulse check survey' will be carried out every quarter. This way it can provide more regular feedback and

allow us to address issues early. In the latest survey over 140,000 qualitative comments were provided by our employees.

The transition to SpeakUp+ saw an increase in engagement across the group to 75%, compared with an average of around 70% over the last 10 years. It is gratifying that this indicates that our workforce has emerged from the pandemic more engaged in what they are doing. Our current survey reaches over 35,000 people - we are now encouraging operations to conduct their own surveys, so we can listen to every single individual.

The new survey enables us to:

- Listen more actively through more frequent contact
- Identify potential risks, such as attrition, and actions to improve performance
- Make results more accessible to leaders
- Conduct multiple benchmarking of results, internally and with peers
- Drive participation through an improved process and a more streamlined survey design

We scored above the manufacturing industry benchmarks on key engagement drivers such as meaningful work, accomplishment and peer relationships, but below them on rewards, recognition and work-load. The results helped to identify areas for our focus in 2022:

- Focus on mental health and resilience
- Diversity and inclusion targets
- Attract and develop talented people
- Engage more proactively with our people
- Further empower management through HR digitalisation
- Raise the bar in health and safety through training, performance management and compensation and benefits



This year we have seen a real step up in the engagement and dialogue with our employees. Being able to check in regularly really helps us move quickly to address issues. There is a lot of positive feedback but also some important areas to work on. //

Bart Wille

Executive vice president and global head of human resources

Fostering a learning culture

Learning and adaptability is crucial, particularly in this fast changing world – and we are committed to building a true learning culture. Our main catalyst for sharing knowledge across the organisation is the ArcelorMittal University. Through its academies, we offer wider access to leadership and technical skills development. Employees are also encouraged to connect virtually, reflect, and share experiences, supported by better digital resources and greater online access and webcasts.

In 2021, we saw a 14% increase in the number of active learners and a 49% increase in total learning hours. Notably, the accumulated number of learning hours has nearly doubled since 2019. Feedback remains highly positive and most employees who completed a post-training survey noted that they were likely to apply what they had learned in their job.

Developing our new leaders

We are fostering a culture where leaders strongly empower our employees and hold them to account, all while setting the example through their own actions, leadership and behaviour.

To ensure that we are encouraging an engaging culture, we are developing a methodology that measures leaders on 'how' they are leading, in addition to 'what' they are doing. This includes a focus on the following core aspects of leadership:

- Prioritising the health, safety and wellbeing of all, and leading by example by caring for others
- Setting clear directions and ambitious objectives for ourselves and the people around us
- Providing inspiring and effective support, encouraging a diverse and inclusive culture, and communicating transparently and consistently
- Recognising people's efforts and rewarding significant contributions
- Seeking and providing opportunities for learning and development for ourselves and others
- Establishing and integrating a culture of ethics, honesty and integrity
- Demonstrating and promoting exemplary behaviour, inside the company and in all stakeholder interactions

In 2021, we have continued to harness our skills and resources and stepped up efforts to identify and accelerate the development of our high potential employees (HiPos).*

We have developed 'leadership pipeline' learning journeys, preparing candidates for promotion through personalised programmes delivered through both face-to-face and digital interaction.

* A High Potential employee is someone who has demonstrated a consistent level of successful performance and, given the right development opportunities and experience, has the ability, aspiration and engagement to rise to and succeed in a position of significantly higher complexity and responsibility at an accelerated pace.

Section 2 – Responsible growth – Sustainability leadership

Developing a workplace for tomorrow; building strength in diversity

The 'talent acceleration pool' (TAP) is an accelerated development programme for HiPos who have been identified deep in the organisation and who have potential to reach at least manager level. The HiPos are provided with tailored development plans, including assessments, career interviews, and training to support a succession pipeline for manager and above roles.

A new cohort of candidates, TAP 2, was successfully launched in Q3 of 2021, taking in 78 participants from 21 nationalities, of which 23 were women (30%).

In addition, our group mentoring programme provides employees with an opportunity to learn from the experience of their colleagues. At the end of 2021, 135 mentors and 324 mentees were involved in the initiative.

Building a pipeline of future STEM professionals

To be ready for the future, our sustainable development outcome 9 calls on the group to build a 'pipeline of talented scientists and engineers for tomorrow'. We need employees who can adapt to change, exploit new technology, and thrive in an increasingly complex workplace. There is an incredibly competitive market for the best thinkers and the best skills, not just from other industrial companies but from virtually all other sectors. Moreover, there has traditionally been a smaller proportion of women than men training in STEM subjects and seeking to pursue careers particularly in heavy industry. This has limited the flow of women into employment in the sector and into management.

Consequently, supporting the teaching and development of STEM subjects at grassroots, school and university is an absolute priority, as is positioning ArcelorMittal to be a company of choice for students and employees entering the career marketplace.

In 2021, we invested \$3.5 million in STEM initiatives. We also offered long-term engineering internships for 100 students and 20 PhD students to work with our global R&D teams, seeking to put in place a pipeline of talented potential recruits.

Coping with Covid

We are by no means through the challenges of responding to the Covid pandemic either at the society or company level. We have all been affected directly whether amongst our work colleagues or amongst friends and family. As a global business we have been heavily hit by the virus – we have lost over 250 of our colleagues since the start of this pandemic. These are high and tragic numbers. However, in the face of this adversity our people have responded extraordinarily with commitment and fortitude. Our operational and financial performance has been a tribute to the tenacity of our teams around the world.

//
The way in which our people have organised themselves to continue working in the face of Covid has been hugely impressive and their commitment has been truly remarkable. **//**

Aditya Mittal
Chief executive officer

In 2021 we sought to build on the lessons learned in transitioning the business to the Covid circumstances that we experienced in the previous year. In particular, we focused on promoting vaccines and joined forces with public bodies to make vaccinations available to employees and local communities. We continue to actively combat the impact of the pandemic by monitoring all our sites, adapting our response to changing circumstances, and by donating essential medical supplies and equipment.

The new ways of working that we have discovered over the last two years are undoubtedly here to stay. A degree of working from home can be beneficial to work-life balance and productivity, but we also recognise the strong value of working together and collaboration that cannot be achieved remotely and online. We anticipate assessing this more formally during the course of 2022 and identifying the best ways forward as we hopefully come out of the pandemic.

\$3.5 million
investment in 2021 in STEM

ArcelorMittal France encourages young people to choose STEM careers through a mix of active communication on social networks and a strong presence at school forums. We engage young people and schools through school visits, conferences, virtual forums, and virtual tours of our plants. These activities engage young people on the themes of decarbonisation and the environment, and also help to attract future talent.

At ArcelorMittal Belgium in Ghent, we have participated in a programme of 'job days', which are part of the Green Engineer job campaign. This aims to recruit recently graduated engineers (including bioengineers and civil engineers) to build our STEM expertise and support our transition to a climate neutral future.

