

# SUSTAINABILITY REPORT 2015

THE STEEL CHALLENGES FOR THE FUTURE



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# Introduction

[G4-3]

ArcelorMittal Brasil here presents its 2015 Sustainability Report. This document summarizes the key social-environmental and economic achievements, aiming at showing how the Company has managed its risks and opportunities and how it has been preparing itself to face future challenges.

While building this report, ArcelorMittal sought not only to register the 2015 achievements, but also to disclose its strategy to ensure sustainability to the segments and markets where it operates (although naturally restricting details on matters related to business and industrial practices), thus providing clear and transparent information to all stakeholders.

After redefining its sustainability strategy, ArcelorMittal began to adopt a line of action based on the **10 Sustainable Development Outcomes of the ArcelorMittal Group**<sup>1</sup>, and therefore, the chapters of this report are organized in accordance with those outcomes, showing how the Company performs in each of the following spheres:

1. SAFE, HEALTHY AND QUALITY LIVES FOR OUR PEOPLE
2. PRODUCTS THAT ACCELERATE MORE SUSTAINABLE LIFESTYLES
3. PRODUCTS THAT CREATE SUSTAINABLE INFRASTRUCTURE
4. EFFICIENT USE OF RESOURCES AND HIGH RECYCLING RATES
5. TRUSTED USER OF AIR, LAND AND WATER
6. RESPONSIBLE ENERGY USER THAT HELPS CREATE A LOWER CARBON FUTURE
7. SUPPLY CHAINS THAT OUR CUSTOMERS TRUST
8. ACTIVE AND WELCOMED MEMBER OF THE COMMUNITY
9. PIPELINE OF TALENTED SCIENTISTS AND ENGINEERS FOR TOMORROW
10. OUR CONTRIBUTION TO SOCIETY MEASURED, SHARED AND VALUED

<sup>1</sup> Outcomes 1 and 9 are grouped in chapter "People", outcomes 2 and 3 are grouped in chapter "Products", outcomes 4, 5 and 6 are grouped in chapter "Environment", outcome 7 is presented in chapter "Value Chain", outcome 8 in chapter "Community" and outcome 10 in chapter "Performance".

## About this report

[G4-28; G4-29; G4-30]

This report refers to the year 2015, from January 1st to December 31st, 2015.

ArcelorMittal Brasil issues its Sustainability Reports on an annual basis. The last document covered the year 2014 and was published on May 10th, 2015.

The measurements and the data calculation bases used in this report are registered on SAP and other management tools.

This document is compliant with GRI (Global Reporting Initiative)<sup>2</sup> methodology, which enables it to be compared to reports from a large number of companies of the sector or even other sectors, regardless of their geographic location, for it presents indicators and protocols established worldwide by the methodology. The standard used for this report was version GRI-G4 (Essential)<sup>3</sup>.

## Limits / Scope of the report

[G4-17]

The 2015 Sustainability Report covers relevant activities and facts for the same group of companies defined by the Sustainability Committee for the 2014 report.

Even though the Company manages and conducts synergy actions with other units of the ArcelorMittal Group in the country and abroad, corporate responsibility initiatives and social-environmental and economic performance of the following entities, business units and segments were not included in the scope of this report: ArcelorMittal Abeb, ArcelorMittal Serra Azul and ArcelorMittal Distribution. It is important to explain that Abeb is an internal entity exclusively serving the employees. Mining (Serra Azul) and distribution segments are directly controlled by the ArcelorMittal Group and do not report directly to ArcelorMittal Brasil.

As for economic and financial data, they are in accordance with accounting practices adopted in Brazil and with international standards (IFRS), and they are submitted to strict auditing procedures. The figures shown consider ArcelorMittal Brasil as a whole, consolidating results from Flat Carbon, Long Carbon, BioFlorestas, Andrade Mine, Information Technology and Services.

<sup>2</sup> GRI is a non-profit organization that establishes standards for preparation of annual and sustainability reports, and it currently is the most popular standard used in the world. In Brazil, 74% of the companies that responded to the BM&FBovespa survey on reporting methodologies said that they adopt this methodology.

<sup>3</sup> GRI methodology version G4 prioritizes indicators focusing on topics considered as more relevant to the Company and its stakeholders. In its Essential version, at least one indicator must be presented for each material aspect.

# Materiality

[G4-18; G4-19; G4-24; G4-25; G4-26]

Materiality expresses the limit from which a certain subject becomes relevant enough to be presented to stakeholders. The objective of this process is to capture, with the greatest scope and depth possible, the expectations of stakeholders who are within the areas of influence of the Company and to point out the issues to be addressed in the communication with various stakeholders, and use them as reference for the management systems. The GRI-G4 methodology determines that the final content of this study is the basis for the Annual Sustainability Report.

The development of materiality for the ArcelorMittal Brasil 2015 Sustainability Report took place from July to December 2015. In order to obtain a result aligned with the management's vision and compatible with demands from several stakeholders, a specific materiality methodology was developed considering the existing communication channels as well as policies and procedures of ArcelorMittal Brasil.

In addition to the audience directly consulted by means of questionnaires, a large number of documents were analyzed, both internal (policies, procedures and the Image, Reputation and Sustainability Committee Report) and external (steel industry benchmarking, APCO Institute Reputation Track survey, Image Audit, Media Exposure Quality Index and news clipping), which constituted an extensive information basis on the Company's stakeholders.

The chart below shows the steps taken to prepare the **2015 materiality for ArcelorMittal Brasil**. Then there is a short explanation on each step.



## IDENTIFICATION OF POTENTIAL SUBJECTS:

The **10 Sustainable Development Outcomes** of the ArcelorMittal Group were used to build the materiality and were used as reference to identify GRI-G4 indicators to be reported. The subjects identified as relevant in the materiality study and which were used to prepare the 2014 Sustainability Report were also taken into consideration.

Based on the affinity grouping of 68 initial subjects and the selection of subjects mostly mentioned in the basic documents, a preliminary list was created with the 38 most mentioned subjects, which were then ranked by internal stakeholders (employees, administrators, internal policies) and the other stakeholders (community, shareholders, suppliers, customers, government, etc.) according to their points of view.

In addition to giving their opinion on the most relevant subjects, the surveyed audiences were also requested to indicate sub-items for these subjects, thus contributing to fine tuning the focus of the report.

## STAKEHOLDER IDENTIFICATION

the ArcelorMittal Brasil procedure “Mapping, Ranking and Engaging Stakeholders” was used to identify and rank the Company’s **stakeholders according** to their level of criticality, assigning weight to each category. The stakeholders are:

- **SHAREHOLDERS**
- **EMPLOYEES**
- **CUSTOMERS**
- **PUBLIC AUTHORITIES**
- **MEDIA**
- **INSTITUTIONS FROM THE STEEL SECTOR**
- **UNION**
- **SOCIETY**
- **SUPPLIERS**
- **EDUCATIONAL INSTITUTIONS**
- **NGOS**

## PRIORITIZATION OF RELEVANT SUBJECTS

to find out how interested stakeholders were on each of the preliminarily subjects selected, an analysis was carried out to check how often these subjects were mentioned by both groups, “Internal stakeholders” and “External stakeholders”, in the existing sources of information.

A questionnaire was created for those stakeholder categories where identifying specific documents or communication channels was not possible; the questionnaire was then submitted to representatives of the corresponding stakeholder category. From the 96 questionnaires sent, 27 (28%) were answered.

### REMARK:

although there was some space left for the surveyed spontaneously suggest new demands for discussion, i.e., subjects that were not included in the questionnaire, no new subject was presented. The questionnaire included questions on environmental, social and economic aspects, covering sustainability issues in the most comprehensive way possible.

The people/entities who answered the questionnaire were randomly chosen by an independent consulting firm<sup>4</sup>, based on a comprehensive initial list provided by ArcelorMittal Brasil. The consulting firm and the Company agreed on the other sources of information.

<sup>4</sup> Keyassociados developed an exclusive materiality methodology for ArcelorMittal Brasil and took part in the preparation of this report.

## DEVELOPMENT OF MATERIALITY MATRIX

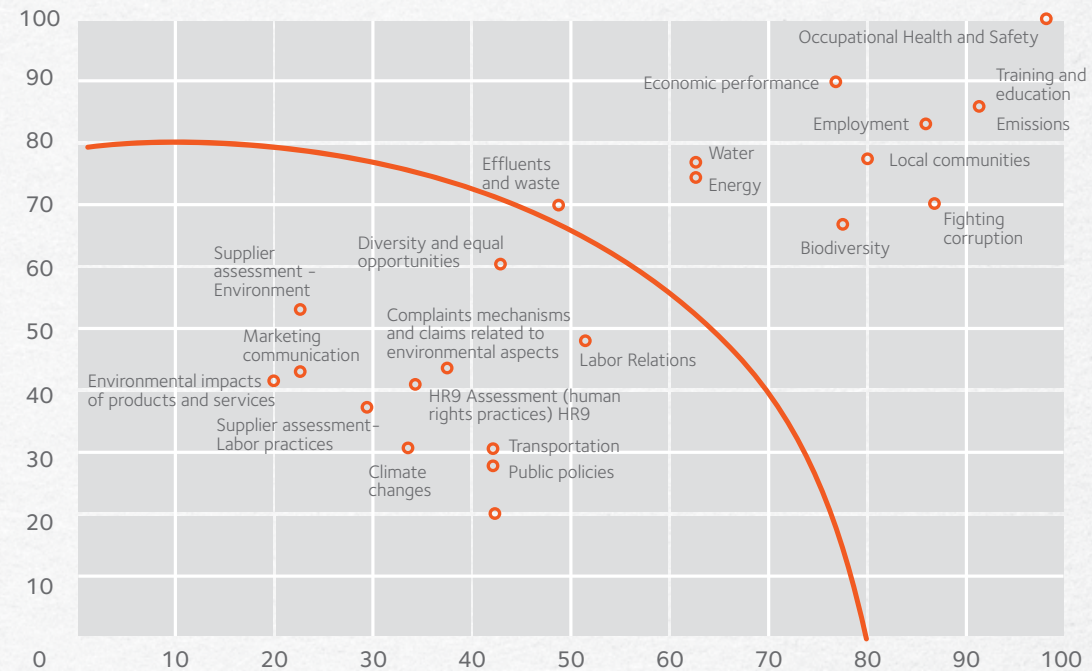
from the 68 subjects reviewed, the 23 most mentioned in the information sources were selected. By cross-checking the 23 most mentioned subjects according to internal stakeholders (in the following chart, 'Impact on ArcelorMittal Brasil business') and the 23 most mentioned by external stakeholders ('Impact on stakeholder's decisions'), a scatter diagram was created, the Materiality Matrix (shown in the following chart), showing the areas of interaction between those two points of view and the level of relative importance for each subject. By inserting a cut-line, the **11 most relevant subjects** for stakeholders were identified and they constitute the highlights of this report.

According to GRI-G4 methodology, the Company explains the relevance of each material subject, describes how they are managed, and defines objectives and targets (DMA)<sup>5</sup>.

Other subjects, the ones that are below the curve or not mentioned in the materiality matrix, may appear in the report but they shall not receive higher notability than material subjects.

GRI methodology neither determines nor limits the number of subjects to be reported; therefore, the Company defines the final number of subjects considering the scope of the set of subjects and also the adherence to its policies and strategies.

2015 MATERIALITY MATRIX



## VALIDATION OF THE MATERIALITY MATRIX:

Once the Matrix was created, it was submitted to and approved by the Image, Reputation and Sustainability Committee, which is recognized for properly addressing the subjects that are important for the Company's sustainability.

Afterwards, the materiality process was documented and made available to ArcelorMittal Brasil. The validated subjects are the basis for the 2015 Sustainability Report of ArcelorMittal Brasil.

<sup>5</sup> DMA = Disclosure of Management Approach



# Message from Management

[G4-1; G4-2; G4-8]



In 2015, ArcelorMittal Brasil made progress in its sustainability agenda. Although the country and the world are experiencing one of the worst crises, not solving along the year one of the main issues affecting the balance of global market – overcapacity, the Company has made significant contributions to the current complex context, always driven by a management that understands business as part of a relational set. This is because the management of its operations is based on the shareholder’s vision, focusing on the sustainable value model, integrating stakeholder’s perspective across the entire value chain, considering not only the opportunities that steel offers for the future but also the management of business-related risks.

Considering this context, the Group proposed the 10 Sustainable Development Outcomes<sup>6</sup> to conciliate and share a unique view with all of its operations worldwide. The Company has been on track to sustainability for a long time, but in the

beginning of 2015 it launched a new approach to better identify business risks and opportunities, anticipating relevant **social and environmental trends** while learning lessons from current business realities and stakeholder’s expectations.

We are experiencing a scenario of low prices for commodities, especially iron ore, and increased competition with imported steel, thus affecting all global markets. Still, ArcelorMittal is aware of the necessity to respond to the evolution of social and environmental trends because today’s society expects everyone, including businesses, to make their contribution in order to ensure better conditions for future generations to meet their own needs. So we maintained the commitment of having the Company’s strategy compliant to the principles of the United Nations Global Compact, described on chapter “Commitments Undertaken”, **one of sources that inspired the 10 Sustainable Development Outcomes of ArcelorMittal.**

<sup>6</sup> Read about the visions of the Chairman and CEO of the ArcelorMittal Group, Lakshmi Mittal, on the 10 Sustainable Development Outcomes: <http://www.arcelormittal.com.br/responsabilidade-corporativa/sustentabilidade/diretrizes-desenvolvimento-sustentavel/mensagem-mr-mittal>

Steel is a fundamental component in our daily lives and our innovation makes and shall continue making it more effective, more efficient and easier to be used, because it is a 100% recyclable input. This is how the Company positively contributes to creating value to modern and sustainable lives, especially because society, as well as the ArcelorMittal Group, understands that everyone is part of the solution for the balance of the planet.

In 2015, in addition to the adverse economic conditions, Brazil experienced an unstable political scenario that has been contributing to a crisis of confidence on the part of Brazilian entrepreneurs and families. The country was also impacted by adverse climatic conditions, leading to a risk of water shortage and decreased energy supply. All management efforts were made to ensure water supply. As for energy, although there was no blackout, the reduced level of the reservoirs increased production costs as the government decided to reinforce the use of the Brazilian thermoelectric matrix.

It was a year in which the company inaugurated the R&D Center at Tubarão Unit (Espírito Santo state – ES) to develop innovations for several industries so as to ensure competitiveness and add even more value to the Company’s products, seeking cleaner processes and expanding the customer service and technical assistance. Also in the area of innovation, we started producing Usibor® at Vega Unit (Santa Catarina state – SC), which is part of the S-in Motion, a set of advanced high-strength steel solutions mentioned in previous reports.

As for emissions, Tubarão Unit (ES) has been keeping an open dialogue with communities and public authorities for the effective management of its environmental controls and specific reduction of emissions, aiming at improving the air quality in the city of Vitória (ES) and Greater Vitória. The Company’s control actions and measures ensure emissions at lower levels than required by law, but it has been investing in technological solutions to further enhance its environmental controls. All initiatives and detailed positioning on the subject can be found on the chapter that refers to the outcome “Trusted user of air, land and water”.

Steel coils



In 2015, ArcelorMittal Brasil created its own governance forum, the Image, Reputation and Sustainability Committee. Based on the work of this committee, the Company completed its Sustainable Development and Reputation Management Plan, including actions to be developed from 2016 on.

ArcelorMittal Brasil also proceeded with actions related to continuous improvement and innovation in terms of processes, products and services; it worked on the reduction and control of fixed costs, as well as on the increase of productivity, competitiveness and synergy between the business segments. The Company reiterates its practices on sustainability, quality and leadership, which already are its core values, especially in times of challenging scenarios. Health and safety, always the number one priority, have ensured noteworthy indicators, genuinely showing that, no matter the circumstances, people will always be the Company's most important asset.

For national and global reasons, 2015 definitely provided the greatest management challenges. Despite the adversities, whether they were or still are of structural, circumstantial or conjunctural nature, ArcelorMittal Brasil considers people as its main asset. And believes that, with an inspiring leadership and

being able to create a healthy and fluent environment in terms of communication – in which creativity, intuition and positive attitudes flourish – the transforming power of people will lead to alternative solutions. No matter how difficult the scenarios are, we will overcome risks and obstacles. We reiterate our gratitude for the confidence of our shareholders, certain that we will firmly continue on the path to continuous evolution that characterizes us.

The Board  
Belo Horizonte, May 31st, 2016.

*In 2015, ArcelorMittal Brasil created its own governance forum, the Image, Reputation and Sustainability Committee. Based on the work of this committee, the Company completed its Sustainable Development and Reputation Management Plan, including actions to be developed from 2016 on.*



# PROFILE

1 ArcelorMittal's corporate culture is strongly rooted in results for sustainable development, integrity and talent of its people, respect for diversity and direct relationship with communities and other stakeholders.

# 1. ArcelorMittal in the world



With the ambition of being the most admired company in the steel sector and transforming tomorrow with alternatives to turn steel into one of the safest and most sustainable materials in the world, the ArcelorMittal Group is present in over 60 countries in Asia, Africa, Europe and Americas. The Company also has industrial operations in 19 countries and leadership in major steel markets, including construction, automotive, household appliances and packaging segments.

Listed on the stock exchange of New York, Amsterdam, Paris and Luxembourg, and on the Spanish stock exchange of Barcelona, Bilbao, Madrid e Valencia, in 2015 ArcelorMittal had gross revenue of US\$ 63.6 billion, and produced 92.5 million tons of steel and 62.8 million tons of iron ore.

Also leader in the areas of research & development and new technologies, ArcelorMittal has 12 research centers worldwide, where 1,300 researchers work full time on the development of exclusive concepts and effective industrial processes to

minimize impacts, create value for customers and secure future growth.

In the plurality of its more than 222,000 employees, the Company finds an incomparable cultural wealth, which reflects on good organizational climate and on recognized people management practices. Cooperation, solidarity, flexibility and equality are part of its Diversity and Inclusion Policy, ensuring that human rights are fully respected.

By understanding innovation as a new mindset to achieve results, ArcelorMittal strives to keep a healthy and exciting work environment, one that encourages boldness, creative thinking and talent on each of its employees.

For more information on ArcelorMittal, visit:

<http://corporate.arcelormittal.com>

PROFILE



VISION

To be the most admired steel producer in the world - a benchmark for the global steel industry.



MISSION

To be an indisputable leader in the steel sector.



VALUES

- **Sustainability:** We are guiding the evolution of steel and mining to secure the best future for our production chain and for generations to come. Our commitment to the world we live in goes beyond the bottom line to include the safety and wellbeing of our people and the communities we are a part of. This long-term approach is central to our business philosophy.
- **Quality:** We look to the future to imagine the steel of tomorrow. Through the talent of our people and our cutting-edge products, we create world-class solutions for our customers.
- **Leadership:** We are bold thinkers with a clear vision for the future of steel, the fabric of life. We are proud of our achievements and our entrepreneurial spirit, which brought us to the forefront of our industries.



STRATEGIES

- Consolidate relevant markets
- Industrial excellence and market leadership
- Continuous improvement focused on sustainable development of the business



PHILOSOPHY

- Safety is the ultimate priority
- Multi-cultures and ethics
- Long-term vision
- Guidance for the best performance
- Seeking agility and sustainability
- Teamwork



COMMITMENTS

- Surpass stakeholder's expectation on value creation
- Create value for customers
- Making the Company an exciting place to work

## 2. ArcelorMittal Brasil

[G4-3; G4-4; G4-5; G4-6; G4-7; G4-8; G4-9; G4-10]

*All companies and units are certified to international standards ISO 9001, ISO 14001 e OHSAS 18001*

Largest steel producer in Latin America, ArcelorMittal Brasil was established in 2006 as a privately-held corporation in order to develop Long and Flat Carbon solutions to meet the most strict requirements in terms of quality, efficiency and sustainability in the domestic market and also abroad, for use in the automotive, household appliance, construction, agribusiness and shipbuilding industries, among others.

With a crude steel production capacity of 11.3 million tons per year, more than 15,000 direct jobs and 29 business units, the Company operates in synergy with more than 30 business units in Latin America. ArcelorMittal Brasil also has a partnership with the Bekaert Group in the management of Belgo Bekaert Arames (BBA) and Belgo-Mineira Bekaert Artefatos de Arames (BMB) for the production of drawn wire from wire rod supplied by industrial plants of ArcelorMittal Brasil Long Carbon. All companies and units are certified to international standards ISO 9001, ISO 14001 and OHSAS 18001, concerning quality, environment and occupational health and safety, respectively.

In Brazil, the steel plants are located in the states of São Paulo (SP), Minas Gerais (MG), Santa Catarina (SC) and Espírito Santo (ES). The Company also operates in other areas, such as mining, energy generation for its own consumption, production of renewable bioreducer (charcoal produced from eucalyptus forests) and technology information. Moreover, its extensive distribution and services network meets the demands from domestic and international markets with excellence.

By proposing safe and sustainable steel solutions, ArcelorMittal, therefore, creates alternatives that determine growth and respect to people, communities, customers, contractors, suppliers and partners, allowing the Company to bring life to steel through highly technological concepts or more simple things, such as small objects of daily use.



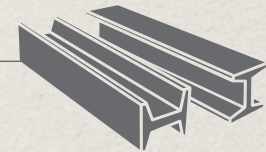
Church of São Francisco de Assis / Belo Horizonte - MG

### 3. ArcelorMittal Brasil in numbers

PRESENT IN:

**3** BRAZIL, COSTA RICA AND VENEZUELA  
**countries\***

**29** BUSINESS UNITS



**15,096**  
EMPLOYEES



ANNUAL PRODUCTION CAPACITY IN BRAZIL:

**11.3 million**  
TONS OF CRUDE STEEL

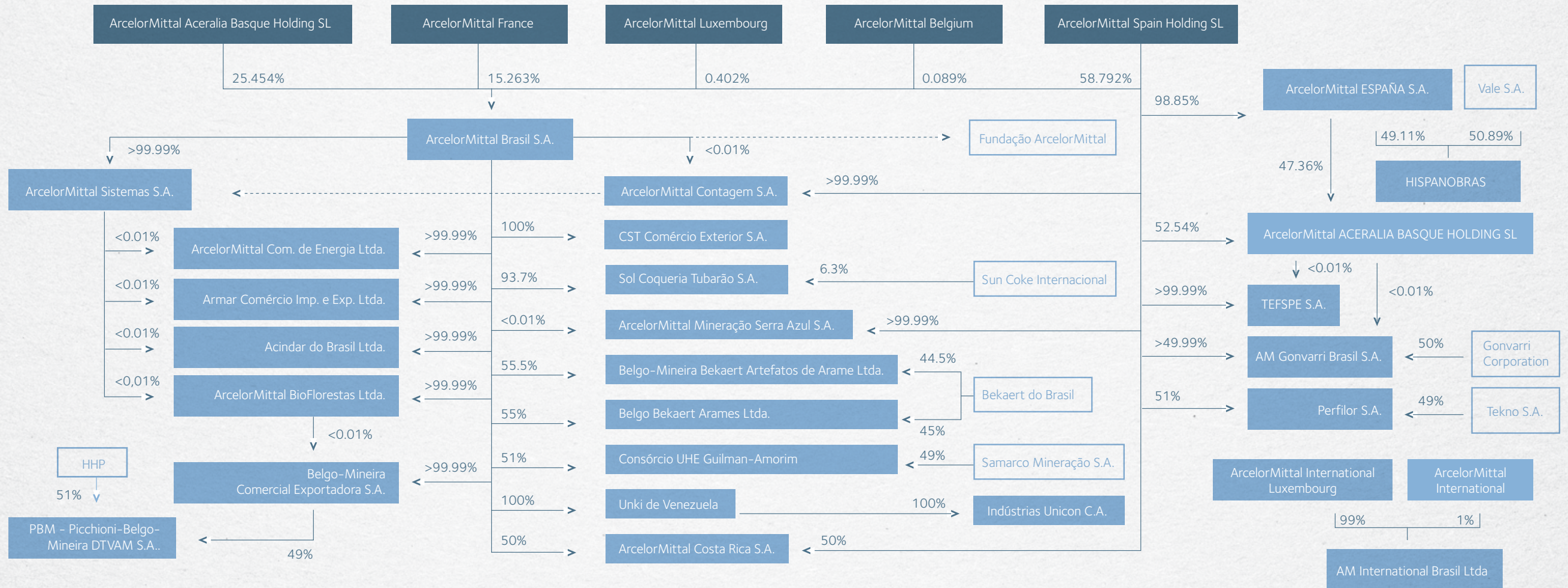
\* See coverage and Report Scope



# 3.1. Constitution

ArcelorMittal Brasil S.A., with administrative headquarters in Belo Horizonte (Minas Gerais state), is part of the ArcelorMittal Group, headquartered in Luxembourg, and it has the following shareholding structure:

NON-GROUP



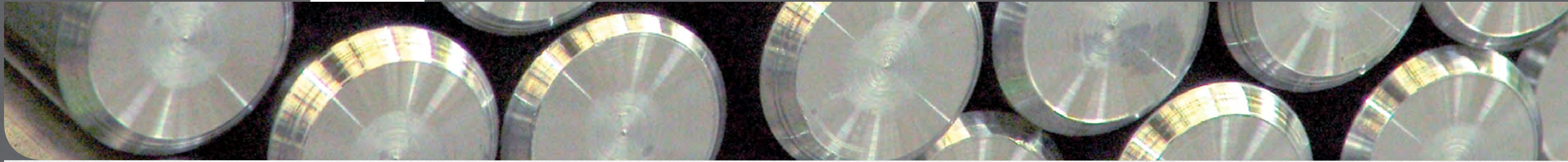
## 3.2. Performance map

### ArcelorMittal in Central and South Americas

Largest steel producer in the world, ArcelorMittal operates in Central and South Americas in synergy with over 30 business units and industrial plants located in Brazil, Argentina, Costa Rica, Trinidad & Tobago and Venezuela.

In Brazil, it has an outstanding presence in mining, in addition to acting in different segments, such as power generation for its own use, production of renewable bioreducer (charcoal from eucalyptus forests), information technology and social responsibility





## 3.3. Steel Solutions

### 3.3.1. LONG CARBON AND DRAWN WIRE

ArcelorMittal Brasil operations for Long Carbon and Drawn Wire segments are concentrated in the states of Minas Gerais (Itaúna, João Monlevade, Juiz de Fora, Sabará, Vespasiano), São Paulo (São Paulo city, Piracicaba, Osasco and Hortolândia) and Espírito Santo (Cariacica). The company stands out for offering products and solutions for construction and agribusiness segments as well as the automotive, mechanical and transportation equipment industries, among others.

With operations in Contagem (MG - state of Minas Gerais) and Vespasiano (MG), through BBA and BMB units, ArcelorMittal Brasil is the leading company in the production of wires for the industry and agribusiness, and it is one of the three major global producers of steel cords - a steel solution that provides safety and stability for tires.

### 3.3.2. FLAT CARBON

Units producing flat carbon steel are strategically located in Greater Vitória area (ES), São Francisco do Sul (SC) and Contagem (MG). The Company is one of the main suppliers of plates, cold rolled products, galvanized steels and coils, trading its products with more than 30 countries.

**For further information on ArcelorMittal's portfolio, see chapter "Products", where you can find examples of the sustainability outcomes No. 2 and 3.**



### 3.3.3. RESOURCES



#### 3.3.3.1. Eucalyptus and Charcoal (BioFlorestas)

ArcelorMittal BioFlorestas started cultivating its renewable eucalyptus forests in 1957 with the purpose of producing certified charcoal to secure the supply to ArcelorMittal steel plants in Brazil. Headquartered in Belo Horizonte and with operations in the cities of Carbonita, Martinho Campos and Dionísio, ArcelorMittal BioFlorestas has a total cultivated **area of 109,000 hectares and a protected area of more than 26,000 hectares**. Being a benchmark in the adoption of sustainable management models, the Company supplies all charcoal needed by the Group's units in Brazil. Furthermore, it serves independent pig iron producers that supply ArcelorMittal Brasil so as to ensure that all pig iron purchased from third parties is compliant with environmental and social requirements.

Through a permanent work on maintenance and conservation of natural ecosystems, ArcelorMittal BioFlorestas surveys and monitors rare and endangered species and conciliates operational procedures with fauna conservation criteria.

Believing in its contribution to education and environmental awareness, the company encourages and shares all the knowledge with its employees and neighboring communities.

*Area of 109,000 hectares and a protected area of more than 26,000 hectares.*



### 3.3.3.2. Mining

As part of its global strategy to become self-sufficient in iron ore and transform mining into a safe and sustainable model, the Group operates two important mines in the central region of Minas Gerais state: Andrade Mine and Serra Azul Mine.

Located in Bela Vista de Minas, in the so-called Steel Valley (Vale do Aço), Andrade Mine is one of the oldest mining assets in Brazil. Its sinter feed production is allocated to the Long Carbon units, in Brazil and abroad, and other steel plants in the domestic and international markets.

Serra Azul Mine<sup>7</sup> secures the supply of iron ore lump and sinter feed to domestic and external markets. With facilities in the city of Itatiaiuçu, the easy access to the railway system enables the quick handling of its production.

ArcelorMittal believes that it is possible to use natural resources in a rational manner, with the least possible impact on the environment and communities. Therefore, it continuously works on the prevention, control and minimization of impacts associated to iron ore mining.



### 3.3.3.3. Energy

In order to reinforce its commitment to the Group's sustainable development outcomes, ArcelorMittal Brasil adopts a policy that prioritizes rational consumption and conservation of energy sources and also encourages its employees to take part and engage in awareness programs. Considering this context, energy cogeneration plays an important role in the Company's sustainability strategy. In the states of Espírito Santo and Minas Gerais, ArcelorMittal Brasil has eight thermoelectric plants, one hydroelectric plant (Guilman-Amorim consortium) and two Small Hydroelectric Stations, being able to meet more than 50% of the demand coming from Long Carbon and Flat Carbon segments.

In Brazil, the Company created ArcelorMittal Comercializadora de Energia (an energy trading company) with the main purpose of meeting the Group's needs in Brazil and selling eventual surpluses to the free market.

<sup>7</sup> Serra Azul Mine is not included in the scope of this report, but it is being mentioned only on this chapter because it is part of the Group's mining system. The social-environmental performance of this unit will be part of the 2016 report, considering its incorporation to ArcelorMittal Brasil assets on March 30, 2016.

For further information on ArcelorMittal's resources, see chapter "Environment", where you can find examples of the sustainability outcomes No. 4, 5 and 6.

## 3.4. Major investments

In 2015, ArcelorMittal Brasil started producing **Usibor® at Vega Unit (state of Santa Catarina)**. Usibor®, an aluminum-silicon (AlSi) coated boron steel, was especially developed by ArcelorMittal for hot stamping applications. **It is one of the solutions of the S-in motion global platform made of safer and more sustainable special lightweight steels for the automotive industry.** It is mainly used in the production of safety-critical structural parts of vehicles, such as A and B columns, front and back bumper beams, roof and girder beams and floor plate tunnel.

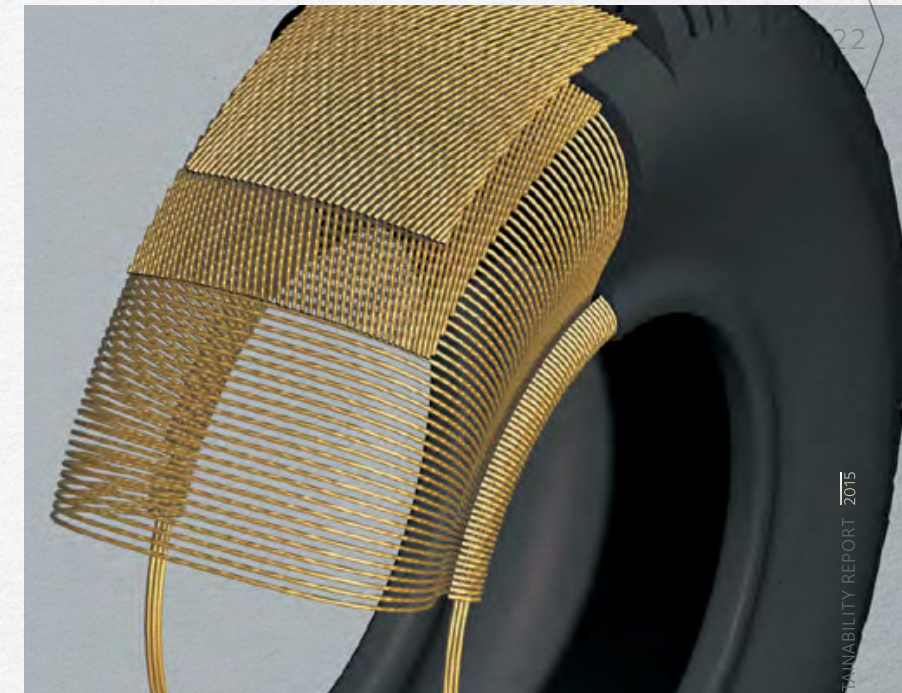
The Company kept the investment for **increasing the production capacity of Sabará Unit (MG)**, where peeled bars will be produced for the automotive sector and mechanical industry. **In the unit of João Monlevade (MG), ArcelorMittal Brasil concluded the installation of the third wire rod rolling mill,** with the capacity of 1.1 million tons per year. However, in view of the economic downturn, the company was forced to adapt its production and postpone the start-up of the equipment. The investment is part of the unit's expansion project, which is divided into two phases. In addition to the completion of the rolling mill, there is a second phase, comprising the construction of new sinter plants and a new blast furnace. Nevertheless, this phase is being revised and is depending on market conditions.

**At Tubarão Unit (ES), the Company inaugurated a R&D Center, the 12th research and development center of the ArcelorMittal Group in the world.** With a planned investment of US\$ 20 million in a 5-year period (2015 to 2019), the center will serve demands from South American flat and long carbon units and work on three subjects: product development, process development and customer service.

In **Itaúna (MG)**, Belgo-Mineira Bekaert Artefatos de Arames (BMB) announced **a BRL 12 million investment to increase by 25% the production of steel cords (used to reinforce radial tires) and Hose Wire (steel wires used to reinforce high pressure hydraulic hoses).** The goal is to meet the increasing demand from the auto parts industry in Brazil and Latin America. In addition to the capacity expansion, the investment includes the installation of advanced technology equipment to modernize the production process.

In the second half of the year, **Belgo Bekaert Arames (BBA) plant, located in Osasco (SP), expanded its production capacity by doubling the production of wire rope for the construction sector,** thus consolidating its innovation status in the sector.

*Belgo-Mineira Bekaert Artefatos de Arames (BMB) announced a BRL 12 million investment to increase by 25% the production of steel cords*



Steel cord used to reinforce tires

## 4. The Challenge of Sustainability

For ArcelorMittal, steel is the fabric of life, an essential product in everyday life, although sometimes it seems to be invisible. From hairpins to wind towers, from household appliances to large ships, from infrastructure projects to the pillars of your house, from lighter and more economical vehicles to your child's bike, steel offers great opportunities for the future. Versatile, safe and 100% recyclable, and without losing its quality, lightness and durability, steel is the most reused material in the world. That represents a significant reduction in the use of raw materials, lower environmental impact and increasingly reliable products.

Over time, ArcelorMittal has been improving the way to assess the performance of its activities and the corporate responsibility principles in addition to following the challenges of sustainable development with innovative and eco-efficient solutions for several applications in the construction and agribusiness sectors as well as in the automotive, household appliances and energy generation industries, among other economic segments.

In 2015, the ArcelorMittal Group proposed to all of its operations the 10 Sustainable Development Outcomes, thus harmonizing and sharing a sole vision for all countries

where it operates, it had already started following the path to sustainability although in the past years. The outcomes are a vision of the shareholder based on the sustainable value model, which values stakeholder engagement with focus on the entire value chain, considers the opportunities steel offers to the future, and also the management of risks associated with the business.

The 10 Sustainable Development Outcomes are the basis of a transparent governance in which the Company clearly describes how to produce steel, use resources and, above all, how to relate to their employees and other stakeholders, and adequately manage the risks associated with the business. The outcomes were unified in line with several economic, social and environmental global trends, including those gathered in the Sustainable Development Goals (SDGs), adopted by countries participating in the UN Summit, ranging from issues related to health, education and gender equality, to energy, climate change, water, sanitation and sustainable standards of production and consumption.

