

CLEVELAND-CLIFFS INC.

SUSTAINABILITY REPORT 2020



CORE VALUES

Cleveland-Cliffs has a long history of providing a safe workplace, striving to be good stewards of the environment and establishing strong and respectful relationships with our communities. These Core Values provide the foundation upon which we manage our organization and inform our daily decision-making as we navigate business challenges.

Everything we do at Cleveland-Cliffs is guided by our Core Values, and you will see these values in action throughout this report.



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LETTER FROM LOURENCO

Dear Stakeholders,

In April 2021, Cleveland-Cliffs published our Sustainability Report Executive Summary to provide a brief introduction to some of our most significant corporate sustainability efforts in 2020. As promised in that Executive Summary, we are now publishing and sharing with you our full 2020 Sustainability Report. This full report provides further detail into many of the topics that were introduced in the Executive Summary and captures our performance against a robust set of sustainability standards.

2020 challenged our Company and our world in unexpected ways as the global COVID-19 pandemic emerged. We quickly adapted to protect the health

and safety of our employees, the employees of our customers and supply chain providers. Our Company and our people demonstrated remarkable strength and resilience during a time of unprecedented change, including contributing to the tremendous growth of Cleveland-Cliffs. We invested in our Company's long-term sustainability by acquiring two prominent steel producers, AK Steel and ArcelorMittal USA, which were previously our largest customers. We also completed construction of our first Direct Reduction Plant in Toledo, Ohio. Altogether, these events made for a historic year for Cleveland-Cliffs, as we transitioned from a 173-year-old iron ore mining company into the largest flat-rolled steel producer in North America in less than 12 months.

I am honored to lead a company which is integral to rebuilding a manufacturing economy in our country that provides good-paying, sustainable jobs for more than 25,000 people, among them nearly 20,000 union jobs.

LOURENCO GONCALVES Chairman, President and Chief Executive Officer

As we transformed our business in 2020, our executive leadership team and I focused on developing an integrated, sustainable business model across the entire Company. A key component of that strategy is a heightened focus on environmental, social and governance (ESG) issues and increased transparency, as reflected in the publishing of this report.

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In response to feedback from many of our stakeholders, we prepared this Sustainability Report in a manner consistent with globally accepted standards. As such, our Sustainability Report provides ESG information referenced against Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards. This report includes sustainability metrics from our 40+ facilities consolidated into a single ESG data table for investors and other stakeholders. Finally, the publication of this report marks our commitment to continued reporting and progress in pursuit of Cleveland-Cliffs' ESG goals, including our commitment to reduce greenhouse gas (GHG) emissions 25% by 2030 from 2017 levels. I am proud of what we accomplished in 2020 and the great strides we've already made in 2021. When we published the Executive Summary, I concluded my letter with a message worth repeating here in the full report: I am honored to lead a company which is integral to rebuilding a manufacturing economy in our country that provides good-paying, sustainable jobs for more than 25,000 people, among them nearly 20,000 union jobs. Cleveland-Cliffs has been, and continues to be, built for future generations. The decisions that we are making today will have significant impacts for decades to come—on our employees, communities, stakeholders and environment. I look forward to further sharing our progress and vision towards a sustainable future.

Sincerely,

LOURENCO GONCALVES Chairman, President and Chief Executive Officer Cleveland-Cliffs Inc.

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ABOUT CLEVELAND-CLIFFS





Founded in 1847 as an iron ore mine operator, Cleveland-Cliffs is now the largest producer of flat-rolled steel and iron ore pellets in North America. Our portfolio includes flat-rolled carbon steel, stainless, electrical, plate, tinplate and long steel products, carbon and stainless steel tubing, hot and cold stamping and tooling, as well as hot briquetted iron (HBI) and custom-made iron ore pellets.

Cleveland-Cliffs' operations have a proud history of corporate responsibility, environmental stewardship and safe operations. For example, our iron ore mining operations exceeded the United States (U.S.) 2015 Paris Agreement pledge to reduce greenhouse gas (GHG) emissions by 26-28% from 2005 baseline levels six years ahead of the 2025 target. Those operations also accomplished large-scale reductions in Regional Haze air pollutants including fine particulate matter (PM 2.5), sulfur dioxide and nitrogen dioxide. As we have recently expanded our business footprint, we will build on our commitment to environmental stewardship, continue to focus on the health and safety of employees and other stakeholders and maintain our social license to operate a sustainable business.











Cleveland-Cliffs Locations



1. Cleveland-Cliffs Headquarters

Offices

- 2. Regional Office - West Chester
- Regional Office Chicago З.
- Regional Office Richfield 4.
- 5. Research & Innovation Center - Middletown

Steelmaking

- Northshore Mining Company 6.
- Tilden Mine 7.
- 8. United Taconite
- 9. Minorca Mine
- 10. Hibbing Taconite Company
- 11. Empire Mine (idled)
- 12. Princeton Coal
- 13. Warren Coke
- 14. Mountain State Carbon
- 15. Monessen Coke 16. Toledo – HBI
- 17. Indiana Harbor
- 18. Burns Harbor & Burns Harbor Plate
- 19. Cleveland Works 20. Middletown Works
- 21. Dearborn Works
- 22. Butler Works
- 23. Mansfield Works
- 24. Ashland Works (idled)
- 25. Coatesville
- 26. Steelton
- 27. Riverdale
- 28. Zanesville Works
- 29. Rockport Works
- 30. Coshocton Works
- 31. Gary Plate
- 32. Columbus, OH
- 33. Conshohocken
- 34. Tek & Kote
- 35. Piedmont
- 36. Weirton

Tooling & Stamping

- 37. Windsor, Ontario
- 38. Sylacauga
- 39. Bowling Green

Tubular Components

- 40. Walbridge
- 41. Columbus, IN



OUR HISTORY

Our Company, now 174 years old, pre-dates the first Industrial Revolution and has been guided by leaders who navigated through eras of prosperity and depression, wartime, great technological change, exploration and even global pandemics such as we experienced this past year. Though we are a fully integrated steelmaking company today, we were originally founded in 1847 by 11 entrepreneurs from Cleveland, Ohio, who sought to develop the hard hematite and magnetite ores of the Negaunee outcropping in Michigan's Upper Peninsula. Their spirit of leadership and entrepreneurship still exists in our Company culture, as evidenced by our recent expansion into steelmaking and the work we are pioneering in developing new, innovative products.

In 2014, our newly installed Chairman, President and CEO, Lourenco Goncalves, and a newly formed Board of Directors embarked on a different business model. Several critical strategic decisions were made to strengthen Cleveland-Cliffs and our core U.S. iron ore business in 2015. This strategy paved the way for the exponential growth of the past year. Through it all, Cleveland-Cliffs has demonstrated resilient leadership and ingenuity, bolstered by the dedication and hard work of our employees.

A large red "C" and a diamond-shaped field of color was long recognized as the Cleveland-Cliffs Iron Company flag which flew on one of the Company's Great Lakes vessels—from 1891–1984.

2020: A TRANSFORMATIONAL YEAR

AK Steel & ArcelorMittal USA Acquisitions

Despite the challenges of 2020, Cleveland-Cliffs successfully transformed from a mining company supplying iron ore pellets to North American steel companies into the largest flat-rolled steel producer in North America. With a strategy focused on American steel, the acquisition of AK Steel in March 2020 aligned with our positive outlook for automotive production and manufacturing in the United States. The second step of Cleveland-Cliffs' transformation into a fully-integrated American steelmaker was completed with the acquisition of substantially all of the operations of ArcelorMittal USA in December 2020. This acquisition further enhanced Cleveland-Cliffs' competitive advantage within increasingly quality-focused markets, grew our position in the automotive steel marketplace, and advanced our access to important steel-intensive American markets such as construction, appliances, infrastructure, machinery and equipment. We also completed construction and began production of HBI at our new Direct Reduction Plant in Toledo, Ohio, in late 2020.

Cleveland-Cliffs is the largest flat-rolled steel producer in North America. Now that Cleveland-Cliffs has assumed a leadership position in American steelmaking, we are proud to share our progress toward implementing our sustainable business model. We believe that our sustainability efforts are in the best interest of all stakeholders and an important way to increase the long-term competitive advantage of our Company. Built on a strong legacy of safety, environmental stewardship and community engagement, we will continue to produce steel and steel products in a clean and sustainable manner for future generations.

25,000 employees as of December 2020

46

operating facilities in North America



A FULLY-INTEGRATED STEELMAKER

Cleveland-Cliffs' business model is now vertically integrated, from mining through iron making, steelmaking, rolling, finishing and downstream operations with hot and cold stamping of steel parts and components. We have the unique advantage of being fully or partially self-sufficient with production of key raw materials for our steel manufacturing.

Integrated Vertical System



Raw materials

Fully self-sufficient in iron ore



Steelmaking

Cleaner pellet-based iron production Largest flat-rolled steel producer in North America



Finishing

High-end automotive and value-added steel products



Downstream

Capabilities for manufactured products



Advancing Cleaner Feedstock for Domestic Steelmaking

As a fully-integrated steel and mining company, we are focused on sustainability improvements across the lifecycle of our manufacturing processes—from raw materials to finished steel products. It starts with Cleveland-Cliffs' environmentally friendly iron ore pellets, the raw materials that enable us and our industry to produce cleaner, more sustainable steel in the United States.

We produce specialty pellets, such as our superflux Mustang pellet, which was designed to meet specific chemical and physical characteristics for a blast furnace at Indiana Harbor—an integrated steelmaking facility that we now own. Our fluxed pellets are a cost-effective feedstock that significantly decrease the fuel rates of blast furnaces and reduces carbon dioxide equivalent (CO₂e) emissions associated with iron production. We also produce low-silica Direct Reduction (DR)-grade pellets, which are used in Direct Reduced Iron (DRI) and HBI production. As a result of our previously completed \$100 million capital upgrades, our Northshore Mining facility is the only U.S. facility capable of producing both blast furnace pellets and DR-grade pellets.

Cleveland-Cliffs completed construction of our first Direct Reduction Plant and began producing high-quality HBI in late 2020. The HBI that we produce is a compacted form of DRI shaped into briquettes for ease of shipping, handling and feeding into blast furnaces and electric arc furnaces (EAFs).

Our HBI product enables reductions in GHG emissions with downstream usage in blast furnaces and EAFs. HBI can be used in blast furnaces to improve energy efficiency and reduce the amount of coke required when producing iron and steel. In addition, EAFs can incorporate HBI to offset the need to import pig iron and therefore eliminate high GHG emissions associated with foreign pig iron production and transportation from other countries.

STEEL AS A SUSTAINABLE MATERIAL





Steel is used in a variety of automotive applications.

STEEL'S SUSTAINABILITY ATTRIBUTES

Steel is an ideal sustainable material due to its inherent durability and recyclability. Through significant technical innovations in our steel production and manufacturing processes, we are maximizing the sustainable value of iron and steel to benefit our customers and our society as a whole. Steel's sustainability attributes include:

- The American steel industry is among the cleanest and most energy efficient in the world, and it has the lowest GHG intensity of the seven largest steel-producing countries in the world. Our industry has made great strides in furthering technological innovation and the environmental, social and economic sustainability of the steel manufacturing process. Advancements in steel process technology and efficiency have led to industry-wide reductions in energy intensity by 35% and GHG emissions intensity by 37% per ton of steel shipped since 1990. The Environmental Protection Agency's (EPA) data indicates that U.S. production of steel, iron and metallurgical coke amounted to less than 1% of national GHG emissions. Cleveland-Cliffs' climate change commitment and additional strategies to reduce our environmental footprint are described more fully in the Environmental Management and Promoting Energy Efficiency sections of this report.
- HBI is increasing blast furnace and EAF productivity and reducing GHG emissions. Cleveland-Cliffs has invested in this technology with our Direct Reduction Plant, which began producing and supplying HBI in late 2020. Worldwide shortages of prime scrap availability are creating an increasing demand for virgin iron units in steel production necessary to create higher grades of steel. HBI can be used in blast furnaces to improve energy efficiency and reduce the amount of coke required when producing iron and steel. Use of domestically produced HBI in steelmaking operations results in a significantly lower GHG footprint than use of foreign-produced and internationally transported pig iron.

