



ArcelorMittal

# Sustainability and corporate responsibility Report 2012

## The art of Vik Muniz for a more sustainable world

In the hands of Brazilian artist Vik Muniz unusual materials such as sugar, chocolate, magazine clippings and even trash come to life in images reliving everyday life situations, whether they show famous people or not, describing nature and the environment in quite an up-to-date and realistic way.

In this Report you will find some of the pieces that are part of the surprising and magical collection created by Vik Muniz specially to advertise the Movimento ArcelorMittal Recicla. This is a project designed by the company to foster culture, citizenship and sustainability, always around a focus on recycling.

In order to produce these works in its studio in Rio de Janeiro, the artist employed over 12 tons of scrap provided by ArcelorMittal, which today is considered the largest metallic scrap recycler in the world. In the pieces of about 300 m<sup>2</sup> each we can notice seven different kinds of 100% recyclable and 100% sustainable steel scrap.



Summary
Message of the Board
The Importance of Steel
ArcelorMittal
Sustainability Vision
Transparent Governance
Making Steel More Sustainable
Investing in Our Staff
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Reporting process

## Summary

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## Message of the Board (GRI 1.1; 1.2; 2.9; EC1)



**The commitment to sustainability** is a fundamental part of our business. ArcelorMittal Brasil constantly endeavors to overcome its limits and become a benchmark in the steel industry. We have an ethical standing based on a relationship of respect for the community and the environment we are located in.

In 2012 the Company kept up its usual skills, creativity and daring to provide quick and efficient responses to overcome seasonal and chronic challenges in the industry, despite the challenging economic outlook. We are always guided by values that help our organization to stand out. So we have kept up our ceaseless

search for continuous improvement in all processes and worked powerfully to decrease and control fixed costs. We have invested in innovation and increasing productivity, and have coordinated synergistic efforts between the Long and Flat Carbon segments, always guided by sustainable development principles.

We maintained our competitiveness and stayed close to our customers, the essential basis of our business. In this regard, ArcelorMittal Brasil has expanded its sales channels in the steel distribution area and inaugurated the Rio das Pedras Logistics Center, in the countryside of São Paulo, with technology infrastructure capable of providing the market with just-in-time supplying.

Our performance in domestic sales was positive, which enabled us to maintain a leadership standing in Brazil in 2012. ArcelorMittal Brasil's net consolidated revenues reached BRL\$ 15.7 billion and its consolidated operating earnings (EBITDA) was BRL\$ 2.4 billion, 1.7% higher than the one achieved in 2011. The EBITDA margin on consolidated net revenue reached 15 %, a nominal increase of one percentage point. And total sales volume was 8.5 million tons of products, intended mainly for the domestic market.

In 2012 the Long Carbon segment has benefited from the renewed energy of the Civil Construction industry, despite the drop in industrial growth. The segment sales volume reached 3.48 million tons in 2012, a growth of 0.5% in relation to the previous year, generating BRL\$ 1.5 billion in EBITDA.

In the Flat Carbon segment we achieved a record performance in the global steel industry with a milestone of almost 28 years and a half of uninterrupted operation of blast furnace no. 1 at the Tubarão unit, which was entirely refurbished after 2012. At the Vega unit the manufacture of higher value-added products displayed a 5% growth against the previous year. The Long Carbon segment EBITDA in 2012 reached BRL\$ 545 million.

And we have positive expectations for 2013, both financially and economically. Consumption of steel in Brazil is already showing small signs of recovery and exchange rates tend to towards a more favorable level for industrial development. From the operational point of view, we have taken advantage from market variations and fluctuations throughout 2012 to ready our plants for a better market in the coming year. In our favor, we have a mix of products, diverse teams involved and

engaged with the results, and a business model with a focus on the domestic growth markets.

The pleasure of finding that we have done a good job is as rewarding as the possibility of having that acknowledged publicly. Our positive performance was certified by several partners and by society. In 2012 we have been honored for the second consecutive year with the Época Empresa Verde Award, which acknowledges 20 companies for their environmental best practices, ArcelorMittal Brasil being the only steelmaker in the list.

The quality of our products was also once more

acknowledged and attested by our customers during the Michelin Annual Quality Meeting , by Ford's Top Supplier Award, and the Volkswagen Supply Awards.

And to strengthen our commitment to corporate citizenship, we have renewed our pledge to the Global Compact guidelines. This initiative sets ten universal principles toward the adoption of a business management process based on fundamental and internationally accepted values in the areas of human rights, labor relations, the environment and the fight against corruption.

Today, we are grateful to our shareholders and employees for their contributing to the positive results achieved in recent years. Your commitment to Company objectives and to obtain results increasingly strengthens our business. We believe that long-term work focused on sustainable solutions for the life of people is the way to achieve our leadership mission.

Belo Horizonte, July 31, 2013.

The Board.

# 2

## The Importance of Steel



**Steel is a raw material produced** by ArcelorMittal Brasil and can be found almost anywhere in modern life, whether in industry, civil construction, infrastructure deployment, agriculture and cattle raising and several other sectors. Besides, steel has a vital role in creating a more sustainable future: it is 100% recyclable and can help construction and transportation sectors to become more energy-efficient, provided it is a part of renewable-energy-generating technologies.

# The Importance of Steel



ArcelorMittal Brasil is a leader in steel production in Brazil. It contributes to the balance of trade, creates jobs, moves the economy and, as such, provides raw material for national development. It also fosters investments in research and development, particularly for socially and environmentally friendly technologies, which help decrease the specific consumption of raw materials, improve energy efficiency and a more efficient use of water.

## 2.1 Steel production on 2012

The market is now undergoing a delicate time: in 2012 apparent steel consumption worldwide was 8% less than in 2011. This was due especially to the recession in the US and a drop in growth in China. According to data from the World Steel Association, the sector showed a surplus of 526 million tons of steel. The agency, which represents the sector worldwide, indicated that in 2011 the surplus was 501 million tons, which means a 4.9% increase in that time period.

In Brazil, expectations for an expanding domestic market and an annual GDP growth around 3% did not materialize. Despite the government's efforts to heat up the economy and factor in competition issues (by keeping up the policies to decrease the interest rate and issuing a series of measures to improve companies' competitiveness), the secondary sector GDP was negative in over two percentage points. Brazil's GDP grew only 0.9% in 2012, well below market forecasts at the beginning of the year.

Even with the drop in the Selic rate in 2012, which on year end was 7.25%, the lowest in the recent history of Brazil, inflation remained at 5.84%, greater than Banco Central's goal, which was 4.5%. This result increased production costs and decreased the business margins. This is the fifth consecutive inflation surpassed world average and the price indexes of our major trade partners, making Brazil less competitive. Dollar quote wavered along the year, jumping from BRL \$ 1.88 to BRL \$ 2.04, a linear increase over 8.5%.



In 2012 Brazilian crude steel production totaled 34.7 million tons (approximately 2% of world production), 1.5% less than the year before. Rolled steel production added to 26.2 million tons, a 4% increase in the same time period. Rolled product imports reached 3.8 million tons in the year, which account for about 15% of Brazil's apparent consumption. Therefore, the Brazilian steel market stayed a target for overseas manufacturers, especially from China, Turkey and Eastern Europe countries.

Apparent consumption of the product in Brazil reached 25.1 million tons, staying practically stable in relation to the previous year. Annual per capita steel consumption dropped from 130 kg to 128 kg.

By publishing its Resolution 13 on January 1st, 2013, which sets a single 4% rate for interstate ICMS (the Brazilian VAT) for imported products, the State Senate intends to end the so-called "Port War". Incentives to importation that were granted

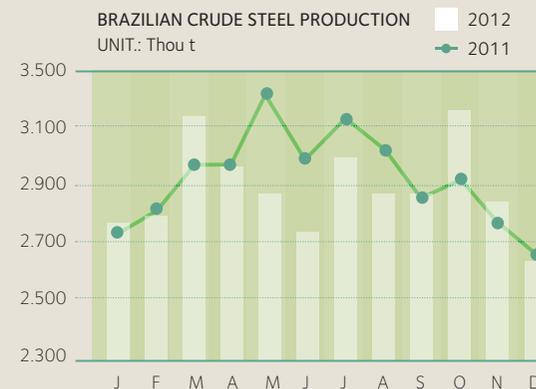
by several States of the Federation will be reduced, thus decreasing steel importation in Brazil.

Also with a view at correcting disparities related to importations, the government raised the import tax rate valid for Brazilian acquisitions outside Mercosur for 100 products to 25% in September 2012. Hot-rolled coils and wire rods produced by ArcelorMittal Brasil are included in this first list of TEC (Common External Tariff) Provisional Raises.



In European countries per capita steel consumption reaches 400kg per year, according to Instituto Aço Brasil (IABr). In Brazil, this average is 128kg.

According to the World Steel Association developing countries should account for 73% of the global steel demand in coming years.



Month	2011	2012
J	2,784	2,791
F	2,887	2,802
M	3,038	3,132
A	3,029	3,013
M	3,289	2,855
J	3,004	2,758
J	3,129	2,993
A	3,028	2,871
S	2,850	2,884
O	2,928	3,154
N	2,778	2,844
D	2,674	2,604

Source: Brazil Steel Institute



## 2.2 Forecast for 2013

In 2013 ArcelorMittal Brasil will keep up its decision of tackling the sector challenges, as it has been doing in recent years. The Company leaders believe that the current scenario also provides good opportunities. With the macro-economic equilibrium of the country, the business gains in stability and prepares to face the growth of Brazilian economy. ArcelorMittal Brasil is ready to meet domestic demands and work in tandem with the government toward Brazil's sustainable development.

We are aware that the next year can still pose challenges to the business environment, particularly as a result of the recession in Europe

and the uncertainties related to the solution of the sovereign debt in that continent. However, there are already some good signs of recovery. The US managed to overcome the "fiscal abyss" issue and its auto makers are looking forward to strong results with immediate positive effects on steel consumption. In China the industrial sector grew at the end of 2012.

Therefore, expectations for 2013 are optimistic. Instituto Aço Brasil (IABr) expects an increase in steel consumption and sales in Brazil. Resolution 13/2012<sup>1</sup>, which will come into force as of January, sets a single 4% rate for interstate ICMS for imported products, which decreases

incentives to importation and stimulate domestic sales of steel.

In addition, other actions and programs created in 2012 should yield good results for the future of the sector: the trade defense, a decrease in payroll tax burden, the renewal of the Reintegra regime by 3 %, the Investment Support Program (PSI) from BNDES bank, the decrease of the electrical energy fee and investment programs related to infrastructure works from the Growth Acceleration Program (PAC). Also added to this scenario are the good times for Brazil, which will host the World Cup in 2014 and the Olympic Games in Rio de Janeiro in 2016.

<sup>1</sup>The Federal Senate Resolution, which creates a single 4% Interstate Good and Service Movement Tax (ICMS) rate levied on interstate operations involving imported products or on those that, even though manufactured in the country, include over 40% of imported components.

# 3

## ArcelorMittal

**The ArcelorMittal Group** is a world leader in steel production, operating in over 60 countries. ArcelorMittal Brasil outlines directives to be adopted by its subsidiaries, with investing in Research & Development and cutting-edge technology. It guides its activities according to sustainable development principles with safety and socio-environmental responsibility.

Hummingbird . Vik Muniz

# ArcelorMittal

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## 3.1 ArcelorMittal worldwide *(GRI 4.8)*

Based on its Sustainability, Quality and Leadership values, ArcelorMittal endeavors to operate responsibly by respecting health, safety and wellbeing of its employees, third parties and communities it works in. It is also committed to sustainable management of both the environment and natural resources.

In 2012 ArcelorMittal invested US\$ 4.7 billion worldwide, US\$ 3.2 billion of which

were destined to maintenance of its steel plants (together with investments in health and safety) the remaining US\$ 1.2 billion being used to expand its mining units.

The Company is listed in the New York, Amsterdam, Paris, Brussels and Luxembourg stock exchanges and in the Barcelona, Bilbao, Madrid and Valence Spanish stock exchanges.





Values

Sustainability

Our commitment to the world around us goes beyond the basics and takes into consideration the needs of people we invest in and the communities that we support and where we operate. This long-term approach is the central axis of our business philosophy.

Quality

Our vision goes beyond the limits of the present toward a glimpse of steel production in the future. The quality of our products depends on the quality of our people. Therefore, our goal is to attract and foster the development of the best talents to provide superior quality solutions to our customers.

Leadership

Our clear vision of the future allows us to constantly create new opportunities. This enterprising spirit has led us to the forefront of the steel industry. Now, we are moving beyond what the world expects of the steel industry.

Vision

. To be the most admired steel producing worldwide - the global benchmark in the sector.

Mission

. To be the unquestionable leading supplier in the steel industry.

Commitments

- . Surpass value creation expected by stakeholders.
- . Create value for clients.
- . Make the Company a stimulating place to work in.

Philosophy

- . Safety is top priority.
- . Multiple cultures and ethics.
- . Long-term vision.
- . Focus on best performance.
- . Search for agility and sustainability.
- . Teamwork.

Strategy

- . Consolidate its presence in significant markets: ArcelorMittal believes it is necessary to have a consistent performance in the sector focus markets in order to ensure long-term results for business.
- . Achieve industrial excellence and market leadership: in order to become the sector leader the Company stands out for the quality and efficiency of its operations.
- . Maintain its growth strategy: looking towards sustainable development ArcelorMittal keeps on with its growth strategies, in tune with our home office guidelines.

**3.2 ArcelorMittal Brasil** *(GRI 2.1 to 2.8; 3.6; EC1)*

ArcelorMittal Brasil S.A. is the Company that focuses the efforts of ArcelorMittal Group in Brazil and other Latin American countries. Its activities began in 1921, with the deployment of Long Steel mills in Minas Gerais. Today, the Company is the largest steel producer in Latin America, with an installed capacity of 15 million tons per year (amounting to 31% of Brazil's installed capacity) and 11 plant properties in strategic points throughout the Brazil. It

has a wide distribution network to supply all Brazilian states and operations in four countries (Brazil, Argentina, Costa Rica and Venezuela). If we consider only the Brazilian production, its installed capacity is 7.2 million t/year of long steel and 8.9 million t/year of flat steel products.

The Brazilian company was established as a closely held limited liability company (S.A.), with administrative headquarters in Belo Horizonte-MG. In December 2007 it brought together

three of the most competitive companies in the country: ArcelorMittal Long Steels (which included Argentina's Acindar until April 2012 and ArcelorMittal Costa Rica), ArcelorMittal Tubarão and ArcelorMittal Vega (the last two forming ArcelorMittal's Flat Steel sector in Brazil).

In addition to manufacturing and processing steel, ArcelorMittal performs in Brazil in several segments, such as mining, production of energy for its own use, production of renewable



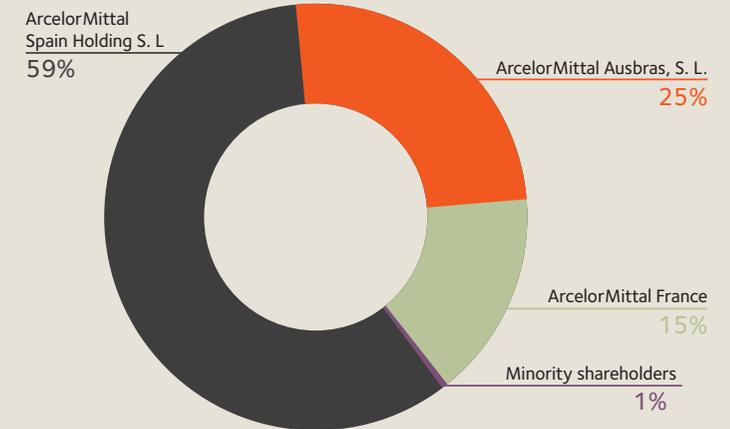
bioreducer (charcoal), services, information technology and social responsibility. The Company is responsible for establishing synergies between its Brazilian operations and other business of the group in Southern, Central and Northern American countries.

In order to provide a good balance between variety and depth of information, this report focuses mainly on Long and Flat Steel operations located in Brazil, although it makes some specific mentions about other operations throughout the text. For further details on the scope of the report,

see chapter 9 (Reporting Process).

Respect for people starts within our corporate environment, with its 10,285 own employees, and extends to communities, customers, service providers, suppliers, and partners. This is a diversity of cultures and geographies that allows the group units to give life to steel by means of highly technological concepts or in the simplest ways, such as small everyday use objects.

Currently, the Company corporate structure is as follows, broken down among ten beneficiary owners:



Further details about the organization's history can be found at the following web address:  
<http://www.arcelormittal.com/br/Empresa/ArcelorMittal>



### 3.3 ArcelorMittal Brasil in figures *(GRI 2.7; 2.8; EC1; LA1)*

- . 29 steel production and processing plant properties;
- . Operations in four countries (Brazil, Argentina, Costa Rica and Venezuela);
- . Annual installed capacity: 15 Million tons of steel.
- . 10,285 own employees.

On the table beside the evolution of some economic indicators since 2010.

In Brazil consolidated net revenue in 2012 rose to BRL\$ 15.7 billion. Sales volume was 8.5 million tons of products, intended mainly for the domestic market. The result – 18% lower than 2011 – was due to a decrease in the production of plates at ArcelorMittal Tubarão and the corporate restructuring, which considered Acindar (Argentina) sale volume only until the month of April.

This year, in addition to providing for the Brazilian market, the Company exported its production to several countries, such as: Angola, Argentina, Belgium, Bolivia, Canada, Chile, Colombia, Ecuador, South Korea, Mexico, Malaysia, Peru, Paraguay, the US, Uruguay and Venezuela.

There was no significant change in the Company owners' capital or operations in 2012.

