

Report on Payments to Governments in respect of Extractive Activities

Year ended December 31, 2018



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Introduction

ArcelorMittal has prepared this consolidated report (the "Report") on payments to governments with respect to its extractive activities in accordance with the European Union directives 2013/34/EU and 2013/50/EU ("EU Directives") as transposed into the Luxembourg laws of December 18, 2015 and May 10, 2016 (the "Transparency Law"). These EU Directives have been derived from the Extractive Industries Transparency Initiative ("EITI"), a global standard to promote the open and accountable management of natural resources of which ArcelorMittal is a corporate supporter in order to strengthen governance, foster socio-economic development and help the overall business climate to become more open, fair and competitive. The "Basis of preparation" section provides information about the content of the Report, the types of payments included and the reporting principles that have been applied in preparing the Report.

The latest edition of ArcelorMittal's integrated annual online review "Sustainable progress" which can be accessed at <https://annualreview2018.arcelormittal.com> provides further details on the broader spectrum of socio-economic contributions ArcelorMittal brings to local communities and countries in respect of its operations. This Report is available for download from www.corporate.arcelormittal.com/investors/financial-reports/payments-to-governments.

Basis of preparation

Under the Transparency Law, ArcelorMittal is required to prepare a consolidated report on payments made to governments in relation to its extractive industries including any subsidiary included in its consolidated financial statements, which are available on the Company's website <http://corporate.arcelormittal.com/investors/financial-reports/annual-reports>.

Reporting principles

The Transparency Law requires payments to be reported when they are made to governments by ArcelorMittal for its extractive activities.

The Report states the total amount of payments made to each government in accordance with the Transparency Law and the amount per type of payment made to each government.

Payments in the Report are also attributed to a specific project or disclosed at an entity level. Where payments have been attributed to a project, the Report shows the total amount of payments made for each project and the amounts per type of payment.

The Transparency Law also prescribes that the disclosure of payments should reflect the substance of each payment and the relevant project concerned. Accordingly, ArcelorMittal has applied the following reporting principles:

- Payments made to governments by ArcelorMittal subsidiaries are reported in full including payments made to governments in connection with joint ventures to the extent that ArcelorMittal makes the relevant payment.
- Payments made to governments by joint operations in which ArcelorMittal exercises joint control and has rights to the assets and obligations for the liabilities relating to the arrangement are reported in proportion of ArcelorMittal's share.
- Payments made to governments by joint ventures and associates accounted for under the equity method are not included in this Report.
- Amounts payable to governments computed for extractive activities which are fully or partly offset by receivable amounts from non-extractive activities and as a consequence result in a nil or reduced net payment to governments are reported as nil or reported up to the net amount.
- Where a payment made to a government relates to activities that are both reportable under the Transparency Law and not reportable, the entire payment is reported if it is not possible to disaggregate it on a reasonable basis.
- A payment to a government relating to more than one project (for example income tax) is reported in aggregate if it is not possible to disaggregate the payment per project.

Activities within the scope of the Report

The Report includes all payments made to governments with respect to ArcelorMittal's activities involving exploration, prospection, discovery, development and extraction of minerals. This encapsulates the key stages of extractive activity, beginning with the search for natural resources and includes the evaluation of resource bearing geological features, the construction of facilities to enable the extraction of natural resources and the production of the natural resource up to the point that the extracted material is salable.

Payments made to governments relating to distribution activities and commercial development are not included in this Report as they are not within the scope of the Transparency Law.

Government

Under the Transparency Law, a government is defined as any national, regional or local authority of a country, including department, agency or undertaking controlled by that authority. In some countries, certain aboriginal or indigenous communities fall within the definition of a government.

Payments

Payments are reported on a cash basis meaning that they are reported in the period in which the payment occurred as opposed to being reported on an accrual basis which would mean they are reported in the period for which they are due. Refunds are also reported in the period they are received and are presented as negative amounts in the Report.

Payments in kind made to governments would also be included in this Report in accordance with the Transparency Law. There were no such reportable payments in kind for the year ended December 31, 2018.

Project definition

The Transparency Law requires payments to be reported by project (as a sub category by country). It defines a project as the operational activities which are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment of liabilities to a government. If these agreements are substantially interconnected, they should be treated as a single project. In accordance with the Transparency Law, "substantially interconnected" means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. These agreements may themselves be governed by a single contract, joint venture, production sharing agreement or other overarching legal agreement. Factors used to determine whether contracts or licenses are operationally and geographically integrated may include their common management framework, proximity and use of common infrastructure. The Report only contains details of projects for which reportable payments were made during the reporting period.

