2019 Sustainability Report
Introduction

About this report

Inspired on the integrated reporting principles (IIRC) that underpin ArcelorMittal’s global reporting practice, ArcelorMittal Brazil’s Sustainability Report is an annual publication, once again compiled in accordance with Global Reporting Initiative (GRI) Standards, a global benchmark for corporate performance reporting. GRI 102-52

The largest steel producer in Latin America, ArcelorMittal Brazil hereby presents to all stakeholders the company’s main initiatives, achievements and results between January 1st and December 31, 2019 and the impacts thereof on society. GRI 102-50

Based on the 10 Sustainable Development Outcomes (SDO), the pillars that support ArcelorMittal’s vision, the contents of this report focus on the leading matters of interest to the company’s stakeholders in relation to the United Nations’ 17 Sustainable Development Goals (SDG). It also presents information on how ArcelorMittal manages its economic, social and environmental concerns in Brazil. GRI 102-46

For further information on the report, please send an email to: comunicaçãocorporativa@arcelormittal.com.br GRI 102-53
ArcelorMittal has established six material issues

- Safe, healthy, quality working lives for our people;
- Governance: encouraging leadership, performance and Culture Of Integrity;
- Trusted user of air, land and water;
- Responsible energy user, helping create a low-carbon future;
- Supply chain that our customers trust;
- Protecting reputation: trust, admiration, esteem and empathy.
10 Sustainable Development Outcomes

ArcelorMittal Group’s sustainability strategy is based on the 10 Sustainable Development Outcomes (SDO). Created in 2014 and based on the United Nations’ (UN) 17 Sustainable Development Goals (SDGs), this is an integrated sustainability reputation management platform that steers ArcelorMittal Brazil.

This model draws on the best practices and trends in terms of social, economic and environmental matters related to our business, including the continuous improvement of internal processes, risk management and stakeholder relations.

Each outcome establishes the company’s commitment to change reality in order to achieve a more sustainable future. The topics they address range from the quality of life of employees to how society perceives the company, including its efforts to invest process increasingly aligned with its commitment to share innovative solutions with the market.

Integrated Platform for Reputation Management and Sustainability

GRI 102-16, 102-40, 102-42, 102-43, 102-44

Our Values
Sustainability, Quality and Leadership

<table>
<thead>
<tr>
<th>Reputation: Trust, Admiration, Esteem, Empathy</th>
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<tbody>
<tr>
<td>1 Safe, healthy, quality working lives for our people</td>
</tr>
<tr>
<td>2 Products that accelerate more sustainable lifestyles</td>
</tr>
<tr>
<td>3 Products that create sustainable infrastructure</td>
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<tr>
<td>4 Efficient use of resources and high recycling rates</td>
</tr>
<tr>
<td>5 Trusted user of air, land and water</td>
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<td>6 Responsible energy user that helps create a lower carbon future</td>
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<td>8 Active and welcomed member of the community</td>
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<td>9 Pipeline of talented scientists and engineers for tomorrow</td>
</tr>
<tr>
<td>7 Supply chains that our customers trust</td>
</tr>
<tr>
<td>10 Our contribution to society measured, shared and valued</td>
</tr>
</tbody>
</table>

Respect, Performance and Culture of Integrity

Multilateral and Corporate Organizations  Media  Employees  Customers  NGOs  Academia and Local Communities  Suppliers  Shareholders, Investors and Financiers  Governments and Regulatory Agencies
Message from Management
GRI 102-14

2019 was extremely challenging for the steel industry both at home and abroad. Brazil's economy did not recover to the expected extent and the international economy was weighed down by the trade dispute between the USA and China, the economic crisis in Argentina and the introduction of protectionist measures by several countries.

Brazil's steel industry performed worse than expected due to these market issues and the contraction in iron ore supply due to the tragedy in Brumadinho Town.

Despite this, ArcelorMittal Brazil's financial indicators were positive.

In 2019, we invested BRL 1.3 billion for the development of high value added projects, further enhancing our portfolio. Incorporated in July, ArcelorMittal Sul Fluminense (former Votorantim Siderurgia) received investments around BRL 98 million in 2019. The acquisition of its Barra Mansa and Resende units in April 2018 secured us the leading position in the Brazilian Long Carbon sector.

Also in the Long Carbon business, we began to build a new processing plant at Andrade Mine, which will enhance the quality of the iron ore supplied to João Monlevade plant. Seeking to get closer to the final consumer, the segment intensified its retail operations. It inaugurated 9 concept stores and additional 23 with strategic regional partners, firmly establishing ArcelorMittal branded stores as the largest chain in Brazil. The chain stores and the online sales portal are pioneering initiatives in the sector, ensuring fast deliveries and affordable prices for the more than 200 products and solutions comprising our portfolio.

In the Flat Carbon segment, Tubarão unit finished refurbishing its #2 blast furnace and the technological upgrading of the #2 continuous casting machine, which will boost productivity and enable us to produce more complex steels. The construction of a fourth coke battery was initiated, which will allow greater environmental efficiency and guarantee operational stability for the process. Another highlight of the unit is the seawater desalination plant, expected to be concluded within two years. The new plant will produce up to 500 m³/h (12,000 m³/day) of industrial water.

Vega unit, in Santa Catarina state, confirmed the commencing in 2020 and operational start-up forecast for December 2022.

The Mining segment presented us with one of our greatest challenges in the year. On February 8, 2019, after raising the Serra Azul Mine tailings dam emergency alert to 2, we decided to evacuate residents from the Pinheiros community, in the city of Itatiaiuçu (MG). 185 members of the community were accordingly relocated as a precautionary measure to ensure no residents were exposed to any type of risk. Residents were sent to hotels and then houses rented by the company, and began receiving emergency financial assistance.

Dormant since 2012, the tailings dam is being more intensively monitored and studies are being carried out for future reinforcement works and decommissioning, i.e., removal of all tailings. Until a definitive solution is found and satisfactorily serves all parties, we are committed to providing assistance and care to the families.

Consolidating a safe, healthy and quality working environment is a priority across...
the ArcelorMittal Group. In Brazil and around the world we have a target of Zero Injuries and continually endeavor to improve working environments. In 2019, our annual lost-time injury rate was 0.36, a global standard setter for the Group in terms of safety.

As well as safety, innovation remained a strategic priority in 2019. In the Flat Carbon segment, we introduced the iNO.VC Program, a digital innovation program that was assigned physical space at Tubarão unit. In the Long Carbon segment, we ramped up the operations of Açolab, the first steel innovation hub in the world and we presented the Steligence® methodology to the Latin American market, to be used in civil construction.

Another major step forward in 2019 was the launching of our Diversity and Inclusion Program, which cements our commitment to building a fairer and more inclusive society. Monitoring centers, action plans and metrics were created for four pillars of diversity: gender equality, racial diversity, people with disabilities and LGBTI+

Running the company's social arm, ArcelorMittal Foundation promotes projects in the fields of education, culture, social promotion and sports in partnership with the government and third-sector institutions. In 2019, the initiatives benefited 635,600 people in 56 municipalities. Keeping up with trends, the Foundation carries out new science and technology projects, enabling experiences that stir up entrepreneurism and give young peoplea meaningful role.

This group of efforts led ArcelorMittal Brazil to be recognized in prestigious national and international awards related to management, innovation practices, integrity and compliance policies, safety, sustainability and financial performance.

The global situation for 2020 remains challenging. The Covid-19 outbreak has shaken global markets to the core, leading the Organization for Economic Co-operation and Development (OECD) to slash global economic growth forecasts for 2020 to the lowest levels witnessed since 2009.
Our Figures

11 million tons of crude steel production capacity

7.1 million tons of iron ore production capacity

11.1 million tons of products sold

50 million BRL in desalination project

1.3 billion BRL in investments

26.3 million BRL in social investment

32.4 million BRL in net revenue

4 billion BRL EBITDA

Approximately 17K employees

ISO (quality)
ISO (environmental management)
OHSAS (health and safety)

127 plants

in all production plants

distribution in chains strategically spread across Brazil

200 000 HECTARES of total area

30 000 HECTARES permanent preservation area

over 30 business units

over 20 thousand SAP users

8 countries

and more than 1,3K servers

IT: over 1,3K SAP users

ISO OHSAS (quality) (health and safety) (environmental management)
About Us

Largest steel producer in Latin America, ArcelorMittal Brazil is a privately held company with headquarters in Belo Horizonte (MG), and production facilities in the states of Espírito Santo, Mato Grosso do Sul, Minas Gerais, Rio de Janeiro, Santa Catarina and São Paulo.

GRI 102-1, 102-3, 102-4, 102-5

With a workforce of some 17 thousand people, an annual installed capacity in excess of 11 million tons of crude steel and production of 7.1 million tons of iron ore, the company supplies a range of production segments: from civil construction to agribusiness, including industry in general, especially the automotive, home appliance and packaging sectors. Long and Flat Carbon steel solutions and products are traded through a distribution network with 127 points of sale to serve the domestic demand. ArcelorMittal Brazil also operates in mining, energy generation, information technology (IT) and the production of renewable bio-reducer (charcoal from eucalyptus forests).

GRI 102-2, 102-6, 102-7
Partnerships
With operations in Bahia, Minas Gerais and São Paulo states, the partnership between N.V. Bekaert Group and ArcelorMittal’s Long Carbon segment in the management of Belgo Bekhaert Arames (BBA) and Belgo-Mineira Bekhaert Artefatos de Arame (BMB) makes the joint venture one of the three top manufacturers of steel cords (for tire reinforcement) and a leader in South America in the production of wire for industry and agribusiness.

In the Long Carbon segment, the partnership with Votorantim Siderurgia forms a joint-venture that produces beams at Siret, Siderúrgica de Três Lagoas (MS).

We also have a joint-venture with Gonvarri Steel Industries: ArcelorMittal Gonvarri Brazil, a steel service center with units in Hortolândia (SP) and Araucária (PR). Specializing in the processes of pickling, slitting, cut-to-length and tooled for hot-rolled, P&O (Pickled and Oiled), cold-rolled and coated Flat Carbon. The business serves the automotive, machinery and equipment, and construction segments, among others.

Restructuring
In 2019, Divinópolis unit (MG) was closed and plants in south Rio de Janeiro (RJ) were restructured, in addition to several changes at Belgo Bekhaert Arames (BBA) and Belgo-Mineira Bekhaert (BMB), such as discontinuing activities at Hortolândia unit.

ArcelorMittal Group
GRI 102-7
ArcelorMittal Brazil is part of a group that leads global steel production and is one of the leading names in the mining sector. Headquartered in Luxembourg, the ArcelorMittal Group has customers in 160 countries, with industrial operations in 18, and more than 190 thousand employees. Leader in Research & Development, it invests in new technologies to make steel one of the most sustainable materials on the planet. Some 1,300 researchers develop more efficient products and processes at its 11 research centers, in order to guarantee a sustainable future.
<table>
<thead>
<tr>
<th>Business line</th>
<th>Core products</th>
<th>Segments served</th>
<th>Units</th>
</tr>
</thead>
</table>
| **Long Carbon** | **Rolled products**: wire rod, CA50 rebar, rebar for export, threaded bars for staking, rolled bars, sections, angles, etc.  
**Drawn products**: welded mesh (standard, special, sanitation pipe and columns), reinforcement truss/trusses, nails, annealed wire, CA60, drawn bars, peeled and ground bars, truss spacers, transfer bars, fencing, tire reinforcement, steel wool, fasteners, mattress springs, welding, gabion mesh, strands for pre-stressed concrete, wire rope, stays and Dramix® steel fibers.  
**Services and technical assistance**: cut and bend, welded preassembled steel reinforcement structure, permanent formwork, cutting of welded reinforcing mesh, mechanical joints, optimization of engineering solutions (innovation and application engineering). | Industry in general, construction and agribusiness. | **Rolled products**: Minas Gerais (João Monlevade and Juiz de Fora); Mato Grosso do Sul (Três Lagoas); Rio de Janeiro (Barra Mansa and Resende); São Paulo (Piracicaba).  
**Drawn products**: Bahia (Feira de Santana), Minas Gerais (Contagem, Itaúna, Juiz de Fora, Sabará and Vespasiano); Rio de Janeiro (Barra Mansa and Resende); São Paulo (Osasco, São Paulo and Sumaré).  
| **Flat Carbon** | Slabs, hot- and cold-rolled and coated coils. Plates, sections, pipes and roof panels. | Automotive, Construction, Home appliances, distribution, Energy, Machinery and Equipment, Rerollers, Shipbuilding and Transportation. | Contagem (MG); Vega, in São Francisco do Sul (SC) and Tubarão, in Serra (ES). |
| | Iron ore (concentrate, sinter feed by pass and lump ore). | Production plants owned by ArcelorMittal and domestic and international clients. | Serra Azul Mine, in Itatiaiuçu (MG). |
Awards and Recognition

Much more than recognition of its achievements, ArcelorMittal draws satisfaction from the fact it is definitely aligned with its material issue, “Protecting reputation: trust, admiration, esteem and empathy” in its pursuit of a sustainable business.

100 Open Startups
March and July
AçoLab, the innovation hub of ArcelorMittal Long Carbon LATAM, received the award for best Open Corp from Open Innovation Corporation in March. This decision announced during Oi Week (Open Innovation Week) resulted from the higher number of Speed Dating connections, the quality of the challenges set and best ratings by participants. Some 60 companies were vying for the trophy delivered in São Paulo. In July, the company finished in sixth place in the same awards amongst more than 2,200 participating corporations and 8,6 thousand startups. The company was chosen for AçoLab - a collaborative center geared towards innovation and development of solutions in the steel chain.

Less Waste, More Sustainability
September
The project “Cost reduction and Sustainability: How Andrade Mine reduced its waste and created profit” was enlisted by the State Environmental Foundation (Feam) in the 3rd Award for Good Environmental Practices of the State Environmental and Water Resources System (Sisema).

Top Engineering
September
ArcelorMittal prevailed in the category “Carmakers/Light Vehicles” (high-strength steels for car frames – Usibor) in the 12th Top Engineering Awards, bestowed by the Association of Former Students of the Federal University of Minas Gerais Engineering School.