ArcelorMittal's employees →



Engaging with our communities and pursuing a Just Transition

Community investment spend
(including STEM spend)

10.2m

Estimated direct
economic contribution

68bn

Total tax contribution

5.7bn

Spent on STEM projects

3.5m

We play an important, indeed often vital, role in our local communities.

We are committed to making a positive contribution by creating economic and social value, through employment, procurement, taxation, sustainable development initiatives, stewardship of the environment and respect for human rights. We want our employees, their families and local communities to thrive. In order to achieve this, we are committed to engaging, listening and responding with a constructive partnership approach.

As a business we are under ever greater scrutiny and stakeholder expectations are constantly rising, such that we must engage more proactively to demonstrate the value we create and earn our licence to operate. This means having open, two-way dialogue about challenges and concerns, and discussing ways to respond, balancing the financial demands of business with the building of social capital.

Our community engagement work is driven largely by local corporate relations teams, which are best placed to understand local needs. Our global sustainable development team supports them – advising on best practice stakeholder engagement policies and processes. These combined efforts help us to focus on making a positive contribution in the areas that matter most to our communities.

Assessing material issues for our communities and stakeholders

To better understand the key issues that should drive our engagement, we undertook a comprehensive stakeholder double materiality assessment during 2021, which included social and community criteria that influence our licence to operate.

It was also an opportunity to identify what we call ‘watch list’ items that could potentially impact our stakeholders, as well as ‘hidden value creators’ that might affect the group. Insights from the materiality process will inform our sustainable development strategy moving forwards. Read more on materiality assessment on page 52.



We don't exist just to make and sell steel. We work to build a brand centred on the health, safety and wellbeing of our communities. And we do this through regular engagement with our stakeholders. //

Jorge Luiz Ribeiro de Oliveira

Vice president & CEO, Flat South America



Over the years we have made a significant contribution, investing in a variety of community, housing, education, healthcare and other community projects in Nimba, Grand Bass and Bong Counties. Our ability to deeply engage and understand how we can better serve our local communities and effectively meet their needs is an important part of our licence to operate.

We want our communities to see us as partners in local socio-economic development and trust us to have an open dialogue when challenges arise. //

Joep Coenen

Chief executive officer, ArcelorMittal Liberia

Section 2 – Responsible growth – Sustainability leadership

Engaging with our communities and pursuing a Just Transition

Working with our stakeholders

The audit process for ResponsibleSteel™ certification is requiring us to comprehensively deepen our engagement with local communities and wider stakeholders. It involves gaining a holistic external view of their expectations of us and then seeking to align our plans and targets accordingly. As each site goes through the audit process, we are setting in motion new levels of engagement and insight that will hopefully continue to drive forward our stakeholder relationships in a mutually positive way. We anticipate the same momentum for greater engagement to be encouraged by our IRMA certification programme in our mining business.

We are in the process of reviewing and updating our policies to ensure that they are fully aligned with good international industry practice, and that sites are well prepared to go through the certification process.

Towards a Just Transition

Decarbonisation will drive an industrial transformation over the next two decades unparalleled since the 19th century, with many aspects of the value chain changing beyond recognition. The growing need to understand and respond to the social impacts of these changes was recognised by the declaration on the Just Transition signed by 40 nations at the UK Climate Change Conference in Glasgow in 2021 (COP 26).

A Just Transition aims at ensuring not only environmental sustainability, but decent work and quality of life for all, and the eradication of poverty. Companies are expected to play a key role by setting clear, time-bound and company-wide commitments and action plans for achieving this transition in a responsible and caring manner. For us it means mapping the potential social impacts and

requirements such as employment and skills, not only in our own operations, but also in the transformed supply chains, and entering into discussions with governments and other stakeholders on future policy requirements to support just outcomes.

In Spain, where we plan to move from blast furnace steelmaking to the DRI/EAF route, we anticipate a positive employment impact along the value chain, both in the construction of the new assets, the decommissioning of existing assets, and in the development of the renewable energy infrastructure and hydrogen production and transportation systems.

Working with the Product Social Impact Assessment Association

As part of our engagement, we also account for the impact of our products on communities. For many years, we have partnered with the Product Social Impact Assessment Association to integrate community concerns into our future product plans. Our work has included four stakeholder groups – workers, local communities, users and smallholders – and assesses human rights, discrimination, benefit of products and other social topics.

Building on our community outreach

The concerns felt by our communities can be very specific to their locality and range across employment, skills, social development, human rights, health, safety and the environment. Our local community relations teams are best placed to understand local needs, but we supplement these with our global oversight system that enables us to apply a single set of community standards globally which, in many cases, exceeds local standards. We can also cross-fertilise best practice between countries and sites and share learning between teams.

Case study

The ResponsibleSteel™ audit process – ArcelorMittal Fos-sur-Mer, France

The initial decision to pursue a ResponsibleSteel™ certification came at the end of 2019 just before the onset of the Covid crisis. It was seen as an opportunity to accelerate and enhance our environmental and social responsibility commitments together with our community and stakeholder engagement. The process and benefits of the audit may be summarised as follows:

- The audit focused on our relationship with the outside world, such as local elected officials, public inspection authorities, industry associations, NGOs as well as our customers, suppliers and employees;
- We sought to align the expectations of each of our stakeholders with our own position and developed a detailed stakeholder engagement programme along with a comprehensive social management system monitored by the management committee;
- The AFNOR certification audit team carried out an intensive one week audit on our two sites, covering nine production departments and detailed interviews with employees, suppliers and local stakeholders;
- Action plans were developed to address the minor non-conformities that were identified during the audit;
- The whole process fostered the involvement of our management and employees towards our broader sustainability plans and targets.

The intention is for the site to be certified in H1 2022.



Through its well designed and systemic approach, ResponsibleSteel pushed us, as a team, to look at ourselves from the standpoint of our main stakeholders and to understand and better address their expectations. This is key to our sustainability in today's world. //

Bruno Ribo

Chief executive officer, ArcelorMittal Fos-sur-Mer

Section 2 – Responsible growth – Sustainability leadership

Engaging with our communities and pursuing a Just Transition

Supporting our colleagues and communities in Ukraine

At the time of writing, the people of the Ukraine are acutely suffering from the violence, deprivation, fear and uncertainty created by the war that has been inflicted on them. Millions of citizens are fleeing away from the war zones seeking help and support in neighbouring countries. Amongst these are hundreds of ArcelorMittal Ukraine colleagues or their families.

Many of these refugees are ending up in make-shift camps in the neighbouring countries, or they are offered temporary residence by locals. We are grateful to our ArcelorMittal Poland colleagues who were immediately available to coordinate the arrival of their Ukrainian colleagues, showing great solidarity and humanity.

We have launched an urgent appeal to our colleagues from across Europe to host company refugees where possible, supported by funding and logistical assistance from the company. We have also set up a matched charitable funding programme, through which every donation by an ArcelorMittal employee will be equally matched by the company. The funds raised will be employed to support NGO's in the region in scaling up efforts to reach vulnerable children and families affected by the conflict, with essential services including health, education, protection, water and sanitation.

