ArcelorMittal

Leadership report 2018

Our board of directors

This annual leadership report contains all the corporate-governance information included within the 2018 ArcelorMittal South Africa integrated annual report. In addition the information in that report, readers will find greater leadership disclosure on governance at the company, including full remuneration and board committee reports. This report also contains our full King IV application statement.

Chairman

8/8
5/5
4/4
▲* 2/2

Mr PM Makwana (Mpho) (48)
BA (Hons)
Board value:
Governance, stakeholder relations and transformation best practice
Appointment date:
5 February 2013
** Chairman for matters pertaining to nominations only*

Chief executive officer

♣ 8/8
8/8
2/2
5/5
4/4
2/2

Mr HJ Verster (Kobus) (52)
BCom, BCom Economics (Hons), MBL Executive Management Programme
Board value:
Strategic leadership, steel industry management and financial insight
Appointment date:
1 February 2018

Chief financial officer

2/2
1/1

Mr AD Maharaj (Desmond) (46)
MFin, CA(SA)
Board value:
Commercial and financial expertise
Appointment date:
1 October 2018

4/5
3/5
3/3

Mr BE Aranha (Brian) (63)
BAppSc
Board value:
Strategy, operational improvement and steel industry management
Appointment date:
31 March 2018

8/8
8/8
2/2

Ms LC Cele (Zee) (65)
BCom, MAcc
Board value:
Commercial and tax expertise
Appointment date:
4 January 2016

6/8
▲ 4/4

Ms NP Gosa (Noluthando) (55)
BA (Hons), MBA
Board value:
Business administration and experience in investment banking
Appointment date:
1 December 2016

8/8
✦ 0/0
✦ 0/0

Mr GS Gouws (Gert) (59)
BCom (Law), BCom (Hons), CA(SA), FCMA CGMA
Board value:
Strategic financial and organisational leadership
Appointment date:
1 November 2017

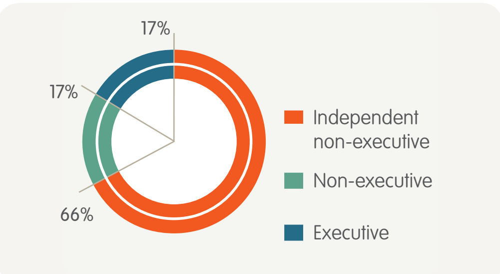
1/1
✦ 0/0
✦ 0/0
✦ 0/0

Mr R Karol (Raman) (43)
CA (India), MBA (Finance)
Board value:
Experience in finance and steel industry management
Appointment date:
1 December 2018

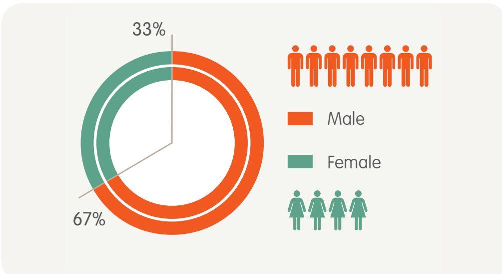
8/8
7/8
2/2
▲ 5/5
4/4

Ms NP Mnxasana (Nomavuso) (62)
BCom, BCompt (Hons), CA(SA)
Board value:
Sustainability best practice, risk and finance management expertise
Appointment date:
1 October 2013

Board membership at the time of reporting



Board diversity (including international directors)



In 2018 the board of directors held eight meetings including one special meeting, one strategy session and one budget review. On this page we give details of individual directors including their attendance at the meetings of the board and specific committees.

	8/8
▲	8/8
	5/5
	4/4
	2/2

Mr JRD Modise (Jacob) (52)
BCom, BAcc, CA(SA), MBA, AMP
Board value:
Financial, governance, risk management and sustainability best practice
Appointment date:
1 October 2013

7/8
4/4

Ms KMM Musonda (Monica) (44)
LLB, LLM
Board value:
Knowledge of legal, entrepreneurial and African business
Appointment date:
12 June 2017

	8/8
▲	2/2
	5/5
	4/4
	1/1

Mr NF Nicolau (Neville) (59)
BTech, MBA
Board value:
High-level strategic and technical insight
Appointment date:
10 September 2015

¼ Meeting attendance
▲ Chairman
♣ Attendance at the January meetings by invitation
✦ Appointed to the committee later in the year

Ethical and effective leadership

ArcelorMittal South Africa is committed to high standards of governance, ethics and integrity.

We embrace world-class banking practices and robust institutional frameworks to ensure our banking services are secure and stable.

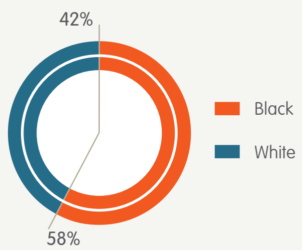
We are constantly reviewing these practices to ensure that we consistently act in the best interests of our stakeholders. Banks are expected to adapt to regulatory changes quickly, which means we have to entrench good governance practices, while retaining the flexibility to respond proactively to the fast-changing regulatory environment. ArcelorMittal South Africa's corporate governance philosophy, approach, standards, policies and practices support achievement of each of the King IV principles and enable the board and management to conclude that we are currently achieving the King IV governance outcomes.

We believe that good governance can contribute to living our values through enhanced accountability, strong risk and performance management, transparency and effective leadership.

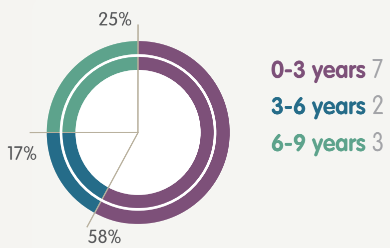
Attendance key

Board	Board
ARC	Audit and risk committee (ARC)
SHE	Safety, health and environment committee (SHE)
HRN	Human resources, remuneration and nominations committee (HRN)
TSEC	Transformation, social and ethics committee (TSEC)
Ad hoc	Ad hoc committee

Board diversity (including international directors)



Board tenure



Message from the chairman

A year of optimism

I write this message at the conclusion of a year of upheavals, challenges and setbacks but one which I believe marked a significant, positive, turning point – for our country, economy and company.

I leave it to the chief executive officer and the chief financial officer to offer appropriate insights into our ongoing plans and strategy to transform the company as well as to reflect on achievements so far.

For several years I have espoused the view that ArcelorMittal South Africa is of cardinal importance not just to tens of thousands of individuals who depend on it for employment but also to our national economy. Since joining the board of directors in February 2013, I have stressed the fundamental value of a primary steel sector. This is a sector which underpins our country's economic ambitions and the hopes (which we all share) of South Africa's continued industrialisation which will enable us to create and sustain employment for, especially, our youth. (Only last year, in my chairman's message, I made the point that South Africa's top five steel-consuming industries accounted for no less than 15% of GDP.)

It was therefore gratifying to note what the official communiqué from the South African Investment Conference – led by HE President MC Ramaphosa in October – had to say about our iron and steel sector. That document, *The case for investing in South Africa*, laid out a compelling, 90-page argument for why local and international investors should find renewed belief in the economic opportunities that exist in South Africa.

The report noted that South Africa 'has the most established metals sector in Africa, hosting major international, vertically-integrated mining firms . . . as well as ArcelorMittal South Africa in the steel value chain'.

It went on to point out that the basic iron and steel sector had achieved average annual growth rates of 6.1% since the 2008 recession year and that 'the value-add of the metal products sector, which has a high export propensity, has now exceeded pre-GFC [global financial crisis] levels in real terms'.

Why iron and steel matter

An accompanying graph confirmed the stellar export performance which the basic iron and steel industry had achieved in recent years, eclipsing even those of basic non-ferrous metals and 'metal products excluding machinery'. (In reporting on our performance in 2018 we note, with some satisfaction, a growth of 37% in the value of our export sales.)

Being singled out (and even named) in this way reflects the importance which those entrusted with public office and with leading our country attach to our industry and to our company. This is both humbling and challenging. As much as our stakeholders in government and the public sector recognise our importance, they also recognise our potential to create tremendous economic and social value – and they expect us to use that potential to aid economic growth by adding substantial value.

In this message I therefore wish to express my appreciation to those who, in many fields and in many ways, have supported ArcelorMittal South Africa during some very trying times – and whose expectations of us we are increasingly hopeful of meeting.

The investment summit to which I refer was aimed at unlocking USD100 billion worth of investment in South Africa over the next five years (more than 25% of which amount has already been raised). This sends a strong signal about business confidence in the economy and in the leadership of HE President Ramaphosa (who we again congratulate on his appointment as president in the year under review). We declare our support for the new direction in which the president is leading our country; our company's commitment is demonstrated by our participation in the YES Programme and linking our growth plans to the outcomes envisaged by the National Development Plan.

Investing for common benefit

As the integrated report makes clear, we are committed to continuing to invest very large amounts in our own production capacity (specifically R1 366 million in the year reviewed) and in the capacity and viability of the domestic steel downstream. (At the same time, we acknowledge those officials whose timely interventions to protect our industry from unfairly subsidised imports and to foster local industrial activity were so vital to the good-news story we are able to tell today.)

The industry's downstream – our customers – are, first and foremost, the people on whom we depend for our survival and growth. Directors take detailed interest in the ways in which management are doing everything they can to help them survive and thrive, by developing and making as well as selling products and grades that they want, that help them to grow. We also have granted the extraordinary sum of R249 million in export rebates to our customers this year.

We are all in this together. I have no doubt we will share in the success of a growing, more prosperous South Africa.

2018 marked the centenary of the birth of the father of our democratic nation, Nelson Rolihlahla Mandela. Throughout his long and illustrious life, Tata taught us the importance of belief combined with action: 'Vision without action is just a dream; action without vision just passes the time. But vision with action can change the world.'

Appreciating stakeholder support

As much as our customers have stood by us, so have our investors. Once again we thank and salute our shareholders for their forbearance and for their faith in our ability to turn this company around. (I hope that the integrated report and our other recent communications will give many renewed, even greater, belief in the future of ArcelorMittal South Africa.) In particular, I thank our institutional and our many smaller shareholders, including our strategic B-BBEE partner, Likamva Resources, for the space they have given our excellent executive team to develop and implement a wide-ranging business transformation programme, to devise a new vision and to match that vision with determined action.

I also wish to record my deep appreciation for the ArcelorMittal group, the world's greatest iron and steel company whose unflagging support has taken many forms and made our transformation journey possible.

We would be remiss not to recognise the resilience and talents of our thousands of ArcelorMittal South Africa employees who, day in and day out, have kept this ship afloat and are now steering it towards our mutually beneficial desired destination. Many of them have made considerable sacrifices, not least financially; for instance there were occasions when increases and bonuses were forfeited during our most difficult financial times. It was therefore extremely pleasing for directors to be able, this year, to authorise improvements in remuneration which will begin to reward the sacrifices many have made in recent years. Our unions, Numsa and Solidarity, have once again identified their members' best interests with those of the company and our sector, for which understanding we as directors are most grateful.

As chairman of this outstanding company, I am mindful of the extremely onerous

workload shouldered not just by colleagues and senior management but also by executive and non-executive directors in 2018. Directors responded with enthusiasm and devotion to the need for leadership, addressing the many challenges, risks and opportunities facing our company this year. I applaud them all for their willingness, throughout the year, to take on an extremely heavy workload.

In January this year we welcomed our new CEO, Kobus Verster (in fact, of course, we welcomed Kobus (a past CFO) *back* to ArcelorMittal South Africa). In almost no time at all, Kobus very visibly demonstrated his executive leadership capabilities in building on the progress achieved by his predecessor, Wim de Klerk. In bidding farewell to Wim and, later in 2018, our outgoing CFO, Dean Subramanian, I thank both gentlemen for their diligent devotion to our company and its stakeholders. At the time of writing, shortly after his appointment, our new CFO, Desmond Maharaj, had already made his abilities apparent.

This year we took leave of non-executive directors Ramesh Kothari and Henri Blaffart after three, and two years, of distinguished service, respectively. My board colleagues and I all look forward to the contributions we are sure our new directors, Brian Aranha and Raman Karol, will make to our leadership team.

Mpho Makwana
Chairman

Outlook

In 2019 our company will face many challenges, including the challenge of building on the very substantial gains of the year reported. These gains were, indeed, substantial and hard won and should not be underestimated.

We have begun to steady our ship, to weather the storms which our company and our national economy will, inevitably, face.

My board colleagues and I will remain as focused as ever on cementing our recent gains, on delivering shareholder and social value and, in particular, on ensuring that management retains its close, daily focus on keeping our people safe.

I have the utmost confidence that our new strategic focus will propel us towards a much brighter future, one in which all stakeholders will benefit. A future in which vision and action will meet to achieve great things for all.

Message from the chief executive officer

In 2018 our company achieved a great deal in ensuring its ability to sustainably, consistently create value. It was indeed a momentous year with our financial results being the best we have reported for several years, wide-ranging improvements being effected in our production facilities and the company finding and expanding new markets.