XXI Minas Business Performance Award October
These awards promoted by Mercado Comum magazine to the companies and institutions that most excel in Minas Gerais state in terms of economic activities, operational performance and financial results.

Empresas Mais
October
ArcelorMittal Brazil ranks amongst the companies with the best financial results according to the Empresas Mais ranking, published by the newspaper O Estado de S.Paulo.

Época 360º Awards
October
Recognized for the fourth consecutive year in the annual edition compiled by Época Negócios magazine, ArcelorMittal Brazil received the trophy for second place in 2019.

Innovative Project
October
The seawater desalination project of ArcelorMittal Tubarão (ES) earned the company the “Innovative Project” award during the International Desalination Association (IDA) Congress, the world’s leading desalination event held in Dubai, in the United Arab Emirates. SEE PAGE 60 FOR FURTHER INFORMATION.

Guia Exame de Sustentabilidade
November
The largest corporate sustainability survey in Brazil ranked ArcelorMittal as the “most sustainable company” in the steelmaking and mining sector, for the seventh time.

The Biggest and Best in Transportation
November
ArcelorMittal Brazil won in the category raw materials and inputs in the awards organized by OTM Editora.

Exame Compliance Guide
December
Leader in the steelmaking and metal sector in the first edition of the guide, which was produced using the methodology created in partnership with Fundação Dom Cabral and FSB Pesquisa to assess and identify leaders in the field.

For further information, visit the ArcelorMittal website.
Corporate Governance

In line with international best practices and the Group’s global model, ArcelorMittal Brazil’s corporate governance practice prioritizes ethical, fair and equal treatment for both internal and external stakeholders.

The company goes beyond strict compliance with the law and transcends formal and legal requirements: governance management aims to ensure the organization’s success in all fields, laying down strategic guidelines and monitoring business development. The target is to help ensure that markets are supplied with quality steel whilst fueling socioeconomic progress in ArcelorMittal’s geographies.

To this end, it developed a broader and more comprehensive strategy which, in addition to complying with the applicable laws and regulations, is cemented on a robust risk management practice, commitments and a robust Integrity Program.
Culture of Integrity
GRI 102-16, 103-1, 103-2, 103-3, 205, 406

The Culture of Integrity steers the company’s governance and compliance and is crucial to consolidating and developing ArcelorMittal’s Integrity Program. Disseminated and rolled out globally by senior management and employees, this culture was cemented by the Group’s Integrity Program, introduced in 2007 (known at the time as the Compliance Program) and it is reviewed periodically.

Based on best international practices, the program aims to implement initiatives that nurture an ethical corporate culture meeting the expectations of the new dynamics of society. Its success depends on all employees, who are crucial for disseminating the Culture of Integrity amongst our internal and external stakeholders. Company senior management is also fully engaged.

Since 2014, this culture is based on three pillars:

Pillar 1
Honesty and transparency
Every gesture, action and word comply with legislation, standards and ethics. We do not take short cuts or improvise. Our metrics, notices and reports are clear, objective and fully compliant at all levels.

Pillar 2
Respect and dignity
We pursue innovation to always do our best for people and communities. We cherish respect and dignity for people, environment and property. We aim to nurture enduring relationships with all stakeholders, respecting contracts and confidentiality.

Pillar 3
Exemplarity
Individual action is always an example for collective actions. ArcelorMittal Group leads by example, as do each and every one of its employees. Communicating our values and commitments in a transparent and objective manner will positively benefit our entire corporate world and relations, culminating in recognition.
The Integrity Program has several periodically reviewed policies and procedures that increasingly evolve and become clearer and more comprehensive, helping ensure the organization’s success. The main documents are available for download on ArcelorMittal Brazil website. For further information see:

**Code of Conduct**
Applicable to directors, officers and employees of the ArcelorMittal Group, the Code of Conduct sets out mandatory general guidelines to be followed so as to comply with laws and expected behaviors. It addresses issues, such as conflicts of interest, confidential information, harassment- or discrimination-free workplaces, health and safety, respect for the environment, among others.

**Anti-bribery Policy**
Establishes guidelines to assure that employees and third-parties follow the highest standards of integrity and do not engage in any corrupt activities in the course of business. Its aim is to have employees and partners abiding by the highest level of integrity. Other specific procedures sprang from this code, such as the Procedure for Accepting and Giving Gifts and Entertainment, and the Anti-corruption Audit Procedure.

**Human Rights Policy**
Sets out core principles in order to maintain a workplace where human rights are respected in terms of health and safety, labor and local communities.

**Guidelines for Complying with Antitrust Legislation**
They establish the rules for avoiding all forms of conduct that infringe or seem to infringe fundamental anti-trust legislation and principles. They describe clear measures and precautions to be followed by employees when dealing with competitors, benchmarking, participating in trade associations, among other situations.

**Antifraud Policy**
Reinforces the commitment to honest conduct and zero tolerance for the practice and concealment of fraud or illegal acts. The Group has internal assurance and forensic investigation teams with unfettered access to all of the company’s data and facilities.

**Whistleblowing Policy**
Sets out guidelines to detect any material irregularities in accounting, audits, finances, bribery or any other breaches of the Integrity Program and applicable legislation.

**Personal Data Protection Procedure**
Sets out consistent, adequate and global rules to protect the personal information of employees, suppliers and suppliers engaging with ArcelorMittal Group entities.

All employees, directors and officers whose activities are affected by the Integrity Program undergo training every three years based on a global matrix.

The matrix includes topics such as anti-bribery, standards of conduct, human rights, fighting fraud, anti-trust procedures, economic sanctions, insider information and conflicts of interests.

Training are usually online and digital certificates are provided. 99.7% of our employees underwent this training in 2019. Furthermore, every single employee received information about campaigns addressing topics such as gifts and entertainment, conflicts-of-interest, fighting fraud, standards of conduct and fighting corruption. Lastly, multiple on-site training sessions are provided around specific matters related to the Integrity Program.

GRI 205-2, 412-2
ArcelorMittal Brazil was elected the leading company in the steelmaking and metal sector by “Guia Exame de Compliance”. The award was presented in December, in Brasília.

In its first edition, the magazine reached its decision using a methodology created in partnership with Fundação Dom Cabral and FSB Pesquisa. The survey, which detected and analyzed the key topics, evaluated seven areas: department structure, use of technology, maturity and efficiency, structure of the code of ethics, anti-bribery systems, legal proceedings and leniency, and communication.

**Reporting Channels**

**GRI 102-17**

ArcelorMittal keeps different types of channels for internal and external stakeholders and runs campaigns to encourage the reporting of non-compliances with best practices on ethics, integrity and corporate governance.

Whistleblowing reports received are evaluated and investigated under absolute confidentiality and whistleblowers are protected from any retaliations, as the mechanism allows reporting to be made either anonymously or not.

The tool primarily aims to: ensure continuous improvement of our Integrity Program and guarantee that the applicable measures are taken, thereby avoiding recurrence.

**Online:**
http://arcelormittal.ethicspoint.com

**Phone:**
0800 8914311

**Mail:**
Internal Assurance – Forensic Services – Av. Carandaí, 1.115, 17º floor
Barro Functionários – Belo Horizonte – MG – CEP 30130-915
The company also has seven deliberation and advisory committees. Created in 2015, the Integrity Committee advises and guides senior management in its mission to manage ArcelorMittal Brazil in line with the Group’s values, also aiming to ensure the management and continuous improvement of our Integrity Program, while disseminating the Culture of Integrity. The other six committees are:

**Governance Framework**

**GRI 102-18**

ArcelorMittal Brazil’s corporate governance framework has two senior management bodies and a non-permanent oversight body, and follows the Group’s best global practices.

**Board of Directors**

GRI 102-19

- 3 members, 2 of them are independent
- Elected at the General Shareholders Meeting
- 2-year term, with re-election permitted
- Responsibilities
  - Establish strategic guidelines
  - Monitor business performance
  - Oversee management acts
  - Analyze economic, environmental and social impacts

**Statutory Executive Board**

- 9 members
  - Chosen by the Board of Directors
  - 2-year term, with re-election permitted
  - Responsible for managing activities in Brazil

**Oversight Board**

- 3 to 5 members
  - Elected at the General Shareholders Meeting
  - Not permanent, being convened at shareholder’s request
  - Responsible for inspecting the company’s financial performance, when necessary

The company also has seven deliberation and advisory committees.
Organizational Chart

**Flat Carbon**
- CEO ArcelorMittal Flat Carbon South America
  Benjamin Baptista Filho
- VP Operations
  Erick Torres Bispo dos Santos
- Commercial VP
  Eduardo Zanetti
- CFO, Finance, Strategy & Risk and Information Technology
  Paulo Wanick

**ArcelorMittal Brazil**
- CEO
  Benjamin Baptista Filho
- CEO ArcelorMittal Long Carbon LATAM
  Jefferson De Paula
- VP Corporate Finance
  Alexandre Barcelos
- Head of People, Communications and Institutional Relations
  M. Adriani Damazio
- Legal, Sustainability and Compliance Officer
  Marina Guimarães Soares
- Procurement Officer
  Raquel Pitella Cançado
- CEO ArcelorMittal Mining Brazil
  Sebastião Costa Filho

**Long Carbon**
- CEO ArcelorMittal Long Carbon LATAM
  Jefferson De Paula
- VP Operations
  Waldenir Lima
- VP Commercial
  Henrique Morais
- CFO – Finance and Governance, Risks & Compliance Long Carbon LATAM
  Fábio Paiva Scárdua
- Head of People, Communications, Social Investment and Innovation Long Carbon LATAM
  Paula Maria Harraca
- Head of BioFlorestas and Andrade Mine
  Wagner Barbosa
- Metal Purchasing Officer
  Ricardo Matteucci
- Technology, Automation, IT, Engineering and projects Officer
  Paulo Salomão
- Strategy and Marketing Officer
  João Garcia
- CEO Belgo Bekaert
  Ricardo Garcia
Risk Management

**GRI 102-15**

ArcelorMittal applies its risk management monitoring methodology globally in all countries the Group operates. The process entails risk identification, risk assessment (financial and/or non-financial impacts and probability), necessary treatment or responses, and periodical monitoring.

Risk control always considers the Principle of Precaution in risk management processes, both for planning the operation and for developing and launching new products. It takes into account all factors that can pose risks to the environment, image and reputation, the health and safety of employees, suppliers, community and customers, among other stakeholders.

**GRI 102-11**

Strategic and tactical risk maps for each ArcelorMittal Brazil business segment are periodically discussed and analyzed by the leading process managers and the Governance, Risks and Compliance area. We also analyze risks involving strategic planning and execution of investments (Capex), in addition to deploying the methodology to operating risks and those related to the company’s main assets.

Senior management periodically reviews and discusses leading business risks in the Risk Committee for each segment. To strengthen and maintain the risk management culture, workshops and training sessions are held periodically at several company units and departments.

Innovation and technology empower the company’s risk management process. In 2019, it began implementing a new risk management system based on best internal control practices of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology, which enables better monitoring of action plans in order to emphasize roles and ownership of the departments and managers.

Investments were made in infrastructure, automation, telecommunications and robotization to capture market information, in order to maximize the application of concepts such as big data, artificial intelligence, augmented reality and use of drones. Our development of new solutions using RPA (Robot Process Automation) applications and controls also matured in the year, when 42 automated tests were accomplished. We expect to carry out even more tests in 2020.

To mitigate corruption risks associated with suppliers, operations are assessed according to risk ratings based on objective criteria established by the ArcelorMittal Group. This rating also determines the scope of the assessment procedures. All active suppliers must undergo reassessment every three years.

Valued relationships

**GRI 102-13, 102-15**

Reinforced by commitments undertaken publicly and external initiatives, ArcelorMittal’s best governance and integrity practices also permeate its relationships with various entities.

In April 2019, the then Vice–president of Operations of ArcelorMittal Flat Carbon South America (now CEO AM/NS Calvert), Jorge Luiz Ribeiro de Oliveira, began chairing the Board of Directors of ABM (Brazilian Metallurgy, Materials and Mining Association), for the biennium 2019/2020.

In addition to ABM, the company actively participates in several other organizations including:
• ABRH Brasil (Brazilian Association of Human Resources);
• Brazilian Academy of Human Rights (ABDH);
• Brazilian Association for Business Communications (Aberje);
• Brazilian Technical Standards Association (ABNT);
• Brazilian Quality of Life Association (ABQV);
• Latin American Steel Association (Alacero);
• National Industry Confederation (CNI);
• Brazilian Business Council for Sustainable Development (Cebds);
• Abrinq Foundation;
• Brazil Steel Institute (IABr);
• Ethos Institute;
• Transparency International

A highlight in the steel sector due to its explicit commitment to neutralize greenhouse gas (GHG) emissions by 2050, ArcelorMittal Brazil participated in the Ethos 360º Conference in September, in São Paulo. Our general sustainability manager, Guilherme Abreu, was a speaker on the panel “Corporate commitment to decarbonizing the Brazilian economy”.

The company is also signatory to Corporate Social Responsibility commitments, including:

GRI 102-12

• Minas Pela Paz Institute (since 2012);
• Global Compact (since 2001);
• Brazilian National Pact for the Eradication of Slave Labor (since 2009);
• Brazilian Corporate Network for life cycle assessment (since 2014);
• IT Business Forum: Grupo Brasil (since 2016).
People

With some 17 thousand employees, ArcelorMittal Brazil’s people management practice overcomes considerable challenges, year after year. Talent attraction and retention is one such challenge, as is people development. The ongoing pursuit of upskilling, motivation and engagement also underpin the human resources goals in a plan by 2022.

Changes in the business world obviously impact the organization of the departments and teams. ArcelorMittal, however, always prioritizes a serious and complete management practice in terms of people. An example of that lies in the fact that this topic is a materiality priority, also being the company’s first sustainable development outcome.