Disclosure threshold

The transparency Law requires payments exceeding €100,000 for a single payment or a series of related payments during the financial year to be included in this Report.

Reporting currency

All payments are reported in U.S. dollars corresponding to the presentation currency of ArcelorMittal's consolidated financial statements. Payments made in currencies other than U.S. dollar have been translated at the average exchange rate of the reporting period.

Types of payments

The Transparency Law refers to "payments" as an amount paid in cash or in kind for relevant activities where the payment is any of the following types:

Production entitlements

Production entitlements refer to production-sharing agreements following which the government is entitled to a share of the ore extracted. Such entitlements are regarded as payments in kind. There were no such payments reportable for the year ended December 31, 2018.

Taxes

The Report includes taxes levied on income, production or profits from extractive activities or withheld from dividends, royalties and interests. Taxes levied on consumption, sales, environmental taxes, property taxes, custom duties and personal income taxes are not reportable under the Transparency Law.

Royalties

Royalties represent a share of the output or the profit that can be paid in cash or in kind.

Dividends

Dividends paid in lieu of production entitlements or royalties are included in this Report. However, dividends paid to a government as a common shareholder are not reported to the extent that the dividend is paid to the government on the same terms as dividends paid to other common shareholders. There were no such payments reportable for the year ended December 31, 2018.

Fees

ArcelorMittal has included in this Report license fees, rental fees, entry fees and other payments that are made in consideration for licenses and/or concessions. Fees paid to governments for administrative services or supplies are not included in this Report.

Bonuses

Bonuses included in this Report correspond to signature, discovery and production bonuses. There were no such payments reportable for the year ended December 31, 2018.

Infrastructure improvements

Such payments correspond to payments made for infrastructure (for example roads or buildings) that forms part of the fundamental facilities and systems serving a community of area. Such payments are included in the Report regardless of whether or not these payments constitute a contractual obligation and they are reported when the relevant assets are handed over to the government.

Other considerations

Payments included in this Report are presented in U.S. dollars with all amounts rounded to the nearest thousands.

Overview of payments

The table below shows the payments made to governments by the Company during the year ended December 31, 2018 by country and type of payment.

in thousands U.S. dollars	Taxes	Royalties	Fees	Infrastructure improvements	Total
Bosnia and Herzegovina	574	1,623	—	—	2,197
Brazil	—	4,314	—	—	4,314
Canada ¹	303,082	6,719	1,058	—	310,859
Kazakhstan	29,540	2,255	235	—	32,030
Liberia	—	2,703	1,942	1,032	5,677
Mexico	4,025	3,371	3,773	—	11,169
Romania	—	88	—	—	88
Ukraine ¹	90,733	—	5,791	—	96,524
United States of America ¹	13,290	807	1,225	—	15,322
Total	441,244	21,880	14,024	1,032	478,180

1. Taxes include payments or refunds for activities that are both reportable under the Transparency Law and not reportable, as it is not possible to disaggregate on a reasonable basis.

Payments per government and project

The tables below show the payments made to governments by the Company on a government and project basis for each type of payment during the year ended December 31, 2018.

Bosnia and Herzegovina

Payments per government	Taxes	Royalties	Fees	Total
Republic of Srpska	574	1,623	—	2,197

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Mine Prijedor (Buvac pit)	Iron ore	574	1,623	—	2,197

Brazil

Payments per government	Taxes	Royalties	Fees	Total
DNPM – National Department of Mineral Production	—	3,280	—	3,280
State Finance Secretary (SEFAZ - MG)	—	1,034	—	1,034
Total Brazil	—	4,314	—	4,314

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Andrade Mine	Iron ore	—	2,284	—	2,284
Serra Azul Mine	Iron ore	—	2,030	—	2,030
Total Brazil		—	4,314	—	4,314

Canada

Payments per government	Taxes	Royalties	Fees	Total
Region - Québec	—	6,719	—	6,719
Ministère des Finances Québec	127,693	—	1,058	128,751
Receveur général du Canada ¹	175,389	—	—	175,389
Total Canada	303,082	6,719	1,058	310,859

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Mines Canada (Mont Wright - Fire Lake)	Iron ore	3,588	6,719	1,058	11,365
Payments not allocated to a specific project ¹		299,494	—	—	299,494
Total Canada		303,082	6,719	1,058	310,859

1. Taxes include payments for activities that are both reportable and not reportable under the Transparency Law, as it is not possible to disaggregate on a reasonable basis.