Most significantly, in 2018 we made ArcelorMittal South Africa a safer place to work. While there is still a lot of room for improvement, by some key metrics our safety performance was the best on record. Whereas we suffered three fatalities in 2017, this year we had one. Regrettably, the death of a young operator, Lusindiso Magoso in June, was one too many. We extend our condolences to Lusindiso's family.

A challenging context

Across the world, steel markets were robust with both demand and prices increasing. This global strength, which had a positive impact on our results, contrasted sharply with the situation in our own economy. In 2018 South Africa officially emerged from recession in the third quarter but meaningful growth remained elusive. Key steel-consuming sectors all contracted. Inevitably, this translated into poor steel consumption, apparent steel demand contracting by 4%.

Any manufacturer, in any sector, would be hard-pressed to achieve profitability in a context in which its customers were buying less and less of its product. The state of the South African economy and poor investor sentiment have negatively impacted the steel industry for the better part of a decade.

Growing in a contracting market

On a positive note – for not just ArcelorMittal South Africa but for the economy as a whole – in 2018 imports of primary steel continued their downward trend. In the year reported, imports fell by 20% or 190 000 tonnes. This development (for which we salute the authorities whose safeguards have proven their effectiveness in protecting thousands of local jobs) was one of only a few positive external trends affecting our company.

While most factors in our operating environment conspired against us, we took decisive action in 2018 to ensure that our fortunes should not be hostage to factors over which we have little or no control – that increasingly we become masters of our own fate.

At 5.1 million tonnes, our production of liquid steel was almost 4% higher than that of 2017 and our capacity utilisation rose from 81% to 84%. But producing more steel only makes sense if we are able to sell it. Our improved revenue – up 16% – derived largely from higher net realised prices but also from our very concerted efforts to grow our market share. In South Africa our intention to get closer to our customers paid dividends as we increased sales of both our flat and long steel products, long steel, for example, developing 10 new product categories. Most pleasingly, we became better at serving our customers, our on-time delivery rate improving (albeit to nowhere near satisfactory levels) from 51% to 57%.

By providing a more reliable service, our customers are increasingly incentivised to reduce their stock levels. Since 2015, average inventory levels have declined from 8.8 weeks' consumption to seven weeks. This trend can only be good for primary steel sales going forward.

As much as we did everything within our power to win new customers, to satisfy our existing customers and to gain domestic market share, in 2018 we redoubled our export efforts. Here we also achieved some outstanding successes, our export sales to, especially East Africa, rising by some 21%.

Transforming for sustainability

Our cost of production rose in 2018 but only marginally. Limiting our cash cost of producing steel was aided by relatively modest overall increases in our raw materials – which in the year made up 48% of total costs. In fact, our overall cost increase was below inflation while we grew volumes.

In 2018 we finalised and began to implement our Transformation for sustainability and growth strategy. This new strategic direction aims to transform our business, to position us to more predictably weather the inevitable downturns in the steel cycle and to fully exploit any and all opportunities, including a much hoped-for upturn in economic growth and demand.

Our strategy was developed through in-depth research and planning based on best-of-breed cost competitiveness programmes and benefited from input from several of the world's leading steel experts, experts whose time, insights and expertise were made available by the ArcelorMittal group.

Our discussion of how we are working to deliver sustainable profits gives some insight into the solid gains we began to make in 2018, despite Wave 1 of our strategy implementation only beginning in H2.

In particular, we started to record substantial and sustainable progress on debottlenecking our plants, and re-opening the Vaal Melt shop in Vereeniging in January this year will boost our ability to compete against scrap-based long steel producers. The Melt shop re-opening will allow us to produce various smaller-volume product lines and will reduce production complexity at Newcastle, the de-risking of which is a key pillar of our new strategy.

Obviously the Vaal Melt shop re-opening had no bearing on our long steel products' 2018 performance which recorded a remarkable turnaround – from a very substantial EBITDA loss in 2017 to a positive R808 million. Newcastle not only made – and sold – more steel, it also increased market share and boosted exports while recording a number of very significant process improvements. One of these was boosting blast furnace throughput from 3 816t/day to 4 035t/day.

Newcastle also made some important strides in reducing costs, including a record pulverised coal injection (PCI) rate of 130kg/tonne of hot metal.

We seek to use as much PCI in our blast furnaces as possible as it is considerably more cost-effective than other energy sources. A higher PCI rate is also an indicator of greater plant reliability and, on this score, Vanderbijlpark Works returned similarly pleasing results. At 146kg/tonne, its PCI rate was at a record level, some 24% higher than the level of the previous year. Despite some unforeseen setbacks in Q4, Vanderbijlpark notched up a large number of sustainable improvements. Output and capacity utilisation both rose, debottlenecking our steel plant showed pleasing results and our non-prime generation rate fell from 6.7% to 5.2%.

Cementing these gains, in production reliability and quality and cost control, are vital to realising our objective of lowering our production cost by USD50/tonne by 2021. Substantial strides towards achieving this objective were made not only at Newcastle and Vanderbijlpark but also at Saldanha and by our Coke and Chemicals operations. Our efforts to debottleneck Saldanha's steel-making process had already, by year-end, achieved almost half the ambitious cost-saving target set in terms of our transformation strategy. Whereas sales of commercial coke sales declined in 2018, this was largely the result of necessary, planned upgrades at our Newcastle coke plant, capital investments which will underpin our sustainability and our ability to achieve our transformation goals.

Investing in sustainability

In 2018 we more than doubled the amount we spent on environmental controls, to R105 million. As we indicate elsewhere in the integrated report, our leaders are closely focused on our responsibilities towards the environment and our communities. And we are under no illusions about the scale of environmental challenges we face.

We are pleased, however, to be able to report that this year we significantly improved our environmental impacts, as measured by several of our key indicators. We remain committed to cooperating closely and openly with all stakeholders, including regulators and environmental authorities. In the new year this commitment will remain undiminished.

Kobus Verster
Chief executive officer

Outlook

The challenging environment of 2018 is unlikely to improve substantially in the new year. Indeed, most forecasters see some degree of weakening in world steel demand and pricing. Such a scenario will bring with it mounting challenges but I believe that the momentum and the gains reflected in our 2018 results will be maintained in the new year.

I have every confidence that in a year's time we will be able to report, in greater detail and with greater clarity, how ArcelorMittal South Africa is transforming itself for sustainability and growth.

We anticipate being able to report strong progress towards reaching our 2021 targets, reporting progress on managing those costs, risks and opportunities which are under our control. However, in looking forward I need to sound a note of caution. In 2019 it is absolutely essential that we de-risk our operations by bringing a much greater degree of realism to the regulated, uncontrollable and often unrealistic costs of electricity, rail and ports which threaten our prospects and, indeed, our existence. We stand ready to work with all stakeholders in building an iron and steel industry which is not only sustainable but that builds real and growing social and economic value.

Message from the chief financial officer

As a leadership team we are pleased to present a greatly improved financial result for 2018, our best for several years. There were multiple reasons for this better outcome, which represented five consecutive quarters of profitability. Not the least of the reasons for this improvement was the fact that in 2018 our operating context was mostly propitious: world steel demand and pricing remained buoyant and the costs of our major raw materials recorded modest increases, even declining in some instances.

However much external factors put wind in our sails, our 2018 performance also reflects a company which was well positioned and appropriately resourced with a robust strategy in place to fully exploit the global steel industry's improved fortunes.

In 2018 ArcelorMittal South Africa grew revenue by 16% as average realised prices rose by 12%. At the same time, our cash cost per tonne of liquid steel increased by just 2% for flat steel products and 1% for long steel products. Increases in our fixed and variable costs were similarly well contained; our capacity utilisation improved and we sold more products (shipments increased by 5%). In particular, the long steel products division produced an outstanding turnaround and grew market share. All of this was achieved in an economy which again failed to record any meaningful growth.

Results for the year

While international demand and pricing were both buoyant, in our main market (South Africa), apparent steel demand declined to a 10-year low. This made our achievement in selling 234 000 tonnes more than in 2017 all the more commendable, most of the increase in sales stemming from our concerted export drive.

Encouragingly, in 2018 all business units made solid contributions to the company's profitability, both flat and long steel products (LSP) returning much improved performances. In the case of flat steel products (FSP) – which accounts for almost 70% of company revenue – EBITDA rose from R264 million to R2 670 million and the EBITDA margin strengthened from 0.9% to 8.4%.

Sales of commercial coke were lower than those in 2017, mostly resulting from scheduled plant maintenance, and our own increased requirement. Improved prices, however, largely offset the shortfall in sales. At R1 376 million, revenue was similar to that of the previous year with Coke and Chemicals' EBITDA margin, in fact, improving slightly.

Most pronounced, however, was the change-around in the fortunes of LSP. In 2017, long steel's operating loss of R1 284 million was very largely responsible for the company's considerably poorer performance on EBITDA. This year LSP achieved an operating profit of R474 million and an EBITDA margin which improved from -8.0 to +5.4%. This turnaround was on the back of higher net realised prices, increased sales and market share, better plant capacity utilisation and strong control over both variable and fixed input costs.

The average rand/US dollar exchange rate was little changed from that of the previous year but was extremely volatile throughout the year. This made forward planning extremely challenging. Whereas a weaker national currency would have traded in our favour, this failed to materialise.

	2018 Rm	2017 Rm
Revenue	**45 274**	39 022
Cost	**(41 666)**	(39 337)
EBITDA	**3 608**	(315)
Depreciation and amortisation	**(831)**	(976)
Once off items	**–**	71
Profit/(loss) from operations	**2 777**	(1 220)
Net finance cost	**(2 013)**	(1 441)
Impairment	**(10)**	(2 604)
Equity income	**138**	139
Profit on disposal of investment	**415**	–
Taxation	**63**	(2)
Profit for the year	**1 370**	(5 128)
Headline earnings/(loss)	**968**	(2 518)
Headline earnings/(loss) per share (cents)	**89**	(230)

On the back of an average 12% increase in the company's net realised prices, in the year revenue grew 16% to R45 274 million (2017: R39 022 million). Reflecting the state of the South African economy, local sales increased by only 1% while exports rose by 21%.

Whereas our average actual prices grew by 12% per tonne, the cost of the basket of raw materials used to produce that same tonne of steel increased by only 3%.

Financing costs increased by R885 million in the current year. This stemmed mainly from foreign-exchange losses due to the weakening of the rand against the US dollar at the end of the year. It is important to note that the company is in a net USD positive position on an EBITDA level. USD sales (direct and derived) exceed the USD cost of sales (direct and derived) and therefore the benefits of a weaker USD/rand exchange rate are captured within EBITDA. This, to a large extent, offsets the foreign-exchange losses reflected within the finance cost, these losses mainly originating from USD payables which have enjoyed very favourable payment terms.

A profit of R415 million on the sale of the company's investment in Macsteel International Holdings (MIHBV) was recognised in the income statement and the related foreign currency translation reserve to R2 067 million was released to profit and loss.

At a positive R968 million, our headline earnings contrasted sharply with the negative R2 518 million of 2017. This derived in large part from an operating profit of R2 777 million – an improvement of almost R4 billion. As a result, EBITDA reversed from a negative R315 million to a positive R3 608 million.

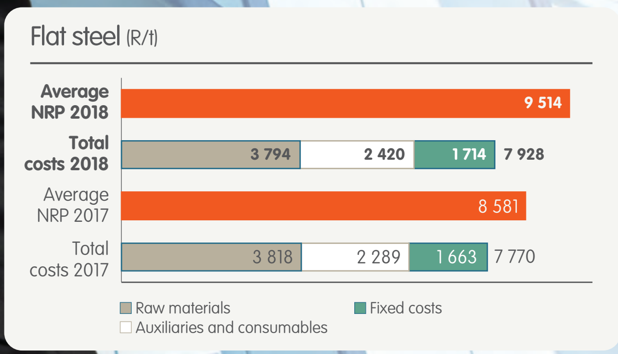
Costs

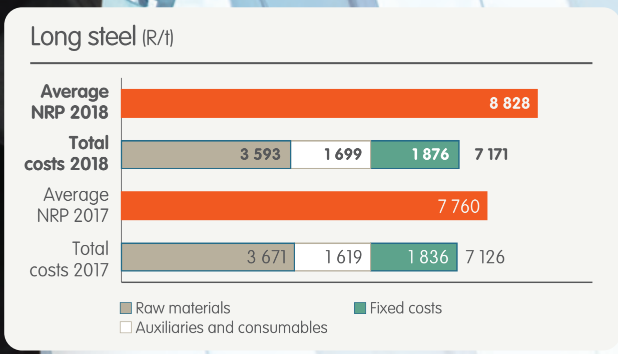
In *Sustainable profits throughout the steel cycle* in our integrated report, we address in some detail our challenges – and achievements – on limiting our variable-cost increases, optimising our production processes and achieving a USD50/tonne cost reduction net of inflation and foreign-exchange depreciation by 2021. We believe that very solid progress was made towards achieving these objectives and on realising the projected outcomes of our Transformation for sustainability and growth strategy.

Within each of our business units we implemented and sustained scores of hard-won cost savings while our achievements on paring our raw material and logistics costs is detailed in the integrated report. Not the least of our achievements on cost containment was the fact that, whereas international coking coal prices rose by some 9%, our per-tonne cost decreased by 6%.