SDO 1 “Safe, healthy, quality working lives for our people”
Make your world
### Health & Safety

**GRI 103-1, 103-2, 103-3, 403**

ArcelorMittal Brazil abides by the strict health and safety standards implemented by the Group worldwide. All production units in Brazil are OHSAS 18001 (occupational health and safety) certified, attesting to the legal compliance of the management system and its alignment with best practices. For 2020/2021, the goal is to migrate the management system from OHSAS 18.001 to the new NBR ISO 45001/2018 standard, which in addition to internal health and safety issues brings a new perspective as to the company’s relations with surrounding communities.

The company’s various health and safety committees follow strategic guidelines, hold periodic meetings and colloquial discussions about guidelines and goals. However, each committee has its own operating model, geared towards the needs of each unit, business and/or region where it is located. There are also external committees related to unions and standards, in addition to the Internal Commission for Accident Prevention (CIPA), which represents 100% of own employees. **GRI 403-1**

In February 2019, ArcelorMittal Group’s Occupational Health and Safety Committee held its executive meeting (HSC Meeting) at Piracicaba unit. In the event, representatives from several countries in Europe and Africa, in addition to Canada, USA and Mexico, addressed global health and safety strategies, with the core aim of defining the Group’s health and safety strategy.

### Total workforce by employment contract and gender GRI 102-8

<table>
<thead>
<tr>
<th>Type of contract</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed time</td>
<td>948</td>
<td>262</td>
<td>1,210</td>
</tr>
<tr>
<td>Indefinite time</td>
<td>13,430</td>
<td>1,210</td>
<td>14,640</td>
</tr>
<tr>
<td>Total</td>
<td>14,378</td>
<td>1,472</td>
<td>15,850</td>
</tr>
</tbody>
</table>

### Total workforce by contract type and region

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed time</td>
<td>Indefinite time</td>
<td>Total</td>
<td>Fixed time</td>
</tr>
<tr>
<td>North</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Northeast</td>
<td>2</td>
<td>588</td>
<td>590</td>
</tr>
<tr>
<td>Midwest</td>
<td>2</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>South</td>
<td>1,197</td>
<td>13,357</td>
<td>14,554</td>
</tr>
<tr>
<td>Total</td>
<td>1,210</td>
<td>14,640</td>
<td>15,850</td>
</tr>
</tbody>
</table>

1 Data does not include contractors, apprentices, interns and employees on leave.

### Total workforce by type of employment and gender GRI 102-8

<table>
<thead>
<tr>
<th>Type of employment</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>Women</td>
<td>Total</td>
<td>Men</td>
</tr>
<tr>
<td>Fixed time</td>
<td>14,376</td>
<td>1,472</td>
<td>15,848</td>
</tr>
<tr>
<td>Part time</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>14,378</td>
<td>1,472</td>
<td>15,850</td>
</tr>
</tbody>
</table>
Highlights of the Strategic Health and Safety Guidelines

- Ensure compliance with legislation requirements;
- Meet the ArcelorMittal Group’s fatality prevention standards;
- Reduce the number of incidents (Adapted Work);
- Develop the safety culture;
- Consolidate a visible safety leadership;
- Cement corporate governance in terms of health and safety (guidelines, committees, initiatives, programs, culture, among others);
- Promote synergy and benchmarking between units and the Flat and Long Carbon and Mining segments in the health and safety management;
- Maintain excellence in emergency response focusing on prevention;
- Implement preventive health and safety initiatives in order to reduce absenteeism due to illness;
- Improve our quality-of-life index;
- Enhance health and safety management for contractors.
Serra Azul Mine

The unit received six health and safety awards in 2019, when it was bestowed with awards for best Brazilian company in Occupational Health & Safety in the category “Mineral Extraction” by ANIMASEG (National Association of Safety & Protective Material Industry). On January 1, 2020, Serra Azul Mine reached 1,686 days without accidents leading to leave, and has never had a fatality in its operations. For further information about all awards received, see:

brasil.arcelormittal.com
Community near Serra Azul Mine is evacuated as a precaution
GRI 413-2

In 2019, ArcelorMittal Brazil made a decision totally founded on and compatible with its values, principles and guidelines: on February 8, as a precautionary measure, the company relocated 185 people from the Pinheiros community, in Itatiaiuçu Town (MG), close to the tailings dam of Serra Azul Mine.

The emergency action plan for the tailings dam was raised to level 2 after a thorough assessment. Based on data and studies, independent auditors in charge of issuing the stability statement of the dam carried out a thorough inspection and audit and then reviewed the latest report, using a more conservative methodology.

As a result, impacted residents were rehoused in properties rented by the company and began receiving monthly emergency aid, as established in the Preliminary Agreement Term (PAT) signed by ArcelorMittal Brazil, Federal and State Prosecutor’s Office and Residents Commission.

In compliance with Resolution 13 of the National Mining Agency (ANM), the construction of a peripheral drainage channel upstream of the dam was completed, which prevents water flowing into the dam’s reservoir, thereby guaranteeing stability.

Serra Azul Mine produces 1.2 million tons of concentrate and lump ore. Its tailings dam has been idled since October 2012 and, among other dams of the company, it is the only upstream dam.

Since October 2012, all tailing produced by the mine has been disposed using the dry stacking technique. The company is also carrying out engineering studies to reinforce and decommission the dam in the future, i.e. remove all tailings.

Culture and Safety

Take Care and Safety Leadership
In the Long Carbon segment, the first stage of the safety culture programs ‘Take Care’ and ‘Safety Leadership’ ushered in meaningful change in all business units. To double down the strategy, ArcelorMittal Group’s corporate global health and safety team visited Juiz de Fora unit in November 2019 to roll out stage two.

While stage one of the Take Care (2017) and Safety Leadership (2018) programs focused on bolstering the Golden Rules and identifying hazards and risks, stage two aims to enhance personal precautions, highlighting the importance of team spirit to achieve better results. To this end, emphasis will be given to the Fatality Prevention Standards (FPS), the Golden Rules (Preliminary Risk Assessment – PRA), the Daily Safety Briefings (DSB), and shop floor audits.

BeBeCare and Felt Safety Leadership
At Belgo Bekaert, the BeBeCare and Felt Safety Leadership programs aim to consolidate an interdependent safety culture. They help to practically insert behavioral tools aiming to expand the perception of risk in the workplace and its immediate eradication. In 2019, all company employees and fixed contractors participated in the program focusing on Zero Accidents.

For 2020, the 2nd Felt Safety Leadership will address matters such as effective communication and the consequences policy. Moreover, advanced and recycling forums will be held for all company employees and fixed contractors with a view to maintaining high level of awareness and low risk tolerance.
Safe Behavior
Initiated at ArcelorMittal Tubarão in 2015, the program aims to enhance the maturity of Occupational Health & Safety at the Flat Carbon units. It focuses on aligning concepts and theories geared towards assertive and transparent relationships, in order to raise team awareness around the matters “Relationship maturity” and “The true purpose of prevention”. In 2019, the Sponsorship stage of the program, where general managers acted as sponsors for one year (supporter/sponsors) to enhance our main health and safety tools, was completed. This stage ended with the sharing of all initiatives at a ‘Gallery Walk’, attended by roughly 100 leaders in December 2019, at ArcelorMittal Tubarão. In 2020, we will focus on training new leaders and raising employee awareness through safety campaigns involving their families.

Prevention and quality of life
ArcelorMittal fosters initiatives to promote and protect the health of employees and society at large. Among others, in 2019 these initiatives covered the following topics:

- Monitoring quality-of-life indices with individual support for employees;
- Internal campaign for blood donations and registering potential bone marrow donors;
- Budget management program with individual guidelines for employees;
- Flu jabs, immunizing employees and their dependents.

Equipment to avoid incidents
Automation
Based on biometrics – technology that identifies employees by their fingerprints - ArcelorMittal Brazil introduced a PPE collection and management system in 2019. Created at Vega unit, the solution is being rolled out to other industrial units of the Group in Brazil. In addition to automating and facilitating the process, the initiative enables greater compliance with the legal requirements of eSocial, the Federal Government system that unified the submission of employee information.

Fatigue and distraction sensors
In 2019 ArcelorMittal installed an electronic device that monitors fatigue and distraction, which is maybe the most technological PPE (Personal Protective Equipment) we have. This smart system uses facial recognition and scans irises for signs of fatigue and distraction on drivers, in order to reduce the number of accidents and incidents caused by driving without due care and attention or other such behavior. Made by LifePress, the kit includes monitoring cameras and a control center, in addition to cameras that assist in the operation of machinery, covering blind spots.
Andrade Mine excels in safety

On September 11, Andrade Mine, located in Bela Vista de Minas (MG), went 27 years without lost-time injuries and 73 years with no fatalities.

The date marked the culmination of an awareness campaign with across-the-board engagement and commitment: 100% of own employees and 70% of contractors underwent training in the Take Care program in 2019, which also delivered an extensive campaign to reinforce the Group's Fatality Prevention Standards (FPS).

The systemic tracking of activities has helped guarantee enduring health and safety results. In 2019 the unit implemented an Integrated Management System (IMS), which gathers processes and makes available all information about processes and routines. The system enables to breakdown the teams’ goals, track metrics, manage documents and anomalies, issue reports and monitor action plans, allowing faster and more effective strategic decision making.

<table>
<thead>
<tr>
<th>Employee health and safety indicators¹ for ArcelorMittal Brazil</th>
<th>GRI 403-2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lost-time injury</strong></td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>17</td>
</tr>
<tr>
<td><strong>Non-lost-time injury</strong></td>
<td>60</td>
</tr>
<tr>
<td><strong>Frequency rate²</strong></td>
<td>0.69</td>
</tr>
<tr>
<td><strong>Severity rate (days lost)³</strong></td>
<td>0.045</td>
</tr>
<tr>
<td><strong>Occupational disease rate</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Fatalities</strong></td>
<td>2</td>
</tr>
</tbody>
</table>

¹ Records made pursuant to the ArcelorMittal standard, AM Safety ST 010 (Safety Metrics Procedure), for own employees only.
² (Lost-time injury/hours worked) vs. 1,000,000.
³ (Days lost/hours worked) vs. 1,000.
Engagement and Climate

To monitor and enhance the workplace management, the company encourages employees to take part in focal groups and surveys debating the topic and establishes an open dialogue to receive improvement proposals and suggestions. Ideas are transformed into action plans and monitored over the year.

In addition to specific consultations, every two years the ArcelorMittal Group applies the SpeakUp Survey to exempt. 2,990 employees effectively participated in the 2019 survey. ArcelorMittal Brazil came top of the group: the engagement rate was 82%, six percent higher than the overall figure of 76%. Favorability rate was 83%, considered Very high by global standards (above 80%). This metric is determined by the average of the 11 dimensions evaluated:

Dimensions evaluated

- Work environment;
- Communication;
- Professional development and growth;
- Organization’s management;
- Performance management;
- “My manager” leadership;
- “My work” leadership;
- Compensation and benefits;
- Health and safety;
- Values;
- Other issues.
Employee Value Proposition

Based on the climate survey, the company created a new Employee Value Proposition (EmVP) with the promise MAKE YOUR WORLD. Conceived to strengthen the employer’s brand in order to attract, retain, value and develop talents, the project goes beyond financial compensation and offers a package of benefits and career-development opportunities and heightens the sense of pride and belonging to the company.

The concept of the promise MAKE YOUR WORLD

1. The fabric of life
   The satisfaction of having a job which people, communities and all countries rely on, now and in the future.

2. Driven by Excellence
   The benefits of working for an industry leader, including greater certainty about the future and unrivaled development and innovation opportunities.

3. Initiative
   Greater autonomy for the everyday work and wider vision of the long-term future.

4. Shoulder to shoulder
   Rewarded for ones results and supported unreservedly by managers and colleagues.
ArcelorMittal Brazil Diversity and Inclusion Program
Diversity and Inclusion
GRI 103-1, 103-2, 103-3, 406

To instill a fair and inclusive workplace that reveals the originality and talent of its employees, ArcelorMittal enhanced its Diversity & Inclusion Policy (D&I) and in early 2019, set up a D&I Committee. With 12 members elected by the CEOs and mentors of affinity groups for gender equality, racial diversity, people with disabilities and LGBTI+, the committee, which it is supported by a specialist consultancy firm, is responsible for devising strategies, initiatives, goals and for measuring results related to the topic.

As one of the Committee’s resolutions, the Diversity & Inclusion Program was launched in June, in Belo Horizonte, with the participation of all Brazilian units and outside guests renowned in their fields. The program has four work fronts. 16 people make up each affinity group – including a Leader, a Co-leader, a Communications Leader and a Human Resources Leader – who engage in issues related to gender equality, racial diversity, people with disabilities and LGBTI+ topics.

In 2019, the groups organized lectures given by experts, such as the Diversity & Inclusion and Unconscious Bias workshop, among other initiatives.

For 2020, the idea is to open up the debate, along with other actions proposed by the groups. The schedule was approved at the meeting held by the Diversity & Inclusion Committee on November 19. Delivery of the projects will be handled by the management centers and volunteers, being monitored by the national committee.

Attracting and Nurturing Talent

One of ArcelorMittal Brazil’s challenges lies in attracting and retaining talent. Thus, ArcelorMittal Brazil accordingly expanded its participation in university events, enhancing the concept of employer brand, and in innovation initiatives focusing on potential talent.

In July, the company unveiled to the market its new careers portal, which posts all positions available in the Group in Brazil, for internship, technical and graduate-level. The page (https://brasil.arcelormittal.com) has become the main external tool for attracting and recruiting talent. In addition, we also ramped up our use of digital media to give greater visibility to the market about the everyday routines and challenges faced by those who work in the company.

We have produced in-house programs to enhance the employee experience from the time of their recruitment and selection: the average time needed to fill vacancies, for example, has been reduced.
My story at ArcelorMittal - Gabriela Alves

If you cannot see the video below, please click here
Recruited employees then have access to the Onboarding program. Reviewed in 2019, this is a global digital project by which tutors show company issues and initiatives to every new employee in a more friendly manner.

The talent attraction and retention initiatives also entail a benefits and compensation policy compatible with market standards, in addition to "Y-shaped" career paths, the model which facilitates professional growth in a technical or managerial direction, depending on each person's profile.