- Steel is the most recycled material in the world and can be continually recycled into new products. The non-renewable resources used to make steel, such as iron ore, coal and other minerals and fossil fuels, are not wasted because the steel can be recycled without losing its strength. These characteristics make steel an ideal material for a circular economy. In 2020, Cleveland-Cliffs' operations recycled 4.5 million tons of scrap steel.
- Steel products play a critical role in the development of clean energy infrastructure and the reduction of the United States' GHG footprint. Steel is vital to sustainable industries such as solar power, biofuels, wind energy, green construction and low-carbon transportation.
- Revolutionary advanced steel solutions are improving sustainability and driving downstream GHG reductions in the automotive, energy, construction, packaging and infrastructure sectors. Cleveland-Cliffs' Research and Innovation Center is working closely with customers to innovate new steel grades and applications, as in the development of advanced grades of steel for more fuel-efficient combustion engine vehicles and electric vehicles (EVs).



STEEL TECHNOLOGY DEVELOPMENT

Through our Research and Innovation Center in Middletown, Ohio, Cleveland-Cliffs is collaborating with our customers to create innovative steel solutions across a wide range of markets, including the automotive, energy, construction, packaging and infrastructure sectors. We are leveraging the combined strengths and capabilities of our newly acquired steelmaking facilities to support our customers' evolving sustainability initiatives alongside our own. By developing new, innovative products and actively engaging with our customers, we contribute to sustainability improvements throughout our value chain. We continue to respond to customer requests for information on our sustainability performance and serve as responsible suppliers of sustainable steel.

Steel Innovation for the Automotive Industry

Our largest market is the automotive industry, and we regularly engage with our automotive customers to align with their sustainability initiatives and product development goals. As our customers target GHG emission reductions and increase requirements for their supply chain, we remain committed to improving our GHG footprint, promoting the recyclability of steel and providing quality products that meet or exceed customer expectations. We work together with our customers to reduce GHG emissions along the supply chain and share information that improves transparency about steel's sustainable value across the vehicle lifecycle.



HIGHLIGHT STORY

CLEVELAND-CLIFFS NAMED GM SUPPLIER OF THE YEAR FOR FOURTH CONSECUTIVE YEAR

Cleveland-Cliffs Inc. was named GM Supplier of the Year by General Motors for 2020. This is the fourth consecutive year Cleveland-Cliffs/AK Steel has received the award. The annual awards highlight global suppliers from 16 countries that distinguish themselves by exceeding GM's requirements, in turn providing GM customers with innovative technologies and among the highest quality in the automotive industry.

Shilpan Amin, General Motors Vice President of Global Purchasing & Supply Chain said, "As GM works to achieve a future with zero crashes, zero emissions and zero congestion, we are proud to have innovative and dedicated suppliers around the world as partners in this mission. Throughout a challenging year, our suppliers have showed resilience and dedication in working toward our shared goal of long-term sustainability for our planet and the communities we serve, while meeting our present needs."

gm SO Y²⁹

SPECIALTY STEELS FOR AUTOMOTIVE: PRODUCT HIGHLIGHTS

ULTRALUME[®] Press Hardenable Steel (PHS) is an aluminized Type 1, heat-treatable, boron steel that delivers high strength, design flexibility and collision protection for automotive steel applications. Addressing the formability issues of conventional cold-forming in high-strength steels, this hot stamping technology is used for A- and B-pillar reinforcements, roof rails, sidewall members, bumpers, beams and other crash management components.

The innovative NEXMET® family of steels offers high strength, greater ductility and improved formability solutions for automotive light-weighting applications. The products are designed to support manufacturers in meeting future targets for fuel economy. NEXMET 440EX combines high yield and tensile strength at thinner gauges to facilitate lightweight designs, and NEXMET 1000 and 1200 are revolutionary products that offer the best in strength and elongation while maintaining the ability to be cold stamped.

DI-MAX[®] HF-10X is a fully processed non-oriented electrical steel (NOES) designed for use in high-speed motors, traction motors, aircraft generators and other rotating equipment operating at frequencies above 60 Hz. It was engineered to enable the most efficient motor design for hybrid vehicles and EVs and can help improve the range of EVs. Our suite of specialty electrical steels will be critical to ongoing development of future EVs.

THERMAK[®] 17 Stainless Steel provides high-temperature strength, creep resistance and oxidation resistance. The dual stabilization from titanium and niobium also prevents carbide sensitization exposure and delivers an alloy that cannot be hardened, thermally. In addition, the improved thermal fatigue performance facilitates vehicle light-weighting efforts for hot-end exhaust components.



Middletown

One area of focus is providing advanced high-strength steels (AHSS) to automakers, including third generation (Gen 3) steel grades. With increased strength and better formability, these new specialized grades of steel can be used to make thinner, lighter parts that reduce vehicle weight, increase fuel efficiency and lower tailpipe emissions while maintaining superior strength and safety performance. For our customers, Gen 3 and other AHSS products are more cost-effective and more environmentally friendly than alternative materials such as aluminum, magnesium and carbon-fiber.

Additionally, with the move to EVs in the automotive industry, Cleveland-Cliffs is well-positioned as a leader in producing specialty electrical steels for more efficient and higher-performing hybrid and battery-powered EVs. EVs reduce emissions, but in order to realize the benefits of electrification at scale, they must remain affordable. Steel presents an opportunity to enhance vehicle affordability while maintaining safety and efficiency. We are working with several automotive companies to use our high-grade, non-oriented electrical steel (NOES) to produce electric motors for the EV market. Our experience and technical expertise allows Cleveland-Cliffs to be the only major North American supplier of NOES in a rapidly developing market.

PRODUCING HIGH QUALITY HBI IN TOLEDO: A CASE STUDY IN SUSTAINABLE MANUFACTURING

In 2020, we began production at our new Direct Reduction Plant in Toledo, Ohio. Our journey to bring the Direct Reduction Plant from idea to operation showcases Cleveland-Cliffs' approach to sustainable development. Our Direct Reduction Plant is an important step in our strategy to reduce our GHG emissions. In this process, the only raw materials are natural gas and DR-grade iron ore pellets. Our vision was to develop a world-class facility that produces high-quality iron ore feedstock for cleaner steel production, while minimizing environmental impacts and bringing value to the surrounding community and region.

A WORLD-CLASS FACILITY

Our Direct Reduction Plant was built on a brownfield redevelopment site in Toledo, Ohio. It is the most modern, efficient and environmentally responsible Direct Reduction Plant in the world and the first producer of HBI in the Great Lakes region. The facility operates at a prime location with excellent transportation routes to receive iron ore pellets from our Northshore Mining facility in Minnesota and to ship HBI to steel producers throughout the Great Lakes region.

CREATING ECONOMIC VALUE

This \$1 billion project has been transformative for our Company and the region. It was one of the largest construction projects in the Great Lakes region, employing 1,100 people during peak construction. At the end of 2020, we employed 140 full-time employees at the plant with annual wages and benefits of approximately \$17 million.



ENABLING SUSTAINABLE STEEL PRODUCTION

Our Direct Reduction Plant uses natural gas both to reduce the iron oxide and heat the process, producing significantly less GHG emissions compared to other energy sources that utilize coal or coke as the reductant source. Our HBI product also enables reductions in GHG emissions with downstream usage in our blast furnaces and EAFs. Using HBI in the steelmaking process, instead of scrap or foreign-imported pig iron, requires less energy and generates lower GHG emissions. Moreover, HBI enables a higher-quality steel product, particularly for the automotive and renewable energy industries that look to steel as the preferred material for environmentally friendly end-products, like low-emission vehicles and solar panel racks.

DESIGNED FOR THE FUTURE

As part of our commitment to GHG reductions, we will evaluate the use of hydrogen at the plant as a replacement for natural gas. The plant was designed to be ready when hydrogen becomes commercially available in significant quantities. Without any modifications to the plant's configuration, we can replace up to 30% of the plant's natural gas consumption with hydrogen to reduce GHG emissions by approximately 450,000 metric tons per year. With some equipment modifications and investments, hydrogen usage could increase up to 70% and reduce our GHG footprint by more than one million metric tons of GHG emissions per year.

ENGAGING WITH STAKEHOLDERS

For the plant to be successful, we need to earn and maintain the community's confidence that we will operate the plant in a socially and environmentally responsible way. We engaged early and often with a broad range of local stakeholders, including government officials, neighborhood residents and community leaders, to understand their questions and perspectives. Community members were invited to open houses where we provided project information, and attendees communicated directly with our subject matter experts, including operational, environmental and human resources professionals. Stakeholders offered valuable insights that shaped how we approached the project, and we continue to maintain an ongoing dialogue to keep the community apprised of key operational developments and respond to new questions as they arise.

BEING A GOOD NEIGHBOR

As a new member of the Toledo, Ohio, community, we have invested time and resources to give back. Through The Cleveland-Cliffs Foundation and the active engagement of our employees, we have forged a number of impactful local partnerships that respond to key community needs. Partnerships include support for Maumee Valley Habitat for Humanity and its "Rock the Block" initiative in Toledo's Birmingham neighborhood, scholarships awarded to outstanding local students through the Birmingham Hall of Fame and support for the Boys & Girls Club of Toledo.

OPERATING RESPONSIBLY

Our plant was built with state-of-the-art equipment and technology to control air emissions, reduce impacts from noise and light and achieve high water recycling rates. We also worked closely with government agencies, including the Ohio EPA, U.S. Fish and Wildlife Service and Ohio Division of Natural Resources, to configure the site with wildlife and wetland protection in mind. Wetland impacts were carefully permitted by the U.S. Army Corps of Engineers and Ohio EPA, and local wetland credits from the creation and restoration of wetlands were purchased to mitigate for wetland loss. The site's infrastructure, including railroad crossings and culverts, were designed to be wildlife-friendly.

ESG: SHARING OUR PROGRESS

Cleveland-Cliffs' focus on environmental, social and governance (ESG)-related engagement and transparency has increased greatly over the past few years as investor and customer expectations regarding corporate sustainability have evolved. Our strategic focus on ESG issues includes reducing our GHG footprint, enhancing transparency and disclosures, and embracing inclusive capitalism. With our major acquisitions in 2020, we have collected combined sustainability metrics from our operating facilities and have consolidated those metrics into a single set of Company-wide metrics for calendar year 2020 (unless otherwise noted), which are summarized in the Performance Data table at the end of this report. These metrics support developing future improvement opportunities and benchmarking our future performance.

Report content and disclosures reference the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI) Standards, and we intend to report on an annual basis. Additionally, we provide information to our customers in response to their unique sustainability and ESG inquiries. Cleveland-Cliffs also reports to stakeholders using voluntary, public disclosures such as CDP (formerly the Carbon Disclosure Project).

We welcome questions and feedback about this report, which can be directed to <u>sustainability@clevelandcliffs.com</u>.



Indiana Harbor

OUR COMMITMENT TO THE ENVIRONMENT

As Cleveland-Cliffs has grown, our dedication to environmental stewardship remains a top priority. As part of our Core Values, we believe in going above and beyond compliance to ensure we are effectively managing our environmental impacts to demonstrate responsibility to our stakeholders. Engaged and proactive environmental stewardship is expected of all our staff and managers at all levels.

ENVIRONMENTAL MANAGEMENT

Many of our facilities have obtained International Organization for Standardization (ISO) 14001 certification. Our Environmental Management System (EMS) establishes procedures, assigns responsibility, monitors performance and enables us to anticipate and address potential impacts before they occur. The facilities we acquired during 2020 are at different stages in their journeys toward sustainability, and we are working to ensure that our newly added facilities have consistent EMS plans in place and ultimately meet the ISO 14001 standard. A summary of our facilities' ISO 14001 certifications can be found on our website.

By emphasizing education, awareness and corrective action initiatives, Cleveland-Cliffs ensures our employees understand the impact our business has on the environment, the importance of mitigating our direct contributions to climate change and the responsibility we each have to follow our Environmental Policy. Cleveland-Cliffs conducts regular environmental audits throughout all aspects of our operations to proactively identify risks, carry out appropriate corrective actions and further reduce the potential for environmental incidents.