I believe we have done – and are doing – everything possible to ensure our international cost competitiveness. However, unrealistic increases in so-called administered, monopoly prices remain a real and even growing threat to our ability to protect an industry which underpins much of our country's economy.

Cost dynamics





Message from the chief financial officer continued

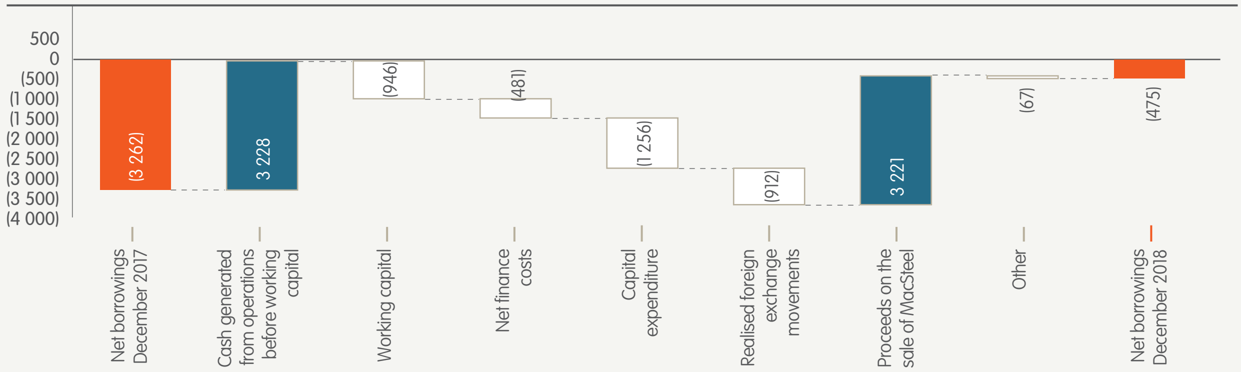
Cash and financial position

By year-end our balance sheet had strengthened significantly on the back of an improved financial result and the sale of our non-core investment in Macsteel International Holdings (MIHBV).

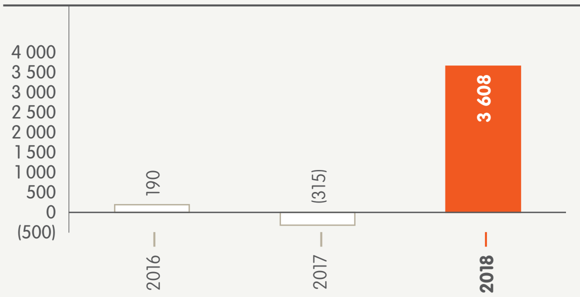
Cash flow and analysis (Rm)

	31 December 2018	31 December 2017
Cash generated/(utilised) from operations before working capital	**3 228**	(645)
Working capital	**(946)**	(67)
Cash generated from/(utilised in) operations	**2 282**	(712)
Capital expenditure	**(1 256)**	(1 324)
Net finance costs	**(481)**	(667)
Investment in associates and joint-ventures	**3 221**	(11)
Income tax paid	**(2)**	80
Realised foreign-exchange movements	**(912)**	(210)
Finance lease obligation repaid	**(85)**	(70)
Borrowings (repaid)/raised	**(3 400)**	4 450
Other	**17**	(57)
(Decrease)/increase in cash and cash equivalents	**(616)**	1 479
Effect of foreign-exchange rate changes on cash and cash equivalents	**3**	(1)
Net (decrease)/increase in cash and cash equivalents	**(613)**	1 478
Cash and bank balances	**2 525**	3 138
Borrowings (current and non-current)	**(3 000)**	(6 400)
Net borrowings	**(475)**	(3 262)

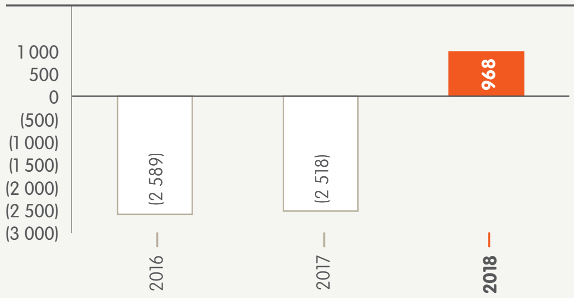
Net borrowings bridge



EBITDA (million)



Headline earnings (million)



The movement in net working capital of R946 million related to:

- Inventories increasing by R520 million mainly following a higher value of steel inventory despite metal stocks being 50 000 tonnes lower; movement in raw materials stemmed primarily from higher-value alloys in stock.
- Receivables increased by R1 billion, deriving from higher shipments and prices when compared to a year previously while the increase in payables, of R579 million, related to the revaluation of foreign payables at a weaker exchange rate at the end of December

The MIHBV transaction was cash positive in the amount of R3.2 billion. In approximate terms, proceeds from the MIHBV disposal are being used to reduce debt (some 50%). Roughly half of the remaining 50% of revenue from this sale will be committed to business sustainability including environmental capital expenditure and operational stability, and the other half to expansion including investment in our Vanderbijlpark galvanising line and in increasing our coke-making capacity.

By year-end our net borrowing position had improved from R3 262 million as at 31 December 2017 to R475 million. In total, in the year, some R3.4 billion in borrowings were repaid.

Outlook

In 2019 international steel prices are expected to soften while the costs of raw materials will not necessarily track lower.

As mentioned (by both myself and the chief executive officer), tariffs charged for, particularly, rail and electricity are increasingly threatening our ability to create sustainable financial and social value. Carbon taxes – whose effect we will likely feel from Q3 2019 – will further undermine our ability to compete against exporters who are in no way subject to such taxes.

Positively, in the new year the cost-saving achievements of our business transformation programme to date will be expanded and embedded while our successful procurement strategy will be further refined. We expect LSP to retain its momentum in the new year and we remain optimistic about both our export opportunities and about the prospects for domestic infrastructural investment. Our balance sheet will remain strong and our finance cost is likely to reduce.

Consolidated statement of financial position (Rm)

	31 December 2018	31 December 2017
Current assets	**18 864**	18 131
Cash balance	**2 525**	3 138
Inventories	**12 179**	11 519
Trade & other receivables	**3 972**	2 988
Other current assets	**188**	486
Non-current assets	**9 696**	13 065
Property, plant & equipment	**8 995**	8 474
Equity accounted investments	**220**	4 424
Other non-current assets	**481**	167
Total assets	**28 560**	31 196
Current liabilities	**14 963**	17 346
Trade and other payables	**13 779**	12 284
Provisions	**406**	304
Borrowings	**300**	3 700
Other current liability	**478**	1 058
Non-current liabilities	**5 636**	5 792
Provisions	**1 774**	1 826
Borrowings	**2 700**	2 700
Other non-current liabilities	**1 162**	1 266
Total liabilities	**20 599**	23 138
Shareholders' equity	**7 961**	8 058
Total liabilities and equity	**28 560**	31 196

In 2019 ArcelorMittal South Africa will commence the renegotiation of our borrowing-based facility (BBF) whose term comes to an end in May 2020. The company's intention is to retain the BBF and extend it for another three years. The level of the BBF to be retained is still to be determined.

As part of the transaction in terms of which our company bought the Thabazimbi iron ore mine in November for R1, we acquired an asset in the form of an environmental trust which holds investments worth R332 million. This amount is reflected as a non-current asset.

Maharaj

Desmond Maharaj
Chief financial officer

Leadership – how the board is leading the transformation of our company

Overview

ArcelorMittal South Africa is a public company listed under the Industrial – Steel and Other Metals sector of the JSE Ltd (JSE). The company is subject to the JSE Listings Requirements and the Companies Act as well as other legislation applicable to companies in South Africa.

Ethical and effective leadership

The board of directors is the custodian, and focal point, of corporate governance at ArcelorMittal South Africa. The board is mindful of the outcomes it needs to achieve as set out in the King Code on Corporate Governance (King IV) and in doing so applies the code's principles, as well as its practices as appropriate for the company. Directors acknowledge that their fundamental responsibility is to lead and direct the organisation in an ethical and effective manner.

The board, led by an independent non-executive chairman, accepts that it remains accountable to, and should report in a transparent and open manner, to all stakeholders regarding the performance of the company and how it has fulfilled its responsibilities as a board. As set out in King IV, the board appreciates that the company's core purpose, its risks and opportunities, strategy, business model and sustainable development are all inseparable elements of its value creation process. Decisions need to be made in an integrated manner, taking into account the effects of strategy on all stakeholders and the social, economic and environmental context.

The integrated report is the board's most important single annual communication to stakeholders; it is authorised by, and issued in the name of, the board. Similarly, the board has issued the company's online Value creation report and its full Leadership report, including our King IV application statement and a comprehensive discussion of corporate governance and board and committee responsibilities and undertakings.

In the year the board met on eight occasions, one being a strategy meeting and another for approving the 2018 budget, as well as one special meeting (in 2017, seven meetings were held). The frequency of meetings was just one reflection of the energy which individual directors and the board as a collective applied to leading the transformation of ArcelorMittal South Africa.

In 2017 the board's then six committees were consolidated into four so as to improve decision-making and board effectiveness. In January 2018 this new structure was reviewed by the board and it was agreed that it was achieving its desired outcomes. The board also reviewed its delegation of authority, which is done on an annual basis. The effectiveness of the delegation of authority was monitored by the board and management on an ongoing basis.

Board evaluation

An external board evaluation was conducted in October 2018, with the year of evaluation being 2017. The results of the evaluation were discussed by the board; key conclusions included:

- In general, the work and dynamics of the board were at a high level
- There was an appropriate balance between independent and non-executive directors
- Debates were robust
- The leadership of the chair was good
- The relationship between the board and CEO was felt to be good.

Areas for improvement included a need for greater input from group directors on industry developments and the board needed to apply increased focus on:

- Transformation and environmental performance
- CEO and CFO succession
- Board succession
- Certain board processes.

The board strives for best practices that go beyond the legal minimum requirements, especially with regard to governance, compliance, ethics and social-value creation.

Actions

In early 2018 the board enthusiastically endorsed management's transformation for sustainability and growth strategy and undertook to provide maximum support and leadership on this most important endeavour. This commitment, and directors' determination to engage fully with various pressing issues facing the company, is reflected in a board workload which resulted in additional meetings being held during the year. In detail, in 2018 the board discharged its responsibility to provide ethical, effective leadership by:

- Engaging with senior management throughout the year on the transformation strategy and approving the strategy, receiving and considering regular update reports and continuously interrogating executives on work in progress and outcomes, both actual and projected. The board was responsible for approving and appointing expert third-party consultants, and in monitoring both their work and that of the business transformation office
- Scrutinising the company's risk management with a renewed focus on taxation, environmental and information-technology risks
- Providing strategic direction on funding issues, including those relating to the company's going-concern status
- Focusing on B-BBEE performance, notably the decline in the company's recognition level, and relations with its B-BBEE shareholder, Likamva Resources
- Reviewing the quality of stakeholder engagement, including that with government, regulators, trade unions, communities, customers and the ArcelorMittal group
- Appointing a new CFO
- Holding management to account for the company's safety performance, to ensure that recent improvements were sustained
- Involving itself extensively in remuneration issues, including the imperative of incentivising and retaining talent, and the payment of short-term bonuses to both package and bargaining-unit employees

- Receiving reports on race and gender diversity within the company
- Providing close leadership on pressing environmental issues
- Monitoring the company's compliance with agreements with, *inter alia*, the competition authorities.

Policies and procedures

The board's governance policies and procedures are continually updated to ensure ongoing adherence to the JSE Listings Requirements, current legislation, international best practice and King IV. The board also recognises that its role includes approving and monitoring the implementation of strategy that adequately considers the organisation's priorities, its impacts on the various capitals and its ability to create meaningful, sustainable value for stakeholders.

In 2018 the board engaged with the company secretary, with management and independent experts on assessing the extent to which it applied the principles and recommended practices of King IV, and the extent to which this application resulted in the desired governance outcomes.

The board delegates to committees of the board particular roles and responsibilities – which are detailed in committee reports forming part of this online Leadership Report. Committees of the board are all governed by formal terms of reference and deal with matters in greater detail and then report to the board or obtain approval of the board with regard to material matters.

Structure and process

The board is governed by a formal board charter setting out its composition, processes and responsibilities. The primary responsibilities of the board are to:

- Retain full and effective control of the company
- Give strategic direction to the company
- Monitor management on implementing plans and strategies, as approved by the board
- Appoint the CEO and executive directors
- Identify and regularly monitor key risk areas and key performance indicators of the business
- Oversee the quality of stakeholder relationships and ensure that these relationships create broad-based value for the company, for society and for stakeholders
- Ensure that the company complies with relevant laws, regulations and codes of business practice
- Maintain oversight over succession planning and management
- Ensure that the company communicates with shareowners and all relevant stakeholders openly and promptly
- Monitor the company's integrated performance
- Establish a formal and transparent procedure for appointments to the board, as well as a formal orientation programme for incoming directors
- Regularly review processes and procedures to ensure the effectiveness of internal systems of control including information and technology management and accept responsibility for the total process of risk management
- Assess the performance of the board, its committees and its individual members on a regular basis.