In April 2019, the Journey Program was another opportunity to join ArcelorMittal: 32 vacancies were created in the Long Carbon, Flat Carbon, Wires, Shared Services and Information Technology segments in order to connect people so they can create better daily practices and drive innovation. Those wishing to apply should have left University at least two years before then, should have English-language proficiency and a willingness to change, in addition to plenty of drive and creativity.

The company also runs the Global Employee Development Program (GEDP), an assessment system for graduates to connect strategic business guidelines to their departments and employees, based on:

- **Performance and potential assessments**: they measure individual performance and identify professionals with growth potential;
- **Career prospects**: record made by the employee regarding his/her professional growth Expectations in the company;
- **Feedback over the year**: personalized communication about progress and points of attention to be worked on;
- **Personal Development Plan**: specifies the initiatives and coaching required to develop key skills for each employee so they can perform current and/or future activities.

#EstágioDeAço

#EstágioDeAço is one of ArcelorMittal Brazil’s key attraction initiatives. In 2019, nearly 103 thousand people enrolled in the internship program, a fivefold increase on the more than 23.8 thousand in the previous year. Of these, 698 technical level students and graduates were recruited to work in 22 different locations.
Participate in the internship program, #EstágioDeAço, at ArcelorMittal
The most reused material in the world, steel can be recycled without losing quality, maintaining its core features such as versatility, durability and lightness. By continuously investing in research, development and innovation applied to its products, ArcelorMittal fuels sustainable development in multiple sectors of the Brazilian economy. All production plants are ISO 9001 certified (quality management systems).

On our institutional website, [https://brasil.arcelormittal.com](https://brasil.arcelormittal.com), you can learn more about the wide range of products and solutions for the agribusiness, automotive, construction, general industry and mining sectors in addition to steel by-products, software and products for export.

**SDO 2** “Products that accelerate more sustainable lifestyles”  
**SDO 3** “Products that create sustainable infrastructure”
Long Carbon

Industrial operations in the Long Carbon segment are concentrated in the states of Minas Gerais (Contagem, Itaúna, João Monlevade, Juiz de Fora, Sabará and Vespasiano), São Paulo (Capital, Osasco, Piracicaba and Sumaré), Rio de Janeiro (Barra Mansa and Resende), Bahia (Feira de Santana) and Mato Grosso do Sul (Três Lagoas). The company also has a Distribution Network with internal e-commerce, 95 commercial units, 23 service units and nine retail stores, forming a commercial structure with a truly nationwide footprint.

As for the construction sector, the company supplies customized products and services for works of all shapes and sizes, making it easier to control costs and timeframes to obtain higher profits and diminish waste of materials.

In partnership with Bekaert Group, it spearheads the production of wire for industry and agriculture in Latin America, also ranking amongst the top three global manufacturers of wire rod for steel cords, a steel solution that makes tires safer and more stable. Its portfolio also includes products such as annealed wires, prestressed concrete wire and strands, nails, mesh, trusses and foundation pipes.
Launch of the year: Steligence® in Brazil

The Steligence® methodology in Brazil, which uses a holistic approach to meet sustainable construction requirements for building innovative and profitable buildings. Steligence® evaluates the life of a venture based on three pillars: environmental, economic and social. The launch creates the opportunity to optimize all areas of a project and compares key construction methods found in the market against ArcelorMittal’s best-in-class solutions, across all stages of construction.

The methodology was tailored for Brazil by a multidisciplinary team consisting of professionals from the Long and Flat Carbon segments, the Research and Development Center in Brazil, global R&D and other companies of the ArcelorMittal Group. These solutions and services devised include items from the portfolio of Long and Flat Carbon, Wires, ArcelorMittal Projects and Perfilor. See more at https://steligence.arcelormittal.com.br/

ArcelorMittal Master program offers construction courses

Aimed at construction professionals, the ‘ArcelorMittal Master’ itinerant training program visits sites that use the company’s steel products, units of the ArcelorMittal Distribution Network and universities across Brazil.

The training features the best construction practices, from foundation to finishing materials, with the correct application of products and a focus on safety and sustainability. Lasting three and a half hours, the training includes techniques for increasing productivity in roof slabs, frames, masonry and tiles, whilst cutting down waste and reducing environmental impacts.

Customized bars optimize industrial processes

Being a high technology product, Multibar® is a customized solution to meet the wishes of customers for process optimization and innovation, by reducing the number of production stages. It complements the portfolio of products offered by ArcelorMittal, one of the largest companies specializing in the provision of bars with quality surface finishing at a global level. Versatile, Multibar® can be used in suspension springs, steering stabilizing bars, shock absorbers, engine axles, tools, among other automotive parts.
Flat Steel

With strategically located plants and units, ArcelorMittal Brazil's Flat Carbon portfolio comprehends a wide range of solutions for the automotive, construction, energy, home appliance, pipes & tubes, agricultural machinery, among others. Our portfolio of products also includes hot-rolled, cold-rolled and coated flat carbon, plates, P&O (Pickled and Oiled), blanks and slitters.

It has production units in Espírito Santo and Santa Catarina states, and processing plants and distribution centers in the states of Minas Gerais, Paraná and São Paulo. Sales teams at Tubarão and Vega units and in the city of São Paulo offer agile services to customers in the automotive, industrial and distribution segments, for both domestic and external markets.

In a joint venture with Gonvarri Steel Industries, ArcelorMittal also has a service center specializing in pickling, slitting, cut-to-length and tooled of hot-rolled, P&O (Pickled and Oiled) cold-rolled and coated flat carbon steels. ArcelorMittal also has a joint venture with Perfilor, in the metallic coverings and façades segment, thermo acoustic systems and mixed slabs, such as steel decks.

One of the highlights in the segment in 2019 was the refurbishment of #2 blast furnace at Tubarão unit, and the technological upgrading of the #2 continuous casting machine. The initiatives improve productivity, allowing to produce more complex steels. The construction of a fourth coke battery was also initiated and it will bring greater environmental efficiency and guarantee operational stability for the process.
Steels for the automotive industry

**Usibor® 1500**
This Advanced High-strength Steel produced at ArcelorMittal Vega is used in the platform of the bestselling vehicle in Brazil in 2019. Lighter and stronger than the material it replaced, the product not only resulted in a better performance of the vehicle in car safety tests, but also delivered gains in terms of weight reduction and lower overall production costs.

**S-in Motion® Solutions**
Advanced High Strength Steel (AHSS) makes it possible to make vehicles up to 20% lighter, which helps reduce fuel consumption and CO2 equivalent emissions. The S-in Motion® portfolio provides solutions – including Usibor® 1500 – for passenger vehicles, light commercial vehicles, pick-ups and other vehicles, in addition to specific applications.

**Magnelis®**
Sold in Brazil since 2019, Magnelis® is a protective steel coating that offers excellent protection against corrosion in aggressive environments, thanks to its 3%-magnesium content. The product helps protect exposed edges and bore holes in the plates, making it an alternative to post-galvanizing and providing greater savings due to reducing the time spent on the manufacturing of parts. An established product in the European market, Magnelis® is a patent owned by the ArcelorMittal Group and will be produced at ArcelorMittal Vega’s new galvanizing line, in Brazil, which starts operating in 2023.
Mining

As part of its global strategy to become self-sufficient in iron ore and transform mining into a safe and sustainable business, ArcelorMittal 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 Steel Valley region, Andrade Mine is one of the oldest mining assets in Brazil and a standard setter in occupational safety. Its sinter feed production is dedicated to supplying the Long Carbon unit in João Monlevade (MG).

In January 2020, installation of the itabirite processing plant began. BRL 115.7 million was invested in the project that aims to improve the quality of the ore supplied to Monlevade plant, which produces special steels for the automotive industry.

Using its new facilities – which will be equipped with sieving systems, quaternary crushing, magnetic concentration, tailings and concentrate filtering – the itabirite produced will undergo an iron content enrichment process to guarantee the standard required to produce high quality steel.

The itabirite, until then with no industrial application at ArcelorMittal, will begin to be reused, thereby increasing Andrade Mine’s lifespan.

Located in the municipality of Itatiaiuçu (MG), Serra Azul Mine guarantees the supply of lump ore and sinter feed/concentrate for the domestic and external markets. It enjoys good railway service, enabling strategic shipments and rapid movement of its production.

In 2019, Serra Azul operations paused for 38 days due to the implementation of the Emergency Action Plan for the Tailings dam, which, as a precautionary measure, evacuated families living close to the mine. This led to a drop in production in the year.

However, despite the lower production, Serra Azul still managed to increase sales by using previously stored products, getting much better earnings than those originally forecasted.

The projects to ramp up production at Serra Azul Mine are still ongoing, in order to extend the mine’s lifespan and increase its annual capacity.
Innovation and Technology

**SDO 9 “Pipeline of talented scientists and engineers for tomorrow”**

As part of the ongoing pursuit of innovation, ArcelorMittal has been enhancing its performance, focusing on the effective improvement of its processes, products and systems, cost reduction and productivity increase, and development of high-quality and sustainable solutions. Projects that employ Industry 4.0 digital tools and technological resources – created internally or with outside partners – have generated higher value-added products and solutions for the automotive, machinery and equipment, energy, construction and home appliance sectors.

ArcelorMittal’s innovation strategy in Brazil spans multiple integrated fronts. The company has a Research and Development (R&D) Center, in Vitória (ES), which serves Latin America in synergy with the group’s other research centers across the world. To organize and accelerate the open innovation initiatives, cultural transformation and to interact with the ecosystem, there are two innovation laboratories – Açolab and iNO.VC – which run projects for the Long and Flat Carbon segments, respectively. The digital innovation area uses data scientists to develop high value-added solutions. Innovation Engineering focuses on construction innovation, using the Building Information Modeling (BIM) methodology.

**Research and Development Center (R&D)**

Created to assist our own projects and in synergy with the Group’s 11 other R&D centers around the world, the Research and Development Center in Brazil - the only one in the southern hemisphere - supports projects in four main areas: new products, process development and optimization, innovative solutions in conjunction with customers, and environment.

In 2019, the first five-year investment cycle was completed at Tubarão unit, where the center operates: from 2015–2019, the R&D center invested USD 20 million in equipment and personnel to meet the demands from the Flat and Long Carbon units in South America.

Another area prioritized by the R&D center in 2019 was collaborating with external partners, such as research institutions and customers. Home appliance and automotive companies collaborated to devise new projects around the customer service engineering approach in which customers observe and participate in the product development process, providing feedback and tailored specifications.
Açolab

Açolab, ArcelorMittal’s innovation hub in Nova Lima (MG) was recognized in 2019 (see awards and recognitions), a year in which it completed 14 MVP (Minimum Viable Products) initiatives, bringing gains in excess of BRL 17 million. Created in 2018, the lab has already established more than 900 connections with startups and more than 30 accelerated projects. One of the 2019 MVPs was the Credit Analysis Optimization. Supported by Açolab in partnership with the VP Finance, the project aimed to make faster analyses while keeping the required quality levels.

In 2019, Açolab formed a group of Innovation Ambassadors, involving 85 employees from various ArcelorMittal Brazil and Belgo Bekaert units. Between April and November, professionals were prepared to foster the culture of innovation in their workplaces, disseminating methods and working principles. After this initial training, the ambassadors proceed to ongoing training, with recycling and sharing of information and experiences.

The Innovative DNA program was another initiative launched to encourage employees’ entrepreneurial profile. 148 ideas were proposed and more than 300 people participated, with nine groups reaching the final stages, where employees showcased the results of the implemented projects. In addition, the InovAção (InnovAction) program is still being implemented at units in pursuit of opportunities to focus on incremental process innovation. In 2018/2019, more than 1,100 ideas were pitched in the program.

Açolab also promotes strategic relationships with the ecosystem, by organizing and participating in innovation events. Three editions of the Meetups took place in 2019, discussing issues such as the impact of innovation on people and on labor market; three editions of Açolab Talks, attended by Brazilian and foreign executives; the first edition of Açolab Connections, with lecturers from Berkeley University and Florida University (USA). Açolab also held several pitches and hackathons.
Açolab Manifesto

If you cannot see the video below, please click [here](#).
iNO.VC: digital innovation for Flat Carbon

In November, the Flat Carbon segment launched iNO.VC, its digital innovation program, which aims to use open innovation to find partners for more efficient solutions in the value and production chains. The iNO.VC program gained an area at Tubarão unit, intended to provide connections with the digital ecosystem for the Flat Carbon segment units - Tubarão (ES), Vega (SC) and Contagem (MG).

The program has four core objectives:

- Produce tangible results aligned with the business;
- Be an agent for mindset change;
- Associate the ArcelorMittal brand with innovation;
- Contribute to ecosystems development.

In addition to having the iNO.VC space at Tubarão, the program also networks with other partners, such as the hubs Findeslab, from Vitória (ES), and Linklab, inaugurated in Joinville (SC) by the Technology Association of Santa Catarina state (Acate), being a link between large companies and startups. These partnerships aim at sharing ideas and having the hubs jointly participating to collaborate with local challenges and social networks.
iNO.VC program

If you cannot see the video below, please click here.
Partnership in the construction sector and industry

ArcelorMittal entered into two important agreements in 2019 in order to encourage innovation in the construction sector and industry.

Launched in partnership with the University of São Paulo (USP), the ‘Building Tomorrow’ chair primarily aims to increase the industrialization and productivity of the construction sector through innovation and sustainability throughout its entire chain.

The company allocated BRL 3 million to implement the Construction Innovation Center (CICS) of the University of São Paulo’s Polytechnic School. It is a laboratory to be used to demonstrate, test and optimize the efficiency of various construction solutions in real-life conditions before they enter the market. The initiative accelerates innovation and sustainability in construction, bringing together an ecosystem consisting of academia, companies, government entities and civil society.