We are deeply concerned about the ongoing situation in the country and will endeavour to support our people and local communities affected in whatever way we can.

Community engagement at Tubarão

Our Tubarão plant in Brazil is setting strong standards for the group in terms of community engagement. The management understand that we have an important role to play in the social transformation process in the community and is devoting considerable time and effort into dialogue and transparency with our local stakeholders. We are active in promoting and supporting initiatives in education, health, culture and sports, and participate in and encourage the development of community associations, institutions and organisations.

The Tubarão team have set out a vision for 2030 for the business and its people to be admired by stakeholders "for its sustainable practices, transparent communication, honesty and integrity, and enduring institutional co-responsibility".

They have laid out a stakeholder and community engagement plan to identify priorities for each stakeholder group. The Novos Caminhos programme, launched in 2006, is a good example of local cooperation between the company and government agencies to improve local road infrastructure, using by-products from our industrial processes – a further 850,000 tonnes of aggregate are due to be donated in 2022. This project has been a winner of the Steelie Award for Excellence in Sustainability by the World Steel Association.

Skills and vocational training in Liberia

Since 2017, our Vocational Training Centre in Liberia has helped local young people to develop vocational skills to provide them with opportunities that otherwise they would not have. In 2021, a further 97 students enrolled, and the first group of 45 apprentices graduated from the three-year residential programme in May. We have also launched a training and development programme for high-potential Liberian employees who will gain work experience and knowledge in ArcelorMittal Mining operations globally, focused on fields such as operational optimisation, planning and execution, and plant systems maintenance.

Promoting women in steel in Mexico

In Mexico, the ArcelorMittal 'Women of Steel' programme received recognition from the Mexican Center for Philanthropy (CEMEFI) for 36 successful initiatives focusing on the development of local communities over 11 years. It promotes the development, integration and empowerment of communities in the Lazaro Cardenas region and beyond. The programme's ultimate goal is to empower communities to be agents of change, transforming their ideas into reality using their knowledge and skills and contributing to the formation of a more just society. The programme began in 2009 and has seen more than 43,000 people of all ages participate so far.

Developing STEM skills in our local communities

Alongside responding to communities' needs and concerns, our community investment strategy focuses on developing skills in STEM. This reflects the important role that scientists and engineers will play in building a sustainable future for society at large, the steel industry and the company. The strategy is delivered through: providing teaching aids and technological support, inviting students to steel plants, and developing long-term partnerships with leading academic organisations around the world. In Krakow in Poland for example, we began our fourth scholarship programme there for the most talented students at the AGH University of Science and Technology, this time focusing on materials science. For more on our STEM commitments see page 38.

Continuing our response to Covid

We recognise that the Covid pandemic is by no means over. We are mindful that the virus remains a challenge worldwide, especially in emerging economies where rates of vaccination have been lower. We remain vigilant in our efforts to combat it and are committed to engaging with our employees and communities to help them through further outbreaks and mitigating measures.

We have collaborated with local government and communities to address the severe lack of required safety and medical equipment, including face masks and ventilators. Our businesses around the world have collectively donated to various initiatives, including financial donations to healthcare facilities in communities where we operate. Where we have had excess capacity, we have offered space to medical facilities to host additional wards.

Section 3 – Strong governance

Strong governance



Strong governance is fundamental to the way we run our company, but is also essential to assure our customers, investors, employees and all our wider stakeholders of our values, integrity and reputation. Our success depends on their trust in us, and this comes from constantly delivering the highest levels of oversight and transparency in all that we do. //

Lakshmi N. Mittal
Executive chairman



Continuous Annealing Line, Saint-Chély →

Section 3 – Strong governance

Governance



ArcelorMittal is committed to placing sustainability at the heart of the business. To this end, in 2021, the company's activity and progress continued to be overseen by a robust governance structure that includes the Appointment Remuneration and Corporate Governance Committee, the Board Sustainability Committee, an executive-level Climate Change Committee and an executive-level Sustainable Development Council. Having set a 2030 group carbon emissions intensity reduction target, and gender diversity target, ArcelorMittal will link these now to executive remuneration, alongside safety.

Henk Scheffer

Company secretary, group compliance and data protection officer

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.

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 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, Lakshmi N. Mittal, and Chief executive officer, Aditya Mittal. The Executive Office is supported by eight other Executive officers. Together, the Executive officers are responsible for the implementation of the company's strategy, overall management of the business and all operational decisions.

The background and experience of each Board member is described in ArcelorMittal's Annual Report. The Board is of the view that its members have the appropriate range of skills, knowledge and experience, as well as the degree of diversity, 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, in 2021, the Board welcomed a new member, Clarissa Lins, who has extensive expertise in sustainability. The Board is also involved in succession planning.

The Company secretary, Henk Scheffer, oversees compliance with statutory and regulatory requirements and acts as Head of compliance and as secretary of the Board of Directors.

In line with worldwide efforts to increase gender diversity among executives, the Board set a goal to increase the number of women among its members to at least three by the end of 2015. This target was met in May 2015, with the election of Karyn Ovelmen. Following the appointment of Clarissa Lins in the reporting period, women represented 36% of the 11 Board members in 2021. ArcelorMittal intends to increase this ratio further.

For details of the composition of the Board of Directors and their remuneration, see the Annual Report

The Board of Directors committees

Appointments, Remuneration and Corporate Governance Committee

In 2021, as part of its greater focus on sustainability, ArcelorMittal transferred responsibility for oversight of that area from the Appointments, Remuneration, Corporate Governance and Sustainability Committee (ARCGS) to a new dedicated one, the Board Sustainability Committee, and renamed the ARCGS the Appointments, Remuneration and Corporate Governance Committee (ARCGC).

The current members of the ARCGC are: Bruno Lafont, Suzanne Nimocks, Tye Burt and Clarissa Lins, all of whom are independent under the Company's corporate governance guidelines, the New York Stock Exchange (NYSE) standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Committee is chaired by Bruno Lafont, who is also the Board's lead independent director.

The Committee reviews and approves corporate goals and objectives relevant to the executive officers and senior management's compensation and evaluates performance considering these goals. It makes recommendations to the Board with respect to trends in Board remuneration, incentive compensation plans and equity-based incentive plans. It also identifies candidates qualified to serve as members of the Board and the executive officers and recommends candidates to the Board for appointment by the general meeting of shareholders or for appointment by the board to fulfil interim vacancies at the Board.

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It develops, monitors, and reviews corporate governance principles applicable to the company. It facilitates the evaluation of the Board, reviews the succession planning and the executive development programme for the members of the Executive Officers. It reviews relevant policies and procedures relating to compliance and corporate governance, report conclusions to the board and make recommendations for approval.

The ARCGC meetings are convened by the chairman at least four times a year. It can also meet at the request of at least two of its members.

Board Sustainability Committee

Fully integrating sustainable development into the business is essential to reach ArcelorMittal's aim of achieving long-term value for its shareholders and other stakeholders, while maintaining a profitable market share.