Retirement and re-election of directors

One-third of directors are subject, by rotation, to retirement and re-election at the annual general meeting in terms of the company's Memorandum of Incorporation.

The chairman

The chairman is an independent non-executive director and is free of any conflicts of interest. The chairman's role and functions are formalised and include:

- Setting the ethical tone for the board and the company
- Providing overall leadership to the board
- As chairman of the nominations committee, identifying and participating in selecting board members and overseeing a formal succession plan for the board, the CEO, the CFO and certain key management appointments
- Together with the company secretary, formulating a yearly board work plan
- Ensuring that the directors are aware of their fiduciary duties as directors of the board
- Ensuring that complete, timely, relevant, accurate and accessible information is placed before the board to enable it to reach an informed decision
- Ensuring that decisions by the board are executed
- Ensuring that good relations are maintained with the company's major shareholders and stakeholders.

CEO

The CEO is an executive director on the board and plays a critical role in the operations and success of the day-to-day business of the group. Board authority conferred on management is delegated through the CEO, in accordance with approved authority levels. The CEO's role and functions are formalised, and include:

- Appointing the executive team and ensuring proper succession planning and performance appraisals
- Developing the company strategy for consideration and approval by the board
- Developing, recommending and implementing the annual business plans and the budgets that support the company's short and long-term strategies
- Establishing an organisational structure for the company to enable execution of its strategic planning.

Company secretary

From 26 January 2018 Premium Corporate Consulting Services acted as interim company secretary. With effect from 1 November 2018, the board appointed Ms Nomonde Bam (who previously fulfilled this role) as company secretary.

Board membership and changes to directorate

A clear division of responsibility exists at board level, as captured in the board charter which provides evidence of the balance of power between the independent non-executive chairman, chief executive officer and non-executive directors.

Leadership – how the board is leading the transformation of our company continued

The board complies with King IV in terms of its composition. In March non-executive director Henri Blaffart retired from the ArcelorMittal group and was replaced by Brian Aranha. On 31 July 218 the chief financial officer, Dean Subramanian resigned. He was replaced by Desmond Maharaj who was appointed on 1 October 2018. In November Ramesh Kothari resigned and was succeeded by Raman Karol with effect from 1 December.

The board remains an effective board. The board matrix, which sets out the skills and expertise of the various directors, as well as feedback from regular board evaluations and the accepted need for diversity and transformation including diversity targets, informs the composition of the board, and assists in identifying any additional skills or areas of expertise needed to ensure a balanced and effective board.

The directors are considered by the board to be independent in mind, character and judgement.

The board members at the date of this report and their membership, board value and attendance at meetings, of board committees, plus details of board changes in the year reported, are on pages 1 and 2 of this leadership report.

Expanded biographical details of directors and senior managers are available at https://www.arcelormittalsa.com/Whoweare/DirectorsManagementProfile.aspx

Ethical business practices

Fair and ethical business practices are at the heart of our values.

These principles are entrenched in our code of business conduct and reinforced by specific policies and training programmes on issues such as anti-trust and anti-corruption behaviour. This year the transformation, social and ethics committee reviewed the code and anti-corruption guidelines and reported to the board that it believed these were adequate.

The company's conflict of interest policy was also revised to enhance certain provisions regarding conflict and private work and approved by the board on the recommendation of the audit and risk committee and the transformation, social and ethics committee.

The anti-corruption guidelines establish procedures for handling concerns about possible corrupt practices and provide guidance on how to fight and prevent corruption. All senior executives and staff in relevant sections of the business are required to be trained in the application of these guidelines.

In 2018, following our settlement with the Competition Commission on past practices, we continued to report to the commission on our compliance with all terms of the agreement. In addition, independent external audits were conducted, confirming our application of the pricing remedy forming part of the agreement with the commission.

Our global code for responsible sourcing, developed in collaboration with customers, suppliers, peer companies and NGOs, outlines the minimum standards with which we expect suppliers to comply in the areas of health and safety, human rights, ethics and environmental responsibility. We encourage our suppliers to promote the requirements of the code within their own supply chains.

In line with our commitment to create and maintain supply chains that our customers trust, suppliers must acknowledge their adherence to the global ArcelorMittal code for responsible sourcing.

Over the past year, 81 ethics-related incidents were reported to forensic services (2017: 68). Of these, 66 were found to have been unsubstantiated or were referred back.

A fraud whistleblower line (0800 001 672) is operated by Global Compliance on behalf of the company. This service is tested monthly by representatives of global assurance. The company holds an annual fraud-awareness week, in November.

Human rights

In the year reviewed none of our operations was identified as having human rights violations, including violations of the right to exercise freedom of association and collective bargaining, or to have been at risk for child, forced and compulsory labour.

Our close relationship with suppliers provides an opportunity to positively influence their environmental and social conduct, and we see this as an important part of our responsibility as a good corporate citizen. This year no instances were identified where the possibility existed for suppliers to infringe human rights as defined by our human rights policy and internationally accepted covenants and declarations.

No specific human rights issues were raised at the board or senior executive levels.

The ArcelorMittal South Africa's human rights policy complements and brings together the human rights aspects from other company policies and guidelines. These include our code of business conduct, health and safety, environment and human resources policies, and anticorruption guidelines.

Board committees

While the board remains accountable and responsible for the performance and affairs of the company and the need to provide consistent, quality, ethical and effective leadership, it.delegates to management and board committees certain functions to assist it in properly discharging its duties. In ensuring that its leadership is as effective as possible, as described above, in 2017 the board rationalised its committees.

Each committee acts within approved written terms of reference under which authority is delegated by the board. The chairman of each committee reports at each scheduled meeting of the board, and minutes of committee meetings are provided to the board.

Audit and risk committee

The audit and risk committee report, required in terms of section 94(7) of the Companies Act, is set out on page 26 of this leadership report.

Remuneration report

Human resources, remuneration and nominations committee chairman's report

On behalf of the human resources and nominations committee (HRN), it gives me great pleasure to present the 2018 ArcelorMittal South Africa remuneration report.

The previous year saw the introduction, at our company, of the King Code on Corporate Governance (King IV), in particular emphasis on Principle 14, the importance of responsible, fair and transparent remuneration policy and implementation. Since 2017, very focused changes to our remuneration policy have included substantially strengthening the link between performance and reward and exercising greater governance, fairness and transparency in the implementation of remuneration policy.

Our transition to an amended policy was the result of extensive, robust engagement with shareholders who expected our remuneration policy to demonstrate clearer links between company performance, value creation and remuneration outcomes. In 2018 we continued, we believe, to improve our new approach towards remuneration policy, implementation and reporting. It is our hope that this report will demonstrate our commitment to meeting shareholders' expectations.

It has been my privilege to serve on the HRN with Mr Henri Blaffart who retired in early 2018. In his role as a non-executive director, Henri contributed immensely to striking an optimal balance between the interests of shareholders and those of the organisation and its employees. I take this opportunity to thank Mr Blaffart for his valuable contributions and wish him well during his retirement. Mr Brian Aranha has since been appointed in Mr Blaffart's stead and we look forward to benefiting from his valuable insights and contributions.

As described in more detail elsewhere in the integrated report, while the domestic market in which we operate continued to be constrained, an upturn in the company's financial performance began towards the end of 2017. At the time this by no means represented a return to sustainable profitability and also did not result in full-year positive cash flows. A year ago, however, progress made with regards to safeguards on flat steel products, import duties and the designation of local steel for government infrastructure projects had started to materialise, this progress continuing during 2018. To its great credit, the company has continued to invest in social value-creation projects including its sincere and impactful commitment to socio-economic development, investing in enterprise and supplier development and preferential procurement, and mitigating environmental impacts to maintain and improve compliance.

The company's improved financial-performance trajectory continued into 2018. The more positive financial results were, in no small measure, assisted by stronger international steel pricing and improved sales, a notable downside being a stronger rand/USD exchange rate.

Throughout the year there was a continuous and diligent focus on cost containment as our industry remained plagued by uncertainties, weak domestic demand and upheavals in international trade flows. Having seriously considered and examined these factors, the executive leadership, which worked hard to enhance short-term profitability and cash flow, developed and implemented the transformation strategy which forms much of the subject matter of the integrated report.

The King IV implementation plan adopted by the board in June 2017 – which included the annual tabling of a remuneration policy and implementation report for a non-binding advisory vote by shareholders – was presented at the AGM on 24 May 2018. At the AGM, 97.86% of votes were cast in favour of the remuneration policy with the implementation report being approved by 97.69% of votes.

We are satisfied that the remuneration sacrifices made by package category employees, including executive and senior management as well as by non-executive directors, went a long way towards improving and managing costs and demonstrating much-needed commitment. There were, however, some unintended consequences such as the loss of critical skills, particularly at senior management level (see the voluntary turnover statistics on page 46 of the integrated report). It is within the context, of demonstrated discipline, strength of leadership and a determination to transform the company, that we note the substantial execution and implementation against the company's strategic objectives. In particular, we note that:

- **There has been a dramatic turnaround in headline earnings from a loss of R2 518 million to a profit of R968 million**
- **EBITDA improved by R3 923 million from a R315 million loss while net borrowings decreased by R2 787 million to R475 million**
- **Revenue increased by 16% to R45 274 million**
- **Sales volumes grew by 5% mainly attributed to an increase of 21% in export sales, this despite domestic steel consumption being at a nine-year low**
- **There was a R3 997 million improvement of profit from operations.**

Remuneration report continued

At the beginning of 2018 the HRN recognised challenges relating to lower-than-budgeted productivity and the need to improve not just operational efficiency but operational transformation. This led to a review of our short-term incentive schemes with a view to strengthening the link between company performance and rewards. We were therefore pleased to re-introduce this year a revised key performance incentive bonus scheme (called 'KPI') for bargaining-unit employees. The KPI is a self-funded scheme where positive EBITDA is a gatekeeper. This replaced the production and maintenance bonus scheme (OPI) which the committee and board deemed ineffective in achieving its stated objectives and in supporting company performance.

Bonuses under the short-term incentive plan (STIP 2017 and STIP 2018) applicable to non-package employees were effected in 2018 for the 2017 full year and H1 2018 performance periods. STIP 2018 was introduced only as a 'special incentive scheme', providing for more streamlined measures comprising 90% financial performance and 10% safety. It further provided for bonus payments in two tranches, for the 2018 H1 and H2 periods. Achievement of targets resulted in the first-tranche bonus payments being effected in August 2018, the second-tranche payment to be implemented in 2019.

In 2017 annual adjustments were forfeited by non-bargaining unit and non-executive directors. Salary increases were, however, re-introduced in April 2018 and we are confident that the revised remuneration strategies have contributed towards greater buy-in to the business transformation process and improved financial performance.

We are very pleased to announce that following a protracted wage negotiation process, a three-year multi-term wage agreement was concluded for bargaining-unit employees. The agreement provides for an annual fixed percentage pay adjustment and (of particular importance) an incentive based on annually determined liquid steel productivity targets. We thank our labour partners for their commitment and engagement in this regard.

The committee trusts that the remuneration policy, incentive targets and the achievement of stated objectives have all combined to enhance the support of shareholders and, at the same time, the earnings and motivation of employees.

In closing, I encourage all employees to remain vigilant and committed to the transformation of our business. We should never again become complacent regarding matters of cost containment, wastage and, in particular safety. We are on track towards building a sustainable primary steel business for all South Africans. We are very clear about the medium- to long-term operating strategy; we will transform in order to grow and we acknowledge all our employees, stakeholders and investors.

Nomavuso Mnxasana
Chairman, HRN committee

27 March 2019

Context to remuneration policy and implementation

In 2015 and 2016, and even in 2017, voluntary turnover among senior management was within acceptable limits, given the challenges facing our company. However, voluntary turnover at senior management level rose from 7% in 2017 to an unsettling 11% in 2018.

During the year we maintained our philosophy of attracting, developing and retaining talent through our employee value proposition. In the context of increasingly challenging trading conditions, management worked with considerable success to reduce fixed and variable costs, enhance plant stability and utilisation, boost output and sales and to manage our material cash pressures.

The HRN committee was delegated by the board to oversee the following human resources strategies during 2018:

- Review of short-term and long-term incentives, approved amendments as well as their implementation
- Review appointments and determine alignment with undertakings made to the Department of Labour
- Senior executive and company secretary search and appointments to the board, committees and any other entity such as retirement-fund boards
- Remuneration and benefits for non-executive directors, employees and executive directors
- Targets and ground rules for performance-related pay schemes linked to company performance and shareholder value, annual reward allocations including three-year multi-term wage agreements
- Retirement fund rule amendments
- Continuing to strengthen performance requirements as the cornerstone of reward practices linked to shareholder value, company, team and individual responsibility
- Policy review aligned with the equal-work-for-equal-value principle: the committee re-evaluated the suspended 2015 salary correction strategy and parity model pending the financial position of the company within the medium-term outlook
- Progress with employee empowerment share trusts
- Executive succession planning framework
- Review of HR policies.