The ArcelorMittal Innovation Center for the Industry (CIAMI), in Belo Horizonte, was created in partnership with the Federation of Industries of Minas Gerais State (FIEMG) and the National Industrial Learning Services (SENAI). The initiative entails the development of research and innovation projects, the acceleration of strategic initiatives for the company, access to state-of-the-art equipment and exchange programs with qualified professionals, in addition to technical training opportunities. The intention is to work on strategic initiatives to serve customers. An example of that was the definition of five priority projects focusing on the automotive sector and carried out by Long Carbon in conjunction with Monlevade and Sabará plants. One of these projects was concluded with excellent results.
Supply Chain
GRI 102-9, 103-1, 103-2, 103-3
308, 408, 409, 412

SDO 7 “Supply chains that our customers trust”

The management of ArcelorMittal Brazil’s suppliers and the company’s relationship with its customers abide by the responsible sourcing policies set out in the Sustainable Development Outcome (SDO) 7: “Supply chains that our customers trust”. This strategy is based on the pillars of productivity, compliance and costs, and supported by people, it has been accelerating the process of digitalization each year.

The procurement processes follow the rules set out in our Code of Conduct and the Anti-bribery, Anti-corruption and Conflict of Interest policies and all partners are audited every three years the most. Suppliers are classified into risk levels one, two or three, and there are standard practices that take into consideration the specific features of the categories of products, risks and values. GRI 205-1

Such control aims to keep the reliability of the entire supply chain by eliminating risks of hiring unqualified companies, avoiding potential conflicts of interest and watching over the ethics and legal compliance in all transactions with suppliers. Furthermore, all signed contracts include social responsibility, compliance with legislation and human rights clauses, in which contractors must guarantee that they do not employ any illegal working practices, including slave-like and child labor. GRI 412-3

As part of its continuous improvement process, ArcelorMittal has stepped up its supplier management activity, auditing and monitoring the working conditions of its commercial partners.

Alongside this, the supplier registration system has been automated, thus optimizing the request of documents, minimizing process risks and taking into account the technical opinion of all areas involved (environment, compliance, among others). The incorporation of these new registration steps into the SAP System of the procurement department has enhanced user experience and made the process more agile, while ensuring traceability of all steps. The new registration system went online in January 2020. GRI 308-2, 412-3

Within the scope of the Integrity Program, 4,888 suppliers were assessed in 2019 on the Anti-bribery Policy. 909 of these partners presented a higher risk of exposure to bribery, in accordance with the criteria of the Group’s global matrix. Pursuant to the policies and procedures of the Group’s Integrity Program, these partners accordingly underwent a more detailed and comprehensive anti-bribery audit, as compared to other partners. GRI 205-1, 205-2, 412-3

Strategic performance training

The Procurement Office has been preparing and encouraging its team to have an increasingly strategic performance, developing the Strategic Sourcing of categories, getting to know the market and its nuances, always customer-oriented. In addition, in 2018-2019, several professionals had the opportunity to enhance their strategic negotiation skills, while diving deeper into innovation tools such as RPA, AI, IoT, Phyton and Big Data. Thus, the company is using this to introduce in its procurements area the digital transformation required to guarantee the continuity and development of its sustainability strategy for the supply chain.
Suppliers with environmental impacts
GRI 308-2

Since 2008, ArcelorMittal has been conducting environmental assessments at its suppliers of raw materials deemed critical for steel production (pig iron, iron ore, scrap, lime and limestone), and since 2018, it has also been including environmental diagnostics based on the information gathered. Over the course of 2019, the supplier environmental management system has been upgraded and now prioritizes to assess, in addition to compliance with environmental legislation, the business sustainability and the sourcing continuity strategy.

In 2019, the General Management Sustainability’s corporate team audited 29 suppliers. These 29 audited parties account for 7% of the suppliers engaged in activities that could have significant negative environmental impacts (potential or actual).

Of the 29 audited suppliers, just one was found to have an actual significant negative environmental impact, i.e., classified as inadequate in the...
company’s environmental audits. The result of the assessment, therefore, led to an agreement to have management improvements being implemented by the supplier. There are no suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of the assessment.

65 additional supplier audits were carried out by the environmental departments of ArcelorMittal Brazil’s business units and the procurement area, therefore totaling 94 supplier environmental audits in the year.

Customer-dedicated maritime transportation

In 2019, Vega unit began to regularly serve an important customer from the automotive sector with cabotage. The shipments made in 2018 showed that this type of transportation between ports in the same country is feasible. Ships are already being used to supply Vega with the steel produced at Tubarão unit, in Espirito Santo state. In addition to being more competitive in terms of cost, cabotage provides greater safety and lower gas emissions, as it takes more than 150 trucks off the road for each journey made. Regular monthly shipments leave Santa Catarina bound to Suape Port, located at Pernambuco state. The company is looking into expanding this form of transportation to other regions in Brazil. The project enabled greenhouse gas emission reductions of 3,574.05 tCO2e in the year.

GRI 305-5
Customer satisfaction
GRI 102-43, 102-44

ArcelorMittal carries out a series of customer-engagement initiatives, such as alignment meetings, visits, workshops, seminars, training and participation in events. Every year, a satisfaction survey is carried out among Flat Carbon customers of Tubarão and Vega units. The survey has identified opportunities for improvement leading to action plans.

This survey’s methodology was enhanced in 2019 and began to have as a reference the comparison with the competition. The resulting score was 3.3 (where 1 is much lower than the competition and 5 is much higher than the competition). This result cannot be compared to previous surveys, as the criteria has been completely reformulated.

In addition to the new reference, the number of questions and weight thereof have changed.

Belgo Bekaert also conducted an overall customer satisfaction survey in the year, which revealed 76% satisfaction. However, the company considers the result to be inconclusive, due to the small sample of responders (only 112, or 3%, of the 3 thousand customers invited to participate ended up replying).

As regards the topics and concerns raised, Belgo Bekaert carries out a series of initiatives, including the ‘More Value’ program, which aims to change the organizational mindset, putting the customer at the heart of our business.
ArcelorMittal believes that its financial performance is directly related to the value that its activities create for the whole of society, and the positive impact the business directly and indirectly brings to the communities where its units operate. Moreover, its financial performance is indirectly related to the economic development as a whole.

SDO 10 “Our contribution to society measured, shared and valued”
Market Overview

2019 still witnessed instability in the domestic market, with successive interest rate cuts and sizable oscillations in the USD exchange rate.

The weak domestic market demand, especially in the first half, and international turbulence coupled with higher raw material prices and lower steel prices impacted Brazilian steelmaking, which also underperformed. Brazilian industry grew by just 0.5% in 2019, same as in 2018.

On the international front, the steel industry experienced tighter margins, lower raw material supply and higher international iron ore prices, impacting the production costs of steelmakers in Brazil. An incident at a Brazilian dam in early 2019 and climate problems in Australia also had consequences for the sector, unbalancing the supply–demand ratio in the global market, lowering supply and increasing iron ore prices.

Brazilian crude steel production accordingly shrank by 9% year-on-year, totaling 32.2 million tons in 2019; the production of rolled steel was 22.1 million tons, down 6.3%; apparent steel consumption in Brazil was 20.6 million tons, a 2.7% decrease; and domestic sales amounted to 18.5 million tons, down 2.2%. In tons, steel imports fell by 1.9% (2.4 million t), and in value, it fell by 5.9%, to USD 2.5 billion. Steel exports amounted to 12.8 million tons, down 8.1%, bringing in USD 7.3 billion, a 17.5% decrease for the same comparison.

In light of this challenging scenario, ArcelorMittal Brazil did its best to improve earnings and cash.

ArcelorMittal Brazil closed 2019 with excellent results, in spite of an adverse environment.
Economic Performance

GRI 103-1, 103-2, 103-3, 201

Implementing the cash flow optimization program coupled with a series of initiatives to improve working capital enabled us to positively manage investments. The outcome of this was recording a 2019 EBITDA aligned with the expected BRL 4 billion in 2019 – a 30% decrease year-on-year – despite the economic headwinds. Net revenue amounted to BRL 32.4 billion, up 4% year-on-year.

Total production of Long and Flat Carbon was 10.4 million tons, 11% less than in 2018, and the sales volume remained stable, at 10 million tons.

Of total sales, 35% went to the external market and 65% to the domestic market. The company exported BRL 11 billion, 14% lower than the previous year.

The EBITDA margin on consolidated net revenue was 12%, 6% lower than in 2018. Net income was BRL 1.230 billion, following the BRL 2.441 billion in 2018. ArcelorMittal Brazil remains firmly committed to generating USD 500 million in additional EBITDA in the period 2016 to 2020, as part of the ArcelorMittal Group’s global strategic plan “Action 2020”, which intends to increase by USD 3 billion the Group’s Ebitda in the period.

Value added statement

GRI 201-1

### Consolidated figures (BRL million)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets¹</td>
<td>31,618</td>
<td>41,659</td>
<td>41,044</td>
</tr>
<tr>
<td>Net debt²</td>
<td>9,405</td>
<td>16,278</td>
<td>16,224</td>
</tr>
<tr>
<td>Investment (cash flow)</td>
<td>689</td>
<td>914</td>
<td>1,209</td>
</tr>
<tr>
<td>Equity</td>
<td>13,895</td>
<td>12,801</td>
<td>11,435</td>
</tr>
<tr>
<td>Net revenue</td>
<td>21,492</td>
<td>31,259</td>
<td>32,455</td>
</tr>
<tr>
<td>Consolidated net income (loss)</td>
<td>101</td>
<td>2,441</td>
<td>1,230</td>
</tr>
<tr>
<td>Operating cash generation (EBITDA)³</td>
<td>2,552</td>
<td>5,704</td>
<td>4,006</td>
</tr>
</tbody>
</table>

¹ The figures for 2018 have been adjusted.
² The reporting standard was changed in relation to that used for the 2018 report.
³ The figures for 2018 have been adjusted.

### Distribution of value added (BRL million)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>2,056</td>
<td>2,608</td>
<td>2,623</td>
</tr>
<tr>
<td>Taxes</td>
<td>1,514</td>
<td>2,484</td>
<td>2,298</td>
</tr>
<tr>
<td>Return on capital from third-parties invested</td>
<td>1,529</td>
<td>2,305</td>
<td>2,629</td>
</tr>
<tr>
<td>Return on own capital invested</td>
<td>101</td>
<td>2,441</td>
<td>1,230</td>
</tr>
<tr>
<td>Total value added</td>
<td>5,200</td>
<td>9,838</td>
<td>8,780</td>
</tr>
</tbody>
</table>
Environment

GRI 103-1, 103-2, 103-3, 307
Aware of its environmental challenges, ArcelorMittal Brazil invests in research and technology to create innovative products for its customers, enhance the efficient use of natural resources in its production chain, and mitigate the impacts inherent to operations.

The Group’s Environmental Policy sets out: compliance with the applicable material laws and regulations; efficient use of natural resources, energy and land; commitment to manage and reduce emissions in general; and pursuing low-impact products and production methods.

Because of their different operational natures, each business unit has its own monitoring and control model for managing socio-environmental risks and impacts. The aim is to maintain compliance with federal, state and municipal regulations and to nurture good community and employee relations, caring for health, safety and quality-of-life. This permanent monitoring is carried out by applying various tools.

The company has environmental policies – available on the ArcelorMittal website (https://brasil.arcelormittal.com) – which show how this issue is handled in accordance with the specifications and impacts of the various operations, activities and habitats it operates in.

SDO 4 “Efficient use of resources and high recycling rates”
SDO 5 “Responsible user of air, land and water”
SDO 6 “Responsible energy user that helps create a lower carbon future”
Environmental Management and Biodiversity

GRI 103-1, 103-2, 103-3, 304

ArcelorMittal Brazil builds its environmental management around the 10 Sustainable Development Outcomes. The company deploys its strategy into processes that create an Environmental Management System.

Thus, all production plants are ISO 14001 certified and the significant impacts and issues inherent to its production activities are duly tracked and mitigated.

13 internal audits took place at Tubarão unit in the year and one independent audit in June, in order to have our certification renewed. There were also initiatives for environmental compliance related to the renewal of Operating License 282/08 by the environmental agency.

BioFlorestas obtained simplified environmental licenses to expand the gasoline station at Forquilha Energy Production Unit (EPU) and the pesticides storehouse in Carbonita (MG).

Periodic monitoring assesses the effectiveness of these initiatives to ensure efficient controls and full compliance with legal requirements and best practices. In 2019, we reinforced awareness amongst employees in Tubarão of environmental issues by running an initiative with the support of the Internal Commission for Accident Prevention (CIPA). The CIPA teams included an environmental approach checklist, created by the Environmental Department, in their safety inspection routines.

In terms of biodiversity, the company complies with the best international practices and recognizes the relevance or choosing biodiversity as theme for the United Nations’ 2020 World Environment Day. The units keep protected and preserved areas according to their location and local legislation. Fauna and flora are evaluated in accordance with environmental licensing processes. Due to the nature of its activities and amount of land occupied by its facilities, ArcelorMittal BioFlorestas, Andrade Mine and Serra Azul Mine are responsible for the stewardship of the largest protected areas.

Recovery of springs

The agroforestry coverage restauration to recover the springs in the Santa Maria da Vitória River Basin (ES), the main freshwater source to supply the Greater Vitória region, made meaningful progress in 2019: 55 of the 183 springs mapped in the region were evaluated in the year, 27 of which required fencing. The evaluation of remaining springs is expected to be concluded in 2020.

This endeavor sprang from a technical-scientific cooperation agreement between ArcelorMittal and the Public Prosecutor’s Office of Espírito Santo state, the Espírito Santo Institute for Research, Technical Support and Rural Extension (Incaper), and the municipal government of Santa Leopoldina, in September 2018.

The agreement also provides for:

- Registration of all springs to be recovered and conclusion of delivery to producers, by ArcelorMittal Tubarão, of the material needed (seedlings, steel fence posts and wire);
- Installation of experimental areas (five springs), and data collection and maintenance;
- Initial Application of Revsol® on roads leading to properties that have finished fenching the springs.

Velhas River (MG) – In partnership with the Velhas River Basin Committee, ArcelorMittal recovers forest in the Velhas river basin through its Langsdorff Nursery, which grows and donates seedlings of more than 60 species from the Atlantic Forest and Cerrado biome.

By 2022, the goal is to produce 300 thousand seedlings of native species, such as ingá, pau-pereira, jequitibá and quaresmeira, which will be used to recover riparian vegetation and springs in the river basin.