*Over time, ArcelorMittal has been improving the way to assess the performance of its activities and the corporate responsibility principles in addition to following the challenges*



## 4.1. Image, Reputation and Sustainability Committee

*Reputation and Sustainability Committee, which gathers the Company's directors to define guidelines, deliberate initiatives, assess and analyze risks and opportunities related to these subjects*

Considered as cross-cutting themes by the majority of the companies, in 2015, ArcelorMittal Brasil provided a new governance structure on sustainability and reputation, the Image, Reputation and Sustainability Committee, which gathers the Company's directors to define guidelines, deliberate initiatives, assess and analyze risks and opportunities related to these subjects. In this forum, strategies are established, and actions and goals are agreed upon, as it is the case of the Sustainable Development Plan and Reputation Management, concluded by the end of 2015 and including actions to be developed from 2016 on.

Within the framework of the Committee, the Integrated Platform for Reputation and Sustainability Management was created and validated, indicating the path ArcelorMittal should take in order to be perceived by its stakeholders as the most admired steel producer in the world, a benchmark in the global steel industry.

The platform, shown in the following image, visually gathers the elements that explain and sustain ArcelorMittal's strategic positioning on key issues. The model describes the idea that all actions taken by the company need to be towards the

same goal: the realization of a vision, in a coordinated manner, respecting principles previously agreed and aligned at global level. So, at the basis of this whole system, we find the company's main stakeholders or relationship groups, which are its reason to exist and to whom all efforts and goals, as well as all communication initiatives, are dedicated. Looking to the past and to the future, reputation, translated by the concepts of trust, admiration, appreciation and empathy, becomes the most important intangible asset' – one that needs to be preserved and secured for the Company's continuity. Leadership, performance and culture of integrity, basis of the Governance, show the paths chosen for daily accomplishing the outcomes, with management and behavior models that need to be internalized by all of its employees. Considered as pillars to guide all actions, ArcelorMittal's 10 Sustainable Development Outcomes are tactical and practical references on which the Company relies to deliver its products and services.

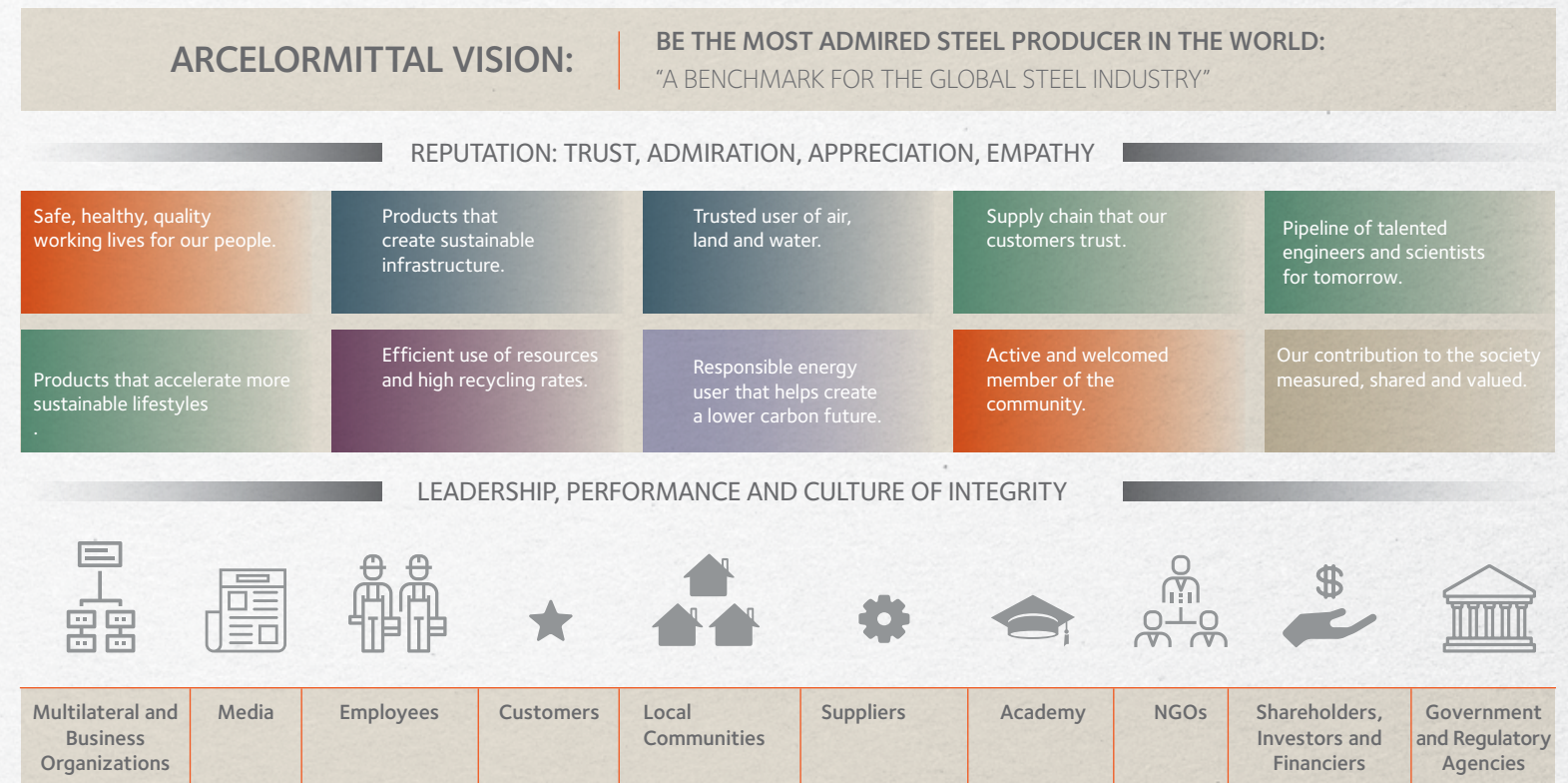


## 4.1.1. Integrated platform for sustainability and reputation management

In December/2015, the Committee approved the **Sustainable Development and Corporate Responsibility Guideline** and the **Stakeholder Relations and Communication Guideline**, which guide the expectations from all of its stakeholders.

Seeking continuous improvement and value creation for the various stakeholders involved in its operations is a principle applied by the Company in the decision-making process, from operational levels to strategic level. Considering this context, sustainability implies a relationship with multiple stakeholders and, therefore, impacts the perception of ArcelorMittal Brasil. So, in order to maintain a close, transparent and ethical relationship with its stakeholders, the Company invests in dialogue actions, events, lectures and workshops, as well as formal reporting mechanisms for its activities, such as the APCO Institute Reputation Track survey, conducted in 2015 with stakeholders.

At global level, ArcelorMittal determined that, as of 2015, all units shall use the GRI-G4 (essential) methodology to prepare their reports. This methodology recommends the report to be based on key issues of the Company, strongly considering stakeholder demands, privileging the quality and depth of the approach to main subjects rather than a large number of indicators, as it happened with previous reports when GRI-G3 indicators were used.



# 5. Commitments Undertaken

[G4-15; G4-16; SO4; SO5, GC4 e GC10]

In line with the teamwork philosophy and continuously seeking agility and sustainability, the ArcelorMittal Group takes part in and contributes to the operation of several governmental and non-governmental entities. By doing so, the Company fulfills its role as an agent for sustainable development through an effective and continuous participation that allows it to work on the creation of guidelines and to contribute to the regulation of the sector, including the social sphere.

ArcelorMittal Brasil actively takes part in several entities, such as: Brazilian Academy of Human Rights, Brazilian Association of Technical Standards (ABNT), Brazilian Association of Mining and Metals (ABM), Latin American Steel Association (Alacero), Brazilian Association of Human Resources (ABRH), Ethos Institute, Global Compact, Brazilian Business Council for Sustainable Development (CEBDS), National Confederation of Industry (CNI), Brazilian Association of Corporate Communications (Aberje), Minas for Peace Institute, Brazil Steel Institute (IABr), Reputation Institute, Abring Foundation and Dom Cabral Foundation (FDC).

The Company is also signatory to several Corporate Social Responsibility **commitments**, among them:

- **Global Compact** | ADHERENCE IN 2001
- **National Pact for the Eradication of Slave Labor** | ADHERENCE IN 2009
- **Corporate Agreement for Integrity and Against Corruption** | ADHERENCE IN 2006
- **Charcoal Sustainability Protocol** | TARGET: 100% OF PLANTED FORESTS UNTIL 2016
- **Minas Pela Paz (Minas For Peace)** | FOUNDED BY ARCELORMITTAL BRASIL AND 10 OTHER LARGE CORPORATIONS

In 2016, ArcelorMittal Brasil will become member of Transparency International (TI), being the first company in Brazil to join the TI Business Forum: Group Brazil, a platform for dialog, exchange and joint development of specialized knowledge, and contributions to fight corruption in Brazil and in the world. Global organization founded in 1993 and headquartered in Berlin, the NGO (<https://www.transparency.org/>) aims at fighting corruption and mobilizes over 100 countries. The Company will also join the Associação Brasileira de Qualidade de Vida – ABQV (Brazilian Association for Quality of Life), [www.abqv.com.br](http://www.abqv.com.br), an NGO that promotes actions and programs associated to quality of life in corporate environments.

## 6. Culture of Integrity

[G4-56; G4-57; G4-58; GC10]

Nowadays, organizations face a new global scenario in which the market, society and environment begin to influence each other. Therefore, the performance of companies should be analyzed together with the dynamics of social legitimation or questioning of their activities. Environment, relations with job, need for transparency, improvement in exchanging information with the investor, and community valuation are some of these interactions and requirements.

Considering this context, the companies had to incorporate habits, traditions and practices that have driven them to take on their corporate citizenship and, therefore, become more conscious players in the sustainable development process.

For ArcelorMittal, the internal culture, its codes, guidelines, compliance policies and values transmitted are the foundation for its integrity. The Company seeks to keep respectful relations in accordance with local practices and circumstances, and also

to ensure the highest standards of business integrity and ethics in all units around the world. Furthermore, it believes that commercial agreements must be based on merit, corruption is unacceptable and that there should be no inappropriate influence on public officials or private individuals.

And because they deal with a variety of cultures and different business environments, it is essential that members of the Board of Directors, directors and employees of the Company are aware of the standards of conduct expected and incorporated into all its policies, including the ArcelorMittal's Code of Conduct, Anti-Corruption Policy and Pillars of the Culture of Integrity shown in the following figure.

[CODE OF CONDUCT.PDF](#)

[ANTI-CORRUPTION POLICY.PDF](#)

## PILLARS OF THE CULTURE OF INTEGRITY



### PROMOTING A CULTURE OF INTEGRITY

ArcelorMittal Brasil follows the corporate governance model of the ArcelorMittal Group, transcending the formal requirements internationally established for a sustainable management. The main guidelines are ethics, transparency and quality in the relations with stakeholders.

The good practices aim at ensuring organizational success, as well as establishing strategic guidelines and monitoring business development. These practices are in line with the principles of the ArcelorMittal Group, guided by three values: Sustainability, Quality and Leadership.

Aiming at ensuring improvement and adaptation of ArcelorMittal's Integrity Program at all units of ArcelorMittal Brasil, in addition to advising and guiding the top management in their mission of managing the Company in accordance with the values of the Group, the Integrity Committee of ArcelorMittal Brasil was created in 2015. It comprises the Legal and Compliance Officer; Control, Risks and Compliance (Flat); Control, Risks and Compliance (Long); Control, Risks and Compliance (Wire Drawing); Internal Controls and SOX Compliance.

Moreover, in order to reinforce its principles, since 2007 ArcelorMittal develops the Compliance Program, including several policies and procedures in which periodical trainings are provided to employees defined as target audience. The objective of the program is to establish a culture of integrity so as to ensure an ethical performance, in accordance with legal requirements, reducing risks of exposing the companies of the Group and their employees, and compliant to the best practices of conduct and to the interests of ArcelorMittal's stakeholders. The Company also has a periodical certification process to assess the implementation and effectiveness of the Program, as well as audits to confirm its effective execution.

## AMONG THE POLICIES THAT INTEGRATE THE SCOPE OF THE PROGRAM, THE HIGHLIGHTS ARE:

- ☰ **Code of Conduct** - explains the ethical and legal obligations to be met when dealing with the Company's businesses. It is applied to all members of the Board of Directors, directors and employees of the Group.
- ☰ **Anti-Trust Guidelines** - establishes guidelines that intend to prevent conducts that breach or may seem to breach basic principles of antitrust laws of the countries where the Company operates.
- ☰ **Insider Dealing Policy** - establishes rules of conduct to ensure adequate management of insider information and, thus, prevent its improper use and market manipulation.
- ☰ **Anti-Corruption Audit Procedure** - establishes the risks ArcelorMittal would be exposed to in its relationship with business partners, especially those acting on behalf of the Company before public agencies.
- ☰ **Human Rights Policy** - consolidates guidelines of the Company reflected on other policies, establishing principles that must be observed while creating a working environment where all human rights are fully respected.
- ☰ **Economic Sanctions Guidelines** - establish guidelines and procedures to guarantee that transactions performed by the companies of the Group are compliant with economic sanctions laws.
- ☰ **Anti-Fraud Policy** - establishes guidelines for the employee to have an honest behavior towards the Company; as for commercial relations, it means rejecting all forms of corruption, avoiding conflicts of interests and the misuse of insider information, and protecting our assets and resources.
- ☰ **Anti-Corruption Policy** - guarantees that, during the execution of their activities, employees and any third party acting on the Company's behalf follow the highest standards of integrity. This Anti-Corruption Policy establishes procedures to deal with corruption issues.
- ☰ **Code for Responsible Sourcing** - describes the way the Company works with its suppliers and requires them to follow the required standards on health and safety, human rights, ethics and environment. This procedure is applicable to all ArcelorMittal suppliers, as well as their sub-contracted and affiliated entities, and to all products and services acquired by the Company.
- ☰ **Data Protection Procedure** - establishes uniform, appropriate and global standards for data protection, and facilitates transference of Personal Data within the ArcelorMittal Group, in compliance with legal requirements for data protection.
- ☰ **Gifts and Entertainment** - complements relevant provisions of the Code of Conduct and Anti-Corruption Policy and essentially seeks to provide further guidance to ArcelorMittal employees regarding the types of gifts and entertainment that may be offered or received, and the conditions under which gifts/entertainment can be offered or accepted.
- ☰ **Conflict of Interests** - establishes a set of basic guidelines to promote transparency and improve governance within the ArcelorMittal Group. This Instruction applies to all senior management of business segments (CEO, CFO, COO, Head of Sales, Head of Procurement, as well as any General Management or higher position) and corporate segment (General Management or higher position), as well as "senior employees" from Finance, Procurement, Commercial and Logistics areas (i.e., General Management or higher position). Senior Management and Senior Employees from the Finance, Procurement, Sales and Logistics will hereinafter be jointly referred to as "Senior Employees".

# 7. Anti-corruption Practices

[SO3; SO4]

In addition to the policies outlined above, since mid-2014 the Company keeps a Procedure for Anticorruption Audit with the purpose of understanding and mitigating risks ArcelorMittal would be exposed to in its relationships with business partners, especially those acting on its behalf before public agencies. The risk assessment that defines the audit level is based on several criteria, such as: duration of relationship with business partner; type and size of the business partner; score of its country of origin in the Corruption Perception Index published by Transparency International; the activity of the business partner; and if it interacts with the Government or other entities on behalf of ArcelorMittal.

In accordance with its transparency and integrity policy, the Company regularly promotes trainings and events on Anti-Corruption Law for several types of audiences.

The Company also has a Whistleblowing Channel, through which anyone can report non-compliances they might be aware of. Allegations, which can be anonymously reported if so wished by the whistleblower, are assessed and investigated; the process guarantees confidentiality of the issues and protection of whistleblowers against retaliation for the allegations made.

## 2015 DATA

Training of

**100%**

of ArcelorMittal Brasil internal audience

Anti-trust



internal trainings

Whistleblowing Channel

**+ 250**

reports through the channel

CONTACT US

Consultations to the Legal Portal



**72**

consultations

on Compliance

Creation of the Integrity Committee



Creation of the Image, Reputation and Sustainability Committee

PARTNERSHIP WITH TRANSPARENCY INTERNATIONAL



signature of adherence scheduled to 2016

Anti-corruption / since March/2015

**2,228** audits

were carried out at business partners

(308 of them were level 3)

INTERNAL DISSEMINATION OF THE CULTURE OF INTEGRITY TO

**100%**

of the employees

EXTERNAL DISSEMINATION OF THE CULTURE OF INTEGRITY, with the accomplishment of

**19** lectures

and meetings about the subject with the press

WHISTLEBLOWING CHANNELS:

0800.891.4311

SITE

CONTACT US:

(in the field 'Subject', select 'Whistleblowing')

INTERNAL ASSURANCE

FORENSIC SERVICES:  
LOCATED AT ALAMEDA SANTOS, 700  
01418-100, SÃO PAULO/SP, BRAZIL

## 8. Transparent Governance

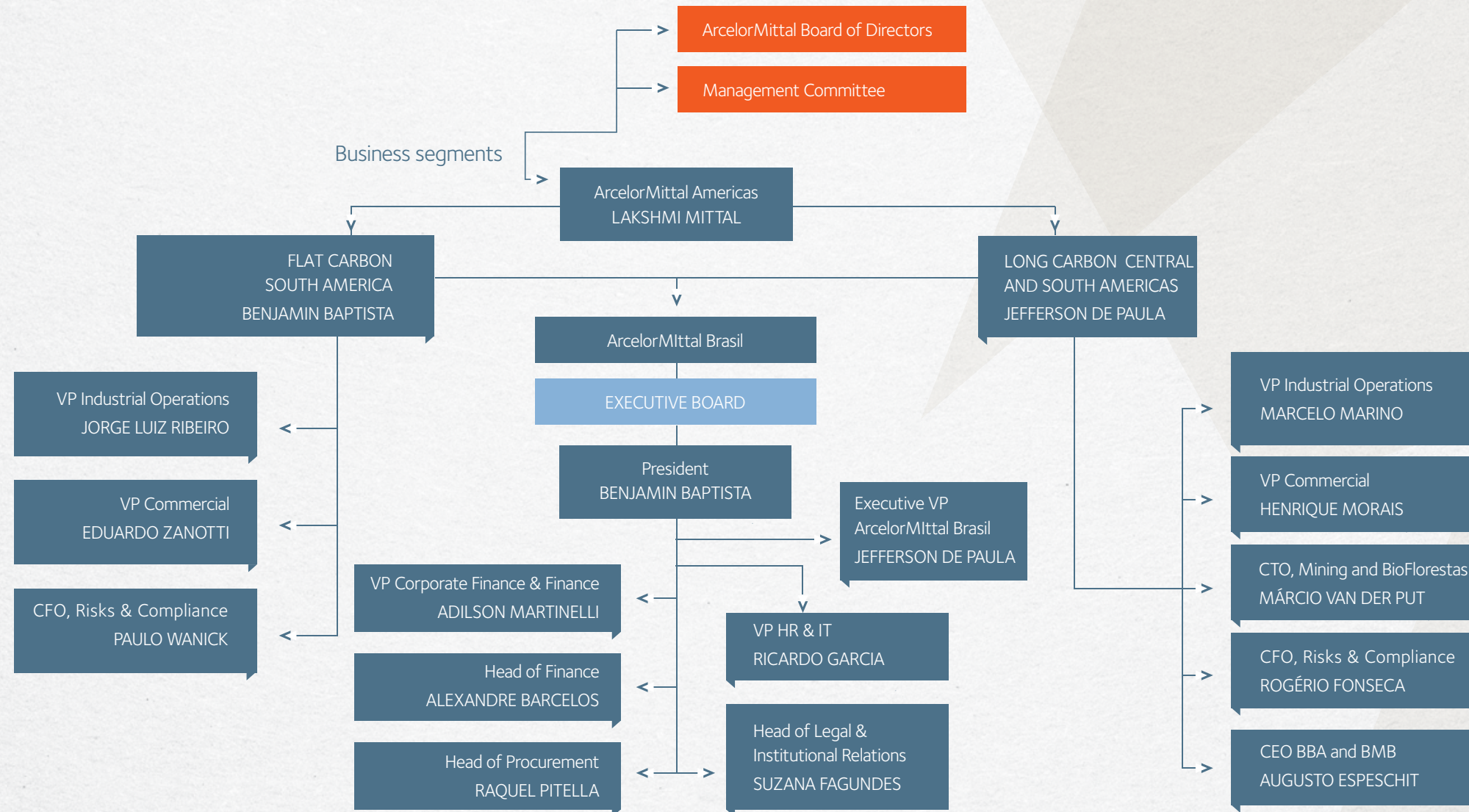
[G4-34; G4-35; G4-38; G4-39]



ArcelorMittal Brasil corporate governance structure follows the same fundamentals of the Group worldwide. Furthermore, the Company encourages the dialogue among the various hierarchic levels of the organization. Employees' recommendations are forwarded to the Executive Board either by their own leaders or by representatives of internal committees. In the following organization chart, the names and positions refer to the main leaders of the Company, who are part of the Executive Board, but also including non-statutory executives.

# 9. Organization Chart of the governance structure

[G4-37; G4-47]





## BOARD OF DIRECTORS

Since 2015, when two members left the Board of Directors, it is made up of three members, elected in a general meeting of shareholders for a two-year term, with the possibility of being re-elected. The remaining members are either independent or non-executives. The Board of Directors establishes the strategic guidelines, monitors and guides the business, elects directors, chooses or dismisses independent auditors, monitors the management and deliberates on the destination of the Company's profit. In its monthly meetings, the performance of the corporate governance is reviewed, including economic, environmental and social aspects.

### Members of the Board of Directors:

JOSÉ ARMANDO DE FIGUEIREDO CAMPOS	Chairman of the Board of Directors
CARLO PANUNZI	Vice-Chairman of the Board of Directors
BHIKAM CHAND AGARWAL*	Advisor

\* Posterior fact: In March/2016, the advisor Bhikam Chand Agarwal will be replaced by Genuino M. Christino.

## EXECUTIVE BOARD

It is consisted of nine members (see organization chart) elected by the Board of Directors for a two-year period, and subject to re-election. The Executive Board is responsible for the management of the Group's business in the country and they also deliberate on any matter that is not subject to the exclusive competence of the Ordinary General Meeting (AGO) or the Board of Directors. As it can be seen in the organization chart, some of the ArcelorMittal Brasil executives accumulate functions outside the country, thus showing the matrix structure of the Group.

## AUDIT COMMITTEE

Consisted of three to five members chosen during the shareholders' general meeting, the Audit Committee does not operate permanently and it can be installed at shareholders' request.

## COLLEGIATE BODIES

In addition to the Board of Directors and the Executive Board, ArcelorMittal Brasil activities are guided by the following collegiate bodies of the Parent Company:

### Board of Directors of the ArcelorMittal Group

Made up of 12 members and led by the CEO and Chairman, Lakshmi Mittal (the only executive, remaining members are independent), the Board of Directors is responsible for making decisions for the Group, determining global strategies, and defining and monitoring administrative actions in the countries where the Company operates.

### Senior Management

Consisted of the CEO, the CFO of the Group and CEO of ArcelorMittal Europe, Aditya Mittal, and six other global executives, among them Jefferson De Paula, CEO of ArcelorMittal Long Carbon Central and South Americas, the Senior Management is responsible for the implementation of strategy, the global management of the business and for all operational decisions.

### Management Committee<sup>8</sup>

Using a matrix structure, the Management Committee's purpose is to foster the entrepreneurial spirit within the Company, the creation of a creative and adaptable organization, in addition to rendering account to its stakeholders.

<sup>8</sup> Information on members of the Management Committee, as well as their job positions and assignments, can be found at:

[CLICK HERE](#)

PEOPLE



# PEOPLE

## 2

Safety is ArcelorMittal's priority since its creation in 2006. The daily challenge of the Group remains as vivid as 10 years ago: achieving Zero Accidents. Thus, more than 200 thousand people all over the world are committed to building a safe and healthy working environment, where they can develop their full potential.

# OUTCOME 1

## SAFE, HEALTHY AND QUALITY LIVES FOR OUR PEOPLE

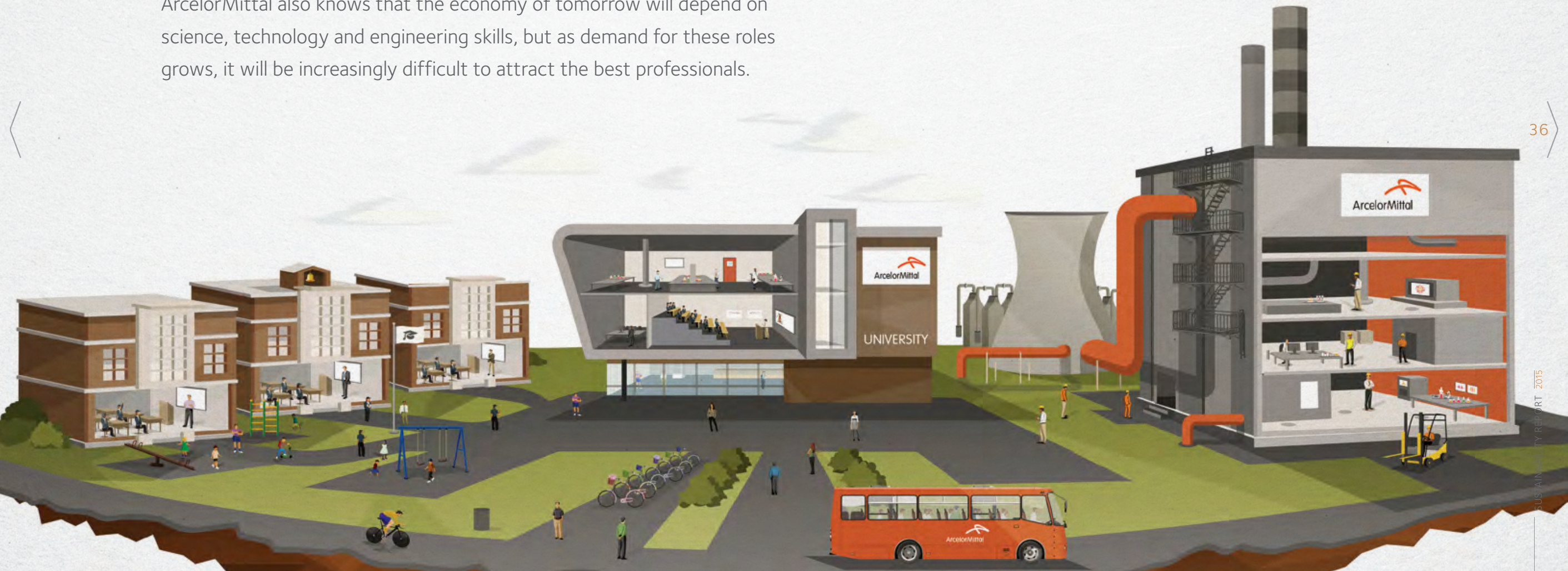
Although ArcelorMittal makes significant efforts to promote and defend the safety and wellbeing of its employees, it faces challenges to create an accident-free workplace. The Company needs to make sure that all places are safe and healthy, and create an excellent workplace through the development of people in order to inspire, encourage and energize them, and also promote sound labor relations and commitment to human values.



# OUTCOME 9

## PIPELINE OF TALENTED SCIENTISTS AND ENGINEERS FOR TOMORROW

ArcelorMittal also knows that the economy of tomorrow will depend on science, technology and engineering skills, but as demand for these roles grows, it will be increasingly difficult to attract the best professionals.





# ATTRACT

## RECRUITMENT AND SELECTION (EMPLOYMENT)

[DMA]

With a global mission of transforming tomorrow through the professional development of its employees and also with the objective of attracting, retaining and developing its professionals, ArcelorMittal Brasil promotes the creation of an environment that encourages the leadership to leverage the resources of their teams in order to achieve business results. This effort begins with supporting vocational training centers, and the recruitment and selection of its staff, in line with internal programs to monitor and develop skills.

In accordance with its Recruitment policy and aiming at ensuring the best performance of its workforce, ArcelorMittal, before any external recruitment, carries out an internal selection for the available job vacancies. Local internal candidates who meet the job requirements get preference over external candidates. Information is publicized on the internal employee-dedicated website, MyArcelorMittal, e-mails, bulletin boards and internal TV screens.

If there are no internal candidates with the desired profile, the job vacancy is promoted externally and priority is given to disabled people.

Aiming at ensuring that each candidate is treated with fairness and dignity and relying in the promotion of diversity, ArcelorMittal does not tolerate any discriminatory practice and follows the guidelines of its **Diversity and Inclusion Policy**, which considers different ideas, cultures, generations, genders, ethnic groups, nationalities, skills and social origins as a wealth. This condition creates a unique environment, where the various skills, experiences and perspectives of an individual contribute to business success. Therefore, the entire recruitment process is implemented and performed in accordance with national legislation, especially with regard to labor legislation and data protection requirements.

*ArcelorMittal does not tolerate any discriminatory practice and follows the guidelines of its Diversity and Inclusion Policy.*

In order to meet recruitment targets, such as budget and conclusion of the selection process within 72 calendar days, and considering internal moves, the minimum two-year interval after last job move must be respected; ideally, all applicants must inform their line manager that they are applying for another position in the Company. In this case, HR will receive the application and immediately contact the applicant's unit of origin to communicate about the application.

A highlight in 2015 was the implementation of a unified internship program in all ArcelorMittal Brasil units, thus increasing the existing synergy and valuing the attraction of good professionals. By unifying the program, a more extensive publicizing took place, leading to a record number of applications. The internship program is considered as the main entrance door to ArcelorMittal, a company that encourages its employees to build careers in the organization; therefore, the large number of applicants and the selection of good professionals represent a positive impact for ArcelorMittal.



## INVESTING IN TALENTED SCIENTISTS AND ENGINEERS FOR TOMORROW

In the area of people management, ArcelorMittal Brasil takes into consideration a few risks associated with hiring, especially the eventual lack, in the long-term, of qualified staff. In the condition of relevant demander of engineers and scientists, the Company also understands the need to constantly improve the way it relates with academic institutions. Focus is towards top universities in the country - UFMG, Ufop, USP, Ufes, UFRGS and PUC-MG, and vocational schools, such as Cefet and Senai.

Among the highlights, the **“Attraction Program” (Programa Atração)** enables future professionals to get to know the company and be familiar with a variety of job opportunities in the areas of engineering. There are also programs that are structured to formalize technical partnerships with universities, including development of studies, applied research and production of monographs.

The Company also develops specific projects on scientific education (science, technology, engineering and math - STEM), either through HR or ArcelorMittal Foundation, whose target

is to allocate its social investment, until 2018, in accordance with a global guideline of the ArcelorMittal Group: 40% on educational programs for scientists of tomorrow and 60% on local development initiatives.

Furthermore, from 2016 on, the **ArcelorMittal Environment Award** will have a new format, featuring scientific knowledge as a tool to promote environmental education. Focus will be on project-based learning, in order to provide the development of investigative activities, encourage collective work, creating more interaction between teachers and students, and providing contact with science and multi-disciplinary activities. Instead of the traditional drawing and writing, students will be encouraged to see energy from a sustainable point of view, performing activities that encourage observation skills, critical thinking, and ability to plan and investigate. The new format also proposes the creation of spaces for experimentation. Participants will be divided into two categories: Junior Scientist and Young Scientist. In order to present the novelties, receive suggestions and prepare the educational institutions for the transition to the

new model of the Award, ArcelorMittal Foundation promoted 31 meetings with representatives from Municipal Education Secretariats.

Being an intercultural group, another distinguishing factor on the part of ArcelorMittal Brasil is the possibility of an international experience. The organization also offers competitive compensation and benefits, good organizational climate and good corporate and social reputation to attract candidates, among the best in the market, from internship to the beginning of the career.

The Company seeks candidates who show interest in contributing to its continuous growth and who have outstanding skills such as initiative, leadership, creativity, synergy, flexibility, ability to provide suggestions, and teamwork. Characteristics that, associated to the knowledge of corporate values, are recognized in all units of the Group.



## DEVELOP AND RETAIN

MANAGEMENT, DEVELOPMENT, CAREER AND SUCCESSION  
[DMA]

[LA9; LA11; GC1; GC2; GC6]

The ArcelorMittal's Human Resources Principles described in its HR policy and reiterated in other internal documents reflect essential values for the company – Sustainability, Quality and Leadership – and recognize that the Company must develop its employees as drivers of business results and it must also be integrated to the Group as a unique global company that respects laws and local practices.

Such integration takes place based on global guidelines established by the group, which are adapted to local realities and implanted in the business units, reaching each and every employee. The employees' development is supported by GEDP (Global Employee Development Program) and the Corporate Education process, in line with compensation and benefits policies. Those policies and processes are structured so as to maintain the Company's attractiveness and the employees' satisfaction.

GEDP, cornerstone of ArcelorMittal's strategy associated with people, is the performance management process which is used as reference for the continuous improvement and deployment of the Group's business strategy. Its purpose is to improve the level of skills of the organization as well as people management and development.

GEDP comprises: Performance and potential assessment, Career Perspective, Biannual and annual feedback, Career and Succession Committees, and Elaboration of PDI (Individual Development Plan). It aims at focusing on and identifying high performance professionals, talents and professionals with availability and/or interest in moving to another city or country, succession plan for key positions, development and career planning, thus providing information to the processes of fixed and variable remuneration, among others.

Sailboat Kat built with ArcelorMittal steel for the Schurmann's expedition

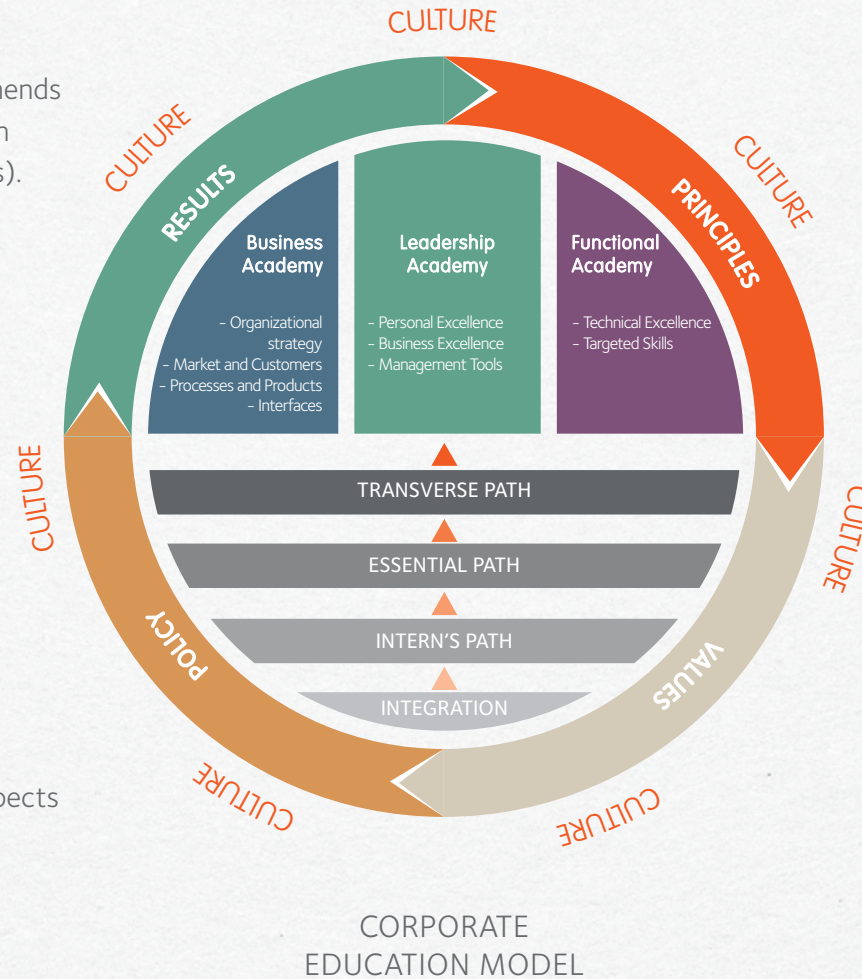


PEOPLE



ArcelorMittal adopts the Y Career model, which comprehends technical and management positions, and the evolution in management careers is based on GEDP (succession plans). The developments in technical careers depend on the professional's assessment considering five criteria of the so-called Professional Maturity Assessment. The items assessed are: use of knowledge, complexity of reasoning, professional reference, range of performance and technical autonomy. Every two years, the assessments are conducted, in accordance with progression criteria, by the direct manager and are validated by the Human Resources area and the general manager.