Remuneration policy

Our policy on managing pay includes the following principles:

- Effective governance over remuneration: the board seeks to deepen alignment with King IV, in particular Principle 14 addressing fair, responsible and transparent remuneration practices that promote the achievement of strategic objectives
- Total rewards mindset: our reward strategy comprises baseline total guaranteed package; basic salary, benefits and allowances; short-term incentive plans and long-term incentive plans inclusive of monetary and non-monetary elements
- Company performance linked to the pay framework: company-stated objectives and target-based performance incentive schemes and remuneration adjustment models with years in role and performance as key pay progression determinants
- Management discretion: operating and business-unit empowerment through a delegation-of-authority matrix which combines centralised, robust core policy and strategy formulation with decentralised remuneration decision-making and execution
- Legislative and legal compliance – implementation of the Employment Equity Act which compels employers to manage remuneration policies and practices through proper consultation processes within a sound governance framework to drive the principle of equal pay for equal work free from unfair discrimination
- Consistency – the reward philosophy strives to be both consistent and transparent.

Remuneration design structure

The principle of performance-based remuneration is one of the cornerstones of our remuneration policy and implementation. Since 2017 the King IV principle of strengthening alignment between reward and the achievement of strategic objectives and positive outcomes has strongly influenced the remuneration policy, notably in the setting of performance conditions, measures and weightings in terms of short- and long-term incentive plans.

Key changes to our remuneration policy

In the past year the board resolved, with group approval, to review pay practices and policy within a sound governance framework in order to drive the principle of equal pay for work of equal value that is fair, free from unfair discrimination and consistently applied. To this end, a salary parity model was developed in order to re-initiate a remuneration correction strategy for inclusion into the 2019 total cost of employment (TCOE) budget.

In addition, revised performance conditions, targets and weighting linked to incentives were implemented:

- Long-term incentive plan (LTIP) performance measures remained as ROCE (60% weight) and market share (40% weight). However, the targets changed as indicated in this report (see page 20)
- Improved stability in the medium term through a multi-term wage agreement providing for guaranteed pay adjustments and commitment to liquid steel production improvements
- Improved productivity-related short-term incentive (STI) schemes at all levels of the organisation
- The 2018 STIP 'once-off incentive scheme' based predominantly on financial performance measures and safety, 50% increase in role level performance factor, and incentive payments in two tranches at the end of performance periods H1 and H2
- The KPI with increased absenteeism penalties, improved line of sight with regard to productivity/cost/safety business drivers which fall within the influence and control of the employee.

Key components of our remuneration mix

Remuneration mix		
Remuneration component	**Policy principle**	**Policy execution**
	FIXED PAY	
Total guaranteed pay (cost to company – CTC/ basic salary)	– Non-bargaining: basic cash plus employer contributions to retirement (including disability and death risk insurance) = CTC – Bargaining: basic salary plus allowances – Market-related broad salary bands differentiated by job family and levels of work – Internal and external remuneration parity modelling – Increase factors include: external comparable market; inflation; performance and affordability	– Non-bargaining: paid a monthly CTC adjustment based on approved parameters which include individual performance, inflation and affordability – Bargaining: paid a basic salary plus allowances adjusted according to approved mandate and negotiated outcomes – Salary scales adjusted according to annual general adjustment
Employee benefits and allowances	– Membership of a retirement fund is a condition of employment for permanent full-time employees. Retirement funds are defined contribution – Medical schemes for full-time employees who can choose from four medical schemes – Allowances include statutory allowances, housing, overtime, retention etc	– Total contribution to retirement funds is 17% of pensionable salary – Medical aid company subsidy is 60% of total contribution subject to maximum cap, currently at R2 894 per month
	VARIABLE PAY	
Non-bargaining: short-term incentive plans	– Annual bonus plan with performance measures at company, rather than business unit, level. Targets set in advance	– Bonus payments on linear target scale of 80% – 120%. 2018 targets: Profitability (EBITDA 54% and free cash flow (FCF – 36%) and health and safety (10%) – Bonus calculated on achievement of H1 and H2 targets, grade performance level, annual CTC and three-year individual performance multiplier. Payment in two tranches for H1 and H2 performance outcomes
Bargaining unit: Key performance indicator (KPI)	– Monthly bonus based on three broad performance themes: productivity, cost and safety. Gatekeepers are positive EBITDA and safety, team based and includes absenteeism penalties. Targets set monthly	– Monthly bonus based on a combined sliding scale from 0% – 80% (productivity/cost) and 20% (safety) – Bonus calculated on basic salary; achievement of actual targets = 7% of basic salary; payment subject to safety achievement
Bargaining unit: Liquid steel production	– Production improvement annual bonus for achievement of liquid steel target communicated and set in advance annually for 2018, 2019 and 2020 – Monthly short-term incentive	– Bonus calculated on achievement of liquid steel target in H2 based on 0.5% of basic salary for nine months (April to December)
Non-bargaining unit: long-term incentive plan (LTIP)	– Equity settled conversion of each share option into one ordinary share on exercise – No dividend or voting rights – Three-year performance plan with annual allocations based on service conditions including ongoing employment, role, individual performance – 2018 LTIP allocations split based on 100% performance stock units (PSUs) or 50% PSU and 50% restricted stock units (RSUs) – Linear vesting scale 80% – 120%	– Current LTIP grant performance measures: • ROCE (%) weighted 60%. Targets: 6.0% (2018), 7.6% (2019) 10.0% (2020) • Market share weighted 40%. Target: 77.3% (2018), 77.6% (2019), 77.9% (2020) – Allocations calculated on CTC, applicable percentage per grade and individual performance

Remuneration implementation

Guaranteed pay in 2018

Non-bargaining employees are remunerated according to a cost to company (CTC) pay structure which includes basic cash plus employer contributions to retirement. Increased contributions to retirement are permitted although these changes are cost neutral to the company and impact the individual's net income. CTC adjustments are normally awarded in April of each year.

However, in 2017 no increases ('zero indexation') were applied due to the company's financial position and tough economic conditions. Executives and non-executive directors did not receive increases, the latter deciding to forfeit a pre-approved fee adjustment in support of the company and its employees. In 2018, salary increases for non-executive directors (6%) and non-bargaining unit employees were reinstated and the board approved an average adjustment of 6% moderated according to a three-year individual performance rating scale for non-bargaining unit employees.

At the time of reporting, a total remuneration benchmark analysis was underway, to establish the relative remuneration position of company executives and management against the following appropriate comparator groups:

- Companies that are listed on the Johannesburg Stock Exchange and
- External data (Manufacturing Circle, National all industries and Top 40 industries)

The analysis will reflect the remuneration levels and comparisons as well as any gaps based on the benchmarking observations. These observations will be presented to the HRN upon completion.

Bargaining unit employees are covered by collective bargaining and term agreements which provide for the principles of basic salary and fixed allowance increases. Salary increases are not subject to performance management. However, pay progression intervals from pay scale minima to maxima are achieved through a structured competency improvement process. The board-approved mandate culminated in a three-year collective agreement covering the period from 1 April 2018 to 31 March 2021. Year 1 of the agreement was implemented on 1 April 2018, all fixed pay components were adjusted by 7.5% for semi-skilled and 7% for skilled.

	Multi-term wage agreement guaranteed pay		Implementation
Agreement main features	**2018**	2019/2020	**2018**
Formulae	7% across the board	7% across the board	**7%**
Performance improvement factor	2018 target: H2 – Liquid steel 2.8m tonnes	2019 and 2020 target: to be determined	**H2 liquid steel achievement – 2.5m tonnes**
	0.5% of basic salary calculated from 1 April to 31 December	0.5% of basic salary calculated from 1 April to 31 December	**0.5%**
Semi-skilled level	7.5%	7%	**7.5%**
Skilled level	7%	7%	**7%**
Medical aid subsidy cap	7%	7%	**7%**

Short-term incentive plan for package category

Variable pay structures have been re-designed in recent years to ensure that differentiation exists depending on the extent to which an employee is able to control delivery or achievement of the performance measures; therefore line of sight is an important STI principle. This report covers the STIP 2017 bonus payments as well as the STIP 2018 performance scorecard, rules and targets. The remodelling of the 2017 STIP from previous years incorporated a shift from business-specific measures to company-based measures. The increased emphasis on company performance, through the introduction of market share as a performance measure, to replace business-specific measures resulted in achievements being considerably lower than anticipated. In 2018 performance measures changed to be more finance-focused with an increased emphasis on cash flow.

STIP 2017

Notwithstanding the below-expected target realisation in the 2017 performance period, bonus payments were approved by the board and effected in April 2018 based on the flat steel market-share performance measure. The flat steel market-share performance requirement was 77.77% on target (100%) while actual achievement was 75.4%, above the 80% threshold. The total bonus payout for the STIP 2017 was R20.2 million.

STIP 2018

The STIP 2018 was introduced as a special incentive scheme for 2018 only. A performance scorecard is used to measure EBITDA and free cash flow (FCF) and (non-financial) health and safety. Financial and non-financial are weighted 90/10 respectively. The STIP 2018 performance scorecard and targets are illustrated overleaf.

STIP 2018 – performance scorecard

Role	Performance levels: Threshold 70%	Performance levels: Target 100%	Performance levels: Stretch 120%	Financials: EBITDA	Financials: FCF	Health and safety: Frequency rate	Health and safety: Frequency rates lost-time injury plus restricted work
CEO (A role) General managers (B role)	30.0%	60.0%	90.0%	54.0%	36.0%	5.0%	5.0%
Group managers (C role) Managers (D role)	20.0%	40.0%	60.0%	54.0%	36.0%	5.0%	5.0%

STIP 2018 – Targets

Performance level	2018 H1 targets: Financials: EBITDA USD'm	2018 H1 targets: Financials: FCF USD'm	2018 H1 targets: Health and safety: Frequency rate	2018 H1 targets: Health and safety: Frequency rate long-term injury plus restricted work	2018 H2 targets: Financials: EBITDA USD'm	2018 H2 targets: Financials: FCF USD'm	2018 H2 targets: Health and safety: Frequency rate	2018 H2 targets: Health and safety: Frequency rates lost-time injury plus restricted work
Threshold 70%	100.1		0	0	103.6	106.4	0	0
Target 100%	143.1	0.0	0.46	0.67	148.0	152.0	0.46	0.67
Stretch 120%	171.6	20.0	0	0	177.6	182.4	0	0

Note: Linear vesting scale: 70% to 120% applied to all targets except FCF in H1, zero upper/ lower limits for health and safety.

Towards the end of 2017 there was a marked improvement in the financial results including an operating profit of R1 224 million being achieved in H1 2018, from a loss of R983 million in H1 2017. The achievement of financial targets translated directly into a much-improved performance incentive envelope for employees and bonus payments were effected in August 2018 for the H1 2018 performance period, in line with the STIP 2018 ground rules. The specific achievements for H1 were:

- 120% against the target for FCF (weighting of 36%)
- 88.9% against the target for EBITDA (weighting of 54%)
- 0% against the target for safety (weighting of 10%)

The total bonus payment for H1 2018 was R174.3 million.

The bonus payments formula for H1 2018 is as follows:

STI target realisation factor	x	Role performance level %	=	Role factor %	x	H1 CTC	x	Individual performance multiplier	x	Bonus days

Short-term incentive plan for bargaining unit employees

Production and maintenance bonus (OPI) production employees

Following the suspension of the OPI bonus scheme due to financial constraints from April 2017, the scheme was abolished, mainly because the desired productivity, cost management and safety results were not being realised.

Productivity bonus schemes for bargaining unit employees

Key performance indicator (KPI)

The productivity bonus scheme is a negotiated incentive scheme for bargaining unit employees. Recently the company was challenged by lower-than-budgeted production and in April 2017 the scheme was suspended due to financial constraints. During the latter part of 2017, the scheme underwent a full review to enable operational efficiency improvements through improved line of sight. Amendments to the incentive scheme were approved by the board and implemented in April 2018. Three broad performance themes were introduced: production, cost and safety. The latter is a gatekeeper for all performance themes. Therefore, failure to meet safety targets results in zero bonus award. While EBITDA does not form part of the KPI targets, the bonus calculation and award are only triggered by a positive EBITDA achievement for operating units and centralised functional departments. KPI targets:

- Production/cost combined – 80% weighted
- Safety – 20% weighted.

Notwithstanding the 80% weight combined for production/cost, a sliding scale from 0% to 80%, if achieved, results in a monthly bonus payment calculated at 7% of basic salary.

Liquid steel production incentive

In addition to the KPI, bargaining unit employees are eligible for a once-off payment based on the achievement of liquid steel production for 2018. The liquid steel measures and targets are based on a linear scale of 80% to 120% and the liquid steel set for 2018 is production of 2.8 million tonnes of liquid steel in H2. Similar principles will apply for the year 2019 and 2020 and these will be communicated at the beginning of each year.