Named after the zoologist, botanist and physician Baron Georg Heinrich Von Langsdorff, the nursery is located in the municipality of Taquaraçu de Minas, at Madame Denise Small Hydroelectric Power Station (SHP), managed by ArcelorMittal Sabará.
## Protected areas and areas of high biodiversity value¹ GRI 304-1, 304-3

<table>
<thead>
<tr>
<th>Region</th>
<th>Total area belonging to the organization (ha)</th>
<th>Protected areas in the region (ha)</th>
<th>Value to biodiversity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ArcelorMittal Brazil</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Coronel Fabriciano (MG)</strong></td>
<td>4,993</td>
<td>1,107</td>
<td>The area includes 47 ha of Permanent Preservation Area (PPA) and 1,060 ha of Legal Reserves,</td>
</tr>
<tr>
<td><strong>ArcelorMittal BioFlorestas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwest of Minas Gerais state (MG)</td>
<td>34,304</td>
<td>7,608</td>
<td>Preservation area of the Cerrado biome.</td>
</tr>
<tr>
<td>Northern Minas Gerais state (MG)</td>
<td>41,564</td>
<td>10,419</td>
<td>Preservation area of the Cerrado biome; 70% of the region’s Legal Reserve is a Private Natural Heritage Reserve, occupying 6,337.39 hectares.</td>
</tr>
<tr>
<td>Rio Doce Valley in Minas Gerais</td>
<td>33,386</td>
<td>8,501</td>
<td>Preservation area of the Atlantic Forest biome.</td>
</tr>
<tr>
<td><strong>ArcelorMittal Monlevade and Andrade Mine</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>João Monlevade (MG)</td>
<td>9,164</td>
<td>3,936</td>
<td>The Legal Reserve is home to the Private Natural Heritage Reserve of ArcelorMittal Monlevade, consisting of the Atlantic forest biome on the banks of the Piracicaba river in Minas Gerais. It is home to the unit’s Environmental Education Center (CEAM), which can be visited by the community.</td>
</tr>
<tr>
<td><strong>ArcelorMittal Tubarão</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Serra (ES)</td>
<td>1,338</td>
<td>279.9</td>
<td>Protected or recovered habitats occupy 665 ha, including:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 394.3 ha of reforested areas (including the green belt);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 271 ha of areas with residual forests (tabuleiro forest, restinga, marshes, mangrove swamps and freshwater swamp forests), including the Environmental Education Center (CEA) (reforestation with fast-growing species, native trees, fruit trees, woods and vegetation undergoing regeneration):</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Adjacent area known as “Área da Picarhu”, occupying 0.088 Km², located in the Praia Mole PPA;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 8 lagoons widely monitored and evaluated, consisting of one artificial lagoon (in the CEA) and 7 natural ones, 6 of them are interconnected and form the Praia Mole creek.</td>
</tr>
<tr>
<td><strong>ArcelorMittal Vega</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>São Francisco do Sul (SC)</td>
<td>220</td>
<td>151</td>
<td>76 ha of Private Natural Heritage Reserve (RPPN) and 75 ha of non-adjacent Atlantic Forest, part of which is restinga.</td>
</tr>
<tr>
<td>Serra Azul Mine</td>
<td>950</td>
<td>445</td>
<td>268.7 ha of this area consists of PPA and 225.0 of Legal Reserve.</td>
</tr>
<tr>
<td>UHE Guilman Amorim</td>
<td>3,285</td>
<td>1,339</td>
<td>Preservation area of the Atlantic Forest biome. The Legal Reserve contains the Private Natural Heritage Reserve totaling 220.00 ha, and is home to an Environmental Education and Visitor Support Center (CEAP), which offers lectures and guided tours.</td>
</tr>
</tbody>
</table>

¹ Protected areas and areas of high biodiversity value adjacent to areas managed or leased by ArcelorMittal Brazil units
Species on the IUCN red list and national lists of conservation broken down by risk of extinction¹
GRI 304-4

<table>
<thead>
<tr>
<th>Risk rating</th>
<th>Flora</th>
<th>Wildlife</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critically endangered</td>
<td>Braúna (Melanoxylon brauna)</td>
<td>−</td>
</tr>
<tr>
<td>Endangered</td>
<td>Piper cf. juliforum, Solanum soorentum (Solanaceae) and Courarati asterotrichia (Lecythidaceae)</td>
<td>−</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>Anthurium jileki, palmito-juçara (Euterpe edulis), Ischnosiphon gracilis, Stromanthe schottiana, Piper cf. juliforum, Jacquina armillaris</td>
<td>Mammals: Bristle-spined rat (Chaetomys subspinosus), reptiles²: Chelonia mydas (Green turtle) and Caiman latirostris (caiman)</td>
</tr>
<tr>
<td>Near threatened</td>
<td>−</td>
<td>Birds: maracanã (Primolius maracana)</td>
</tr>
<tr>
<td>Least concern</td>
<td>Ipê-amarelo (Handroanthus riodocensis), jacarandá-cipó (Machaerium fulvovenosum), Solanum soorentum</td>
<td>Birds: sabiá-da-praia (Mimus glvux), sabiá-da-mata (Turdus fumigatus), Mammals: saguí-da-cara-branca (Callithrix geoffroyi), culca (Marmosops incanus)</td>
</tr>
</tbody>
</table>

¹ The IUCN Red List of Threatened Species (2019–3) was used for wildlife and the Espírito Santo list of threatened flora for flora.
² Alligatoridae: the estimated population rose by 8.3% in 2019 compared with 2018. The main threats to alligators and caimans are poaching and loss of habitat. With the collaboration of ArcelorMittal Tubarão, the Caiman project has helped keep this population stable.
³ Turtles: monitoring in conjunction with Projeto TAMAR enabled 69 turtles to be captured in 2019 and tagged for the first time, with 22 turtles being recaptured over the course of the monitoring year.

Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated (in ha) GRI MM1

<table>
<thead>
<tr>
<th>Regional</th>
<th>ArcelorMittal Bioflorestas</th>
<th>Andrade Mine</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>10.58</td>
<td>0.54¹</td>
<td>ND²</td>
</tr>
<tr>
<td>Doce River</td>
<td>0</td>
<td>0</td>
<td>22.03³</td>
</tr>
</tbody>
</table>

¹ Data for three areas mapped for recovery in 2020.
² Information will be systematized from 2020.
³ Data relating to the emergency works to implement peripheral drainage in PDE08.
**‘Evoluir’ Program**

GRI 103-1, 103-2, 103-3, 305

The ‘Evoluir’ (Evolve) Program is a series of communication, training and transformation initiatives that aim to make the company’s actions completely internal and external stakeholders.

It was created following the signing in September 2018 of the Environmental Commitment Term (ECT) 036/2018 – Case 79321666 –, by the company and the State Environmental Department (SEAMA), State Environmental Institute (IEMA), and the State and Federal Prosecutor’s Offices.

The ECT set guidelines to be immediately complied with and goals with terms of up to 60 months primarily aiming to enhance the control of fugitive emissions from ArcelorMittal Tubarão’s operations, in order to improve air quality in the Metropolitan region of Vitória.

The company initially proposed 310 measures to meet these requirements, a number that soon grew to some 500 initiatives, to be performed by 2023.

**‘Evoluir ArcelorMittal’ App** – one of the leading initiatives in 2019 was the launching of the ‘Evoluir ArcelorMittal’ App, in August. Available for download on Play Store and App Store, the application is a channel for interaction and transparency on our environmental commitment that establishes an interactive network where employees and community have access to news, photos, videos and documents and monitor goals and guidelines related to the company’s ECT. Other initiatives took place in the year, including:

- Installation of approximately 4 thousand new covers for conveyor belts;
- Closure of eight material storage yards;
- Use of tarpaulin-covered trucks;
- Installation of new wheel cleaners to avoid trails of mud (eight in operation and four under construction, totaling 12);
- Canvas covering for three coke yards;
- Works began on setting up a new dedusting system in the by-product processing area, to be completed by 2021;
- Installation of a state-of-the-art hydrometer to accurately measure the size of material piles.

There are no smaller challenges for 2020. We expect to run major projects, such as installing Wind Fences in the coal, ore and by-products yards; refurbishment and implementation of the new top dedusting system in the melt shop, among others; and measures to meet 22 additional goals.

### Certifications

After securing the Environmental Product Declaration (EPD) for rebars, in 2018, ArcelorMittal was the first steelmaker to achieve the Environmental Product Declaration (EPD) for mesh, lattice, ribbed CA60, annealed wire and nails, which are products used in civil construction. Issued by German certifying body Institut Bauen und Umwelt (IBU), the five products’ EPDs were obtained in April. Based on the Life Cycle Assessment methodology (LCA), the document includes an analysis of the product’s environmental benefits and impacts, ranging from raw materials, manufacturing and use to disposal and recycling.

Another achievement in the year was the renewal of CMC’s (Cold Mill Complex) environmental license, awarded to Vega unit by the Santa Catarina Environmental Institute (IAMA). The license is key to the plant’s expansion, with a new continuous annealing line for the third galvanizing line of cold rolled products. The 1.5 billion investment has been authorized, and works are set to begin in the first half of 2020. The additional production is scheduled to begin in November 2023. The project increases Vega’s capacity by 700 thousand tons/year, thus expanding the supply to the automotive, construction and home appliance sectors.

A major achievement of BMB, unit located in Itaúna, was the Expansion License issued by the Regional Environment Division – SUPRAM Alto São Francisco. This license will enable the company to roll out a strategic plan, as envisaged, consolidating its share in the steel cords segment.
Water, Effluents and Waste
GRI 103-1, 103-2, 103-3, 303

Water management

A signatory to the Brazilian Corporate Commitment to Water Security, ArcelorMittal Brazil’s water management practice stipulates internal recirculation through systems that capture, treat and reroute the water to industrial processes, with increasingly strict quality requirements.

GRI 102-12

The guidelines for water management are included in the Water Master Plan (WMP), a methodology established to determine strategies in face of changes in water availability. The main goal is to guarantee security for industrial operations while reducing the impacts resulting from water abstraction to produce steel.

In 2019, there was a 5.4% reduction year-on-year in the total water abstracted from the source as a result of various WMP initiatives. The plants abstract water according to grant criteria established based on the water availability in each water course, and no water source is significantly affected by the abstraction made by the units, i.e. there were no such significant impacts in the year.

ArcelorMittal Tubarão’s main water source, in absolute terms, is seawater, but it also takes water from Santa Maria river, in Greater Vitória, in addition to a minimal amount of water sourced from public or private companies.

GRI 303-1, 303-2
Desalination project

In January 2019, with investments of some BRL 50 million, ArcelorMittal Tubarão began building a large-scale seawater desalination system. The treatment plant can produce up to 500 m³/h of industrial water to be used at the plant and will be the largest desalination plant in Brazil. Today, the freshwater abstracted from Santa Maria da Vitória river accounts for 3.5% of all the volume consumed by the company, with seawater making up the rest. The unit transforms part of the freshwater abstracted into potable water.

This reverse osmosis process will initially provide the company with about 30% of the industrial water needed. The energy to be consumed in desalination (around 3MW) will be produced by ArcelorMittal Tubarão itself. The plant is expected to start up within two years.

The innovative and pioneering project was recognized internationally in 2019: The International Desalination Association (IDA) bestowed the ‘Innovative Project’ award to ArcelorMittal.

Highlights

- All water produced will be used for industrial purposes;
- With new equipment, the plant can be expanded up to 1,500 m³/h;
- Largest desalination plant in Brazil and ArcelorMittal Group’s first in the world;
- 1% of the company’s total own generation;
- Tubarão is self-sufficient in electricity;
- Project aligned with the water security governmental strategy of the Espírito Santo State Government and approved by the State Water Resources Agency (AGERH);
- An alternative to consuming freshwater from Santa Maria da Vitória river;
- Contributes to the availability of Santa Maria da Vitória river for other sectors in Espírito Santo state.

Stages of seawater desalination by Reverse Osmosis

1. The water is taken straight from the sea
2. The seawater abstracted undergoes a first filtering treatment to eliminate suspended solids and other impurities
3. A new high-pressure pumping system carries seawater to a series of pressure vessels in the reverse osmosis skids, where the seawater desalination process takes place
4. The membranes retain the salt, so that only the desalinated water reaches the pipes in the center of the vessel, separating it from the brine
5. In each pressure vessel, the semipermeable membranes suitable for seawater are configured in spirals. Under pressure, the seawater is forced through the membranes
6. Concentrated seawater - brine
7. Desalinated water
8. The seawater abstracted will be reinforced to serve the desalination plant
9. The desalinated water will be used for industrial purposes only
10. The membranes retain the salt, so that only the desalinated water reaches the pipes in the center of the vessel, separating it from the brine.

The water is taken straight from the sea.
Circular Economy

Steel is a versatile and permanent material, with virtually infinite transformations: once its use is finished, scrap steel can be recycled and turned back into steel of the same or even higher quality, which makes it the most recyclable material in the world.

Aware of the need to control finite resources and rationally use renewable sources so that the UN Sustainable Development Goals (SDGs) can be achieved, ArcelorMittal strives to increasingly connect steel to the alternatives presented by the circular economy. This proposes a new way of adding value by eliminating the concept of waste, which differs from the linear economy, based on a take-make-dispose model.

The challenge primarily consists of maintaining the highest value-added for the resources used, preserving the financial, production, human, social and natural capitals. In terms of materials, this transformation embraces sharing, remanufacturing, reusing and recycling models.

ArcelorMittal invests in partnerships, transparency and effective actions to achieve its sustainability goals. See more in innovation & technology.

Concrete examples can be seen internally, such as the Group’s new global headquarters in Luxembourg, designed to be completely reusable; an external example is the leasing of sheet piles, which is a more economic and sustainable solution for various types of constructions, as the leasing diminishes the need to use resources, such as water and energy, associated with the production process.

Consumption of materials

The internal use of waste and by-products generated in the processes has enabled us to reduce the consumption of raw materials and inputs in an attempt to diminish the impacts caused by the acquisition and disposal of these products.