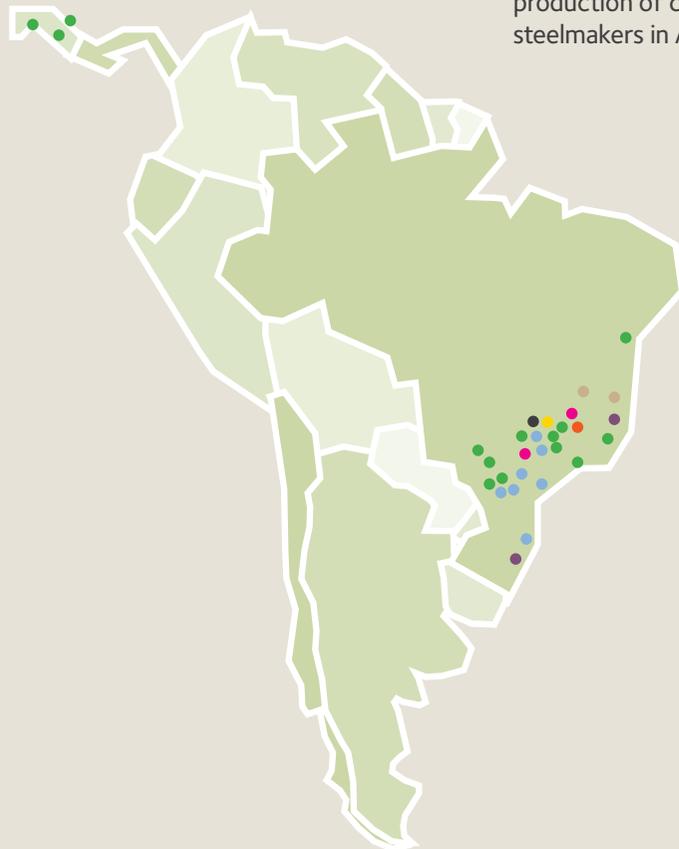
Consolidated values (BRL\$ million)	2010	2011	2012
<b>Economic and financial indicators</b>			
Total assets	27,270	29,237	29,728
Indebtedness ( ArcelorMittal Group companies)	6,561	7,280	8,346
Investment	832	1,353	1,151
Owners' equity	12,956	14,392	14,331
Net revenues	16,963	17,286	15,704
Net profit (loss)	1,448	-167	-961
Operating cash yield (EBITDA)	3,646	2,418	2,420
<b>Added value distribution</b>			
Employees	1,656	1,698	1,551
Taxes	1,793	1,629	2,537
Yield on creditors' equity	953	1,247	1,582
Yield on stockholders' equity	1590	-76	-883
<b>Total added value</b>	<b>5,992</b>	<b>4,498</b>	<b>4,787</b>

*Note: the above figures are consolidated data from all ArcelorMittal Brasil units (including the Long and Flat Steel and BioForest operations and those of the other controlled and affiliated companies.*



### 3.4 Performance map (GRI 2.4; 2.8)

In different regions ArcelorMittal is a benchmark in the production and processing of steel, mining, energy generation, reforestation, production of charcoal, information technology, sustainability and social responsibility. Besides its units in Brazil, the Company manages steelmakers in Argentina, Costa Rica and Trinidad & Tobago.



- ArcelorMittal Long Carbon**

Company: ArcelorMittal Cariacica State: Espírito Santo (ES) Town: Cariacica	Company: ArcelorMittal Itaúna State: Minas Gerais (MG) Town: Itaúna	Company: ArcelorMittal Monlevade State: Minas Gerais (MG) Town: João Monlevade	Company: ArcelorMittal Campinas State: São Paulo (SP) Town: Campinas
Company: ArcelorMittal Juiz de Fora State: Minas Gerais (MG) Town: Juiz de Fora	Company: ArcelorMittal Piracicaba State: São Paulo (SP) Town: Piracicaba	Company: ArcelorMittal Sabará State: Minas Gerais (MG) Town: Sabará	Company ArcelorMittal Costa Rica Country: Costa Rica Towns: Províncias de Limón, Puntaneras and San José

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Companies: Belgo Bekaert Arames / Belgo-Mineira Bekaert Artefatos de Arame  
States: Bahia (BA) / Minas Gerais (MG) / São Paulo (SP)  
Towns: Feira de Santana (BA) / Contagem, Itaúna and Vespasiano (MG) / Hortolândia and Osasco (SP)
- ArcelorMittal Flat Carbon**

Company: ArcelorMittal Tubarão State: Espírito Santo (ES) Town: Serra	Company: ArcelorMittal Vega State: Santa Catarina (SC) Town: São Francisco do Sul
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- Distribution and Solutions in Steel**

Company: ArcelorMittal Gonvarri States: Paraná (PR) / São Paulo (SP) Towns: Curitiba and Campinas	Company: ArcelorMittal Manchester States: Minas Gerais (MG) / São Paulo (SP) Towns: Contagem and São Paulo	Company: ArcelorMittal Perfilor States: Minas Gerais (MG) / São Paulo (SP) Towns: Contagem and São Paulo
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- Forests**

Company: ArcelorMittal BioFlorestas  
States: Bahia (BA) / Minas Gerais (MG)

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- Services**

Company: ArcelorMittal Systems  
State: Minas Gerais (MG)  
Town: Belo Horizonte

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- Energy**

Company: Usina Hidrelétrica Guilman-Amorim  
State: Minas Gerais (MG)  
Towns: Antônio Dias and Nova Era

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- Mining**

Company: ArcelorMittal Mineração Brasil - Andrade Mine / Serra Azul Mine  
State: Minas Gerais (MG)  
Towns: Bela Vista de Minas and Itatiaiuçu

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- Social responsibility**

Company: ArcelorMittal Brasil Foundation  
States: Minas Gerais (MG) / Espírito Santo (ES) / São Paulo (SP)  
Santa Catarina (SC) / Bahia (BA)  
Towns: Belo Horizonte and more 42 towns

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### 3.5 Operation segments *(GRI 2.8)*

The three major segments ArcelorMittal Brasil operates in are: Long Steels, Flat Steels and BioFlorestas. The Company also operates in other economic sectors in Brazil, such as mining, information technology and services, and has plant facilities abroad. However, these sectors and operations outside Brazil are not part of this report scope.

#### Long Steels

A segment made up of steel mills and wireworks in Espírito Santo, Minas Gerais and São Paulo, in addition to Acindar<sup>2</sup> (Argentina) and ArcelorMittal Costa Rica. The Company is also responsible for ArcelorMittal Point Lisas (Trinidad and Tobago) and operates in the sectors of reforestation, charcoal production and services.

*Note: Throughout this report socio-environmental comments on Long Steels do not include operations in Argentina, Costa Rica and Venezuela, nor services or mining. Therefore, they relate only to the steel operations located in Brazil.*

#### Products

Wire for industrial application and agribusiness, wire rods for steel cord (steel cords for radial tires), wire rods for industrial applications and general use, rolled steel for civil construction and wire products such as , wire rods, screens, nails, trusses, bars and shapes.

#### Installed capacity

3.8 million tons a year of rolled products and 1.55 million<sup>3</sup> tons of wire products.



ArcelorMittal Long Steel is one of the three largest producers of wire rods for steel cord, a product used to reinforce tires. It leads South American production of wires for industrial applications and agribusiness.



More information on ArcelorMittal Long Steel products in the website:

[http://www.arcelormittal.com/br/Empresa/Produtos e Mercados/Aços Longos.](http://www.arcelormittal.com/br/Empresa/Produtos_e_Mercados/Aços_Longos)

<sup>2</sup>The operations in Argentina (Acindar) were overseen by ArcelorMittal Brasil until April 2013. Then, they became the responsibility of ArcelorMittal Long Carbon Americas.

<sup>3</sup>Production of Belgo Bekaert Arames units was also taken into account.

Flat Steels

A segment made up of ArcelorMittal Tubarão (Espírito Santo), ArcelorMittal Vega (Santa Catarina) and Unki (Venezuela).

*Note: Unki is not included in the scope of this report.*

**Products**

plates, hot-rolled and stripped coils, cold-rolled and galvanized coils used in the automotive, home appliance, white line (home appliances), naval industry, etc.

**Installed capacity**

7.5 million tons per year (Tubarão) and 1.4 million tons per year (Vega)



In order to sell its production ArcelorMittal Tubarão has an excellent port complex just eight kilometers from the plant facilities.



More information on the ArcelorMittal Flat Steel products in the website:

<http://www.arcelormittal.com/br/Empresa/Produtos e Mercados/Aços Planos>

BioFlorestas

Its main goal is to supply the Long Steel plant properties, which use charcoal made from renewable eucalyptus forests in their steelmaking processes. Headquartered in Belo Horizonte – MG, the company has operations in several regions in the Minas Gerais State and the south of Bahia.

It is certified by the FSC (Forest Stewardship Council – an organization that issues the forestry certification label), OHSAS (Occupational Health and Safety Management System) and ISO 14001 (a set of international standards for environmental management).



In 2012 328,266 tons of charcoal were produced.



Further information on ArcelorMittal BioFlorestas at the website:

<http://www.arcelormittal.com/br/bioflorestas>

**3.6** Product life cycle *(GRI PR1)*

The steel industry, the sector ArcelorMittal Brasil activities fit in, provides products for a wide range of industrial sectors.

One of the inherent qualities of steel is the fact that it is 100% recyclable, i.e., no part of the material is lost during the production process. There is no loss of physiochemical characteristics and no loss in quality. Thus, iron and steel scrap from post-consumption, also called obsolescence scrap, is an important input for the steelmaking process. Likewise, the scrap

produced inside the mills themselves and the steel waste generated in other industries (such as automobile one) help produce new steel. This cycle avoids the consumption of raw materials such as iron ore and coal, which are non-renewable natural resources.

ArcelorMittal is fully engaged in minimizing environmental and social impacts (see a list of the major environmental impacts in chapter 6 “Making steel more sustainable”) from its production processes. All its products are

constantly assessed to ensure that they do not pose risks to the health and safety of consumers. The production and quality control process is based on improvement studies including research & development; certification; product concept development; manufacturing and production, marketing and advertising; storage, distribution and supply; use and service, disposal, reuse or recycling and planning of resources.



### 3.7 Acknowledgments (GRI 2.10)

AWARDED UNIT, SEGMENT, COUNTRY, EMPLOYEE OR PROJECT	DATE	AWARD NAME	AWARDING ENTITY	AWARD DESCRIPTION
ArcelorMittal Brasil	Sep/12	Época Green Company Award	"Época magazine and PwC**"	ÉPOCA Green Company Award was born from the ÉPOCA Climate Change Award created in 2008 in order to acknowledge companies that were already concerned in measuring and reducing their green house gase emissions. In 2013 the survey become more encompassing and started including issues related to broader environmental strategies from the companies, besides global warming mitigation efforts.
ArcelorMittal Long Steel	Aug/12	ANAMACO Award	Anamaco	Annual award where construction material vendors throuhout Brazil choose their best suppliers.
	Jun/12	19th place in Industry Concept and Image	Revenda Magazine	Industry Concept and Image ranking where vendors assess service, post-sales, relationship, training and quality.
ArcelorMittal Juiz de Fora	May/12	Minas Gerais Environmental Management Award	UBQ / SEMAD / Minas Gerais Government	The Minas Gerais State Government acknowledges companies that display exemplary sustainability practices. ArcelorMittal was awarded for the second time for its good environmental management practices.
	Sep/12	Top of Mind for Social Responsibility Award	Tribuna de Minas Newspaper	The Award acknowledges the brands the consumers kept uppermost in their minds in 2012 in several sectors.
ArcelorMittal Monlevade	Apr/12	Best supplier of wire rods for steel cord	Michelin	The Award is an acknowledgement of the high quality level of wire rods supplied to Michelin.
ArcelorMittal Piracicaba	Nov/12	2012 Industrial Highlight	CIESP	The award pays homage to the major industries that stood out in the town of Piracicaba and environs.
ArcelorMittal Sistemas	Jul/12	"Green Seal - Green IT	"Furukawa (Green IT Program)"	ArcelorMittal Sistemas obtained the "Green Seal" from Furukawa's Green IT Program, a certificate that acknowledges the company performance in the proper disposal of waste. The award is the result of an effort to change the format of ArcelorMittal Brasil's São Paulo Sales Office (EVSP) Data Center, where the company in a partnership with Furukawa sent the 200 kilos of waste produced in the works to expert recycling agencies.
ArcelorMittal Sistemas	Oct/12	"100 major IT leaders in Brazil	ComputerWorld	ArcelorMittal Sistemas CEO, Luiz Cláudio Magaldi, was acknowledged as one of the 100 major IT leaders in Brazil. The acknowledgement was a result of the 12th IT Leaders study carried out by ComputerWorld magazine in a partnership with IDC consulting firm, which included 457 officers from organizations in several sectors. The company awarded 5th place in "Mining and Manufacture Industry" and 57th place overall.
ArcelorMittal Tubarão	Jul/12	Brazilian Environmental Benchmarking	Instituto Mais	The award aims at acknowledging those "Companies having the best sustainability practices in Brazil", together with the best sustainable practices in the last 10 years. ArcelorMittal Tubarão was nominated for 8 of the 10 issues, and was awarded in all of them.
ArcelorMittal Tubarão and ArcelorMittal Vega	Sep/12	Supplier of the Year Award, "Metallics" category	Volkswagen	The carmaker highlighted the company performance in the Commercial Excellence topic. Products used by Volkswagen in Brazil are made at the Tubarão unit hot strip roller and cold rerolled at the Vega unit.
ArcelorMittal Vega	Jun/12	Top Supplier Award	Ford	The Top Supplier award is an acknowledgement for the best Ford suppliers in South America. Vega was awarded in the "Raw Material" category thanks to its excellent performance in the Quality, Delivery and Commercial Relationship items.

\* PricewaterhouseCoopers

### 3.8 Certifications *(GRI PR1)*

#### Quality Management: ISO 9001:2008

ArcelorMittal Brasil is certified by the International Organization for Standardization through ISO 9001:2008, adopting international quality standards in the management of its business and products.

#### Environmental Management: ISO 14001:2004

ISO 14001 brings together a series of standards that set down guidelines relating to environmental management in organizations.

#### Health and Safety Management: OHSAS 18001-2007

OHSAS is the English acronym for Occupational Health and Safety Assessment Services, and consists of a series of rules to guide companies in matters related to Occupational Health and Safety (OHS).

#### FSC - Forest Stewardship Council

The Forest Stewardship Council certifies companies according to standards of environmental, social and economic performance in the forestry sector.

#### Eco-labels

The products from ArcelorMittal Long Steel units have included this certification in their portfolio since 2010. At first the Company was awarded the eco-label from Instituto Falcão Bauer de Qualidade, and then was certified through the Eco-label of the Technical Standard Brazilian Association (ABNT), which attests to the positive environmental performance of products for civil construction.

#### Automotive Certification

The flat steel units are certified through the ISO TS 16949 standard.



To view all ArcelorMittal Brasil certificates, go to:  
<http://www.arcelormittal.com/br/belgo/certificados>



# 4 Sustainability Vision

**Sustainability** is a fundamental value in ArcelorMittal Brasil's business. Therefore, the Company reasserts its commitment to invest in innovation, knowledge, quality and technology in a socially and environmentally responsible way in its production and management processes.

Seahorse . Vik Muniz

**Sustainability Vision**

# Sustainability Vision



## 4.1 ArcelorMittal Brasil's Corporate Responsibility pillars

### Invest in our staff

Have each and every person working for us feel valued.

### Make steel more sustainable

Use our steel expertise to develop cleaner and more ecological projects.

### Enrich our communities

Our presence plays an important role in all communities we operate in.

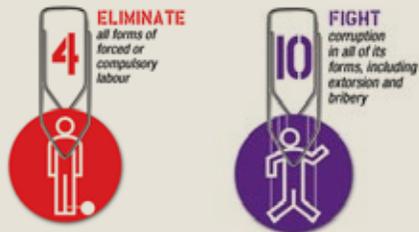
All this is sustained by **transparent governance**.

We believe that our Corporate Responsibility strategy shall:

- . Increase the value of our efforts
- . Improve our ability to deal with local and global issues affecting our operations
- . Improve our relationship with stakeholders

The main Company directive is to supply the markets with quality steel, stimulating socioeconomic progress and mitigating environmental impacts of its activities along all links of the production chain. That is why ArcelorMittal Brasil bases its performance on three pillars: making steel more sustainable, investing in its staff and enriching its communities.

With an ongoing focus on innovation, the Company fosters sustainability in the steelmaking industry by investing in environmental and technological solutions. The health and safety of employees are a priority in its vision. Therefore, they are given constant attention throughout all levels of the organization. At the same time, ArcelorMittal Brasil cares for the well-being of society as a whole, and thus directing efforts to developing those communities it operates in by means of infrastructure and long-term projects.



## 4.2 Commitments taken on *(GRI 4.8; 4.12; 4.13; SO3; SO4)*

In line with its philosophy of teamwork and ongoing search for agility and sustainability, ArcelorMittal participates in and contributes to the operation of several governmental and non-governmental entities. Thus, the Company fulfills its role as an agent of sustainable development by means of an effective and ongoing participation that allows it to develop guidelines and to contribute to the

regulation of the sector, also in the social level.

The institutions ArcelorMittal participates of are: The Brazilian Technical Standard Association (ABNT), Brazilian Mining and Metals Association (ABM), Asociacion Latinoamericana del Acero (ALACERO), Brazilian Human Resource Association (ABRH), Instituto Ethos, Brazilian Business Council for Sustainable Development

(CEBDS), National Industry Confederation (CNI), Brazilian Corporate Communication Association (ABERJE), Minas Movement for Peace, Brazil Steel Institute (IABr), Reputation Institute and Dom Cabral Foundation (FDC).

The Company is also a signatory to a number of commitments relating to Corporate Social Responsibility:



### Global Compact

In 2001 the Company signed the Global Compact, a United Nations endeavor toward spreading fundamental values related to human development among the business community. As a signatory, the Company has developed a series of efforts related to the ten universal principles set down by the agency, which include human rights, labor rights, environmental protection and the fight against corruption.



### Brazilian Pact to Eradicate Slave Labor

In addition to strictly follow the guidelines set down by the Declaration of the International Labor Organization (ILO) on fundamental principles and rights at work, ArcelorMittal Brasil has signed the Brazilian Pact for Eradication of Slave Labor in 2009. The initiative of the Ethos Institute for Business and Social Responsibility, together with the International Labor Organization (ILO) and the Repórter Brasil NGO suggests tools to enable the business sector to ensure dignified and respectful labor relations throughout the productive chains. There is no Company operation that could ever involve child labor.

**Sustainability Vision**



**Corporate Agreement for Integrity and Against Corruption**

ArcelorMittal Brasil was one of the first companies to sign this pact, which sets guidelines for ethical business behaviors before the government. It is an endeavor of the Ethos Institute and the United Nations Development Program (UNDP), among other agencies.

As part of the Company's Anti-Corruption policy, our whole management team has been trained on the subject in 2010, with a refreshment training scheduled for 2013. In 2012, 131 non-managers were also trained throughout the Flat Steel units. The Company encourages employees to notify any deviant behavior to their immediate superior, the legal department or internal audit. There is also the possibility of sending an anonymous digital complaint to higher company levels. As a result of this effort, there are no lawsuits where ArcelorMittal Brasil and/or its employees, in the performance of their duties, have been convicted of practicing acts of corruption.



**Charcoal Sustainability Protocol**

The commitment made by the companies associated to the Brazil Steel Institute before the Ministry of Environment and the Ministry of Development, Industry and Foreign Trade (MDIC) includes, among other goals, the commitment to achieve within four years 100% of planted forests to meet the charcoal demand.



**Climate Changes - UNFCCC**

The United Nations Framework Convention on Climate Change, UNFCCC, sets down guidelines to be followed by governments and companies in order to minimize environmental impacts that contribute to climate change. ArcelorMittal shares these commitments and directs its decisions in accordance with the results of the convention.

**4.3 Engagement with stakeholders** (GRI 3.5; 4.14; 4.15; 4.16)

The quest for continuous improvement and to create perennial value for the several stakeholders in its operations is a principle adopted for an operation- and strategy-focused organization decision making process.

With the objective of maintaining a close, transparent and ethical relationship with its stakeholders ArcelorMittal Brasil invests in talking to people, training, events, lectures and workshop efforts, as well as formal mechanisms for reporting their activities. The public the Company maintains relationships with are described in the chart below.