The formula for the calculation of the liquid steel production incentive is as follows:

Liquid steel target realisation factor	x	Basic salary 1 April to 31 December	x	0.50%	=	Bonus

Note: Linear scale of 80% to 120% applied to liquid steel target achievement.

Long-term incentive plan (LTIP) for senior management

A share option scheme was effective from 2005 to 2011. Share options were offered at market prices on the grant date and were released in three annual tranches of 33.3%, 33.3% and 33.4%, commencing on the first anniversary of the offer date and expiring after 10 years. Option plans are equity settled as each share option converts into one ordinary share of ArcelorMittal South Africa on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the vesting to expiry date.

No share option grants were made in 2012, 2013, 2014 or 2015 and, as at 31 December 2015, all share options had vested.

However, in the case of a rights offer, the trust deed of the share option scheme (clause 19) states that the scheme shares (options) held by a participant shall be increased with the number of the shares to which the participant is entitled and will be equal to the subscription amount payable in respect of such rights shares at the rights offer price. Therefore, for every 100 options, the number of options increased by 163 at the rights offer price, applicable to the increased portfolio only. The result, following our rights issue in January 2016, was an increase of 4.8 million options that were exercisable by eligible participants.

The scheme's participants are divided into two groups:

- Designated members of the executive committee who receive LTIP shares based on performance conditions: ROCE weighted at 60% and market share (defined as volumes/tonnes of steel sold in the domestic market vs domestic consumption) weighted at 40% for the 2017 grant. Performance stock units (PSU): ROCE and market share are no longer equally weighted
- Senior management, who receive LTIP shares based on service conditions which include ongoing employment moderated by individual performance. Since 2015, 50% of the LTIP award for this category was also subject to PSUs and 50% subject to RSUs, moderated by active employment.

In 2012, shareholders approved a new long-term incentive plan (LTIP) based on performance and conditional share units. The board approved changes to the 2016 LTIP grant performance measures as follows:

- ROCE (%) weighted 50%
- TCOE (changed from USD to ZAR), weighted 50%
- Linear vesting scale of 80% to 120% to be applied
- 50% vesting linked to 2018 strategy and 50% to the 2020 strategy.

Specific to the 2016 grant rule, the share allocation percentage for senior managers and designated executives varied between 30% and 150% of CTC. (International executives participate in the ArcelorMittal group scheme, in accordance with the international mobility policy).

The board approved amendments to the 2017 LTIP grant. Performance condition TCOE as applicable in 2016 was replaced with market share as indicated in the table below. The grant period will remain three years with vesting in 2020 based on the achievement of performance conditions. A linear vesting scale of 80% – 120% will be applied. The weighting change of ROCE percentage at 60% and market share at 40% was also approved.

2018 LTIP performance conditions

Weight	Measure	2018	2019	2020
60.0%	ROCE (%)	6.0%	7.6%	10.0%
	Flat market share	84.0%	84.3%	85.0%
40.0%	Long market share	65.5%	65.5%	65.5%
	Company market share	73.3%	77.6%	77.9%

Salient features of the 2018 LTIP award, in accordance with the approved allocation rules:

- It is a three-year performance plan
- Awards are made annually
- Allocations are calculated on CTC X applicable % per grade X individual performance
- Threshold must be achieved to trigger payout for any measurement
- It is capped at 120% achievement of a specific target
- The audited financial year's performance is used for measurement purposes.

Eligible participants must remain employed to qualify for any settlement. There is provision for proportional awards when there is a change in the effective control of the company, or when an employee is retrenched, retires or dies while in service.

Remuneration mix

ArcelorMittal South Africa's remuneration philosophy aims to attract and retain motivated, high-calibre employees whose interests are aligned with those of our stakeholders and shareholders. In our attempt to achieve this, we believe we have designed a system comprising a competitive but also affordable remuneration mix of guaranteed pay and performance-based or variable pay. The latter provides for differentiation between high, on-target and low performance. The pay mix differs according to the level of the employee and, generally, the more senior the employee, the higher the proportion of variable pay as part of his or her total reward package.

Employee retention scheme

An executive retention scheme for key individuals was approved by the board in 2016 and implemented. The retention payment was calculated as one-third of current annual CTC at the time of payment, payable in three annual tranches. The payment of these benefits was supported by strong retention terms such as acceptable performance level (3+), full reimbursement of the amount received in the case of resignation during the three-year period and acceptance of the three-year employment lock-in period. Implementation of the final leg of the 2016 retention arrangements was done in 2018, an amount of R2.4 million.

The executive retention scheme sought to bring about stability in the organisation among the key decision-making cadre. Since inception, the impact of this retention scheme was evidenced by the reduced turnover at senior management level. During 2017 no new retention agreements were entered into. However, the company experienced disconcerting turnover rates of 11% (voluntary) and 14% (all exits) at executive senior management levels.

In 2018 employee retention was redesigned to retain critical skills, not limited to the executive management but cascaded to the senior management and professional/middle management categories. The strict payment terms remain in force. For executives, retention is calculated at one-third of 100% of CTC, for senior management at 75% of the same and for professional/middle management at 50%. However, retention benefits were extended to those deemed to possess critical skills, subject to narrowly-defined qualifying criteria. The value of executive retention payments for 2018 was R1.1 million.

Medium Term Incentive Scheme (MTI)

The MTI continues to operate but is restricted to those employees who are in possession of a Government Competency Certificate (GCC). Eligibility and payment criteria are linked to positional requirements.

Contractual arrangements

We do not have any fixed-term contracts with executive directors or senior executives and there exists no restraint or special severance compensation payable to such employees. A period of restraint with standard non-compete and non-solicitation conditions is included as a generic clause in employment contracts.

A SENS announcement published on 24 October 2017 advised that Mr Hendrik Jacobus 'Kobus' Verster had been appointed as CEO and executive director. Kobus joined the organisation on 2 January 2018 as CEO-designate and officially assumed the position of CEO and executive director with effect from 1 February 2018.

On 24 October 2017 the company advised stakeholders that then-CEO Mr Wim de Klerk would be retiring as chief executive, with effect from 31 January 2018. On that date, Mr de Klerk duly left ArcelorMittal South Africa. Upon exiting the company, Mr de Klerk received a voluntary severance package of R13 470 000. In addition, the board authorised payment of the balance (R1 600 000) of his sign-on bonus.

The chief financial officer Mr Dean Subramanian resigned as CFO and executive director at the end of July 2018. Mr Gerhard van Zyl temporarily fulfilled the role of CFO from August 2018 and on 1 October 2018 Mr Desmond Maharaj was appointed CFO.

Non-executive directors

A three-year remuneration correction strategy to offset the effects of non-executive directors receiving no increases in 2012 and 2014 was approved by the board in November 2015.

The three-year strategy would have been fully implemented as at 1 June 2018. However, fee adjustments based on the strategy for 2017 and 2018 were not implemented after the board resolved, in July 2017, that non-executive directors would forfeit an increase in remuneration for the period 1 June 2017 to 31 May 2018.

The 2018 non-executive directors' benchmark report, which provided an in-depth analysis and overview of non-executive earnings relative to comparable markets, broadly indicated that the board chairman and members and chairmen of all committees were being remunerated below the market median and lower quartile. The board then approved an adjustment, for 2019, to retainer fees through a CPI-based adjustment of 6%. In order to close the gap between the market median and our meeting-fee structure, a 25% factor was applied as an adjustment. This factor was derived from the difference between 70% of the median and current average total remuneration by at least 33% as the first of three corrections. Implementation date is 1 June 2019.

Remuneration of directors and prescribed officers

The table below refers to directors' remuneration and prescribed officers for services rendered to ArcelorMittal South Africa.

	Salary[1] R	Retirement funding R	Short-term incentives[2] R	Equity incentives[3] R	Retention/ sign on bonus/ voluntary severance package R	Other[4] R	Total rem-uneration 2018 R	Total rem-uneration 2017 R
Executive directors								
HJ Verster[5]	8 449 176	520 556	2 224 000	–	1 600 000	44 934	**12 838 666**	–
AD Maharaj[6]	807 941	67 060	–	–	1 155 000	11 399	**2 041 400**	–
WA de Klerk[7]	287 755	43 429	–	–	15 070 000	5 356	**15 406 540**	12 507 442
D Subramanian[8]	1 613 932	139 768	1 145 000	–	452 330	113 407	**3 464 437**	5 145 867
Subtotal	11 158 804	770 813	3 369 000	–	18 277 330	175 096	**33 751 043**	17 653 309
Prescribed officers and highest paid employees								
M Adam	3 060 750	254 046	1 176 000	235 225	1 120 792	144 841	**5 991 654**	5 352 086
R Bardien[9]	167 744	13 923	–	–	–	3 563	**185 230**	2 590 652
C Hautz	2 799 930	–	943 500	–	768 000	1 743 760	**6 255 190**	1 901 529
RI Holcroft	2 147 324	324 326	913 500	142 823	499 992	49 726	**4 077 691**	3 292 641
WA Nel	2 513 512	208 624	966 000	160 973	–	62 544	**3 911 653**	3 464 612
AM Ngapo	3 033 132	251 754	926 500	–	–	44 934	**4 256 320**	3 846 483
HPR Orsoni	3 389 253	–	1 226 000	–	–	1 341 766	**5 957 019**	4 764 210
RH Torlage[10]	756 244	64 072	–	92 992	–	49 819	**963 127**	3 441 344
W Venter	2 045 150	169 750	802 500	119 019	770 400	48 432	**3 955 251**	3 259 317
CTW Whitcher	1 847 887	164 216	727 500	195 286	–	291 300	**3 226 189**	3 137 073
Subtotal	21 760 926	1 450 711	7 681 500	946 318	3 159 184	3 780 685	**38 779 324**	35 049 947
Total	32 919 730	2 221 524	11 050 500	946 318	21 436 514	3 955 781	**72 530 367**	52 703 256

	Directors' fees R	Committee fees R	Other[4] R	Total remuneration 2018 R	Total remuneration 2017 R
Non-executive directors					
PM Makwana	1 411 320	–	–	**1 411 320**	1 356 840
L Cele	181 625	279 601	1 871	**463 097**	431 105
G Gouws[11]	181 625	120 388	–	**302 013**	–
NP Mnxasana	181 625	474 131	1 239	**656 995**	737 562
JRD Modise[12]	181 625	511 148	888	**693 661**	701 015
NF Nicolau	181 625	419 128	6 402	**607 155**	498 758
NP Gosa	181 625	211 694	160	**393 479**	348 978
KMM Musonda	181 625	164 833	–	**346 458**	181 761
LM Khangala (Ikageng)	–	58 160	–	**58 160**	14 540
MS Tonjeni (Ikageng)	–	43 620	–	**43 620**	14 540
LP Mondi	–	–	–	**–**	145 408
Total	2 682 695	2 282 703	10 560	**4 975 958**	4 430 507

1 *Cash salary includes basic salary (cash component).*
2 *The short-term incentive relates to bonus earned for the 2017 and first six months of the year.*
3 *Value earned in respect of performance period 2016 to 2018, vesting in 2019. Further detail on the equity incentives can be found under LTIPs in the table that follows.*
4 *Other includes UIF, COID, monthly leave structuring, leave encashment, travel claims, international mobility, telephone costs, death benefit, employer contribution to medical aid and travel allowance.*
5 *HJ Verster commenced as CEO designate on 2 January 2018 and CEO on 1 February 2018.*
6 *AD Maharaj was appointed CFO on 1 October 2018.*
7 *WA de Klerk resigned as CEO effective 31 January 2018. He received a voluntary severance package of R13 470 000 and the balance of his sign on bonus of R1 600 000.*
8 *D Subramanian resigned as CFO effective 31 July 2018.*
9 *R Bardien resigned as General Manager Human Resources and Transformation effective 31 January 2018.*
10 *RH Torlage resigned as General Manager Special Projects and Strategy effective 30 April 2018.*
11 *G Gouws' fees were paid to the IDC.*
12 *JRD Modise's fees were paid to Batsomi Enterprises (Pty) Ltd.*