The corporate education and the learning paths are in line with the culture, values and principles of the organization and offer development opportunities to the professionals of ArcelorMittal Brasil. Its structure and aspects are as follows:



In 2015, a highlight was the “Liderar” (Lead) program in which 100% of the general managers, involving top management of all segments, received training focused on communication. Next year, this training is expected to be deployed to other managerial levels.

Another highlight was the “ArcelorMittal Skills” Campaign, which was disseminated to all employees in order to promote the eight strategic skills of the company:

- CHANGE MANAGEMENT
- DECISION MAKING
- RESULTS ORIENTATION
- STRATEGIC THINKING
- TEAMWORK
- STAKEHOLDER ORIENTATION
- EFFECTIVE COMMUNICATION
- LEARNING AND DEVELOPMENT

Using a virtual game, the campaign was the most visited page on the Company’s intranet. As for operational level, journal, posters and leaflets were used to disseminate the campaign. The skills were also shared in the social media channel LinkedIn.



PEOPLE



In 2015, the Company also listed a set of cross-cutting skills, indispensable to all employees so that they can help meeting a variety of important demands, thus contributing to better individual and collective results. Those skills are:

- Continuous Improvement
- Project Management
- Innovation
- Diversity & Inclusion
- Business Partnership
- Relationship Management
- Analytical Skills
- Risk Management

Every new employee goes through a period of integration during which he/she undertakes a series of institutional and technical trainings focused on the area he/she was hired to work at. In 2015, due to the programs with emphasis on leadership development, the average of training hours for this level was significantly higher, as shown in the following table:

There were 987,726 hours of training, which represents an average of 95.4 hours per employee. The most significant subjects appointed by the units were those related to occupational safety, technical qualification and regulatory standards, business/operational standards, and On The Job (OTJ) training, in addition to those dedicated to business management.

**[HR2; HR3]** In 2015, all units provided human rights trainings, totaling 6,308 hours, with the participation of 44.7% of the employees. The promotion and dissemination of practices valuing diversity and non-discrimination are inculcated in the culture of the company and are based on the Human Rights policy. Endorsing its principles and sustainable practices, in 2015, ArcelorMittal did not receive any complaint about discrimination or violation of human rights. The procedures to submit any kind of complaint are described in the Company's Whistleblower Policy, which was made known to all employees and can be found on the website

*The promotion and dissemination of practices valuing diversity and non-discrimination are inculcated in the culture of the company and are based on the Human Rights policy.*

AVERAGE OF TRAINING HOURS	2012	2013	2014	2015
Managerial positions – Female	45	23	33	81
Managerial positions – Male	45	37	36	78
Positions with higher education level – Female	49	30	31	31
Positions with higher education level – Male	68	48	43	59
Positions without higher education level – Female	112	47	37	52
Positions without higher education level – Male	114	65	48	79

\* BBA does not use SAP to register their trainings yet; therefore they cannot use this stratification.

## COMPENSATION

[LA13]

With respect to compensation, the company seeks to give all employees the same advancement opportunities, with no discrimination whatsoever, including no pay gap between men and women. Employees may experience differences in the composition of the compensation, but they are related to other benefits not associated with gender, such as how long the person has been working in the company.

At ArcelorMittal, remuneration must be market-compatible with its sectors of activity and must enable to attract, retain and motivate people to make a productive contribution to reach satisfactory levels of performance for both, the individual and the Company.

ArcelorMittal adopts the Y Career model, which comprehends technical and management positions. Therefore, those occupying management or technical positions, within the same level, have equal treatment in all aspects: compensation, bonus and medical checkup, among others.

## BENEFITS

[LA2]

ArcelorMittal offers a number of benefits to its employees and their dependents and these benefits are among the best in the market. In addition to benefits required by law, the company also provides medical and dental care to its employees and their dependents, subsidy for the purchase of prescribed medicine, private pension plan and group life insurance. Additionally and according to the business unit, the company also offers freight transport, funeral assistance, coverage for disability/invalidity, share acquisition plan, life insurance, retirement fund, day-care support, meals in its own cafeterias or food tickets, sick pay complementation and paternity leave.

The Company invests in actions for the promotion of employee's health, thus ensuring the development, safety and wellbeing of its employees and their dependents.

Given these actions, ArcelorMittal reiterates that the commitment to its employees goes far beyond the economic and financial results; it also includes respect and valorization of people, with attitudes that prioritize the safety and quality of life of its professionals.

*ArcelorMittal reiterates that the commitment to its employees goes far beyond the economic and financial results; it also includes respect and valorization of people.*

PEOPLE

## FUNCTIONAL CHARACTERISTICS [G4-10; LA1; LA12]

On December 31st, the 15,096 employees of ArcelorMittal Brasil - including units of Long and Flat Carbon, BBA and Mining (Andrade Mine) - were divided as follows:



Área industrial - ArcelorMittal Aços Planos

EMPLOYEES			
By Gender	2013	2014	2015
TOTAL	<b>11,026</b>	<b>15,258</b>	<b>15,096</b>
BY GENDER			
Female	1,101 9.91%	1,388 9.10%	1,391 9.21%
Male	9,925 90.09%	13,870 90.90%	13,705 90.79%
BY REGION			
Center-West - Female	4	4	3
Center-West - Male	9	15	7
Abroad - Female	-	-	-
Abroad - Male	-	3	1
Northeast - Female	38	70	51
Northeast - Male	94	551	515
North - Female	1	1	-
North - Male	2	3	1
Southeast - Female	978	1,223	5,922
Southeast - Male	9,255	12,730	7,956
South - Female	80	90	556
South - Male	565	568	84

TO BE CONTINUED

PEOPLE

FUNCTIONAL CHARACTERISTICS (CONTINUATION)

EMPLOYEES			
BY EMPLOYMENT CONTRACT	2013	2014	2015
<b>Contract for Indefinite Period</b>			
Female	1,097	1,383	1,391
Male	9,922	13,859	13,705
<b>Temporary contract</b>			
Female	4	5	-
Male	3	11	-
TEMPORARY CONTRACT	2013	2014	2015
<b>By type of Job</b>			
Female	1,101	1,388	1,391
Male	9,925	13,867	13,705
<b>Part time</b>			
4 Hours/day - Female	-	-	-
4 Hours/day - Male	-	-	-
6 Hours/day - Female	-	-	-
6 Hours/day - Male	-	3	-

NUMBER OF WORKERS (CONTRACTORS AND EMPLOYEES)	2013	2014	2015
Total of Employees	11,026	15,258	15,096
Total of Contractors	5,230	7,168	7,173
<b>TOTAL</b>	<b>16,256</b>	<b>22,426</b>	<b>22,269</b>

NUMBER OF EMPLOYEES BY FUNCTIONAL CATEGORY	2013	2014	2015
Managerial positions – Female	33	33	31
Managerial positions – Male	466	113	314
Positions with higher education level - Female	497	416	510
Positions with higher education level - Male	1,661	-	1,716
Positions without higher education level - Female	571	260	675
Positions without higher education level - Male	7,798	4,015	8,206

\*BBA does not have this type of stratification for its 3,644 employees

PEOPLE

FUNCTIONAL CHARACTERISTICS (CONTINUATION)

NUMBER OF EMPLOYEES BY AGE GROUP		2015
Under 30		3,897
30-50		11,682
Over 50		1,719
TOTAL		17,298

\*Corporate made the ranking in accordance with the workforce.

\*\*Long Carbon, Vega, BBA and Mining made the ranking in accordance with the employees

NUMBER OF EMPLOYEES BY RACE	2013			2014			2015		
	MANAGERIAL POSITION	POSITIONS WITH HIGHER EDUCATION	POSITIONS WITHOUT HIGHER EDUCATION	MANAGERIAL POSITION	POSITIONS WITH HIGHER EDUCATION	POSITIONS WITHOUT HIGHER EDUCATION	MANAGERIAL POSITION	POSITIONS WITH HIGHER EDUCATION	POSITIONS WITHOUT HIGHER EDUCATION
Yellow (Asian)	1	7	14	1	7	17	1	7	21
Brown	170	823	4,282	102	829	4,705	111	854	4,536
Black	9	45	716	1	42	816	1	46	864
Indigenous	-	-	2	-	-	4	-	-	4
White	319	1,283	3,355	221	1,157	3,179	N.D.	N.D.	N.D.
Disabled people	1	23	310	-	21	337	1	41	353
Over 50 years old	125	434	995	115	1,759	916	103	459	891

\*BBA and Vega do not have this control

PEOPLE

THE PROFILE OF HIRING AND LAYOFFS CAN BE SEEN IN THE FOLLOWING TABLE.

TURNOVER	2013				2014				2015			
By Gender	New Hires	New Hires Rate (%)	Layoffs	Turnover Rate (%)	New Hires	New Hires Rate (%)	Layoffs	Turnover Rate (%)	New Hires	New Hires Rate (%)	Layoffs	Turnover Rate (%)
Female	164	1.49	180	1.63	198	1.80	99	0.90	107	0.97	71	0.64
Male	1,593	14.45	1,561	14.16	2,055	18.64	1,337	12.13	1,153	10.46	1,307	11.85
Total	1,757	15.94	1,741	15.79	2,253	20.43	1,436	13.02	1,260	11.43	1,378	12.50
<b>By Age</b>												
Under 30	1,124	10.19	642	5.82	1,407	12.76	551	5.00	722	6.55	429	3.89
30-50	616	5.59	756	6.86	796	7.22	731	6.63	527	4.78	747	6.77
Over 50	17	0.15	343	3.11	50	0.45	154	1.40	11	0.10	202	1.83
<b>By Region</b>												
South	46	0.42	66	0.60	55	0.50	4	0.04	50	0.45	37	0.34
Southeast	1,689	15.32	1,441	13.07	2,143	19.44	1,335	12.11	1,184	10.74	1,296	11.75
Center-West	4	0.04	4	0.04	1	0.01	34	0.31	-	0.00	-	0.00
North	3	0.03	8	0.07	1	0.01	-	0.00	-	0.00	-	0.00
Northeast	15	0.14	222	2.01%	53	0.48	63	0.57	26	0.24	45	0.41

## QUALITY OF LIFE

The Company promotes the quality of life focused on prevention, education and promotion of health, with actions dedicated to the employees, their family members, contractors and surrounding communities.

A highlight is the **Health Awareness Program**, which provides several initiatives on health and quality of life, such as lectures, campaigns, health circuits and one week in the year dedicated to the subject.

Hence, all employees of the ArcelorMittal Group and their family members are increasingly more involved in programs for counseling, prevention, treatment, education and training related to health and safety.

Another major initiative is the **Quality of Life Program**, which aims at promoting health actions at all levels by means of educational, preventive, diagnostic, therapeutic and rehabilitation actions. In addition to being a source of information to conduct the programs and to follow-up the health targets of the company, this program enables the employee to monitor the results of his/her exams and to actively take part in the management of health indicators. During the Periodic Medical Exams, 14 Personal Health indicators are assessed, among them: Tobacco Smoking, Cholesterol, Triglycerides, Blood Glucose, Uric Acid, Body Mass Index (BMI), Physical Fitness, Absenteeism, Hepatic Risk (Gamma GT), Weight Gain, Safety, Sleep and Stress. Based on the 14 indicators, the employee is classified according to the following risk groups:

RISK	PROFILE	ACTION
Risk 0	Best Profile	Maintain Lifestyle
Risk 1	Low Profile Deviation	Improve Lifestyle
Risk 2	Moderate Profile Deviation	Change Lifestyle
Risk 3	High Profile Deviation	Change Lifestyle Urgently

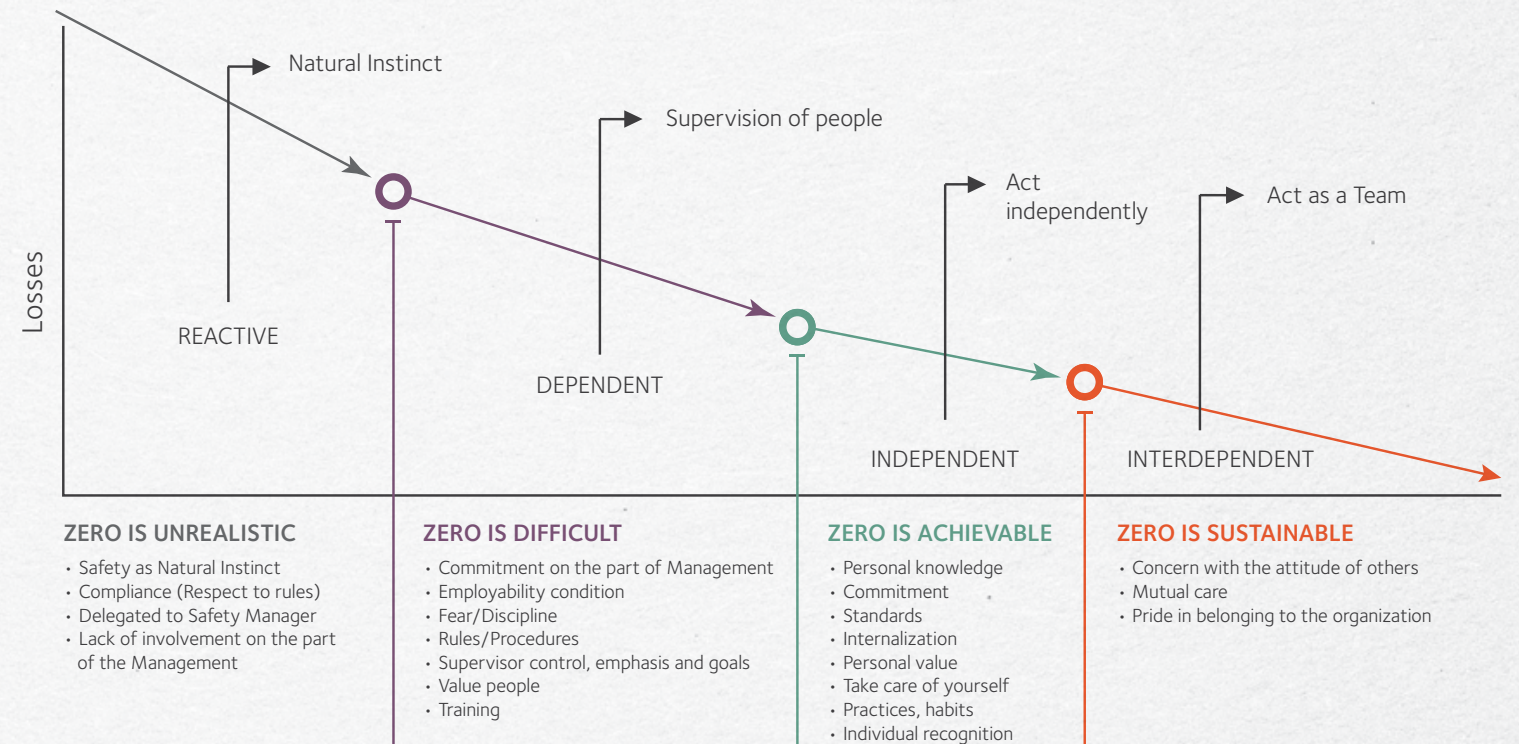


For the ArcelorMittal Brasil group, the percentage of employees included in risk groups 0 and 1 in 2015 was more than 80%, and in a few Units the result was above 90%.<sup>9</sup>

The company also carries out other initiatives, such as: Walking, Running and Bike Ride events, with the participation of employees and their family members; See and Live Program; Sexual-Affective Education Program (PEAS); Zero Tobacco Program; Program 'Control in the Consumption of Alcohol and other Drugs, Mina Viva'; Metabolic Risk Program; Program for Permanent Vigilance Against the Aedes aegypti; Guardian Angel and Courageous Leadership, Internal Week for the Prevention of Accidents and the Program 'Health and Safety Maturity', present in all units of Long and Flat Carbon segments. These programs and actions are meant to improve and consolidate the Health and Safety culture among the employees, starting from "Reactive" level and having as initial goal the achievement of level "Independent" of Bradley Curve (below) by the end of 2016.

<sup>9</sup> Only ArcelorMittal Contagem unit does not have the Quality of Life Program in place.

## Bradley Curve





## HEALTH AND SAFETY

[DMA]

[LA5; LA6; LA7]

Discussions on management of health and safety at global corporate level and at local level take place with regular conference calls, video conferences, meetings, internal and external audits, which are carried out by managers of the units and global corporate. Furthermore, available for consultation by the business units of ArcelorMittal Brasil on its intranet, the company has clear guidelines on the subject, global standards on occupational safety, health and hygiene, and promotes continuous sharing of good practices which are available for consultation by the business units of ArcelorMittal Brasil on the company's intranet.

Global standards were created to prevent fatalities and recurrence of accidents. The standards are in line with the best practices found in the Group and they contribute to risk management.

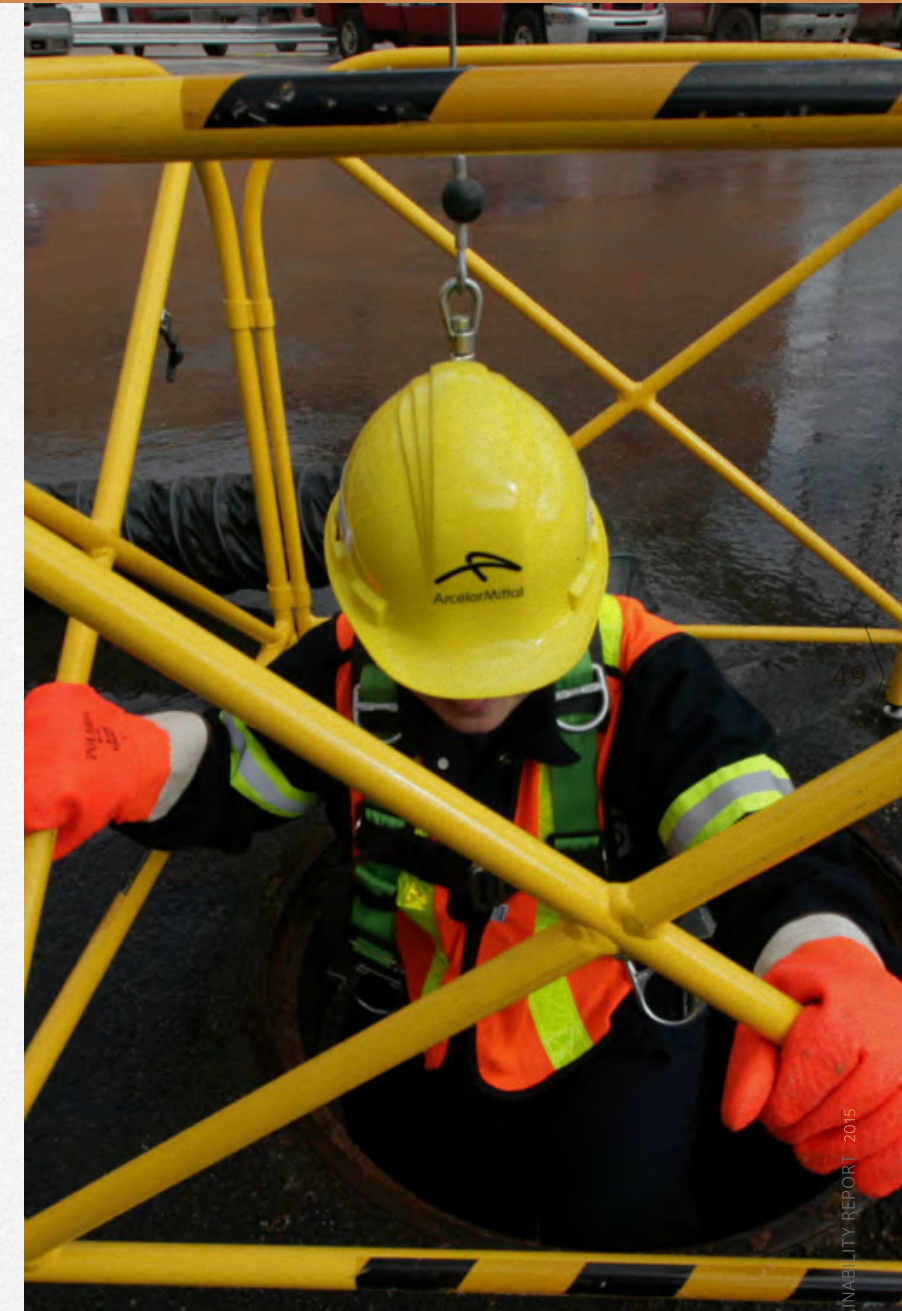
All units of ArcelorMittal Brasil continually seek to improve their health and safety management systems and they are certified to the Occupational Health and Safety Assessment Series (OHSAS 18001) and to Social Accountability (SA 8000), an international standard for assessing social responsibility based

on conventions of the International Labor Organization (ILO) and other conventions of the United Nations (UN).

The main focus of the actions on health and safety is to reduce the risk of accidents and occupational diseases, and improve the quality of life. Accordingly, the ArcelorMittal Group has been implanting several initiatives, such as:

**Journey to Zero** - Launched in the second half of 2008, the program aims at achieving zero accidents and it is based on several projects, actions and initiatives that are defined and developed throughout the year.

**Health and Safety Day** - A day dedicated to health and safety, the event is also attended by all the leadership and celebrated at all business units of the ArcelorMittal Group.



Safety: correct use of PPE

PEOPLE

Alcoholometry and toxicology tests are other control tools that are applied and periodically used in all units of Long Carbon, Flat Carbon and Mining. Every day, in order to avoid any exposure to risky situations, employees are randomly selected to take the tests and have their working conditions confirmed. Another highlight is the Individual Daily Readiness assessment (IDR) which is made before starting the work day and applies to those employees who will be involved in risky activities. This test is applied on a daily basis since 2008 and evaluates the employee's level of attention/concentration at the beginning of the work day in order to ensure readiness. This test is currently applied in the units of Flat Carbon segment. The program was finalist for the corporate Performance Excellence Award (PEA) in the category Health and Safety.

In addition, with the purpose of improving the preparation of emergency response teams and avoid worsening of injuries, the Company has an emergency response plan, the Medical Emergency Response Organization - MERO, and provides periodic training and simulations to ensure the effectiveness of the medical aid team and promote interaction with other teams involved in emergency responses, such as Occupational Safety, Environment, Firefighters, Brigadistas (volunteer first responders who are trained to respond to an emergency until medical aid team arrives on the scene) and CIPA (Internal Commission for the Prevention of Accidents).

In order to guarantee the highest level of hygiene in sanitary facilities, the company uses a global corporate program (SRDC – Showers, Restrooms, Dressing Rooms and Canteens) to ensure the quality of its facilities and periodically check the structural and hygienic conditions of showers, restrooms, dressing rooms and canteens.

In 2015, within the management scope of ArcelorMittal Brasil, the number of lost time accidents (LTI) and non-lost time

accident (NLTI) had a significant reduction year-on-year – a 14% reduction for LTI and 31% reduction for NLTI.

As for Flat Carbon segment, in 2015, ArcelorMittal Vega was awarded with Top Silver of the ABS Top Award in the category Occupational Health and Safety Management, for its management model and results achieved<sup>10</sup>.

*The following table shows results including units of Long Carbon, Flat Carbon, Mining, Bekaert's Wire Drawing and BioFlorestas:*

HEALTH AND SAFETY INDICATORS (NBR 14.280)	2013	2014	2015
Lost time injury (LTI)	13	28	24
Non-lost time injury (NLTI)	315	300	207
Rate of injuries (Total Frequency - ArcelorMittal Brasil)	11.40	11.24	8.21
Rate of occupational diseases	0.0	0.0	0.0
Gravity rate de gravidade (Lost Days Rate - GRI)	0.06	0.05	0.05
Frequency Rate	0.45	0.96	0.85
Fatalities	0	0	0

<sup>10</sup> ABS Quality Evaluations, Inc. is an international firm that grants specialized certifications on management systems, delivering an outstanding service.

## *All units have and 100% of the employees count on the Internal Commissions for the Prevention of Accidents (CIPAs and CIPAMINs – Regulatory standards - NR 5 an NR 22)*

Weekly and monthly reports are used as tools to control and follow-up accidents and diseases and they include information related to lost time accidents, days lost due to accidents in the workplace, number of hours worked, frequency rates and severity of accidents. These reports are analyzed and discussed with health and safety managers from the units and corporate area. Statistic data are compiled and reported to the Executive Boards of the units and to global corporate.

In addition to information on accidents, statistic data also comprehend events with no injuries involved, which are defined as near misses, unsafe conditions, unsafe acts and serious events. In the case of serious events, the unit must share a complete assessment of the event.

All units have and 100% of the employees count on the Internal Commissions for the Prevention of Accidents (CIPAs and CIPAMINs – Regulatory standards - NR 5 an NR 22), which are established in compliance with the Brazilian legislation and are responsible for supporting employees on issues related to

health and safety. In addition to the CIPAs, the units have a group of first responders (brigadistas), in accordance with the technical instruction (TI) from the Military Fire Department of each state, to support the employees in the event of emergency or fire.

Using a tool called REX - Retorno de experiência (Feedback on experiences), information on incidents are also shared among units, so managers can examine the comprehensiveness of the event in comparison to their business units, share good practices and be aware of events in the group.

The ArcelorMittal Group also has at least three international committees in addition to its local committees. Some of them are: Global Health & Safety Committee; Health & Safety Mixed Committee (with representatives from the company and international unions); committees for key fatality prevention standards of the ArcelorMittal Group; Contractors' Management Committee; Local Management Committee for Health & Safety; Regulatory Standards Management Committee

(Example: NR10, NR12, NR13, NR17, NR35, etc.); Quality of Life Committee, and the JTZ Committee (Journey to Zero), which was created in 2008 to really initiate a journey to zero accidents by using methods, tools and practices, among others. All units of the ArcelorMittal Group have the JTZ Committee.

The committees operate differently, according to the operational units, and they have regular meetings to discuss guidelines and goals. Monitoring is carried out throughout the year, based on the progress of the strategic actions defined in the action plans. The committees focus on the compliance to legal aspects, as well as internal and corporate standards. The management model is developed by combining the company's requirements and guidelines with requirements from international standards, such as OHSAS 18001, with emphasis on continuous improvement and development of benchmarking with national and international companies.



# PRODUCTS

3

ArcelorMittal has a strategic position when it comes to developing innovative solutions that consolidate the sustainability agenda for the future. The high-performance steels, which are lighter and more resistant, and which are meant for the construction sector and automotive, energy and packaging industries are examples of that.

Anita Garibaldi cable-stayed bridge / Laguna - state of Santa Catarina (SC)

# OUTCOME 2

## PRODUCTS THAT ACCELERATE MORE SUSTAINABLE LIFESTYLES

Achieving more sustainable lifestyles is a shared challenge, and steel has a significant contribution to make. It is already playing a key role, for example in manufacturing lighter cars to reduce carbon emissions. It is also present in cut, bend and prestressed steel structures designed for construction projects, a solution that is in line with global trends focused on industrialization and streamlining processes, reducing the risk of accidents and wastage, and providing lower costs within the logic of planning deliveries and cash flow. Strength, durability, and 100% recyclability make steel a vital material to support sustainable lifestyles in everyday products, from packaging and fences to washing machines, from bicycles to big infrastructure projects.



# OUTCOME 3

## PRODUCTS THAT CREATE SUSTAINABLE INFRASTRUCTURE

With the double challenge of climate change and a growing world population, the planet's long-term prosperity will depend, in the long term, on high-quality construction, energy and transport infrastructure with sustainable production, and flexible to use and endlessly recyclable material. This becomes especially important for the large urban centers of the world, home to nearly 70% of the world population by 2050.





## TECHNOLOGY AND INNOVATION

One of the major initiatives of ArcelorMittal Brasil in 2015 was the inauguration of the Research & Development Center (R&D) at Tubarão Unit (state of Espírito Santo - ES), the 12th research and development center of the ArcelorMittal group in the world. With a planned investment of US\$ 20 million (from 2015 to 2019), the Center aims to meet the demands from both Long and Flat Carbon units in South America in the following three areas: product development, process development and customer services. The Center will develop innovations for the automotive, machinery and equipment, energy, construction and household appliances industries. The goal is to ensure competitiveness and add even more value to the Company's products, developing cleaner processes and expanding the service and technical assistance provided to customers.

For the automotive industry, the company started producing Usibor® at Vega Unit (state of Santa Catarina - SC). This high-strength, lighter and safer steel, is already used by several carmakers. It is found, for instance, in one of the major 2015 releases, Jeep® Renegade, which was the first compact SUV made by FCA (Fiat Chrysler Automobiles) in Brazil. Usibor® was one of several steel grades supplied to the manufacturer and

it was mainly used in the production of structural parts critical for car safety. For the same model, ArcelorMittal Brasil has also begun to supply long for the production of other components, including suspension.

As for the construction sector, the Company began to offer a new solution for containment works. It is called Gabianco®, a containment system comprising a gabion structure with sets of active or passive anchoring. Developed by Gabionorte (sales representative of the Company for gabions) and EBGA (Brazilian Company of Anchored Gabions), it has become an additional solution for retaining structures, galleries and canals. Its main advantages are reduction of construction area, greater useable space on site and drainage maintenance. In practice, Gabianco® is the traditional gabion (mesh used for earth containment) that has gained as support a steel threaded rod anchoring system already employed in geotechnical works, thus allowing improved anchorage. It is suitable for containment works with physically restricted spaces, requiring good drainage condition and which allows installation of the anchorage system on the massif.





*Much of the energy used by the ArcelorMittal industrial units in the country comes from heat recovery systems and by reusing gases from the steelmaking process.*

In the clean and renewable energy sector, ArcelorMittal Brasil leads the supply of long carbon solutions for wind turbine towers, mainly in the Northeast of the country.

ArcelorMittal Brasil, in partnership with the Bekaert Group, is also leader in the production of wire for the industry and agribusiness in South America and is among the top three global producers of steel cords – a steel solution that provides safety and stability to tires.

For the construction sector, ArcelorMittal Brasil trades a range of high-quality products, such as Dramix®, wires and wire ropes for prestressed concrete, gabions, Belgo Fix®, Belgo Revest®, Murfor® and sheet piles, the latter imported from other plants of the Group.

First Brazilian steel producer to be bestowed with the Ecolabel ABNT (Brazilian Technical Standards Association) for steel solutions, the Company continuously invests in the improvement of sustainable practices that allow the responsible management of waste and optimization in the use of raw material, water and energy.

At ArcelorMittal, innovation is the essence for success. An example of that are the flat carbon solutions that provide lighter vehicles or more resistant boats, such as the Kat sailboat, built with steel provided by Tubarão Unit (ES) and which was used by the Schürmann family in their sea expedition. Its portfolio of flat carbon products covers a wide range of solutions for the automotive, naval, household appliances, pipes, construction and agricultural tools industries, among others.

At its unit in the state of Espírito Santo, ArcelorMittal was the first steel producer in the world to trade carbon credits, and in 1999 it became self-sufficient in energy by using gases from the productive process. The unit in São Francisco do Sul is regarded as one of the most modern flat carbon processing plants in the world for its state-of-the-art pickling, rolling and galvanization processes. ArcelorMittal industrial plant in Contagem, in turn, was restructured to meet national automotive industry requirements. In addition, ArcelorMittal strengthens its presence in the Latin American flat carbon market with a steel plant in Venezuela.

ArcelorMittal BioFlorestas operates in compliance with the most modern forest management practices and the Charcoal Sustainability Protocol, and also has international certifications FSC (Forestry Stewardship Council), OHSAS 18001: 2007 and ISO 14001: 2004. The company also invests in research and development in the areas of forestry and integrated management, as well as in the adaptation of eucalyptus clones to the water stress.

Much of the energy used by the ArcelorMittal industrial units in the country comes from heat recovery systems and by reusing gases from the steelmaking process. The Company is also considering new alternatives, such as the pilot project of ArcelorMittal BioFlorestas which, in the future, will benefit the plants with energy from the emission of smoke generated during charcoal production. In the search for self-sufficiency and increased competitiveness, ArcelorMittal Brasil maintains the cogeneration of energy as part of its strategy.

<sup>11</sup> See details of the Schurmann's expedition:





## PRESENCE IN THE MARKET

In 2015, ArcelorMittal Brasil faced significant challenges in the market. The global scenario of steel overcapacity at around 700 million tons continued impacting the Brazilian market with the entry of imported products. Moreover, the economic recession the country is experiencing has decreased steel consumption in the domestic market. Figures provided by Instituto Brasileiro de Geografia e Estatística (IBGE - Brazilian Institute of Geography and Statistics) show that the Brazilian GDP fell by 3.8%. Impacted by the decline of several economic sectors, the Brazilian industrial production fell by 8.3% last year, the worst performance of the current historical series of IBGE's survey, which was initiated in 2003. In 25 of the 26 sectors surveyed by the institute, there was a decline in production. Among the 805 products surveyed, 78.3% had their production reduced last year. The capital goods sector was down 25.5%; automotive sector shrank by 25.9%; production of machinery and equipment was 14.6% lower; the construction GDP decreased by 7.6%; and production of White Line items decreased by 16.2%. The influence on major steel customers was evident, resulting in a significant drop in sales.

In addition, structural problems continue affecting business results and industrial production continued to be burdened by the so-called Brazil Cost and, up to now, its main components

– energy cost, high taxes, labor legislation, as well as logistics and issues related to poor infrastructure in general – were not properly addressed. The sector has seen an increased impact caused by taxes and energy tariffs on current production costs. Yet, ArcelorMittal Brasil proceeded with actions for continuous improvement and innovation in terms of processes, products and services; it worked on the reduction and control of fixed costs, as well as on the increase of productivity, competitiveness and synergy between the business segments, and continued using and creating opportunities for the business.

If 2015 was a year of great challenges, we believe that it was also a period of opportunities to further enhance our business model focused on customers, development of high quality and high value-added products, and differentiated services, with the expansion of the distribution network in addition to providing technical expertise to our customers in identifying the best steel solutions. These points represent significant advantages over our competition, especially with regard to imported products.

This strategy has been strongly recognized by our customers. So much that in the long carbon segment, the Customer Satisfaction Survey – carried out every two years and the latest one was conducted in 2014 – presented an overall customer

satisfaction rate of 83%. Nevertheless, the flat carbon segment showed even better results, surpassing the mark of 95% in a similar survey conducted in 2015. However, it is worth noting that the methodologies of both surveys have particularities that do not allow the parameterization of the indices.

### CERTIFICATION

As part of its differentiation strategy, ArcelorMittal Brasil has increased the number of certifications and environmental statements. The Company was granted the main environmental award from the Brazilian Association of Technical Standards (ABNT) for all of its long carbon products, from products for the construction and automotive sectors to the agribusiness and industries in general, being a pioneer in this process. That represents its commitment to sustainability throughout the life cycle of such products.

The label certifies that the product has differentiated environmental performance in production processes by reducing environmental impact. Besides contributing to the efficient use of raw material, cleaner processes and to reducing waste of natural resources, the homologated products meet the new requirements of the automotive industry (Inovar Auto) and also pave the way for exports.



As for the foreign market strategic orientation, ArcelorMittal Brasil started a process, in 2013, that has moved forward throughout 2014 and 2015, to boost exports especially in the flat carbon segment, thus increasing exports to several markets and strengthening the sales of plates to AM/NS Calvert, located in Alabama (USA), yielding important results. Tubarão industrial unit (ES) maintained a production pace of 6.7 million tons per year. In 2015, ArcelorMittal Brasil exported US\$ 1.82 billion, ranking among the 15 largest exporters in the country according to a report from the Ministry of Development, Industry and Foreign Trade (MDIC).

