



ArcelorMittal



2018 Sustainability Report - Summary version

► MESSAGE FROM THE BOARD

2018 was a period of progress on several fronts for ArcelorMittal Brasil. The company strengthened its strategic and financial position, delivering good results anchored in a positive price-cost effect, higher shippings, and mix improvement. The evolution in terms of workforce productivity, occupational safety and environmental management - with significant investments in equipment, training and governance - contributed to reduce impacts and ensure the sustainability of activities in the country.

The achievements and results highlighted in this Report reaffirm the status as the most sustainable company in the Brazilian Mining, Steel and Metallurgy sector. That includes the progress made in the 10 Sustainable Development Outcomes, which support ArcelorMittal Brazil's vision and strategy.

For all of that, ArcelorMittal Brazil thanks its shareholders for their trust and, above all, the commitment and dedication of colleagues in each point of presence in the Country, for they are directly responsible for the successful performance in 2018.

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► PROFILE

Largest steel producer in Latin America, ArcelorMittal Brazil represents the Luxembourg-based ArcelorMittal Group and is the leader in the global steel market, with presence in five continents of the planet. Its industrial units, located in six Brazilian states, have a combined installed capacity of more than 12.5 million tons of crude steel and provide long carbon, flat carbon and wire drawn steels for a variety of production segments. Other activities carried out in 2018 by a workforce of over 17,000 people, include mining, power generation, production of renewable bioreducer (charcoal from eucalyptus forests) and information technology (IT).

ArcelorMittal Brazil deploys a sustainability strategy in its business based on the 10 Sustainable Development Outcomes (SDO), prerequisites for building a solid reputation. In order to distinguish itself from other organizations, the ArcelorMittal Group has established a Culture of Integrity aimed at building a conducive business environment based on ethical principles, underpinned by three pillars:

- Honesty and transparency;
- Respect and dignity;
- Exemplarity.

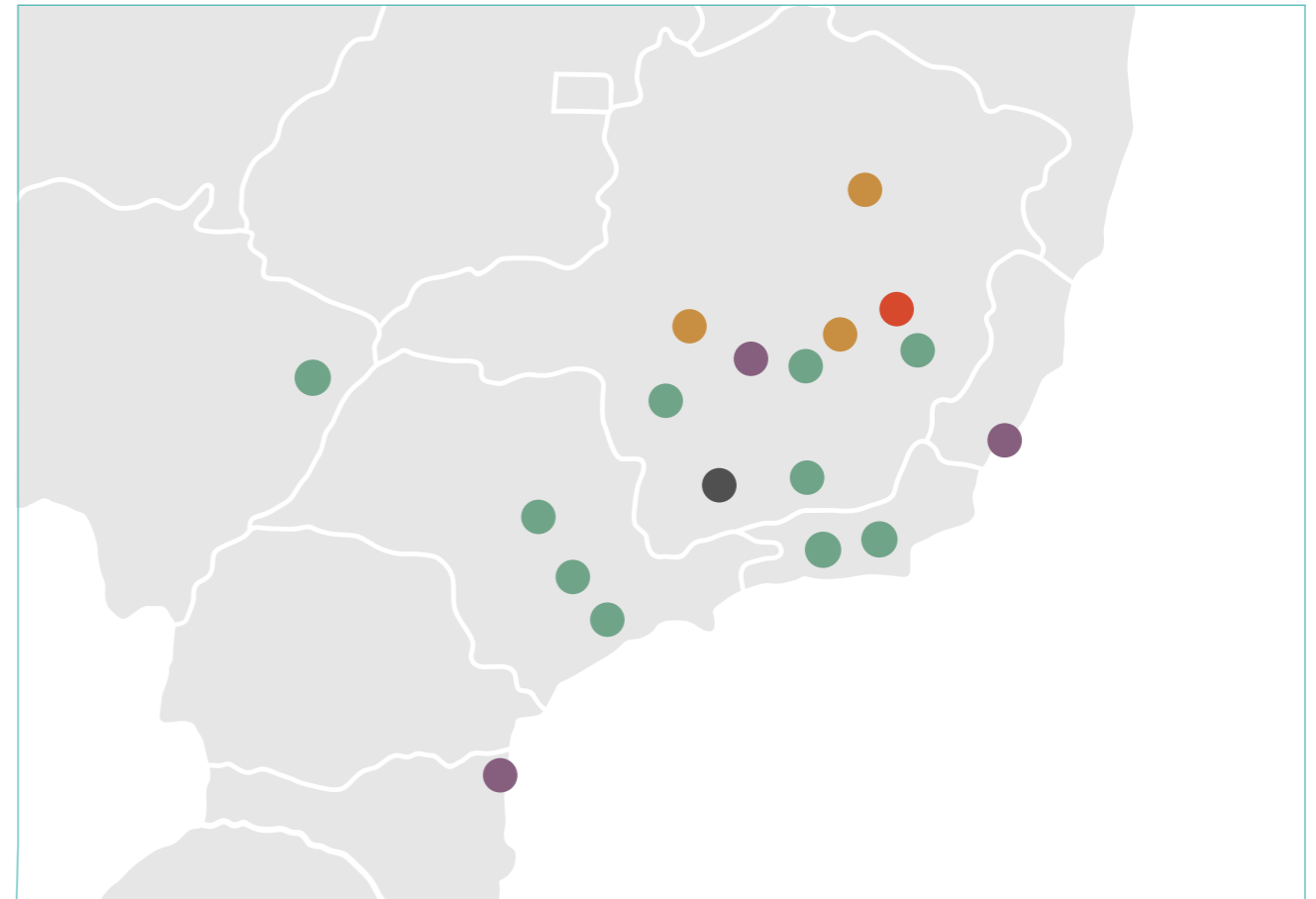
In 2018, ArcelorMittal Brazil ranked 1st in the Metallurgy and Mining segment and 5th overall position in the study "Transparency in Corporate Reporting: Brazil's 100 biggest companies and 10 biggest banks", published by Transparency International in January 2018.