Remuneration of directors and prescribed officers continued

ArcelorMittal South Africa long-term incentive plans

Names of executives	Award type	Award date	Number of allocations outstanding at the start of the year	Number of allocations made during the year	Adjustment for units not expected to vest	Number of allocations vested during the year	Number of allocations at the end of the year	Issue price R	Present value of unvested share units at the end of the year R
HJ Verster	LTIP	20/06/2018	–	2 845 185	658 998	–	2 186 187	2.39	5 224 987
			–	2 845 185	658 998	–	2 186 187		5 224 987
M Adam	LTIP	18/05/2015	147 387	–	134 299	13 088	–		–
		10/10/2016	390 407	–	299 745	–	90 662	9.75	883 950
		08/05/2017	333 203	–	63 762	–	269 441	7.62	2 053 139
		20/06/2018	–	1 061 776	245 927	–	815 849	2.39	1 949 879
			870 997	1 061 776	743 733	13 088	1 175 952		4 886 968
RI Holcroft	LTIP	08/05/2015	83 629	–	76 203	7 426	–		–
		10/10/2016	237 046	–	181 998	–	55 048	9.75	536 714
		08/05/2017	202 313	–	38 715	–	163 598	7.62	1 246 618
		20/06/2018		836 823	193 824	–	642 999	2.39	1 536 767
			522 988	836 823	490 740	7 426	861 645		3 320 099
WA Nel	LTIP	18/05/2015	104 733	–	95 433	9 300	–		–
		10/10/2016	267 170	–	205 127	–	62 043	9.75	604 920
		08/05/2017	273 628	–	52 362	–	221 266	7.62	1 686 048
		20/06/2018	–	871 937	201 957	–	669 980	2.39	1 601 253
			645 531	871 937	554 879	9 300	953 289		3 892 221
AM Ngapo	LTIP	08/05/2017	553 624	–	105 942	–	447 682	7.62	3 411 335
	LTIP	20/06/2018		540 050	125 086	–	414 964	2.39	991 765
			553 624	540 050	231 028	–	862 646		4 403 100
RH Torlage	LTIP	08/05/2015	99 887	–	91 017	8 870	–		–
		10/10/2016	154 340	–	118 499	–	35 841	9.75	349 453
		08/05/2017	80 499	–	15 404	–	65 095	7.62	496 021
			334 726	–	224 920	8 870	100 936		845 474
W Venter	LTIP	08/05/2015	20 255	–	9 228	11 027	–		–
		10/10/2016	197 538	–	151 665	–	45 873	9.75	447 261
		08/05/2017	202 313	–	38 715	–	163 598	7.62	1 246 618
		20/06/2018	–	644 686	149 321	–	495 365	2.39	1 183 921
			420 106	644 686	348 929	11 027	704 836		2 877 800
CTW Whitcher LTIP		08/05/2015	24 211	–	11 031	13 180	–		–
		10/10/2016	81 030	–	41 235	–	39 795	9.75	387 999
		08/05/2017	217 980	–	41 713	–	176 267	7.62	1 343 155
		20/06/2018		536 636	124 295	–	412 341	2.39	985 495
			323 221	536 636	218 274	13 180	628 403		2 716 649

Note: LTIP shares vest within three to five years.

Remuneration of directors and prescribed officers continued

Restricted stock unit (RSU)/performance stock unit (PSU) plans

The following table reflects the number of restricted and performance stock units allocated to executive directors, prescribed officers and the highest paid senior employees who belong to the ArcelorMittal group share-based payment scheme:

Names of executives	Award type	Award date	Number of allocations at the start of the year	Number of allocations made during the year	Number of allocations vested at the end of the year	Number of allocations at the end of the year	Issue price USD	Present value of unvested share units at the end of the year USD
HPR Orsoni	RSU	18/12/2015	5 000	–	5 000	**–**	–	**–**
	PSU	17/12/2014	5 000	–	5 000	**–**	–	**–**
		18/12/2015	5 000	–	5 000	**–**	–	**–**
		30/06/2016	107 280	–	71 520	**35 760**	4.66	**166 642**
		20/12/2017	4 480	–	–	**4 480**	32.17	**144 122**
		20/12/2018	–	5 550	–	**5 550**	18.61	**103 308**
			126 760	5 550	86 520	**45 790**		**414 072**
C Hautz	RSU	18/12/2015	1 500	–	1 500	**–**	–	**–**
	PSU	18/12/2015	1 500	–	1 500	**–**	–	**–**
		30/06/2016	51 480	–	34 320	**17 160**	4.66	**79 966**
		20/12/2017	4 097	–	–	**4 097**	32.17	**131 800**
		20/12/2018	–	5 050	–	**5 050**	18.61	**94 001**
			58 577	5 050	37 320	**26 307**		**305 767**

Transformation, social and ethics committee report

In 2018 the transformation, social and ethics committee (TSEC) completed its first full year in its current form after being constituted in May the previous year.

Role

TSEC has delegated authority from the board set out in its written terms of reference which were approved by the board in 2017. The primary purpose of TSEC, as described in its terms of reference, is to exercise oversight over the following matters in the company:

Transformation and economic development

Approving strategy on transformation, including employment equity and performance against the levers of the B-BBEE scorecard. The implementation herein will be monitored by the human resources, remuneration and nominations committee (HRN).

Having an 'umbrella view' of how the company is performing against the identified pillars of the amended Code of Good Practice.

Approving strategy and policy on the company's impact on economic development and corruption prevention.

Social and ethics

Organisational ethics; responsible corporate citizenship and community development.

Reporting on the company's impact on the social environment with regard to donations and sponsorships, public health and safety, advertising, consumer protection, consumer relations and human rights.

Ensuring effective whistleblowing channels, which would be monitored by the audit and risk committee; sustainable development; and stakeholder relationships.

Natural environment

Ensuring the company has appropriate policies which consider the company's environmental impact and whether it was being effectively managed through the safety, health and environment committee (SHE).The committee should ensure that on an annual basis, it receives confirmation from the SHE committee that the company discharges its responsibilities in respect of being a good corporate citizen on matters related to its environmental impact.

Workplace

To approve strategies and policies on:
- Organisational ethics to ensure the establishment of an ethical culture.
- Ensuring employees' safety and health.
- Ensuring effective employment relations, decent work and the education of employees, such to be monitored by the HRNC.

Composition

TSEC members as at the date of this report were Noluthando Gosa (chair), Mpho Makwana, Nomavuso Mnxasana, Monica Musondo, Neville Nicolau, Jacob Modise and Kobus Verster. Wim de Klerk retired from the board on 31 January 2018 and Mr Verster was appointed CEO and to the board on 1 February 2018. Ramesh Kothari, who resigned on 30 November 2018, was replaced by Raman Karol on 1 December 2018.

Activities

The committee carried out the following duties during the year:
- Monitored the implementation of determined strategies and improvement actions per the scorecard elements (progress against scorecard)
- Reviewed the B-BBEE partnership programme with B-BBEE partners
- Monitored the implementation of determined strategies and improvement actions per the scorecard elements as approved by the board
- Ensured that effective transformation is taking place within the company in respect of recruitment, retention, career development and succession planning
- Ensured that effective economic transformation is taking place in respect of enterprise development, supplier development and preferential procurement
- Reviewed matters relating to the company's corporate culture, employee engagement and development in retaining employees
- Monitored and evaluated the progress made against the ArcelorMittal South Africa Economic Footprint Study
- Monitored good corporate citizenship
- Monitored labour and employment
- Reviewed arrangements made by the company to enable employees and outside whistleblowers (including customers and suppliers) to report in confidence their concerns about possible improprieties (including fraud, corrupt practices and non-compliance with laws and regulations) that may have a direct or indirect effect on the company, including adherence to compliance
- Reviewed amendments to the company's code of conduct or other ethical standards and ensure management monitors and promotes compliance with such standards
- Monitored consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws
- Monitored social and economic development, including the company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles, including the impact of the company's activities/ products and services.

The safety, health and environment (SHE) committee also monitors safety and environmental matters. In 2018, a focus area for improvement insofar as safety and environmental matters was concerned was better integration between the TSEC and SHE committees so that TSEC focuses on alignment with legislation and policies and SHE monitors performance and standards.

NP Gosa
Chairman

27 March 2019

Audit and risk committee report

The audit and risk committee (the committee) has pleasure in submitting its report to the shareholders as required in terms of section 94(7) of the Companies Act.

Membership of the committee

The committee comprised the following members at the date of this report:
- Mr JRD Modise
- Ms LC Cele
- Ms NP Mnxasana

Each member is an independent director and has the adequate relevant knowledge, the financial expertise and experience to equip the committee to properly execute its duties and responsibilities.

The experience and qualifications of the members are set out on pages 6 to 10 of the notice of annual general meeting 2018.

Functions of the committee

During the year under review, eight meetings were held. Details of attendance are set out on pages 1 and 2.

The committee reports that it has adopted appropriate formal terms of reference as its mandate, and has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein. During the financial year under review, the committee reviewed the following matters:
- The quarterly and half-yearly financial reports, the integrated annual report, the annual financial statements and accounting policies for the company and all subsidiaries
- The effectiveness of the combined assurance model
- The reports of the internal audit function on the state of internal control including its forensic reports regarding fraud prevention and detection
- The effectiveness of the internal audit function
- The auditor's findings and recommendations
- Statements on ethical standards for the company and considered how they are promoted and enforced
- Significant cases of unethical activity by employees or by the company itself
- Reports on the risk management process in the company and assessed the company's exposure to the following risks:
  (i) Top strategic risks (including credit and market risks, human resources risks and compliance risks)
  (ii) Operational risks
  (iii) Information technology risks

Independence of auditor

The committee reviewed a presentation by the external auditor and, after conducting its own review, is satisfied with the independence and objectivity of Deloitte & Touche as external auditors in terms of section 22 of the JSE Listings Requirements and SI Rajcoomar as the designated auditor. The committee further approved the fees to be paid to Deloitte & Touche and their terms of engagement and pre-approved each proposed contract with Deloitte & Touche for the provision of non-audit services to the company. During the year the committee reviewed and approved all non-audit services to the group and company.

Statutory reporting

The committee has evaluated the annual financial statements of ArcelorMittal South Africa and the group for the year ended 31 December 2018 and, based on the information provided to the committee, considers that the company and group comply, in all material respects, with the requirements of the Companies Act of South Africa, the International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and applicable legislation and financial pronouncements as issued by the Financial Reporting Standards Council.

Internal financial controls

The committee agendas provide for confidential meetings between committee members and both the internal and independent external auditors.

The committee has oversight of the group's financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports administratively to the chief executive officer and functionally to the chairman of the committee and head of group internal audit of the holding company, ArcelorMittal Holdings AG.

The committee is of the opinion, after having considered the assurance provided by the internal audit function, that the group's system of internal financial controls in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements. This is based on the information and explanations given by management and the group internal audit function.

Combined assurance

The committee is responsible for monitoring the appropriateness of the company's combined assurance model and ensuring that significant risks facing the company are adequately addressed as well as monitoring the relationship between the external assurance providers and the company. The committee further ensured that the combined assurance provided by the internal and external assurance providers and management were sufficient to satisfy the committee that significant risk areas with the company have been adequately addressed and suitable controls exist to mitigate and reduce these risks.

Audit and risk committee report continued

Expertise and experience of the chief financial officer and the finance function

The committee has satisfied itself that the chief financial officer, AD Maharaj, has the appropriate expertise and experience to carry out his duties. His skills were deemed appropriate at the date of appointment.

The committee has assessed the competency, skills and resourcing of the group's finance function, and is satisfied as to the overall adequacy and appropriateness of the finance function, and further ensured that the company has established appropriate financial reporting procedures and that these procedures are operating.

Expertise and experience of the company secretary

The committee has satisfied itself that the company secretary, NB Bam, has the appropriate competence and experience and has maintained an arm's length relationship with directors. Her skills were deemed appropriate at the date of appointment.

Recommendation of the annual financial statements and integrated annual report

The committee, having fulfilled the oversight role regarding the reporting process for both the annual financial statements and the integrated annual report and having regard to material factors that may impact the integrity of these reports, recommends the integrated annual report and the annual financial statements for approval by the board of directors.

Auditor and designated individual partner

The committee notes that Deloitte & Touche has been the auditor of the group and company for 14 years. SI Rajcoomar was appointed as the designated individual partner in 2018. The committee agendas provide for confidential meetings between committee members and both the internal and independent external auditors.

Key audit matters

The key audit matters as disclosed in the report of the independent auditor was communicated and reviewed by the committee.

JRD Modise
Chairman
27 March 2019

Assurance over the 2018 integrated annual report (IAR) reporting process

Background, scope and work performed

Management requested Internal Audit (IA) to conduct an assurance review over the process followed to compile the company's IAR for the year ending 31 December 2018.

A project plan for the IAR was compiled by management, containing the purpose, process, roles and responsibilities, focus areas and initiatives. In addition, a tracking sheet was compiled by the IAR reporting team to keep track of all interviews with internal stakeholders, information requests sent and follow-up on any outstanding information to ensure that complete information was obtained.

The reporting team obtained appropriate guidance from company leadership on what they (leadership) considered material for the purposes of reporting in the IAR. IA attended this briefing and closely monitored the IAR team on the detailed gathering, presentation and verification of information as well as communication with all internal stakeholders including the board. For the purpose of providing an assurance statement, IA formed part of the IAR team in an advisory capacity and observed the process.

Challenges faced during the process of compiling the IAR

One of the key challenges faced throughout the IAR process was the difficulty in obtaining certain information from management and a lack of response from some areas. This put unnecessary pressure on the IAR team to meet deadlines and deliver against their key performance indicators.

In addition to the above, the board could have communicated more effectively with the IAR team on the various drafts provided during the process. The board is the custodian of the IAR and therefore should play a more active role during the process of compiling the IAR.

Overall conclusion

IA is satisfied that the IAR team executed against its brief in terms of materiality and the presentation of information including that describing leadership's formulation and execution of strategy. The team was effective in obtaining material information concerning the operations of ArcelorMittal South Africa.