Our corporate Environmental Affairs team is responsible for overseeing major regulatory permitting projects and managing Company-wide compliance programs. This team also engages directly with facility leadership to identify and plan business opportunities to reduce our water usage, air emissions (including GHG emissions) and energy consumption. We use this information to establish reduction targets and track performance against established targets.

Environmental staff at each facility plays an important role in efficiently managing multiple regulatory and permitting requirements with a focus on maintaining compliance. They are also focused on identifying and championing environmental improvement and emission reduction projects.

Through our environmental assessments, ongoing monitoring and reporting activities, we identify risks and implement new mitigation policies and techniques before an incident occurs. Over the past two years, our monitoring has shown a significant reduction in environmental incidents and emissions. In 2020, our capital expenditures relating to environmental matters totaled approximately \$34 million. Our current estimate for capital expenditures for environmental improvements in 2021 is approximately \$51 million, and we expect capital expenditures for each of 2022 and 2023 to be generally in line with 2021's estimated spending.

ADDRESSING CLIMATE CHANGE IMPACTS

We recognize that climate change presents physical and transitional risks to our business. Cleveland-Cliffs' management team has established a process for identifying, assessing and managing the risks and opportunities inherent to our business, including climate-related issues. This process is ultimately overseen by our Board of Directors' Strategy and Sustainability Committee, which is chaired by our Chairman, President and CEO. We report material, climate change-related risks to our business in our periodic reports filed with the U.S. Securities and Exchange Commission.

The following are issues related to physical risks and opportunities presented by climate change that we have identified to date:

- More frequent and severe heat waves could impact the Company with more electricity disruptions;
- Great Lakes levels could drop one-to-two feet by the end of the century, decreasing the draft available to vessels in harbors and locks; and
- The duration of the shipping season could increase if less ice is present on the Great Lakes.

Regarding transitional risks and opportunities, Cleveland-Cliffs' management team monitors, for example, how potential or emerging regulations can impact the business, such as new carbon pricing or regulatory requirements, which could impact operational costs. We also consider how development of new, high-quality, custom-made iron ore pellets allow us and our customers to remain competitive in both quality and efficiency while reducing downstream indirect emissions at integrated steel production facilities.

Northshore Mining natural habitat.



OUR CLIMATE CHANGE COMMITMENT

Although the American steel industry is among the cleanest and most energy-efficient in the world, we continue to pursue opportunities to further reduce our GHG footprint. With our recent acquisitions and business growth, Cleveland-Cliffs is well-positioned to be an industry leader in addressing climate change. Earlier this year, we published our Climate Commitment Plan, including our goal to reduce our GHG emissions 25% by 2030 from 2017 levels. This goal represents combined Scope 1 (direct) and Scope 2 (indirect) GHG emission reductions on a mass basis combined across all our operations.

Our GHG reduction commitment is based on executing the following five strategic priorities:

- Developing domestically sourced, high quality iron ore feedstock and utilizing natural gas in the production of HBI;
- Implementing energy efficiency and clean energy projects;
- Investing in the development of carbon capture technology;
- Enhancing our GHG emissions transparency and sustainability focus; and
- Supporting public policies that facilitate GHG reduction in the domestic steel industry.

An example of our commitment to reduce GHG emissions is the Burns Harbor Carbon Capture and Sequestration (CCS) Study. In 2020, the U.S. Department of Energy announced the awarding of funds for several projects supporting decarbonization efforts, including the Burns Harbor CCS Study. This project will include an initial engineering design by Dastur International Inc. of a cost-competitive, technically viable, industrial scale system to capture a significant amount of CO₂ emissions per year from the available blast furnace gas at our onsite integrated steelmaking facility. The study will also examine available carbon sequestration opportunities and if successful, could help advance carbon reduction opportunities for the global integrated steel industry.

HIGHLIGHT STORY

PARTNERING TO ADVANCE SHARED CLIMATE GOALS

We know that to address climate change, companies like ours will be required to work collaboratively. We are implementing GHG reduction solutions within the walls of our facilities, as described in our plan. But we are also working in partnership toward shared goals with many other stakeholders: government, communities, suppliers and customers, and purpose-driven nonprofit organizations like the Wildlife Habitat Council (WHC).

Recently, our partnership with WHC led to the publication of an important white paper titled Leveraging the Power of Nature: Private Sector Potential for Community-First Climate Action.

With guidance from WHC, we have implemented a number of conservation projects onsite at our facilities. These projects are designed to use land controlled by us to provide quality habitat for wildlife, as well as create opportunities to engage local students and communities in environmental education.

This new white paper gives corporate landowners additional tools to consider how conservation projects have the potential to advance climate goals alongside habitat conservation goals through nature-based climate solutions. Natural Climate Solutions (NCS) uses nature to tackle excess CO₂ in our atmosphere and address the need to adapt to a changing climate, increasing resilience to frequent and unpredictable significant weather events. The paper explores how, when deployed correctly, NCS may help companies and communities prevent or lower emissions, sequester carbon, and protect lands and livelihoods, while also providing co-benefits for biodiversity.

GHG Emissions (millions of CO, e metric tons)



*2020 GHG emission levels were uncharacteristically low due to pandemic-related reduced production levels. 2020 GHG intensities were substantially similar to 2019 GHG intensities.



Employee at Northshore Mining-Silver Bay inspects a particulate matter ambient air monitor.

IMPROVING LOCAL AIR QUALITY

Serving as a good and responsible neighbor to our communities remains a top priority for Cleveland-Cliffs. We listen to local communities and work closely with them to address concerns. We welcome open dialogue and successfully implement beneficial initiatives that demonstrate our commitment to being a good neighbor. Our relationship with our communities is imperative to our operations and we work every day to build and maintain these strong partnerships.

One key issue raised by Dearborn Works' neighboring community was related to dust, noise and odors from slag processing and transportation. To address the community's concerns, we initiated numerous improvement projects at the facility. These measures significantly reduce our overall emissions above and beyond regulatory compliance requirements.



HIGHLIGHT STORY REDUCING OUR FOOTPRINT: IMPROVED SLAG PROCESSING AT DEARBORN WORKS

Since acquiring the Dearborn Works facility in Michigan, Cleveland-Cliffs has undertaken a number of important projects to be a good neighbor and further reduce the plant's environmental footprint. One area of focus has involved employing new techniques to improve the processing of slag at the site.

Slag is a co-product of the steelmaking process, which can be sold or used for new applications, such as in road construction where it is used as a base for concrete and hot mix asphalt.

Dearborn Work's slag processor, Edw. C. Levy Co., began implementing a new process to produce a co-product from granulated slag called "LevyLite." LevyLite is manufactured from blast furnace slag and can be used as a lower-GHG emission alternative to cement in concrete production. Concrete made from LevyLite meets or exceeds the performance characteristics of regular cement. Every ton of LevyLite used in concrete production eliminates one ton of GHG emissions and avoids the quarrying of 1.5 tons of natural aggregates and minerals, which substantially reduces the environmental footprint of concrete manufacturing and creates a valuable co-product from steel production.

In partnership with our slag processor in 2020, we improved the slag cooling process to reduce dust generation. We also improved the slag transportation process to reduce steam, odor and potential dust during transport. Other improvements have focused on mitigating roadway dust through sweeping at the gates and along public roadways. Additionally, in response to feedback from neighbors, truck scales were relocated to reduce traffic through residential areas, and we've limited the height of material stored in areas visible to the community.

Building on the success of these initiatives at Dearborn Works, we have begun engaging our slag processing contractors at our other steelmaking facilities with the goal of identifying similar improvement projects.



PROMOTING ENERGY EFFICIENCY

Energy plays a large role in our operations, impacting both the financial and environmental costs of making steel. As a large energy consumer in one of the most energy-intensive industries, we are committed to adopting sustainable targets for energy efficiency and furthering our efforts to mitigate our environmental footprint. As we continue improving our energy management strategy, we will also evaluate establishing targets for purchasing renewable electricity. The following chart illustrates the quantity of electricity our facilities consume. With support from Cleveland-Cliffs, WEC Energy Group replaced the Presque Isle coal-fired power plant in Michigan's Upper Peninsula (left, photo credit: The Mining Journal) with right-sized natural gas-fired power plants (right).

30,552,696 Gigajoule

purchased*

*Purchased electricity from the grid was corrected to include all production facilities.



9,360,655 Gigajoule

self-generated from beneficial re-use of process byproducts

U.S. EPA ENERGY STAR®

Our acquired companies, AK Steel and ArcelorMittal USA, were ENERGY STAR[®] Industrial Partners in 2020 and previous years. We continue to leverage the benefits of maintaining an organization-wide energy management approach to identify and implement energy efficiency and energy reduction programs. Accordingly, Cleveland-Cliffs formally joined ENERGY STAR[®] under a new, single-company program in 2021.



GENERATING OUR OWN ENERGY FOR EFFICIENCY & REDUCED EMISSIONS

Many of our steel and coke production plants send byproduct blast furnace and coke oven gases to on-site power plants to recover heat and energy.



Many of our operations produce an energy-rich gas as a byproduct of the manufacturing process. This gas may be flared, or it can be captured and transported to an on-site powerhouse. At the powerhouse, the gas is used as boiler fuel to generate high-pressure steam, which then powers a steam turbing generating unit to generate both

be flared, or it can be captured and transported to an on-site powernouse. At the powernouse, the gas is used as boiler fuel to generate high-pressure steam, which then powers a steam turbine generating unit to generate both electricity and condensed steam. The steam and electricity generated are then returned back to our operations. The steam is used for process and heating needs, and the electricity offsets our purchased power.

CLEVELAND WORKS POWERHOUSE

We are also implementing powerhouse upgrades at our Cleveland Works facility to improve the facility's cost competitiveness, viability and overall sustainability. While this steel mill is one of the most efficient and productive in the world, we continue to invest in projects that enhance reliability, energy efficiency and environmental benefits in line with its world-class capabilities.

The facility will install a new steam turbine generator to maximize self-generated electricity by consuming additional blast furnace gas. Through this project, Cleveland Works expects to increase its self-generated electricity from 22 MWh to 73 MWh, which will supply approximately 75% of the plant's electrical demand. This project will produce a significant reduction in GHG emissions from purchased electricity.

BURNS HARBOR POWERHOUSE

Our Burns Harbor facility is currently executing a multi-year capital investment project to rebuild its powerhouse. The powerhouse is designed to use byproduct fuels from coke ovens and blast furnaces as primary fuels for producing steam and cogenerating electricity. Once completed, the powerhouse is expected to provide the Burns Harbor operation with 75% of its total power requirements. This will result in significantly increased energy efficiency, reduced GHG emissions and cost savings for the plant.

RECYCLING WATER & MANAGING WASTEWATER

Our operating facilities use water from both ground and surface sources to process our products and control fugitive dust emissions. We understand the significant need and our opportunity to protect this finite resource. Water conservation is an important component to our management approach. We recognize that sustainable management of our water resources is integral to our continued ability to operate in the communities that we serve. For example, **our iron ore mining operations recycle approximately 95% of the water that is used in the processing plants**. Recycled water replaces a portion of the total volume of fresh water we would otherwise need to withdraw. When wastewater cannot be reused, we collect and properly manage the wastewater through a variety of treatment facilities before the wastewater is discharged to a municipal publicly owned treatment works facility or through a permitted and monitored outfall that is regulated under National Pollution Discharge Elimination System permits. We are in the initial stages of engineering multiple wastewater treatment improvement projects at a number of our facilities and we look forward to sharing these projects in future years' Sustainability Reports.

MANAGING WASTE & HAZARDOUS MATERIALS

A critical component of environmental stewardship at Cleveland-Cliffs is managing wastes and hazardous materials with our robust waste management program. Some elements of our program include providing employees with comprehensive and job-specific training on managing waste, performing regular inspections of waste areas, and ensuring waste is handled, accumulated and contained in a manner that avoids release to the environment.

