

CLEVELAND-CLIFFS INC. AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Cleveland-Cliffs Inc. (“Cliffs”) is to assist the Board in overseeing (a) the integrity of Cliffs’ financial statements; (b) risks relating to accounting, financial reporting and information security; (c) Cliffs’ compliance with applicable ethics policies and legal and other regulatory requirements; (d) the independent auditors’ qualifications and independence; and (e) the performance of the independent auditors and Cliffs’ internal audit function.

Committee Membership

The Committee will consist of at least three members, with the actual number to be determined from time to time by the Board. Each Committee member must meet the independence criteria of the New York Stock Exchange, Inc. (“NYSE”) and other applicable laws, rules and regulations. Each Committee member must be financially literate or become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one Committee member must meet the criteria of an “audit committee financial expert” in accordance with the rules promulgated by the Securities and Exchange Commission (“SEC”).

No member of the Committee may serve simultaneously on the audit committees of more than three public companies (including Cliffs) unless the Board determines that such simultaneous service would not impair the ability of such Committee member to serve effectively on the Committee and discloses its determination in Cliffs’ annual proxy statement.

Duties and Responsibilities

General

On behalf of the Board, the Committee is responsible for overseeing Cliffs’ financial reporting process. Management is responsible for the preparation, presentation and integrity of Cliffs’ financial statements, for the appropriateness of the accounting and reporting policies that are used by Cliffs and for establishing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing Cliffs’ financial statements and the effectiveness of internal control over financial reporting and for reviewing Cliffs’ interim financial statements. The independent auditors and the Vice President, Internal Audit report directly to the Committee. The Committee will meet at least quarterly and at such times also meet with Cliffs’ management, the internal auditors and the independent auditors in separate private sessions to discuss any matter that the Committee, management, the independent auditors or the Vice President, Internal Audit believes should be discussed privately, including significant activities during the preceding quarter. The Committee will report to the Board at each regularly scheduled quarterly meeting.

Retention and Oversight of Independent Auditors

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of Cliffs’ independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Cliffs. Related responsibilities include:

1. The sole authority to (a) retain and terminate Cliffs' independent auditors; (b) approve all audit engagement fees, terms and services; and (c) pre-approve any non-audit engagements with Cliffs' independent auditors, including the fees and terms thereof subject to the de minimis exceptions for non-audit services as permitted by applicable law. The Committee will consider not less than every three years whether it is in Cliffs' best interest to continue to engage its then-current independent auditors, taking into account, among other factors deemed pertinent by the Committee, independence, quality, cost, and the nature and significance of institutional knowledge.
2. At least annually, obtain and review a report by the independent auditors describing (a) their firm's internal quality control procedures; (b) any material issues raised by the most recent internal quality control review, or peer review, of their firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by their firm, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditors and Cliffs, including information related to the non-audit services provided or expected to be provided by the independent auditors.
3. Evaluate and discuss with the independent auditors, and report to the Board regarding, the independent auditors' performance and qualifications, and the effects of any disclosed relationship or services on the independent auditors' objectivity or independence, taking into account the opinions of management and Cliffs' internal auditors.
4. Review and evaluate the independent auditors' lead partner, and take any steps required by law to ensure the regular rotation of the lead partner and the partner responsible for reviewing Cliffs' audit, and consider whether to change the independent auditor.
5. Review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing and compensation.
6. Review and discuss with the independent auditors the matters required to be discussed under generally accepted auditing standards relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including any (a) restrictions on audit scope or access to requested information, (b) disagreements with management, and (c) significant issues discussed with the independent auditors' national office.
7. Set clear policies for Cliffs' hiring of employees or former employees of the independent auditors.
8. Review and discuss with the independent auditors and management: (a) the report of the independent auditors' annual audit; (b) material written communications between the independent auditors and management; (c) the independent auditors' review of Cliffs' interim financial statements; (d) the results of reports related to such other examinations that the independent auditors may undertake; (e) any major issues regarding all critical accounting policies and practices, accounting principles and financial statement presentations, and significant changes in Cliffs' selection or application of accounting principles; (f) findings by management and/or the independent auditors identifying financial reporting issues and any analyses of the effects of alternative U.S. Generally Accepted Accounting Principles ("GAAP") methods on the financial statements; and (g) the effect of regulatory and accounting initiatives and off-balance sheet structures on Cliffs' financial statements.

9. Obtain assurance from the independent auditors that no acts were detected in the course of conducting the audit or have otherwise come to the attention of the independent auditors that require disclosure to the Committee under Section 10A(b) of the Securities Exchange Act of 1934.