The Sustainability Committee comprises three members and are appointed by the Board of Directors. The current members of the Sustainability Committee are Clarissa Lins, Tye Burt and Michel Wurth. Clarissa Lins and Tye Burt are independent under the company's corporate governance guidelines, the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The chairwoman of the Sustainability Committee is Clarissa Lins.

The Committee reviews group's level frameworks, policies, standards, and guidelines in sustainability matters. It reviews the company's sustainable development plan and associated management systems and ensures the group is well positioned to meet the evolving expectations of stakeholders, including investors, customers, regulators, employees, and communities. It also reviews the

effectiveness of the process for assessing and managing catastrophic risks, coordinates the risk management work with the Audit and Risk Committee, in relation to reporting to the Board. It reviews the findings of important climate action report and the management response. The Committee also supports and provides guidance to management in developing and updating policies and procedures relating to employee health & safety, environment, climate change and community relations. It monitors any current, pending or threatened legal actions with respect to safety, climate change, environment, and community relations. It produces a report on sustainable development plan to be included in ArcelorMittal's Annual Report.

It reviews and recommends to the Board on the adequacy of the reporting on sustainability opportunities, risks and issues in the Annual Report, Sustainability Report, and other relevant public documents. It makes recommendations to the Board with respect to trends in results and programmes in all covered areas.

The members have relevant expertise or experience relating to the objective of the Sustainability Committee.

The responsible senior managers pertaining to their respective areas of responsibility – health and safety, environment, climate change, for community relations – are permanent invitees to the meetings of the Sustainability Committee.

The Chairman of the Sustainability Committee makes a verbal report of the Committee's decisions and findings to the Board of Directors after each meeting.

Audit and Risk Committee

The members of the Audit and Risk Committee are: Karyn Ovelmen, Bruno Lafont, Karel de Gucht and Etienne Schneider, all of whom are independent under the company's corporate governance guidelines, the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The chairwoman of the Audit and Risk Committee is Karyn Ovelmen.


The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing: the integrity of the financial reports and other financial information provided by the company to any governmental body or the public; the company's compliance with legal and regulatory requirements; the registered public accounting firm's (Independent Auditor) qualifications and independence; the company's system of internal control regarding finance, accounting, legal compliance, ethics, and risk management that management and the Board have established; the company's auditing, accounting, and financial reporting processes generally; the identification and management of risks to which ArcelorMittal is exposed. It also examines the yearly, half-yearly and quarterly financial statements for the parent company and the group, and comments on accounting principles and rules and on the valuation, rules used by the company when compiling these financial statements.

The Audit and Risk Committee's meetings are convened by its chairman at least four times a year. It can also meet at the request of at least two of its members.

As part of its role to foster open communication, the Audit and Risk Committee meets at least annually with management, the head of the internal audit department and the company's independent accountants in separate executive sessions to discuss any matters that the Audit and Risk Committee or each of these persons believe should be discussed privately.

Executive-level committees

The Management Committee

It comprises senior managers with responsibility for various business divisions and functions in ArcelorMittal. For more information see the ArcelorMittal website .

Climate Change Committee

Chaired by Nicola Davidson, VP communications and sustainable development, the executive-level Climate Change Committee consists of senior managers from relevant corporate functions to ensure that their views on the issue are represented. Its overall mandate is to position ArcelorMittal as a global leader on climate change, particularly from the perspective of steelmaking and provide guidance that ensures a single approach across the value chain.

Reporting to the Board Sustainability Committee, the committee reports on and provides recommendations regarding the progress needed to maintain ArcelorMittal's chosen leadership position on climate change, as well as guidance on its views and responses when engaging with external stakeholders on climate change and decarbonisation issues. In addition, it guides the business in understanding the risks and opportunities associated with the transition to the low-carbon economy and adverse physical

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effects of climate change. It also coordinates the company's overall policy and advocacy positions to guide segment decision making and lobbying to governments and industry associations.

Sustainable Development Council

To complement the Board Sustainability Committee's work, ArcelorMittal also has an executive-level Sustainable Development Council (SDC), which was re-instated in 2020. It is chaired by James Streater, general manager, sustainable development.

The purpose of the Sustainable Development Council is to strengthen the Company's environmental, social and governance (ESG) oversight. It reviews and discusses quarterly developments on ESG matters across all operations including performance dashboards and KPI progress reports. It also discusses stakeholder expectations and business performance to help ArcelorMittal to decide which ESG issues are most material and require executive oversight. Reporting to the Board Sustainability Committee, the Sustainable Development Council meets on a quarterly basis between each standard Board Sustainability Committee meeting, enabling it to follow up and discuss issues raised there and ensure that the necessary work is undertaken before the next one. Its chair discusses ESG issues with the Executive Office and recommends topics to be discussed with the Group Management Committee.

Investment Allocations Committee

Chaired by Aditya Mittal and Brad Davey, executive vice president and head of corporate business optimisation, the Investment Allocations Committee (IAC) authorises large capex projects, including those designed to deliver safety, carbon and environmental improvements, and reviews the carbon emissions impact of all proposals.

Committee members include EVP and chief financial officer, Mr. Genuino Cristino, chief technology officer, Mr. Pinakin Chaubal, and VP head of corporate strategy, Mr. David Clarke.

Other bodies

ArcelorMittal also convenes several other bodies at the executive level, such as the group CTO Council. Chaired by Pinakin Chaubal, it coordinates and oversees progress on the global technology roadmap through regional and project-based committees involving the CTO and R&D. The Council reports to the IAC. Another is the XCarb™ Technical Panel, chaired by Brad Davey, reporting to the IAC, which reviews requests from the network to have their products or projects appearing beneath the XCarb™ brand.

At the executive level, the Global Health and Safety Council (GHSC) under the chairmanship of Jefferson De Paula, an executive vice president and CEO of ArcelorMittal South America Long, is responsible for development of a group-wide safety plan, conducting analysis to identify site-specific gaps; pairing high-performing sites with those that need more help; preparing detailed action plans to ensure quality and consistency when implementing 'golden tools'; ensuring minimum requirements for in-house safety training; and carrying out close follow-up on leading KPIs to ensure improvement. The GHSC reports to Aditya Mittal, CEO of ArcelorMittal.

We have also created a dedicated Diversity and Inclusion Council, chaired by Bart Wille, executive vice president and head of human resources, to coordinate and drive progress in this priority area. It is reporting to the ARCGC.

In addition, business segment area reviews are conducted regularly to enhance reporting to the Executive Office.

For an overview of ArcelorMittal's remuneration policy for senior management and key performance metrics from 2021 see page 188, Form 20-F [▶](#).

Business ethics

ArcelorMittal encourages its employees to be responsible corporate citizens and act 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.

This commitment to integrity is embodied in the company's Code of Business Conduct and 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 Code of Business Conduct

The company's 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. To maintain knowledge about the Code of Business Conduct and other aspects of compliance, employees take part in training based on a matrix system every three years.