We seek opportunities to reduce our waste volumes and toxicity, and we reuse and recycle waste materials in accordance with applicable regulations. Following the mantra of "avoid, reduce, reuse and recycle," one of the best ways we can reduce waste impacts on the environment is to not generate dangerous wastes in the first place. To achieve this, we investigate, trial and use different processes where feasible. We produce high-quality iron ore pellets by processing and concentrating our ore solely through mechanical, magnetic and flotation methods and thereby avoid generating large quantities of hazardous waste associated with chemical extraction techniques. Reusing waste materials reduces our burden on harvesting natural resources. At our mines, we reuse coarse tailings from our processing plants for construction of earthen dikes and road construction projects instead of purchasing excavated soil and materials. For example, Hibbing Taconite was able to use coarse tailings for basin development activities, avoiding over 3.5 million cubic yards of fill that would otherwise have to be excavated and transported in 2020 alone.

Our steel facilities generate iron-laden wastes captured in pollution control dusts and sludges. Since these wastes still contain valuable iron units, we can reduce costs and our impact to the environment by recycling these in our circular recycling agglomeration operations. Our operations recycle significant volumes of internally generated wastes as a feedstock for our furnaces. This recycled feedstock helps offset virgin iron units and reduces our furnaces' fuel consumption. Using this process, we recycled approximately 903,000 tons of material in 2020 that could otherwise be disposed of in a landfill. We are investigating possibilities to increase the amount of waste reused in our circular agglomeration operations to further reduce our waste footprint.

RESPECTING BIODIVERSITY & PROTECTING HABITATS

Our commitment to the environment extends beyond compliance of our operations' equipment to respecting natural resources and biodiversity in the areas where we operate. A third-party review of the areas where our facilities are located found the majority of our sites are near areas of low to medium-low biodiversity and are not adjacent to protected areas. Still, in several cases our facilities are subject to strict government permitting processes for construction and mining activities that can involve ecological assessments and wetland delineation.

Additionally, we partner with organizations whose missions focus on habitat protection and restoration, including the Wildlife Habitat Council, the National Fish and Wildlife Foundation and the Western Reserve Land Conservancy.

MATERIAL SOURCING & EFFICIENCY

Cleveland-Cliffs aims to ensure that the raw materials used in steelmaking are responsibly sourced and procured with minimal environmental impact. Our Environmental Policy, which applies to the processing of mineral resources and the manufacture and finishing of steel, addresses several objectives including compliance with regulations, reducing GHG emissions, preventing pollution and resource efficiency.

We are uniquely positioned as a vertically integrated producer of value-added iron ore and steel products to internally control the environmental impacts of extraction, processing and transportation of the key raw materials necessary for steel production—iron ore pellets, HBI and metallurgical coke. Finally, because we control the majority of raw materials used in our steelmaking process, our total GHG footprint is especially transparent and inclusive of emissions that would typically be considered upstream, indirect emissions (Scope 3) for steel producers that need to purchase their raw materials.



HIGHLIGHT STORY PUBLIC-PRIVATE PARTNERSHIP TO SUPPORT OUR GREAT LAKES

Cleveland-Cliffs began working with the National Fish and Wildlife Foundation (NFWF) in late 2020 after significantly increasing our presence and commitment in the Great Lakes region. We are engaged in ongoing efforts for three NFWF programs—Sustain Our Great Lakes, the Chi-Cal Rivers Fund and the Southeast Michigan Resilience Fund.

In these public-private partnerships, we collaborate with other funders and public agencies with shared interest in Great Lakes sustainability, including the U.S. EPA, U.S. Fish and Wildlife Service and the U.S. Forest Service. By working together, we maximize our dollars and our impact for large-scale environmental improvements across the Great Lakes basin and in our Great Lakes communities.

Key outcomes of these programs to date include: 2,288 miles of fish passage restored; 46,000 acres of coastal and riparian habitat restored; 251 million gallons of additional stormwater storage created; and 52,000 trees planted.

CONNECTIONS TO OUR PEOPLE & COMMUNITIES



At Cleveland-Cliffs, we take care of our people. Their health and safety continues to be a top priority, especially as we emerge from the COVID-19 pandemic and navigate a new normal. Additionally, we listen and respond to the needs of our key stakeholder groups—notably our local communities—and donate time, talent and treasure to causes about which we are passionate.

HEALTH & SAFETY

At Cleveland-Cliffs, safe employees and safe production are Core Values and integral to everything we do. We strive every day to provide safe and well-maintained work environments for our employees, contractors and visitors. We require proper training, procedures and equipment to deliver on our commitment to safe operations.

Safety Management

Responsibility for safety begins with every employee working in our mines and plants and assessing the risks. We maintain safety throughout our operations and do not continue production unless we can maintain worker safety. We empower our employees with Stop Work Authority to pause work if they feel that a situation does not protect health and safety. For each part of the business, safety managers oversee program implementation and report up to the Chief Operating Officer (COO). The COO of Cleveland-Cliffs receives safety reports across the business and maintains the highest level of accountability for safety performance.

Safety Programs & Initiatives

We proactively engage our workforce to drive our safety culture and promote injury prevention across the Company. As we integrate our newly acquired facilities, we have started to consolidate programs and standardize our approach to safety to improve the consistency and quality of our safety programs. Our process enables our operations to depend on a foundation for safety, such as our Life-Saving Rules, while still adjusting the processes to align with specific businesses. We implemented our new Life-Saving Rules to update previous rules from legacy sites, identify the greatest risks and share training programs across the whole Company. This consistent approach promotes understanding of the important elements of our safety program to protect the health of our teams.

Our safety programs concentrate on prevention and awareness to train our employees to prevent injuries before they occur and to reduce exposure to risks. For example, at our steelmaking facilities, these initiatives include our corrective and preventive actions (CAPA). We investigate and monitor CAPAs, and we also consider the average days necessary to finish evaluation for serious CAPAs. We prioritize quick action to immediately mitigate risks and improve the safety of our working environment.

Additionally, our safety personnel proactively prevents accidents through our Field Verification of Critical Controls (FVCC) program. Because we recognize the activities that include high potential for risk, we can implement the necessary controls to protect our employees. We proactively monitor and verify the use of these critical controls by measuring the percentage of protections through FVCC.

At Cleveland-Cliffs, we also perform hazard tours to inspect facilities, and we develop risk assessments to understand the risks associated with certain jobs. We also effectively address industrial hygiene by proactively monitoring and measuring hygiene controls and performance. To support our efforts, each site has implemented a hygiene program, and we have an industrial hygienist to support best practices and help us achieve our targets.

CLIFFS Gravity Temperature Motion KG Mechanical Chemical **ENERGY** SOURCES Biological Electrical nd Pressure RECOGNITIO ARES HAZARD)) Sound

Take 5 Hazard Recognition
We continue to implement and reinforce our hazard pre-job risk assessment, called "Take 5", across the whole Company. The "Take 5" system helps to actively identify hazards that could lead to incidents and then prompts people to control the hazards to prevent injury.

Through incident investigation, we analyze the root causes of issues, work to understand the proper causation and opportunities to prevent incidents in the future and then debrief our teams to instill a foundation of safety. We have also implemented training for our Serious Injury and Fatality (SIF) prevention program. As part of this program, we monitor the percentage of all incidents that had either a potential or an actual SIF. Our performance against this metric has improved every year as we continually drive that percentage down and reduce the number of serious incidents.

We also strive to follow safe practices in accordance with established guidelines. Many of our steel sites have aligned to external safety frameworks, such as ISO 45001 or OHSAS 18001. As a whole Company, we continue to evaluate opportunities to pursue site certification for safety standards to enhance our management approach.

Safety Performance Indicators

Our operations report various safety performance metrics, including total recordable incident rate (TRIR), across the Company. Individual business units also report other indicators in alignment with safety requirements. In 2020, these included the days away restricted or transferred (DART) rate, lost time incident rate (LTIR), presence of occupational illnesses and the severity rate.

Cleveland-Cliffs' mining businesses have been awarded with the Mining Safety and Health Administration (MSHA) "Sentinels of Safety" national safety award on multiple occasions. We are working to bring this same best-in-class safety culture to our newly acquired steelmaking businesses.



HIGHLIGHT STORY PRINCETON COAL OPERATION SAFETY AWARDS

Each year, the West Virginia State Council of the Joseph A. Holmes Safety Association recognizes miners and mine operators that have proven a true commitment to safety by achieving outstanding safety performance. Two Princeton Coal operations, Grey Hawk Surface Mine (part of the Blue Eagle Surface operation) and the Roadfork Loadout, have been recognized for achieving outstanding safety performance in 2020 by achieving zero lost time accidents and received awards at the annual Holmes Safety WV Council Meeting.

Two additional Cleveland-Cliffs Princeton Coal operations, Mine No. 35 (underground) and Virginia Point Surface Mine, have been notified they will receive national recognition from the Mine Safety and Health Association (MSHA). Both Princeton Coal operations have earned Sentinels of Safety award certificates from MSHA for outstanding safety performance in 2020 as they continue to hold fast to the commitment that nothing is more important to the mining industry than the safety of its workforce.

2020 Safety Metrics

1.18 total recordable incident rate



all injury frequency rate

O*

*There were no fatalities under Cleveland-Cliffs' controlled operations in 2020, but there were 2 fatalities at facilities under previous management/ownership. All other safety rates reflect combined performance for all of 2020.

COVID-19 Response & Preparedness

While the global, COVID-19 pandemic posed unique challenges in 2020, Cleveland-Cliffs quickly adapted and continued to protect our employees across all our mining and steel operations. Our Company medical director advises the management team and continually monitors all recommendations and directives from public health officials to proactively address the COVID-19 pandemic.



Dearborn

We implemented many preventative measures to reduce potential exposure to the virus and protect our people. Our efforts concentrated on social distancing at the workplace and increasing frequency of cleaning at our facilities. To support social distancing, we required all non-essential employees to work remotely to reduce the number of people in the workplace while maintaining operations. We also modified meetings to ensure employees could stay six feet away from each other, staggered crew start times to minimize grouping in common areas and posted signs to remind employees to adhere to social distancing requirements in meeting rooms, break rooms and buses. In addition, we provided personal protective equipment in alignment with industry best practices.

To support regular cleaning and disinfecting at our facilities, we increased third-party contractor services to cover all levels of our facilities on a 24-hour basis. We also provided cleaning supplies in all areas for employees, and we routinely cleaned all transportation provided by Cleveland-Cliffs. We implemented guidelines for self-reporting health status and accessing tele-medicine, and we increased available time-off for employees. As we continue to assess the ever-evolving pandemic situation, we strive to protect the health and safety of our employees and will adopt further measures as necessary with the knowledge that the continuity of our business operations is critical to the country's economic stability and the economic development of the local communities where we operate.



Indiana Harbor

HUMAN CAPITAL MANAGEMENT

We strive to provide our employees with opportunities for professional and personal development including competitive compensation and benefits and supporting work-life balance. We foster respectful and collaborative relations with our labor unions, and ensure their voices are heard. Additionally, we aim to promote a workforce that is reflective of our communities of operation, and we value diversity of thought, experiences and backgrounds.

Talent Attraction, Retention & Development

Cleveland-Cliffs attracts and retains top talent by fostering a culture that values employees, offering best in class compensation and benefit package(s) and providing opportunities for career development and advancement. We reward employees for their contributions and offer internal programs that encourage continuous learning and career growth.

Managing our talent development and retention program ensures our Company continues to motivate and empower our employees. In 2020, we formalized our talent retention program across our Company. As Cleveland-Cliffs continues to grow, we remain dedicated to investing in our employees' success and have several programs to ensure they maximize their skill and development. We strive to provide a workplace where every employee is treated with respect and feels heard. Employees are encouraged to share their suggestions and ideas, and our leaders take employee feedback seriously. "Talk to Lourenco" is an initiative that connects employees directly to our CEO, Lourenco Goncalves, to share ideas, ask questions and offer feedback on Company programs and processes.