Kazakhstan

Payments per government	Taxes	Royalties	Fees	Total
Ministry of Finance	29,540	2,255	235	32,030

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Atansore	Iron ore	204	544	6	754
Atasu	Iron ore	95	719	—	814
Kentobe	Iron ore	138	314	52	504
Lisakovsk	Iron ore	109	517	—	626
Temirtau coal mine	Coal	28,994	161	177	29,332
Total Kazakhstan		29,540	2,255	235	32,030

Liberia

Payments per government	Royalties	Fees	Infrastructure improvements	Total
Ministry of Finance /LRA	2,703	1,600	—	4,303
Ministry of Mines	—	342	—	342
Ministry of Public Works	—		1,032	1,032
Total Liberia	2,703	1,942	1,032	5,677

Payments per project	Mine type	Royalties	Fees	Infrastructure improvements	Total
Mine Liberia (Western Range Project)	Iron ore	2,703	1,942	1,032	5,677
Total Liberia		2,703	1,942	1,032	5,677

Mexico

Payments per government	Taxes	Royalties	Fees	Total
Internal Revenue Service (Secretaria de Hacienda)	4,025	3,371	—	7,396
Ministry of Economy (Secretaria de Economía)	—	—	3,773	3,773
Total Mexico	4,025	3,371	3,773	11,169

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Faraon / FE	Iron ore	—	—	1,627	1,627
MS Oaxaca	Iron ore	—	—	703	703
Peña Colorada	Iron ore	4,022	2,395	270	6,687
Truchas	Iron ore	3	590	867	1,460
Volcan	Iron ore	—	386	306	692
Total Mexico		4,025	3,371	3,773	11,169

Romania

Payments per government	Taxes	Royalties	Fees	Total
State Budget	—	88	—	88

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Mahmudia mine	Limestone	—	88	—	88

Ukraine

Payments per government	Taxes	Royalties	Fees	Total
State Treasury Service of Ukraine	—	—	5,791	5,791
State Fiscal Service (State Budget) ¹	90,733	—	—	90,733
Total Ukraine	90,733	—	5,791	96,524

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Open Pits (#2 Novokrivorozhskiy and #3 Valyavkinskiy deposit)	Iron ore	3,673	—	5,791	9,464
Underground Mine (Kirova Mine and Open pit Yuzhnyi)	Iron ore	2,562	—	—	2,562
Payments not allocated to a specific project ¹		84,498	—	—	84,498
Total Ukraine		90,733	—	5,791	96,524

1. Taxes include payments for activities that are both reportable and not reportable under the Transparency Law, as it is not possible to disaggregate on a reasonable basis.

United States of America

Payments per government	Taxes	Royalties	Fees	Total
Cook County	110	—	—	110
Crow Wing County	105	—	—	105
Iron Range Resources	8,316	—	—	8,316
Itasca County	1,147	—	—	1,147
Lake County	655	—	—	655
Minnesota Pollution Control Agency	—	—	992	992
Minnesota Department of Natural Resources	—	679	233	912
Minnesota Department of Revenue	1,274	—	—	1,274
Minnesota Department of Revenue (Refund)	(7)	—	—	(7)
St Louis County	9,371	—	—	9,371
Minnesota State Treasurer	—	128	—	128
Tazewell County Treasurer	99	—	—	99
U.S. Office of Surface Mining	469	—	—	469
United States Treasury	1,030	—	—	1,030
United States Treasury (Refund)	(18,374)	—	—	(18,374)
West Virginia State Tax Department	9,095	—	—	9,095
Total United States of America	13,290	807	1,225	15,322

Payments per project	Mine type	Taxes	Royalties	Fees	Total
Hibbing Taconite Mine	Iron ore	14,206	128	629	14,963
Minorca Mines	Iron ore	6,766	679	596	8,041
Princeton Mines	Coal	10,692	—	—	10,692
Payments not allocated to a specific project ¹		(18,374)	—	—	(18,374)
Total United States of America		13,290	807	1,225	15,322

1. Taxes include 18,374 Alternative Minimum Tax refund with respect to both extractive and non-extractive activities, for which it is not possible to disaggregate it on a reasonable basis.