In the Long Carbon segment, the Company has played a central role in the development of the industrialization process of the Bolivian construction industry. The company, with 75% of the domestic rebar market share, took to the neighboring country the pre-stressed ribbed slabs technology, which uses the prestressed concrete oiled strand produced by Belgo Bekaert Arames (BBA). Supported by Impacto Protende, a company from the state of Ceará, ArcelorMittal Brasil provided training to local engineers on the technical application of prestressed slabs, which contributes to savings in construction sites, in addition to increased productivity, reduced cost, faster construction and architectural lightness. The technique was first used in Bolivia,

*It is also worth mentioning the performance of ArcelorMittal Projects, which has a pipe plant in Cariacica (ES). Its first export took place in 2015, and products were sent to Peru and Uruguay.*

in the Ambassador Business Center project, an office building located in the city of Santa Cruz de la Sierra. The initiative is part of the target to increase the supply of high value-added solutions.

It is also worth mentioning the performance of ArcelorMittal Projects, which has a pipe plant in Cariacica (ES). Its first export took place in 2015, and products were sent to Peru and Uruguay. The unit, in synergy with Tubarão plant (ES), sold spiral-welded steel pipes to Peru for the La Pastora project, a large-sized river works. In addition to selling 12



Sheet piles - Paulo Autran Tunnel / São Paulo - SP



meter long pipes with diameters ranging from 610 mm to 813 mm, it sold sheet piles and HZM sections produced in the ArcelorMittal units in Luxembourg and Poland. Altogether, the company has signed an agreement for the supply of 9,000 tons in steel solution for the project. The unit has also initiated the production of 800 tons of special pipes to be used in the expansion of Nueva Palmira port project, in Uruguay. The complete solution includes a concrete slab supported by 24 meter long steel piles and diameter ranging from 1000 mm to 1500 mm, 9.5mm thickness and reinforcement rings in the ends to increase the capacity of soil penetration without damaging the pipes. The works aim to increase the ore and grains exports capacity, leaving from the terminal through La Plata and Paraguay Rivers waterway. Conclusion is expected for 2016.

In 2015, ArcelorMittal Brasil also accomplished the last steel shipments for the seawall of Açú Port, for the Brazilian logistics firm Prumo Logística. Altogether, 59,000 tons of steel were used to build the on-shore and off-shore piers. Part of it was delivered in the form of sheet piles, structural metal

containment solution with wide use in ports and shipyards, providing maximum strength and durability with the lowest possible weight.

Also in the segment of ports, the mining segment sold 82,765 million tons of iron ore to Trafigura, a company that participated in the opening of the Sudeste Superport, in Sepetiba Bay, city of Itaguai (Rio de Janeiro state). It was a historic moment for the Company, since the first shipment for the project was carried out by one of the Panamax vessels of the ArcelorMittal Group fleet, taking the load to the end customer, thus starting the Superport commissioning.



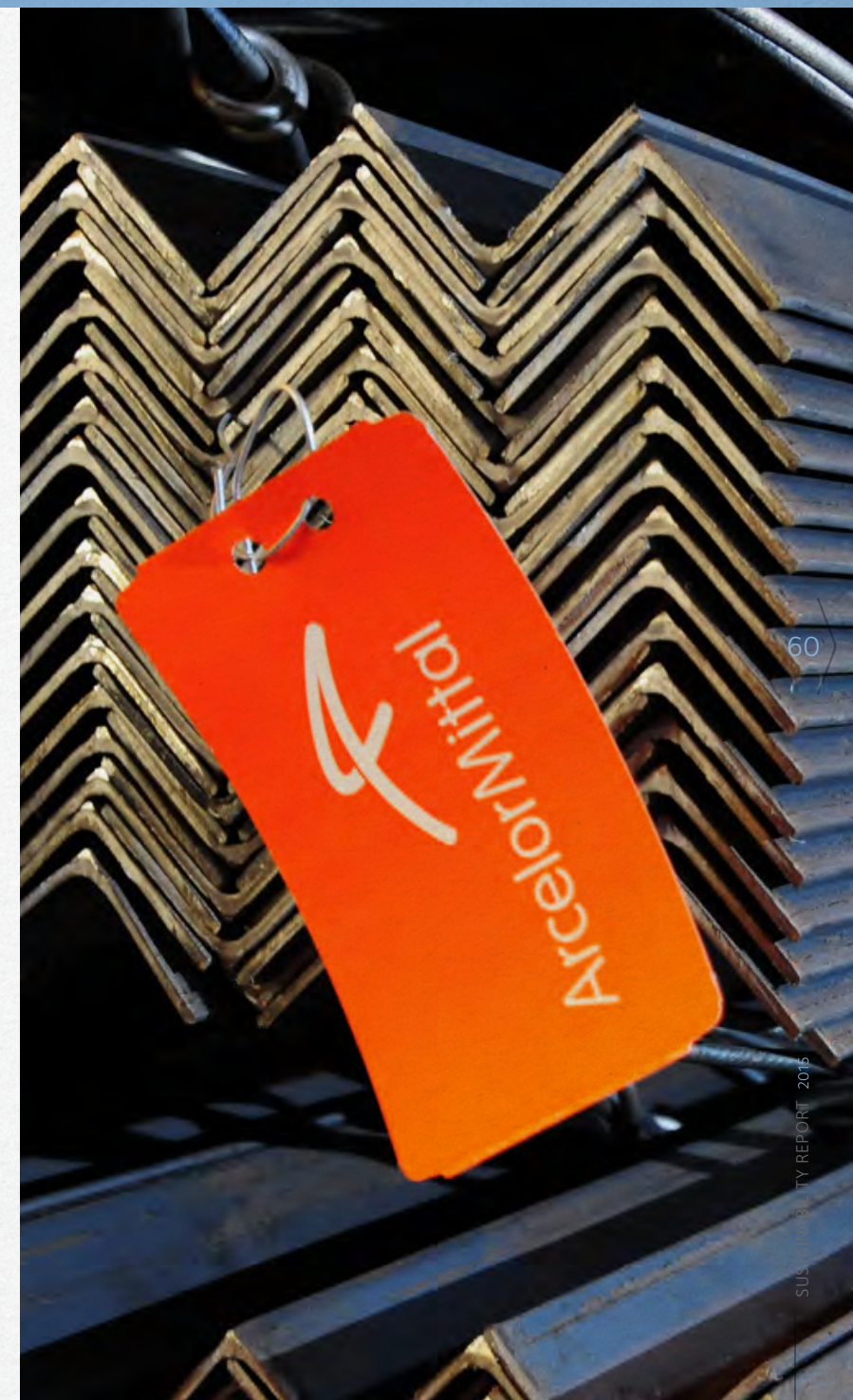
## PRECAUTIONARY PRINCIPLE

[G4-14; PR1]

ArcelorMittal Brasil always takes into consideration the precautionary principle in risk management processes, both in the operation planning and in the development and launching of new products. Risk assessments are performed during the planning for products and new units. In those assessments, all factors are considered in terms of risk to health and safety of employees, suppliers, community and customers, among other stakeholders. One of the tools used in ArcelorMittal Brasil to assess impacts on health and safety is the monitoring of radiation on raw material. The purpose is to eliminate any hazard from radioactive materials used throughout the production stages, which may put at risk the health of all stakeholders. If any problem that may represent risk to both people and property is identified, the Company takes immediate actions for disposal or, in very specific

cases, disqualification of the product. Other spot actions are taken in order to explain to customers about the product-related care and applications. All products are identified and can be tracked in the production chain. Tests performed in certified and calibrated equipment, according to standards recognized throughout the world and meeting national and international standards ensure the required specifications. A few ArcelorMittal Brasil products of line are required to have a compulsory certification and to comply with ordinances. In such cases, there are rules for the submission of minimum information related to technical aspects of the material and those rules are fully met.

*All products are identified and can be tracked in the production chain.*





## PRODUCT LIFE CYCLE

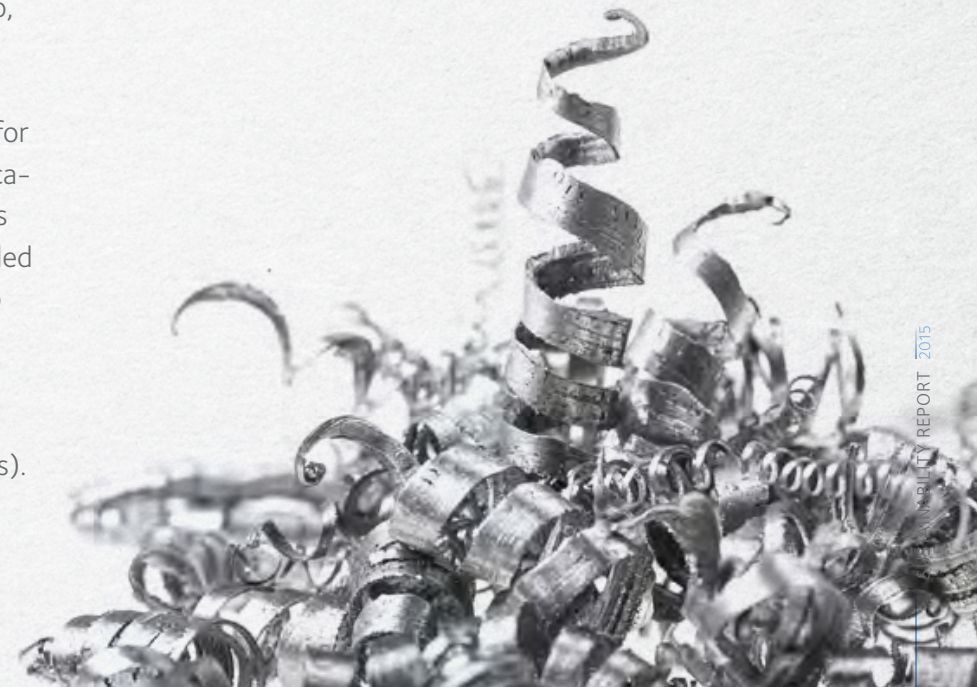
Versatile, safe and 100% recyclable, steel is the most reused material in the world for it does not lose its quality, lightness and durability. That represents a significant reduction in the use of raw materials, lower environmental impact and guarantee of reliable products.

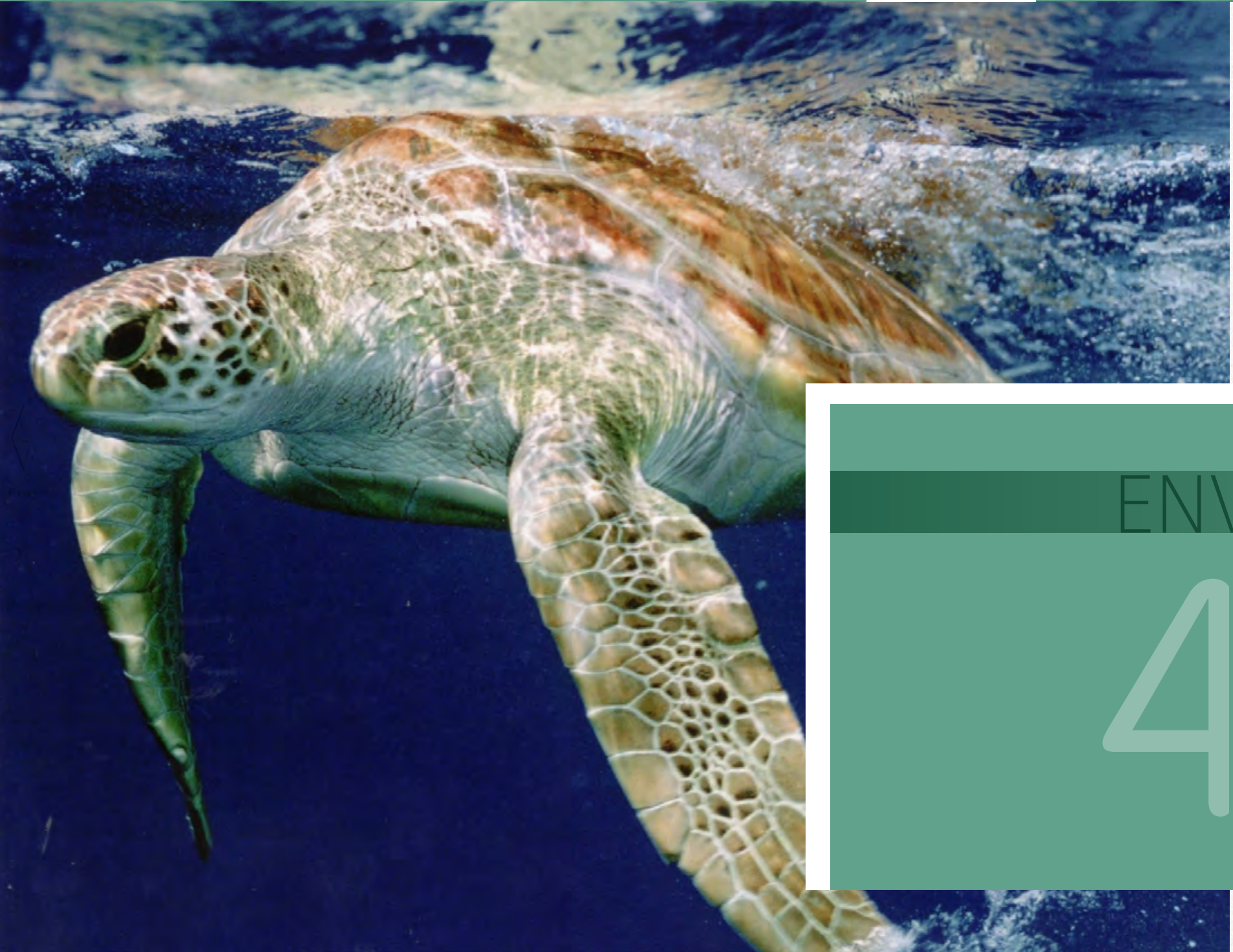
In 2015, ArcelorMittal Brasil intensified actions to purchase this raw material, by taking part in auctions, mainly in the states of São Paulo and Espírito Santo, promoted by the State Department for Transport, aiming to release space in the yards filled with vehicles (cars and motorcycles). In the past four years, the Company has been developing a series of initiatives to increase its capacity to collect and purchase metallic waste in the Brazilian market, including vehicles. All the material goes through a decontamination process and the fluids are collected for proper destination by a specialized company. In order to prevent the illegal trading of parts, the vehicles leave the place uncharacterized, as a metallic package. About 5,800 vehicles were collected as scrap, including trucks, cars and motorcycles, representing 3,300 tons of steel being reused. The initiative, related to reverse logistics, involves the use of strict control and management tools to guarantee document regularization for all vehicles as well as the proper disposal of parts so as to prevent frauds.

This whole strategy is supported by the use of mobile presses. Installed on trucks, they travel the country buying material from small and medium-sized recyclers. This nationwide action also promotes all the links in the production chain (waste collectors and cooperatives), generating income at the locations where these traders are installed. In addition to the technology in the operation itself, the entire procedure is remotely monitored by means of telemetry, making it possible to track material and trucks. The Company has several accredited points for collection, in addition to warehouses, which are units owned by ArcelorMittal Brasil and located in the states of São Paulo, Minas Gerais, Bahia, Paraná, Ceará and Pernambuco.

In Brazil, the three industrial units that receive the material for recycling and production of steel (Juiz de Fora-MG, Cariacica-ES and Piracicaba-SP) consume approximately 2 million tons per year, which represents more than 20% of the scrap traded in the country, according to a study conducted by Fundação Getúlio Vargas. The use of metal scrap in the production of long carbon also enables ArcelorMittal products to receive the ecolabel issued by the Brazilian Association of Technical Standards (ABNT - Associação Brasileira de Normas Técnicas).

In Minas Gerais state, ArcelorMittal Brasil takes part in the Program for Renewal of Truck Fleet. Proposed by the state government and made into law by the Legislative Assembly in December 2013, the program encourages the exchange of trucks more than 30 years old by offering benefits, such as the non-payment of IPVA (property tax for motor vehicles) for a period of ten years.





# ENVIRONMENT

## 4

About 30% of ArcelorMittal steel is produced using scrap, without losing its physical properties. To ensure its recycling potential and generate greater added value, the Company seeks to identify obstacles for improving the quality of scrap at the sources of supply. Therefore, ArcelorMittal is nowadays considered as one of the largest recyclers in the world.

# OUTCOME 4

## EFFICIENT USE OF RESOURCES AND HIGH RECYCLING RATES

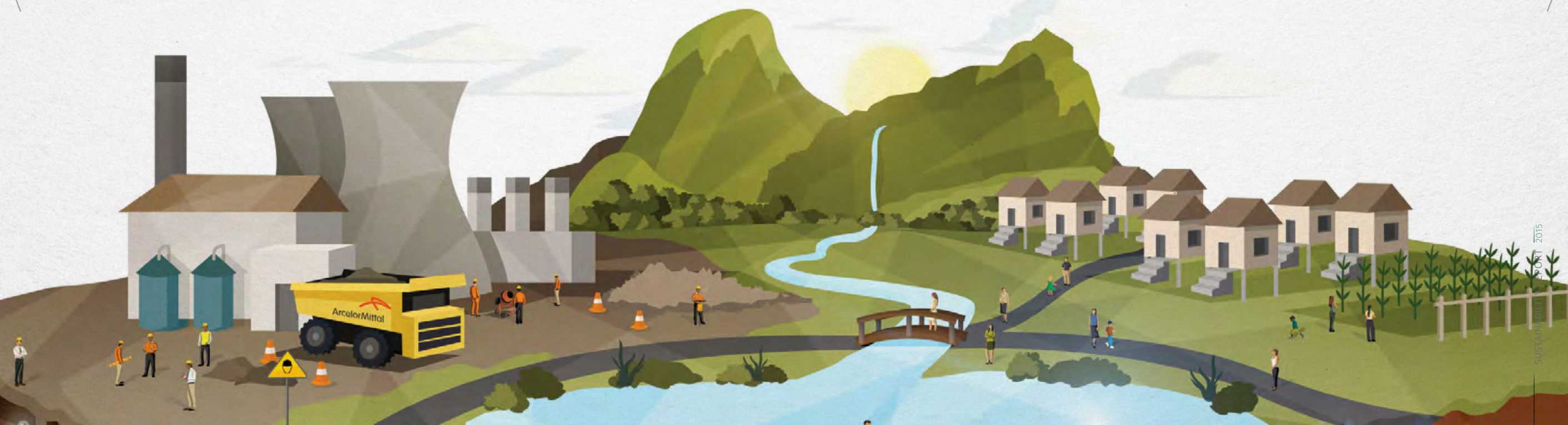
In response to limited resources, the world is moving from a “take-make-dispose’ consumption model to a more circular model, where there is minimum waste and maximum reuse. Recyclability is an inherent advantage to steel, but to lead in this field, ArcelorMittal understands that there are commercial and technical challenges to be overcome.



# OUTCOME 5

## TRUSTED USER OF AIR, LAND AND WATER

Without air, land and water, there is no economy, society or ecosystems. They are essential sources for business, but they are shared with others. As the world population increases, these resources are under increasing pressure. Therefore, ArcelorMittal knows that everyone needs to take responsibility to use them and share them consciously.





# OUTCOME 6

## RESPONSIBLE ENERGY USER THAT HELPS CREATE A LOWER CARBON FUTURE

The steel industry is energy and carbon intensive. As the largest steel producer in the world, the company has one of the largest carbon footprints in the world. ArcelorMittal wants the stakeholders to trust that the Company is reducing its energy consumption and carbon emissions wherever possible. However, the focus is not only on processes: through innovation and development of new products, ArcelorMittal is helping its customers find ways to reduce their energy consumption and carbon emissions.





# ENVIRONMENTAL MANAGEMENT

[EN29; EN31; GC8]

Environmental responsibility is a guideline of ArcelorMittal Brasil and it is an integral part of the Company's process for continuous evolution. In recognition of the responsibilities inherent to its leading position in the steel industry, ArcelorMittal has established a commitment to act so as to ensure the quality of life of future generations. Therefore, a responsible environmental management should not focus only on the day-to-day of the Company and on the closest social circles, but it should be consistent enough so that its effects also result in future gains in a more comprehensive manner.

As part of its sustainability principles, ArcelorMittal Brasil keeps among its commitments the search for continuous improvement and pollution prevention, minimizing the

possible environmental impacts of its operations with the rational use of water, energy and mineral resources. It performs atmospheric monitoring, monitors noise levels and hydric effluents, and also promotes the reduction, reuse and recycling of waste generated in its processes.

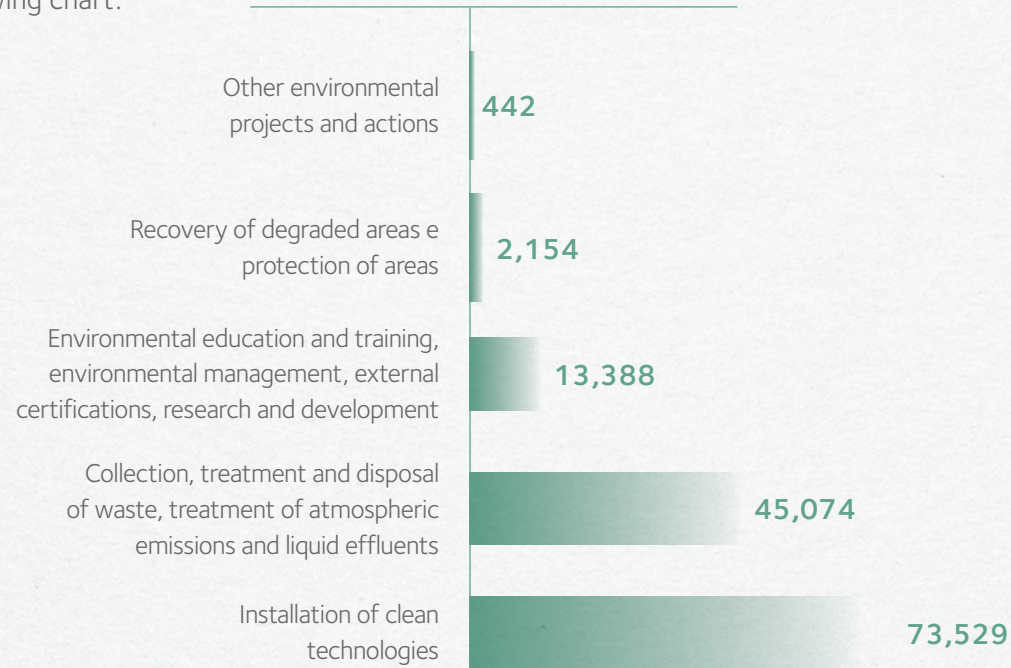
With all of the activities duly licensed, the industrial units of the Company are 100% certified to ISO 14001 and they systematically monitor the performance indicators related to biodiversity, water, energy, waste and air emissions. The main goal is the search for an increasing eco-efficiency, which is incorporated into the strategic planning of the Company, by means of investments in training, education, technologies and certifications that provide new business formats and solutions.

ArcelorMittal Brasil seeks to have synergy between the companies of the Group in Brazil and in the world in order to discuss and exchange best practices. Furthermore, it actively participates in Working Groups (WGs) associated with environmental institutions and industry to discuss subjects, such as product life cycle, waste/by-products, reverse logistics, emissions control, and water management. It conducts audits on critical suppliers, privileging sustainability in the supply chain and replacement of non-renewable natural resources with other materials.

*The industrial units of the Company are 100% certified to ISO 14001 and they systematically monitor the performance indicators related to biodiversity, water, energy, waste and air emissions.*

In 2015, ArcelorMittal Brasil totaled approximately BRL 134.6 million in funds allocated to environment. Total investments and expenditures in environmental protection were subdivided by type, as shown in the following chart.

**Total investment and spending on environmental protection (BRL thousand) - ArcelorMittal Brasil**



The following table shows the significant fines and the total number of non-monetary sanctions applied resulting from non-compliance with laws and regulations by ArcelorMittal Brasil in 2015.

SIGNIFICANT FINES	2015
Number of fines received	1
Amount of fines received (BRL)	3,187.50
Number of fines paid	1
Amount of fines paid (BRL)	455,804.71
<b>Sanctions</b>	
Number of non-monetary sanctions received	1
<b>Processes</b>	
Cases under arbitration mechanisms	2

## DEED OF UNDERTAKING FOR THE CONVERSION OF FINES - TCM-005/2014

Deed of Undertaking for the Conversion of Fines nº 352/13 applied by the environmental agency of the state of Espírito Santo (ES). This Deed aims to provide relevant environmental services. Disbursement in 2015: BRL **455,804.71**.

Tubarão Unit is proceeding with the following lawsuit filed against the Company by means of arbitration mechanism:

### **Public Civil Lawsuit (PCL) filed by the Public Ministry (ES) against ArcelorMittal Tubarão**

In September/2015 it was filed at the Court of First Instance the settlement proposal requiring a conciliation hearing. As for the lawsuit filed by the National Association of Friends of the Environment (ANAMA - Associação Nacional dos Amigos do Meio Ambiente), in November/2015, the Federal Regional Court of the 2nd Region (states of Rio de Janeiro and Espírito Santo) judged ArcelorMittal appeal (Interlocutory Appeal) against the decision of the Judge from the 4th Federal Court of Vitória, which determined that the Company would have to pay for the Expert Evidence in the PCL filed by ANAMA. The appeal was declared unfavorable to the Company, i.e., they maintained the decision that imposes the Company to pay for the judicial investigation. Special appeal will be filed against the decision and that will forward the discussion to the Supreme Court, in Brasília.

Also in 2015, Piracicaba Unit received a warning notice for releasing liquid effluent in rainwater gallery, and received a notification of a BRL 3,187.50 fine regarding the emission of particulate matter at the melt shop. In order to prevent recurrence, the causes for both events were analyzed and addressed by specific action plans for maintenance and repair. e abordadas por planos de ação específicos para manutenção e reparação para evitar reincidência.



# MATERIALS

[EN1; EN2]

Materials from renewable and non-renewable sources of more intensive use and operational relevance to ArcelorMittal Brasil and their respective consumptions are detailed in the following table:

CONSUMPTION OF MATERIALS IN PRODUCTION AND PACKAGING (t)	2012	2013	2014	2015
Hydrochloric acid	280,979	958,440	3,845	515
Chromic acid	-	-	15	8
Sulfuric acid	-	-	2,061	1
Antifoam			10	9
Anthracite	55,816	36,380	34,896	32,328
Lime	420,785	353,306	452,385	497,560
Limestone	1,547,417	1,084,298	1,564,663	1,270,567
Scale	37,972	74,282	76,154	31,515
Mineral coal	1,637,575	1,897,323	1,857,563	1,894,608
Charcoal	277,137	245,630	241,317	265,490
Charcoal for PCI	504,851	109,664	185,818	32,883
Lead	-	-	785	-
Coke	2,455,788	2,278,928	427,589	430,008
Breeze coke	-	21,625	-	29,897
Pesticides	-	-	-	156,813
Crude Dolomite	-	21,088	153,802	107,004

TO BE CONTINUED



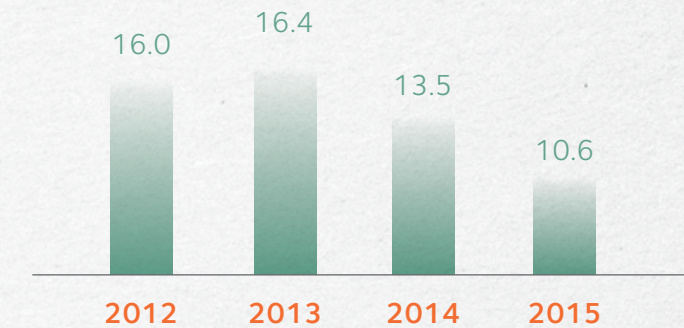
CONTINUATION

CONSUMPTION OF MATERIALS IN PRODUCTION AND PACKAGING (t)	2012	2013	2014	2015
Calcined Dolomite	-	111,773	65,206	82,914
EAF electrode	-	3,420	2,892	2,510
Pig iron bought externally and produced using charcoal	-	-	-	368,276
Ferro-alloys and other materials	-	95,986	98,965	95,329
Fertilizers	-	-	-	5,778
Corrosion inhibitor	-	-	37	11
Iron ore	3,424,209	4,716,731	6,115,022	6,003,264
Pellets	3,535,187	2,037,992	3,569,524	5,830,480
ROM	-	-	-	1,491,519
Soap	-	-	1,232	-
Sinter	-	-	-	4,779
Caustic soda	-	-	149	76
Scrap metal - external	1,807,306	1,866,298	1,659,977	1,490,895
Scrap metal - internal	550,302	644,849	651,725	713,751
Oils used in the production process	-	-	-	614
Zinc	20,737	22,280	11,401	13,564

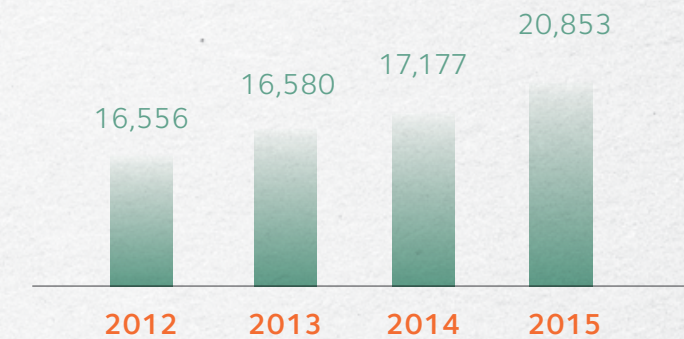
\* materials used for production and packaging of main products and services in the organization

In 2015, there was a consumption of 20.9 million tons of materials, from which 2.2 million are recyclable (especially metal scrap) and coming from external and internal industrial sources, corresponding to approximately 10.6% of materials used.

Materials from recycling (%)



Total material used (t)





# WATER

[DMA]

[EN8; EN10; EN22]

Water is an essential resource for ArcelorMittal activities. Its management is not only necessary to meet the legal requirements, but is also critical to most of Company's activities. In general, water is used in the treatment of materials and air pollution control, as well as heat transfer, which uses it the most.

Absolute water consumption<sup>12</sup> is intensive, but it is worth noting that the specific consumption<sup>13</sup> is relatively low compared to other industries. Water is not incorporated into products and, due to high recirculation rates (above 97%), collection is basically to cover losses by evaporation and incorporation into by-products: steel aggregate moisture due to its granulation; meltshop sludge moisture resulting from atmospheric control; sludge moisture from water and effluents treatment stations; infiltration due to wetting of internal roads.

External impacts from water use are related to the availability of this resource (quality and quantity) to other users for collection and disposal, climate seasonality (especially rainfall), legal requirements, and local environmental restrictions.

It can be said that, over the years, ArcelorMittal has succeeded to manage external risks in terms of the impact on effluents collection and disposal. Most of the ArcelorMittal Brazilian units aim at Zero Disposal of Industrial Effluents, i.e., they use almost all effluents generated within a closed production circuit. If any return to the environment is required, the effluent is treated and returned to the watercourse with a quality compliant to discharge standards set out in the legislation.



ArcelorMittal Vega is an example of the Company's commitment. The unit's emissary forwards effluents to the sea and, therefore, the company performs ecotoxicity analysis at the output of the effluent from the plant and at the surroundings of the outfall point. During the investigation, it was noticed that the microorganisms suggested in the legislation were more resistant and not representative of the site. The Company then asked to change it to a more representative microorganism and noticed that the effluent discharged was toxic to it, although compliant to all legal limits. When analyzing the cause, it was observed that the chlorine used in the effluent disinfection treatment was responsible for this toxicity. Based on this conclusion, the disinfecting agent was changed to ozone and the results of toxicity tests indicated that the corrective action was successful.

<sup>12</sup> Absolute Consumption: refers to the total volume of water used by the Company, considering only the total volume of water collected and subtracting the total volume of water discharged after being used. The measurement unit for absolute consumption is cubic meter (m<sup>3</sup>).

<sup>13</sup> Specific consumption: refers to the total volume of water effectively used in production, i.e., from the total volume of water collected the total volume of water discharged is subtracted; the result is divided by a production unit, which in the case of ArcelorMittal Brasil, is tons of crude steel. The measurement unit for specific water consumption is cubic meter per ton of crude steel (m<sup>3</sup>/tcs).



External impacts are related to operational requirements and directly influence the quality of the product, costs with treatment (chemicals, ETSs/WTSs<sup>12</sup> operation, collection, energy) and disposal (sludge).

### RISKS

There are several risks associated with water resources management. Production loss is the main risk. However, it is worth remembering other risks, such as institutional and image, with impact on the relationship with the surrounding community; health, due to diffuse dust from raw materials; and also energy supply, since the Brazilian energy matrix depends on water. All the above contribute to the creation of the risks matrix, which is revised on a quarterly basis. The management takes into account different water scarcity scenarios, the potential impacts on the Company and surrounding community, and defines actions to eliminate, reduce or mitigate the existing risks.

In 2015, for instance, ArcelorMittal Tubarão was informed by the state of Espírito Santo Government about the reduction on the authorized volume of water to be collected. Thanks to an already existing plan and the great effort on the part of the Unit, there was no impact on production. Other Southeastern states also publicly expressed a potential rationing in 2015.

Among the criteria required for a good governance of water resources, it is of paramount importance to include the subject on the daily agenda of the top management of the industrial units, for a good governance is only possible if the water issue is considered at all stages of the production process. It is essential to have the participation and engagement of all areas, including the environment, engineering, and operational areas. The responsible and efficient use of the resource is disseminated within the entire Company.

The dissemination of water governance is more significant if associated to policies of use and establishment of goals, which in turn, drive actions that effectively contribute to the efficient use of water.

Being aware of the context in which each unit is inserted, is also essential to water governance. In this case, the Company's participation in the river basins committees at federal and state levels helps identify legislative trends and raises awareness within the Company and among those employees who participate in debates on key local issues. ArcelorMittal Brasil professionals work in an active and constructive manner in the committees of the basins of rivers Piracicaba, Capivari and Jundiá (PCJ - SP), Paraíba do Sul (MG), Pará (MG), Rio das Velhas (MG), and Santa Maria da Vitória (ES), among others.

ArcelorMittal Brasil constantly seeks ways to improve its water management system. Alternative sources are currently analyzed for the collection (collection of groundwater and rainwater, and use of reused water) and improvement of water management (by reducing consumption and increasing water recirculation).

The Company also works with members of the society who contribute to increasing the water supply in the basin. Thus, it is worth noting the partnership with Instituto Terra, the "Olhos d'Água" program, which aims to restore and protect 100% of the springs in rural properties of the 230 municipalities in the basin of Doce River, among other objectives. In total, The Company will donate material for the recovery of 4,750 springs over a five-year period. The partnership was established in 2015 and materials for the recovery of 250 springs have already been donated. Moreover, the Company is signatory to the "Minas pelas Águas" Compact (Water Compact in the state of Minas Gerais).

### MANAGEMENT APPROACH

The management of this issue is directly associated with Goal 6 of the UN Sustainable Development, and the goals of the National Water Resources Policy (guarantee of multiple uses of water). Therefore, being a trusted user of air, land and water is one of the ArcelorMittal outcomes.