Communications with our employees is a twoway process. Annually, all salaried employees go through a review process, which gives employees a chance to check in with their manager and ensure they are continuing to learn, develop and reach their goals. We manage employee reviews through a Human Resource management system to guarantee all reviews are completed by managers and acknowledged by their employees in a timely manner. Employees do not have to wait until the annual review to give or receive feedback.

HIGHLIGHT STORY CONNECTING WITH OUR FUTURE WORKFORCE

In the next decade, Deloitte and The Manufacturing Institute estimate that 4.6 million high-skill, high-tech and high-paying jobs will need to be filled. Many of these careers will be in steel and mining, or in downstream manufacturing of products that are made with our steel. Cleveland-Cliffs has a series of initiatives to develop the talent needed for our current and future workforce.

NATIONAL MANUFACTURING DAY GOES VIRTUAL TO INSPIRE THE NEXT GENERATION OF MANUFACTURERS

Cleveland-Cliffs has been a National Manufacturing Day partner for many years, and our participation is one important way we attract young people to our industry.

National Manufacturing Day is held annually on the first Friday in October with events that continue throughout the month. Manufacturers from around the country host education events and experiences with the goal of promoting manufacturing careers to students, parents and educators.

Even though Cleveland-Cliffs could not host students in person in 2020 due to COVID-19, our Middletown Works facility joined with the local chamber of commerce to host 11 virtual National Manufacturing Day sessions. More than 300 local high school and middle school students attended and had the opportunity to learn directly from some of our employees about what it's like to work in the steel industry.

STUDENTS EXPERIENCE MANUFACTURING THROUGH SUMMER WORK

Through our summer worker program, several Cleveland-Cliffs facilities employ students to participate in our operations and become acclimated to our work. We have a long-standing history of hiring students and occasionally offer internships when the summer work program ends.

We place these students in operational positions such as driving large trucks, operating equipment and working side-by-side with our full-time employees. In 2020, 30 students participated in the program, and another 30 are expected to participate in 2021. This program exposes students to potential career opportunities, gives them valuable experience in manufacturing and enables them to earn money to help pay for their post-secondary education.



Diversity, Equity & Inclusion

At Cleveland-Cliffs, we strive to create a workplace that allows employees to thrive and grow both personally and professionally by embracing diversity, equity and inclusion (DEI). We publicly acknowledge this commitment with our Code of Business Conduct statement affirming that we do not make employment-related decisions or discriminate against anyone on the basis of race, color, religion, gender, age, mental or physical disability, veteran status, national origin, sexual orientation or any other characteristic protected by applicable law. Moreover, we do not tolerate any form of harassment or intimidation in the workplace, especially actions directed at those in a protected or underrepresented class.

Cleveland-Cliffs values and strives for diversity and inclusiveness across our entire workforce, including within our senior management team and Board of Directors. With our new footprint covering more than 40 operating locations in a range of urban to rural areas, Cleveland-Cliffs sees new opportunities to embrace diversity and inclusion.



Dearborn



Employee Diversity



Gender Diversity

Women have historically been underrepresented in manufacturing and STEM fields. At Cleveland-Cliffs, we are engaged in a number of programs to attract, develop and retain talented women. In 2020, Cleveland-Cliffs continued the momentum of the former AK Steel Women's Network, an employee resource group for female colleagues. With a focus on learning and professional development, the Women's Network offered the Gallup CliftonStrengths assessment to members in 2020. More than 200 salaried women participated in the year-long facilitated program which uses a strengths-based leadership approach focused on everyone's unique contribution to the organization, promotes personal accountability and teamwork, and gives each person the understanding and tools necessary to improve engagement and job satisfaction. Additionally, through our partnership with the Society of Women Engineers (SWE), we also provide opportunities for women in Cleveland-Cliffs to connect with STEM professionals and

resources outside our Company. For more than six decades, SWE has given women a unique place and voice within STEM fields, providing valuable opportunities for personal and professional growth. Cleveland-Cliffs has partnered with SWE to offer employees complimentary employer-sponsored professional memberships. With their SWE membership, employees can take advantage of free and discounted learning opportunities, scholarships, professional programs and networking events.

Board Diversity

Cleveland-Cliffs' Board of Directors has changed quite significantly over the last three years. We have made diversity a priority and specifically sought out candidates with this goal in mind. In a span of 18 months, the Company added three additional women to our Board. At the end of 2020, we had four female Directors representing 33% of our Board. In addition, we had three ethnically diverse Board members, giving us a total of seven out of 12 Directors who aligned with our diversity and inclusion goals.



Gender Diversity in Unions



HIGHLIGHT STORY FOSTERING A DIVERSE & INCLUSIVE WORKFORCE

The manufacturing sector is evolving to be more inclusive so that more people can access and enjoy these opportunities. A number of Cleveland-Cliffs colleagues have been recognized for their leadership in using their voices to support and mentor others from diverse backgrounds.



STEP AHEAD AWARD HONOREE, THE MANUFACTURING INSTITUTE

Genayee Richards, occupational health and safety manager at Cleveland-Cliffs Mansfield Works, was recognized by The Manufacturing Institute as a 2020 STEP Ahead Award honoree.

The STEP Ahead Awards are a national honor that promote diversity, identify top talent and recognize women in manufacturing who exemplify Science, Technology, Engineering or Production leadership within their companies. The award also encourages winners to mentor and support the next generation of female talent to pursue manufacturing careers.

With 14 years in manufacturing, Genayee brings key expertise and leadership to the Mansfield Works steelmaking facility. Genayee is an active member of the Association of Iron and Steel Technology (AIST), and she also participates in the Women of Steel Leadership Conference, the YWCA and the Urban League Leadership Conference. She often works closely with new shift managers to coach and help develop their skills and mentors employees when they need support.



NOTABLE LGBTQ EXECUTIVE, CRAIN'S BUSINESS

James Graham serves as Cleveland-Cliffs' executive vice president, chief legal officer and secretary and is a highly respected leader within our Company, the legal profession and the broader community. In 2020, he was recognized by Crain's Cleveland Business as a Notable LGBTQ executive, an honor celebrated by Cleveland-Cliffs Chairman, President and CEO, Lourenco Goncalves: "James is an asset to Cleveland-Cliffs, and we are proud of the recognition of his service to the LGBTQ community."

Despite the demands of his role, he still finds time to champion the causes about which he cares deeply. James was recognized for his civic leadership and service, as he volunteers on a number of nonprofit boards and as a mentor to LGBTQ students and attorneys through his relationship with organizations like the Human Rights Campaign. The power and reach of James' leadership was captured by Crain's: "Graham considers it a privilege and a responsibility as an LGBTQ executive to lead by example as an out gay man at work, in volunteer activities and in his personal life."

Promoting Positive Labor Relations

Cleveland-Cliffs truly appreciates and values the role of the labor unions that represent more than 72% of our workforce. This appreciation stems from an understanding of the critical role labor unions have played in strengthening our Company and the creation and maintenance of the middle class in our country.



As such, Cleveland-Cliffs views our labor unions as valued business partners. We recognize and respect the right of our employees to freely associate and collectively bargain, and we do not engage in harassment, intimidation or retaliation for their efforts to bargain collectively. We believe that we can accomplish more with their help and assistance than we could without them.

To foster the type of relationship necessary to capitalize on this partnership, we make consistent, two-way communication a priority. Our managers are provided support and guidance on our labor agreements and grievance mechanisms for represented employees. We notify our employees of potential job impacts consistent with requirements in the U.S. federal Worker Adjustment and Retraining Notification (WARN) Act. We also work with our unions on succession planning notices as outlined in our labor agreements in the event of significant impacts to the future of operations.

This positive partnership with our unions helps us remain competitive and provides our customers with confidence that their supply chains will avoid disruptions due to labor disagreements. We are proud to acknowledge we did not experience any strikes or lockouts in 2020. We have regular interactions and meetings with our union leaders and working groups to promote discussion, new ideas and collaboration. This partnership was evidenced in our handling of the COVID-19 pandemic. The open, honest dialogue we regularly have with our unions enabled us to respond quickly to the pandemic and ensure the health and safety of our employees. Together, we quickly developed plans that enabled us to operate largely uninterrupted throughout the pandemic. Our response plan included a series of safety measures, leave for affected employees and workplace modifications.

We also know that engaged employees make our Company better. We believe in finding strong employees and empowering them to do their jobs. This philosophy allowed us to shift seamlessly to remote work during the pandemic and ensure a safe work environment and engaged workforce. To manage this, we provide high-level direction from the leadership team and then empower employees to accomplish Company objectives.

A key goal is to enhance the security of our employees through strong compensation and solid benefits that allow our people to have successful careers and provide for their families. We achieve this goal through employee empowerment and engagement, strong partnerships with our unions and a positive workplace culture.



Employees Build Technical Skills Through Training

Mechanical and electrical maintenance skills are in high demand in our industry. Employees with these technical skills use their specialized training to keep our operations running.

To meet the growing need for skilled workers and to continue to develop the skills of our current employees, many Cleveland-Cliffs operations have developed formal apprenticeship and craft training programs in partnership with local unions and technical schools. These advanced training programs provide unique opportunities for our employees to increase their skills and gain experience through onthe-job training, all while helping address a critical workforce need.

In 2020, Cleveland-Cliffs had 244 employees in training programs. Training focus areas include: electronic services; maintenance electrician; HVAC/R training; and mechanical and electric technology/trades, including millwright hydraulic repair, pipe-fitting and welding.

Currently, Cliffs offers apprenticeship and craft training programs at our Burns Harbor, Indiana Harbor, Cleveland Works, Tek and Kote, Middletown Works, Dearborn Works, Butler Works, Rockport Works, United Taconite, Minorca and Hibbing Taconite facilities.

Employees from our Rockport Works facility who were enrolled in a training program at lvy Tech's Tell City Career & Technology Center in 2020 completed the program and graduated in May 2021. The employees earned an interdisciplinary Industrial Workforce Certificate and Workforce Technical Certificate.



244 employees in training

programs in 2020

CONNECTIONS TO OUR PEOPLE & COMMUNITIES | 45



COMMUNITY ENGAGEMENT

Cleveland-Cliffs cares deeply about the communities in which we operate and where our employees live and work. Our goal is to be a responsible corporate citizen that acts as a partner in solving community challenges and helping our communities thrive.

Stakeholder Engagement

Each of our operations and the communities that host them are unique. As a result, our approach to community engagement is very responsive to the needs and interests of local stakeholders. This requires building transparent, trusting relationships with our neighbors, public officials, community organizations and others. This allows us to address issues and be proactive in partnering on shared community goals. We have a record of authentic stakeholder engagement at our legacy mining sites. As we have grown our business and acquired new operations in 2020, it is more important than ever that we understand who our key community stakeholders are, what their expectations are of us and how we can maintain our social license to operate.

In engaging with community stakeholders, we utilize a variety of tools, including stakeholder mapping, strategic nonprofit partnerships, local facility-based councils to oversee community relations and a wide range of communications tools from newsletters to community inquiry phone lines. Employees deliver gifts, crafts and cookies to children at Amanda Elementary School in Middletown, Ohio.

Giving Back to Our Communities

As a company and through The Cleveland-Cliffs Foundation, we also invest in local programs that advance the quality of life in our communities. Our focus is on investing in education, improving the environment and supporting healthy and vibrant communities. Through these focus areas, we have formed partnerships with schools, community organizations and other charities. Some recent examples of such outreach include the following.

\$6.5 MILLION

donated to communities by Cleveland-Cliffs and our charitable foundation



37% Education

Partnering with organizations that build skills, including Science, Technology, Engineering and Math (STEM) skills, across all age groups; preparing a ready workforce; and increasing employment opportunities for community members.

20% Environment

Supporting organizations that protect and restore the environment through land and water restoration, providing environmental education, creating green spaces, and promoting sustainable communities and natural areas.

18% Healthy & Vibrant Communities

Working to build healthy, safe vibrant communities by providing services and creating opportunities for underserved populations; funding programs that promote healthy lifestyles and combat disease; and investing in initiatives led by arts, cultural and civic institutions that foster creativity and fuel vibrant communities.