Water abstraction by source1 (m3) GRI 303-1

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water (own abstraction)</td>
<td>6,693,787</td>
<td>9,047,718</td>
<td>7,973,901</td>
</tr>
<tr>
<td>Surface water (public supply)</td>
<td>16,343,819</td>
<td>16,623,166</td>
<td>16,607,982</td>
</tr>
<tr>
<td>Groundwater (own abstraction)</td>
<td>2,962,888</td>
<td>3,048,099</td>
<td>3,502,452</td>
</tr>
<tr>
<td>Rainwater directly collected</td>
<td>-</td>
<td>-</td>
<td>1,863,916</td>
</tr>
<tr>
<td>Sea</td>
<td>390,906,240</td>
<td>405,655,305</td>
<td>380,871,838</td>
</tr>
<tr>
<td>Total</td>
<td>416,906,734</td>
<td>434,374,288</td>
<td>410,820,089</td>
</tr>
</tbody>
</table>

1 Intake data directly measured with hydrometer.

Recycled and reused water (m3) GRI 303-3

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water recycled and reused by the organization</td>
<td>1,214,948,916.00</td>
<td>1,366,703,693.00</td>
<td>1,299,945,290.00</td>
</tr>
<tr>
<td>Water abstraction</td>
<td>26,000,494.00</td>
<td>28,718,983.00</td>
<td>29,948,251.00</td>
</tr>
<tr>
<td>Percentage of recycled and reused water1</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

1 IRI calculation (%) = (total volume of circuits in the year – volume abstracted)/total volume of circuits in the year) x 100.
This percentage did not include the seawater abstracted that cannot be recirculated due to its high salt content.
Our priorities are fostering and expanding the reverse logistics chain to recover metal scrap to be used to make steel, and creating new production processes and technologies enabling by-products to be reused and recycled.

100% recyclable, metal scrap is the main input in the semi-integrated production route used at Juiz de Fora, Piracicaba, Barra Mansa and Resende units, in addition to being consumed at the production units that use the integrated process (Monlevade and Tubarão), but on a proportionately smaller scale.

**Partnership** – In September 2019, ArcelorMittal Brazil established a partnership with the auto breaker yard JR Diesel, in São Paulo, paving the way for a major recycling program. The first contract between the two companies entailed the recycling of 57 bus bodies, bought from urban transportation operators in São Paulo, which will produce 1.1 thousand tons of scrap steel, the raw material used in ArcelorMittal’s electric furnaces in Brazil. The success of this initial experience will lead to a structured recycling program, as another 2.5 thousand buses will be decommissioned in the coming months in the city of São Paulo due to the prohibition on using vehicles manufactured before 2008. The partnership fully complies with Federal Law 12.977 of 2014, which regulates vehicle breaking and traces reconditioned parts.

**Academic arrangement** – In January 2019, ArcelorMittal Brazil signed an agreement with the University of São Paulo (USP) to extend its collaboration with the academic innovation ecosystem to resolve actual issues in the industry. There are three doctorate theses addressing the challenges of circular economy and steel. This initiative is aligned with the Sustainable Development Outcome #4 and will help understand the current level of circularity practiced by the steel industry and the opportunities to progress, in addition to generating results for the company in the future.

**Construction** – Initiated in 2018, the Cost Reduction and Sustainability project has been reducing the volume of waste produced at Andrade Mine. Instead of being disposed of, the waste is reused in environmental works, such as drainage channels, slope and bank stabilization, thus driving the circular economy.
Waste management
GRI 103-1, 103-2, 103-3, 306

To maintain the low rate of waste per ton of steel produced, waste management at ArcelorMittal Brazil values alternatives, either internal or external, for reuse and recycling. Preferably, the options adopted are internal reuse or reuse at other units of the organization. Waste undergoing internal processing or which has commercial value in its original form is sold as inputs for the production processes and classified as by-products. Other waste is preferably donated for use in processes it can be used in, for recycling or energy recovery.

ArcelorMittal Brazil uses dry and wet processes in its mining facilities. The dry process, i.e., one that does not generate high-moisture waste, is used at Andrade Mine; the wet process, applied at Serra Azul Mine, uses the on-site dry-stacking method – with less need of abstraction from water bodies and generating tailings with lower moisture and greater stability. There is an idled dam at Serra Azul, managed by the local team and which no longer receives waste. See page 26 for more information. GRI MM3
Sul Fluminense project transforms by-products into revenue

What used to be an environmental liability sitting in the yards of the former VSA (Votorantim Siderurgia, incorporated in July 2019) was turned into money thanks to a solution devised by Sul Fluminense plants. Implemented in 2019, the project ‘valuation and end of stocks of scale’ solved two problems: internal inventory reaching its limits and risk of having the material losing market value due to contamination by other waste placed in the same area.

Scale is one of the steelmaking by-products and it results from the oxidization of the billet surfaces during the continuous casting and rolling processes. The inventory at Sul Fluminense units was as high as 50.3 thousand tons in early 2019 – 45 thousand tons at Resende unit and 5,300 tons in Barra Mansa.

A complete action plan was created, using a clear methodology and ranging from improvements to storage processes to prospecting new customers, including training on scale features and proper transportation.

As a result, a financial gain of roughly BRL 589 thousand was consolidated in 2019, considering the sale of scale and the cost avoided to send it to landfills, in addition to bolstering the ArcelorMittal brand in the regional by-products market with quality and in a sustainable manner.

Water discharge by quality and destination (m³) GRI 306-1

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession Operator</td>
<td>194,460</td>
<td>196,673</td>
<td>417,351²</td>
</tr>
<tr>
<td>Ground infiltration</td>
<td>386,138</td>
<td>39,860</td>
<td>56,495</td>
</tr>
<tr>
<td>Ocean</td>
<td>1,287,753</td>
<td>1,400,460</td>
<td>1,451,276</td>
</tr>
<tr>
<td>River</td>
<td>628,082</td>
<td>1,129,683</td>
<td>853,992</td>
</tr>
<tr>
<td>Total volume of effluent created</td>
<td>2,496,433</td>
<td>2,766,676</td>
<td>2,779,114</td>
</tr>
</tbody>
</table>

¹ Parameters are within the limits established by the related legislation. There was no significant variation in effluent quality as compared to 2018.
² Significant increase is partly due to needs resulting from enhancements to the recirculation process at Piracicaba plant.

Hazardous waste disposal (t) GRI 306-2

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reuse</td>
<td>32,944</td>
<td>33,011</td>
<td>46,828</td>
</tr>
<tr>
<td>Recycling</td>
<td>81,167</td>
<td>119,347</td>
<td>98,444</td>
</tr>
<tr>
<td>Recovery (including energy recovery)</td>
<td>1,059</td>
<td>1,125</td>
<td>8,245</td>
</tr>
<tr>
<td>Incineration (mass burn)</td>
<td>23</td>
<td>199</td>
<td>838</td>
</tr>
<tr>
<td>Landfill¹</td>
<td>4,361</td>
<td>6,958</td>
<td>9,340²</td>
</tr>
<tr>
<td>On-site storage</td>
<td>150</td>
<td>679</td>
<td>76</td>
</tr>
<tr>
<td>Total</td>
<td>119,704</td>
<td>161,319</td>
<td>163,770</td>
</tr>
</tbody>
</table>

¹ The volumes reported as Other in 2018 are reclassified here as Landfill.
² Increase primarily impacted by the temporary loss of the customs authorization for Samarco’s Port, preventing ArcelorMittal Tubarão from shipping lump slag for export.
Energy and Air Emissions
GRI 103-1, 103-2, 103-3, 302, 305

SDO 6
Responsible energy user that helps create a lower carbon future

ArcelorMittal develops a series of projects to reduce consumption of energy inputs and obtain operational efficiency gains of its system, by monitoring energy generation and consumption.

Each unit has individual goals for its energy efficiency indicators, focusing on continuous improvement. At the Flat Carbon units, the initiatives have been systematized by the Energy Efficiency Master Plan (EEMP) since 2015, while the Long Carbon segment units consolidate their gains and invest in their projects using the Value Plan methodology, coordinated by the continuous improvement team.

These actions are aligned with the corporate strategic guideline regarding climate change, which is to always contribute to global efforts to control causes in order to minimize the global warming trend as a result of the increased greenhouse effect. Moreover, they were structured based on the role played by the Brazilian industry of nurturing energy efficiency and clean production processes, as defined in the commitment undertaken by Brazil in the Paris Agreement known as “Nationally Determined Contributions”.

ArcelorMittal Brazil also has a long history of contribution to this matter. Tubarão unit, for instance, has been running initiatives since the 1990s, using clean technologies to reduce CO2 equivalent emissions, in accordance with the strategies established in the Kyoto protocol. These practices enabled it to become the first integrated steel production plant in the world to have a Clean Development Mechanism (CDM) Project approved.

Non-hazardous waste disposal (t) GRI 306-2

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reuse</td>
<td>1,428,954</td>
<td>2,496,938</td>
<td>449,421</td>
</tr>
<tr>
<td>Recycling</td>
<td>3,646,290</td>
<td>3,983,144</td>
<td>4,374,131</td>
</tr>
<tr>
<td>Composting</td>
<td>9</td>
<td>212</td>
<td>1,218</td>
</tr>
<tr>
<td>Recovery (including energy recovery)</td>
<td>482</td>
<td>2,073</td>
<td>6,111</td>
</tr>
<tr>
<td>Incineration (mass burn)</td>
<td>_</td>
<td>_</td>
<td>5,570</td>
</tr>
<tr>
<td>Landfill1</td>
<td>169,052</td>
<td>260,101</td>
<td>485,139</td>
</tr>
<tr>
<td>On-site storage</td>
<td>378,787</td>
<td>549,339</td>
<td>758,992</td>
</tr>
<tr>
<td>Total</td>
<td>5,623,574</td>
<td>7,291,807</td>
<td>6,080,582</td>
</tr>
</tbody>
</table>

1 The volumes reported as Other in 2018 were reclassified as Landfill.

Mining and metals waste (t) GRI MM3

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of non-hazardous mining and metal waste (sterile)</td>
<td>7,096,789</td>
<td>7,826,128</td>
<td>6,301,578</td>
</tr>
<tr>
<td>Volume of non-hazardous mining and metal waste (disposal)</td>
<td>521,233</td>
<td>519,971</td>
<td>524,221</td>
</tr>
</tbody>
</table>
Energy

**GRI 103-1, 103-2, 103-3, 302**

The absolute reduction in energy consumption witnessed over time is thanks to several energy efficiency projects implemented at ArcelorMittal Brazil’s units, with process improvement and reuse of the energy potential of gases and by-products.

Within this context, ArcelorMittal Tubarão outstands, transforming gases from its coke operation into electricity: its current generation potential of 500MW – enough to supply 1.4 million families - makes it self-sufficient and ensures the supply to other units of the Group. Accounting for most of the Group’s national output, the plant is a standard setter in terms of energy inputs management.

However, the reduction of crude steel production at Tubarão unit (which led to the stoppage of #2 blast furnace) impacted the result of its energy consumption reduction, not meeting its 14.70 MW energy saving goal, which remains valid for 2020.

**GRI 302-1**

| Energy Consumption of fuel from non-renewable sources (GJ) GRI 302-1 |
|---|---|---|
| Anthracite | 2017 | 1,452,860 | 2,579,160 |
| Compressed air | 624,492 | 480,082 |
| Argon | 19,721 | 20,372 |
| Coal for coke | 120,995,569 | 107,844,189 |
| Coal for PCI | 47,195,895 | 45,259,579 |
| Natural gas | 6,101,256 | 4,291,735 |
| LPG | 504,748 | 119,783 |
| Nitrogen | 1,640,392 | 1,392,284 |
| Diesel fuel | 880,635 | 835,914 |
| Oxygen | 7,378,285 | 6,235,658 |
| Total | 187,417,042 | 169,058,757 |

| Consumption of fuel from renewable sources (GJ) |
|---|---|---|
| Charcoal | 2017 | 6,140,903 | 3,897,876 |
| Charcoal for PCI | 812,332 | 517,515 |
| Total | 6,953,235 | 4,415,391 |
For projects developed in the Long Carbon segment, energy consumption fell by 550,491.33 GJ (5.02 MW) in the year. The main projects that brought about the result were due to lower energy consumption (Resende, Juiz de Fora and Piracicaba, in the electric arc furnace) and lower natural gas consumption (in the melt shop of Piracicaba unit, in the rolling mills of Juiz de Fora unit and in the #1 Rolling Mill of Monlevade unit). GRI 302-4

For 2020, energy management shall be further improved by adapting processes to comply with ISO 50001 requirements at Tubarão unit.

<table>
<thead>
<tr>
<th>Electricity (GJ)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased</td>
<td>16,643,396</td>
<td>19,535,389</td>
<td>21,079,020</td>
</tr>
<tr>
<td>Produced</td>
<td>27,240,623</td>
<td>27,209,667</td>
<td>23,357,658</td>
</tr>
</tbody>
</table>

Total energy consumed¹ (GJ)

<table>
<thead>
<tr>
<th>Non-renewable fuels</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>190,373,434</td>
<td>187,417,042</td>
<td>169,058,757</td>
</tr>
</tbody>
</table>

| Renewable fuels     | 5,059,800     | 6,953,235     | 4,415,391     |
| Energy consumed     | 16,643,396    | 19,535,389    | 18,086,413    |
| Energy sold         | 3,121,255     | 3,180,779     | 3,038,749     |
| Total               | 208,955,375   | 210,724,887   | 188,521,812   |

¹ We considered units accounting for more than 95% of ArcelorMittal Brazil’s energy consumption. Steel production (Tubarão, Monlevade, Juiz de Fora, Piracicaba, Sul Fluminense Barra Mansa and Sul Fluminense Resende), Coke production (HRCP Tubarão), Processing Unit (ArcelorMittal Vega), Mines (Andrade and Serra Azul). Information was compiled based on the methodology for compiling the energy consumption and greenhouse gas emission inventory of the ArcelorMittal Group, set out in the document “Basis of Reporting”, from its Integrated Annual Review (https://annualreview2018.arcelormittal.com/).