CLIENTS	EMPLOYEES	GOVERNMENT AND REGULATORY BODIES	INVESTORS AND LENDERS	LOCAL COMMUNITIES	MEDIA	MULTILATERAL AND BUSINESS ORGANIZATIONS	NON-GOVERNMENTAL ORGANIZATIONS	SUPPLIERS
<ul style="list-style-type: none"> <li>. Product quality and safety</li> <li>. Supply chain management</li> <li>. Renewable technology, environmentally-correct products</li> </ul>	<ul style="list-style-type: none"> <li>. Work health and safety</li> <li>. Wages and bonuses</li> <li>. Work conditions</li> <li>. Career progress - Operational Excellence</li> </ul>	<ul style="list-style-type: none"> <li>. Social and economic development</li> <li>. Job opportunities</li> <li>. Attraction of investments</li> </ul>	<ul style="list-style-type: none"> <li>. Corporate Governance</li> <li>. Health and Safety</li> <li>. Climate changes</li> <li>. Corporate responsibility management</li> </ul>	<ul style="list-style-type: none"> <li>. Process of engaging/ mobilizing communities</li> <li>. Environment</li> <li>. Social investment</li> <li>. Job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>. Industry challenges and progresses</li> <li>. Health and Safety</li> <li>. Environmental concerns</li> </ul>	<ul style="list-style-type: none"> <li>. Long-term challenges for the industry (climate changes)</li> <li>. Human Resources</li> <li>. Water consumption</li> <li>. Health and Safety</li> <li>. Responsible supply</li> </ul>	<ul style="list-style-type: none"> <li>. Environmental protection</li> <li>. Social and economic development</li> <li>. Work conditions</li> <li>. Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>. Responsible procurement code</li> <li>. Product quality</li> <li>. Operating excellence</li> <li>. Ethical business practices</li> </ul>
<ul style="list-style-type: none"> <li>. On-site visits</li> <li>. Journals and events geared to clients</li> <li>. Partnerships: engineering teams in clients' units/ plants</li> </ul>	<ul style="list-style-type: none"> <li>. Intranet</li> <li>. Informational bulletins and journals</li> <li>. Training programs</li> <li>. Relations with unions</li> </ul>	<ul style="list-style-type: none"> <li>. Reserved formal discussions</li> <li>. Engagement conferences and lectures</li> <li>. Country-specific leading bodies</li> </ul>	<ul style="list-style-type: none"> <li>. Travelling exhibits</li> <li>. Day of the Investor</li> <li>. Private meetings, regular conference calls</li> <li>. On site visits</li> </ul>	<ul style="list-style-type: none"> <li>. Local engagement workshops</li> <li>. Broadcasting of information - local and regional levels</li> <li>. Reserved meetings</li> </ul>	<ul style="list-style-type: none"> <li>. Site visits</li> <li>. Production reported for the press</li> <li>. Interviews</li> </ul>	<ul style="list-style-type: none"> <li>. Get actively involved with organizations, including WBCSD, CSR Europe, World Steel Association, EITI and Global Compact (UNO)</li> </ul>	<ul style="list-style-type: none"> <li>. Formal meetings</li> <li>. Correspondence and events</li> </ul>	<ul style="list-style-type: none"> <li>. Discussions based on account management relations</li> <li>. Regular engagement with our local administration at each unit</li> </ul>
<ul style="list-style-type: none"> <li>. Create innovative partnerships geared to sustainable growth.</li> </ul>	<ul style="list-style-type: none"> <li>. Vital for the success of our business, shows productivity, quality and leadership</li> <li>. Provide a safe and enriching work environment.</li> </ul>	<ul style="list-style-type: none"> <li>. Vital factor to ensure fair and competitive trading conditions.</li> </ul>	<ul style="list-style-type: none"> <li>. Increase our share capital and strengthen our financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>. Develop local communities' trust.</li> </ul>	<ul style="list-style-type: none"> <li>. Foster and safeguard reputation and increase the public's knowledge of our products and operations.</li> </ul>	<ul style="list-style-type: none"> <li>. Train our Company, together with fostering practices from similar companies.</li> </ul>	<ul style="list-style-type: none"> <li>. Provide un understanding of society and the environment requirements.</li> </ul>	<ul style="list-style-type: none"> <li>. Ensure delivery of quality and value products and services.</li> </ul>
<ul style="list-style-type: none"> <li>. Provide quality products at competitive prices</li> </ul>	<ul style="list-style-type: none"> <li>. Ensure an engaging and enriching work experience.</li> </ul>	<ul style="list-style-type: none"> <li>. Produce economic growth through revenue, taxes, tariffs and product innovation.</li> </ul>	<ul style="list-style-type: none"> <li>. Create sustainable growth and shareholder return.</li> </ul>	<ul style="list-style-type: none"> <li>. Provide support to local economic development.</li> </ul>	<ul style="list-style-type: none"> <li>. Provide performance data of the Company as well as information of social, environmental and economic feature.</li> </ul>	<ul style="list-style-type: none"> <li>. Widen communities' knowledge on the industry and foster responsible practices.</li> </ul>	<ul style="list-style-type: none"> <li>. Monitor our performance in terms of meeting requirements from our stakeholders and from vulnerable groups from society as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>. Ensure equal access to business opportunities and appropriate payment conditions.</li> </ul>

**Caption:**  Key-issues that interest our stakeholders  Ways of engaging with our stakeholders  Why are our stakeholders important to us?  Why are we important to our stakeholders?



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#### 4.4 **Transparency** (GRI EC4; EN28; SO5; SO8; PR9)

ArcelorMittal directs constant efforts to meet ethical guidelines. The Company believes that transparency and a responsible performance are crucial for the development of its business.

No lawsuits for unfair competition, trust and monopoly were filed 2012. The Company also was not fined for non-compliance with environmental laws and regulations, even though it has been served for three non-monetary penalties last year:

- . Flat Steels - Tubarão: for emissions of fugitive particulate matter from coke production;
- . BioFlorestas: for cutting trees without a license;
- . Long Steels - Cariacica: for possible contamination of soil in the industrial landfill.

ArcelorMittal Brasil uses tax benefits through the following mechanisms:

##### Incentives on the Federal Level

- . Federal Culture Fostering Act;
- . Fund for Children and Adolescents Act;
- . Sports Act;
- . Tax incentives program from the Superintendence for the Development of the Northeast Region (SUDENE)

##### Incentives on the State Level

- . State Acts to Foster Culture in Minas Gerais and São Paulo;
- . São Paulo Sport Fostering State Act;
- . Program for Santa Catarina Companies' Development - Prodec (SC);
- . Program to Increase Employment and Improve Workers' Quality of Life - Pró-emprego (SC);
- . Federal District Development Program - PRODF (DF);
- . Ceará Industrial Development Fund - FDI (CE);
- . Pernambuco Development Program - Prodepe (PE);
- . Bahia State Industrial Development and Economic Integration Program - Desenvolve (BA);

##### Incentives at the Municipal Level

- . Belo Horizonte Culture Fostering Municipal Act

### Public Policies

Participation in business class entities allows the Company to foster the drafting of public policies, form partnerships, covenants and protocols with Governments (on many different levels) and influence decisions that can benefit its sector. The Brazil Steel Institute (IABr) and the National Industry Confederation (CNI) are some of the agencies ArcelorMittal Brasil is a member.

At the same time ArcelorMittal Brasil Foundation works together with public authorities and voluntary sector institutions to foster actions to strengthen

local public policies and contribute to the development of the communities the Company operates in.

In order to do that the Foundation participates in processes for drafting of proposals for public benefit from demands in each municipality, including the transfer of project methodologies to the authorities so as to achieve effectively transformation and long term results.





Orchid . Vik Muniz

5

## Transparent Governance

**In line with the best** market practices ArcelorMittal Brasil invests in improving its management processes and control systems, adopting various mechanisms to maintain Corporate Governance based on principles such as ethics and transparency.

# Transparent Governance



## 5.1 Corporate Governance (GRI 2.3; 4.1)

ArcelorMittal’s corporate governance is based on the basic guideline of developing strategies to supply markets with quality steel, foster the socio-economic progress of regions it operates in and reduce as much as possible potential environmental impacts throughout all links in its production chain, with the following structure:

### ArcelorMittal Brasil Management Council

In 2012 the council was made up of five members appointed at the general meeting of shareholders for a two-year term, with an option for renewal. From these members, two are independent or non-executive members. The Council sets down the strategic guidelines, follows up and guides business, elects directors, chooses or dismisses independent auditors, supervises management and decides on the allocation of Company profits. In its monthly meetings corporate governance performance is assessed, including economic, environmental and social aspects.

### Executive Board

It currently comprises six members elected by the Board of Directors for a two-year term of office and subject to re-election, the executive board are responsible for managing the Group’s businesses in Brazil, acting also on any issue not subject to the sole jurisdiction of the General Shareholders Meeting (AUG) or the Board of Directors.





**Audit Committee**

Comprising three to five members chosen by the general shareholders meeting, the Audit Committee does not work in a permanent way, and may be installed at the request of shareholders.

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

**ArcelorMittal Group Board of Directors**

Composed of eight executives led by CEO Lakshmi Mittal, the Council is responsible for the Group decision-making, determining the overall strategies, as well as defining and monitoring administrative actions in countries the Company operates in.

**Group Management Board - GMB**

Situated below the Board of Directors, GMB is composed of eight officers under the leadership of CEO Lakshmi Mittal. It is responsible for conducting the business and determining the overall strategies of the parent company, as well as defining and monitoring administrative actions in the countries the Company operates in.

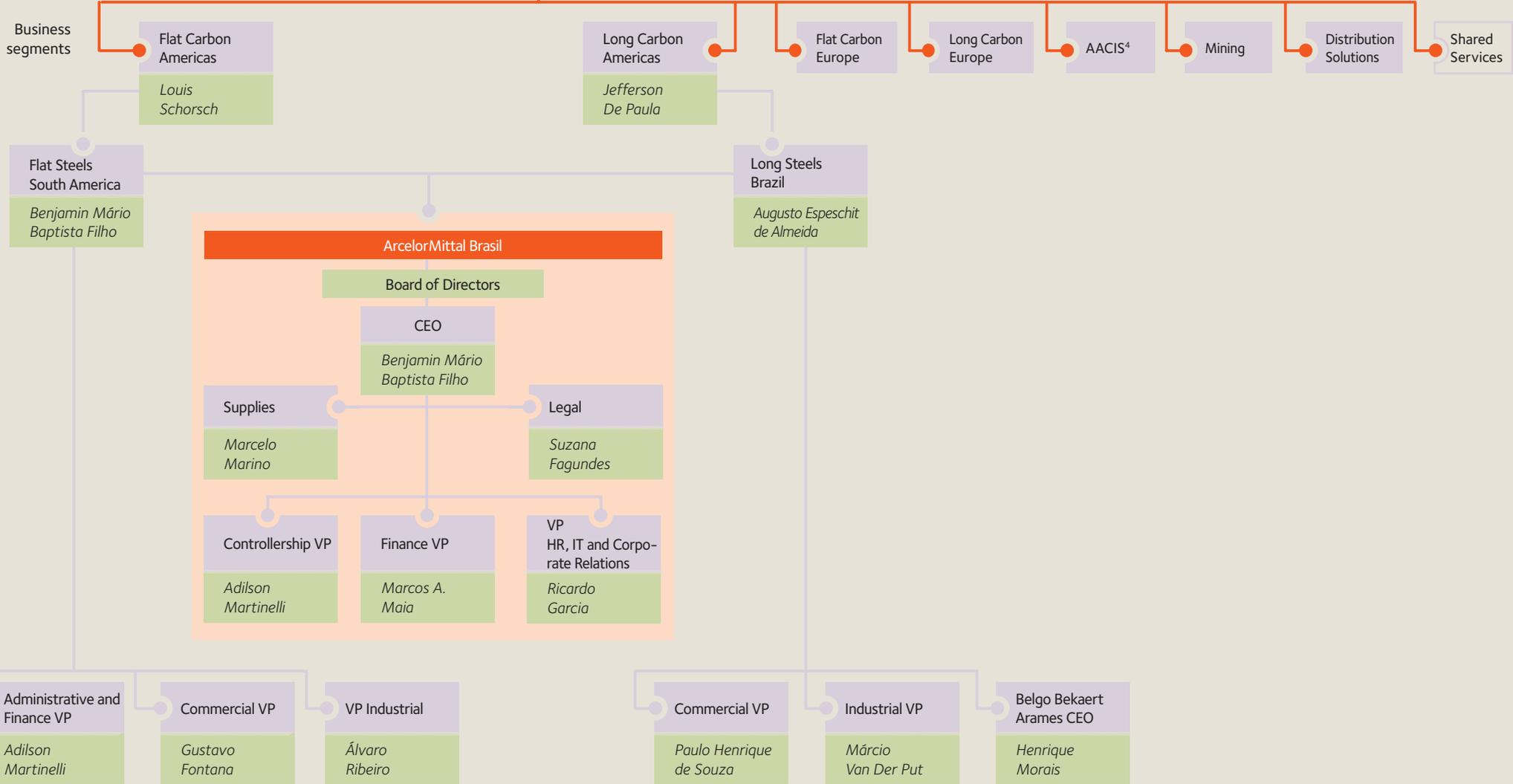
**Management Committee**

The committee objective is to foster an entrepreneurial spirit within the Company, create a creative and adaptive organization, and also be accountable before its stakeholders. That is why it has a matrix structure.

See more information about the ArcelorMittal Group Management Board at the website:  
<http://www.arcelormittal.com/corp/who-we-are/leadership/group-management-board>

Information on the members of the Management Committee, as well as their positions and responsibilities, can be found on the following webpage:  
<http://www.arcelormittal.com/corp/who-we-are/leadership/management-committee>

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<sup>4</sup> Asia, Africa, Commonwealth of Independent States



## 5.2 Corporate Ethics *(GRI 4.4; 4.8; HR3)*

ArcelorMittal Brasil's Corporate Governance ensures an ethical and transparent behavior toward all the Company stakeholders. It is based on the following policies, which make up its Compliance program:

### Code of Conduct

Ethical and legal obligations that must be met by all group directors, officers and employees when dealing with Company business.

### Guidelines for Competition Laws

Restrains any conduct that goes against the fundamental principles of the competition and antitrust laws of countries the Company operates in.

### ArcelorMittal Brasil Insider Policy

Rules of conduct applied to all employees to avoid the misuse of insider information and market abuse.

### Anti-Corruption Policy

Rules and guidelines to prevent and fight against corruption.

### Anti-fraud policy<sup>5</sup>

Rules established according to the Company's zero tolerance directive toward the practice and concealment of fraudulent or illegal acts.

### Human Rights Policies

Guidelines that ensure human rights are respected throughout all Company areas. All investment agreements and contracts with significant suppliers of the organization include human rights clauses that forbid child labor, forced labor and profiling, in addition to guaranteeing freedom of association. In 2012, 6,068 employees were trained on policies and procedures concerning human right aspects relevant to operations. These account for 59% of the operational staff of the Company.

### Economic Sanctions

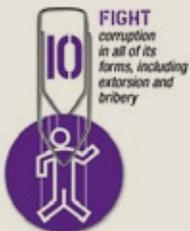
Rules and guidelines to ensure that no one within the Group should participate in economic sanction violations.

### Whistleblower Policy

In line with the Sarbanes Oxley Act of 2002, this policy has the objective of identifying as soon as possible any relevant problems related to irregularities in accounting, audit, financial or bribery matters.

The company encourages the dialog between the various hierarchical levels of the organization. Employees' recommendations are forwarded to the Executive Board by the leaders themselves or by employees' representatives from the several internal committees.

<sup>5</sup>Fraud is defined as an intentional act of deception, misappropriation of resources or data manipulation that results in advantage or disadvantage to a person or entity, including any act of corruption.





Salamander . Vik Muniz

# 6 Making Steel More Sustainable

O aço é um dos materiais mais versáteis do mundo e possui uma característica muito positiva e alinhada ao conceito de sustentabilidade: ele é totalmente reciclável. Em seu processo produtivo, a ArcelorMittal Brasil adota uma estrutura integrada, preventiva e aplicada, com o uso de tecnologias modernas e limpas.

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# Making Steel More Sustainable (GRI EN12; EN26; SO1)



Environmental impacts from its production are fully controlled by the Company, which works unceasingly towards increasing its eco-efficiency and decreasing risks to people and the environment. This attitude reinforces the fact that ArcelorMittal

Brasil's strategic planning systematically tries to establish a balance with the economic, social and environmental facets of its business. ArcelorMittal Brasil's operations cause several environmental impacts that are common to all

steelmaking industries. They are all monitored and subject to actions intended to mitigate such impacts. Below you can see the major environmental impacts and examples of measures the Company takes to mitigate them:

	Consumption of natural resources	Consumption of power	GHG emissions and atmospheric pollution	Production of waste	Release of effluents	Occupation of large areas by plant properties
<b>Major impacts</b>						
<b>Mitigation measures</b>	Use of scrap, thus reducing the need for iron ore. Recirculation of water, thus reducing the need for collection.	Reuse of processes gases, thus reducing the need for buying energy. Use of renewable energy (e.g.: charcoal).	Establishment of CDM projects. Creation of green belts at the plants.	Use of waste in the steelmaking industry itself. Sale of surpluses to other industries.	Deployment of effluent treatment stations and submarine outfall.	Establishment of reserves (RPPN and others).



## 6.1 Research and Development

ArcelorMittal Brasil's investments in R&D focus on the development of new products and coproducts, as well as in streamlining its operational processes. The objective is to innovate in order to enhance productivity by decreasing costs through the rational use of natural resources and, especially, minimizing environmental impacts.

The Company works continuously to achieve innovations of a preventive nature in its production processes in order to improve the mix of consumables by replacing toxic ones for others with a lower toxicity level, besides prioritizing the use of clean technologies.

Another area the Company has been achieving

very satisfactory results in is research to use coproducts (see comments in chapter 2.8 – Waste and Coproducts).

It is vital to highlight here that clean production is not always costly or requires high-tech solutions: much potential savings comes from adopting relatively simple internal management methods.

### Example of Success

#### S-in motion

Aligned to the needs of the large auto makers that must meet regulations related to fuel consumption, ArcelorMittal Brasil's Flat Steel segment has launched in Brasil the S-in motion global platform. By using high resistance steels, S-in motion solutions have yielded a decrease of about 20% in part weight and 14% in vehicle CO<sub>2</sub> emissions without compromising its resistance or safety. This created a new Flat Steel category applied to car bodies and involving lighter, safer and environmental sustainable solutions.

#### Grade 41XX Project

This project aimed at decreasing the Grade 41XX CHQ (Cold Heating Quality) billets<sup>6</sup> which warp after passing through the cooling bed. This causes operational problems and increases product cost. Because of that situation, only four Grade 41XX CHQ runs were carried out in a row. This project allowed for an 80% decrease in warped billets and a 100% increase in the number of sequential runs, which had an impact in that product sales. This project added value corresponding to practically seven times its cost. Besides decreasing costs, it helped also to decrease the fuel used in recycling warped billets.

<sup>6</sup>A metallic alloy steelmaking product up to 150 mm square shape or 150 mm diameter cylindrical shape. It is produced during the continuous casting stage, and is a raw material for the rolling stage.