Confidential reporting of breaches

Our employees and stakeholders can report any breaches of the company's policies and procedures through a confidential whistleblowing facility on the corporate website. ArcelorMittal also has confidential whistleblowing hotlines in all major countries where it operates.

In 2021, we received complaints relating to alleged fraud through these channels. All allegations were referred to and duly investigated by the internal assurance department. Following review by the Audit and Risk Committee, none of these complaints were found to be significant. Where appropriate, however, we took actions to mitigate the issue.

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. The policy draws on the UN Universal Declaration of Human Rights, the International Bill of Human Rights, the Core Conventions of the International Labour Organisation and the UN Global Compact. 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. In 2022, we are planning to update it to ensure it remains aligned with good international industry practice.

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

In 2021, we continued to deepen our understanding of the relevant risks in our supply chain by strengthening our supply chain risk management and audit processes, and the work on this will continue in 2022. 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.

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We also continued to progress ResponsibleSteel™ certification for our steel operations and IRMA certification programme for our mines. As the ResponsibleSteel™ certification process is being rolled out, our sites prepare for the rigorous audit against a range of ESG issues, including social ones such as human rights, health and safety and stakeholder engagement. This assures our stakeholders that we are operating sustainably, responsibly and to the highest standards, as expected by our stakeholders.

Last year, 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, ResponsibleSteel™ site certification audits, local forums and engagement meetings. In addition, we are developing a social performance management framework aligned with good international industry practice.

For more details, see 'Engaging with our communities' section on page 42 and Risk management, materiality and assurance on page 51.

Transparency and balance

Reporting is central to ArcelorMittal's promise of openness with stakeholders. We are committed to applying best practice in corporate governance in our dealings with shareholders and other stakeholders, and with respect to the transparency, balance and quality of disclosure and reporting. This commitment underpins all of our key publications, including the Integrated Annual Review, Climate Action Report 2 and Annual Report. For details of our materiality process, see the next section.

In 2021, alongside making disclosures to the CDP (formerly the Carbon Disclosure Project) on climate change and water and conducting numerous investor and customer surveys, we published our Climate Action Report 2 [▶](#) and several country sustainability reports. In addition, we published our second Climate Advocacy Alignment Report [▶](#) which maps the policy positions of the 61 associations of which the Company is a member, against the objectives of the Paris agreement and the five policy priorities ArcelorMittal outlined in the Climate Action Report 2 [▶](#). We also released our Report on Payments to Governments [▶](#) in Respect of Extractive Activities for the year ended 31 December 2021. We report in line with the Mine Safety Disclosure Requirements of the Dodd-Frank Act.

Edith Provencher,
ArcelorMittal Mining Canada →



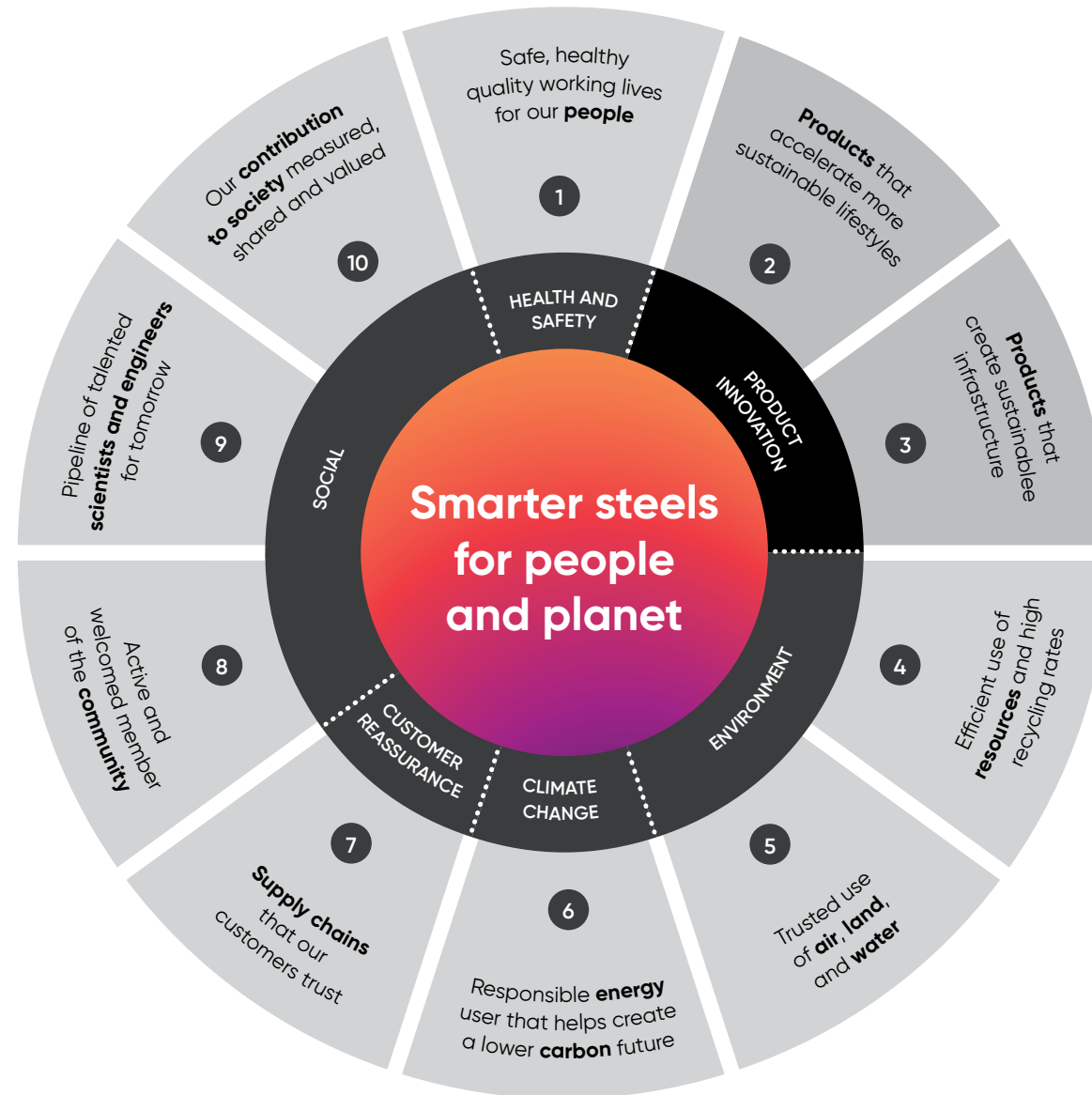
How we govern sustainable development

The wheel shows the relationship between the five sustainable development (SD) themes through which the Board Sustainability Committee oversees SD and the planning process across the business in order to achieve our 10 SD outcomes.



Alignment between 10 SD outcomes and the 17 UN SDGs

The UN SDGs were launched 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 of the company. This illustration shows alignment between our 10 SD outcomes and the 17 UN 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.

Five SD themes

The Board Sustainability Committee oversees the company's management of sustainable development issues against the five themes. 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. It also meets quarterly in between regular meetings for a deep dives on specific topics.