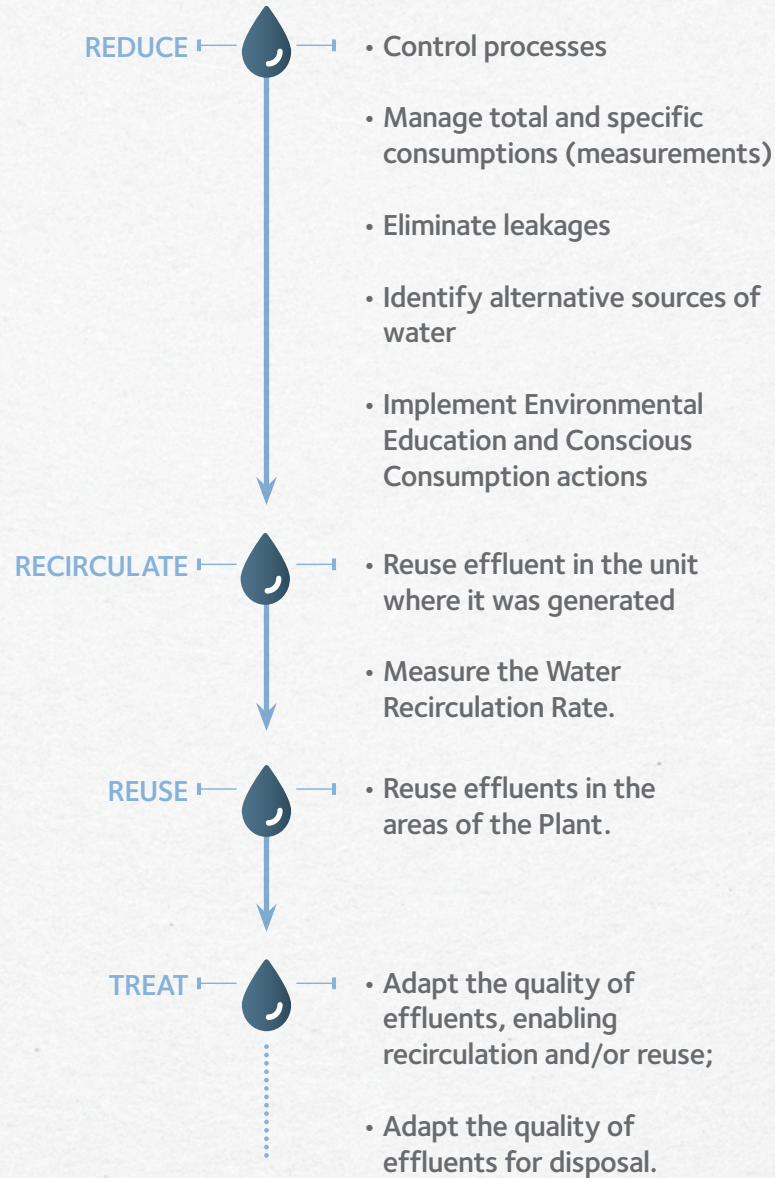
<sup>14</sup> ETSs – Effluent Treatment Station. WTSs – Water Treatment Stations.





All guidelines mentioned are included in the Environmental Policy, which has 10 principles, three of them with direct interaction (continuous improvement, compliance with legislation and commitments undertaken, and efficient use of natural resources) and four with indirect interaction (certification to ISO 14001, development of low impact processes, responsibility and commitment to environmental performance, communication and open dialogue with the communities affected by ArcelorMittal operations).

In order to meet all applicable guidelines and properly manage risks, in 2015, the Flat Carbon and Long Carbon segments established the Water Master Plan, a management tool to support the Company in an efficient and sustainable operation of water resources. The main objectives are: establish management guidelines on the use and conservation of water resources; identify opportunities to control and reduce risks, and the continuous improvement of processes in accordance with applicable legal requirements; and ensure the availability of the resource considering future scenarios. The Plan is structured as strategic axis comprehending guidelines on the efficient water management (reduce, recirculate, reuse, treat) and alternative sources to guarantee the resource in the future, as represented below:



The Water Master Plan is underpinned with strategies and actions that take into account the following set factors in the decision making process:

- FUTURE AVAILABILITY SCENARIOS
- COMPLIANCE WITH LEGAL APPLICABLE REQUIREMENTS
- CONTINUOUS IMPROVEMENT OF PROCESSES
- OPPORTUNITIES TO CONTROL AND REDUCE RISKS
- TREATMENT AND REUSE OF EFFLUENTS
- MANAGEMENT OF WATER RESOURCES USE AND CONSERVATION

**The Water Master Plan Flat Carbon South America (Sustainability of water in a national scenario of shortage)** was awarded by the program Ranking Benchmarking Brazil for being among the Brazilian companies with the best Sustainability practices. The sharing of practices, with the presentation of the awarded projects, took place in São Paulo, on July 2nd, 2015. That demonstrates the importance of FCSA Water Master Plan, ensuring the stability of its operations.



To reinforce good practices and strengthen positive actions, ArcelorMittal Brasil management system encourages the exchange of best practices between the companies of the group in Brazil. An example is the Environment Committee, which is made up of environment professionals from the whole Group in Brazil who meet every three months to exchange information, and water is a compulsory subject in the agenda.

In these meetings, the other areas of the Company are also involved, from Information Technology to Commercial area. In turn, the environment professionals also participate in specific meetings in the production, trading, projects and utilities areas, among others. Thus, it is guaranteed that knowledge is not only disseminated, but also improved and applied according to specific situations of each business unit.

Of course, the development of new technologies is essential. The ArcelorMittal Group has research centers working on this in Europe (Maizières, in France, and Asturias, in Spain) and in the USA (Chicago), to enable a further reduced use of natural resources. In 2015, the project for Optimization of Water Management in Brazil was approved and it will be headed by a team of ArcelorMittal water management experts from the R&D in Asturias.

## MANAGING IMPACTS

All ArcelorMittal industrial production units are certified to ISO 14001, and water resources management is part of the Company's management system. Internal and external audits are regularly conducted.

In a certain way, the water and effluents treatment systems in the mining and steel industries are simple, because they mostly come from thermodynamic processes and use few chemicals. The challenge lies in the scale of the process. Treatments are performed in order to provide water for industrial use, potabilization or disposal. Depending on the purpose, treatment type and cost vary significantly.

In the case of effluents, once there are no possibilities to eliminate generation, the focus is the internal reuse prior to disposal, thus maximizing resource utilization and minimizing collection and disposal impacts.

Treatments used by the companies vary according to the characteristics of the water collected and the inherent need (quality and quantity) in each type of process. Treatments most commonly used are physical-chemical (coagulation, flocculation, sedimentation and filtration) and biological (reactors and treatment ponds). In the areas of drawn wire production, especially at Belgo Bekaert Arames and

ArcelorMittal Vega, stations are also used for neutralizing acid effluents.

The ultrafiltration technology is being tested at Vega Unit and alternatives are being assessed to increase the internal reuse that requires specific care, by using corrosion inhibitors, dispersants and biocides to prevent problems in the systems, such as incrustation and biological contamination.

## METRICS AND INDICATORS

The main metrics used by the Company are volume collected, specific consumption (m<sup>3</sup> per ton of crude steel), added pollution rate (difference between the collected load and the load discharged into water bodies), and recirculation rate.

In order to reduce operational risks and impacts on the community, the Company also takes into consideration the diversification in its collection matrix (groundwater, surface water, rain, and internal and external reuse of water).

<sup>15</sup> A Mina do Andrade está em processo de obtenção da certificação na norma ISO 14001.



Furthermore, ArcelorMittal has a low rate of water consumption per ton of steel produced, showing its efficiency in preserving natural resources. This ratio varies from 0.6 to 2.8 m<sup>3</sup>/ton of steel, depending on the type of production process. According to WorldSteel, an association that brings together steel producers in the world, the average rate for steel producers is 28.1 m<sup>3</sup>/ton of steel.

Managing indicators, with the deployment of goals, is a key way to assess the water management. Audits, non-existence of penalties and fines, recognitions and awards are assessed in a more extensive manner, proving the effectiveness of the Company's environmental management.

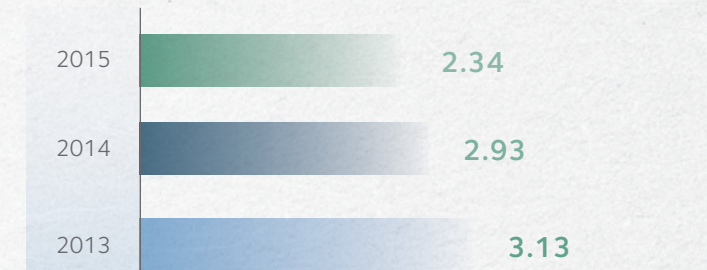
### 2015 HIGHLIGHTS

Among the possibilities of alternative sources for collection, groundwater is the one with the greatest potential in the short term and it is being analyzed at different Units, such as Piracicaba, where 10 wells are expected to be installed. In Itauna, the installation of two wells is expected to meet water demand. However, the number of wells will depend on the volume of water that can be collected from each of them, without reducing water availability of local aquifers. Water quality is also an important requirement.

At Cariacica Unit, wells were drilled, but the resource did not present the quality needed for use in production. The time required to obtain the grant, an average of at least six months to be approved, depends on the relevant state agency. Tubarão Unit seeks to collect more than 200 m<sup>3</sup>/h of groundwater. Juiz de Fora plant completed detailed studies of hydrogeological potential and the contracting of geophysical studies is ongoing.

ArcelorMittal Brasil has one of the highest water recirculation rates among the Brazilian steel producers, with an average of 97.30%. The Company's specific water consumption decreased by 20.14%, from 2.93 to 2.34 m<sup>3</sup> / t, as it is shown in the chart below:

Specific water consumption (m<sup>3</sup>/ton of crude steel)



### WATER CONSUMPTION AND GENERATION OF EFFLUENTS

In 2015, fresh water consumption was 20,128,913 m<sup>3</sup>, and compared to 2014, it had a 16.3% reduction resulting from internal actions of the Water Master Plan, which aims to achieve the vision of the future in terms of Water Resources Management, guided by the Environmental Policy commitments and guidelines, and applicable legal requirements.

The volume of water reused or recycled by ArcelorMittal Brasil in 2015 was 1,180,142,955 m<sup>3</sup>. It represents an average recirculation rate of 97.3% from the total volume of water used, which is total volume of reused water plus the total volume collected. Additionally, the 6,891,740 m<sup>3</sup> of effluents disposed were treated in accordance with quality parameters and legal limits allowed by the regulatory agency (CONAMA).

<sup>16</sup> National Environmental Council.



WATER COLLECTED/RECYCLED - ARCELORMITTAL BRASIL	2012	2013	2014	2015
Total volume of water collected by source (m³)				
Municipal water supply or supplied by other companies	21,420,278	22,140,694	24,042,948	20,128,913
Effluents from another organization	0	0	0	0
Underground water	82,004	76,077	845,048	269,194
Surface water, including wet areas, rivers, lakes and oceans	369,825,310	377,663,704	397,502,100	396,827,470
Volume of water recycled/ reused based on the demand met using recycled / reused water instead of additional collection of water				
Recycled effluents back into the same process or greater use of recycled water in the process cycle (m³)	1,185,372,501	873,709,776	1,249,137,763	1,180,142,955
Percentage of water recycled/reused over the total volume of water collected (%)	96.78	98.28	97.02	97.30

WATER DISCHARGE (m³)	2014	2015
Volume of water discharged		
Total	6,812,374	6,891,740
Unplanned discharges of water by type of destination		
Others	0	13,076
Rivers	0	0.02
Lakes	0	0
Planned discharges of water by type of treatment		
Effluent with no need for treatment	127,426	0
Uncategorized effluent	0	0
Treated effluent	6,684,948	6,878,664
Planned discharges of water by type of destination		
Lakes	0	0
Rivers	777,419	208,669
Ocean/sea	5,920,935	6,325,733
Others	114,020	344,262
Undefined location	0	0

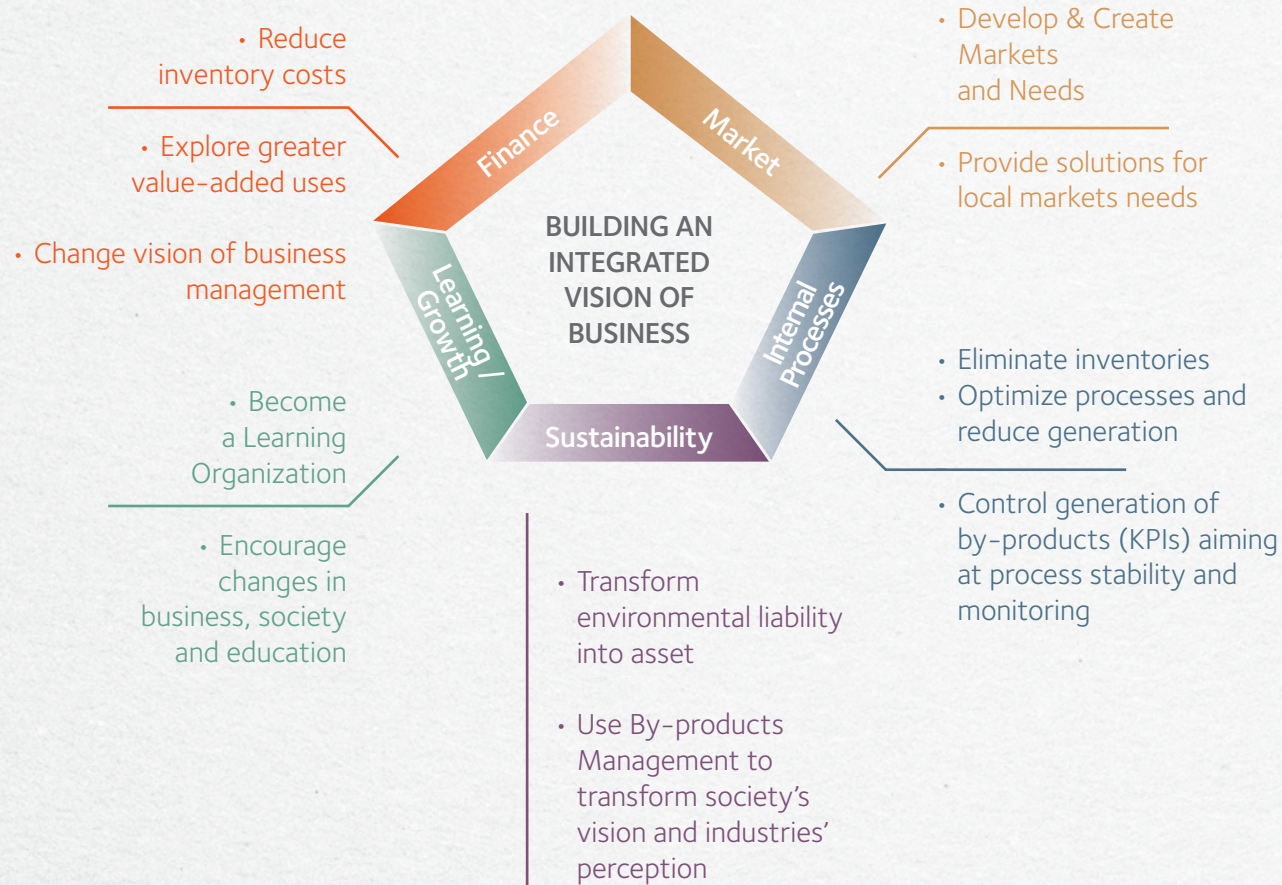
Belgo Bekaert units, as well as ArcelorMittal Mining, use groundwater as main source in their production processes.



# WASTE AND BY-PRODUCTS

[DMA]

[EN23; EN28; MM3]

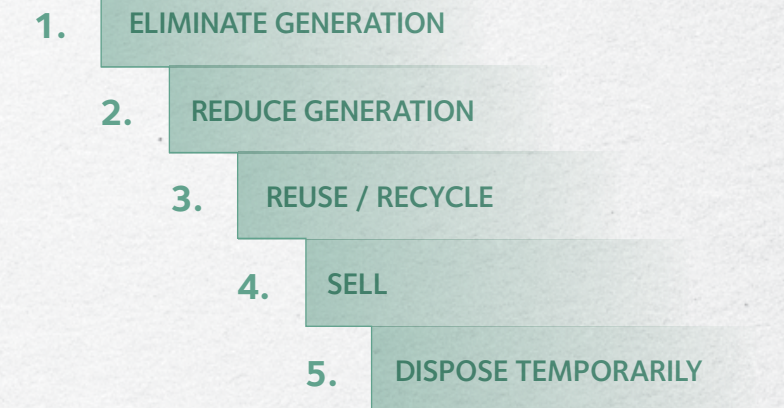


For being 100% recyclable, steel stands out from other materials. In the steelmaking process, the scrap metal can be transformed into steel again, keeping the desired quality and characteristics. Seeking maximum reuse of this material, ArcelorMittal has an extensive network to collect scrap metal and perform the reverse logistics. Warehouses in all regions of Brazil separate and pre-process scrap before sending it once more to the production process.

The large volume of waste generated involves a risk to the area required to store this material, and the measures for management. The production units have limited storage capacity and solutions for final disposal as landfills, for example, are expensive. The main opportunities, therefore, are in finding new ways to facilitate the reuse and recycling of waste generated, through internal and external processes, turning what would be a problem into an asset.

## MANAGEMENT APPROACH

Waste and by-products management follow the traditional 3Rs logic (Reduce, Reuse and Recycle), which for steelmaking processes can be expanded into:





Thus, temporarily disposing at local stock is the last technical alternative considered.

The planning of by-products management begins with the identification, characterization and mapping of generated materials. Campaigns for monitoring and analyzing waste, in addition to adopting local segregation actions, enable the survey on possible processes and partners to whom those materials can be sent or sold.

Processing, domestic consumption, external consumption and sales/donations are periodically planned at local level. The plan is monitored through specific indicators, such as the Non-Recovered Waste Index (NRWI) and the Waste Recycling Index (WRI). The quality of the by-products is also monitored by analysis campaigns.

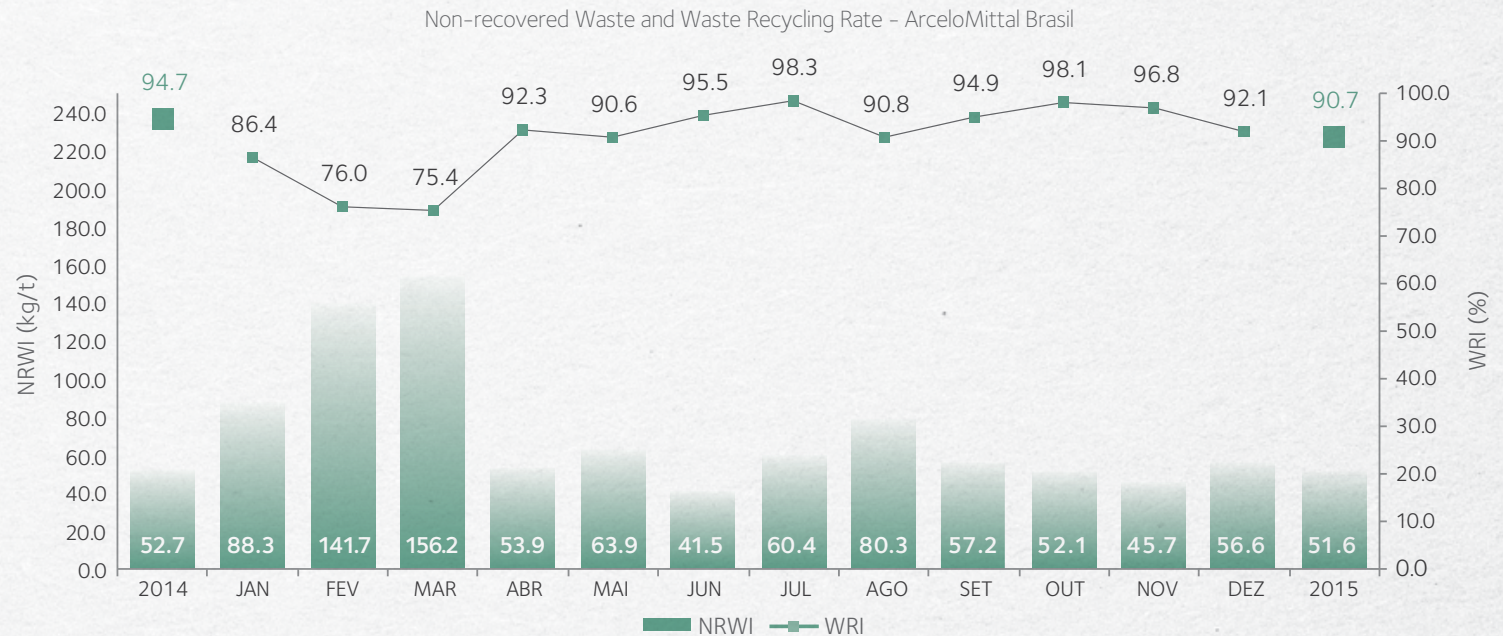
Remarks:  
 Flat Carbon => Tubarão + Vega, excluding part of cryogenic (large customers) and energy (IGE)  
 Long Carbon => Monlevade + Juiz de Fora + Piracicaba + Cariacica + Itaúna + Sabará + São Paulo + BioFlorestas

When there is no technical or commercial feasibility to perform waste/by-product disposal for reuse/recycling, new projects or studies are proposed. The proposals are evaluated and prioritized for implementation/execution, taking into account the complexity of application, as well as the necessity of material, financial and human resources, such as professionals from Environment, By-Products and Procurement areas.

### METRICS AND INDICATORS

The key indicators adopted are the NRWI and the WRI, as well as volume and revenues from the sale of by-products from the Units.

The NRWI measures the percentage of waste temporarily stored or sent to landfills and the target is to have the lowest technically possible value as result, and the WRI calculates the index of material sent to reuse and recycling processes, inside and outside the Company.

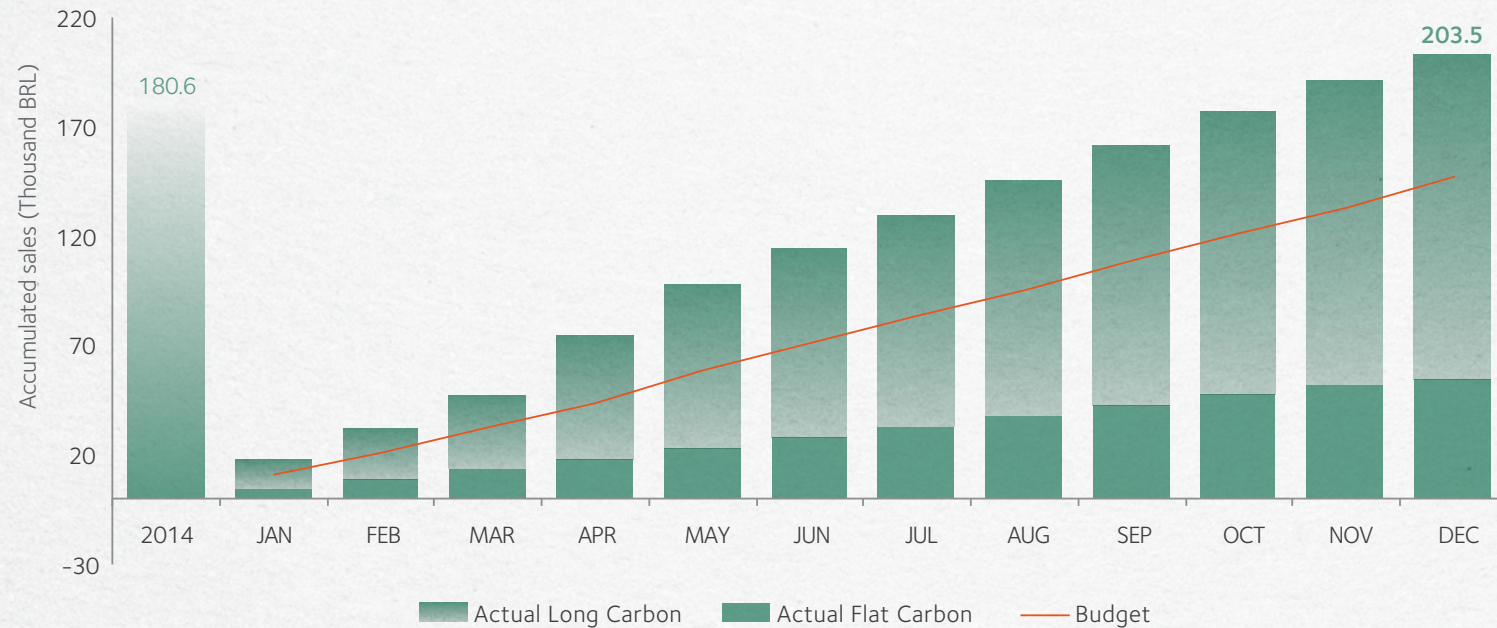




*With regard to the sales of By-products, the record amount of BRL 203.5 million was achieved.*

In 2015, ArcelorMittal Brasil generated 9,698,082 tons on non-hazardous waste and 95,290 tons of hazardous waste. Andrade Mine generated 6,062,321.33 tons of sterile.

SALES OF BY-PRODUCTS - ArcelorMittal Brasil

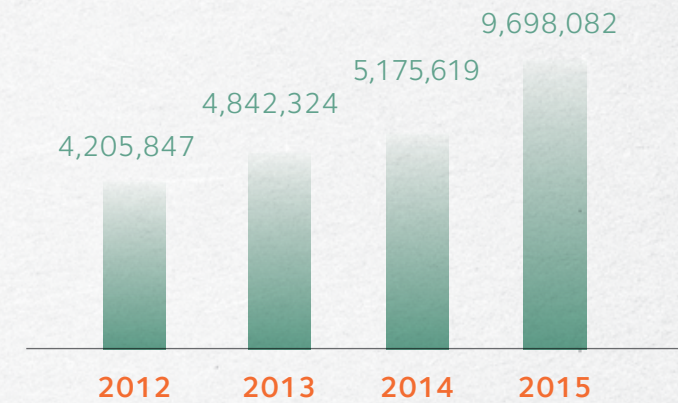


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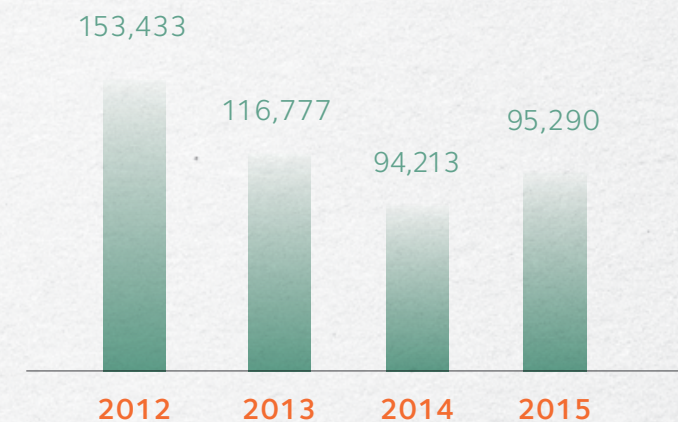


TOTAL WEIGHT OF WASTES BY TYPE AND METHODS FOR DISPOSAL (t) - ARCELORMITTAL BRASIL	2012	2013	2014	2015
<b>AMOUNT OF WASTES BY TYPE AND METHODS FOR FINAL DISPOSAL - NON HAZARDOUS</b>				
On site storage	184,953	334,491	286,993	274,582
Reuse	791,580	820,983	639,565	477,293
Landfill	60,096	193,178	84,969	172,648
Incineration	67	69	644	16,652
Recovery (including energy recovery)	37,780	-	101,975	89,253
Recycling	3,131,371	3,493,603	4,061,473	8,667,653
<b>AMOUNT OF WASTES BY TYPE AND METHODS FOR FINAL DISPOSAL - HAZARDOUS</b>				
Reuse	24,205	23,256	2,986	9,699
Recycling	77,970	76,737	77,888	72,678
Recovery (including energy recovery)	646	641	6,659	5,398
Incineration	128	88	407	99
Landfill	29,437	15,539	6,064	7,410
On site storage	21,047	516	209	7

**Total non-hazardous waste generated (t) – ArcelorMittal Brasil**



**Total hazardous waste generated (t) – ArcelorMittal Brasil**





## Trading by-products generates significant environmental gains and economic benefits.

### [EN24] SIGNIFICANT LEAKAGES

The industrial units have firefighters specialized in responding to these types of situation and if there is any event of larger proportions, and if necessary, specialized companies are contracted to handle emergency situations involving loads of products classified as dangerous or not dangerous, inside or outside the Company, in the whole country.

As a way to protect and pass on its values to third parties, the Company includes compulsory clauses in contracts with suppliers (dangerous products) and customers (waste or hazardous/non-hazardous alienable by-products), and they are required to have emergency response services in case they are in charge of transporting and handling these types of materials. Or they should have a contract with companies that provide this type of emergency response service.

BioFlorestas Unit recorded three oil leakages. The first and second leakages happened in March 2015 and amounted to 40 liters of oil. The third one took place in August 2015 and amounted to 15 liters of oil. In all cases, the leakage was stopped, and assessment and emergency response reports were prepared, including photographs, and sent to the Environment area.

In the Long Carbon segment, there were a few outstanding projects on reuse of by-products in 2015. The Brazilian Association of Technical Standards (ABNT), supported by Brazil Steel Institute (IABr), created a standard concerning the use of steel aggregate as base and subbase in the roads paving process. Piracicaba Unit has already characterized the material and is able to provide it for projects all over the country. In partnership with the Federal University of Minas Gerais (UFMG), the Company also assessed the feasibility of using ladle furnace slag in the production of mortar, and results were satisfactory. Other initiatives were successfully conducted at the industrial units.

ArcelorMittal Juiz de Fora built protections and stalls in the metal yard using slag and scrap land. At Monlevade plant, 540 meters of internal roads were paved with steel aggregate and clay, and the project for separation

of thick slag and thin slag is ongoing and it will allow internal reuse of 100% of thick slag in the sintering process.

At Cariacica Unit, the use of lime clay in the bedding layer of roads is being tested in partnership with the municipal government.

Tubarão Unit, which has a structure dedicated to waste management, has already patented several by-products, including Revsol and Revsol Plus, used as bedding layer in rural and urban roads of the 'New Paths' program, which aims to improve traffic conditions in those locations. Initiated in 2006, this social-environmental cooperation with the Public Government has already donated more than 1.2 million tons of by-product, benefiting 16 municipalities, and it is being used in over 500 km of asphalted roads and over 1,300 streets and roads.



# BIODIVERSITY

[DMA]

[EN11; EN12; EN13; EN14; GC7; GC8]

Biodiversity is a basic condition for sustainable development for it affects the quality of human life and is an essential component of sustainability for all human activities, including economic activity.

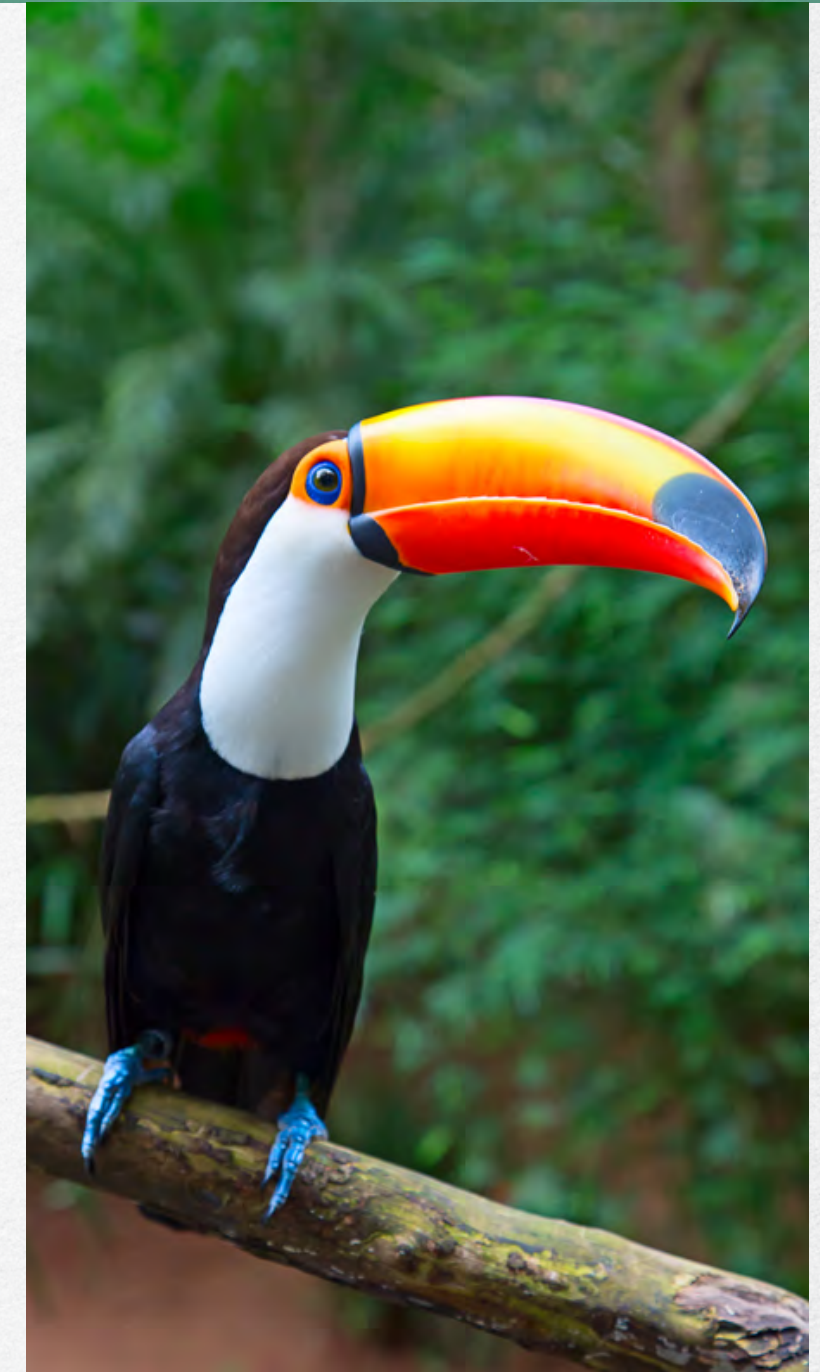
The survival of the human species will depend on the preservation of the world's biodiversity, translated into different forms of life and organization: ecosystems, species and genetic material. Ecosystems, species and genes are being either reduced or threatened as never seen before, consequently reducing the natural wealth and threatening the sustainability of the planet.

ArcelorMittal Brasil group has projects in areas including the two most important Brazilian biomes, holders of the largest national biodiversity, Cerrado and Atlantic Forest. The biodiversity-related issues may affect the location of our facilities or change our processes, making sure that production does not cause adverse impacts to biodiversity.

Based on this approach, the ArcelorMittal Brasil group shares with society, in its areas of performance, the same responsibility for maintaining and improving the current situation of the biodiversity found.