## 6.2 Environmental Policy

ArcelorMittal Brasil continuously invests in projects and actions intended to improve its environmental performance. This attitude is mirrored in the development of suppliers, changes in production process, continuous

upgrading of plant facilities and biodiversity preservation programs.

All units have a common history of intensive investment in the environmental area, with

efforts acknowledged by being both pioneering and efficient. Its Environmental Policy<sup>7</sup> is aligned to the other Company policies and international environmental management guidelines.

## 6.3 Environmental Management *(GRI EN14; EN30; SO10)*

All ArcelorMittal Brasil plant properties have environmental licenses and seek to invest in environmental control equipment and systems, as well as in education and training, environmental management services, research and development, and other efforts.

The Company is ISO 14001 certified and systematically monitors performance indicators related to water, energy, waste and emissions. These indicators are part of the daily routine of several areas and are disseminated among and practiced by all company and contractor employees.

In 2012, we invested BRL\$ 77.8 million environmental projects and efforts. From that amount, BRL\$ 37.2 million were used in waste

treatment and disposal; BRL\$ 29.8 million were invested in deploying clean technologies (which are one of ArcelorMittal Brasil's investment priorities); and education and environmental management projects, external certifications, and research and development were assigned BRL\$ 10.8 million. Also, the company directed efforts towards buying and maintaining control and management equipment and systems and adopting sustainable development practices and a modern environmental policy that make it more competitive.

ArcelorMittal Brasil prioritized investments in deploying cleaner technologies in 2012. Also, the company focused efforts towards buying

and maintaining control and management equipment and systems. By adopting sustainable development practices and a modern environmental policy it became more competitive.

For a more precise monitoring of its environmental impacts, ArcelorMittal Vega is building a data base that will allow for comparison standards, thus improving its management processes.

In 2012 ArcelorMittal Long Steel implemented SAP EH&S - Waste and Coproduct Management at ArcelorMittal Sabará and ArcelorMittal Itaúna units. The environmental management of critical suppliers and all metallics depots was implemented using SAP EC - Environmental Monitoring and Control.

<sup>7</sup>See ArcelorMittal Brasil's environmental policy at the website below:  
[http://www.arcelor.com.br/sustentabilidade/aco\\_sustentavel/politica\\_meio\\_ambiente/pdf/politica-meio-ambiente.pdf](http://www.arcelor.com.br/sustentabilidade/aco_sustentavel/politica_meio_ambiente/pdf/politica-meio-ambiente.pdf)

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For environmental compensation the Vega unit created the ArcelorMittal Private Natural Heritage Reserve (RPPN ArcelorMittal), a 760 km<sup>2</sup> area next to the industrial site of its facilities, amounting to a third of the grounds total surface. The areas impacted by the landlevelling works from the deployment of the unit were reforested by planting native species and creating education trails that extend for 860 meters through the Atlantic rainforest.

Vega invested BRL\$ 4.2 million in deploying an Integral Protection Unit in an Atlantic rainforest area, thus creating the Acaraí Park. The action was carried out as a compensatory measure for the deployment of ArcelorMittal Vega, according to the decree signed by the Santa Catarina State Governor on September 24, 2005.

See the table at the beginning of this chapter to learn about the major environmental impacts.

#### 6.4 Water and effluents *(GRI EN8; EN10; EN21)*

Steep production uses water as a coolant and in processing. That is why ArcelorMittal Brasil's facilities are often located near natural water sources such as rivers, lakes, the ocean or dams. The Company is aware of its responsibility and has been working intensively towards minimizing fresh water consumption, treating and recirculating possible effluents and trying to avoid impacting both the population and the environment. To provide evidence of this commitment the Company

maintains a water recirculation index averaging 96.7%, with losses due almost solely to evaporation.

The significant recirculation level is ensured by the Industrial Effluent Zero Disposal project, where all industrial effluents produced by ArcelorMittal Brasil's units are treated. The project made it possible to intercept and connect treated liquid effluent disposal channels. It also allowed for changes in the processes to reduce concentration of effluents and

operating the system.

The Water Balance project implemented at ArcelorMittal Sabará involved application of methodologies to account for water inputs and outputs in the production processes in order to increase availability of water recourses and decrease liquid effluent treatment costs.

As a positive result, we can mention the more effective control of spills and the decrease in water





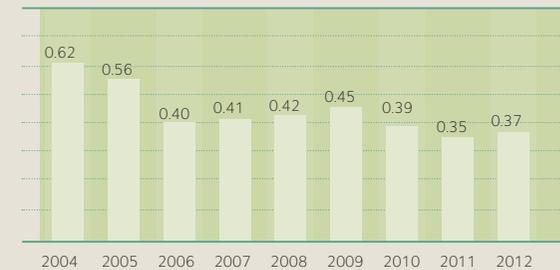
collection: 96% less in Gainha Stream and 34% less in Saquinha Brook (both in October 2012).

ArcelorMittal Vega reused 98.8% of water employed in its industrial processes, which is supplied by the São Francisco do Sul Water and Sanitation Municipal Company (SAMAE) and collected from an affluent of Saí Mirinzinho River, located in the continental

side of the municipality of São Francisco do Sul (SC). This water source was selected in the year 2000 to supply the company because it was not used to provide public water to any municipality in the area.

In 2012 ArcelorMittal Vega's water consumption was 423.94 m<sup>3</sup>. Since the start of its operations the plant displayed the following performance:

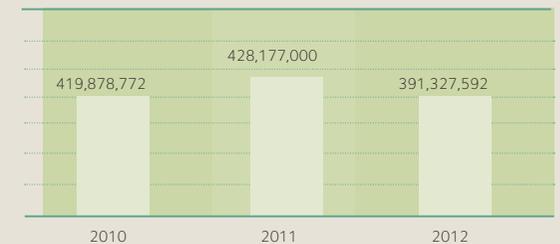
Consumption l/ton steel



ArcelorMittal Tubarão has an Energy and Utilities Center that controls and manages water until its delivery at the Units. In 2012 its reutilization index reached 97%. The plant does not use groundwater in its operational units, nor does it receive liquid effluents from other organizations. Fresh water is purchased from the local utility (CESAN) and sea water is collected using the unit's own pumping station, which recirculates back to the sea through a long-range appropriate channel. This process

allows for heat exchange with atmospheric air in order to prevent the effluent formed to have a significant temperature increase so as to keep it below the legal discharge thresholds. Water is used as coolant fluid without direct contact with the equipment and, therefore, the input amount is practically the same and the output. In 2012 ArcelorMittal Tubarão consumed 20,682,360 m<sup>3</sup> of fresh water from a state utility and also used 366,676,080 m<sup>3</sup> of sea water.

Total water consumption | m<sup>3</sup>  
(freshwater and seawater)



The amount of water reused or recycled by ArcelorMittal Brasil during the year 2012 was 1,185,353,008.93 m<sup>3</sup>. This volume represents an average recirculation of<sup>9</sup> water of 96.7% in relation to the total volume of water taken. Besides that, 5,717,022.86 m<sup>3</sup> of effluents were discarded, treated according to the quality parameters and legal thresholds allowed by the regulatory body (CONAMA).

Water reused / recycled <sup>8</sup>	2010	2011	2012
<b>Total amount of water taken per source (m<sup>3</sup>) (EN8)</b>			
Municipal water supply or other water supplying companies	1,191,586	1,251,000	21,420,278
Effluents from another organization	-	-	0
Ground water	854,798	940,000	82,004
Surface water, including wet areas, rivers, lakes and oceans	417,832,315	425,986,000	369,825,310
Rain water directly gathered and stored by the reporting organization	73	-	0
<b>Amount of recycled/reused water based in the amount of water demand met per water recycled/reused instead of additional removals (EN10)</b>			
Effluents recycled back to the same process or greater use of recycled water in the process cycle (m <sup>3</sup> )	N.A.	495,414,000 <sup>9</sup>	1,185,341,135
Percentage of recycled/reused water on the total taken water amount (according to EN8) (%)	98,07	98,19	96,78
Effluents reused in other reporting organization facilities (m3)	-	-	0
Effluents recycled/reused in a different process, albeit within the same facility (m <sup>3</sup> )	-	-	11,874

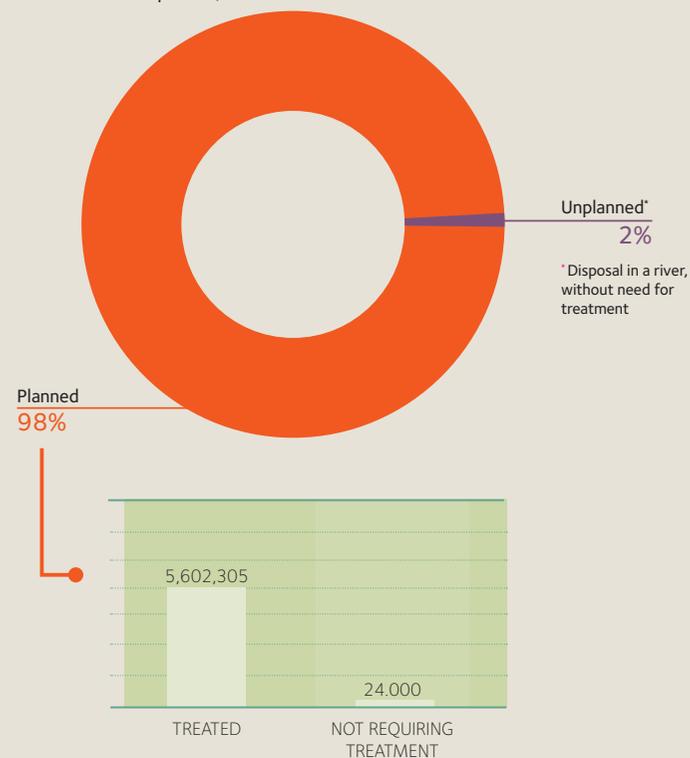


<sup>8</sup>The total recycled water volume includes water reused in same processes, as well as in different ones.  
<sup>9</sup>The Tubarão, Vega, Monlevade, Juiz de Fora, Piracicaba, Cariacica, Sabará and Itaúna were accounted for.

From this total volume 91 thousand m<sup>3</sup> were considered as unplanned disposals because effluents were disposed in rivers without need for treatment. From a total of 5,626,305m<sup>3</sup> of water disposed in a planned way, 5,314,272m<sup>3</sup> were disposed in the ocean and 312,033m<sup>3</sup> in rivers. 24 thousand m<sup>3</sup> were disposed without need for treatment, whereas 5,602,305m<sup>3</sup> had to be treated before disposal. See the table and chart below:

Water Disposals (m <sup>3</sup> )	2012
<b>Discarded water amount</b>	
Total	5.717.023
<b>Unplanned water disposals per treatment method</b>	
Tread effluent	0
Effluent that does not require treatment	90.718
<b>Unplanned water disposals per intended use type</b>	
Others	0
Rivers	90.718
Lakes	0
<b>Planned water disposals per treatment method</b>	
Effluent that does not require treatment	24.000
Uncategorized place	0
Tread effluent	5.602.305
<b>Planned water disposals per intended use type</b>	
Lakes	0
Rivers	312.033
Ocean/Sea	5.314.272
Others	0
Undefined place	0

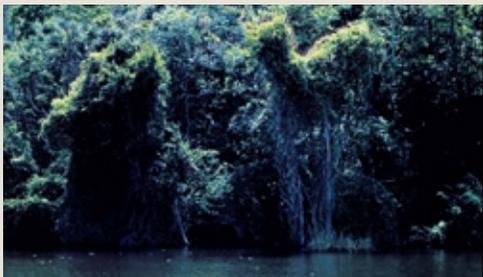
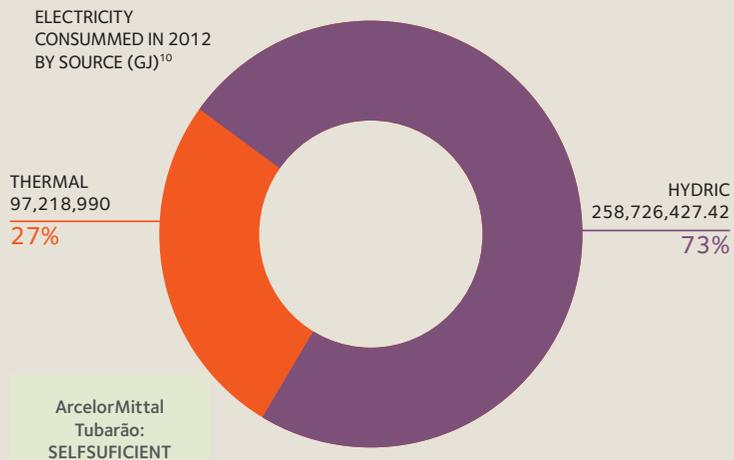
Water Disposals | m<sup>3</sup>



**6.5 Energy** (GRI EN3; EN4; EN5; EN6)

Energy consumption is another relevant factor for the efficiency of steelmaking industry operations. Thus, ArcelorMittal Brasil also endeavors to decrease energy consumption in its plants and offices, besides seeking for alternative sources to supply its requirements.

To achieve that the Company owns a Small Hydroelectric Plant (PCH), the Guilman-Amorim Plant, capable of generating 140 MW of energy, a joint venture with Samarco Mineração. In order to expand even further its own energy generation and become less dependent on power supplied by third parties all ArcelorMittal Brasil steelmaking plants have systems to recover heat and/or reuse gas from production processes.



<sup>10</sup> The information in the chart represents ArcelorMittal Brasil consumption.



Aligned to this corporate concept the Tubarão unit is electricity self-sufficient. In 2012 it consumed 97,218,990 GJ of direct energy produced in its thermoelectrical plants and its production surplus, which totaled 165,564 GJ, were sold in the free market through ArcelorMittal Comercializadora de Energia. Thus, in 2012, except for the Tubarão unit, total energy consumed by

ArcelorMittal Brasil was 258,726,427.42 GJ from hydroelectric plants.

The Company also deploys other actions to decrease energy consumption, such as investing in the implementation of new technologies. For instance, at ArcelorMittal Flat Steels the power saved in 2012 was 38% more than the year before, thanks to the following projects:

- 1 Interconnection of vapor lines in the SOL Coke Oven boilers to feed only one generating pipe during low coke/vapor production load times, which increased generation efficiency (50,050.20 GJ) and also allowed for the safe shutdown of auxiliary loads (198,676.80 GJ);
- 3 Decrease in total energy consumption in the Oxygen Plants (Plants 3 and 6) of ArcelorMittal Tubarão, thus generating more revenues from the sale of energy. Due to the decrease in the plant production level and

- 2 Decrease in minimum Stabilization COG (coke over gas) consumption in boilers 1 and 2 of the Thermoelectric Plant, with furnace flame safety, thus placing more COG available for consumption in ArcelorMittal Tubarão processes (Total = 105,763.00 GJ);
- the consequent decrease in consumption of gases from the air it was possible to decrease energy consumption, thus minimizing losses and maximizing revenues from the sale of energy (Total = 29,821.00 GJ).

In blast furnace operations the Long Steel units now use a conflict free pig iron in its liquid, not solid, form. This ensured savings of 7% in power consumption. A series of actions were carried out at the units focused on decreasing power consumption, such as: thermal reuse to heat water used in dressing room showers, automatic lighting control, correction of the power factor<sup>11</sup>, programs to raise

awareness in employees, use of power-saving light bulbs, prevent maintenance schedules for power lines and the power grid, and acquisition of more effective equipment. These measures allowed for savings of 769,770.27 GJ in 2012 at the Tubarão and Juiz de Fora units.

<sup>11</sup>Part of the power that is actually transformed in work in electrical machines and indicates energy usage efficiency.



To learn more about the awards received by the several organization partner companies, go to:  
[http://www.fetransportes.org.br/index.php?option=com\\_content&view=article&id=69&Itemid=47](http://www.fetransportes.org.br/index.php?option=com_content&view=article&id=69&Itemid=47)

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- Investing in Our Staff
- Enriching our communities
- Reporting process

## 6.6 Transportation (GRI EN7; EN29)

In order to ensure efficiency of its transportation systems and decrease indirect power consumption, ArcelorMittal Brasil invests in optimizing its logistics process, since it does not have its own vehicle fleet.

Basic guidelines and criteria are set for the management and assessment of transportation according to legal environmental requirements, such as operation permits, laws, standards and resolutions, business, technical and operational standards, and also the ArcelorMittal Group corporative directives.

The Company partners up with passenger and product transportation contractors that carry out several actions to decrease fuel consumption in their operations, such as monitoring GHG and smoke emissions from their vehicles, training programs focused on defensive and fuel-saving driving, besides other environmentally responsible actions.

ArcelorMittal Tubarão's major partners participate in the Despoluir Program (Qualiar) from the Transportation Federation to decrease pollution. They have quarterly assessments of the levels of smoke

released by their diesel vehicles, and also monitor fuel consumption indicators against a performance goal.

A total of 6.5 GJ of indirect energy consumed to transport employees was saved in 2012. Also, during the year there was a noticeable increase in the participation of partner companies in environmental and management awards, awards for the use of less pollutant fuels and an increase in the environmental control actions from the Fetransportes Award for air quality in the last five years.

## 6.7 Consumption of Materials (GRI EN1; EN2; MM11)

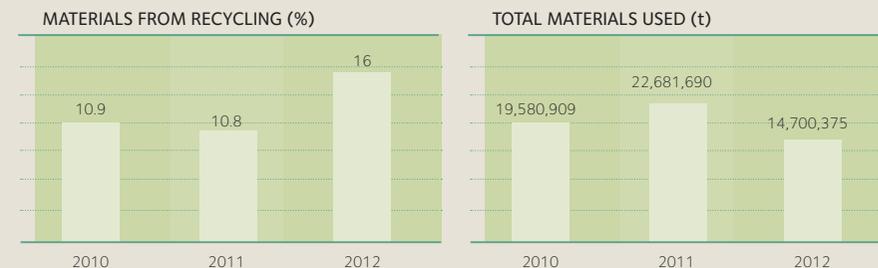
At ArcelorMittal Brasil all production areas control which materials are consumed internally by monitoring performance indicators that are part of the daily routine of the several areas and are disseminated to all employees, regardless of their being own or contractor employees.

The Company acknowledges the need for decrease the use of non-renewable materials in its production and minimizing waste generated in its operations, both being aspects the organization sees as going hand-in-hand.

In 2012 2,372,692.59<sup>12</sup> tons of recycled materials (metallic scrap and scale) from external and internal industrial sources were consumed, accounting for about 16% of materials used by the Company to produce steel. The organization continues to try and decrease its environmental impacts in the Juiz de Fora unit, so it uses

charcoal produced by ArcelorMittal BioFlorestas and certified by FSC<sup>13</sup>.

In 2012 the Company decreased its material consumption and achieved the amount of 14,700,375 tons, as can be seen in the chart below:



<sup>12</sup> It includes the following units: Tubarão, Monlevade, Juiz de Fora, Piracicaba, Cariacica.