- 13% Employee Matching Gifts
- 11% United Way
- 1% Admin & Other



Employees donate blood in Middletown, Ohio



Top: Community food distributions by Gleaners Community Food Bank in Detroit, Michigan Bottom: Central Pennsylvania Food Bank.

Responding to Food Insecurity

At the start of the COVID-19 pandemic, The Cleveland-Cliffs Foundation invested in emergency grants to food banks and hunger centers in the communities where we operate. Then, in early 2021, the Company aimed to do more in recognition of the pandemic's ongoing impact by pledging \$1 million from The Cleveland-Cliffs Foundation to support 44 hunger relief programs in more than 35 communities across the United States and the Province of Ontario.

\$ MILLION

to address food insecurity

44

community organizations supported

10 MILLION

meals provided

"

Many continue to struggle to put food on the table in our communities as the pandemic continues. This gift from The Cleveland-Cliffs Foundation will enable us to continue our mobile donations. "

MARIJO MARTINEC

CEO and Executive Director of the Food Bank of Northern Indiana



HIGHLIGHT STORY

EMPLOYEES DONATE MORE THAN 58,900 POUNDS OF FOOD FOR "SOUPER BOWL"

As part of an annual "Souper Bowl" Food Drive, employees collected a record total of nearly 58,900 pounds of food for area food banks in early 2020. The Souper Bowl provides a friendly competition among each site to collect food for neighborhood food banks. The team at our Research and Innovation Center collected the most food on a per employee basis. The site donated an average of 22 pounds of food per employee to the Enabled Downtown Food Pantry in Middletown, Ohio. Our Dearborn Works facility was recognized for collecting the most food in 2020 and the most food collected in the history of the Souper Bowl. Dearborn Works employees donated an incredible 22,744 pounds of food to All Saints Soup Kitchen & Food Pantry.

HIGHLIGHT STORY BREAKING THROUGH BARRIERS

Our partnership with Breakthrough Schools in our headquarters city, Cleveland, Ohio, is a shining example of Cleveland-Cliffs' commitment to education. We have teamed up with Friends of Breakthrough Schools to help fund quality educational opportunities for students of the high-performing nonprofit charter school network. The Cleveland-Cliffs Foundation made a three-year leadership gift totaling \$1.5 million (2019-2021) to support teacher salary enhancements and facility upgrades, including a new playground. The gift builds on a decade of partnership with Breakthrough Schools' E Prep & Village Prep Cliffs Campus.



Investing in Education

Cleveland-Cliffs is strongly committed to investing in education. Through the work of The Cleveland-Cliffs Foundation, the Company seeks to build skills across all age groups, prepare students for success in the workforce and increase employment opportunities for community members. Our investments develop the next generation of talent for our industry and our nation. As the steel and mining industry becomes increasingly technical, we are helping young people develop the STEM skills to succeed. Moreover, the careers of tomorrow will require students to be workforce-ready, so we partner with educational organizations to prepare students in our local communities.

Scholarship Programs

Offering college scholarships is another way Cleveland-Cliffs is investing in our future. Through our Sons and Daughters Scholarship Program, The Cleveland-Cliffs Foundation awards competitive college scholarships to children of Cleveland-Cliffs employees. This scholarship opportunity is administered by the Middletown (Ohio) Community Foundation, which independently selects each recipient based on their outstanding academic achievement, leadership and community involvement.

The Louie F. Cox African American Scholarship benefits African American students who live or will graduate from a high school located in Butler or Warren Counties in Ohio. The \$20,000 scholarship strives to recognize and reward outstanding high school academic and non-academic achievements and to provide financial assistance to deserving scholars pursuing a bachelor's degree.

Preserving the Environment

Cleveland-Cliffs' commitment to environmental stewardship extends into our communities, and we are pleased to support restoration and sustainability initiatives in parks, greenspaces, watersheds and other natural environments around our facilities.

Fostering Healthy & Vibrant Communities

Cleveland-Cliffs takes pride in our work with our neighbors and other community stakeholders to address community needs. As a result, our approach to supporting healthy and vibrant communities is to partner with local organizations doing on-the-ground work to improve the lives of community members. The Cleveland-Cliffs Foundation's grantmaking in this area is local and impactful, whether it is helping to promote public safety, investing in arts and culture programming or providing for critical health and human services.

Employee Support for Our Communities

We proudly support our employees' charitable efforts, and we invite them to participate in volunteer events, special projects, and in some instances leadership roles with our community partners. Although in-person volunteering was limited in 2020 due to the pandemic, our employees showed their commitment to helping others through many creative activities: writing letters to be included in care packages distributed to neighbors, collecting food and supplies, distributing toys and meals over the holidays and donating blood at Company-hosted blood drives.

We highlight employee engagement in our "Take Pride" newsletter, a quarterly publication that recognizes employees for their volunteering efforts and charitable contributions.

We also strive to support our employees in giving back to the causes they care most about. Historically, Cleveland-Cliffs' local sites and legacy companies have offered various opportunities to support employee philanthropy, including local United Way campaigns and matching gift opportunities. In 2020, a total of \$873,000 in employee donations to nonprofit organizations were matched with corporate dollars. To further bolster our employees' generosity and community engagement, we will be launching a new Company-wide matching gift program in 2021.



ADDRESSING SAFE, AFFORDABLE HOUSING

Cleveland-Cliffs engages with local Habitat for Humanity organizations in several communities. When we broke ground on our Toledo Direct Reduction Plant, the community told us that affordable, quality housing was a critical issue in the area. This led to a natural relationship between The Cleveland-Cliffs Foundation and Maumee Valley Habitat for Humanity. Our partnership enables Habitat for Humanity to support East Toledo residents, particularly in the Birmingham Neighborhood, and provides much-needed roof and other home repairs, health and safety-related projects, and more.

The Company enjoys an equally successful partnership with North St. Louis County Habitat for Humanity in the Minnesota Iron Range, dating back to 2012. Since that time, Cleveland-Cliffs' support has helped the organization partner with more than 50 families in 12 Iron Range communities, providing strength, stability and self-reliance through housing.

Cleveland-Cliffs also partners with Habitat for Humanity of Southeast Ohio and Cincinnati's Habitat for Humanity organizations.

ACTING WITH INTEGRITY

CLIFFS

Cleveland-Cliffs believes sound governance practices serve as the foundation of an ethical and responsible company. Our Board of Directors provides the necessary oversight to ensure the continued success of our Company, and our executive leadership team is focused on executing our business strategy for long-term sustainability.

CORPORATE GOVERNANCE

At the end of calendar year 2020, the Cleveland-Cliffs Board of Directors (the Board) was comprised of 12 Directors, 11 of which were deemed independent under the New York Stock Exchange (NYSE) director independence standards. There are four Committees of the Board: Audit, Governance and Nominating, Compensation and Organization, and Strategy and Sustainability. All Committees are comprised of independent directors except the Strategy and Sustainability Committee. Our Board is guided by the Cleveland-Cliffs Corporate Governance Guidelines, which addresses Director responsibilities, qualifications and conflicts of interest. For more information on our corporate governance practices, please see our 2020 Proxy Statement.

Strategy & Sustainability Committee

Through the acquisitions of AK Steel and substantially all of the operations of ArcelorMittal USA, we recognized the need to increase our Board of Director's focus on sustainability. Therefore, the Strategy and Sustainability Committee amended its charter to include Sustainability in the title. This change reflects the Committee's increased scope and oversight for sustainability across our operations. Our Strategy and Sustainability Committee meets at least quarterly and covers a number of ESG issues, including our participation with CDP, our goals to reduce GHG emissions and our strategies to improve ESG performance.

2020 Director Nominee Highlights

Highly qualified Directors with a diversity of skills and experiences that align with our long-term strategy.

4.8	years of average tenure	25%	ethnically diverse	4	women
63	average age of Directors	92%	independent	5	new Directors in the last three years

Management of Enterprise Risks

At Cleveland-Cliffs, managing risk is inherent in everything we do. Our multi-disciplinary risk management process identifies, assesses and monitors risks and opportunities that could impact our operations, projects, performance and overall strategic plan. The Company's Board of Directors and its various Committees are tasked with ultimate oversight of the Company's policies, practices and procedures to manage material risks inherent to our business, including operational, regulatory, financial, economic, development and sustainability, and human capital risks. The Board and its Committees have oversight of annual management objectives, monitoring progress, reviewing our capital structure, allocating necessary resources and advising on the Company's strategic plan.

Our CEO is the Chair of the Ethics Committee, and each of our Executive Vice Presidents is a member of the Ethics Committee.

Core Values, Ethics & Compliance

Cleveland-Cliffs' Core Values support the framework in which we conduct sustainable business safely, honestly, transparently and as a team, while still creating value for our stakeholders and our Company. Our Core Values guide us through complex decision-making and business challenges. Cleveland-Cliffs' Code of Business Conduct and Ethics—our OneCliffs Way—applies to all directors, officers and employees, and extends to anyone acting on our behalf, including consultants, agents and third-party representatives in our expanded footprint.

Cleveland-Cliffs has an Ethics Committee responsible for ensuring that we continue to operate in accordance with all applicable laws, rules and regulations, which assists us in establishing and maintaining the very highest ethical standards for the organization. Our CEO is the Chair of the Ethics Committee, and each of our Executive Vice Presidents is a member of the Ethics Committee. The Committee is responsible for overseeing the investigation of reported ethics violations and determining appropriate follow-up measures.

Among other things, the OneCliffs Way outlines the ways that employees can speak up and raise concerns about improper behavior such as harassment, unsafe work activity, respect for the environment, improper payments and inaccurate record keeping. Following our acquisitions in 2020, Cleveland-Cliffs migrated to a single platform (Ethics Helpline) to service our new, combined corporate footprint. The Ethics Helpline is a convenient and confidential way for employees to report unlawful or unethical conduct. We are committed to responding promptly and appropriately, and all reports are treated confidentially to the extent possible. The OneCliffs Way does not allow retaliation against employees for reporting good faith concerns.

Human Rights Policy

At Cleveland-Cliffs, we believe it is our duty to foster positive social and employment relationships in every area of operation. We are committed to upholding the values associated with the United Nations' Universal Declaration of Human Rights to ensure safety and human rights are protected wherever we operate. In addition, we ensure compliance with the laws and regulations of the countries in which we operate. Cleveland-Cliffs operates its mining and production facilities solely in the Unites States and Canada. Therefore, there is very low risk of violations of child labor laws and forced or compulsory labor practices.

Conflict Minerals Policy

We have a Conflict Minerals Policy to ensure compliance with U.S. Securities and Exchange Commission conflict minerals reporting requirements. Under this policy, we endeavor to refrain from purchasing products or materials for use in our products that contain conflict minerals that directly or indirectly finance or benefit armed groups in countries of concern. Our policy also requires that we seek to source any non-recycled conflict minerals from smelters complying with internationally recognized responsible minerals sourcing standards. We periodically undertake a good-faith due diligence effort to evaluate the sourcing of any conflict minerals throughout our supply chain, including requesting that in-scope suppliers complete the conflict minerals reporting template supported by the internationally recognized Responsible Minerals Initiative. We are committed to continuing to monitor and work with our suppliers proactively to verify the origin of any conflict minerals in our supply chain.

Competitive Behavior

We are committed to abiding by all applicable antitrust and monopoly laws, and our performance reflects this. During 2020 there were no alleged violations of antitrust and monopoly legislation received from governmental authorities, and there were zero agency legal actions brought against Cleveland-Cliffs for anti-competitive behavior. Salaried employees review our OneCliffs Way business ethics document annually, which provides guidance for operating in an appropriately competitive manner. Additionally, our internal antitrust policy describes in detail the expectations and responsibilities of our workforce to comply with competition laws.

> Cliffs leadership in discussion with U.S. Congresswoman Marcy Kaptur (9th District of Ohio) in Toledo.





Selling Practices & Product Labeling

We recognize the importance of collaborating with our customers and providing high-quality pellets, HBI and steel. We use widely recognized accredited test methods to measure the properties of our products and ensure they meet the specifications of our customers. Cleveland-Cliffs is committed to ethical selling practices, and this includes accurate marketing communications and labeling of our products. In 2020, there were no violations of any laws governing our products' safety or labeling, and there were no violations of laws governing marketing communications by Cleveland-Cliffs.