Whistleblowing Channel

ArcelorMittal keeps open channels to receive reports of alleged irregularities, by phone ☎ (0800-891-4311), Internet 🖱 (<http://arcelormittal.alertline.com>) or mail ✉ (Internal Audit - Forensic Services, Avenida Carandaí, nº 1115, 15º andar, Bairro Funcionários, CEP: 30130-915, Belo Horizonte - MG). Denunciations remain confidential, with guarantee of anonymity and non-retaliation. Cases of fraud are handled by the forensic investigation department; other cases are coordinated by the Legal Department and the Compliance Officer.

► Presence in Brazil

- Long Carbon
- Flat Carbon
- Energy
- Eucalyptus and Charcoal
- Mining



► SDO 1

Safe, healthy, quality working lives for our people

SDO 1 guides the people management strategy and actions at ArcelorMittal Brazil, encompassing safety, health and quality of life, both personal and professional, of the employees

In 2018, ArcelorMittal Brazil's employees had an average of 45 hours of training, up 53% as compared to 2017

2018 HIGHLIGHTS

1,695 new hires.

ArcelorMittal Brazil constituted a **Committee to discuss the Diversity & Inclusion strategy in order** to support the strategy definition, policy revision, tactical plan design, and to measure the relevant results. With the installation of a thermographic camera to monitor the tar charging process, **ArcelorMittal Tubarão eliminated the risk of exposing employees to vapors** produced by the material.

At ArcelorMittal Tubarão, the Safe Behavior program **consolidated methods and concepts that promote a mature and transparent relationship within the teams**, with actions coordinated by the general managers of the unit.

BeBeCare, the program launched in February 2018 to reinforce the safety culture (Wire drawn segment), **met the proposed training target of 60% of all own employees and 30% of all fixed contractors**.

Take Care and Safety Leadership: in 2018, 100% of own employees and 30% of contractors in the Long Carbon segment in Brazil attended the trainings. The Wire-drawing Mill in Resende, exceeded the mark of 500 days without any LTI (lost time injury) and, from May on, they started to have a frequency rate of zero accidents; the same rate was registered at Barra Mansa's Wire-drawing Mill.