To enhance our day-to-day oversight, the Sustainable Development Council meets quarterly to complement discussions at the Board Sustainability Committee. (See page 48 for more information on the Council's role.)

The 5 SD themes are addressed fully in this report:

- Health and safety
- Climate change
- Environment
- Customer assurance
- Social

As innovation is one of the core strategic priorities of our business, it has separate oversight and is discussed in Pioneering new products, solutions and business models for a smart transition, page 20.

Risk management, materiality and assurance


Risk management: overview

ArcelorMittal identifies, assesses and manages short, medium and long-term risks – including ESG and climate-related risks – on an ongoing basis through a robust risk management process. The global assurance risk management function facilitates the risk management process and provides support formalising a quarterly process enabling business/ corporate functions to identify these risks and opportunities to the business – based on social, environmental, regulatory, workforce, stakeholder, resource, technological and other trends – and specify mitigation actions. A consolidated report is shared on a bi-annual basis with the key stakeholders.

The establishment and maintenance of a risk management process is the responsibility of site/ segment/ corporate function management. Risks are analysed by building models and developing scenarios to understand potential financial impacts. Short-term risks (within a 12-month time frame) are identified through a bottom-up process by respective management teams. Business segments consolidate the identified risks and report the top ones as part of the periodic reporting to key internal stakeholders. The company uses a risk management framework based on a blend of a COSO, ISO 31000 and an in-house model. Sites assess risks, including ESG and climate related risks, by assigning them a probability of occurrence, potential financial impact and/or non-financial consequences.

Global trends, and the risks and opportunities identified as arising from them, are used to inform the company's strategic outlook and planning. For example, on climate, the work is coordinated by ArcelorMittal's executive officer for business optimisation, Brad Davey, in consultation with segment CEOs; discussed on a regular basis by the group management committee; and overseen by the Executive Office, which provides leadership and guidance. The company's climate strategy is reviewed regularly by the Board Sustainability Committee. At segment level, key climate-related

financial risks are brought to the attention of the Management Committee, and where financially significant at a group level they are addressed at the Corporate Finance and Tax Committee. Central to our approach is our work to advocate for policy support strategy to ensure that we can respond to rising carbon prices with viable investments in decarbonisation technologies. At the same time, all our business segments are required to prepare carbon emission reduction plans to reach net zero by 2050 as part of the annual planning cycle.

Our Climate Action Report 2  serves as ArcelorMittal's response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the Climate Action 100+ Net Zero Company Benchmark. We are working towards full disclosure on these. In the report, we have provided the assessment of the resilience of our business to the transition and physical risks. We have also commenced a climate scenario analysis project to better understand the potential future financial impacts on the business resulting from policy, technology, market, legal and physical climate-related risks and opportunities. The first phase of the project is due to be finalised in the second quarter of 2022.

For more details of our risk factors, see our

 [Form 20-F](#)

For more details on climate related risks and opportunities, see our second Climate Action Report

 [Climate Action Report 2](#)

Section 3 – Strong governance

Risk management, materiality and assurance

Materiality: overview

In addition to risk management, we assess the issues that are material to our stakeholders and to our business in maintaining our license to operate. In 2021 as part of our SD materiality process, we applied a comprehensive 'double materiality' approach to identify the most material sustainability matters for our business, our stakeholders, the environment and people. These were grouped into the eight themes:

People

- Safety: the physical safety of our employees
- Work & life: the health and fulfilment of our employees
- Gender: the equal representation, development and remuneration of women
- Community: the approval of our communities and our perception as a welcome member of the community

Planet

- Climate: the extent to which we play a leadership role in the steel sector's decarbonisation, and the drive to a more stable climate/reduction in global warming/Paris Agreement
- Nature: acting as a trusted steward of air, land, water, biodiversity and ecosystems

Products and supply chain

- Products: the value of our products to a circular economy
- Customer reassurance: supply chains that are responsible and that meet customer expectations

It was also an opportunity to identify what we call 'watch list' items that could potentially impact on society and the environment, as well as 'hidden value creators' that might affect the group. Insights from the double materiality process will inform our sustainable development strategy moving forwards.

To understand the material issues and their likely impact on our organisation and the planet, we engage at every level with internal and external stakeholders, and continuously monitor global sustainability trends, commercial challenges and opportunities.

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	Occupational health and safety Employee development Gender diversity Human rights – workforce
02	SD outcome 2 and outcome 3 Product Innovation	Product innovation Ensuring our innovation pipeline creates SD solutions for our customers
04	SD outcome 4 Environment	Recycling Waste and by-products Process innovation
05	SD outcome 5 Environment	Air emissions Water efficiency in stressed areas Tailings dam management Biodiversity (mining) Process innovation

Key challenges and opportunities are raised and discussed by the Sustainability Committee at the board level, and by the Climate Change Committee and the Sustainable Development Council at the executive level.

The purpose of the SDC is to strengthen our ESG and SD oversight. It reviews stakeholder expectations and business performance and identifies the most material ESG/SD matters that would require executive oversight. It complements discussions at the Board Sustainability Committee.

The Climate Change Committee was created to strengthen our focus and coordinate our activity in this increasingly pressing area. See 'Governance' section on page 46.

The materiality process gives us a strong understanding of the key social, environmental, technology and regulatory external trends, the most material sustainability matters for our business, our stakeholders, the environment and people.

06	SD outcome 6 Climate change	Carbon Energy Process innovation
07	SD outcome 7 Supply chain	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	Community trust Community health Community investment Human rights – community
09	SD outcome 9 Social	STEM talent pipeline STEM education projects to encourage gender diversity
10	SD outcome 10 Social	Economic and social impact

Section 3 – Strong governance

Risk management, materiality and assurance

Materiality: assessment of issues

The double materiality approach consisted of five steps.

Step 1 – We mapped and prioritised our stakeholders.

Step 2 – We mapped the issues by creating an expansive list of trends and issues for consideration in our materiality assessment based on internal and external research and stakeholders' interviews.

Using our 10 SD outcomes as our foundation, we assessed social, environmental, governance and technological trends in the evolving sphere of sustainability to understand emerging areas 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 sectoral 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 to identify key emerging focus areas for stakeholders

We used a wide range of channels to talk to key stakeholders about our 10 SD outcomes and key topics that matter to them including a detailed stakeholder perception survey on our approach to decarbonisation which was undertaken by a third party.

Employees – We invited our employees to complete our updated Speak Up+ survey four times a year to act as internal 'pulse checks' on a range of material 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. For more about our updated Speak Up+ surveys, see page 40.

Customers – We discussed SD issues at all levels of customer engagement, through one-to-one meetings with key customers, as well as through customer satisfaction surveys on a business unit level. We also used other channels to confirm the changing importance of SD and ESG topics to our customers. These include ESG customer initiatives, such as Drive Sustainability, EcoVadis and the Green Building Council, and our participation in standards such as ResponsibleSteel™, IRMA and TSM.