Adinda Louw
Head South Africa Internal Audit and Sox
28 February 2018

ArcelorMittal South Africa King IV application statement

Principle	Status	Application of principle
Principle 1 – Leadership **The board should set the tone and lead ethically and effectively.**	Applied	In May 2017 the board approved changes to the board charter to ensure alignment with King IV. A further review was conducted in December 2018 and no amendments were made; the board charter was re-adopted on 31 January 2019. In terms of the board charter, the board discharges its roles and responsibilities with due regard to company values and while applying (and continuing to improve and implement) the recommended governance principles contained in King IV. The board comprises 12 members, the majority of whom are independent non-executive directors with the positions of chief executive officer and board chairman being held separately, indicating a clear balance of power and authority at board level. The board has delegated authority to four board committees: the audit and risk committee (ARC), the human resources, remuneration and nominations committee (HRN), the transformation, social and ethics Committee (TSEC) and the safety, health and environment committee (SHE). Brief mandates, composition and attendance at meetings are set out in the 2018 integrated annual report. The board approved amendments to the terms of reference for all committees on 31 January 2019 following a review undertaken in late 2018. Board effectiveness forms part of the board annual work plan. Based on the board effectiveness review conducted in November 2018, the performance assessment tested, inter alia, whether the board exercised leadership, enterprise, integrity, and judgement in directing the company's business. The board was found to have grown to becoming an effective board, operating well in tough times.
Principle 2 – Organisation values, ethics and culture **The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.**	Applied	The board, with the assistance of TSEC, together with ARC, oversees the management of ethics and monitors the company's activities to ensure they are in line with the code of ethics. TSEC reviewed arrangements made by ArcelorMittal South Africa to enable employees and outside whistle- blowers (including customers and suppliers) to report in confidence their concerns about possible improprieties (including fraud, corrupt practices and non-compliance with laws and regulations) that may have a direct or indirect effect on the company, including adherence to compliance. A whistleblowing line is in place where employees can report alleged instances of fraud or approach management directly. Statistics detailing all the individuals who have been disciplined and what sanctions were taken are provided in the report to TSEC. The committee reviewed amendments to the company's code of conduct and board-approved amendments to the conflicts-of-interest policy. TSEC reviews other ethical standards and ensures that management monitors and promotes compliance with such standards

ArcelorMittal South Africa King IV application statement continued

Principle	Status	Application of principle
Principle 3 – Responsible corporate citizenship **The board should ensure that ArcelorMittal South Africa is and is seen to be a responsible corporate citizen.**	Applied	The board has delegated to TSEC responsibility for monitoring and reporting on social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship. Management tables reports to enable TSEC to monitor ArcelorMittal South Africa's good corporate citizenship. The company has an employment equity policy, adheres to the Labour Relations Act, is transparent in recruitment and advertising and is compliant with the International Labour Organization Protocol. ArcelorMittal South Africa undertook to measure and assess the social, environmental, and economic impact that it has on South African society and to communicate these findings through the ArcelorMittal South Africa Factor Report. Progress made against the ArcelorMittal South Africa Economic Footprint Study is monitored and evaluated by TSEC.
Principle 4 – Strategy, implementation, performance **The board should appreciate that the organisation's core purpose; its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.**	Applied	The board approved the strategy and business plans for the company and monitored their implementation by receiving regular reports from management. The board, assisted by ARC, reviewed the key risks and opportunities impacting on the achievement of its strategic objectives, and approved the short, medium and long-term strategy as formulated and developed by management. Details of the top 10 key risks as well as a risk governance report are set out in the integrated annual report. The board approved policies and operational plans to give effect to strategy. These include key performance measures and targets. The board approved amendments to the delegation of authority (DOA) which addressed gaps identified in the previous DOA by including principles, limits on contracts that come to the board and limits on borrowing powers while clarifying individuals' authority on specific matters. The DOA is now aligned with the ArcelorMittal group. The value creation process is set out in the integrated report as well as the company's performance against its strategic objectives. Information on material matters and risks and opportunities can be found in the same report.
Principle 5 – Reports and disclosure **The board should ensure that reports and other disclosures enable stakeholders to make an informed assessment of the performance of the organisation and its ability to create value in a sustainable manner**	Applied	ARC assists the board in reviewing and approving the integrated annual report and the annual financial statements, which are prepared in line with recognised local and international guidelines including the Companies Act Requirements, IFRS, the reporting principles contained in King IV and the JSE Limited Listings Requirements. The company secretary will file a checklist with the JSE, setting out compliance by the company with the listings requirements. The full annual financial statements and integrated annual report are made available on http://southafrica.arcelormittal.com and provide comprehensive insight into the financial position and performance of the company for the year under review. Copies of the full financial statements may also be requested from the company secretary through our registered offices. ArcelorMittal South Africa received an award for excellence in IAR Reporting for its 2017 report.

Principle	Status	Application of principle
Principle 6 – Role of the board **The board should serve as the focal point and custodian of corporate governance in the organisation.**	Applied	The board has an approved board charter, which it reviews annually. The board's roles and responsibilities are set out in the charter. The board is the focal point and custodian of corporate governance, both in terms of how its role and responsibilities are documented and the ways in which it executes its duties and responsibilities. The board has delegated its authority to four board committees, as detailed in the narrative on the application of Principle 1.
Principle 7 – Composition of the board **The board should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**	Applied	The HRN committee considers, on an annual basis, the composition of the board in terms of the balance of skills, experience, diversity, independence, and knowledge needed to discharge the board's role and responsibility. Details of directorships, skills and the experience of the directors is set out in the integrated report. Directors sign appointment letters confirming their agreement to the required time commitments, roles and responsibilities. The board approved amendments to the gender diversity policy on 2 July 2016. The target of ensuring that a black female is appointed, was exceeded as the following appointments were subsequently made: – Ms Noluthando Gosa was appointed as non-executive director on 1 December 2016 – Ms Monica Musonda was appointed as independent non-executive director on 12 June 2017. In May 2018, the Board reviewed the gender policy to include race diversity as recommended by the JSE. All directors sign a directors' declaration confirming their interests and their professional positions held. An annual directors' training workshop is scheduled. In establishing the succession plan for its members, the board will include the identification, mentorship, and development of future candidates. As the chairman is an independent director, the appointment of a lead independent director is not required. The HRN work plan includes the requirement to recommend a succession plan for board members, including the board chairman, on an annual basis. As part of the 2018 annual evaluation, the chairman, together with the board, determined the number of outside professional positions that the chairman is allowed to hold, taking into account the relative size and complexity of the organisations involved.

ArcelorMittal South Africa King IV application statement continued

Principle	Status	Application of principle
Principle 8 – Committees of the board **The board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.**	Applied	The board has four committees that assist it in discharging its duties and responsibilities and which operate in accordance with written terms of reference, which are reviewed and approved by the board annually. The brief mandates, composition and attendance at meetings are set out in the online Leadership report. The terms of reference for all committees are reviewed annually. The board approved amendments to the terms of reference for all committees, to ensure alignment with King IV, on 2 May 2017. The roles of the committees were reviewed in late 2018 and adopted on 31 January 2019. Delegation to individuals and committees is in writing as part of directors' appointment letters and set out in the approved terms of reference for each committee. The HRN annually ensures that, collectively, the committees have the requisite skills and capacity to fulfil their mandates effectively. Each committee has a minimum of three independent non-executive directors as members. Executive and senior management are invited to attend meetings. Board members are able to attend committee meetings as observers but do not participate without the chairman's consent, do not have a vote and are not entitled to fees unless otherwise agreed.
Principle 9 – Evaluations of the performance of the board **The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**	Applied	Formal assessments of the effectiveness of the board, board committees, chairman, directors and the company secretary for the financial year ended 2017 were concluded in November 2018 under the auspices of the HRN committee. Evaluating board effectiveness forms part of the annual board work plan. Based on the board effectiveness review concluded in November 2018, the performance assessment tested, inter alia, whether the board exercised leadership, enterprise, integrity, and judgement in directing ArcelorMittal South Africa's business.
Principle 10 – Appointment and delegation to management **The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.**	Applied	While retaining overall accountability, and subject to matters reserved to itself, the board has delegated authority to the chief executive officer to run the day-to-day affairs of the company, subject to a delegation-of-authority framework. This framework sets out authority thresholds and governs sub-delegation. The framework also prescribes authority levels for each of the territories in which the company operates. Succession planning for the CEO and the board is considered by the HRN and forms part of the approved annual work plan. Following changes to the CEO position in the last year (resignation of Mr W de Klerk on 31 January 2018), the evaluation (annual performance review) of the new CEO, Mr Kobus Verster, will be conducted during 2019. On 13 September 2018, the board approved the appointment of the company secretary, Ms Nomonde Bam, with effect from 1 November 2018 as well as her employment contract and remuneration.

Principle	Status	Application of principle
Principle 11 – Risk governance **The board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.**	Applied	The board, supported by ARC, is ultimately responsible for the governance of risk. ARC approved a treasury and financial risk policy as well as a tax risk management framework in October 2018 and recommended these for board approval. At least on a quarterly basis, ARC and the board review the risk management process and risk maturity of the company, the effectiveness of risk management activities, key risks facing the company, and management's responses to address these key risks. ARC keeps the board up to date on progress on these tasks. The day-to-day responsibility for management of the risk management plan rests with the group risk and insurance manager who reports to, and attends, all committee meetings. Measures taken to mitigate the top strategic risks are set out in detail in the integrated annual report. The board will consider the need to receive periodic independent assurance on the effectiveness of risk management in 2019.
Principle 12 – Technology and information governance **The board should govern technology and information in a way that supports the organisation in defining its core purpose and to set and achieve strategic objectives.**	Applied	The board, supported by ARC, is responsible for information and technology governance in accordance with King IV. The committee oversees the implementation of IT governance mechanisms, IT frameworks, policies, procedures and standards to ensure the effectiveness and efficiency of the company's information systems. The group information manager reports to and attends all ARC meetings. ARC ensures that IT risks are adequately addressed through its risk management, monitoring and assurance processes. Management tabled reports to illustrate to ARC, the company's overall exposure to IT risks from a strategic and business perspective, including areas of the business that are most dependent on IT for effective and continued operations.
Principle 13 – Compliance governance **The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.**	Applied	The board is responsible for the company's compliance with applicable laws. The board has delegated the responsibility for implementing compliance to management. ARC, in monitoring compliance, assists the board. Detailed progress on the compliance framework is tabled at every board and ARC meeting. The general counsel reports to, and attends, all committee and board meetings. TSEC assists the board with ensuring responsible business practices within the company and monitors the company's activities with regard to applicable laws.

ArcelorMittal South Africa King IV application statement continued

Principle	Status	Application of principle
Principle 14 – Remuneration governance **The board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.**	Applied	The board, supported by the HRN committee, ensures that ArcelorMittal South Africa remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The remuneration report and remuneration policy set out in the integrated annual report and online Leadership report have been designed to give effect to the company's strategic objectives. The remuneration report is disclosed by means of a background statement, overview of the main provisions of the remuneration policy as well as an implementation report, covering all remuneration awarded to individual members of the board and executive management. The design of the short-term incentive plan and detailed breakdown of remuneration are set out. The notice of the annual general meeting sets out the measures that the board commits to take if either the remuneration policy or the implementation report receives 25% or more votes against the resolutions.
Principle 15 – Assurance **The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.**	Applied	The board has delegated to the ARC oversight of, inter alia, the effectiveness of the company's assurance services with a focus on combined assurance including external audit, internal audit, and the finance function as well as the integrity of the integrated report and the annual financial statements. The group has implemented a combined risk assurance model, which is coordinated and managed by internal audit. ARC oversees combined assurance at group and subsidiary levels. The committee approves the internal audit plan. ARC receives, on a quarterly basis, detailed reports on the progress of the internal audit function against its annual risk-based plan.
Principle 16 – Stakeholder relationships **In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.**	Applied	Establishing and maintaining effective stakeholder relationships are not only essential to sustain the growth of the company but also an essential component of sound governance. The board has approved a stakeholder framework and engagements with stakeholders are in accordance with the framework. Details of stakeholder relationships and stakeholder engagements are included in the integrated annual report. Relationship with group of companies The board is the custodian of corporate governance across the group. The DOA framework is approved by the board and reviewed annually. The approved framework and authority levels are implemented throughout the group. Policies are developed and implemented at group and subsidiary levels. In cases where polices are required to address special needs of businesses, these are developed and applied at business-unit level with appropriate group oversight by the group operational executive board. Annual general meeting Directors attend AGMs. The results of the last AGM were released on the Stock Exchange News Service in May 2018. In terms of subsidiary companies disclosing what responsibilities it has delegated to holding board committees, the 2018 Value creation report indicates that top risks are also reported to the ArcelorMittal group risk committee through the group enterprise risk manager. ArcelorMittal South Africa actively strives to achieve the ArcelorMittal group desired sustainability outcomes of being an 'active and welcomed member of the community' and of having its contributions to society 'measured, shared and valued".

Corporate information

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ArcelorMittal South Africa Ltd
Registration number 1989/002164/06
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