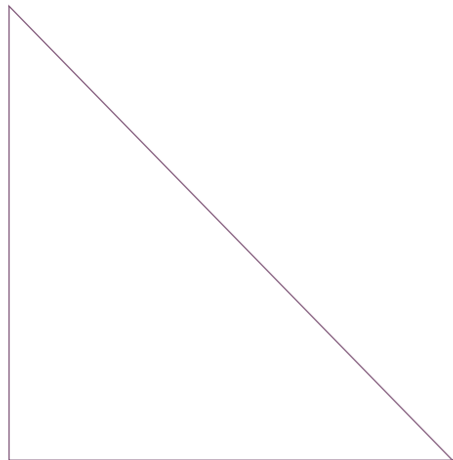
Women@ArcelorMittal: Created by ArcelorMittal University, it aims to support women in their training and development within the Group. The 2018 edition, launched in September, **was attended by four employees of ArcelorMittal Brazil, who joined a group of 50 women from different countries** in a journey of self-knowledge and skill development.

Zero fatalities: There were no fatalities resulting from occupational accidents in 2018. **At Andrade Mine, 26 years without any LTI;** in 72 years of operation, they have never had any fatalities.

SDO 2 AND SDO 3

Products that accelerate more sustainable lifestyles (SDO 2) / Products that create sustainable infrastructure (SDO 3)

SDO2 and SDO 3 demonstrate ArcelorMittal's effort to deliver products that help reduce environmental impacts and consumption of natural resources, in addition to providing solutions and services to reduce costs and increase productivity of the projects in which they are used.



2018 HIGHLIGHTS

Long Carbon production capacity reached 5 million tons: with the incorporation of Resende, Barra Mansa (RJ) and Três Lagoas (MS) plants in April 2018, ArcelorMittal increased its Long Carbon annual production capacity in Brazil to around 5 million tons.

In August, **the resumption of Vega's expansion (Santa Catarina state) was announced.** The initiative will include the implementation of a new continuous annealing line and the third galvanization line, thus **adding 700 thousand tons/year to its capacity.**

Opening of Açolab: A pioneering initiative in the national steel industry and within the ArcelorMittal Group, Açolab was inaugurated in July 2018, in Nova Lima (MG). Its purpose is to accelerate the development of innovative solutions and boost cultural modeling through co-creation, using agile methodologies and encouraging the people's innovative DNA.

With the same collaborative spirit of Açolab, ArcelorMittal Brazil has advanced in the consolidation **of a collaborative environment gathering major customers of the construction industry, sector's representative entities, and members of the academia.** The pilot project involved 32 companies and organizations, which exposed their dilemmas and discussed joint solutions for several sub-segments (concrete industrialized construction, sanitation, lamp posts, concrete slab manufacturers, among others).

Inaugurated in 2018, Açolab will accelerate the creation of innovative solutions



► SDO 4, SDO 5 AND SDO 6

Efficient use of resources and high recycling rates (SDO 4) / Trusted user of air, land and water (SDO 5) / Responsible energy user that helps create a lower carbon future (SDO 6)

With those three guidelines, ArcelorMittal outlines its sustainability strategy on the following topics: water resources, byproducts, waste, air emissions, biodiversity and climate change.

ArcelorMittal to build Brazil's largest desalination plant



2018 HIGHLIGHTS

100% is the recycling potential of scrap metal, one of ArcelorMittal Brazil's main raw materials: 100% recyclable material, scrap metal is the main input for the semi-integrated production route of Barra Mansa, Juiz de Fora, Piracicaba and Resende units. Scrap metal is also used in integrated production routes (Monlevade and Tubarão), but on a smaller proportion.

ArcelorMittal Tubarão announced **environmental management investments of more than BRL 1 billion** over the next few years. The amount will be applied in works and revamping to **improve the environmental controls of the unit**, and also in other voluntary initiatives, such as compliance and reduction of impacts.

ArcelorMittal Tubarão announced the **construction of a seawater desalination project** to be completed within two years. The system will produce up to 500m³/h of industrial water to be used in the unit and it will be the country's largest desalination plant.