Investors – We engaged with shareholders, lenders and ratings agencies throughout the year through one-to-one calls, roundtables, conferences and meetings. We also responded to numerous ESG investor surveys which often reflect the growing expectations of stakeholders. We tracked investor areas of interest and record the ESG topics raised during engagements. Continuous monitoring allows us to quantify, prioritise and adapt to investor expectations.

Suppliers – we engaged with our raw material suppliers over the ESG concerns we have identified and encourage them to adopt practices and assurance schemes aligned to the ResponsibleSteel™ standard as this is the best way to improve responsible sourcing of the raw materials used in steelmaking and reduce supply-chain risks.

Communities – We worked with local communities to make a positive economic and social contribution through employment, procurement, taxation and sustainable development initiatives. While in parallel maintaining strong level of risk management, and respect for human rights. To accomplish this, we seek to adopt a partnership approach, where we listen to the needs and concerns of stakeholders at site, country and segment levels, to give them the confidence that we will address issues affecting 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 manage community issues directly, monitoring local risks and opportunities, as well as overseeing any action to address them.

Insights from the ResponsibleSteel™ site certification audit process, including interviews with our stakeholders, inform our materiality process as well.

Community dashboards established with the Board Sustainability Committee oversee the significance of a site's risks and opportunities. We aim to use the dashboards to improve performance at sites identified as being at risk.

NGOs – We worked with several NGOs on climate issues at global and local levels. This helps us to track both the evolving expectations of civil society and issues material to local communities on this priority topic.

Step 3 – We assessed which issues are material and require executive oversight and governance by looking at what the risks and opportunities to society and environment from the company's activities are and what the impact of each issue on the company's success is.

Step 4 – We plotted the issues on a materiality matrix, conducted strategic assessment of each material issue and reviewed whether our sustainable development policy framework remains fit-for-purpose, making amendments where necessary.

Step 5 – We have started developing goals, targets and internal plans to address these issues, e.g. zero serious injuries and fatalities, 25% group-wide carbon emissions reduction by 2030, net zero group-wide carbon emissions by 2050, and doubling the percentage of women in management by 2030.

Section 3 – Strong governance

Risk management, materiality and assurance

ResponsibleSteel™ informs our materiality process

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 ResponsibleSteel™ standard that is based on 12 principles, covering ESG 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



In 2021, nine of our steelmaking sites in Europe and one in Brazil achieved ResponsibleSteel™ site certification. We are targeting certification at the remaining sites in Europe and our Brazil operations in 2022.

Insights from the ResponsibleSteel™ site certification audit process, including interviews with our stakeholders, inform our materiality process.

The outcome of the 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. 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 the key challenges and opportunities that we see, as well as our ability to create value, and a longer-term perspective on materiality. This is delivered through our 20-F forms, integrated annual reviews, CDP, climate action reports and quarterly sustainable development leadership reviews.

Assurance: overview

ArcelorMittal believes that independent assurance leads to quality and process improvements, as well as reassures readers and the management that the information that it publishes is accurate and material. As such, this contributes to building trust and credibility with key stakeholders.

This is the 12th year that our sustainable development reporting has received independent assurance.

In 2021, we asked our group non-financial auditors, DNV, to provide limited assurance on the following ESG sustainability performance indicators, in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements – Revised (ISAE 3000 Revised):

- Target to reduce CO₂e emissions intensity in Europe by 35% by 2030 (Scopes 1 and 2)
- Target to reduce CO₂e emissions intensity across the group by 25% by 2030 (Scopes 1 and 2)
- CO₂e intensity (steel; tonnes of CO₂/tonne of steel)
- 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/tonne of crude steel)
- NO_x (ducted) per tonne of steel (kg/tonne of crude steel)
- SO_x (ducted) per tonne of steel (kg/tonne of crude steel)
- Net water consumption (steel; m³)
- Waste (non-used residues) landfilled (steel; tonnes)
- Waste (non-used residues) in storage (steel; tonnes)
- Fatalities (steel and mining)
- Lost-time injury frequency rate (steel and mining; per million hours worked)
- Industrial operations (including mining) certified to OHSAS 18001 (steel and mining; %)

DNV provides an independent third-party assurance statement, which covers the selected information outlined above in the Fact Book [▶](#) and on the relevant pages of this report. DNV's recommendations will be addressed in 2022.

[Independent Limited Assurance Report](#)

Section 3 – Strong governance

Our approach to reporting

Our approach to reporting

ArcelorMittal R&D, Aviles, Spain →




Together with my fellow members of the Board Sustainability Committee, I have reviewed the 2021 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



This Integrated Annual Review 2021 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 Value Reporting Foundation (VRF) : International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB).

Integrated reporting demonstrates the linkages between the company's strategy, governance, financial performance and the social, environmental and economic context within which it operates.

By reinforcing these connections, integrated reporting helps our business to take more sustainable strategic decisions, manage our risk

better, and communicate to our investors and other stakeholders how our company is performing across all these dimensions.

UN Sustainable Development Goals (SDGs)

There is significant alignment between our 10 SD outcomes and the 17 UN SDGs (see our 'Reporting Index'). 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.

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. The EU Directive on non-financial reporting, 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.

The European Commission's proposal for the Corporate Sustainability Reporting Directive envisages the adoption of EU sustainability reporting standards. We will contribute to consultation process to ensure it is fit for purpose and seek greater alignment with the International Sustainability Standards Board.

Section 3 – Strong governance

Our approach to reporting

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.

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 VRF 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.

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 2021. Our reporting cycle is annual, and the previous Integrated Annual Review was published in May 2021.

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 2021 and the consolidated statements of operations, other comprehensive income, changes in equity and cash flows for the year ended 31 December 2021. 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 2021

Our 2021 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 57. 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 248. 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 2021 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 Reporting Index houses references to the data and their sources in the Integrated Annual Review, reflecting the principles and guidelines of the Value Reporting Foundation (VRF): International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative Sustainability Reporting Standards 2016. It also reflects how ArcelorMittal contributes to the UN SDGs, and serves as our 2021 communication on progress of our implementation of the United Nations Global Compact (UNGC) principles.

[Read the Reporting Index](#)

Section 3 – Strong governance

Our approach to reporting

EU Taxonomy reporting

In accordance with the EU Taxonomy Regulation (2020/852) (“the EU Taxonomy”) published on June 18, 2020, ArcelorMittal is required to disclose information about the alignment of its economic activities with the EU Taxonomy.

The EU Taxonomy is a classification system for the categorisation of sustainable business activities that could substantially contribute to the EU’s environmental goals. Non-financial companies are required to disclose the share of their sales, capital and operational expenditures associated with sustainable economic activities. Sustainable economic activities are defined in the EU Taxonomy as contributing to at least one of the six environmental objectives listed, and do no significant harm to any of the other objectives, while respecting basic human rights and labour standards. The six environmental objectives of the EU Taxonomy are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

For the year ended December 31, 2021, companies are required to report the proportion of their economic activities that are eligible, i.e. in scope of the regulation. For financial years subsequent to 2021, companies also have to report the proportion of aligned economic activities for each of the above-mentioned objectives.