Effective management of this issue may generate a range of opportunities, such as:

- Securing license to operate
- Strengthening the supply chain
- Improved relationship with all stakeholders
- A more positive image before ethical consumers
- Securing sustainable growth
- Attracting socially responsible investors
- Improvement on employees' productivity



Fauna in the Cerrado

ArcelorMittal Brasil works in partnership with local conservation groups in order to contribute to environmental protection in the regions where it operates and to preserve ecosystems. The main areas protected by the Company are distributed within four Brazilian states, comprehending the Cerrado and Atlantic Forest biomes:

PROTECTED AREAS - ARCELORMITTAL BRASIL		
LOCATION	AREA (km <sup>2</sup> )	REMARK
STEEL VALLEY (VALE DO RIO DOCE - MG) (Dionísio, São José do Goiabal, Marliéria and São Pedro dos Ferros)	84.92	Atlantic Forest biome, with 27% of its area made up of native vegetation, where the third largest lake complex in Latin America is located. The area is next to Rio Doce State Park (PERD)
SOUTH OF BAHIA STATE (Prado, Caravelas e Alcobaça)	46.84	Atlantic Forest Biome, 46% native forest. The area belongs to ArcelorMittal, but it is currently being rented to another producer
JUIZ DE FORA - MINAS GERAIS STATE (MG)	18.30	Areas in which ArcelorMittal Juiz de Fora is installed: total area 19.73 Km <sup>2</sup> , with 0.13 Km <sup>2</sup> of constructed area. From the adjacent areas, 6 km <sup>2</sup> are re-forested area and 12.3 km <sup>2</sup> comprise native vegetation and forests
NORTH OF MINAS GERIAS STATE (Carbonita, Senador Modestino Gonçalves and Diamantina)	10.42	Cerrado biome with 20% of native vegetation

TO BE CONTINUED

CONTINUATION

PROTECTED AREAS - ARCELORMITTAL BRASIL		
LOCATION	AREA (km <sup>2</sup> )	REMARK
BELA VISTA DE MINAS - MG	10.36	7.31 km <sup>2</sup> of Lega Reserve 3.05 km <sup>2</sup> of APP
CENTER-WEST OF MINAS GERAIS STATE (Abaeté, Bom Despacho, Dolores do Indaiá, Martinho Campos and Quartel Geral)	7.61	Cerrado biome with 20% of native vegetation
MIDDLE COURSE OF PIRACICABA RIVER (Nova Era and Antônio Dias - MG)	7.16	Atlantic Forest biome, it houses the Environmental Education and Visitor Support Center (CEAP), where lectures and guided tours take place
JOÃO MONLEVADE - MG	5.19	PRNH Molevade - Atlantic Forest biome by Piracicaba river. it houses the Environmental Education Center of the unit and it offer routine visits
SÃO FRANCISCO DO SUL - SC	2.20	0.76 Km <sup>2</sup> of PRNH, o.75 Km <sup>2</sup> of non-contiguous area of Atlantic Forest, part of it being sandbank
SERRA - ESPÍRITO SANTO STATE (ES)	1.64	1.29 km <sup>2</sup> of PPA (forest, sandbank, vegetation, mangrove, lakes and streams) and 0.35 Km <sup>2</sup> of voluntary preservation
CARIACICA - ES	1.13	0.60 km <sup>2</sup> of protected green area
ITABIRA - MG	0.95	0,68 km <sup>2</sup> of legal Reserve 0,27 km <sup>2</sup> of APP
SABARÁ - MG	0.22	0,77 km <sup>2</sup> of green area

ArcelorMittal Brasil conducts studies to identify endangered species of flora and fauna. For instance, ArcelorMittal BioFlorestas and ArcelorMittal Tubarão have mapped 127 species listed in the IUCN's Red List. The Guilman-Amorim Hydroelectric Plant has 21 species in areas of Private Reserve of Natural Heritage (PRNH) and about 18 km<sup>2</sup> of vegetation cover next to the Legal Reserve and the Permanent Preservation Areas of Piracicaba River and of the dam reservoir, according to the following table:

PROTECTED AREA OR OF HIGH LEVEL OF BIODIVERSITY - ARCELORMITTAL BRASIL	NUMBER OF SPECIES				
	CRITICALLY ENDANGERED	THREATENED	VULNERABLE	ALMOST THREATENED	MINIMAL CONCERN
PRNH Guilman-Amorim, Legal Reserve and PPA area	Avifauna: Pararu-espelho ( <i>Claravis godefrida</i> )	Mastofauna: Guariba/ Bugiu-ruivo ( <i>Alouatta guariba clamitans</i> ); Jaguatirica ( <i>Leopardus pardalis</i> ), Lobo-guará ( <i>Chrysocyon brachyurus</i> );Sagui-da-cara-branca ( <i>Callithrix geoffroyi</i> )	Avifauna: Cuitelão ( <i>Jacamaralcyon tridactyla</i> ) Mastofauna: Onça-parda/Suçarana ( <i>Puma concolor</i> ) Flora: Jacarandá-caviúna ( <i>Dalbergia nigra</i> )	Avifauna: Maracanã-do-buriti ( <i>Primolius maracana</i> )	Avifauna: Chupa-dente ( <i>Conopophaga lineata</i> ); Maracanã-do-buriti ( <i>Primolius maracana</i> ); Rabo-branco-rubro ( <i>Phaethornis ruber</i> ); Rendeira ( <i>Manacus manacus</i> ); Surucuã ( <i>Trogon surrucura</i> ); Tangará ( <i>Chiroxiphia caudata</i> ); Tagarazinho ( <i>Ilicura militaris</i> ); Tico-tico-rei-cinza ( <i>Coryphospingus pileatus</i> ); Tietinga ( <i>Cissopis leverianus</i> ); Trinca-ferro-verdadeiro ( <i>Saltator similis</i> ); Urubu-rei ( <i>Sarcoramphus papa</i> )
BioFlorestas	Mastofauna: Guariba ( <i>Alouatta guariba</i> )	No species	Mastofauna: Tamanduá-bandeira ( <i>Myrmecophaga tridactyla</i> ); Tatu-canastra ( <i>Priodontes maximus</i> ); Lobo-guará ( <i>Chrysocyon brachyurus</i> ); Anta ( <i>Tapirus terrestris</i> ); Sauá ( <i>Callicebus personatus</i> ); Onça-pintada ( <i>Panthera onca</i> ); Onça-parda ( <i>Puma concolor</i> )	Mastofauna: Macaco-prego ( <i>Sapajus nigritus</i> )	Mastofauna: Gambá ( <i>Didelphis albiventris</i> ); Tamanduá-de-colete ( <i>Tamandua tetradactyla</i> ); Tatu-do-rabo-mole ( <i>Cabassous unicinctus</i> ); Tatu-galinha( <i>Dasyopus novemcinctus</i> ); Veado-mateiro ( <i>Mazama americana</i> ); Veado-catingueiro ( <i>Mazama gouazoubira</i> ); Cateto ( <i>Pecari tajacu</i> ); Bugio ( <i>Alouatta caraya</i> ); Mico-estrela ( <i>Callithrix penicillata</i> ); Sauá ( <i>Callicebus nigrifrons</i> ); Raposa ( <i>Cerdocyon thous</i> ); Jaguatirica ( <i>Leopardus pardalis</i> ); Jaratataca ( <i>Conepatus semistriatus</i> ); Irara ( <i>Eira barbara</i> ); Quati ( <i>Nasua nasua</i> ); Mão-pelada ( <i>Procyon cancrivorus</i> ); Tapeti ( <i>Sylvilagus brasiliensis</i> ); Capivara ( <i>Hydrochoerus hydrochaeris</i> ); Paca ( <i>Cuniculus paca</i> ); Tatuí ( <i>Dasyopus septemcinctus</i> ); Cutia ( <i>Dasyprocta azarae</i> );Gambá ( <i>Didelphis aurita</i> )

CONTINUATION

PROTECTED AREA OR OF HIGH LEVEL OF BIODIVERSITY - ARCELORMITTAL BRASIL	NUMBER OF SPECIES				
	CRITICALLY ENDANGERED	THREATENED	VULNERABLE	ALMOST THREATENED	MINIMAL CONCERN
GREEN BELT AREA OF ARCELORMITTAL TUBARÃO.	Mastofauna: Saguí-da-cara-branca ( <i>Callithrix geoffroyi</i> ); Ouriço-preto ( <i>Chaetomys subspinosu</i> ) Avifauna: Maracanã-do-buriti ( <i>Primolius maracana</i> ) Flora: Braúna ( <i>Melanoxylon brauna</i> )	No species	Avifauna: Sabiá-da-mata ( <i>Turdus fumigatus</i> ) Flora: ( <i>Anthurium jilekii</i> ); Palmito-juçara ( <i>Euterpe edulis</i> ); Marantaceae ( <i>Ischnosiphon gracilis</i> ); ( <i>Stromanthe schottiana</i> ); ( <i>Piper juliflorum</i> ); Pimenteira ( <i>Jacquinia armillaris</i> )	Matofauna: Cuíca ( <i>Marmosops incanus</i> )	Avifauna: Sabiá-da-praia ( <i>Mimus gilvus</i> ) Flora: Ipê amarelo ( <i>Handroanthus riocensis</i> ); Jacarandá cipó ( <i>Machaerium fulvovenosum</i> ), ( <i>Solanum sooretamum</i> )

In 2015, the monitoring of sea turtles continued at the final effluent of ArcelorMittal Tubarão. At the Company's request, it is a condition for its License to Operate. Monitoring will continue in 2016. In 2015, monitoring of the *Caiman latirostris* alligator's population in the area of internal ponds at ArcelorMittal Tubarão was also initiated and will continue in 2016.

### MANAGEMENT APPROACH

ArcelorMittal Brasil clearly understands that economic success is directly linked to environmental and social performance and so it practices corporate social- environmental responsibility.

To direct its actions on biodiversity, ArcelorMittal Brasil uses the guidelines of the Convention on Biological Diversity (CBD), one of the most important agreements signed during the Rio de Janeiro Earth Summit 92 (Eco 92), adopted by more than 180 countries.

The goals of this Convention, to be achieved in accordance with its relevant provisions, are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of benefits originated from the use of genetic resources.

These three objectives provide a global strategies platform for corporate actions: the 'conservation of biological diversity' includes environmental sustainability; the 'sustainable use of its components' refers to the economic sustainability; and 'the fair and equitable sharing of benefits arising from the utilization of genetic resources' comprehends social sustainability.

The biodiversity management within the companies of the ArcelorMittal group in the country is based on the following pillars:

1. COMPLIANCE TO LEGAL REQUIREMENTS SPECIFIED IN PROGRAMS AND PROJECTS SIGNED WITH PUBLIC INSTITUTIONS
2. VOLUNTARY PARTNERSHIPS WITH ENVIRONMENTAL PROTECTION ENTITIES AND ORGANIZATIONS WITH FOCUS ON BIODIVERSITY CONSERVATION AND MAINTENANCE
3. COMPLIANCE TO STANDARDS AND REQUIREMENTS OF THE ENVIRONMENTAL CERTIFICATION SYSTEMS  
ISO 14001:2004  
Forest Stewardship Council (FSC)



Environmental Education Program

*The actions developed and challenges can be grouped in accordance with three objectives of the Convention on Biological Diversity:*

A. BIODIVERSITY CONSERVATION (ECOSYSTEMS, SPECIES AND NATURAL HABITAT)

- Management of Conservation Units (Protection Unit of Sustainable Use) and preservation of areas due to legal requirement (Permanent Preservation Areas and Legal Reserves) comprehend the identification of the area as being of relevant environmental interest, vigilance, prevention and forest fire fighting.

> **CHALLENGES:**

- Extend and maintain preservation areas (Atlantic Forest and Cerrado)
- Implant and integrate its Conservation Units with ecological corridors
- Expand production Units without compromising important environmental areas
- Develop production activity without compromising biodiversity.

B. USE OF BIOLOGICAL RESOURCES (USE AND PROTECTION / MINIMIZATION OF IMPACTS ON BIODIVERSITY).

- Accomplishment of data collection, diagnosis and monitoring resulting in the determination of fauna and flora management plans and programs aiming at minimizing the impact caused by production activities on biodiversity, especially by ArcelorMittal BioFlorestas, Guilman-Amorim Hydroelectric Plant, ArcelorMittal Tubarão and ArcelorMittal Vega.

> **CHALLENGES::**

- Expand, in a representative manner, the monitoring programs and ecosystem management, with a methodological basis and a secure database that allows comparison between the sampled units
- Achieve goals established in programs and management performed
- Ensure technological expertise acquired through knowledge generated by the programs, creating applicable operational procedures.

C. EQUITABLE DIVISION OF BIODIVERSITY BENEFITS.

- The **Environmental Education programs** developed by ArcelorMittal Brasil provide assistance to train and educate Brazilian citizens, helping them in their professional qualification and awareness on rights and duties concerning biodiversity.
- ArcelorMittal Brasil natural areas have been used to create jobs and income for the poor surrounding communities through the beekeeping program in reforested areas, and the fish farming in areas with natural lakes.

> **CHALLENGE:**

- Implant guidelines in accordance with theme axes 5 and 6 of the National Biodiversity Policy<sup>17</sup>.

<sup>17</sup> National Biodiversity Policy, available on: [http://www.planalto.gov.br/ccivil\\_03/decreto/2002/D4339.htm](http://www.planalto.gov.br/ccivil_03/decreto/2002/D4339.htm)  
 Theme axis 5 – Access to Genetic Resources and Traditional Associated Knowledge and Benefit Sharing.  
 Theme axis 6 – Education, Public Awareness, Information and Communication on Biodiversity.



### SPECIFIC GOALS OF EACH PRODUCTION UNIT

Nowadays, each Company, according to its reality, has been developing pro-biodiversity plans and actions in order to strengthen and identify an internal process, and assign responsibilities. To facilitate the implementation and effectiveness of an action plan, the integration of biodiversity to the existing social and environmental management systems has been the focus.

### EXAMPLE OF ENVIRONMENTAL GOALS IN 2015: BIOFLORESTAS

OBJECTIVES	INDICATORS	FORMULAS	TARGET	UNIT
1) Minimize environmental impacts due to the use of agrochemicals	1.1) Specific consumption of pesticides	<b>Consumption of pesticides / total area managed</b>	Reduce in 2% the specific consumption as compared to 2015 target	Kg/ha
2) Reduce consumption of natural resources	2.1) Specific consumption of water - Forest	<b>water consumption for planting and forest development / area of consumption</b>	Keep monthly average consumption of 2015	m <sup>3</sup>
3) Reduce impacts of forestry activities on biodiversity	3.1) Implantation rate of Ecological Corridors	Area of corridors implanted	Execute 100% of the areas planned for 2016	ha
	3.2) Recovery rate of degraded areas	Total area recovered	Execute 100% of the areas planned for 2016	ha
4) Reduce environmental impacts caused by atmospheric emissions	4.1) Emissions of CO <sub>2</sub> equivalent from carbonization	Retention of CO <sub>2</sub> by forest - emissions of CO <sub>2</sub> equivalent	Reduce total emissions of CO <sub>2</sub> equivalent by 2% as compared to 2015 target	t

The effectiveness of the biodiversity management is assessed through: regular internal and external audits; participation in academic and institutional events; compliance to legislation (keeping licenses and commitments undertaken); specific indicators of programs and projects undertaken.

ArcelorMittal Brasil has been working to better understand the biodiversity found in its areas in order to learn how to manage it, by conducting surveys with a reliable methodology to establish a baseline scenario. This baseline scenario has been providing an assessment of the opportunities, costs and risks, and facilitating subsidies to carry out corporate pro-biodiversity actions as Company's strategy.

As a whole, the development of biodiversity management plans includes management (surveys and systematic monitoring), actions to maximize positive impacts and minimize negative impacts, environmental education programs and the dissemination of results and actions developed in favor of biodiversity.

## EXAMPLE: BioFlorestas 2015

### IMPLANTATION OF ECOLOGICAL CORRIDORS

**350.5 ha**  
of corridors implanted



### RECOVERY OF DEGRADED AREAS

**127 ha**  
of areas recovered

### RECOVERY OF BURNED AREAS

**32%**  
reduction of burned areas



### REGULAR PROGRAM ON ENVIRONMENTAL EDUCATION

**115,000**  
students served from 1994 to 2014



### SURVEY AND MONITORING OF FAUNA

**22**  
rare species of birds were identified

**9**  
threatened species of birds were identified



**17**  
rare species of mammals were identified

**32**  
threatened species of mammals were identified

### SURVEY AND MONITORING OF FLORA

**617**  
rare species were identified

**77**  
threatened species identified



**2**  
releases of animals since 2012

### RE-INTRODUCTION OF FAUNA

**92**  
animals re-introduced in areas of ArcelorMittal

### APICULTUR PROGRAM

**139**  
tons of honey produced per year



**83**  
partners

**10,000kg**  
of fish produced per year



**10**  
partners

### FISH-FARMING PROGRAM



# ENERGY

[DMA]

[EN3; EN6]

Due to its production processes, the steel industry is an energy-intensive consumer. Energy has always represented a significant portion in the steel production cost matrix, either in integrated or in semi-integrated plants. Being energy-intensive encourages ArcelorMittal to invest in technologies that ensure rational use of the resource, promoting results consistent with its sustainability guidelines. In order to ensure this commitment, the Company has an **Energy Policy** that recommends the effective use and conservation of energy as a way to demonstrate its social and environmental responsibility.

Efforts are made to raise employees' awareness on the rational use of energy within the entire ArcelorMittal Group. Furthermore, all production units of ArcelorMittal Brasil operate with heat recovery systems and/or reuse of gases originated from production processes to generate thermal energy and electricity.

*The Company has an Energy Policy that recommends the effective use and conservation of energy as a way to demonstrate its social and environmental responsibility.*

In order to promote the rational use of energy, ArcelorMittal Brasil energy management is made up of four main guidelines:

- Monitoring of specific indicators
- Continuous diagnostics of systems
- Measurement and verification plan
- Implantation of cleaner technologies.

In 2012, aiming to minimize the risk of exposure to the energy market and to secure the supply of its production Units, ArcelorMittal Brasil created the ArcelorMittal Comercializadora de Energia (AMCEL). With the creation of AMCEL, ArcelorMittal Brasil was allowed to further enhance the energy management by providing flexibility, creating opportunities to reduce energy cost, improving its self-generation planning and management, and investing in the implementation of innovative energy efficiency projects.

ENERGY TRADING COMPANY - ARCELORMITTAL BRASIL				
CITY / STATE	UNIT	THERMAL/ HYDROELECTRIC	SEGMENT SERVED	POWER
VITÓRIA / ES	Tubarão	2 Thermal Plants	Flat Carbon	500 MW
ANTONIO DIAS AND NOVA ERA / MG	Guilman-Amorim Consortium *	Hydroelectric plant	Long Carbon	71 MW
TAQUARAÇU DE MINAS / MG	Madame Denise	SHP (Small Hydroelectric plant)	Long Carbon	12 MW
JOÃO MONLEVADE / MG	Piracicabinha	SHP (Small Hydroelectric plant)	Long Carbon	12 MW

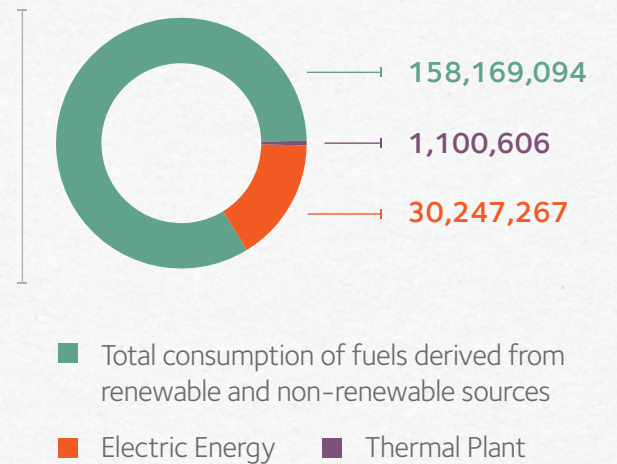
\* Power regarding ArcelorMittal's 51% stake in the consortium.



Tubarão Unit, flat carbon producer, is self-sufficient in terms of energy. As for the Long Carbon segment, ArcelorMittal Brasil keeps hydraulic generation units and it currently has two small power plants (SPP) and one hydroelectric. Considering both segments, Flat and Long Carbon, ArcelorMittal Brasil energy production secures the supply of 50% of the Company's needs. The remaining amount is purchased in the market under medium term, long term and spot contracts, based on a management that seeks eco-efficiency and competitiveness for the business.

In 2015, the total energy internally produced and consumed by ArcelorMittal Brasil was 189.5 million GJ, from which 30.2 million correspond to the amount of electricity consumed, and 158.2 million correspond to the total consumption of fuels originated from renewable and non-renewable sources. From the total of approximately 134.1 million that were generated by Tubarão's thermoelectric plants, the surplus, about 1.1 million were either transferred to other ArcelorMittal plants in Brazil or sold in the market.

### Energy produced and consumed internally in 2015 by source (GJ) - ArcelorMittal Brasil



The energy generated by Guilman-Amorim HPP (232.96 MWh in 2015) is used by Monlevade Unit and by an industrial unit from another company of the HPP consortium.

Some of the ArcelorMittal Brasil units reduced energy consumption directly due to conservation and efficiency improvements. The units are:

- **TUBARÃO:** 45,290 GJ reduction due to the decreased natural gas consumption in the mixing of gases for the Hot Strip Mill (HSM). The reduction was mapped in the "Energy Master Plan" of Tubarão Unit, which was created in 2015 and comprehends studies on several other possible implementations to reduce consumption.
- **PIRACICABA:** 409.22 GJ reduction due to the use of solar water heating in the dressing rooms.
- **CARIACICA:** the 11,030.27 GJ reduction, refers to the average reduction of 11.1 kWh/t achieved with the project for energy consumption optimization in the Melt Shop (Energy Consumption project), which had a 2,485.08 GJ reduction corresponding to the 30% reduction in energy consumption due to the change and optimization of air compressors in the rolling mill area.

Tubarão Unit started its Energy Master Plan and set up the goal to reduce by 5.3 MW the equivalent energy consumption (electricity plus natural gas) by December 2016. In order to achieve this goal, it is necessary to change the way everyone involved thinks, and focus on innovation, equipment improvements and O & M routines.



# AIR EMISSIONS AND CLIMATE CHANGES

[DMA]

[EC2; EN15; EN16; EN17; EN19; EN21; GC7]

In recent years, society has been demanding increased efficiency in the control and minimization of pollutants and greenhouse gases emissions on the part of the industrial sector. Therefore, companies must walk the path of sustainability, i.e., seek continuity of the business although facing challenges.

The climate change forecasts indicated in the 15th report of the Intergovernmental Panel on Climate Change (IPCC), an international body linked to the UN, and in the AR5 report (Fifth Assessment Report), published in 2014, provide a clear update on the existing relevant scientific knowledge on climate change that may directly affect ArcelorMittal Brasil activities.

The Company is present all over the country, and therefore it is exposed to several different factors, in terms of intensity and frequency, for the regions have totally different biodiversity, climate and anthropic actions. A few examples are: water shortages, storms, power outages, pests in eucalyptus plantations (main input for charcoal production and subsequent use in the steel industry), among others. By gathering all these variables and linking them to the risks posed by global warming, ArcelorMittal Brasil is searching for preventive actions to mitigate those physical

impacts and prevent possible natural, social and economic impacts.

Emissions of major pollutants (particulate matter, SO<sub>x</sub>, NO<sub>x</sub>, CO, etc.), as shown in the following table, may cause major impacts to human health. Those pollutants are made of solid, gaseous and liquid particles of different sizes, shapes and chemical composition, which mainly depend on their origin and source. The anthropogenic sources are mainly represented by industrial

processes and transportation vehicles.

The impact of those pollutants on human health has been included in several epidemiological studies. As a result, to achieve good environmental performance in its production activities, the entire Company must deploy systems to reduce the environmental impacts caused by pollutant and greenhouse gas emissions. Such control systems should be monitored in order to control efficiency and to contribute to the proper management of activities.

NO <sub>x</sub> , SO <sub>x</sub> AND OTHER SIGNIFICANT AIR EMISSIONS, BY TYPE AND WEIGHT - ARCELORMITTAL BRASIL	2012	2013	2014	2015
<b>Emission of Air Pollutants (t)</b>				
NO <sub>x</sub>	6,935	4,607	4,495	4,686
SO <sub>x</sub>	9,186	10,832	9,717	11,806
POP	0	0	2	0
VOC	101	82	1	2,442
Particulate Matter	2,719	2,674	2,854	2,992
Others	0	0	0	0,16



## RISKS

A The Company takes into consideration the business risks associated with climate change issues, such as regulatory risks that may involve the creation of sectoral compulsory targets to reduce greenhouse gases (GHG), and the needs arising from adaptation, such as reduction of water collection for production processes, or even environmental disasters due to floods, that may have impact on the Company. The risks associated with pollutant emissions may also refer to reductions of emissions limits through regulation, requiring high investments in reduction technologies.

On 29 January, 2010, after the concluding negotiations of the COP 15 (Conference of Parties) in Copenhagen, the Brazilian government submitted to the UNFCCC Secretariat a national communication including its NAMAs (National Appropriated

Mitigation Actions), i.e., the mitigation actions that supported the Brazilian voluntary commitment to reduce by 36.1% to 38.9% the emissions of the baseline scenario (2005) for the emissions projected in 2020.

As a result, the Company collected information on initiatives developed by the Company since 2005 to reduce GHG emissions. Those initiatives were then analyzed in terms of their contribution to Brazilian NAMAs and to the Sector Plans defined by the federal government. Furthermore, the initiatives were assessed for the availability of methodology to calculate emission reduction and in terms of operational data for such quantification. Then, emission reduction calculations were carried out for the period from 2005 (or the year when the Unit started operation, if after 2005) to 2020.

Therefore, the ArcelorMittal Brasil emission reduction initiatives that contribute to meeting the targets set in national NAMAs and Sector Plans were listed, but only those with possible quantification were taken into consideration. It is worth noting that it was a pioneering and proactive initiative of the Company before the Ministry of Environment to demonstrate how the steel industry could support the NAMAs and assist the Ministry in the promotion of CO<sub>2</sub> reductions in the industrial sector.



**CO<sub>2</sub> REDUCTION PROJECTS** – Since 2006, the Company has been undertaking the following initiatives

**CABOTAGE TRANSPORT FOR COILS**

The “Cabotage Transport for coils” at ArcelorMittal Tubarão started in 2006, and the Ocean Barge Terminal (OBT) is currently carrying 1,350,000 tons of steel coils per year. Moreover, the full deployment of OBT will also enable the handling of additional 1,000,000 tons of coils using small vessels.

For this initiative, the CDM (Clean Development Mechanism) methodology AM 0090 version 01.1.0 was applied to calculate reductions, including CO<sub>2</sub> (Scope 3). According to the rational used, emission reduction is calculated by subtracting emissions in the mitigation scenario due to fuel consumption in maritime modal from emissions in baseline scenario due to fuel consumption in road modal. Based on the calculation, emissions are expected to reduce by 36,836 tCO<sub>2</sub>e/year due to this initiative.

**PARTIAL SUBSTITUTION OF COAL AND COKE INJECTION WITH NATURAL GAS CO-INJECTION**

At Monlevade plant, the initiative of “Partial substitution of coal and coke injection with natural gas co-injection” was identified as adherent to Brazilian NAMAs and subject to monitoring, and therefore, subject to measurement of its contribution to national commitments to reduce emissions. This initiative became operational in 2011.

The CDM methodology ACM 0009 version 05.0 was used to calculate reductions of gases CO<sub>2</sub> and CH<sub>4</sub>. According to the rational used, emission reduction is calculated by subtracting emissions in the mitigation scenario due to fuel consumption in the blast furnace and fugitive liquid emissions due to production of fuel consumed from emissions in baseline scenario due to fuel consumption in blast furnaces. Based on the calculation, emissions are expected to reduce by 85,204 tCO<sub>2</sub>e/year due to this initiative.



### LDG COLLECTION AND USE

The initiative “LDG collection and use” entered into operation in 2004 and since then, Tubarão Unit uses steelmaking gas (LDG) for energy self-generation, i.e., part of the LDG generated in the steelmaking production process started to be used in its four existing thermal power plants, with an installed capacity of 286 MW; before the implementation of this initiative, the LDG was burned in flares and then released directly into the atmosphere without using its energy potential. In 2007, this initiative was registered as a CDM project, becoming the first one of the steel industry in the world.

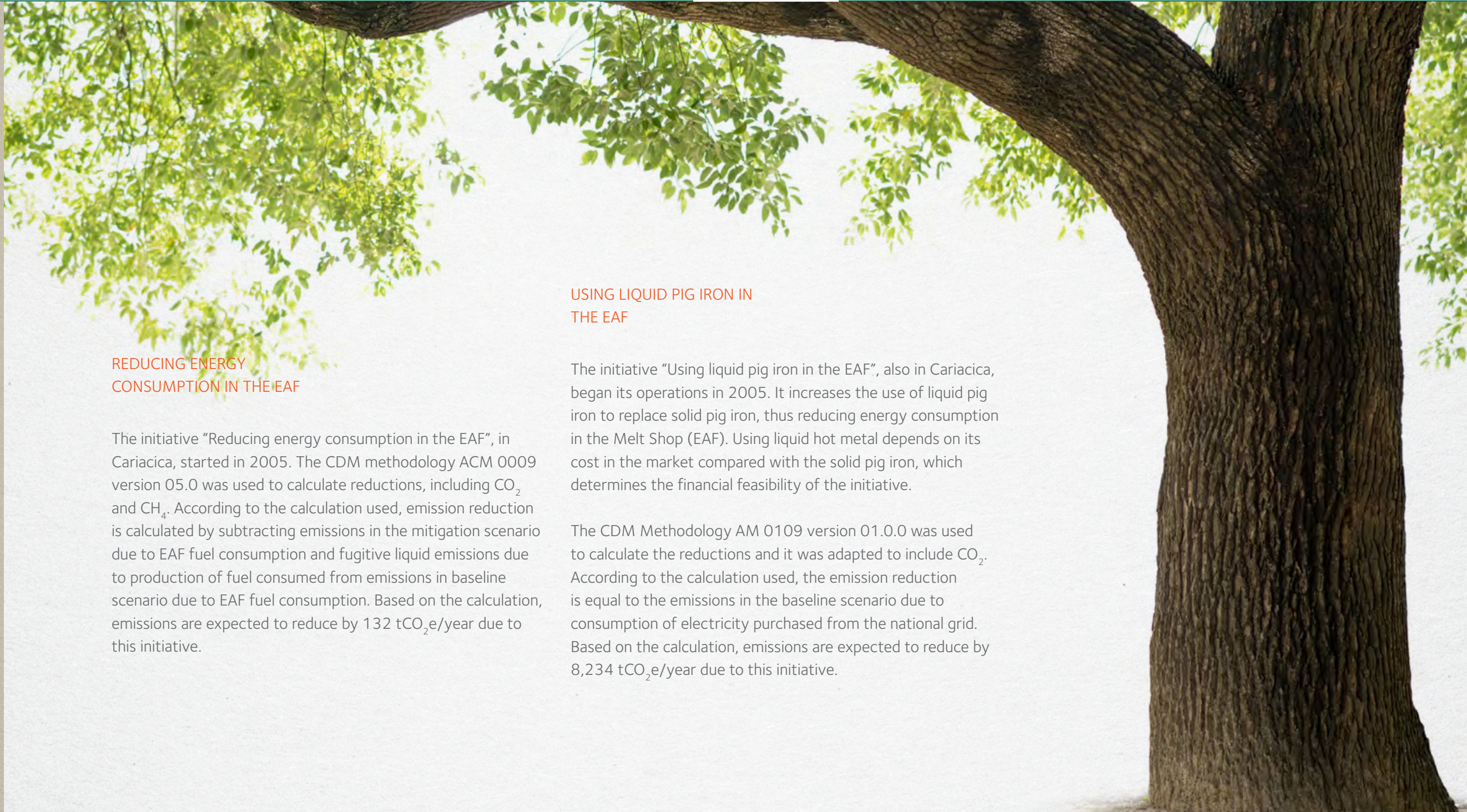
The CDM methodology ACM 0004 version 01 was used to calculate reductions, including CO<sub>2</sub> (Scope 2). According to the calculation used, the emission reduction is equal to the emissions in the baseline scenario due to consumption of electricity purchased from the national grid. Based on the calculation, emissions are expected to reduce by 48,450 tCO<sub>2</sub>/year due to this initiative, according to the PDD (Project Design Document) registered.

### ELECTRICITY CO-GENERATION FROM HEAT RECOVERY IN THE COKE PRODUCTION PROCESS

The initiative “Electricity co-generation from heat recovery in the coke production process” came into operation in 2007. The Heat Recovery process was implemented at SOL Coqueria Tubarão, an outside company established at Tubarão plant in 2005. The by-product originated from the coking process is the residual heat of exhaust gases (950 to 1050°C), which are directed to eight heat exchangers (HRSG - Heat Recovery Steam Generator), where part of the energy from these gases is transferred as heat to the water entering the system, producing superheated steam at high pressure and temperature (540°C and 105 kg/cm<sup>2</sup>), which in turn drive two turbines and two generators with 196 MW total installed capacity. Part of the electricity generated is allocated to meet demands from Tubarão Unit and the surplus is exported through the National Integrated System (NIS) to serve other units of the group. The surplus energy exported through NIS makes the system more robust and benefits companies of the group. In 2012, this initiative was registered as a CDM project.

The CDM methodology ACM 0012 version 04 was used to calculate reductions, including CO<sub>2</sub> (Scope 2). According to the calculation used, the emission reduction is equal to the emissions in the baseline scenario due to consumption of electricity purchased from the national grid. Based on the calculation, emissions are expected to reduce by 213,407 tCO<sub>2</sub>e/year, according to the PDD registered.





### REDUCING ENERGY CONSUMPTION IN THE EAF

The initiative “Reducing energy consumption in the EAF”, in Cariacica, started in 2005. The CDM methodology ACM 0009 version 05.0 was used to calculate reductions, including CO<sub>2</sub> and CH<sub>4</sub>. According to the calculation used, emission reduction is calculated by subtracting emissions in the mitigation scenario due to EAF fuel consumption and fugitive liquid emissions due to production of fuel consumed from emissions in baseline scenario due to EAF fuel consumption. Based on the calculation, emissions are expected to reduce by 132 tCO<sub>2</sub>e/year due to this initiative.

### USING LIQUID PIG IRON IN THE EAF

The initiative “Using liquid pig iron in the EAF”, also in Cariacica, began its operations in 2005. It increases the use of liquid pig iron to replace solid pig iron, thus reducing energy consumption in the Melt Shop (EAF). Using liquid hot metal depends on its cost in the market compared with the solid pig iron, which determines the financial feasibility of the initiative.

The CDM Methodology AM 0109 version 01.0.0 was used to calculate the reductions and it was adapted to include CO<sub>2</sub>. According to the calculation used, the emission reduction is equal to the emissions in the baseline scenario due to consumption of electricity purchased from the national grid. Based on the calculation, emissions are expected to reduce by 8,234 tCO<sub>2</sub>e/year due to this initiative.



### REUSING BLAST FURNACE GAS IN THE REHEATING FURNACES OF THE ROLLING MILL AREA

In Juiz de Fora Unit, the initiative “Reusing blast furnace gas in the reheating furnaces of the rolling mill area” started to operate in 2009. The CDM methodology AMS-II.D version 13.0 was used to calculate reductions, including CO<sub>2</sub>. According to the calculation used, emission reduction is calculated by subtracting emissions in the mitigation scenario due to energy consumption in the reheating process at the rolling mill area from emissions in baseline scenario due to energy consumption in the reheating process at the rolling mill area. Based on the calculation, emissions are expected to reduce by 12,146 tCO<sub>2</sub>e/year due to this initiative.

Also at Juiz de Fora Unit, there is project for production of pig iron using charcoal from planted forest and replacing the coke route. The CDM Methodology AM0082 version 01 (“Use of charcoal from planted renewable biomass in the iron ore reduction process through the establishment of a new iron ore reduction system”) is used as basis for monitoring this mitigating action.

In brief, this methodology estimates emissions from pig iron production using coke route (baseline scenario) and charcoal route (mitigation scenario).

In the baseline scenario, emissions from using coke as reducing agent in the production of pig iron (process emissions) and upstream fugitive emissions from coke production are taken into consideration. These fugitive emissions include emissions from coke production at Tubarão Unit and emissions associated with coke transport from Tubarão to Juiz de Fora Unit.

The mitigation scenario comprehends upstream fugitive emissions from charcoal production, which include emissions from diesel consumption for establishment of eucalyptus plantations, N<sub>2</sub>O emissions resulting from the use of nitrogen as fertilizer on plantations, emissions due to transportation of wood to the carbonization plants, CH<sub>4</sub> emissions from the wood carbonization process, and emissions due to transportation of charcoal from carbonization plants to Juiz de Fora Unit.