Review of Financial Statements, Financial Reporting and Systems of Internal Controls

1. Review and discuss with appropriate officers of Cliffs and the independent auditors the annual audited and quarterly financial statements of Cliffs, including (a) Cliffs' specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and (b) disclosures regarding internal controls over financial reporting, including significant deficiencies and material weaknesses in the design and operation of internal controls and any fraud that involves management or other employees who have a significant role in Cliffs' system of internal controls. Make a recommendation to the Board whether the annual audited financial statements should be included in Cliffs' annual report on Form 10-K and approve the inclusion of the financial statements in the quarterly reports on Form 10-Q, as applicable.
2. Review and discuss earnings and other material financial press releases, material financial and operational reports and other external reports provided to third parties or the public, including the type and presentation of information to be disclosed. Periodically review financial information and earnings guidance provided to financial stakeholders, including investors, analysts and rating agencies. The Committee's responsibility to discuss these matters may be fulfilled by discussion of the types of information to be disclosed and the type of presentations to be made, and need not be done in advance of any specific release of such information.
3. Review quarterly reports from Cliffs' Chief Financial Officer on its cash position, capital structure and if applicable, its dividend policy.
4. Review Cliffs' annual operating and capital expenditure plans prior to its submission to the Board for approval.
5. With the assistance of management, the independent auditors and outside legal counsel, prepare the Committee Report to be included in Cliffs' annual proxy statement.
6. Review and discuss with the independent auditors, the Vice President, Internal Audit and the senior financial and legal executives (a) risks relating to accounting, financial reporting and information security, including the steps management has taken to monitor and control such exposures; (b) the adequacy of Cliffs' key internal accounting controls; (c) Cliffs' financial, auditing and accounting organizations and personnel; and (d) Cliffs' policies and compliance procedures with respect to business practices and disclosures regarding internal controls and matters to be reported to the Committee pursuant to applicable rules and regulations.
7. Establish procedures for (a) the receipt, retention and treatment of complaints received by Cliffs regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by Cliffs' employees of any concerns regarding questionable accounting or auditing matters as required by rules and regulations promulgated by the SEC and by the NYSE listing standards.

8. Discuss with management and the independent auditors any correspondence with regulators or governmental agencies with financial implications, including any complaints or concerns regarding Cliffs' financial statements or accounting policies.

Oversight of Internal Audit Function

1. Review and approve management's appointment, termination or replacement of the Vice President, Internal Audit.
2. Periodically review and discuss with the Vice President, Internal Audit and appropriate members of the internal auditing department (a) the plans for and the scope of the internal auditing department's ongoing audit activities (including adequacy of staffing and compensation); (b) the internal auditing department's activities, objectives, plan changes or resource updates; (c) the internal auditing department's annual report; and (d) any significant difficulties, disagreements with management or restrictions in scope encountered by the members of the internal auditing department in the course of their work.
3. At least annually, review with the independent auditors the scope and results of Cliffs' internal audit program, including the responsibilities, budget and staffing of Cliffs' internal audit function, and any questions, comments or suggestions the independent auditors may have relating to Cliffs' internal controls and accounting practices and procedures.

Evaluation of Ethical and Legal Compliance and Risk Management

The Committee is to take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior and to oversee and monitor risks relating to accounting, financial reporting and information security. Related responsibilities include:

1. Review and discuss the risk management guidelines and policies, and the design and effectiveness of the risk management process, including the process for identifying, reporting and mitigating key risks.
2. Periodically (a) obtain reports from management, the Chief Legal Officer, the Vice President, Internal Audit and the independent auditors (as requested) that Cliffs and its affiliated entities are in compliance with applicable legal requirements and Cliffs' Code of Business Conduct and Ethics; (b) review Cliffs' policies and procedures to comply with Cliffs' Code of Business Conduct and Ethics and other laws and regulations; and (c) advise the Board regarding Cliffs' policies and procedures regarding compliance with applicable laws and regulations and Cliffs' Code of Business Conduct and Ethics.
3. Obtain a quarterly report from the Chief Legal Officer on alleged violations reported through the Company's ethics hotline.
4. Obtain a biannual report from the Chief Information Officer on current information security risks and related information technology initiatives designed to mitigate these risks and risks related to accounting and financial reporting.
5. Obtain reports from Cliffs' legal counsel regarding any evidence of a material violation of securities laws or breaches of fiduciary duties, and discuss with Cliffs' Chief Legal Officer any legal matters that may have a material impact on Cliffs' financial statements or compliance policies.

6. With the Governance and Nominating Committee, review and approve all related-party transactions required to be disclosed under applicable laws and regulations.

Mine Plans

Periodically review the annual mineral reserve and resource statement and Cliffs' policies and procedures for compliance with SEC disclosure requirements relating to reserve and resource estimates.

Other Responsibilities


1. Review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of Cliffs as the Committee may, in its discretion, deem desirable in connection with the functions described above.
2. At each regularly scheduled meeting of the Board, and in such manner as the Committee and the Board deem appropriate, report the Committee's activities, findings and recommendations to the Board.
3. Annually evaluate the Committee's performance and the Committee's charter, and report the results and any recommended changes to the Board.

Resources and Authority

To assist the Committee in carrying out its purpose, duties and responsibilities, the Committee will have:

1. The sole authority to retain and terminate independent consultants, independent counsel and other independent advisors. The Committee will have this authority in addition to the other authority related to the retention and termination of the independent auditors granted by the Committee's charter.
2. Appropriate resources and authority to discharge its responsibilities and duties, including, without limitation, funding that the Committee deems necessary to compensate any consultants and advisors retained by the Committee in addition to funding the ordinary administrative expenses of the Committee.
3. The authority, at its discretion, to delegate any of its responsibilities to a subcommittee.

July 26, 2022


Secretary