<sup>13</sup> Forest Stewardship Council: <http://br.fsc.org/>



The main consumables at the Company and the respective amounts consumed are presented in the table below:

Consumption of materials (t)	2010	2011	2012
Anthracite	94,984	2,394,941	55,816
Hydrochloric acid	4,344	294,760	280,979
Lime	382,735	375,914	420,785
Limestone	1,756,904	1,500,022	1,547,417
Scale	90,381	65,514	37,972
Coal	1,842,855	2,031,820	1,637,575
Charcoal	223,786	166,423	277,137
Charcoal for PCI	35,621	59,167	504,851
Coke	2,899,738	2,720,843	354,868
Pellets	4,424,401	3,859,643	3,535,187
Iron ore	5,629,694	6,706,247	3,424,209
External metal scrap		1,942,369	1,807,306
Internal metal scrap	2,053,462	447,107	550,302
Zinc	15,644	21,095	20,737

Management of a large number of items in different production processes usually forces companies and institutions to work with stocks. Besides representing assets that are not being used and, therefore, not yielding profits, they take up room in industrial plants and even generate conservation and surveillance costs. That is why one of ArcelorMittal Brasil's major management focuses is the control of spare material, inputs, chemicals and other items that may not be readily bought. Towards that we aim at optimizing service provision with minimum acquisition, storage and distribution costs, smaller safety and environmental risks, all with quality and according to conformity requirements.

Regarding the environmental issue, for instance, ArcelorMittal Tubarão, despite the drop in production during some time periods, kept increasing internal waste and coproduct consumption, such as sludges and dusts from dedusting systems, briquettes, waste from coal and ore year settlement basins, and others. The use of these inputs, which are replaced in certain processes, decreases the need for storing other materials.

**6.8**

**Waste and Coproducts** (GRI EN2; EN22; EN27; MM11)

The Company has an extensive program for reusing industrial waste that achieves a rate of 98%, well above the sector average, which is 80%. Much of the waste generated in the operations are sent for recycling or sale in several industrial sectors.

This is possible thanks to a joint effort of ArcelorMittal Brasil, its development team and researchers from universities and research institutes. By means of several studies, we have increased the quality of waste generated in the production of steel, so they could be used as coproducts by other industries.

ArcelorMittal has been increasingly strengthening its position as benchmark through R&D projects and partnerships with universities and research centers to reuse and recycle waste. After processing, that waste is transformed into coproducts that are applied at the university itself - thus reducing the consumption of non-renewable resources - transferred to other Group units or sold to other industrial sectors.



By means of several studies, we have increased the quality of waste generated in the production of steel, so they could be used as coproducts by other industries.

For instance, the sale of Acerita<sup>14</sup>, Revsol<sup>15</sup> and Revsol Plus<sup>16</sup> totaled 171 thousand tons used in road and yard paving and primary lining, which amount to 95 km of roads. Replacement of non-renewable natural resources such as crushed stone and sand, helped decrease civil work material costs in up to 50%.

For 2013 the Company intends to achieve ArcelorMittal Group corporate goal of “Specific Generation of Non-Recovered Waste” (kg of waste

per ton of crude steel - tab) below 50 kg/tab, besides achieving a Waste and Coproduct Usage Index above 98%.

As for packages, the Company replaces metal containers for plastic materials. These metal containers are recycled in the production processes themselves, thus allowing trucks to leave empty after delivering goods.

Pallets used to ship the products are forwarded for

reuse and chocks and planks are sold to be used as boiler fuel. All plant properties include selective garbage collection programs usually extended for the surrounding communities.

Employees’ awareness is vital in all these processes. After all, separation by type of material and proper storage are essential steps for the strategy success. To achieve that, the Company carries out campaigns and involves all employees and suppliers to share that responsibility.

<sup>14</sup>[http://www.cst.com.br/sustentabilidade/gestao\\_ambiental/acerita/acerita.asp](http://www.cst.com.br/sustentabilidade/gestao_ambiental/acerita/acerita.asp)

<sup>15</sup>[http://www.cst.com.br/sustentabilidade/gestao\\_ambiental/revsol/revsol.asp](http://www.cst.com.br/sustentabilidade/gestao_ambiental/revsol/revsol.asp)

<sup>16</sup>Revsol Plus é um coproduto similar ao Revsol, com alguns aprimoramentos

The waste inventory is carried out every six months. The disposal method is decided so as to foster maximum waste reuse. ArcelorMittal Brasil complies with Act 12.305/2010 (which sets the Solid Waste Brazilian Policy) and also complies on an ongoing basis with ABNT standard NBR 10004:2004 requirements and other internal procedures and external legal.

Total weight of waste by type and disposal method* (t) EN22	2010	2011	2012
<b>Amount of waste by kind and final disposal method - NON HAZARDOUS</b>			
On site storage Tonne	80,537	40,894	184,953
Reuse Tonne	701,031	868,365	791,580
Landfill Tonne	35,442	20,271	60,096
Incineration Tonne	3,115	1,934	67
Others Tonne	2,002	2,930	1,750,623
Recovery (including energy recovery) Tonne			37,780
Recycling Tonne	3,304,552	3,551,062	1,380,748
<b>Amount of waste by kind and final disposal method - HAZARDOUS</b>			
Reuse by Tonne	22,322	23,428	24,205
Recycling Tonne	122,583	61,463	36,952
Recovery (including energy recovery) Tonne			646
Incineration by Tonne	257	198	128
Landfill by Tonne	26,318	27,494	29,437
On site storage by Tonne	19,707	18,297	21,047
Others Tonne	818	771	41,018

The Company also has expert partnership services according to the rating, available technology and cost. In order to check compliance with environmental law and constraints in these service providers' licenses, we carry out on site periodical inspections.

In 2012 4,205,847 tons of non-hazardous waste and 153,432 tons of hazardous waste were produced. ArcelorMittal Brasil includes in its scope a concern for assessing all acquisition of toxic products according to a specific corporate standard, with the help of a team of experts to ratify these products. That is why last year some hazardous products were replaced for others posing smaller risks to the environment and to people.





## 6.9 Biodiversity (GRI EN11; EN12; EN13; EN14)

So as to help protect the environment in its area and preserve ecosystems, ArcelorMittal Brasil works in partnerships with local conservation groups. Below, you can see the major areas protected by the company:

### PROTECTED AND HIGH BIODIVERSITY AREAS

Location	Area (km <sup>2</sup> )	Comment
South of Bahia (Prado, Caravelas and Alcobaça)	63.614	Atlantic Rainforest Biome, 46% native woods
Doce River Valey - MG (Dionísio, São José do Goiabal, Marlênia and São Pedro dos Ferros)	84.922	Atlantic Rainforest Biome, 27% native woods
North of Minas Gerais (Carbonita, Senador Modestino Gonçalves and Diamantina)	134.800	Cerrado Biome, 33% native vegetation
Mid-West of Minas Gerais (Abaeté, Bom Despacho, Dolores do Indaiá, Martinho Campos and Quartel Geral)	70.000	Cerrado Biome, 20% native vegetation
Midway up the Piracicaba River (Nova Era and Antônio Dias - MG)	1.640	Atlantic Rainforest Biome. Water and land ecosystems
Juiz de Fora - MG	20.000	Land ecosystem
João Monlevade - MG	5.782	5,782 km <sup>2</sup> are RPPN
Cariacica - ES	1.130	591 km <sup>2</sup> of protected area
Sabarã - MG	1.056	772.1 km <sup>2</sup> of green area, 461.2 km <sup>2</sup> being native woods
Serra - ES	13.380	1,220 km <sup>2</sup> are APP, 8 lakes and one brook
São Francisco do Sul - SC	2,2	0.76 km <sup>2</sup> of RPPN and 0.75 km <sup>2</sup> of non-contiguous Restinga area
<b>Total</b>	<b>396.326</b>	

Conservation of biodiversity is done through environmental management projects from its plants, which assess potential impacts in the areas neighboring the ventures and in natural resources. The Company tries to present and rebuild the area if there is any need for expansions, changes and/or removal of operations from a given site.

At the Long Steel units there are Atlantic rainforest ecosystems with Cerrado transition

zones. The Monlevade unit has in one of these protected areas a Center for Environmental Education (CEAM) sprawling for four hectares of the reserve total of 5,180 km<sup>2</sup>. In 2012 a management plan was prepared for this RPPN.

Bioforests maintains a recovery project for areas degraded by erosion and mining of gravel and clay located in the Midwest of Minas Gerais State and totaling 103.8 km<sup>2</sup>. The effort aims at producing an effective soil coverage

and reinserting some shrubby species. It is followed up by an expert team and is part of the implementation of 89.8 km<sup>2</sup> of ecological corridors in the same region.

Regarding the Flat Steel units in the ArcelorMittal Tubarão area protected or restored habitats cover 164 hectares. 1,020 km<sup>2</sup> from that total comprise a Permanent Preservation Area (composed by restinga with vegetation under regeneration); 35<sup>o</sup> km<sup>2</sup> are a voluntary



preservation area belonging to the Environmental Education Center (reforestation of growth, native and fruit species, riparian forest and vegetation under regeneration); and 270 km<sup>2</sup> are the Plant Green Belt (lakes and brooks with vegetation). Some of these endeavors were approved by international experts, such as the studies for enriching green belts from Midwest Research Institute (MRI) from the United States. Such studies have indicated that the existence of a green belt minimizes drag of particulate material, mainly from yards and roads, improves microclimate and enriches the biodiversity of the region, among other advantages, as highlighted in the box below.

At ArcelorMittal Vega there is a 760 km<sup>2</sup> area covered by native forest (Atlantic rainforest) located near the manufacturing plant. It comprises a third of the total Vega area. The area is in process of approval by IBAMA to become a RPPN. It has an ecological trail 860 meters long throughout the forest, used for the environmental education program and for a nursery.

The corporate strategy regarding the preservation of biodiversity includes the completion of a fauna and flora survey and a study of the perception of

surrounding community from the municipalities the plant properties are located in.

From the study results, several initiatives are developed, such as establishing ecological corridors, local partnerships to recover springs, riparian forests and degraded areas, the reintroduction of wild birds apprehended from smugglers and other projects to protect the natural resources in partnership with public agencies.

The Company has no partnerships intended at protecting or restoring habitats in areas other than those overseen by it and implemented restoration or protection measures.

In communities it has a presence on, the Company invests in environmental education programs in partnerships with public and private education institutions. Among these, we can highlight the ArcelorMittal Environment Award (Prêmio ArcelorMittal de Meio Ambiente) organized by ArcelorMittal Brasil Foundation. The award contributes to environmental awareness of children and adolescents, helping to better prepare citizens to preserve and appreciate the environment.

#### Example of success

#### Green Belt - ArcelorMittal Tubarão

With the objective of reducing wind action and noise, in addition to improve the microclimate, fauna and flora recovery and CO<sub>2</sub> sequestration, the Green Belt also has the positive effect of enhancing the Tubarão plant property landscape.

The project began in 1983 and has been enlarged and improved since then. Have already

been planted 2.6 million trees in a 7.5 km<sup>2</sup> area, including 166 trees kinds.

In 2012 the Company invested approximately BRL\$ 500,000.00 in the enrichment of the green belt, in addition to investing in technical studies from an expert consulting firm and the Espírito Santo Technical Support and Rural

Institute (INCAPER, or Instituto Capixaba de Pesquisa, Assistência Técnica e Extensão Rural). From June to December over 12,200 trees were planted.

We employ a fully natural technology with high efficiency, low deployment and management cost, and involving countless benefits.



Example of success **PSIT Project**

The PSIT Project is aimed at raising awareness in children, young people and adults on the trafficking and sale of wild animals, its impacts, causes and consequences. The initiative maintains an area in the city of Esmeraldas/MG, where wild animals seized by the Military Police and IBAMA are forwarded for veterinary care and rehabilitation so they can be reintroduced in nature.

The treatment is carried out, for the most part, in the premises of the project itself and the stage of preparing the animals for release is made in areas of ArcelorMittal BioFlorestas.

The PSIT Project is a partnership initiated by the Brazilian Society for Environmental Protection NGO (SBDA, or Sociedade Brasileira de Defesa Ambiental) and has the support of the Minas Gerais State Public Defender Office, the Environment Military Police, IBAMA and ArcelorMittal Brasil. It was created in 2006, but ArcelorMittal BioFlorestas only joined it in 2011. Since then 92 birds were released twice back into nature in ArcelorMittal BioFlorestas areas.

In addition to receiving the animals seized during surveillance operations of the Military Police and IBAMA, the NGO also conducts campaigns in

partnership with the Minas Gerais State Public Defender Office, in which the population is made aware and encouraged to voluntarily surrender the animals, without any fines or imprisonment of owners, as provided in law.

From the beginning of the project in 2006 until 2012, around 6,000 animals were released back into nature, most of them wild birds, together with some mammals and reptiles. There are currently about 1,000 animals being treated in the project facilities, which will soon be returned to nature.

**6.10 Climate changes** (GRI EC2; EN18)

Currently, each ton of steel produced by the Company results in 2.15 ton of gas emissions to the atmosphere. The Company's goal is to reduce 170 kg for each ton of steel up to 2020, which amounts to an 8% decrease in emissions, normalized from the 2007 baseline.

After compiling inventories, the Company started to deploy guidelines on climate changes, include corporate goals related to GHG emissions, include climate-change related environmental criteria for suppliers, and also to carry out Clean Development Mechanism (CDM) and energy management projects.

Group companies are therefore dedicated to implementing programs and the use of more energy-efficient technologies in the production processes and

cogeneration of energy. They are Looking to expand the sustainable use of fuels derived from renewable sources, optimize the consumption of natural resources through recirculation and reuse of water, as well as encourage the use of coproducts as inputs in other industries, such as the cement industry, which uses blast furnace slag to produce cement and the ceramic industry, which uses blast furnace powder in its products.

With that aim, ArcelorMittal Tubarão has a Climate Change Strategic Management Program, which includes, among other initiatives, a CO<sub>2</sub> Master Plan to identify new initiatives associated with the reduction of GHG emissions and their technical/economic feasibility. By means of the Environmental



Management System (EMS), objectives and targets are set for the producing on Units, as well as monitoring programs, which include monthly meetings at the units and semiannual analysis meetings.

ArcelorMittal Brasil's Environmental Management Policy includes Clean Development Mechanism (CDM) programs aligned with the recommendations of the Kyoto Protocol. In addition, it develops actions of adequacy to climate changes by adopting appropriate management practices that seek to use natural resources in a more efficient way, reduce atmospheric and liquid effluent emissions and recycle or reuse industrial waste.

Currently, several CDM projects are underway in ArcelorMittal Brasil units. Together, these projects have the potential to reduce greenhouse gas emissions by around 15 million tCO<sub>2</sub>e over the next ten years. Among them, the following stand out:

- . Use of charcoal in the Juiz de Fora plant blast furnaces, which reduces gas emissions and the dependence on coal, which is a non-renewable source of energy. (Details on page 52).
- . Renovation of Forest Areas by planting eucalyptus trees in current Company areas having charcoal production units.
- . Forestry Grower Program: eucalyptus reforestation activity in rural properties to improve quality of life, increase income and keep people in rural areas, thus ensuring a supply of wood for Company activities.
- . Shipment of coils using sea barges, thus replacing road shipment, also in ArcelorMittal Tubarão.
- . Cogeneration of electric energy using the Heat Recovery process in Tubarão Sol Coke Oven. Details in the following box.

Example of success

Recovery of Riparian Forests and the Taquaraçu River Spring

ArcelorMittal Sabará, Seqtra Engenharia Logística and the Sub-Committee of the Taquaraçu River Basin are endeavoring to recover the riparian vegetation and springs of the Taquaraçu River basin.

By establishing a nursery for native seedlings in a partnership with the Pau Brasil Ecologia, it will be possible to grow the plants required to compensate for greenhouse gas and carbon dioxide (CO<sub>2</sub>) emissions from the shipment of ArcelorMittal Sabará products, calculated by

means of a software package developed by Seqtra. Also, during the second phase of the project environmental education workshops and visits by students to the nursery will be arranged, so they can learn about and understand the importance of preserving riparian forests.

Another project highlight is the training of representatives from the community in maintaining the nursery and encouraging the use of more sustainable techniques of soil management.

The program for recovery of springs and riparian forests of the Taquaraçu River basin came out of the Velhas River Basin Committee policy. AGB Peixe Vivo, the Velhas River Basin Committee and the Taquaraçu Environment Municipal Secretariat have partnered up for this project.

In November 2012 a native seedling nursery was also opened on the site, next to the Madame Denise Hydroelectric Plant. It has a total production capacity of 15,000 seedlings.



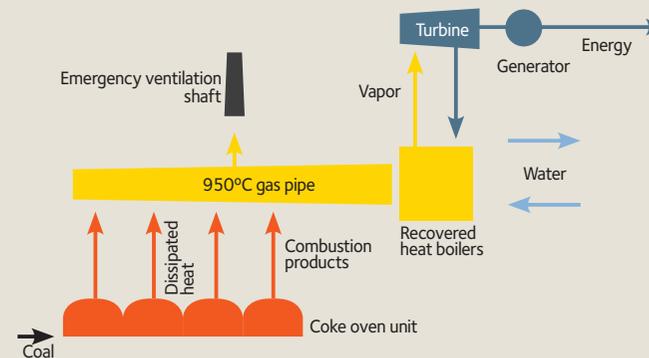
### Example of success

### Pioneering CDM projects

ArcelorMittal Tubarão was the first integrated steel mill of the ArcelorMittal Group and one of the first in the world steel industry to have a Clean Development Mechanism Project approved by UNFCCC. In November 2012 the Company achieved another pioneering landmark with the approval of the Group's second CDM project, called "Generation of Electrical Energy in the Sol Coke Oven by a Heat Recovery Process".

This process, known as heat recovery, produces up to 170 MW of power and has the potential to generate approximately 2.5 million ton of CO<sub>2</sub> as credit within ten years. It is one of the largest amounts of carbon credits ever recorded for an integrated steelmaker. The sale of these credits will amount to a recipe of around EUR 7.5 million in current value.

The Company also was awarded the 2012 Environmental Benchmarking award with its Climate Change Strategic Management Program developed in a partnership with WayCarbon company.



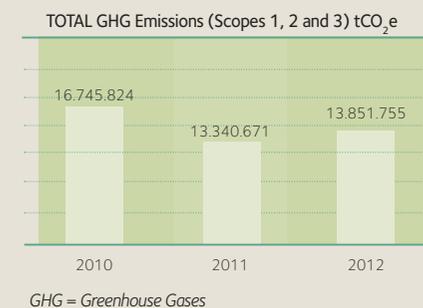
*Dissipated heat generated in the process is conveyed to other heat exchangers, where part of the gas energy is used to heat the water in the boilers. This produces a high temperature and pressure vapor that works the turbines to generate energy*

### 6.11

### Emissions (GRI EN16; EN17; EN19; EN20)

ArcelorMittal Brasil adopts a atmospheric emission monitoring program to identify possible changes in air quality arising from its activities.

The measures adopted to decrease greenhouse effect gas emissions include energy efficiency and conservation programs, drafting of projects for cogeneration of electric energy, more effective and less impacting modes of transportation and research into alternative and renewable energies. As a result of these measures, ArcelorMittal Tubarão accounted for a drop in emissions from 26,236 tCO<sub>2</sub>e in 2012.