*In brief of MDL AM0082 this methodology estimates emissions from pig iron production using coke route and charcoal route.*

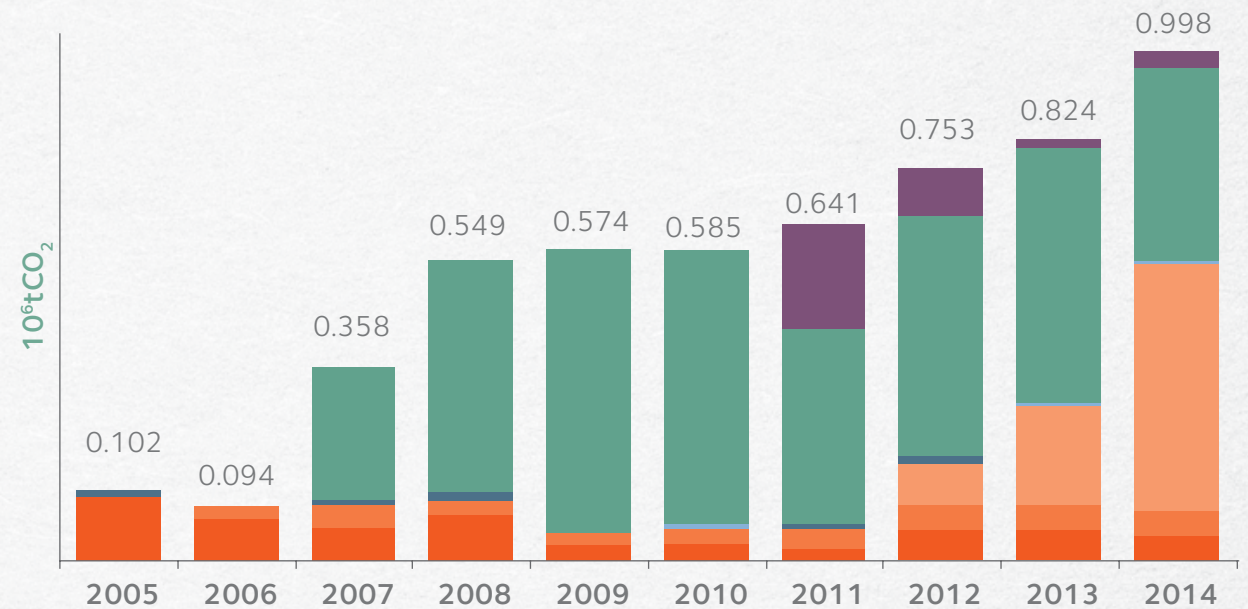


The average annual reduction of GHG emissions is 300,928 tCO<sub>2</sub>e by replacing coke with charcoal in the production of pig iron at Juiz de Fora Unit.

In order to reduce air emissions, Tubarão Unit only, completed another step of its environmental investment plan, estimated at US\$ 100 million (approximately BRL 400 million) and which is being executed since March 2014, and it refers to the technological modernization and revamping of its three electrostatic precipitators at the Sinter plant (systems responsible for reducing particulate matter emissions), in accordance with commitment undertaken with the State Environmental Institute (IEMA - Instituto Estadual de Meio Ambiente). Continuing with the planned schedule, in 2015 the Company concluded the works to expand by 50% the filtering capacity of its dedusting system in the Coke plant. For more information on this project visit the link.

The Company also keeps constant dialogue with society, academy and environmental agencies in order to find solutions to improve its environmental performance, based on facts, data and technology.

CO<sub>2</sub> REDUCTIONS (10<sup>6</sup>t) BY INITIATIVES – ArcelorMittal Brasil



- MONLEVADE**  
partial replacement of mineral coal and coke with Natural Gas in BF
- JUIZ DE FORA**  
reuse of BF gas at re-heating furnaces at rolling area
- JUIZ DE FORA AND BIOFLORESTAS**  
production of Pig Iron with renewable reducer agent and reduction of methane in Carbonization
- CARIACICA**  
reduction in the consumption of energy at EAF by replacing oil with NG
- CARIACICA**  
use of liquid pig iron at EAF
- TUBARÃO**  
co-generation of Energy from Heat Recovery
- TUBARÃO**  
cobotage transport for Coils
- TUBARÃO**  
co-generation of energy by reusing LDG

MORE INFORMATION ABOUT THE PROJECT



## MANAGEMENT APPROACH

The steel industry is energy-intensive and climate change is one of its greatest challenges. The most significant greenhouse gas for the global steel industry is carbon dioxide (CO<sub>2</sub>); on average 1.8 ton of CO<sub>2</sub> is emitted for each ton of steel produced. According to the International Energy Agency, the iron and steel industry accounts for approximately 6.7% of total CO<sub>2</sub> emissions in the world. Therefore, the sector must seek to reduce its emissions of greenhouse gases and adapt itself to its effects, such as water shortage and lower availability of electricity.

Reducing emissions of greenhouse gases are associated with the development and introduction of new disruptive technologies (radical innovation and not only incremental innovation) in steelmaking, including the reuse of CO<sub>2</sub> and energy efficiency in processes. An example of disruptive technology is the ULCOS project (Ultra Low CO<sub>2</sub> Steelmaking), which was launched in 2004 with the participation of 11 steel producers in the world and supported by 40 researchers from Universities.

THE MAIN LINES OF RESEARCH ARE:

- **HISARNA** > Injection of charcoal fines, Iron Ore and O<sub>2</sub>
- **ULCORED** > Direct Reduction of Iron Ore by Natural Gas
- **ULCOWIN** > Electrolysis of Iron Ore
- **BLAST FURNACE TOP GAS RECYCLING** > Using Blast Furnace as reactor

HISARNA, which is in pilot scale, is a highlight. It eliminates two preparatory energy-intensive steps in the production of pig iron, because there is no need to cluster fine iron ore into sinter or to convert coal into coke. This project can reduce CO<sub>2</sub> emissions by around 20%. The project is an initiative of Tata Steel and Rio Tinto, with direct cooperation of the leading European producers such as ArcelorMittal, ThyssenKrupp and Voestalpine.

In Japan, the COURSE 50<sup>18</sup> is also under development. It was launched in 2007 and aims to develop technologies to reduce about 30% of CO<sub>2</sub> emissions by eliminating CO<sub>2</sub> emissions from blast furnaces and by capturing, separating and recovering CO<sub>2</sub> from blast furnace gas (BFG).

Disruptive technologies are still in pilot scale and require high investments for the sector, as well as a long period of time for the application.

<sup>19</sup> COURSE 50 - CO<sub>2</sub> Ultimate Reduction in Steelmaking process by innovative technology for cool Earth 50. For more information, visit the Iron and Steel Japanese Federation website: [http://www.jisf.or.jp/course50/outline/index\\_en.html](http://www.jisf.or.jp/course50/outline/index_en.html).



Therefore, the Company has also invested in the standardization to calculate CO<sub>2</sub> emissions (seeking benchmarking) and in energy efficiency projects. A recent study of the Worldsteel Association shows that the average intensity of energy for steel production is 20 GJ / ton of crude steel, with a potential for improvement of about 15-20%.

Also with regard to CO<sub>2</sub> emissions, it is worth highlighting the use of renewable energies, the development of advanced steels for the automotive industry to reduce vehicle weight and lower fuel consumption, and the production of improved electrical steels that are much more efficient for transformers and motors, significantly reducing the total energy required throughout their lifespan.

The use and reuse of by-products generated in steel production can also reduce CO<sub>2</sub> emissions by replacing natural resources in other industries. For example, blast furnace slag is used by the cement sector, allowing significant reduction of CO<sub>2</sub> level.

Steel is the material of choice for governments and public agencies in construction and infrastructure projects. Thus, steel must be part of the answer, and not part of the problem when dealing with climate change.

It is necessary to promote the use of steel wherever its unique properties can be used to the maximum extent possible. The sector should conduct researches to show that the carbon footprint of steel, due to its continuous and infinite recyclability, is lower than other materials used in the same type of applications, depending on their continuous and endless recyclability. During the first production of steel, the average CO<sub>2</sub> emission is 2 tCO<sub>2</sub>/ton, and next time, when recycled, it is about five times smaller.

Another challenge the Company faces are the impacts that climate change brings to the daily life of cities and their populations, threatening the built environment, assets and economic sectors (IPCC, 2014). Therefore, these impacts have a cross-sectoral nature and affect different economic sectors (energy, cities, water resources, among others). Highlighting the water scarcity issue, the challenge of the steel industry is to produce increasingly more using less water input into the process, and that means seeking new alternatives to collect water, taking into account that it will be increasingly scarce and that priority is, and will always be, for human use.

ArcelorMittal steel aggregate



### MANAGING IMPACTS

The Company has a mature environmental management system that allows management of all environmental aspects and impacts originated from its activities, products and services. It also uses an environmental risk assessment tool for all units of the group, including Mining, through an ArcelorMittal Group internal methodology.

THE MAIN INDICATORS ASSOCIATED WITH EMISSIONS AND CLIMATE CHANGE ARE:

- **CO<sub>2</sub>**: Amount of CO<sub>2</sub> (in tons) per crude steel production
- **Particulate Matter**: Amount (in tons) of particulate matter measured (continuously and manually)
- **SO<sub>x</sub>**: Amount (in tons) of SO<sub>x</sub> measured (continuously and manually)
- **NO<sub>x</sub>**: Amount (in tons) of NO<sub>x</sub> measured (continuously and manually)

DIRECT AND INDIRECT GHG EMISSIONS – tCO <sub>2</sub> e – ArcelorMittal Brasil	2012	2013	2014	2015
<b>GHG EMISSIONS (SCOPE 1)</b>				
Other fixed sources	11,123,576	11,991,712	14,355,941	16,334,827
<b>GHG EMISSION (SCOPE 2)</b>				
Energy consumption	130,783	166,490	133,139	129,953
<b>GHG EMISSION (SCOPE 3)</b>				
Scope 3	2,597,396	2,482,824	2,021,175*	1,050,756

<sup>20</sup> The correct amount of Scope 3 in 2014 is 2,021,175 t/CO<sub>2</sub>e and it comprehends Flat and Long carbon segments. The 2014 Report presented an incorrect figure.

Internal and external audits, number of stakeholder claims, infraction notices, fines, awards and recognitions received contribute to the effective assessment of the Emissions and Climate Change management.

In 2015, ArcelorMittal Brasil industrial activities totaled 16.3 million tCO<sub>2</sub>e in Scope 1 emissions, 129.9 thousand tCO<sub>2</sub>e in Scope 2 emissions, and 1 million tCO<sub>2</sub>e in Scope 3 emissions.



## Air emissions management

ArcelorMittal operations are constantly interacting with natural systems and communities where the Company operates and they may interfere with the quality of the environment, territories and surrounding biodiversity. Undertaking the commitment to act responsibly, preventing risks and potential impacts associated with its operations, the Company adopts measures to manage risks, aspects and possible environmental impacts at all operation stages. Emissions of sedimentary particles, especially, is a subject that has required special attention and efforts on the part of the Company, whose philosophy is providing information on its operations in a transparent manner and the continuous and uninterrupted control of any and all emissions or interferences that it may cause to the environment. In spite of operating in accordance with the Brazilian legislation, investments must be constant, seeking continuous improvement.

*ArcelorMittal Tubarão Unit*

The latest investments started in 2014 and correspond to BRL 400 million. Details can be found in the hot site [tubarao.arcelormittal.com/meioambiente](http://tubarao.arcelormittal.com/meioambiente), which is updated every two weeks, providing transparency to every step of the Investment Plan. Among the activities included in the Plan, the revamping of the three electrostatic precipitators of the sinter plant was concluded in September 2015, and the technological modernization and the 50% increase in the filtration capacity of the Coke guides dedusting system were concluded in December 2015. Another investment announced was the installation of the Gas Cleaning Bag Filter, considered by the European Community as the best technology currently available in the world and whose start-up is expected by January 2018. This system will reduce by 90% the unit's total emissions of particulate matter.



# VALUE CHAIN

5

In order to ensure high sustainability standards throughout the value chain, ArcelorMittal seeks to identify social and environmental trends and anticipate its customers' needs, acting preventively to reduce risks and improve its processes.

Iron ore transport



# OUTCOME 7

## SUPPLY CHAINS THAT OUR CUSTOMERS TRUST

The ArcelorMittal Group understands that it needs to actively and effectively manage the supply chain so that stakeholders can trust that suppliers have an ethical behavior and work with sound environmental and social standards. With a global supply chain involving thousands of companies and about US\$ 50 billion being spent every year, this is both a challenge and a great opportunity.



# Business model

The business model used by ArcelorMittal Brasil takes into consideration the entire value chain, from supply of inputs to delivery of steel to the end customer, either in the B2B (Business to Business) environment, which involves the majority of the Company's operations, or B2C (Business to Consumer), through the Distribution Network, its own network of stores and the e-commerce, a platform that was launched in 2015. This model ensures a strong presence of ArcelorMittal steel in the country, competitive costs, the offer of added-value products and high performance in the delivery of results, integrating people management with advanced management methods.

The model includes structuring of warehouses to capture scrap metal, purchasing iron ore and coal in the domestic and international markets, and self-generation of energy, whenever possible. Furthermore, the Company is focused on operational excellence; continuous improvement and innovation of processes, products and services; reduction and control of costs, as well as on increasing competitiveness and synergy within the plants and between the business segments.

ArcelorMittal Brasil makes available to the market steel products and solutions with high added value, increasingly customized to the automotive, construction and agribusiness segments, as well as the industry in general. It also has an extensive distribution network with more than 120 units strategically located all over Brazil, with large stock for prompt wholesale and retail delivery. In addition to this network, the Company has sales offices, service centers and processing units, either own or in partnership, offering solutions to the industry (pipes, sections, processing of sheets and blanks, hot and cold rolling, pickling, stamping, coating and slitting for specific applications in the sectors of infrastructure, automotive and industry), cutting and bending services, as well as preassembled steel structures for immediate use in customer's projects. The distribution of products counts on an integrated logistics system for delivery of small and large volumes.

*The business model used by ArcelorMittal Brasil takes into consideration the entire value chain, from supply of inputs to delivery of steel to the end customer*

The business model of ArcelorMittal Brasil aims at increasing the value creation for shareholders while following sustainability guidelines. Therefore, risks and opportunities associated with the business are taken into consideration. For 2015, three initiatives stand out: the development of new sources of supply for scrap metal; the anticorruption audits for business partners and the launching of the e-commerce platform.

As for the first initiative, and considering that steel is a 100% recyclable material, recycling has become essential, not only for the health of our planet, but also for the production process. This initiative is detailed in the item *Product life cycle*.

With regard to the second initiative, the ethical and transparent relationship and the communication with stakeholders along the value chain are governed by the Stakeholder Relations and Communications Guideline, approved by the Image, Reputation and Sustainability Committee. In 2015, in order to improve the relationship with commercial partners, ArcelorMittal

Brasil initiated the Anti-Corruption Audits, especially at those suppliers and service providers who act on behalf of the company and interact with the government, for they are considered as the ones with higher risk within the three levels of assessment. This process is detailed in item *Supplier Relations*.

As for the third initiative, aiming at improving communication with customers by using a dedicated channel, ArcelorMittal came up with a pioneering initiative. It launched its direct sales channel on the internet, becoming the first company in the sector to invest in e-commerce. The new channel ([www.lojaarcelormittal.com.br](http://www.lojaarcelormittal.com.br)) began as a pilot project in Greater São Paulo, offering nearly 200 products, and in 2016 it will be extended to the whole country. The e-commerce led the Company to be one of the most innovative companies in Brazil in 2015, according to IT Mídia.

*In order to improve communication with customers, ArcelorMittal Brasil launched a pioneering initiative: its direct sales channel on the internet*



E-commerce platform



## SUPPLIER RELATIONS

[EC9; HR1; GC1; GC2; GC4; GC5]

ArcelorMittal Brasil considers its suppliers as partners in the development of productive and responsible business. Therefore, the Company is extremely discerning when choosing professionals and companies to meet its needs, and assists them in their development. Its commitment with suppliers and the good practices suggested are documented in its Code for Responsible Sourcing and in its Guide to Responsible Sourcing, which can be found at: <http://brasil.arcelormittal.com/en/who-we-are/responsible-sourcing>

With the mission of producing safe and sustainable steel, ArcelorMittal Brasil extends its good practices to the supply chain, aiming at making it more reliable and in line with the Company's corporate responsibility practices. Hence, ArcelorMittal defines in its Code for Responsible Sourcing the

commitments with suppliers, what is expected from them, the documentation and the ways of monitoring that may be required.

In 2015, the Anti-Corruption Audit at commercial partners consisted of a previous survey to analyze the companies' records, a questionnaire to be answered by suppliers/ service providers, followed by analysis performed by the Risk Management area of ArcelorMittal Brasil. Based on the information and always involving the area that requested the supplier/service provider, the contracting was either re-evaluated or approved. By sharing responsibility, the intention is to have more people involved in the process, thus strengthening the culture of integrity within ArcelorMittal. From March to December/2015, 2,228 audits were conducted at commercial

partners, among which 308 were level 3 audits (the most exposed ones), including training of all of them.

To choose suppliers and to regulate the acquisition processes, the Company uses a series of formal procedures which are registered in the quality management system. Some of the factors that influence the selection of suppliers are: quality offered by the supplier to secure the company's standard for material and services; cost and performance of the material in the process, as well as guarantees offered; certifications required for certain products and services, or environmental license; recommendations provided by users or history of supplying to other plants of the company; process improvement and technological advancement.

*From March to December/2015, 2,228 audits were conducted at commercial partners, among which 308 were level 3 audits (the most exposed ones), including training of all of them.*



The Company also prioritizes the recruitment and selection of suppliers from locations near the productive units (as long as there are equal terms) as a way to promote business sustainability. It develops, preferably with local suppliers, strategic partnerships for the provision of goods, inputs and services with guaranteed performance. The contracting process goes through a homologation step, in which administrative, technical and safety aspects are analyzed, providing a contract in line with ArcelorMittal values. From the BRL 11.1 billion applied in the purchase of supplies and services, ArcelorMittal Brasil paid BRL 3.9 billion to local suppliers, which represents 35% of total purchases.

**[HR5; HR6]** Contracts with suppliers establish human rights clauses, which restrains discrimination, forced or slave labor and child labor in its business chain. ArcelorMittal Brasil strictly follows the guidelines proposed by the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Company repudiates forced or compulsory labor and child labor, and extends this approach to business partners and communities.

HUMAN RIGHTS IN THE PRODUCTIVE CHAIN – ArcelorMittal Brasil	2013	2014	2015
Total number of significant suppliers, contracted companies and other business partners	10,081	13,715	11,326
Percentage of investment agreements and contracts verified that include human rights clauses or that were submitted to a human rights assessment	100%	100%	100%
Number of contracts that included human rights clauses	ND	ND	8,964
Total number of significant investment agreements and contracts signed	33	46	21
Total financial amount of investment agreements and contracts that include human rights clauses or that were submitted to a human rights assessment (R\$ million)	ND	194.83	132.52
Total financial amount of significant investment agreements and contracts signed (R\$ million)	243	240.28	132.52



## DEVELOPMENT AND QUALIFICATION OF SUPPLIERS

For the assessment of suppliers, the General Management of Procurement uses the Supplier Performance Management (SPM) system, which considers quality, cost, delivery deadline and certifications as assessment criteria.

ArcelorMittal Tubarão and ArcelorMittal Cariacica take part in the Integrated Program for Supplier Development and Qualification (PRODFOR) since the beginning, as sponsoring companies. Created in 1997, PRODFOR is a joint action carried out by the major purchasing companies located in the state of Espírito Santo, including ArcelorMittal Tubarão, ArcelorMittal Cariacica, FINDES and IEL-ES. The program aims at creating and implementing, in a collaborative manner, an integrated way for development and qualification of suppliers. With all the certifications it offers, PRODFOR has proven to be a successful model for the development of ArcelorMittal suppliers in the state of Espírito Santo in terms of quality of production management and customer service. For the sponsoring

companies, on the other hand, the benefit is the possibility of having suppliers with better level of organization and control of their productive processes.

Through PRODFOR, the supplier participates in activities focused on the organization of its Supply Quality Management System (SGQF) while ArcelorMittal Brasil (or other contracting companies) can better understand the potential and conditions of supply. At the end of the program, companies undergo a strict audit process for certification or re-certification, thus ensuring the qualification of suppliers.

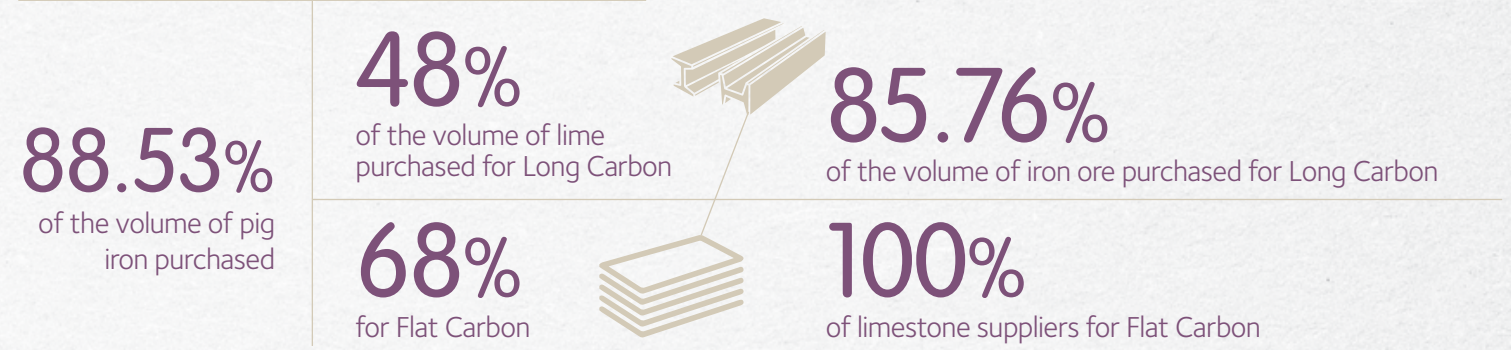
*Since 1998, 644 suppliers have been certified, 25 of them in 2015. From the total, 274 suppliers are currently active in the program.*



**[EN32]** Aware of its role as inducer of sustainable principles in its productive chain, the Company also promotes environmental awareness among its suppliers through the Environmental Performance Assessment Program. The purpose of the program is to assess the environmental performance of critical suppliers established on procedure ABNT PE-148.01 (Eco-Label for steel products for construction).

Carried out by the General Management of Environment and supported by the environment areas of the industrial units, since 2012, at least four audits are conducted on an annual basis for each type of critical supplier (lime, limestone, iron ore, pig iron and scrap). The audits are either “in loco” or through analysis of documents; as result, suppliers are ranked as “appropriate”, “sufficient” or “inappropriate”. If a supplier is ranked as “inappropriate”, an action plan is created for the supplier to achieve the “appropriate” level; the most critical cases are jointly assessed with the procurement area. The results of the assessments are sent to the procurement area, which uses the information during the decision-making process for the purchase of inputs.

IN 2015, THE PROGRAM ASSESSED:



**[EN33]**

NUMBER OF SUPPLIERS	2015
Submitted to assessments in terms of environmental impacts	29
Identified as causing significant negative environmental impacts, both actual and potential impacts	3

**[EN34]**

COMPLAINTS AND CLAIMS IDENTIFIED	2015
Complaints and claims related to environmental impacts, registered before the period covered by the report and that were solved during this period	1
Complaints and claims related to environmental impacts, registered by means of formal mechanisms during the period covered by this report	12
AMONG THE COMPLAINTS AND CLAIMS IDENTIFIED, HOW MANY OF THEM WERE	2015
Selected during the period covered by this report	10
Processed during the period covered by this report	8



## CUSTOMER RELATIONS

[PR5]

Seeking to act with consistency and following the guidelines of its Code of Conduct, ArcelorMittal Brasil maintains a relationship of respect, integrity and transparency with its customers. Therefore, the Company believes the satisfaction survey is an effective tool for the Company to find out how its products and services are evaluated in order to work to better meet customer expectations.

ArcelorMittal Brasil business units adopt different research methodologies to better suit the context in which each unit operates. ArcelorMittal Flat Carbon has been using its own methodology to assess customer satisfaction through an annual questionnaire including features of the products supplied. This survey covers Tubarão and Vega Units. In 2015, the average score of the products – plates, hot rolled coils, hot rolled and pickled coils (ArcelorMittal Tubarão) and cold rolled and galvanized coils for the industrial and automotive market (ArcelorMittal Vega) – was 3.7. The significant

difference between the 2015 average score and previous years, such as 2014 with 7.60; 2013 with 7.7; and 2012 with 7.9, is because in 2015, ArcelorMittal Flat Carbon changed its scoring methodology from a 0-10 to a 1-5 scale. Thus, proportionately, Flat Carbon units had a 74% performance in 2015.

ArcelorMittal Long Carbon adopts a standardized quantitative methodology, including a structured questionnaire and telephone interviews; assessments are annually carried out for cutting and bending, and every two years for sales and distribution. In 2014, the results of the survey were 83% in terms of overall organization, and 93% for products. Results of the 2016 survey will be published in the next report.

The mining segment, Andrade Mine specifically, adopts its own methodology to assess customer satisfaction by means of a Vendor Rating report. This report exists for one customer

only, ArcelorMittal Monlevade, and it refers to the sales of Sinter Feed from Andrade – SFAN, and covers the following criteria: quality (chemical and physical specifications), presence of contamination, and delivery performance, among others. The report is discussed between the parties during monthly meetings that take place either at the Mine or at the Plant.

With regard to the Wire Drawing Unit – BBA – there is no specific methodology yet to measure the level of customer satisfaction.

In addition to these survey tools, ArcelorMittal Brasil has relationship channels to ensure proximity to its customers: SAC (0800-015-1221) and e-mail: atendimento.belgonet@amcontratos.com.br. In order to ensure security and confidentiality, customer data are carefully handled.





# COMMUNITY

## 6

Supporting communities in their initiatives and projects is essential for ArcelorMittal to build a solid relationship with its many audiences. As an example of its social activities worldwide, the Company encourages a culture of volunteering, which gathers employees and residents from various locations, thus promoting transparency, trust and friendship bonds.

ArcelorMittal 'Fun on Stage' program

# OUTCOME 8

## ACTIVE AND WELCOMED MEMBER OF THE COMMUNITY

Wherever ArcelorMittal operates, it invariably has a significant presence, by providing employment opportunities and transforming local economy. The company has an important social role to play, and therefore, it understands that it is of paramount importance to engage in an open dialogue with all stakeholders to understand the expectations of local communities and ensure that the Company is also understood.



# Community Relations

[S01; S02]

*The Company believes that it is important to build a strong relationship with neighboring communities, civil organizations and government bodies*

ArcelorMittal Brasil has constantly sought to improve its strategy and management aiming to achieve its business vision, which is “To be the most admired steel producer in the world – a benchmark for the global steel industry”. To this end, several initiatives are developed, always seeking to beat the steel market competition and cultivating respect to people, aware of the impact of its activity on the communities in which it operates.

Being an active and welcomed member in the community requires dialogue, transparency in private social investment in accordance with the Company’s Culture of Integrity, and the understanding that ArcelorMittal Brasil is part of a relational set. Thus, ArcelorMittal Brasil actions put emphasis on the management of stakeholders’ expectations through an integrated model of social action, be it through social intervention initiatives or social programs set up together with its stakeholders.

The Company believes that it is important to build a strong relationship with neighboring communities, civil organizations and government bodies, thus evolving to a co-participation level, which occurs in 100% of its operations. Therefore, as an integral part of a complex social network, the Company

constantly seeks to contribute to finding joint solutions to promote education, justice, health, culture, income generation and citizenship. At the same time, this contribution will consequently allow gains in reputation and sustainability for the business.

To learn about the demands of neighboring communities, ArcelorMittal Brasil units adopt its own methodologies and offer different communication channels to collect those perceptions, either directly or through periodic meetings with community leaders, with representatives of the municipal government, as well as programs and surveys. Therefore, they strategically act to identify new demands, satisfactions and dissatisfactions, and to approach the neighboring communities to also strengthen the existing dialogue and relationship.

All demands the Company receives from its stakeholders are analyzed and addressed in the best way possible, generating action plans or direct and customized responses. Such demands are received through personal contact with outside parties or the various formal communication channels, including the Contact Us (corporate level), Solicitant Portal or Ctrl-Culture and Sports. The latter, run by ArcelorMittal Foundation, receives proposals of projects to be supported through laws of incentive



ArcelorMittal 'Fun on Stage' program

to culture (Rouanet Culture Incentive Law, municipal incentive laws of Belo Horizonte, and state laws of the states of Minas Gerais and São Paulo) and sports (Federal, and state laws of the states of Minas Gerais and São Paulo) then submitted to analysis by the Culture and Sports Committee. The projects are analyzed based on the guidelines established by the Company's Investment Policy, the amount available for investment and the interests of local communities. Monitoring of supported projects occurs periodically by means of visits, meetings and rendering of accounts (cost and performance). All partnerships are formalized through agreements, and the use of financial resources is defined and included in those agreements.

The alternation of government and the eventual discontinuity in the dialogue process, as well as environmental and operational impacts on the areas surrounding the business units are constantly taken into account in the Company's risk assessment. The management of these risks and social-environmental impacts at ArcelorMittal, given the different operational nature, is the responsibility of each business unit that develops its monitoring and control model to remain

compliant with laws and regulations at the federal, state and municipal levels, preserving good relationship with the community and employees, watching over their health, safety and quality of life.

This is an ongoing monitoring and it is performed by using different tools, which are adapted to the specific needs of each business unit. A few examples are: periodic environmental tests of air quality and soil characteristics, monitoring of air and water effluent emissions, monitoring of disposal of solid waste from the industrial process, dedusting system, internal paving, wetting of internal roads and installation of sprinklers, among others. Moreover, some specific actions are developed, such as the Project for Recovery of the Raw Materials Yard, which operates in the potential sources of diffuse dust resulting from unpaved roads and metallic handling, geological and environmental studies, conducted in order to minimize the damage of certain activities, and recovery plan for the exploited areas. Aligned with this process, equipment and facilities are frequently upgraded and the units perform a mapping of the major risks, providing data to a periodically updated risk matrix.



# Social Investment

ArcelorMittal Brasil supports and develops social projects in line with the values and policies of the ArcelorMittal Group, effectively meeting the needs of the community and respecting local culture. Each unit prioritizes investments in the municipality where it is located, as well as neighboring municipalities and those under its influence, and the relationship with its partners is underpinned by ethics and transparency.

Social investments of ArcelorMittal Brasil respect local, national and global agenda, and they are in line with the principles of the Global Compact and local public policies. The Company works with the government and third sector organizations in the promotion of actions to strengthen local policies and contribute to the development of the communities where it operates. It takes part in the development of proposals of collective interest, based on requirements of each municipality. In addition, ArcelorMittal Foundation also shares the methodologies of its programs with the local government in order to effectively achieve transforming and long-term results. ArcelorMittal Foundation is responsible for managing social actions in communities under the influence of Long Carbon, Flat Carbon, Mining and Distribution segments. Since 1988, the institution has been promoting local development initiatives focused on the education of children and adolescents.

In 2015, about 410,000 people benefited from 11 own projects managed by ArcelorMittal Foundation in the areas of education and social promotion, in 41 Brazilian municipalities. There has also been a 25% increase in investments through Culture and Sports Incentive Laws, granting ArcelorMittal the “Best of the Year” award, from the Government of Minas Gerais state, for being the company that invested the most in sports in the state in 2014 and 2015, through the State Law. For the first time, ArcelorMittal transferred resources to the National Fund for the Elderly, corresponding to 1% of the Company’s income tax, and will benefit over 10,000 elders in 2016. As regards the health field, it also supports projects through the Federal Law of Incentive to Health, through the National Support Program to Oncology Care (PRONON) and National Support Program to Health Care of Individuals

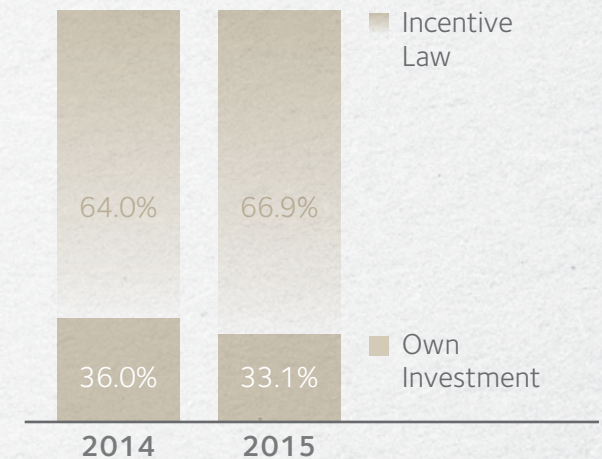
with Disabilities (PRONAS). There was also a 13% increase in attendance to the ArcelorMittal ‘Fun on Stage’ program (Diversão em Cena ArcelorMittal), which offers regular cultural events, either free or at popular prices, in the cities of Belo Horizonte, Sabará, Juiz de Fora, João Monlevade and Piracicaba.

However, it is noteworthy that, in addition to initiatives developed by ArcelorMittal Foundation, each business unit develops local independent projects, based on the reality of the communities in which they are located and with management practices in line and suitable with their realities. The investment strategies are based on local demand and consider the particularities of each community, aiming at meeting their actual needs.

**Breakdown of ArcelorMittal Brasil social investments (BRL)**

	2015	2014	2013
<b>Education</b>	4,573,341.43	2,392,948.31	2,979,589.59
<b>Culture</b>	8,223,922.75	8,187,479.61	7,964,187.44
<b>Sports</b>	4,543,709.62	3,614,925.70	1,715,407.74
<b>Health</b>	647,966.00	487,496.00	912,265.43
<b>Others</b>	2,194,33.14	3,963,132.94	3,161,298.94
<b>TOTAL</b>	<b>20,183,272.94</b>	<b>18,645,982.56</b>	<b>16,732,748.14</b>

**Source of Funds**



In the Flat Carbon segment, Tubarão and Vega Units have always sought to work in partnership with local organizations such as Courts of Justice, public ministries (state and labor), police (civil, military and federal), NGOs, community associations, among others, in order to develop social-environmental projects aligned with local demands. In this context, both units have a strict control system for their processes and a modern and effective environmental monitoring program in order to identify and minimize negative impacts. The activities in the surrounding communities of both units are periodically monitored by means of corporate image surveys. Thus, the results of the surveys guide the investments and social programs accomplished by both companies.

With regard to the financial resources available, ArcelorMittal Tubarão invested BRL 2,659,062.91, 92.4% being allocated to Education, 3.84% to Culture and 3.76% to Emergency Actions, bringing benefits to more than 67,245 people.

ArcelorMittal Vega is not any different when it comes to its role and presence in the social sphere. In 2015, figures were also significant regarding the unit's investment. Throughout the year, more than 25,000 people in the region benefited from a total investment of BRL 549,813.00, considering the areas of Education, Community Development, Culture and Infrastructure of the region.

Some challenges faced in the development of social actions include the fragility and management of third sector institutions in the regions where the units operate. In this context, and considering the different realities and ways of working, the Company has held meetings with the supported institutions, addressing various topics of interest so that they can enhance their results by improving their management. In 2015, these institutions were provided with free advisory services by a contractor who was in charge of, among others, auditing the rendering of accounts of those institutions. This rendering of accounts concerning the funds transferred as per national legislation is an essential guideline for the Companies. Every year, the institutions supported by ArcelorMittal Tubarão and Vega are audited and monitored, also being provided with training opportunities. The objective of this training, which is focused on management and accounting and tax intelligence, is to develop a line of work that, over time, can help to strengthen the organizations that develop projects supported by the company and turn them into more sustainable organizations.

*Project to encourage art and culture in the community*



As a result, a reduction in the level of remnant resources has been noticed, that is, the institutions have managed to almost completely realize the budget planned, and the average accuracy rate in the rendering of accounts has been above 90%. However, despite the training provided in some regions, it has not yet been possible to sensitize the new entities and boost investments..

The management of investment of Flat Carbon units is in line with global corporate guidelines, always basing their relationships on ethics and transparent governance with all of its stakeholders. The units seek to establish sustainable and lasting partnerships, supporting public programs and policies, professional associations, educational institutions and civil society organizations in favor of the community. The Companies perform the Social Notice to define its axis of performance in social responsibility. At Tubarão Unit, due to the characteristics of the plant and great demand, the Social Notice has a forum made up of about 30 external institutions (court of law, ministries, IRS, federal justice, Brazilian Bar Association - OAB, among others) to support the company on impartially choosing the initiatives and to have the smallest margin of error possible for social targets receiving the benefits. ArcelorMittal

believes that the external agents have more propriety to set the direction for social work because they work in the field and because, in many cases, the deficiencies that generate social consequences are the very system that integrates these institutions. Another intention of this strategy is to engage stakeholders, inform them, and make them participate in the process, which directly reflects on the consolidation of the Company's reputation before the participating audience, leading to positive results.

Specific agreements formalize the investments which are regularly monitored, and the institutions benefited from the company's resources are required to provide a quarterly rendering of accounts and a report on the activities accomplished.