Pioneer in the Environmental Product Declaration (EPD): In 2018, ArcelorMittal Brazil became the first steel producer in the country to be granted an Environmental Product Declaration (EPD) for rebars. Based on the Life Cycle Assessment (LCA) methodology, the EPD includes an analysis of environmental impacts and benefits of the product, comprehending the raw material, manufacturing, use, disposal and recycling processes.

► SDO 7

Supply chains that our customers trust

With a strategy based on three basic pillars – productivity, compliance and costs – the Procurement Office has been updating its operation with an emphasis on using modern management practices and digital resources.

► SDO 8

Active and welcomed member of the community

ArcelorMittal Brazil's initiatives for the benefit of communities focus on creating value in the areas of education, culture, sports, social promotion, creative economy, environment, urban infrastructure and health. At corporate level, the actions are managed by ArcelorMittal Foundation, which implements its own initiatives and also sponsors cultural, sports and health projects through tax incentive laws.

2018 HIGHLIGHTS

In November, the Flat Carbon segment performed its **first break bulk cabotage operation (navigation between ports of the same country)** to serve a customer of ArcelorMittal Brazil. Two thousand tons of coils produced at Vega unit (Santa Catarina state) were transported to Pernambuco state.

5,216 audits were conducted at commercial partners, 3,562 of them at new suppliers and 1,654 at suppliers already registered and who have undergone the Anti-corruption policy revision.

For the first time in its history, ArcelorMittal Tubarão integrated its suppliers and contractors to its Internal Occupational Accident Prevention and Environment Week (SipatMA). The event was attended by 2,790 contractors, representing 16 suppliers.

2018 HIGHLIGHTS

ArcelorMittal Vega started to offer an electromechanics vocational training, which is part of its Education and Employability Program. With a two-year duration **and free of charge for the students**, it contributes to the technical training of future professionals in the region.

In its 30th year of operation, the Foundation carried out **nine own projects and 72 projects using incentives, thus positively impacting more than 420 thousand people in 49 municipalities.**

Citizens of Tomorrow: With a record participation of 6,691 ArcelorMittal employees in 2018, a total of BRL 4.2 million was raised for the program that assists children and adolescents in situation of social vulnerability.

InterAction Program – ArcelorMittal Tubarão): There was a significant increase in terms of initiatives and employee participation, totaling about 7,500 hours dedicated to projects. In 2017 and 2018, 16 NGOs were supported for the execution of projects that directly and indirectly benefited about 58 thousand people.

► SDO 9

Pipeline of talented scientists and engineers for tomorrow

With initiatives aimed at science, technology, engineering and mathematics (STEM), the Group encourages the interest of young students in scientific learning.

► SDO 10

Our contribution to society measured, shared and valued

With this SDO, ArcelorMittal seeks to concretely measure the positive impact of its activities on the Brazilian Society

2018 HIGHLIGHTS

ArcelorMittal Science: Created in 2015 by ArcelorMittal Brazil Foundation, the project is the Group's main tool to perform scientific education actions in Brazil, focusing on the four areas of STEM. In 2018, the main investment of the program was allocated to projects that took robotics concepts to public schools in the states of Minas Gerais and São Paulo. About 1,400 students participated in the initiative.

Progress of the Research & Development Center: In 2018, ArcelorMittal's R&D Center for South America, based in Tubarão, worked on initiatives to expand the digitization of operational processes, create products, and strengthen ties with partners. An example of digital transformation was the introduction of robotics in a few processes of the plants, in environments that pose risks to human safety: mechanical arms replaced workers in the collection of steel samples for quality control.

2018 HIGHLIGHTS

Internationally recognized Legal Department: The excellence of ArcelorMittal Brazil's Legal Department was recognized in 2018 by Legal 500, an international entity who granted the GC Power List award: Brazil Teams 2017, paying homage to the 100 organizations whose legal departments have excelled throughout the year.

The Hearing Conservation Program (HCP) and the Quality of Life Index, both developed by the Mining segment at Serra Azul Mine, were highlighted in the fourth edition of the **Best Practices in Occupational Health and Safety Award**, promoted by the Brazilian Mining Association (Ibram) and announced in December 2018, in Belo Horizonte (MG).

The work performed by ArcelorMittal Brazil's legal department was recognized with an international award

► CREDITS

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PHOTOGRAPHY
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