Emission tables:

GHG direct and indirect emissions tCO <sub>2</sub> e	2010	2011	2012
<b>GHG emissions (Scope 1)</b>			
Other stationary sources	15.081.064	12.634.352	11.123.576
Moving	-	-	-
Fugitive	-	-	-
<b>GHG emissions (Scope 2)</b>			
Power consumption	68.526	85.038	130.783
<b>GHG emissions (Scope 3)</b>			
Scope 3	1.596.235	621.281	2.597.396

Note: albeit this indicator is usually published in tCO<sub>2</sub>e / tab, we decided to include it in tCO<sub>2</sub>e because figures include units that do not produce crude steel.

NOx, SOx and other significant atmospheric emissions by type and weight	2010	2011	2012
<b>Atmospheric Pollutant Emission (t)</b>			
NOx	6.850	4.895	6.935
SOx	14.962	13.738	9.186
POP	4	0	0
COV	63	17	101
Particulate Material	2.234	2.477	2.719
<b>Atmospheric Pollutant Emission by Crude Steel Production (tCO<sub>2</sub> / tab)</b>			
NOx	-	-	3.120
SOx	-	-	303
POP	-	-	0
COV	-	-	83
Particulate Material	-	-	1.220
Others	-	-	0

We can notice a decrease in total emission of SO<sub>2</sub>, especially due to the implementation of the Ammonia Vapor Desulphurization System (Claus System) in ArcelorMittal Tubarão Coke Oven since the end of 2010. The investment, which amounted to US\$ 27 million for implementation of action plans, provided a decrease in atmospheric emissions.

The figures for gas emissions from the Group's activities are below Brazilian legal limits, and are harmless to human health. In addition, ArcelorMittal Tubarão already uses over 80% of the gases generated in its industrial processes, does not emit CH<sub>4</sub>N<sub>2</sub>O, HCF<sub>s</sub>, PCFs and SF<sub>6</sub>, and has eliminated since 1999 all sources of CFC11 emissions.

In addition to implementing improvements in new processes and technologies using the Clean Development Mechanism, the Company invests in decreasing greenhouse gases through the CO<sub>2</sub> Action Plan. This is a worldwide investment management plan aiming at disseminating



environmental best practices for reducing greenhouse gas emissions. Priorities for actions was proposed considering the following categories:

- . Continuous improvement process with significant impacts on direct CO<sub>2</sub> emissions. This is made possible by using increasingly less carbon-containing fuels in blast furnaces and sintering.
- . Improvement of energy efficiency through the reuse of gases with high calorific value in other facilities and also by decreasing consumption of fuels in equipment.
- . Changes in the process with direct and indirect impact on emissions. These measures are directly associated with balancing of raw materials with different characteristics and physico-chemical properties.

#### Example of success

#### Alternative fuels for blast furnaces

. ArcelorMittal Tubarão has a project for Co-injection of Natural Gas into its blast furnaces as alternate fuel reducer. The partial replacement of natural gas for coal injected as powder as reducing agent in the production of pig iron is intended to reduce the plant CO<sub>2</sub> emissions by 196,236 ton per year. In 2012 they invested in the piping system for supplying natural gas to Blast Furnaces, as well as in equipment required for its injection.

. ArcelorMittal Juiz de Fora is using charcoal in its plant blast furnaces, which are also endeavoring to decrease GHG emissions. It is the first world carbon credit project from a semi-integrated steelmaker. The advantages of this endeavor are that it uses the physical facility (the plant property wide space and suitable location for installing blast furnaces) to ensure the uninterrupted supply of raw material (pig iron), reduce the cost of pig iron for the

company's production process, decrease the consumption of energy to melt the metal load and create a possibility for improving product quality. The initiative will prevent the emission of over 3 million tons of CO<sub>2</sub> in the atmosphere between 2013 and 2019.



A large, detailed sculpture of a hummingbird in flight, constructed from various materials including metal, glass, and what appears to be recycled industrial components. The bird is positioned centrally, facing right. The background is a complex collage of industrial waste, including metal shavings, small gears, and other debris, creating a textured, layered effect. A large, light-colored number '7' is positioned to the left of the main text.

# 7

## Investing in Our Staff

With over 10 thousand employees, ArcelorMittal Brasil is a benchmark in organizational climate, standing among the best companies to work in Brazil. In addition to responsibility for the health and safety of its employees, the Company seeks to encourage the development of the people who are part of its history.

Hummingbird . Vik Muniz

# Investing in Our Staff

## 7.1 Functional Characteristics (GRI EC7; LA1; LA2; LA3, LA13)

ArcelorMittal Brasil's 10,285 employees as of December 31, 2012 were divided as follows:

Number of Employees	
Total of company employees	10,285
Total Contractors (Subcontracted)	5,614
Total	15,899

Gender	
Company employees by gender	
Men	9,266
Women	1,019
Company employees by gender	
Male %	90
Female %	10

Contract	
Company employees - Indefinite duration employment contract	
Men	9,259
Women	1,017
Company employees - Temporary employment contract	
Men	7
Women	2

### Work Hours

Full time company employees	
Men	9,264
Women	1,019
Part time company employees	
4 Hours/day - Women	0
4 Hours/day - Men	0
6 Hours/day - Women	2
6 Hours/day - Men	0
Company employees by region	
Midwest - Women	0
Midwest - Men	4
Overseas - Women	0
Overseas - Men	0
Northeast - Women	37
Northeast - Men	162
North - Women	0
North - Men	0
Southeast - Women	907
Southeast - Men	8,529
South - Women	75
South - Men	571

**3 SUPPORT**  
freedom of association and recognize to open collective bargaining

**4 ELIMINATE**  
all forms of forced or compulsory labour

**5 ERRADICATE**  
all forms of child labour in your productive chain

**6 STIMULATE**  
all practices that eliminate any form of discrimination at the workplace

See the tables below for data on hiring and severance of ArcelorMittal Brasil employees.

Local hiring of top management members

	Flat Steels	Long Steels	Total
Total number of employees on top management positions	62	62	124
Total number of top management employees considered as coming from local communities	35	N.D.	-
Percentage of top management employees considered as coming from local communities	56%	N.D.	-

	New people hired	Hiring rate	Severances	Turnover rate
<b>By Gender</b>				
Men	800	7.78%	924	8.98%
Women	125	1.22%	153	1.49%
<b>By Age Range</b>				
18 to 25 years	364	3.54%	166	1.61%
26 to 30 years	271	2.63%	210	2.04%
31 to 40 years	225	2.19%	274	2.66%
41 to 50 years	56	0.54%	265	2.58%
51 to 60 years	9	0.09%	141	1.37%
Over 60 years	0	0.00%	21	0.20%
<b>By Region</b>				
South Region	48	0.47%	22	0.21%
Southeast Region	837	8.14%	998	9.70%
Midwest Region	1	0.01%	0	0.00%
North Region	0	0.00%	57	0.55%
Northeast Region	39	0.38%	0	0.00%

Average stay in position by Gender (in years)	
Women	4.77
Men	7.19
Average stay in position by Age Range (in years)	
18 to 25 years	1.14
26 to 30 years	4.08
31 to 40 years	5.57
41 to 50 years	11.05
51 to 60 years	5.83
Over 60 years	6.98

With the goal of retaining its talents, ArcelorMittal Brasil provides a people management plan, from hiring them with specific goals down to planning and development, feedback and performance assessment.

925 new employees were hired in 2012 and the rate of turnover for the year was 1.49% for women and 8.98% for men, as detailed in the tables above.

The large number of severances and new hirings provided above occurred in the Flat Steel segment, specifically at the Tubarão unit. They are explained by the retirement of employees after 30 years of dedicated to the company. Besides, the Company is undergoing a process of running activities previously carried out by third parties (absorption and development).

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**7.2 People development** (GRI LA10; LA11; LA12)

Committed to the development of its employees, ArcelorMittal Brasil invests in education programs and vocational training, training for the prevention of accidents and diseases – whether labor-related or not – in addition to having agreements with language schools, and mechanics and metallurgy courses, which offer discounts to employees of the organization. For managing pension funds, the company also provides pre-retirement planning and assistance during the transition to a life without work.

In 2012 the Business Academy was established in order to increase employees’ knowledge on Company processes, products, market, clients

and strategies. In this effort the participation of the employees themselves as training instructors stands out. This places greater value on internal knowledge and motivates the teams through the acknowledgment of their professionals. Over 150 employees attended the training sessions at the Academy opening. Also, ArcelorMittal Brasil provides courses and training sessions covering both technical and behavioural issues in an effort to prepare its employees to perform their tasks and stimulate their professional growth.

In addition, all employees receive regular performance and career progress reviews through the Employee Performance Management Program (GEDP). The program

assists people to align their individual goals with the Company’s strategy and is divided into four main processes: performance management; identification of talents; development planning; and succession management.

The Company considers it important to identify and prepare successors for key positions in the short, medium and long-term, thus ensuring business sustainability. This process is carried out by Human Resources, together with job managers, so as to find best-matching profiles both inside and outside the specific area. It is also possible to have employees from other Company segments and areas nominated to these positions.



In 2012 the Company had a total of 502,340 hours of training which included 10,285 employees. This amounts to an average of 49 hours per employee.

Total number of training hours per job category and gender	
Managerial positions – Women	45.19
Managerial positions – Men	45.42
Positions requiring college education – Women	49.29
Positions requiring college education – Men	68.12
Positions not requiring college education – Women	111.56
Positions not requiring college education – Men	114.33

**7.3 Diversity and equal opportunity** (GRI HR4)

ArcelorMittal Brasil has a great regard for diversity and values each one of the members of its team in a way that is fair and consistent with its principles, regardless of age, race, gender, sex, and religion, or physical or mental conditions. Its Diversity and Inclusion Policy highlights the creation of an environment where each one has the opportunity to fully participate in developing our business, and where all

employees are valued for their different skills, experiences and outlooks.

The ArcelorMittal Group international mobility program allows employees to apply for allocation to different countries. This fosters the exchange of culture and knowledge amongst the 60 nations the Company has operations.

In the Flat Steel units, the Somar program makes it possible to hire and train people with disabilities

for professional activities and the Menor Aprendiz (Apprenticeship for Underage Persons) Program offers professional training for adolescents from 15 to 17 in a situation of socio-economic deprivation in the municipality of Serra, thus helping to place them in the labor market.

As evidence of an effort in keeping with the principles of sustainability, the Company had no discrimination claims against it in 2012.



**7.4 Remuneration and benefits** (GRI EC3; EC5; LA3; LA14)

ArcelorMittal Brasil offers benefits to its employees and family that, in 2012, totaled an investment of BRL\$ 646 million, including: chartered transportation, bus slips, grant for children with a disability, funeral grant, parental leave, health insurance, coverage for disability/permanent disability, plan for purchasing shares, life insurance, retirement fund, childcare assistance, restaurant for employees, meal slips, dental care, sick leave grant, daycare refund and others, in addition to arrangements with gyms and discounts in drugstores in the Tubarão and Vega units.

The company also invests in health preventive actions for workers and their family by providing medical care and health insurance plans. In the Flat Steel segment, this kind of care is done preferably by ArcelorMittal Abeb, which has its own network of doctors and health care experts in several areas, together with agreements with outside health providers and also with accredited hospitals. In places where ArcelorMittal Abeb does not operate,

health care is provided by private health care plans. In the Flat Steel segment, Tubarão has its own health and self-management plan, whereas at Vega the plan is subcontracted (Bradesco).

ArcelorMittal and ArcelorMittal BioFlorestas provide supplemental employee retirement plans managed by Bradesco Vida e Previdência (an insurance branch of Bradesco Bank), while ArcelorMittal Tubarão and ArcelorMittal Vega provide closed supplemental pension plans.

The annual remuneration is based on criteria that, in addition to fixed salaries in keeping with the market, also include Company profit sharing, as defined by a program that considers achievement of business goals and team targets. There is no differentiation of base salary and remuneration in the job and gender categories, i.e. women earn exactly the same as men in the same positions.



Comparison with local minimum wage:

Proportion of Salaries	2012
Number of employees whose remuneration is based on salaries subject to minimum wage rules	< 1%
Proportion of the lowest salary paid by the company against the minimum wage (women)	192.52
Proportion of the lowest salary paid by the company against the minimum wage (men)	189.25
Lowest salary paid by the organization (men)	R\$ 1,235.86
Lowest salary paid by the organization (women)	R\$ 1,214.26
Local minimum wage officially set by the government	R\$ 622.00

Note: In 2012 salary data record parameters were altered. This affected comparability with former years. That is why the 2010 and 2011 data are not being displayed here.

**7.5 Labor and trade union relations** (GRI LA4)

Following the Group’s global policy, ArcelorMittal Brasil acknowledges unions as entities that have a helpful role for the organization, complying with the principle of freedom of association of its employees. Therefore, all Company employees are protected by Collective Bargaining Agreements negotiated

with unions that represent the different professions.

The relationship between the Company and trade unions is strengthened through regular meetings and any changes are reported and discussed with everyone’s participation.

**7.6 Health, Safety and Wellbeing** (GRI LA6; LA7; LA8)

Health and Safety are priorities for the ArcelorMittal Group, as well as to its subsidiary in Brazil. All units work with management systems and have certifications based on the Occupational Health and Safety Assessment Series (OHSAS) criteria, which deal with occupational health and safety.

Thus, all employees and their families participate in health-related mentoring, prevention, treatment, education and training programs. The Tubarão and Vega units also provide prevention, education and training actions for the surrounding community.

All units have Internal Commissions for the Prevention of Accidents (CIPAs) and have safety days, in addition to arranging for training sessions with the aim of preventing accidents. The plants also encourage the participation of its employees in safety-focused actions through the Safety and Health Committees, which help the Company to achieve its Zero Accident goal. There are 18 CIPAs in Brazil, in addition to nine other local committees and, at least, three worldwide ones.



The Worldwide Health and Safety Day, held annually throughout all the Group units, aims at involving and engaging Company workers (including contractors) from all levels on security issues in their activities.

In the area of Health the focus is on disease prevention and quality of life. In addition to complying with legal requirements, the

Company invests in health-fostering programs that include targets to decrease risk factors, such as smoking, cholesterol, and obesity, has clinics to care for employees and their dependents and keeps agreements with major health care providers.

Thanks to these efforts the Company has achieved the following results in 2012<sup>14</sup> :

**Health & Safety**

Injury rate Number of injuries with and without sick leave X 200,000/worked hours	1.05
Occupational disease rate (absolute value)	0
Absenteeism rate Hours absent from work/ hours that could be worked X 100	3.91
Deaths (absolute value)	0
Number of days lost (absolute value)	1,251

**7.7 Precautionary principle** (GRI 4.11)

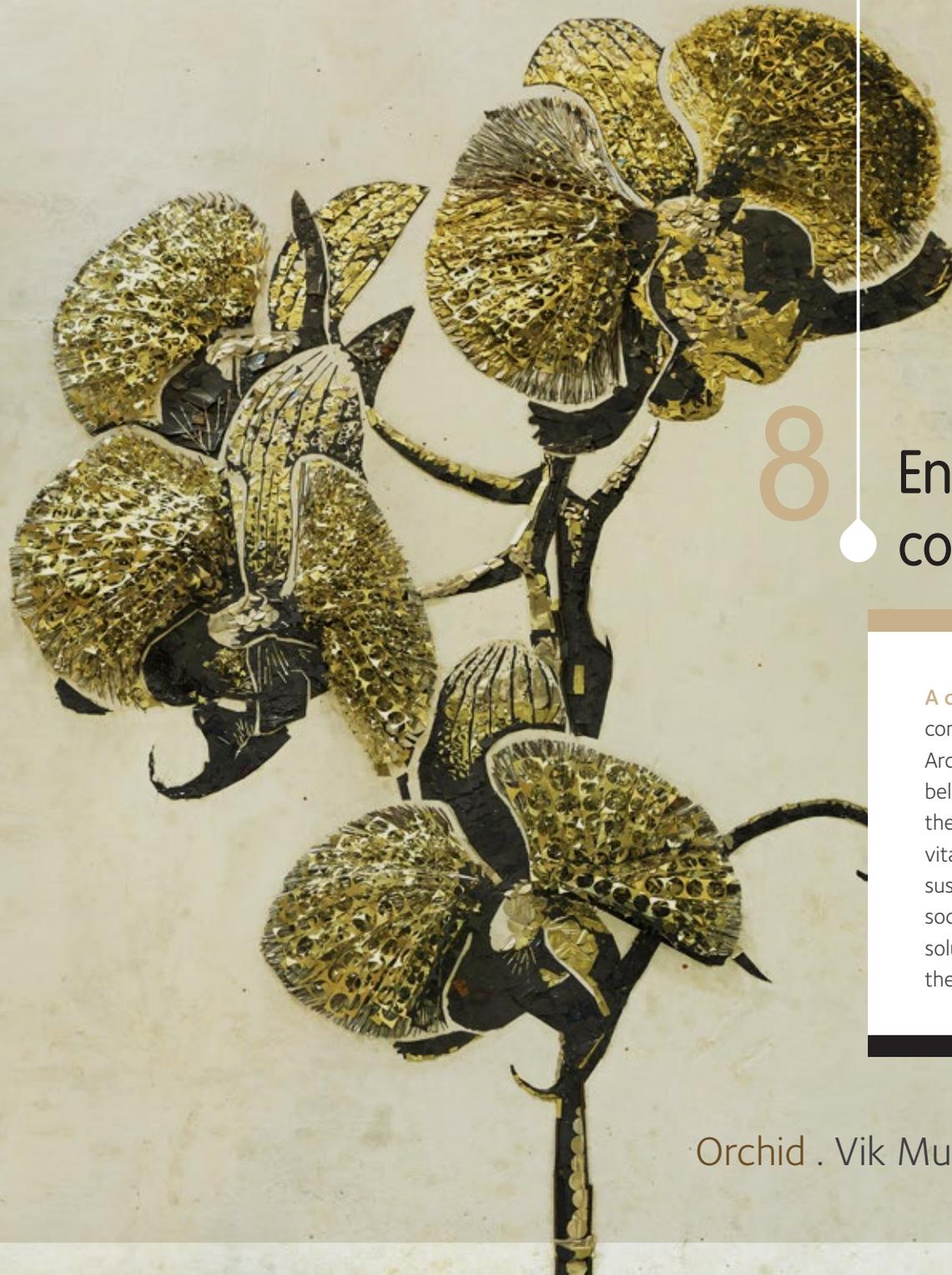
ArcelorMittal Brasil always considers the precautionary principle in its risk management processes, in planning operation and in developing and launching new products. During planning in any of those areas risk analyzes are carried out, both for products and new units. Such analyzes consider all factors that may pose risks to the health and safety of employees, suppliers and clients.

One of the mechanisms used at ArcelorMittal Brasil to assess impacts on health and safety is the monitoring of radiation in raw materials. The goal is to eliminate any danger involved in the use of scrap metal that may contain radioactive steel. On detecting any issues that could pose risks both for people and assets, the Company immediately acts to dispose of the product or, in specific cases, take it out of commission.