In 2015, responding to several demands from community leaders in the cities of Vitoria and Serra, state of Espírito Santo, ArcelorMittal Tubarão also developed the Qualification Program for Community Leaders; in Vitória, the program is being conducted in partnership with the People's Council of Vitoria (CPV); in Serra, the partnership is with UNESCO and the Federation of Serra Residents Associations (FAMS).

*In 2015, meeting several demands from community leaders in the cities of Vitória and Serra, in the state of Espírito Santo, ArcelorMittal Tubarão developed the Qualification Program for Community Leaders.*

The program contributed to the creation of a space for interaction, dialogue and learning, supported by a strong axis of legal upgrading to the various community leaders participating in the event, encouraging a more critical view of their responsibility as community leaders, raising awareness about the importance of legalizing their associations, seeking the transformation of the community and of the society as a whole. The program mainly aims to strengthen communication with the community; identify the most critical social problems for further evaluation and inclusion in the planning; and respond to any eventual queries or record and forward them to the relevant area, monitoring the answers.

The second half of 2015 marked a new phase of achievements for the new Environmental Investment Project of ArcelorMittal Tubarão. Fulfilling its commitment to also invest in dialogue with society, the Company began a series of lectures dedicated to representatives of the surrounding communities. The first meeting, held on September 12, 2015, was attended by representatives of the Residents' Association of the city of Serra. Throughout the semester about 30 organizations from the city of Vitoria visited the unit, including members of the

People's City Council, which brings together all neighborhood associations of the city of Vitória, capital of Espírito Santo state. The process of communication with the communities regarding the new investment cycle of the company, expected to be concluded in January 2018 and with an investment of BRL 400 million, will continue over the coming years and it features an important communication tool: an Environmental Hotsite ([tubarao.arcelormittal.com/meioambiente](http://tubarao.arcelormittal.com/meioambiente)), which provides details on each investment planned, including their installation phase and specific contribution to the total reduction of the company's particulate matter.

ArcelorMittal Tubarão has an effective participation in the following organizations: CORES – Social Responsibility Council of the Federation of Industries of Espírito Santo state, Espírito Santo in Action, AJAES – Junior Achievement Association of Espírito Santo, ASES – Entrepreneur's Association of the city of Serra, and the Culture Committee of Unimed Institute.

*The second half of 2015 marked a new phase of achievements for the new Environmental Investment Project of ArcelorMittal Tubarão*



*Inclusion of children and adolescents through sports*



## MOBILIZATION TO FIGHT

### the *Aedes aegypti*

The Zika virus outbreak caught the world's attention when it was declared a global public health emergency by the World Health Organization. Prior to that, over the year 2015, several measures were in place at ArcelorMittal Brasil to raise awareness and tackle the spread of diseases through joint efforts, both within and outside the Company. Internally, campaigns were released (flyers, posters, newsletters and TV screens) with information on how to prevent and identify the symptoms of Zika, Dengue and Chikungunya, diseases transmitted by the *Aedes aegypti* mosquito. In the surrounding communities, through direct actions and face-to-face campaigns with the participation of some of the employees, a task force was carried out to raise awareness about the outbreak, and to provide information on ways to mitigate sources of contamination and preventive measures as well.

To strengthen the internal preventive measures for raising awareness, rehabilitation and fighting the proliferation of mosquitoes by means of inspections, insecticide spraying, adding chlorine to wastewater, among others, the Company also worked along with local health teams to conduct regular

risk assessments in the business units and exchange knowledge. The issue was also discussed in the meetings of the Internal Commission for Accident Prevention (CIPA) and during the Safety Dialogue at the industrial units.

The issue requires attention and continuous efforts in clinical centers and health programs, not only to raise awareness of employees and their families, but also to monitor all pregnant women in order to help them protect themselves from the virus during pregnancy, especially because of the risks associated with Zika.

Institutionally, ArcelorMittal Brasil is also working together with regional governments, Public Ministry, private sector and professional associations in the search for joint efforts to fight diseases transmitted by the mosquito. In the state of Minas Gerais, the company supports an initiative of the Public Ministry, known as Itinerant PM, which will develop actions in inner cities of the state in 2016 with the purpose of increasing the mobilization on this issue.

## CITIZENS OF TOMORROW

Created in 1999 to encourage the adherence of employees, family members, customers, suppliers and the community to allocate part of the income tax to the Funds for Children and Adolescents, the Citizens of Tomorrow is an initiative that mobilized 5,702 people, raised about BRL 1.5 million and benefited 44 institutions in 2015. The program seeks to strengthen policies for needy youngsters or those at personal and social risk, and it is conducted by the City Council on Rights of the Child and Adolescent. Since 2012, in addition to the Funds, one can also contribute to the implementation of a sports project, which targets the inclusion of young people. This is an opportunity to contribute to the development of children and adolescents, at no cost, since the Brazilian legislation allows the full deduction of allocations made to Funds and projects approved by the Sports Law. From 1999 to 2015, more than 200 thousand children and adolescents benefited from over BRL 19.5 million of funds raised.

# Recognitions

In 2015, ArcelorMittal Brasil received public recognitions that certified its sustainable management. One of them was from Guia Exame de Sustentabilidade (Exame magazine Sustainability Guide), whose methodology, developed by the Center of Studies of the Getulio Vargas Foundation (GVCes), assesses companies' performance in the environmental, social and economic areas. ArcelorMittal Brasil was recognized as the most sustainable company in the "Climate Change" category in Brazil. The projects for reduction of greenhouse gas emissions, developed since 2009, already offset 1.4 million tons of carbon, about 10% of total emissions of ArcelorMittal in Brazil.

The Company also featured in second position of the Estadão Empresas Mais in the Metallurgy and Steel category. This document, which publishes the list of top performing companies in 22 sectors evaluated, is prepared based on an innovative methodology of Fundação Instituto de Administração (FIA - Administration Institute Foundation), with the technical support of the Broadcast team, real-time service of Agência Estado.

People management practices were also recognized by the Brazilian Academy of Human Rights, which granted ArcelorMittal the Humanities Award, thus recognizing the

initiatives for the defense of private social investment, and the promotion of education, culture and sports for children and adolescents, as well as the engagement in projects that increase access to justice and promote peace.

In logistics, ArcelorMittal was recognized as the best company in the Raw materials and inputs category by the magazine Transporte Moderno and Technibus. In the Innovation Technology area, ArcelorMittal Brasil was in the "Top 100+ Innovative in the Use of IT" award as the third most innovative company in Brazil. Promoted by IT Mídia, the jury was made up of consultants from PwC Technology, journalists and innovation experts from the University of São Paulo, who analyzed over 200 papers and highlighted the e-Commerce project. Launched in June 2015, the e-commerce of ArcelorMittal was a pioneering initiative among the steel industries. With cutting-edge technology and intelligent algorithms, the system automatically identifies, when the customer places an order, the best distribution center for delivery, taking into account costs, freight, product availability and proximity. It also automatically informs the date and time of delivery, and allows buyers to track the product through real time georeferencing, from shipping to delivery.

*Find out about all the awards received by ArcelorMittal Brasil*

[CLICK HERE](#)



# PERFORMANCE

ArcelorMittal has been changing the way to report its business performance to stakeholders around the world. In this new approach, what matters most is to highlight the quality of the steel produced, its contribution to reduce CO<sub>2</sub> emissions, the social benefits for its employees or its participation in the economy of the different locations where it operates.

# OUTCOME 10

## OUR CONTRIBUTION TO SOCIETY MEASURED, SHARED AND VALUED

Businesses contribute to the growth of society, either through taxes paid, jobs created, suppliers contracted or generation of income to local economies. If we have the appropriate means to assess this contribution, we must ensure that it is widely shared and understood by everyone.



# Value Generation

[DMA]

In 2015, the consolidated net income of ArcelorMittal Brasil was BRL 22.24 billion, up 23.7% year-on-year. Steel shipments achieved 10 million tons, an increase of 14.5% as compared to the previous year, mainly due to increased exports of ArcelorMittal Tubarão. From the total shipments of ArcelorMittal Brasil, 51.8% were for domestic market and the remaining 48.2% for external market.

Although the net income presented a significant increase, the consolidated operational result (EBITDA) of ArcelorMittal Brasil was BRL 2.59 billion, representing a 27% drop year-on-year mainly due to the increase in financial expenses, in the form of interest and also in the form of exchange rate.

Thus, the EBITDA margin over consolidated net income reduced by 12%, mainly impacted by market adversity, with the respective decline in domestic steel consumption and

depreciation of prices, pressured by the oversupply of steel in the international market<sup>20</sup>.

For the full year of 2015, ArcelorMittal Brasil had a consolidated net loss of BRL 1.8 billion, mainly affected by the negative impact of BRL 1.4 billion of Unki (parent company of Unicom), mainly due to economic adversities in Venezuela, which is experiencing a hyperinflation scenario.

Table of key economic indicators

CONSOLIDATED AMOUNTS (BRL MILLION) - ARCELORMITTAL BRASIL	2011	2012	2013	2014	2015
Total asset	29,237	29,728	30,367	31,141	33,923
Net debt (Mainly with companies of the ArcelorMittal Group)	6,680	8,524	8,227	8,143	8,544
Investment	1,353	1,094	494	999	815
Net asset	14,392	13,790	14,796	15,671	16,889
Net Income	17,286	15,704	16,629	17,989	22,242
Net profit (loss)	(167)	(878)	380	1,496	(1,786)
Generation of operational cash (EBITDA)	2,418	2,419	3,407	3,537	2,591

<sup>20</sup> This performance includes results of Unicom, largest tubes producer in Venezuela, controlled by ArcelorMittal Brasil since 2009, as well as results of the Tubes Plant located in Cariacica (ES) and Andrade Mine.

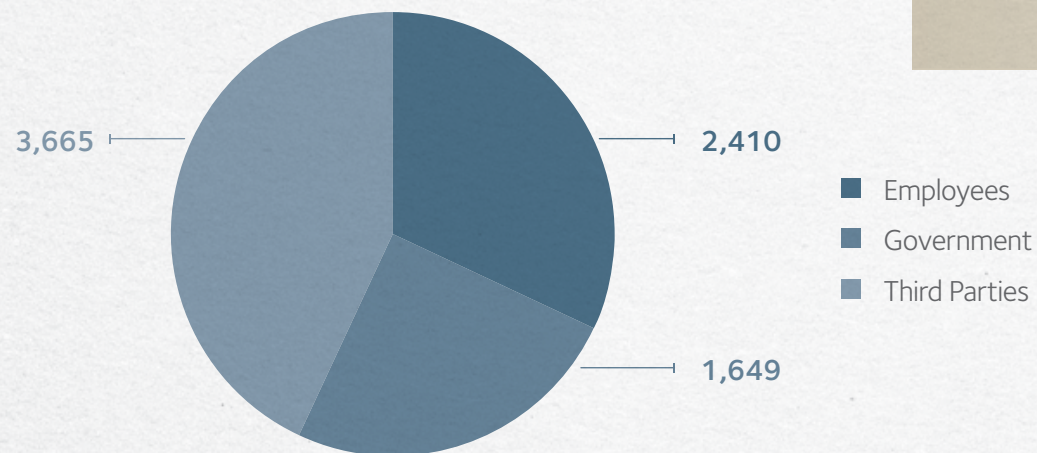
# Value Added Statement (VAS)

[EC1]

In 2015, ArcelorMittal Brasil generated a value added of BRL 5.9 billion, as shown in the following table. Resources were allocated to compensation of employees, payment of taxes, remuneration of shareholders and funders, and also to support an extensive productive chain.

DISTRIBUTION OF VALUE ADDED (BRL MILLION)	2011	2012	2013	2014	2015
Employees	1,698	1,551	1,864	2,110	2,410
Taxes	1,629	2,472	2,583	1,571	1,649
Third-party capital remuneration	1,247	1,582	2,186	2,529	3,665
Remuneration of own capital	(76)	(878)	380	1,496	(1,786)
Total Value Added	4,498	4,727	7,013	7,706	5,938

Distribution of Value Added (BRL million)



## IN THE DISTRIBUTION OF VALUE ADDED IT IS WORTH NOTING:

- the 12.4% increase on salaries and social charges resulting from the wage increase in line with inflation for the period;
- the remuneration on third-party capital 31% higher, including financial expenses and exchange rate, and
- a larger volume of taxes collected, 5% higher than 2014, due to the increase in sales volume.

# Image and Reputation Survey

In a global effort, the ArcelorMittal Group carried out a quantitative survey, conducted by APCO Institute, in order to assess its reputation before employees, customers, influencers and governments. The results are the basis to guide management efforts on stakeholder relations.

In Brazil, the survey was held from April 30th to June 30th, 2015, with 416 respondents. The main results were as follows:

The survey used an assessment model with 51 attributes and 19 factors considered as relevant on how the Company is perceived by its stakeholders. Aspects that need either a more direct action or more effective communication actions were presented to each of the audiences.

In general, the result showed high favorability and excellent reputation, with quality (of product, health, safety and relations) performing an important role. However, the survey reveals some points of attention for ArcelorMittal Brasil, especially the need to strengthen the dissemination of initiatives and improvements that are being carried out to reduce and mitigate social and environmental impacts. The APCO survey also made evident the need for improvements on labor and union relations. Product quality is considered as an actual asset. The quality, reliability, durability and diversity of its product portfolio were highlighted by customers and need to be constantly communicated to other stakeholders.

## THE MAIN RESULTS



## Corporate Image Survey

In addition to the survey conducted at corporate level in the states of Espírito Santo and Santa Catarina, where the Company has industrial presence, specific image surveys are also carried out due to the nature of the operations, which require periodic assessment of stakeholders' perception. Corporate Communications in Brazil aims at conducting image surveys at all ArcelorMittal industrial sites in order to have a more concrete figure of the Group's image in Brazil, based on the sum of the scores, and using the same qualitative and quantitative survey metrics. This allows a better management of the Company's image and reputation.

ArcelorMittal Tubarão and ArcelorMittal Cariacica are respectively located in the municipalities of Serra and Cariacica, Espírito Santo state. The last survey on image ranked ArcelorMittal as the best in terms of favorability among large companies in the Espírito Santo state, scoring 7.7 (from a total of 10). As it can be seen, since the only two surveys on image accomplished individually by region use the same metrics, the ArcelorMittal Brasil Corporate Center established as target the unification of the surveys using the same basis, as well as extending the survey to all regions with industrial units of the ArcelorMittal Group in Brazil.

A key issue in the state of Espírito Santo that negatively impacts the survey is related to the environmental sphere and concerns the settleable dust that affects the cities of Serra, Vitoria and Vila Velha, within the Great Victory complex. Responsible for 5% of total particles falling on the main regions affected, ArcelorMittal Tubarão has made efforts not only to expand its control but also to promote studies in environmental areas and in health, in order to identify emission sources; establish a model of dispersion and other dust from the reception to help the state and regulatory agencies to act in the correct source, since there are other companies operating in the region, as well as marine influences, construction and also emissions of vehicular origin.

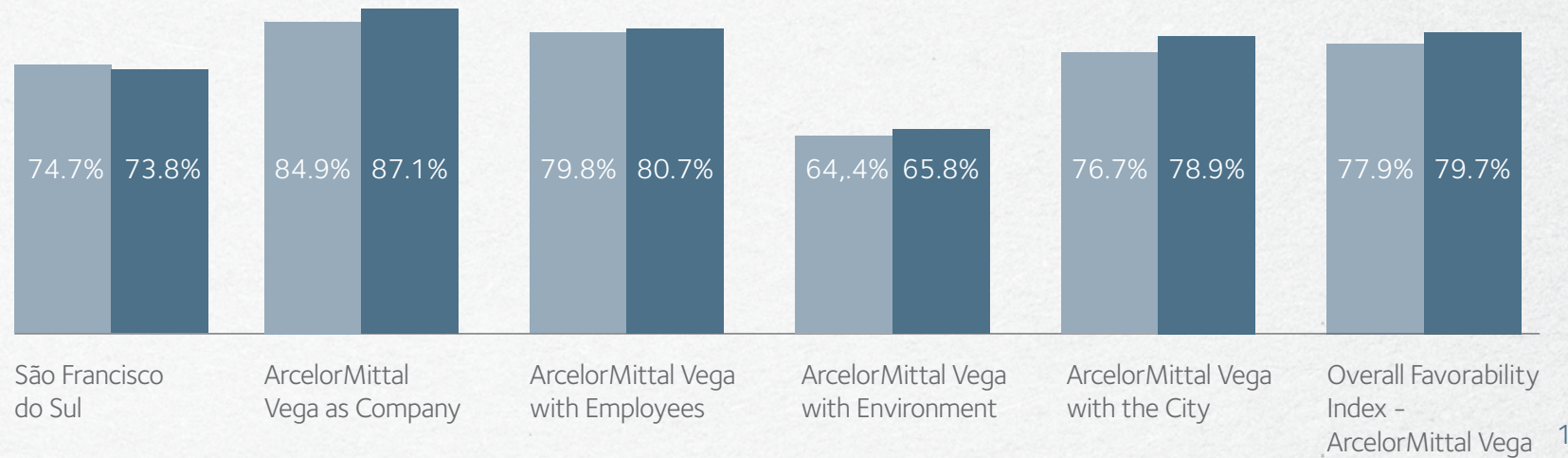
As for the region of São Francisco do Sul, in Santa Catarina state, Vega Unit conducted, in partnership with Instituto de Pesquisas Paniel, a quantitative survey with 405 residents and 20 interviews with community leaders. Favorability Index was 79.7%, almost two percent higher than on the last survey. Practically all indices improved in 2015 as compared to 2013, except the one on relationship of the Company with residents of São Francisco do Sul, which had a slight

decrease (see following graph). Considering the good indices achieved, ArcelorMittal Vega team kept its action plan, only including a few spot actions such as lectures, Environment related visits for opinion leaders (residents' association of regions close to the effluent outfall, city councilor, universities, among others).



## Total hazardous waste generated (t) ArcelorMittal Brasil

■ 2013 ■ 2015



In terms of social issues, although disclosing actions on advertising channels is a recent initiative of ArcelorMittal in the three aforementioned regions - and this lack of advertising accounts for the unawareness of the population (91.1%), the low awareness on social actions conflict with the high favorability rating in social context, when specific groups are approached. The Company has stepped up publicity in this regard, but the way it works, by sharing best practices with almost all spheres of public administration, gives the Company a solid institutional reputation attested by the wide, easy and transparent dialogue held with most of the Public Power institutions.

As for the Support Program for Local Social Projects, Tubarão unit carries out a stakeholder event to discuss the axis of its

social performance for the biennium, help selecting social projects to be financially supported during the period and promote the sharing of best practices and values among representatives of various agencies, such as Public Ministry of Labor, Court of Justice, State Public Ministry, Federal Court, OAB (Brazilian Bar Association), managers, suppliers, employees and volunteers of the Company, and civil, military and federal police, among others.

In the last meeting, which gathered a Commission with 27 members, the three main axis selected were Education, Job and Income Generation, and Domestic Violence. This selection drives social investments of the Company until the next appraisal cycle. The group also analyzed the social projects received through its Social Notice (about 75 projects

subscribed) and selected 11 of them to receive financial support from the Company.

In addition to promoting the sharing of methodologies, the Company's performance in the social area is presented to strategic stakeholders of the social network, who end up having a comprehensive view of what is being practiced, how the company monitors the positive impacts it generates, as well as leveling between the institutions themselves what is being practiced by each of them. A democratic way to contribute to the transformation of tomorrow.

## IQEM - Quality and Media Exposure Index

The Company's image before opinion leaders and financial and capital markets is directly associated with the quality of information publicized in the media and also with the relevance of the audience reached. Therefore, ArcelorMittal Brasil uses the Quality and Media Exposure Index (IQEM), which is developed and monitored by the firm CDN by means of audits on image.

- In 2015, ArcelorMittal Brasil scored 8.6, in a 0 to 10 scale of IQEM. It means that, taking into consideration the positives and negatives publicized by the media, the Company had a significant credit in terms of image.
- Sensitive subjects eventually identified by the audit on image in 2015 indicate a risk scenario and they are proactively addressed by Communications areas.

# GRI Content Index



## 1 STRATEGY AND ANALYSIS

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-1</b>	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	X	X
<b>G4-2</b>	Provide a description of key impacts, risks, and opportunities.	X	X

## 2 ORGANIZATIONAL PROFILE

### GRI INDICATORS

	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-3</b>	Report the name of the organization	X	X
<b>G4-4</b>	Report the primary brands, products, and services.	X	X
<b>G4-5</b>	Report the location of the organization's headquarters.	X	X
<b>G4-6</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	X	X

<b>G4-7</b>	Report the nature of ownership and legal form.		X	X
<b>G4-8</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).		X	X
<b>G4-9</b>	Report the scale of the organization.		X	X
<b>G4-10</b>	Report the total number of employees and workforce by employment contract, employment type, region and gender.		X	
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements.	100%	X	X
<b>G4-12</b>	Describe the organization's supply chain.	Information not available.		
<b>G4-13</b>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Not applicable		
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization.		X	X
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		X	X

<b>G4-16</b>	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic.	<b>X</b>	<b>X</b>
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### 3 IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

<b>GRI INDICATORS</b>	<b>COMMENTS</b>	<b>INTERNAL IMPACTS</b>	<b>EXTERNAL IMPACTS</b>
<b>G4-17</b>	List all entities included in the organization’s consolidated financial statements or equivalent documents; Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	<b>X</b>	<b>X</b>
<b>G4-18</b>	Explain the process for defining the report content and the Aspect Boundaries; Explain how the organization has implemented the Reporting Principles for Defining Report Content.	<b>X</b>	<b>X</b>
<b>G4-19</b>	List all the material Aspects identified in the process for defining report content.	<b>X</b>	<b>X</b>
<b>G4-20</b>	For each material aspect, report your Aspect Limit within the organization.	-	-
	For all material aspects - DMAs, limits within the organization coincide with the limits of the report itself. See G4-17, on page 4 of this report.		

<b>G4-21</b>	For each material aspect, report your Aspect Limit without the organization.	Please refer to the the table “Most mentioned subjects for each category of stakeholders in the Materiality Test”, shown after GRI Index.	-	-
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There was only one data reformulation as compared with previous report. On table “Direct and indirect GHG emissions”, page 102 of the report, the value of 2014 Scope 3 was revised due to miscalculation. The table brings a footnote commenting on this adjustment.	-	-
<b>G4-23</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Compared to previous reports, the scope and limits of the report did not change.	-	-

# 4 STAKEHOLDER ENGAGEMENT

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-24</b>	Provide a list of stakeholder groups engaged by the organization.	Page 5	X	X
<b>G4-25</b>	Report the basis for identification and selection of stakeholders with whom to engage.	Page 5	X	X
<b>G4-26</b>	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Page 5	X	X
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Although the Company has its own methodology especially developed to build the materiality test, it has chosen to disclose only a summary of its results in this report. The main topics and concerns raised during stakeholder engagement were grouped by subject, resulting in a list of 23 material subjects. From this list, the materiality test led to selecting 11 issues as the most relevant to the organization and to stakeholders; relevant DMAs were developed (see pages 4–8 of this report). See also the table listing the categories of stakeholders and subjects most mentioned by each of them in the materiality test, shown after this GRI Content Summary.	-	-

# 5 REPORT PROFILE

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-28</b>	Reporting period (such as fiscal or calendar year) for information provided.		-	-
<b>G4-29</b>	Date of most recent previous report (if any).		-	-
<b>G4-30</b>	Reporting cycle (such as annual, biennial).		-	-
<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents.		-	X
<b>G4-32</b>	Report the 'in accordance' option the organization has chosen; Report the GRI Content Index for the chosen option; Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.		X	X
<b>G4-33</b>	Report the organization's policy and current practice with regard to seeking external assurance for the report	Not applicable		



# 6 GOVERNANCE

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-34</b>	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		X	X
<b>G4-35</b>	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.		X	-
<b>G4-37</b>	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		X	-
<b>G4-38</b>	Report the composition of the highest governance body and its committees.		X	X
<b>G4-39</b>	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization’s management and the reasons for this arrangement).		-	-
<b>G4-40</b>	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Information not available.		

**G4-47**

Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.

X

**G4-51**

Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.

The Organization reserves the right to not report information for strategic reasons.

X

## 7 ETHICS AND INTEGRITY

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>G4-56</b>	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	X	X
<b>G4-57</b>	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity (e.g., ombudsman).	X	X
<b>G4-58</b>	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	X	X

## 8 ECONOMIC PERFORMANCE

### ASPECT: ECONOMIC PERFORMANCE

### GRI INDICATORS

	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EC1</b>	Direct economic value generated and distributed	X	X
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.	X	X

<b>EC3</b>	Coverage of the organization’s defined benefit plan obligations.	Information not available.		
<b>EC4</b>	Financial assistance received from government	Information not available.		

**ASPECT: MARKET PRESENCE**

<b>GRI INDICATORS</b>		<b>COMMENTS</b>	<b>INTERNAL IMPACTS</b>	<b>EXTERNAL IMPACTS</b>
<b>EC5</b>	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Information not available.		
<b>EC6</b>	Proportion of senior management hired from the local community at significant locations of operation.	Information not available.		

**ASPECT: INDIRECT ECONOMIC IMPACTS**

<b>GRI INDICATORS</b>		<b>COMMENTS</b>	<b>INTERNAL IMPACTS</b>	<b>EXTERNAL IMPACTS</b>
<b>EC7</b>	Development and impact of infrastructure investments and services supported	Information not available.		

**ASPECT: PURCHASING PROCESSES**

<b>GRI INDICATORS</b>			<b>INTERNAL IMPACTS</b>	<b>EXTERNAL IMPACTS</b>
<b>EC9</b>	Proportion of spending on local suppliers at significant locations of operation		X	X

# 9 ENVIRONMENTAL PERFORMANCE

Environmental Performance Indicators

## ASPECT: MATERIALS

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN1</b>	Materials used by weight or volume. <b>Note about this indicator:</b> Report in-use inventory of solid and liquid, high level and low level PCBs in equipment.	X	X
<b>EN2</b>	Percentage of materials used that are recycled input materials.	X	X

## ASPECT: ENERGY

### GRI INDICATORS

	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN3</b>	Energy consumption within the organization.	X	-
<b>EN5</b>	Energy impact.	Information not available.	
<b>EN6</b>	Reductions in energy consumption.	X	X
<b>EN7</b>	Reductions in energy consumption demands for products and services	Not applicable.	

## ASPECT: WATER

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN8</b>	Total water withdrawal by source.		X	X
<b>EN9</b>	Water sources significantly affected by withdrawal of water.	Due to the high percentage of water reuse, the withdrawn volume is not significant.		
<b>EN10</b>	Percentage and total volume of water recycled and reused.		X	X

## ASPECT: BIODIVERSITY

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN11</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		X	X
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		X	X
<b>MM1</b>	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Information not available.		
<b>EN13</b>	<i>Habitat protected or restored</i>		X	X

<b>EN14</b>	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by		X	X
<b>MM2</b>	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Not applicable.		

**ASPECT: EMISSIONS**

<b>GRI INDICATORS</b>		<b>COMMENTS</b>	<b>INTERNAL IMPACTS</b>	<b>EXTERNAL IMPACTS</b>
<b>EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1).		X	X
<b>EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		X	X
<b>EN17</b>	Other indirect greenhouse gas (GHG) emissions (Scope 3).		X	X
<b>EN18</b>	Greenhouse gas (GHG) emissions intensity.	Information not available.		
<b>EN19</b>	Reduction of greenhouse gas (GHG) emissions.		X	X
<b>EN20</b>	Emissions of ozone-depleting substances (ODS).	Information not available.		
<b>EN21</b>	NO, SO, and other significant air emissions by type and weight. Comments on the indicator: Report emissions per MWh net generation.		X	X

## ASPECT: EFFLUENTS AND WASTE

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN22</b>	Total water discharge by quality and destination.		-	X
<b>EN23</b>	Total weight of waste by type and disposal method.		X	X
<b>MM3</b>	Total amounts of overburden, rock, tailings, and sludges and their associated risks.		X	X
<b>EN24</b>	Total number and volume of significant spills.		X	X
<b>EN25</b>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable.		
<b>EN26</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable.		

## ASPECT: PRODUCTS AND SERVICES

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN27</b>	Extent of impact mitigation of environmental impacts of products and services.	X	X
<b>EN28</b>	Percentage of products sold and their packaging materials that are reclaimed by category.	X	X



## ASPECT: COMPLIANCE

### GRI INDICATORS

EN29

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

INTERNAL IMPACTS

EXTERNAL IMPACTS

X

-

## ASPECT: TRANSPORT

### GRI INDICATORS

EN30

Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce

COMMENTS

INTERNAL IMPACTS

EXTERNAL IMPACTS

Information not available.

## ASPECT: OVERALL

### GRI INDICATORS

EN31

Total environmental protection expenditures and investments by type.

INTERNAL IMPACTS

EXTERNAL IMPACTS

X

X

## ASPECT: ENVIRONMENTAL ASSESMENT OF SUPPLIERS

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN32</b>	Percentage of new suppliers that were screened using environmental criteria.	X	X
<b>EN33</b>	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	X	X

## ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>EN34</b>	Number of grievances about environmental impacts "led, addressed, and resolved through formal grievance mechanisms.	X	X

# 10 SOCIAL PERFORMANCE

## Performance Indicators Related to Labor Practices and Decent Work ASPECT: EMPLOYMENT

### GRI INDICATORS

### INTERNAL IMPACTS

### EXTERNAL IMPACTS

<p><b>LA1</b></p>	<p>Total number and rate of employee turnover by age group, gender, and region.</p> <p>Comment on the indicator: For the employees who left their employment during the reporting period, report the average time in the job, by gender and age group.</p>	<p>X</p>	<p>X</p>
<p><b>LA2</b></p>	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.</p>	<p>X</p>	<p>-</p>

## ASPECT: OCCUPATIONAL HEALTH AND SAFETY

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>LA5</b>	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	-
<b>LA6</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender.	X	-
<b>LA7</b>	Workers with high incidence or high risk of diseases related to their occupation	X	-

## ASPECT: TRAINING AND EDUCATION

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>LA9</b>	Average hours of training per year per employee by gender, and by employee category.	X	-
<b>LA11</b>	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	X	-

## ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	X	-

## ASPECT: EQUAL REMUNERATION FOR MEN AND WOMEN

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>LA13</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	X	-

## HUMAN RIGHTS PERFORMANCE INDICATORS

### ASPECT: INVESTMENTS

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>HR1</b>	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	X	X

<b>HR2</b>	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	X	-
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### ASPECT: ANTI-DISCRIMINATION

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>HR3</b>	Total number of incidents of discrimination and corrective actions taken.	X	X

### ASPECT: CHILD LABOR

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>HR5</b>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	X	X

### ASPECT: FORCED OR COMPULSORY LABOR

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>HR6</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	X	X

### ASPECT: INDIGENOUS RIGHTS

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>MM5</b>	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.	There were no operations located in indigenous territories.		

COMPANY'S SOCIAL PERFORMANCE INDICATORS

**ASPECT: EMERGENCY AND DISASTER PREVENTION AND PREPAREDNESS**

**ASPECT: COMMUNITY**

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		X	X
<b>SO2</b>	Operations with significant actual or potential negative impacts on local communities.		X	X
<b>MM6</b>	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	There were no significant conflicts related to the topic.		
<b>MM9</b>	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	Not applicable.		
<b>MM10</b>	Number and percentage of operations with closure plans.	Information not available.		

**ASPECT: ANTI-CORRUPTION**

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	X	X
<b>SO4</b>	Communication and training on anti-corruption policies and procedures.	X	X
<b>SO5</b>	Confirmed incidents of corruption and actions taken.	X	X

## ASPECT: ANIT-CORRUPTION

### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	X	X
<b>SO4</b>	Communication and training on anti-corruption policies and procedures.	X	X
<b>SO5</b>	Confirmed incidents of corruption and actions taken.	X	X

## PRODUCT LIABILITY INDICATORS

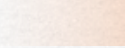
### ASPECT: CUSTOMER HEALTH AND SAFETY

#### GRI INDICATORS

		INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>PR1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	X	X



## ASPECT: LABELLING OF PRODUCTS AND SERVICES

Subtitles:  Sectorial Indicators (sector MM - Metal & Mining)

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>PR3</b>	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.	Not applicable.		
<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not applicable.		
<b>PR5</b>	Results of surveys measuring customer satisfaction.		X	X

## ASPECT: COMPLIANCE

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	The company keeps rigid internal control and is audited by the external audit firm on all processes which demand or is demanded in all administrative and judicial instances. The processes are properly followed in all instances and when necessary guarantees to recorribilidade processes these are offered.		

**MOST MENTIONED SUBJECTS FOR EACH CATEGORY OF STAKEHOLDERS IN THE MATERIALITY TEST [G4-21]**

SUBJECTS	WATER	BIODI-VERSITY	EFFLUENTS AND WASTE	EMISSIONS	ENERGY	ECONOMIC PERFORMANCE	ANTI-CORRUPTION	LOCAL COMMUNITIES	EMPLOYMENT	OCCUPATIONAL HEALTH AND SAFETY	TRAINING AND EDUCATION
<i>Stakeholders</i>											
EMPLOYEES	X	X	X	X	X	X		X	X	X	X
SHAREHOLDERS	X	X	X	X	X	X			X	X	X
NGOs	X	X	X	X	X	X	X	X	X	X	X
EDUCATION INSTITUTIONS	X	X	X	X	X	X	X	X	X	X	X
SUPPLIERS	X	X	X	X	X	X	X	X	X	X	X
SOCIETY (communities)	X	X	X	X	X	X	X	X	X	X	X
STEEL SECTOR INSTITUTIONS	X			X	X	X	X				
PUBLIC POWER UNION	X	X	X	X	X	X		X	X	X	X
SINDICATO						X			X	X	X
MEDIA				X		X			X	X	X
CUSTOMERS			X			X		X		X	

# Global Compact Principles

[GC1; GC2; GC3; GC4; GC5; GC6; GC7; GC8; GC9; GC10]

## HUMAN RIGHTS

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Principle 1: Respect and protect human rights.

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Principle 2: Prevent human rights violations.

## LABOR RIGHTS

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Principle 3: Uphold freedom of association at work.

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Principle 4: Elimination of forced labor.

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Principle 5: Elimination of child labor.

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Principle 6: Eliminate discrimination in the workplace.

## ENVIRONMENTAL PROTECTION

Principle 7: Support a precautionary approach to environmental challenges.

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Principle 8: Promote environmental responsibility.

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Principle 9: Encourage environmentally friendly technologies.

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## ANTI-CORRUPTION

Principle 10: work against corruption in all its forms, including extortion and bribery.

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# Team

## GENERAL COORDINATION

### ArcelorMittal Brasil S.A.

General Management of Institutional Relations  
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Wander dos Santos Luz

# SPONSORS

----- • **OUTCOME 1** •  
**Safe, healthy and quality lives for our people**  
**SPONSOR BRAZIL**  
 Paula Maria Harraca  
**GLOBAL SPONSOR**  
 Ricardo Garcia da Silva Carvalho

----- • **OUTCOME 2** •  
**Products that accelerate more sustainable lifestyles**

----- • **OUTCOME 3** •  
**Products that create sustainable infrastructure**  
**SPONSOR**  
 João Garcia

----- • **OUTCOME 4** •  
**Efficient use of resources and high recycling rates**

----- • **OUTCOME 5** •  
**Trusted user of air, land and water**  
**SPONSOR**  
 Guilherme Correa Abreu

----- • **OUTCOME 6** •  
**Responsible energy user that helps create a lower carbon future**  
**SPONSOR**  
 Márcio Guimarães Fenelon

----- • **OUTCOME 7** •  
**Supply chains that our customers trust**  
**SPONSOR**  
 Alexandre da Silva Dias

----- • **OUTCOME 8** •  
**Active and welcomed member of the community**  
**SPONSOR**  
 Leonardo Gloor

----- • **OUTCOME 9** •  
**Pipeline of talented scientists and engineers for tomorrow**  
**SPONSOR**  
 Clarisse Pires e Albuquerque Drummond

----- • **OUTCOME 10** •  
**Our contribution to society measured, shared and valued**  
**SPONSOR:**  
 Sidemberg da Silva Rodrigues

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## PHOTOS

**ArcelorMittal stock images**

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