Data Security

Cleveland-Cliffs aims to protect our employees', customers' and suppliers' right to privacy and data security and employs best practices to counter cybersecurity threats. We have taken appropriate measures to enhance data security, and we frequently raise awareness with our employees of the steps they can take to protect our information technology systems from unauthorized access. We are not aware of any breaches of customer privacy and have not received any complaints from our customers or regulatory bodies regarding customer data leaks, thefts or losses.

Public Policy Advocacy

As the world develops efficient technology and navigates a changing economy, steel plays an important role in the transformation to prioritize global sustainability. To facilitate this transition through public policy, our Government Relations team supports legislative efforts that align with our objectives and supports sustainability in the domestic steel industry.

Control room at DR Plant in Toledo, Ohio

We directly engage in advocacy efforts to address public policy issues that pertain to Cleveland-Cliffs. We are also members of trade associations at the local, state and national levels, and these associations support our tracking of applicable public policy issues. Our employees serve on functional committees with these trade associations and align the conversation on policy issues that are important to our organization and stakeholders.

We are a key member of the leading national steel trade association, the American Iron and Steel Institute (AISI), and our participation includes serving on the AISI committee that advances sustainability in our industry. One specific example is our close collaboration with AISI to outline the priorities for AISI's climate policy. AISI's climate principles align with the climate-related public policy principles outlined in our own commitment to reduce GHG emissions.

As part of our GHG strategy, we support public policies that incentivize GHG reduction while encouraging domestic steel production, which is cleaner and more efficient than other steel industries in the world. By supporting a carbon border adjustment program, we seek to prevent carbon leakage, which could shift steel production to countries with weaker environmental standards and result in GHG emission increases. We further support both public and private sector investment to enable sustainable development and technology that further reduces GHG emissions.

SUPPLY CHAIN MANAGEMENT

Suppliers of goods and services have a significant impact on Cleveland-Cliffs' ability to produce sustainable steel. We take an active role in responsibly managing our supply chain, and we communicate our expectations for suppliers to adhere to stringent social, ethical and environmental considerations.

Suppliers supporting our critical commodities that impact steel production are preferred to be TS16949 and ISO 14001 certified or in the process of obtaining such certification. We have developed our Code of Conduct for Cliffs Suppliers and require suppliers of goods and services to declare compliance with the following components:

- Compliance with applicable laws
- Prohibition of corruption and bribery
- Respect for basic human rights including, but not limited to:
 - » Personal dignity, privacy and rights of each individual
 - » Fair wages and maximum working hours consistent with applicable law
 - » Prohibition of forced labor
 - » Prohibition of child labor
 - » Prohibition of discriminatory practices
- Health and safety of employees
- Environmental protection in accordance with applicable statutory and international standards
- Prohibition of counterfeit parts
- Promotion of these principles with upstream suppliers.

The Code of Conduct for Cliffs' Suppliers along with The OneCliffs Way of Doing Business — Our Code of Business Conduct and Ethics documents are available on Cleveland-Cliffs' website.

Supplier Diversity

Cleveland-Cliffs is committed to supplier diversity and inclusion. We believe supplier diversity and inclusion promotes competition, fosters economic sustainability, broadens our supplier base supporting our operations by bringing fresh perspectives and ideas, and delivers value to our Company and our customers. Cleveland-Cliffs' Supplier Diversity Program accepts and recognizes the following certifications:

- National Minority Supplier Development Council and its regional affiliates (NMSDC)
 - Michigan Minority Supplier Development Council (MMSDC)
 - » Chicago Minority Supplier Development Council (Chicago MSDC)
- Women's Business Enterprise National Council and its regional affiliates (WBENC)
- Women's Business Enterprise Canada (WBEC)
- Veteran Owned Business Concern (certified by NVBDC or U.S. Department of Veterans Affairs)
- Canadian Aboriginal & Minority Supplier Council (CAMSC)

We are proud to identify opportunities in our supply chain to enable qualified and certified Minority, Women and Veteran Enterprises (MBE, WBE and VETs) to serve as valuable suppliers to us. In 2020, we spent over \$288 million with MBE, WBE and VET Diversity Enterprises.

\$288 MILLION

spent with minority, women and veteran owned enterprises

PERFORMANCE DATA TABLE

GRI Disclosure Number	SASB Disclosure Number	Metric	Value	Units
Energy				
	EM-IS-130a.1	Total energy consumed	349,909,354	Gigajoule
302-1		Grid electricity consumption ^[1]	30,552,696	Gigajoule
	EM-IS-130a.1	Percentage of energy from grid	9	%
302-1		Heating consumption	4,640,971	Gigajoule
302-1		Purchased steam consumption	1,514,715	Gigajoule
		Self-generated electricity	9,360,655	Gigajoule
302-1	EM-IS-130a.2	Total fuel consumed	317,841,943	Gigajoule
	EM-IS-130a.2	Percentage coal and coke	55	%
	EM-IS-130a.2	Percentage natural gas	44	%
302-3		Total energy intensity	23	Gigajoule/t crude steel
GHG Emissions & Air	r Quality			
305-1	EM-IS-110a.1	Direct Scope 1 GHG emissions ^[2]	27.5	million metric tons CO ₂ e
305-2		Indirect Scope 2 GHG emissions	4.7	million metric tons CO ₂ e
		Scope 1 and Scope 2 GHG emissions	32.2	million metric tons CO ₂ e
305-4		Scope 1 and 2 GHG emissions intensity (company wide) ^[3]	2.08	total t CO ₂ e/t crude steel

1 Purchased electricity from the grid was corrected to include all production facilities.

2 Includes USEPA MRR Scope 1 and mining mobile Scope 1 CO₂e

3 Intensity value is inclusive of emissions across Cleveland-Cliffs vertically integrated footprint including mining, pelletizing, cokemaking, steel production, and downstream steel and specialty products facilities

GRI Disclosure Number	SASB Disclosure Number	Metric	Value	Units
		Scope 1 and 2 GHG emissions intensity (integrated average)	1.82	total t CO ₂ e/t crude steel
		Scope 1 and 2 GHG emissions intensity (EAF average) ^[4]	1.16	total t CO2e/t crude steel
305-7	EM-IS-120a.1	Nitrogen oxide (NOx)	31,798	metric tons
305-7	EM-IS-120a.1	Sulfur dioxide (SOx)	17,871	metric tons
305-7	EM-IS-120a.1	Volatile organic compounds (VOC)	2,050	metric tons
305-7	EM-IS-120a.1	Carbon monoxide (CO)	121,294	metric tons
305-7	EM-IS-120a.1	Particulate matter (PM)	12,094	metric tons
305-7		Particulate matter (PM10)	8,483	metric tons
305-7		Particulate matter (PM2.5)	4,758	metric tons
305-7		HAPS	92	metric tons
305-7	EM-IS-120a.1	Lead	3	metric tons
	EM-IS-120a.1	MnO	3	metric tons
	EM-IS-120a.1	PAHs	2	metric tons
Waste & Wastewater ^[5]				
303-3	EM-IS-140a.1	Water intake total	1,567,560	Megaliters/ thousand m ³
303-3		Surface water (fresh)	1,438,333	Megaliters/ thousand m ³
		Stormwater	98,546	Megaliters/ thousand m ³
303-3		Ground water	10,440	Megaliters/ thousand m ³
303-3		Produced municipal water	20,241	Megaliters/ thousand m ³

4 Cleveland-Cliffs EAF facilities produce specialty steel grades and products

5 100% of water withdrawn is freshwater and none of the water withdrawn/discharged by Cleveland-Cliffs is in a known area of water stress.

GRI Disclosure Number	SASB Disclosure Number	Metric	Value	Units
303-4		Water discharge total	1,398,161	Megaliters/ thousand m ³
		Surface water (fresh)	1,391,021	Megaliters/ thousand m ³
		Municipal POTW	7,141	Megaliters/ thousand m ³
303-5		Water consumption	169,398	Megaliters/ thousand m ³
		Water recycled	2,055,070	Megaliters/ thousand m ³
	EM-IS-140a.1	Water recycled	57	%
Waste Management				
306-3	EM-IS-150a.1	Hazardous waste generated	554,431	metric tons
306-4		Hazardous waste recycled	139,119	metric tons
	EM-IS-150a.1	Hazardous waste recycled	25	%
306-5		Hazardous waste disposal total	415,312	metric tons
306-5		Incineration (with energy recovery)	6	metric tons
306-5		Incineration (without energy recovery)	1,266	metric tons
306-5		Landfilling	19,222	metric tons
306-5		Other disposal	2,874	metric tons
306-5		On-site other disposal	391,944	metric tons
306-3		Non-hazardous waste generated	2,547,220	metric tons
306-4		Non-hazardous waste recycled	1,446,025	metric tons
		Non-hazardous waste recycled	57	%

GRI Disclosure Number	SASB Disclosure Number	Metric	Value	Units
306-5		Non-hazardous waste disposal total	1,101,195	metric tons
306-5		Incineration (with energy recovery)	11,372	metric tons
306-5		Incineration (without energy recovery)	165	metric tons
306-5		Landfilling	636,396	metric tons
306-5		On-site landfilling	449,507	metric tons
306-5		Other disposal	3,755	metric tons
Environmental Capita	al Expenditures			
		Environmental capital expenditures	33.5	Million USD
Spills				
		Number of reportable spills	139	# of events
		Total volume of reportable spills	138.8	m ³
Mining Reclamation				
		Area reclaimed during the current year	46	hectares
		Area disturbed during the current year	94	hectares
		Area of land yet to be reclaimed	10,566	hectares
		Total area of land reclaimed	2,140	hectares
		Total mine facility footprint	33,394	hectares
Tailings & Overburde	n			
		Overburden generated	136,900,274	metric tons
	EM-MM-150a.1.	Tailings generated	55,229,309	metric tons

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
Labor Practices				
402-1		Minimum notice periods regarding	Minimum number of weeks provided to employees prior to implementing significant operational changes that affect them	60 days
		operational changes	Is notice period specified in collective bargaining agreements/ contracts (Y/N)	Y
	EM-MM-310a.1	Percentage of employees covered by collective bargaining agreements, broken down by US or Foreign employees	Percentage of employees covered by collective bargaining agreements	72%
	EM-MM-310a.2	Number of strikes and lockouts	Number of strikes and lockouts	0
	EM-MM-310a.2	Duration of strikes and lockouts	Duration of strikes and lockouts	0
Employee Health & S	afety			
			Number of employees and non-employees working on site covered by an occupational health and safety management system based on legal requirements/ recognized standards	30,790
403-8	403-8 Workers covered by an occupational health and safety management system	by an occupational	Percentage of employees and non-employees working on site covered by an occupational health and safety management system based on legal requirements/ recognized standards	98.60%
		management system	Number of employees and non-employees working on site covered by an occupational health and safety management system that has been internally audited	30,790
			Percentage of employees and non-employees working on site covered by an occupational health and safety management system that has been internally audited	78.60%

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
402.9		Workers covered by an occupational	Number of employees and non-employees working on site covered by an occupational health and safety management system that has been audited or certified by external party	28,178
403-8		health and safety management system	Percentage of employees and non-employees working on site covered by an occupational health and safety management system that has been audited or certified by external party	78.60%
			The number of fatalities as a result of work-related injury (employees)	O ^[6]
	EM-MM-320a.1, EM-IS-320a.1		The rate of fatalities as a result of work-related injury (employees)	0.0
			The number of high-consequence work-related injuries (excluding fatalities) (employees)	86
			The rate of high-consequence work- related injuries (excluding fatalities) (employees)	0.34
			The number of recordable work-related injuries (employees)	328
403-9	EM-IS-320a.1	Work-related injuries	The rate of recordable work-related injuries (employees)	1.31
		-	The number of fatalities as a result of work-related injury (onsite non-employees)	0
			The rate of fatalities as a result of work-related injury (on-site non-employees)	0
			The number of high-consequence work-related injuries (excluding fatalities) (onsite non-employees)	8
			The rate of high-consequence work- related injuries (excluding fatalities) (onsite non-employees)	0.14

6 There were no fatalities under Cleveland-Cliffs' controlled operations in 2020, but there were 2 fatalities at facilities under previous management/ownership. All other safety rates reflect combined performance for all of 2020.