We also take specific actions, such as preparing booklets and primers showing storage and handling best practices and training sessions with customers to teach them how to take care when handling both the product and its applications. All products are labeled and can be tracked along the production chain. Specifications are backed up by tests on certified and gaged equipment based on worldwide-acknowledged standards, which comply with domestic and international norms.

Some ArcelorMittal products are mandated to be certified and meet the sector regulatory standards. The Company carefully complies with these requirements and submits the necessary information regarding the technical aspects of the material.

<sup>14</sup>These figures include only Company employees.



# 8

## Enriching our communities

A **commitment to integrate** with the communities it is located in is one of ArcelorMittal's fundamental values. The Company believes that investing in the development of the region in which it operates is one of the vital actions from an organization committed to sustainability. That is why it invests in long-term socio-environmental projects capable of yielding solutions for local community needs and fostering their social and economic development.

Orchid . Vik Muniz

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## Enriching our communities



8.1

### Community development *(GRI SO1; SO10)*

ArcelorMittal Brasil implements a series of local development programs based on actual needs of communities. In also puts together action plans to minimize, mitigate or compensate for the adverse impacts of its activities and adopts strict criteria for monitoring these environmental and social changes. In order to do that, all its operations rely on projects to engage local communities and assess impacts and on development programs, in keeping with the

External Stakeholders' Engagement Manual. The manual, which is revised annually, sets standards and criteria to relate with the direct and indirect public of all the Company's business units.

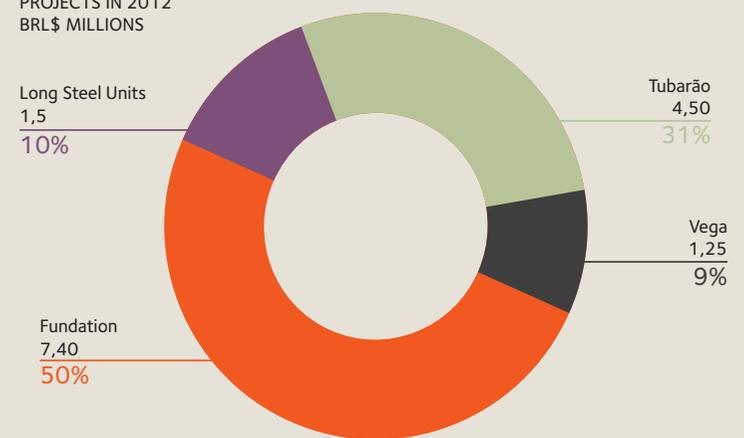
To strengthen the dialog and foster actions to benefit local communities, the Company relies on the ArcelorMittal Brasil Foundation, which is responsible for social management in the Long Steel, Mining and Distribution segments. In the

Flat Steel segment social actions are coordinated directly by the Tubarão and Vega units. These actions may be the result of their own programs or of programs developed by local institutions. Although this arrangement is predominant, there are also actions conducted locally by Long Steel units, or even actions disseminated corporately, in which several company units participate (see the descriptions of the programs and actions later on in this report).

In keeping with the ArcelorMittal Brasil business guidelines, social investment decisions are guided by discussions with local institutions focused on establishing partnerships. This explains the diversity of areas touched by such investments: education in human values, education for work, income generation, infrastructure, management of hospitals, qualification of young people and support for reinstating prisoners back to society.

In 2012, we invested BRL\$ 14.65 million<sup>18</sup> in local communities through several projects and socio-environmental efforts. See the chart below for those units that have conducted these investments:

INVESTMENTS IN SOCIAL PROJECTS IN 2012  
 BRL\$ MILLIONS



Projects that stand out at the Tubarão Unit

Lagoa Juara Handicraft Benchmark Center

Built thanks to a partnership between the Serra Town Administration and ArcelorMittal Tubarão, the Handicraft Benchmark Center is one step further toward the sustainable development project for the region of Lagoa Juara. The area is intended at fostering and strengthening the Popular Entrepreneurship concept. It serves as a venue for displaying and selling products and services from associations, cooperatives, groups of entrepreneurs and individual craftsmen.

The project also seeks to improve the quality of handcrafted products by providing training, qualifications and design courses. It also seeks to facilitate the marketing and selling of production, stimulate the opening up of new labor markets and increase the income of craftsmen. Forthcoming workshops include the confection of objects using the fiber of the taboa reed<sup>19</sup>, wood, ceramics, embroidery, paintings, and others.

<sup>18</sup>This figure includes all the Long and Flat Steel production units.

<sup>19</sup>An aquatic plant typical of swamps, mangrove forests, lowlands and other bodies of water.



### Ecoar Project

Managers and teachers from 21 Espírito Santo state municipalities attended the “Environmental Education Capacity Building for Teachers and Municipal Managers” course in 2012. The effort sets the start of the Ecoar project third phase. This project, arranged by the State Institute for Environment and Water Resources (IEMA/ES) and by the Secretary of State’s Office for the Environment and Water Resources (Seama) is implemented by Instituto Ecos with sponsorship by ArcelorMittal Tubarão.

Ecoar was created in 2008 and has the objective of encouraging environmental educational activities, the participatory drafting of public policies, the creation of Conservation Units (CUs) and the

participation in Water Basin Committees, CU Councils, Environmental Education networks and other environmental collectives.

So far the project has included 65 municipalities by arranging courses, workshops and seminars attended by 90 municipal schools and over 18 thousand students. It is expected that the municipalities of Grande Vitória should start their training on 2013.

Municipal Environmental Managers and those from Municipal Departments of Environment, Health, Agriculture and Education, as well as teachers from the Municipal Elementary School Network located in municipalities included were also trained. So far, a total of at least 350 professionals were trained.

### Education Program for Human Values

Meditation in the classroom to foster love, peace and friendship. This is the Education in Human Values Program supported by ArcelorMittal Tubarão in 35 municipal institutions of nursery and elementary schools located in the municipality of Serra, in the Espírito Santo state. Over 20 thousand children are exposed to visualizing, music and other activities that encourage a positive view of relationships. Data from

the Municipal Department of Education indicate that the endeavor - carried out in a partnership with the Municipal Government of Serra/ES - has been working. Since 2009 there has been a 90% drop in school dropout rates and the number of events of violence amongst students also fell considerably. In one of the schools, the number of events dropped 77% in two years.

### Brick Plant

In 2010 ArcelorMittal deployed a plant for the production of bricks from slag (steel production waste), which can be used in the construction industry. The plant, located in the Socio-Educational Unit of Xuri, in Vila Velha (ES), was made possible through the technical assistance of volunteer employees. Its objective is to provide professional training and income for young people who violated the law and are now inmates of the institution. In 2012 18,200 bricks were produced, employing 22 adolescents who abide by socio-educational measures.

Each adolescent was trained in production and was given a course on solidarity economy and worked for a period of three months being paid 80% of the minimum wage. For 45% of the adolescents, this was the only source of income to sustain their families.

The project was a partnership with the MOVIVE - Movement for a New Vila Velha - NGO and the State Federal University for the operational management of the plant, management of quality of products and sales management. The entire production was sold in the marketplace of the region itself.



## Projects that stand out at the Vega Unit

### School Competition

Since 2001 the School Competition involves the eight thousand students from 29 elementary schools in the town of São Francisco do Sul. Its goal is to raise awareness among young people about the importance of ensuring a sustainable future and preserving the environment. In its 10th issue in 2010 the competition became a part of the ArcelorMittal Environment Award. This strengthened

the partnership between ArcelorMittal Vega and ArcelorMittal Brasil Foundation. In 2012 the 12th issue of the School Competition theme was “Ideas to Sustain the World - how can we build together a sustainable planet”. At this issue 30 projects from 16 schools were presented, including the direct involvement of over 1,400 students, teachers, and education managers.

### Investments in health

. Nossa Senhora da Graça Hospital and the Rocio Grande Family Health Strategy (ESF) unit were delivered to the population of São Francisco do Sul in July 2012. ArcelorMittal Vega donated BRL\$ 1.4 million for the purchase of equipment and participated actively in the hospital implementation process. Rocio Grande ESF was built and equipped by Vega and it is the sixth Family Health Clinic delivered by the company to the community of the region. It already has over three thousand people

registered to receive health care at the clinic.

. The 24x7 Emergency Clinic Unit - UPA located in the Sandra Regina district in the town of São Francisco do Sul was built by the city administration on June 2012, with ArcelorMittal Brasil support. This UPA is capable of caring for 18 thousand people a year and will be available to the over 250 thousand people who visit the town during the summer season.

### Verde com Vida

The Verde com Vida (Green with Life) Environmental Education Program encourages children and young people (from 8 to 15 years old) of São Francisco do Sul and environs to practice environmentally-aware actions. The activities take place during visits monitored by environmental experts. They are developed based on an innovative eco-pedagogical proposal involving inclusion, cooperative games and

awareness-raising through theater. The program relies on ArcelorMittal Vega’s Private Reserve of Natural Heritage (RPPN) structure and its trail inside the Atlantic Forest. It also includes an Environmental Education Center, a plant nursery and medicinal vegetable gardens, which serve as outdoor classrooms. So far, the program has already had over 12 thousand students.



### ArcelorMittal Brasil Foundation Projects

Since 1988, the Foundation has been launching efforts focused on sustainable development and the preservation of local identity and diversity of dozens of municipalities under the influence of ArcelorMittal Brasil - Long Steel units.

Its major focus is on educating children and adolescents to become more aware, productive and engaged citizens. Every year ArcelorMittal Foundation helps approximately 400 thousand people. In addition to its own projects, the Foundation is responsible for the management of ArcelorMittal Brasil investments through tax incentive laws.

#### Projects made possible with company resources

##### MobilizAção (MobilizAtion)

It calls on society - especially families - to get involved in the school life of children and adolescents. The project helps keeping young people in school, improve education and learning and decrease failure and school dropout rates. In 2012 16 schools were involved in the project, which benefited 12,158 students and about three thousand families. As a result, a significant progress in the Basic Education Performance Index (IDEB) was noticed in the schools participating in the towns of Cariacica (ES) and João Monlevade (MG).

##### Ver e Viver

It screens, diagnoses and treats eyesight conditions, thus helping students to learn and perform better, and not drop out of school. In 2012 there were 17,788 students screened, 2,672 of which had eye doctor appointments and 1,094 were given prescription glasses. In the towns of Bela Vista de Minas and Itatiaiuçu/MG the project included the whole education network.

##### Digital Citizenship

It fosters social inclusion through information technology and also stimulates citizenship and provides chances for entrepreneurial efforts. The project had 993 students graduating and six teachers trained in 2012.

##### Cidades de Solda

It helps training destitute and unemployed young people in a situation of social risk to work as welders. In 2012 there were three classes where 34 students graduated and 26 obtained employed. In Juiz de Fora the partnership with Codeme Engenharia engineering firm assured that all students that graduated from the project in the municipality were hired.



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### ArcelorMittal Environment Award

It helps raise awareness of children and adolescents on issues related to the environment, sustainability and citizenship. In 2012, 761 schools participated in the initiative, involving 257,331 participants, 7,454 educators and 1,987 people trained.

### Acordes

A program for teaching classical music in schools, contributing to the cultural development of the participants and for raising school performance by improving students' perception, attention and concentration. 80 students benefited from the program in 2012.

### Emotional-Sexual Education Program

Promotes personal, social and productive development of adolescents through educational and participatory actions focused on sexuality, affection and reproductive health issues. In 2012 the program involved 187 educators and benefited 6,559 adolescents. A survey carried out by students of the College of Health and Human Ecology in Vespasiano (MG) found a 15% to 11 % drop in the teenage pregnancy rate since the project was implemented in the municipality.

### Empreendedorismo Juvenil (Young Entrepreneur)

Introduces young people to the world of business, encouraging them to plan their own future through classes on entrepreneurship taught by volunteers. The 121 volunteers from 2012 benefited 1,597 students.

### Educar na Diversidade (Education in Diversity)

Proposes to transform pedagogical practices of schools by training of educators, in order to promote the inclusion of students with mental disabilities. In 2012, 57 teachers were trained during 120 course hours, 130 teachers participated in continuing education and 776 students with disabilities benefited from the program.

### Esporte Cidadão (Sports for Citizens)

Promotes inclusion through sports, contributing to the personal development and improvement in school performance of students. Indoor football and volleyball are offered to children and adolescents in the Community, the program having already benefited 80 students in 2012.

### Ensino de Qualidade (Quality Teaching) Program

Helps public schools to improve their pedagogical and management processes so they can provide a more efficient education, with better student performance and lower failure and dropout rates. 36 educators were trained and 2,545 students benefited from the program in 2012.

### Cidadãos do Amanhã (Citizens of Tomorrow)

This comprehensive program includes all Long and Flat Steel units. It involves employees, their relatives, suppliers, customers and people from the local community to use part of their income tax to for the Childhood and Adolescence Fund and projects approved by the Sports Act. The program has 5,425 participants and BRL\$ 1.2 million were collected in 2012. This money benefited over 13 thousand children, supported by 64 institutions.



**Pró-Voluntário (Pro-Voluntary)**

Creates and fosters conditions to allow employees and their family members to perform volunteer work in the communities they live in. In 2012, the 966 volunteers helped 17,159 people through 54 campaigns and projects.

**Ouvir Bem para Aprender Melhor (Hearing Well to Learn Better)**

Screens, diagnoses and treats hearing conditions, thus helping students to learn and perform better, and not drop out of school. In 2012, 49 students were helped by the project.

**Projects made possible through tax incentive laws**

**ArcelorMittal Cultural**

promotes cultural education by supporting managers' and artists' projects, in addition to increasing the access to cultural products and services. Tax incentives from federal, state and municipal laws to foster culture are used (see table below). In 2012 800 class/hours for training 230 artists were taught and over 65 thousand people benefited from the cultural agenda offered in 18 municipalities through the sponsorship of 42 projects.

**ArcelorMittal Esporte (ArcelorMittal Sports)**

Includes all projects supported by the Company and focused on social inclusion through sports. The initiatives were paid with resources from tax incentive laws and contribute to integration and socialization of children and adolescents, thus promoting personal gains and improvement in school performance. The three projects supported in 2012 benefited 1,350 children and adolescents.

**2012 FUNDING INCENTIVE AND OFFSETS**  
 Investment in culture, sports and social progress | In BRL\$

	Incentive	Offset	Total
ICMS MG	1.724.812,80	451.203,20	2.176.016,00
ICMS SP Culture	783.671,01	-	783.671,01
ICMS SP Sports	430.391,99	-	430.391,99
IR Culture	538.000,00	-	538.000,00
IR Sports	150.000,00	-	150.000,00
ISSQN BH Culture	90.000,00	-	90.000,00
FIA + Sports Act (IR allocation)	1.199.522,99	-	1.199.522,99
<b>Grand Total</b>			<b>5.367.601,99</b>



## 8.2 Relationship with customers *(GRI PR5)*

ArcelorMittal Brasil keeps respectful and transparent relationships with its customers. In order to do that, it believes that the satisfaction survey is a strong instrument to help the Company learn about the evaluation of its products and services and work to meet customers' expectations.

The Tubarão and Vega plant properties have own methodology for assessing customers' satisfaction, which considers their specific business characteristics. To provide a specific overview of each unit results are compiled by product line, with a quality assessment and comparison with competitors. The survey is done on a monthly basis and its results are presented along with the general and specific improvement plans per customer. A systematic monitoring of the evolution in customer satisfaction level is carried out, together with annual consultations.

In 2012, the targets were surpassed and ArcelorMittal Brasil customers' satisfaction climbed to 7.9 approval rate (on a scale of 0 to 10).

### CUSTOMER SATISFACTION INDEX IN 2012:

For the organization as a whole	74,60%
Products	89,80%
Distribution services	76,50%
Customer service	86,30%

To ensure proximity with its customers, the Company has customer service ([www.arcelormittal.com/br/belgo/fale\\_conosco.asp](http://www.arcelormittal.com/br/belgo/fale_conosco.asp)) and ombudsman channels. The data of customers are treated with special attention, in order to ensure the security and confidentiality.





**8.3 Suppliers** (GRI EC6; HR1; HR2)

ArcelorMittal Brasil considers its suppliers as partners in the development of productive and responsible business. That is why the Company is extremely careful when choosing the professionals and companies that will meet its needs and assist in its development.

The Company also prioritizes recruitment and selection of suppliers in localities close to its production units. From BRL\$ 4.69 billion that ArcelorMittal Brasil invested in goods and supplies, BRL\$ 1 billion came from local suppliers, accounting for 22% of total procurement.

To choose suppliers and regulate the procurement processes the Company relies on a series of procedures formalized by means of documents entered in the quality management system. These procedures involve compliance with several criteria, including: quality, cost, certifications and recommendations from other customers of the supplier. In its contracts the Company also includes clauses relating to human rights, which prohibit discrimination, slave labor, child labor or labor under poor conditions, and ensure freedom of association. To make sure that these requirements are met, the Long Steel unit standardized procedures in a document called "Procurement of Materials in Brazil Long Steel Supply Chain".

Expenditures with local suppliers	2010	2011	2012
Percentage of total procurement budget from local suppliers	35%	40%	35%
Total value of goods, supplies and services supplied locally (BRL\$)	2.523.023.910	3.869.123.245	2.805.794.439
Total value of goods, supplies and services procured by the organization (BRL\$)	7.258.141.198	9.561.153.807	7.982.168.332

Human Rights in the production chain	2012
Total number of significant suppliers, contractor companies and other business partners	7.488
Verified percentage of investment agreements and contracts which include human right clauses or were subjected to a human right assessment	100%
Total number of significant investment agreements and contracts concluded in 2012	137
Total financial value of investment agreements and contracts which include human right clauses or were subjected to a human right assessment (BRL\$ millions)	3.336
Total financial value of significant investment agreements and contracts concluded in 2012 (BRL\$ millions)	960

\* Contracts above 0.5 MUSD signed in 2012 were considered. Contracts signed before this period, even if active (running) in 2012 were not considered. Data from the Tubarão unit contracts were not included.



### Suppliers' development and qualification

In order to assess suppliers, the Procurement General Management uses the Supplier Performance Management (SPM) system that has quality, cost, delivery time and certifications as assessment criteria.

In Espírito Santo State ArcelorMittal Cariacica and ArcelorMittal Tubarão participate in the Integrated Supplier Development and Qualification Program (Prodfor). The Program is a joint effort of the major companies in the State to develop and implement an integrated way for developing and qualifying their suppliers.

Thanks to it, suppliers participated in activities focused on organizing their Supply Quality Management System (SQMS). At the same time, ArcelorMittal Brasil (or other clients) can learn more about suppliers' potential and supply conditions. Since 2008 181 suppliers have already been certified, 25 in 2012 alone. Of this number, 244 are suppliers currently active in the program.