Aligned economic activities refer to activities that meet the criteria for sustainable economic activities established by the regulation and its delegated acts. As of December 31, 2021 a first delegated act on sustainable activities for climate change adaptation and mitigation objectives was published. ArcelorMittal has assessed which of its economic activities are included and listed in the EU Taxonomy in order to define the taxonomy-eligibility of ArcelorMittal’s sales, capital and operating expenditures. The manufacturing of iron and steel is identified as an eligible economic activity for climate change adaptation and mitigation (Taxonomy economic activity 3.9). Mining and other non-steel activities are considered as not eligible and thus reported as non-eligible activities. The key performance indicators were calculated using the consolidated financial information and further accounting policies are disclosed after the key performance indicator table below.

Taxonomy key performance indicators

2021	Total (\$ million)	Eligible in %	Non-eligible in %
Sales	76,571	94%	6%
Capital expenditures	3,008	82%	18%
Operating expenditures	4,735	86%	14%

ArcelorMittal has defined the taxonomy key performance indicators as follows:

- Taxonomy sales are presented in accordance with IFRS and consistent with the sales reported in ArcelorMittal’s consolidated financial statements as of and for the year ended December 31, 2021. The manufacturing of iron and steel is listed as an eligible economic activity, i.e. covered by the EU Taxonomy economic activity 3.9. Accordingly, ArcelorMittal sales are substantially eligible. The main items of sales that have been considered as non-taxonomy-eligible include the sale of iron ore and shipping and other services.

Taxonomy capital expenditures are presented and measured on a cash-basis consistent with the purchases of property, plant and equipment and intangibles presented in the ArcelorMittal consolidated financial statements as of and for the year ended December 31, 2021. Capital expenditures associated with mining operations and other non-steel activities have been considered non-eligible.

- As regards taxonomy operating expenditures, the company has taken a restrictive view and included the following non-capitalised items of cost and expense as accounted for in the consolidated statements of operations of ArcelorMittal’s consolidated financial statements as of and for the year ended December 31, 2021: research and development expenses, short-term lease costs, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of items of property plant and equipment

that is necessary to ensure the continued and effective functioning of such assets. Of the total taxonomy restricted operating expenditure, the part supporting taxonomy-eligible economic activities has been considered eligible. Expenses related to mining and other non-steel operations have accordingly been considered non-eligible.

The preparation of the key performance indicators requires management to make judgements, estimates and assumptions on eligible economic activities, capital expenditures allocated to those activities and related operating expenditures. Only one taxonomy-eligible economic activity has been considered in the calculations, considering the activities defined as eligible in the delegated acts adopted as of the date of this report and addressing the environmental objectives of climate change adaptation and mitigation.

There are still considerable uncertainties regarding the requirements and guidelines provided by the EU, and ArcelorMittal continues to develop its calculations and definitions as new information becomes available. As a principle, the share of aligned economic activities can be the same or lower than the share of eligible economic activities. In 2022, the company will also complete its full assessment of the Substantial Contribution and Do No Significant Harm principles and the compliance with the minimum safeguards, which will likely have an impact on the eligibility level.

Section 3 – Strong governance



WHEN TRUST MATTERS

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 2021 (the “Fact book”) for the reporting year ended 31 December 2021.

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.

- We restate our recommendation from last year that ArcelorMittal should finalise an approach to reporting on joint ventures and consistently apply it across its portfolio. Within this approach, consideration should be made on the implications where joint ventures are integrated within ArcelorMittal’s activities and site boundaries, such as metal recycling operations, in line with reporting best practices, such as the WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.
- Responding to our previous assurance findings, ArcelorMittal has begun the process to develop an online environmental data collection system. We recommend that ArcelorMittal should provide separate market-based reporting on Greenhouse Gas (GHG) Scope 2 emissions, in addition to location-based reporting, in next year’s report.
- We recommend ArcelorMittal considers developing an approach to reporting the GHG impact of carbon reduction measures, such as Steelanol, Torero and use of black pellets.
- We noted that the boundary of Scope 3 emissions reported this year excludes upstream impacts from purchases of additional types of raw materials. We understand ArcelorMittal is currently working on collating and calculating emissions data related to these purchases. We restate our recommendation to extend ArcelorMittal’s reporting of GHG Scope 3 emissions to include additional raw materials, transportation and processing of scrap metal to supply ArcelorMittal’s electric arc furnaces (EAF).
- If ArcelorMittal intends to build new direct reduced iron (DRI) plants and EAF facilities and to decommission a blast furnace as part of its decarbonisation strategy, we recommend the company includes impacts from the residues generated from construction/demolition activities, and to include any associated land remediation in the scope of its environmental data and reporting in the future.
- We noted an increased focus on safety improvements in line with ArcelorMittal’s Fatality Prevention Standard. We recommend ArcelorMittal creates a consistent approach to reporting on potential serious injuries and fatalities (PSIF) and strengthens oversight on reporting of this indicator.

Selected information

The scope and boundary of our work is restricted to the following key performance indicators included within the Fact book on page 30 and 31 (the “Selected Information”), listed below:

- Target to reduce CO₂e emissions intensity in Europe by 35% by 2030 (Scope 1 and 2)
- Target to reduce CO₂e emissions intensity across the group by 25% by 2030 (Scope 1 and 2)
- CO₂e intensity (steel; tonnes of CO₂e/tonne of steel)
- 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/tonne of steel)
- NOx (ducted) per tonne of steel (kg/tonne of steel)
- SOx (ducted) per tonne of steel (kg/tonne of steel)
- Net water consumption (steel; m³/tonne of steel)
- Waste (non-used residues) landfilled (steel; tonnes)
- Waste (non-used residues) in storage (steel; tonnes)
- Fatalities (steel and mining)
- Lost-time injury frequency rate (steel and mining; per million hours worked)
- Industrial operations (including mining) certified to OHSAS 18001 (Sites certified to ISO 45001:2018 included, excluding AM/NS India)(steel and mining; %)

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.

Section 3 – Strong governance



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;
- Onsite 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. Our original plan included a site visit to Kryvyi Rih, Ukraine (steel and mining), however we were not able to complete this site visit.
 - Gent, Belgium (steel)
 - Bremen, Germany (steel)
 - Lázaro Cárdenas Long, Mexico (steel)
 - Contrecoeur L’Est, Canada (steel)
 - Dofasco Flat Products, Hamilton, Canada (steel)
 - Tubarão, Brazil (steel)
 - Peña Colorada, Mexico (mining)
- Performing limited substantive testing of Group-level data at Head Office for 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
29th April 2022



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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.dnv.co.uk/BetterAssurance

Published 29/04/2022

ArcelorMittal
24-26, Boulevard d'Avranches
L-1160 Luxembourg
Grand Duchy of Luxembourg

corporate.arcelormittal.com

We welcome your feedback on this report.
Please send it to investor.relations@arcelormittal.com



ArcelorMittal