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
			The number of recordable work-related injuries (onsite non-employees)	36
403-9		Work-related injuries	The rate of recordable work-related injuries (onsite non-employees)	0.63
			The number of hours worked (onsite non-employees)	11,491,087
	EM-MM-320a.1	MSHA all-incidence rate	All-incidence rate (AIFR) (employees and on-site non-employees)	3.05
	EM-MM-320a.1, EM-IS-320a.1	Near miss frequency rate (NMFR)	Near miss frequency rate (NMFR) (employees and on-site non-employees)	1.45
	EM-MM-320a.1	Average hours of health, safety, and emergency response training for employees	Average hours of health, safety, and emergency response training for employees	8
	EM-MM-320a.1	Average hours of health, safety, and emergency response training for contractors	Average hours of health, safety, and emergency response training for on-site non-employees	1
Employee Engageme	nt & Diversity, Equity &	Inclusion		
			Percent board of directors — female	33%
			Percent board of directors — male	67%
		Diversity of	Percent board of directors <30 year old	0
		governance bodies	Percent board of directors 30-50 years old	8%
405-1			Percent board of directors over 50 years old	92%
			Percent board of directors ethnically diverse	25%
			Percent of female employees (non-union)	18%
		Diversity of employees	Percent of male employees (non-union)	82%

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
			Percent of female employees (union)	8%
405-1		Diversity of employees	Percent of male employees (union)	92%
		Supplier diversity	Total diverse supplier spend	\$288 million
		Training	Number of employees in apprenticeship training programs	244
Human Rights & Con	nmunity Relations			
413-1		Operations with local community engagement, impact assessments, and development programs	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	100%
			Total monetary charitable contributions (corporate and Foundation)	\$6.5 million
		Charitable contributions	Total monetary COVID-19 relief	\$1 million
			Total monetary employee contributions (matching gifts to non-profits)	\$873,000
	EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict		0%
	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land		0%[7]
	EM-MM210.b.2	Number of site shutdowns due to pending regulatory permits or other political delays related to community concerns, community or stakeholder resistance or protest, and armed conflict		0

7 Based upon review of Tribal land information from the US Bureau of Indian Affairs.

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
Customer Welfare, So	elling Practices & Produ	ct Labeling		
			Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0
416-2		Incidents of non-compliance concerning the health and safety impacts of	Number of incidents of non-compliance with regulations resulting in a fine or penalty	0
		products and services	Number of incidents of non-compliance with regulations resulting in a warning	0
			Number of incidents of non-compliance with voluntary codes.	0
		Incidents of non-compliance with regulations for product labeling	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product labeling	0
417-2			Number of incidents of non-compliance with regulations resulting in a fine or penalty	0
			Number of incidents of non-compliance with regulations resulting in a warning	0
			Number of incidents of non-compliance with voluntary codes.	0
			Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	0
417-3		Incidents of non-compliance with regulations	Number of incidents of non-compliance with regulations resulting in a fine or penalty	0
		for marketing communications	Number of incidents of non-compliance with regulations resulting in a warning	0
			Number of incidents of non-compliance with voluntary codes.	0
418-1		Customer privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

GRI Disclosure Number	SASB Disclosure Number	Disclosure Title	Metric	Value
Governance				
		Communication and training about	Percent of board members receiving communication and training on anti-corruption policies and procedures	100% ^[8]
		anti-corruption policies and procedures	Percent of employees receiving communication and training on anti-corruption policies and procedures	100%[9]
			Total number and nature of confirmed incidents of corruption	0
			Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0
205-3		Confirmed incidents of corruption and actions taken	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0
			Number of public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	0
	EM-MM-510a.2	Production in countries with 20 lowest rankings in Transparency International's Corruption Perception Index (metric tons)		O ^[10]
Competitive Behavio	r			
206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Number of legal actions pending or completed for anti-competitive behavior and violations of anti-trust and monopoly laws	Zero Agency Actions

8 Annually, each member of our Company's Board of Directors shall certify their understanding and compliance with The OneCliffs Way (Code of Business Conduct and Ethics).

9 100% of salaried employees from Cleveland-Cliffs received communication on anti-corruption policies and procedures as of November 2020.

10 Cleveland-Cliffs does not have production outside of the United States and Canada.

CONTENT INDEX

The Cleveland-Cliffs 2020 Sustainability Report describes our programs and performance in the areas of environmental, social and governance initiatives. All disclosures in this Table refer to the GRI Standards, published in 2016, and subsequent updates, as well as the Iron & Steel and Metals & Mining SASB Standards published in 2018.

GRI Standard Title	#	Disclosure Title	Location of Content	SASB
General Disclosures				
	102-1	Name of the organization	Cleveland-Cliffs Inc	
	102-2	Activities, brands, products, and services	About Cleveland-Cliffs	
	102-3	Location of headquarters	Cleveland, Ohio	
	102-4	Location of operations	About Cleveland-Cliffs	EM-IS-000.B EM-IS-000.C EM-MM-000.A
	102-5	Ownership and legal form	About Cleveland-Cliffs	
	102-6	Markets served	About Cleveland-Cliffs	
General Disclosures	102-7	Scale of organization	About Cleveland-Cliffs	
	102-8	Information on employees and other works	Human Capital Management	
	102-9	Supply chain	Supply Chain Management	
	102-10	Significant changes to the organization and its supply chain	About Cleveland-Cliffs	
	102-11	Precautionary principle or approach	ESG: Sharing Our Progress	
	102-12	External initiatives	About Cleveland-Cliffs	
	102-13	Membership in associations	About Cleveland-Cliffs	

S -	102-14	Statement from senior decision-maker	Letter From Lourenco
	102-16	Values, principles, standards, and norms of behavior	Core Values, Ethics & Compliance
	102-17	Mechanisms for advice and concerns about ethics	Core Values, Ethics & Compliance
	102-18	Governance structure	Governance
	102-19	Delegating authority	Governance
	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Promoting Positive Labor Relations; Performance Data table
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement
	102-45	Entities included in the consolidated financial statements	Cleveland-Cliffs Form 10-K, Exhibit 22
	102-46	Defining report content and topic boundaries	ESG: Sharing Our Progress
	102-50	Reporting period	ESG: Sharing Our Progress
	102-52	Reporting cycle	ESG: Sharing Our Progress
	102-53	Contact point for questions regarding the report	<u>sustainability@</u> <u>clevelandcliffs.com</u>
	102-54	Claims of reporting in accordance with the GRI standards	ESG: Sharing Our Progress
	102-55	GRI content index	Content Index
	102-56	External assurance	No data in this report has been externally assured.

General Disclosures

GRI Standard Title	#	Disclosure Title	Location of Content	SASB
Environmental				
	302-1	Energy consumption within the organization	Promoting Energy Efficiency; Performance Data table	EM-MM-130a.1 EM-IS-130a.1
	302-2	Energy consumption outside of the organization	Promoting Energy Efficiency; Performance Data table	EM-MM-130a.1 EM-IS-130a.1
Energy	302-3	Energy intensity	Promoting Energy Efficiency; Performance Data table	EM-MM-130a.1 EM-IS-130a.1
	302-4	Reduction of energy consumption	Promoting Energy Efficiency	EM-IS-130a.2
	302-5	Reductions in energy requirements of product services	Promoting Energy Efficiency	EM-IS-130a.2
	303-1	Interactions with water as a shared resource	Recycling Water & Managing Wastewater	
	303-2	Management of water discharge-related impacts	Recycling Water & Managing Wastewater	EM-MM-140a.2
Water & Effluents	303-3	Water withdrawal	Recycling Water & Managing Wastewater; Performance Data table	EM-MM-140a.1 EM-IS-140a.1
	303-4	Water discharge	Recycling Water & Managing Wastewater; Performance Data table	EM-MM-140a.1 EM-IS-140a.1
	303-5	Water consumption	Recycling Water & Managing Wastewater; Performance Data table	EM-MM-140a.1 EM-IS-140a.1
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Respecting Biodiversity & Protecting Habitats	EM-MM-160a.1
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Respecting Biodiversity & Protecting Habitats	EM-MM-160a.2
	304-3	Habitats protected or restored	Respecting Biodiversity & Protecting Habitats; Performance Data table	EM-MM-160a.3

GRI Standard Title	#	Disclosure Title	Location of Content	SASB
	305-1	Direct (Scope 1) GHG emissions	Our Climate Change Commitment; Performance Data table	EM-MM-110a.1 EM-IS-110a.1
Fraissions	305-2	Energy indirect (Scope 2) GHG emissions	Our Climate Change Commitment; Performance Data table	
Emissions	305-5	Reduction of GHG emissions	Addressing Climate Change Impacts; Our Climate Change Commitment	EM-MM-110a.2 EM-IS-110a.2
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Improving Local Air Quality; Performance Data table	EM-MM-120a.1 EM-IS-120a.1
	306-1	Waste generation and significant waste-related impacts	Recycling Water & Managing Wastewater; Performance Data table	EM-IS-150a.1
	306-2	Management of significant waste- related impacts	Managing Waste & Hazardous Materials; Performance Data table	EM-MM-150a.1 EM-IS-150a.1 EM-MM-150a.2 EM-MM-150a.3
Waste	306-3	Waste generated	Managing Waste & Hazardous Materials; Performance Data table	EM-IS-150a.1
	306-4	Waste diverted from disposal	Managing Waste & Hazardous Materials	EM-IS-150a.1
	306-5	Waste directed to disposal	Recycling Water & Managing Wastewater	EM-IS-150a.1
Social				
	403-1	Occupational health and safety management system	Health & Safety	EM-IS-320a.1
	403-2	Hazard identification, risk assessment, and incident investigation	Health & Safety	EM-IS-320a.1
Occupational Health & Safety	403-3	Occupational health services	Health & Safety	EM-IS-320a.1
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health & Safety	EM-IS-320a.1
	403-5	Worker training on occupational health and safety	Health & Safety	EM-IS-320a.1

GRI Standard Title	#	Disclosure Title	Location of Content	SASB
	403-6	Promotion of worker health	Health & Safety	EM-IS-320a.1
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health & Safety	EM-MM-320a.1
Occupational Health & Safety	403-8	Workers covered by occupational health and safety management system	Health & Safety; Safety Performance Indicators	EM-MM-320a.1 EM-IS-430a.1
	403-9	Work-related injuries	Health & Safety; Safety Performance Indicators	EM-MM-320a.1 EM-IS-320a.1
	403-10	Work-related ill health	Health & Safety; Safety Performance Indicators	EM-MM-320a.1
Diversity & Inclusion	405-1	Diversity of governance bodies and employees	Diversity, Equity & Inclusion; Governance; Performance Data table	
Indigenous Peoples & Community Impacts	411-1	Incidents of violations involving rights of indigenous peoples	Performance Data table	EM-MM-210a.2 EM-MM-210a.3 EM-MM- 210b.1
Uuman Diakta	412-1	Operations assessed for human rights impacts	Performance Data table	EM-MM-210a.1
Human Rights	412-2	Employee training on human rights policies or procedures	Human Rights Policy	EM-MM-210a.1
	413-1	Operations with local community engagement, impact assessments, and development programs (percent)	Community Engagement	EM-MM- 210b.1
Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities (location and actual/ potential negative impacts)	Community Engagement	EM-MM-210a.1

GRI Standard Title	#	Disclosure Title	Location of Content	SASB
Governance				
	205-1	Operations assessed for risks related to corruption	Core Values, Ethics & Compliance	EM-MM-510a.1
	205-2	Communication and training about anti-corruption policies and procedures	Core Values, Ethics & Compliance	EM-MM-510a.2
Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken	Core Values, Ethics & Compliance; Performance Data table	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Core Values, Ethics & Compliance; Performance Data table	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management	



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