GHG Emissions and atmospheric pollutants
GRI 103-1, 103-2, 103-3, 305

In the pursuit of increasingly efficient processes to control and minimize emissions of atmospheric pollutants and greenhouse gases (GHG), ArcelorMittal Brazil adopts management plans and innovation measures, and makes annual strategic investments to face the challenge of improving operational emission rates.

Emissions are controlled by the most suitable techniques and the matter is handled as one of the leading environmental issues.

In 2019, the company reduced fixed-source emissions by 18.7% year-on-year (including calculations for certain fugitive and diffuse sources). In addition to the investment projects required under the Environmental Commitment Term and the improvements made (performance of bag filters; control of particulate matter; gas scrubber systems; tar consumption), the result was due to stoppages of #2 and #3 blast furnaces at Tubarão unit.

As for BioFlorestas, the progress in emissions control was due to the construction of another gas burner at Fazendinha Energy Production Unit (EPU) in 2019. With this initiative, all EPUs in the Midwest began operating with no smoke emission.

Direct greenhouse gas emissions¹ (t CO₂ equivalent) GRI 305-1

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical-chemical processing</td>
<td>18,423,997</td>
<td>18,934,123</td>
<td>15,778,175</td>
</tr>
<tr>
<td>Transportation of materials, products, waste, employees and passengers to PCI</td>
<td>15,553</td>
<td>68,471</td>
<td>30,775</td>
</tr>
<tr>
<td>Total gross CO₂ equivalent emissions</td>
<td>18,439,550</td>
<td>19,002,593</td>
<td>15,808,950</td>
</tr>
<tr>
<td>Biogenic CO₂ emissions (t CO₂e)</td>
<td>555,723</td>
<td>625,880</td>
<td>602,075</td>
</tr>
</tbody>
</table>

¹ The units responsible for the greatest emission volumes (more than 95% of the Group’s total in Brazil) are included: Tubarão, Monlevade, Juiz de Fora, Piracicaba, Resende; one Coke plant: HRCP Tubarão; Andrade and Serra Azul mines; Vega.
As for greenhouse gas emissions, absolute emissions have decreased, especially direct emissions (Scope 1). However, when assessing these emissions in relation to production volume, considering only crude steel production units, there was a decrease (-1.33%) in the specific CO2e rate, when comparing 2019 (2,024 kgCO2e per ton of crude steel) and 2018 (2,051 kgCO2e per ton of crude steel).

### Decrease in GHG emissions

**GRI 305-5**

At ArcelorMittal’s units in Brazil, actions to reduce GHG emissions are being compiled in the Carbon Master Plans put together for the Flat and Long Carbon segments, seeking to establish possible actions to significantly reduce carbon emissions by 2030. The segments account for approximately 83% and 17% of the Group’s total emissions, respectively.

Both plans began to be formulated in 2019 and are aligned with the ArcelorMittal global Climate Action Report launched in May 2019. The Climate Action Report details ArcelorMittal’s global action strategy and sets the goal of being carbon neutral in Europe by 2050. The action pillars in the Carbon Master Plans include:

- **Corporate actions**
  Monitoring carbon markets and tax arrangements (RCLE-UE and others), internal carbon pricing, funding opportunities to investigate the reduction of CO2 equivalent, and institutional relations;
- **CO2 equivalent metrics**
  Updating and improvement of CO22e corporate inventories, monitoring of CO2e credits (initial, current and future), greenhouse gas (GHG) inventory audits on third parties and reference with other definitions of sites and destinations;
- **Energy efficiency and low carbon technology projects**
  Identify projects and technologies that can be implemented in the business units and outline strategies to gradually reduce emissions in the production processes. Consolidating the reduction of GHG emissions is due to monitoring ArcelorMittal’s strategic projects calculated according to the clean development mechanism (CDM) methodologies approved by the United Nations Framework Convention on Climate Change (UNFCCC).

ArcelorMittal’s goals for 2020 include consolidating the Carbon Master Plans for the segments and creating initiatives in all strategic operating pillars, as well as setting up bases for a global corporate goal with a 2030 horizon.

### Reduction of GHG emissions (t CO2 equivalent) GRI 305-5

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of direct emissions (Scope 1)</td>
<td>525,379</td>
<td>505,322</td>
<td>472,894</td>
</tr>
<tr>
<td>Reduction of indirect emissions from energy acquisition (Scope 2)</td>
<td>440,226</td>
<td>334,338</td>
<td>352,687</td>
</tr>
<tr>
<td>Reduction of other indirect emissions (Scope 3)</td>
<td>51,854</td>
<td>46,181</td>
<td>46,833</td>
</tr>
<tr>
<td>Total reduction of GHG emissions</td>
<td>1,017,459</td>
<td>885,841</td>
<td>872,414</td>
</tr>
</tbody>
</table>

*The following gases were considered: CO2 – carbon dioxide, CH4 – methane, and N2O – nitrous oxide*
Managing gas and particulate matter emissions
GRI 305-7

At all ArcelorMittal Brazil units, emissions are controlled by the most suitable techniques and the theme is handled as one of the leading environmental issues. During the year 2019, the units sought to revise/consolidate their emissions inventories and carry out studies on the dispersion of air pollutants in order to inform and prioritize new control actions or to step up existing actions.

Significant air emissions1 (t) GRI 305-7

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>5,127</td>
<td>5,302</td>
<td>4,840</td>
</tr>
<tr>
<td>SOx</td>
<td>12,398</td>
<td>13,479</td>
<td>13,312</td>
</tr>
<tr>
<td>Volatile Organic Compounds (VOCs)</td>
<td>77</td>
<td>6</td>
<td>1,9</td>
</tr>
<tr>
<td>Particulate Matter (PM)</td>
<td>3,095</td>
<td>2,619</td>
<td>2,149</td>
</tr>
</tbody>
</table>

1 Data includes the units of Tubarão, Monlevade, Juiz de Fora, Piracicaba, Resende and Barra Mansa.
Social Investment

GRI 103-1, 103-2, 103-3, 413

ArcelorMittal’s strategy for social investment and to support external projects and institutions is based on both monitoring risk and socio-environmental impacts of its operations and on an open dialogue with all communities directly or indirectly involved in its operations.

The initiatives aim to create value in the fields of education, culture, sports, social promotion, creative economy, environment, urban infrastructure and health. They are carried out through partnerships and are developed by teams from the units themselves in accordance with local requirements. ArcelorMittal Foundation also carries out structured projects involving employees, managers, customers, suppliers, civil society and local government. The initiatives are aimed at children and adolescents who attend state public elementary and high schools in cities where the company operates.

In 2019, 31% of social investments were made using own funds and 69% with funds from incentive laws.

SDO 8 “Active and welcomed member of the community”
SDO 9 “Pipeline of talented scientists and engineers for tomorrow”
ArcelorMittal Foundation
GRI 103-1, 103-2, 103-3, 413

Existing for 31 years, ArcelorMittal Foundation runs projects for communities surrounding ArcelorMittal units. They include a range of social initiatives that take into account local needs and demands and primarily seek to help prepare empowered children and adolescents so they can become protagonists of their own future.

Carried out in partnership with the government, third-sector entities and other organizations, the initiatives are funded by the ArcelorMittal Group and tax incentive laws.

In 2019 the Foundation’s projects directly or indirectly benefited more than 635 thousand people, 48% more than the 427 thousand in 2018. The number of meetings with local government also rose by 21% year-on-year, to 323 meetings.

ArcelorMittal is a pioneer in using Incentive Laws and creating private policies to sponsor projects in the fields of culture, sports and health.

In 2019, the policies underwent a revision and certain criteria were updated in line with ArcelorMittal Foundation’s new strategy, devised in 2019 around the business context and society, with heavier investment in STEM (Science, Technology, Engineering and Mathematics) actions and entrepreneurship initiatives.

As a result, the Foundation began carrying out a social role even closer to ArcelorMittal’s business model and to the needs of those communities in which the company operates. The Foundation’s new projects provide a unique and innovative pedagogical experience, encouraging entrepreneurial behavior and protagonism among the young people.

As part of this movement, in 2019 the program ‘ArcelorMittal Makers’ was created, inspired on the global movement Do it Yourself. For further details on all initiatives, visit the website http://www.fundacaoarcelormittal.org.br/
ArcelorMittal Makers
Created to nurture entrepreneurship, the program's initiatives are aimed at students, teachers and employees. For students, it provides a unique and innovative pedagogical experience, thus encouraging youth protagonism. It provides teachers with training in new learning methodologies; and for employees, it encourages volunteering work focusing on the development of skills to exercise citizenship.

Live your Vote!
Launched as a pilot in three municipalities in 2018, Live your Vote! was expanded to 10 municipalities in 2019. The project aims to raise awareness among ninth-grade students of the importance of voting. The scope includes debating the concept of democracy, relations between the three branches (legislative, executive and judiciary), the history of voting, government plans and fake news, among other topics. A total of 4 thousand people benefited from the initiative in 2019, 235% more than the 1,192 students in the previous year.

Safer Life (Vida + Segura)
The ‘Safer Life’ program was introduced to contribute to the creation of a culture of domestic accident prevention through educational initiatives for students, be they the children of employees or elementary and high school students. Since 2016, participating schools have received teaching materials on the subject to support classroom activities.

Aligned around skills 4 and 8 of the Brazilian National Curriculum (BNCC), the project carried out in partnership with the health and education departments of participating municipalities grew by 9% in 2019, benefiting about 30 thousand people.

Robotics
In 2019, the robotics project, which integrates STEM (Science, Technology, Engineering and Math) initiatives run by the Foundation was expanded to 14 municipalities, benefiting more than 3 thousand people. Developed at public schools, the initiative presents the concepts of physics, math and data programming in a ludic manner.

ArcelorMittal Environment Award
The 28th edition of the initiative that takes environmental topics to schools proposed children and adolescents to create projects solving water issues in their schools or communities. This year, public and private schools in 32 municipalities and children of the company’s employees submitted 313 projects, with 20 of them being selected in categories segmented by age. More than 101 thousand people were involved in the Award, 6% more than in the previous year.
New Paths Program

Created to help improve urban and rural mobility, since 2006, the New Paths program is a socio-environmental cooperation program between ArcelorMittal Tubarão and local government.

Through an agreement with municipal governments and other government authorities, the company donates the by-products REVSOL® and REVSOL Plus® to be used as a primary surfacing for roads, highways and yards. More than 2 million metric tons of by-products were accordingly applied to roads in 42 municipalities in the state of Espírito Santo in the last 13 years, totaling 2,144 roads and 845 kilometers.

Volunteerism

ArcelorMittal Brazil maintains volunteering initiatives to encourage the personal development of employees and to promote social benefits, creating value for the communities surrounding its operations.

The company’s units have autonomy to run their own programs, often organized by the Foundation. In the Long Carbon segment, there was a 36% increase in the number of voluntary participations in 2019.

Other units have spot projects and their own methodologies, such as Vega unit, where annual initiatives are carried out, such as the Winter Clothing Campaign and the Fraternal Christmas.

There are several volunteering initiatives at ArcelorMittal Tubarão and for 20 years they have been concentrated in the InterAction Program, which supports social projects. In 2019, the program engaged 378 employees in 33 initiatives, benefiting about 32,118 people.
## GRI Content Index

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<td>The reformulated data and information is described in the sections where the alteration was made.</td>
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### Energy

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<td>302-4 Reduction of energy consumption</td>
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### MATERIAL TOPICS

- **Economic performance**
  - Audiomital Brasil - 2019 Sustainability Report
  - ArcelorMittal Brazil - Sustainability Report 2019

- **Anti-corruption**
  - No independent assurance has been sought.
### Water

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<td><strong>GRI 304: Biodiversity</strong></td>
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<td>304-3 Habitats protected or restored</td>
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<td>304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations</td>
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### Mining Sector Supplement

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<td><strong>MM3 Amount of land (owned or leased, used for production or extraction activities)</strong></td>
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### Emissions

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### GRI 305: Emissions

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<td>306-3 Significant spills</td>
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### Environmental compliance

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In respect of assessment notices and warnings, the company submitted replies to the environmental authorities within legal deadlines.

Supplier environmental assessment

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GRI 403: Occupational health and safety 403-1 Workers representation in formal joint management–worker health and safety committees 22
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 27
403-3 Workers with high incidence or high risk of diseases related to their occupation

The company seeks to reduce the importance of risks, ensuring compliance with minimum requirements of the legislation and consolidating corporate governance in health and safety. The guidelines and initiatives include: NR12, FPS, PPRA/UTCAF, Ergonomics, PPRA, PCA, PPR, PPEOB, PRAD, PCMSO, eSocial, Absenteeism, Quality of Life Index (IQV), Individual Readiness Test for critical activities, internal audits, Take Care training, and others. All necessary controls exist to guarantee that all are within the level of tolerance and taking all applicable measures.

Non-discrimination

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GRI 406: Non-discrimination 406-1 Incidents of discrimination and corrective actions taken Information only available to internal teams of the Compliance Officer, Forensic Investigation and Internal Assurance and Independent Audit.

Child labor

GRI Standard Disclosure URL Page Omission
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GRI 408: Child labor 408-1 Operations and suppliers at significant risk for incidents of child labor There were no cases in 2019.

Forced or compulsory labor

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**GRI 409: Forced or compulsory labor**

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor.

We did not identify such conditions in any of the operations carried out by the Group’s employees.

**Human rights assessment**

**GRI Standard**

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**Local communities**

**GRI Standard**

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<td>GRI 103: Management approach</td>
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**Mining sector supplement**

MM6 Number and description of significant disputes relating to land use, and the customary rights of local communities and Indigenous people.

The Company’s Human Rights Policy commits to the issue, but does not monitor the number and description of conflicts requested by the indicator.

**Social economic compliance**

**GRI Standard**

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<td>GRI 103: Management approach</td>
<td>47</td>
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**Mining sector supplement**

MM10 Number and percentage of operations with closure plans.

Information not available due to the nondisclosure requirement established in ArcelorMittal Group’s Code of Conduct.
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