The Company is aware of its role as inducer of sustainable principles in its supply

chain, so it also fosters environmental awareness among its suppliers. The Suppliers' Environmental Performance Assessment Program is carried out by the Environment areas of ArcelorMittal's Plant Properties to assess its partners against environmental issues relevant for the Company, such as greenhouse gas emissions. The following stages are followed to do that:

- a. Planning – Ascertaining of critical suppliers for lime, limestone, pig iron, iron ore and scrap and scheduling of environmental performance audits of suppliers, starting January 2012.
- b. Data gathering – On site audits carried out according to the schedule proposed during the Planning stage by using a standard Suppliers' Environmental Performance Assessment Program form.
- c. Verification and critical analysis of results – Rating of suppliers based on the final score obtained from the completion of the standard form.

## 8.4

### Value Generation (GRI EC1)

In 2012 ArcelorMittal Brasil generated an added value amounting to \$ 4.8 billion BRL, as shown in the table below. The funds were used to pay employees, taxes, shareholders' and lenders' returns and also feed a wide supply chain.

ADDED VALUE DISTRIBUTION IN 2012

DVA	BRL\$ millions
Employees	1,551
Government (taxes)	2,537
Contractors	1,582
Shareholders	-883
<b>Total added value</b>	<b>4,787</b>



9

Reporting process

Fish . Vik Muniz

Summary
Message of the Board
The Importance of Steel
ArcelorMittal
Sustainability Vision
Transparent Governance
Making Steel More Sustainable
Investing in Our Staff
Enriching our communities

**Reporting process**

## Reporting process (GRI 3.1 to 3.11)



This report provides ArcelorMittal Brasil's economic and financial, operational and socio-environmental results. It includes the Long Steel, Flat Steel and Bioforest segments from January 1 to December 31, 2012, and is prepared once a year.

Revenues, total assets and net profit accounting data may come to include the percentage share of the Company in Acindar from January to April 2012. However, the descriptive content does not include the Company units in Argentina, Costa Rica and Venezuela, even though these operations are under ArcelorMittal Brasil in the hierarchy. There are also no data on other activities, such as services and information technology.

This is the eighth year in a row where GRI (Global Reporting Initiative) guidelines are used to report Company results and activities, thus reinforcing the vision that Corporate Responsibility should walk hand in hand with financial results. The goal of applying the GRI methodology is to improve quality and transparency when presenting performance and management practices with a view at achieving a positive impact in its business, together with reinforcing the transparency the Company values so much. This report achieved level B of application (GRI checked). The most recent former report was published in 2012, with data for 2011.

Data presented here were jointly recorded and monitored using software such as SAP ERP (Enterprise Resource Planning) and Rhevolution (for managing employee remuneration processes), besides other tools and studies of internal documents and interviews made with the organization executive board.

Economic and financial data are audited by Delitte Touche Tohmatsu Auditores Independentes and the report was submitted to GRI outside check for assessment of compliance to indicators.



## Statement GRI Application Level Check

GRI hereby states that ArcelorMittal Brasil S/A has presented its report “2012 Corporate Responsibility and Sustainability Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 2 September 2013

Nelmara Arbex  
 Deputy Chief Executive  
 Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 August 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

## Significance and scope (GRI 3.5; 4.14; 4.15; 4.16; 4.17)

In order to define the scope and subjects to be included in this report, the Company carried out relevancy tests broken down in the following stages:

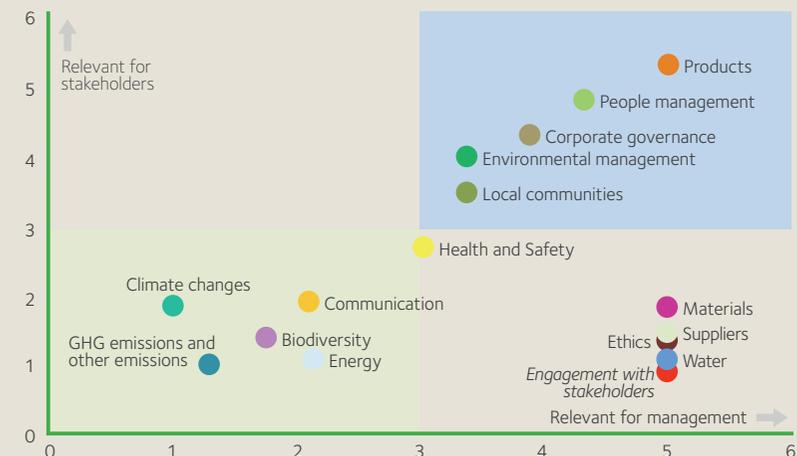
- Survey of significant subjects based on studies in the mining and steelmaking sectors, and also on ArcelorMittal (Worldwide and Brazil) reports. Sustainability indexes from the financial market (DJSI), Associations (World Steel Association) and reports produced by some of the large Brazilian and international steelmakers (benchmarking) were taken into account;

- Assessment of the relevant of issues first surveyed by means of a questionnaire forwarded to the major Company areas, such as procurement, sales, human resources, finances, legal, environment, Foundation, BioFlorestas and communication representing stakeholders (clients, suppliers, employees, the banking sector, the government, communities, the press, etc.) and rating the importance of each issue as very , high, average and low. Definition of stakeholders was based on the ArcelorMittal Group External Stakeholder Engagement Procedure;

- Interviews with Company officers were carried out in order to identify the most relevant issues from the point of view of the Company managers;
- Crossover of issues raised by experts with those raised by managers in order to produce a Significance Matrix where issues were distributed throughout four relevant boxes containing: i) issues relevant for stakeholders; ii) issues relevant for managers; iii) issues relevant for both stakeholders and managers; and iv) issues that both consider as of little relevancy.

The significance matrix is a tool to identify which are the issues deserving special attention in the report, which issues should be approached with a relatively smaller coverage and which issues should receive a less significant attention. Also, the matrix helps pointing out issues that may deserve special actions of communication and relationship with priority audiences, thus contributing to the achievement of the Company socio-environmental objectives.

This study yielded the following significance matrix:



## GRI and Global Compact Index (GRI 3.12)

In addition to the indicators themselves, which were defined by an ArcelorMittal Brasil cross-sectional group, this Report has been prepared based on the sustainability reporting guidelines of the Global Reporting Initiative (GRI). The responses to the indicators cover the period from January 1 to December 31, 2012 and include the segments of flat and long carbon of the Company's Brazilian units. ArcelorMittal Brasil considers it fits application level B of the GRI guidelines.

### GRI Summary

#### CONTENT INDEX

1. Strategy and analysis		PAGE	NOTES
1.1	Statement from the senior-most decision-maker of the organization on the relevance of sustainability for the organization and its strategy	4 ●	-
1.2	Description of key impacts, risks, and opportunities.	4 ●	-
2. Organizational Profile			NOTES
2.1	Name of the organization	13 ●	-
2.2	Major brands, products, and/or services.	13 ●	-
2.3	Operational structure of the organization, including main divisions, operational units, subsidiaries, and joint ventures.	13, 30 ●	-
2.4	Organization location and headquarters	13, 16 ●	-
2.5	Number of countries the organization operates in	13 ●	-
2.6	Ownership kind and legal nature	13 ●	-
2.7	Markets serviced	13 to 15 ●	-
2.8	Scale of the organization	13 to 18 ●	-
2.9	Major changes that took place during the reporting period regarding size, structure or equity interest.	4 ●	-

2. Organizational Profile		PAGE	NOTES
2.10	Prêmios recebidos no período coberto pelo Relatório	20 ●	-

3. Report parameters		PAGE	NOTES
<b>Report Profile</b>			
3.1	Reporting period for information provided	75 ●	-
3.2	Date of most recent previous report	75 ●	-
3.3	Reporting cycle	75 ●	-
3.4	Contact data for questions regarding the report	75 ●	-
<b>Report Scope and Limits</b>			
3.5	Process for defining report content	26, 75, 77 ●	-
3.6	Report limits	13, 75 ●	-
3.7	Statement on any specific limitations on the scope or limits of the report	75 ●	-
3.8	Basis for preparing the report regarding joint ventures, subsidiaries, leased facilities, outsourced operations, and other organizations that may significantly affect comparability between periods and/or organizations.	75 ●	-
3.9	Data measurement techniques and calculation basis	75 ●	Averages and calculation bases are registered in SAP and other managerial tools.
3.10	Explanation of the consequences of any restatement of information provided in earlier reports	75 ●	There was no significant restatement of information.
3.11	Significant changes in relation to previous years regarding scope, limits, or measurement methods applied to the Report	75 ●	This report deals mainly with the long carbon and flat carbon segments.
<b>GRI Content Summary</b>			
3.12	Table identifying the location of Information in the Report	78 ●	-

3. Report parameters	PAGE	NOTES
<p><b>Checking</b></p> <p>3.13 Policy and current practice regarding the search for outside verification for the Report</p>	-	<p>Economic data (page 15) were audited by the Independent Auditors.</p> <p>Besides, the report was submitted to GRI for assessment of whether the indicators were properly met. There is no specific policy for this matter, which depends, above all, on an alignment with the parent company global policy (an ongoing processes that will probably be concluded by 2014).</p>
4. Governance, Commitments and Engagement	PAGE	NOTES
<p><b>Governance</b></p> <p>4.1 Governance Structure of the Organization, including committees under the highest governance body responsible for specific tasks</p> <p>4.2 Nomination if the chairman of the highest governance body is also an executive director</p> <p>4.3 For organizations with a single management structure, statement on the number of independent advisors or non-officers from the highest governance body</p> <p>4.4 Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body.</p> <p>4.6 Processes in place for the highest governance body to ensure that conflicts of interest are avoided.</p> <p>4.8 Mission or value statements, codes of conduct and internal principles relevant for the economic, environmental and social performance and their deployment stage.</p> <p>4.9 Procedures of the highest governance body for supervising the indication and management of economic, environmental and social performance, including significant risks and opportunities, as well as compliance or conformity with internationally agreed-upon standards, codes of conduct and principles</p> <p>4.10 Processes for highest governance body performance self-evaluation, especially regarding economic, environmental and social performance.</p> <p><b>Commitments to Outside Initiatives</b></p> <p>4.11 Explanation of whether and how the organization applies the precautionary principle</p> <p>4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</p> <p>4.13 Participation in associations (such as industry federations) and/or national and international defence bodies</p>	<p>30 ●</p> <p>- ●</p> <p>- ●</p> <p>33 ●</p> <p>- ●</p> <p>11, 12, 24, 33 ●</p> <p>- ●</p> <p>- ●</p> <p>62 ●</p> <p>24 ●</p> <p>24 ●</p>	<p>-</p> <p>N.A.</p> <p>N.A.</p> <p>Partially met</p> <p>Sets directives for cases of conflicts of interest <a href="http://www.arcelor.com.br/governanca_corporativa/codigo_conduta_arcelormittal/pdf/codigo_conduta_arcelormittal.pdf">http://www.arcelor.com.br/governanca_corporativa/codigo_conduta_arcelormittal/pdf/codigo_conduta_arcelormittal.pdf</a></p> <p>-</p> <p>CA monthly meetings are the venue where the highest governance body follows through on Company management.</p> <p>CA members' performance self-evaluation is carried out, but this process is not open to the public.</p> <p>-</p> <p>-</p> <p>-</p>



4. Governance, Commitments and Engagement		PAGE	NOTES
<b>Stakeholders' engagement</b>			
4.14	List of stakeholder groups engaged by the organization	26, 77	-
4.15	Basis for identification and selection of stakeholders with whom to engage	26, 77	The chapter Stakeholders Engagement give an explanation about the Company's engagement policy.
4.16	Approaches for engaging stakeholders, including frequency of engagement by stakeholder type and group	26, 77	There is no policy setting the frequency of engagement; however, the Company understands that the engagement that took place in 2012 is valid for, at least, 2 years.
4.17	Major themes and concerns raised through engagement of stakeholders and what measures the organization has been taking to address them	77	Themes are related to the chapter on Relevancy Test.
5. Forms of management and performance indicators		PAGE	NOTES
<b>Economic Performance</b>			
<b>Aspect: Economic Performance</b>			
EC1	Generated and distributed direct economic value	4, 13, 15, 73	-
EC2	Financial consequences and other risks and opportunities for organization activities due to climate changes	50	-
EC3	Coverage of obligations in the defined benefit plan provided by the Organization	60	-
EC4	Significant financial assistance received from the government	27, 28	-
<b>Aspect: Market Presence</b>			
EC5	Variation in the ratio between the lowest wage against the local minimum wage at key operational units by gender.	60	-
EC6	Policies, practices and percentage of expenditures with local suppliers at key operational units.	72	-
EC7	Procedures for hiring locally and percentage of senior management staff hired from the local community at key operational units.	56	-
<b>Environmental Performance</b>			
<b>Environmental Performance Indicators</b>			
<b>Aspect: Materials</b>			
EN1	Percentage of materials used by weight or volume.	44	-
EN2	Percentage of materials used that are recycled materials	44, 45	-
<b>Aspect: Energy</b>			
EN3	Direct energy consumption detailed by primary energy source	42	-

## 5. Ways of management and performance indicators

	PAGE	NOTES
EN4 Indirect energy consumption detailed by primary energy source	42 	-
EN5 Energy saved due to conservation and efficiency improvements	42 	-
EN6 Initiatives to provide low-power consumption products and services or those using energy produced from renewable resources, and decrease in energy requirements thanks to these initiatives	42 	-
EN7 Initiatives to reduce indirect energy consumption and their results	44 	-
<b>Aspect: Water</b>		
EN8 Total water collected by source.	38 	-
EN9 Water sources significantly affected by water collection	- 	The removed water volume is not significant due to the high percentage of water reuse.
EN10 Percentage and total volume of recycled and reused water	38 	-
<b>Aspect: Biodiversity</b>		
EN11 Location and size of owned, leased or managed area within protected areas or neighbouring them, and high biodiversity rate areas outside protected areas	48 	See Protected area table
EN12 Description of significant impacts on biodiversity of protected areas and high biodiversity rate areas outside protected areas caused by activities, products and services	35, 48 	See Protected area table
MM1 Total of affected or recovered lands (own or rented lands for production activities or extrativist activities).	- 	Total of areas currently being covered is 163ha, 0.13% of the total BioFlorestas areas.
EN13 Protected or restored habitats	48 	-
EN14 Strategies, measures in place and future plans for managing impacts on biodiversity	37, 48 	Partially met
MM2 Number and percentage of the total of areas where the need for a Biodiversity Management Plan was ascertained according to the defined criteria and number of areas with ongoing plans.	- 	There is a specific section for this item in the report because its relevancy was considered as minor by the participants engaged in the significance test.
EN15 Number of species on IUCN Red List and national conservation lists with habitats in areas affected by operations, detailed by extinction risk.	- 	N.A.
<b>Aspect: Emissions, Effluents and Waste</b>		
EN16 Total direct and indirect greenhouse gas emissions by weight	52 	-
EN17 Other significant indirect green-house-effect-causing gases by weight	52 	-
EN18 Initiatives to reduce GHG emissions and their results	50 	-
EN19 Emissions of ozone-layer-depleting substances by weight	52 	-
EN20 NOx, SOx and other significant atmospheric emissions by type and weight	52 	-

## 5. Ways of management and performance indicators

EN21	Total water disposal by quality and destination
EN22	Total weight of waste by type and disposal method
MM3	Total amounts of steriles, tailings and sludges and their associated risks.
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported and exported or treated waste considered as hazardous under the terms of the Basel Convention – Attachments I, II, III, VIII, and percentage of shiploads of waste transported overseas.
EN25	Identification, size, protection status and biodiversity rate of bodies of water and related habitats significantly affected by disposals of water and drainage carried out by the reporting organization <b>Aspect: Products and Services</b>
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN27	Percentage of products and their packaging recovered against total products sold, by product category <b>Aspect: Conformity</b>
EN28	Monetary value of significant fines and total number of non-monetary penalties for non-compliance with environmental laws and regulations <b>Aspect: Transportation</b>
EN29	Significant environmental impacts from shipment of products and other assets and materials employed in the organization operations, as well as from the transportation of workers <b>Aspect: Overall</b>
EN30	Total expenditures and investments in environmental protection by type <b>Social Performance</b> <b>Performance Indicators relating to labour and decent work practices</b> <b>Aspect: Employment</b>
LA1	Total workforce by employment type, employment contract, gender and region.

PAGE	NOTES
38	-
45	-
-	See chapter 6.8 on the most relevant waste.
-	N.A.
-	N.A.
-	N.A.
35	-
45	-
27	-
44	-
37	-
15, 56	-

5. Ways of management and performance indicators		PAGE	NOTES
LA2	Total number and turnover rate of employees by age group, gender and region	56, 57	Due to a change in the criteria for calculation of the indicator from 2012, the comparability between the data of 2012 and 2011 was impaired. In addition, the company is preparing to adapt to the new criteria in the GRI indicators version G4. Thus, the company estimates that this information will again be presented in complete form in its Sustainability Report 2014.
			Partially met
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees, detailed by major operations	56, 60	-
	<b>Aspect: Relationship between workers and governance</b>		
LA4	Percentage of employees covered by collective bargaining agreements	61	The company-trade union relationship is strengthened through meetings whose frequency is not established, and any demands from the parties are reported and discussed with everyone's participation and in a transparent way. Each operational unit defines their own frequency considering the level of impact of measures to be implemented.
LA5	Minimum deadline for notifying on significant operational changes, including whether this procedure is specified in collective bargaining agreements.	-	Not applicable. There were no strikes or lockouts during the reported period.
MM4	Number of strikes and lockouts exceeding 1 week in duration, per country.	-	-
	<b>Aspect: Occupational Health and Safety</b>		
LA6	Percentage of employees represented in formal health and safety committees including managers and workers, which provide monitoring and advise on occupational health and safety programs.	61	-
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and gender	61	-
LA8	Ongoing education, training, counselling, risk prevention and control programs to provide assistance to employees, their families and community members regarding severe illnesses.	61	-

## 5. Ways of management and performance indicators

		PAGE	NOTES
LA9	Health and safety topics covered in formal agreements with trade unions. <b>Aspect: Training and Education</b>	- 	N.A.
LA10	Average hours of training per year per employee, broken down by employee category and gender.	58 	-
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing the end of their careers.	58 	-
LA12	Percentage of employees that get regular performance and career development reviews, by gender.	58 	-
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. <b>Aspect: Diversity and Equal Opportunity</b>	56 	-
LA14	Ratio of base salary between women to men by employee category. <b>Performance Indicators Related to Human Rights</b> <b>Aspect: Investment and Procurement Process Practices</b>	60 	-
HR1	Percentage and total number of significant investment contracts including clauses regarding human rights or that were submitted to assessment regarding human rights.	72 	-
HR2	Percentage of contracted companies and critical suppliers that were submitted to assessment regarding human rights and measures taken.	72 	-
HR3	Total or training hours for employees on policies and procedures regarding human right aspects relevant for operations, including the percentage of employees that were trained. <b>Aspect: Non-discrimination</b>	33 	-
HR4	Total number of cases of discrimination and corrective measures taken. <b>Aspect: Freedom of association and collective bargaining</b>	59 	-
HR5	Operations identified where the right to exercise freedom of association and collective bargaining <b>Aspect: Native People's Rights</b>	- 	N.A.
MM5	Total number of operations within or on areas neighbouring native people's territories and number and percentage of operations in places where there are formal contracts with native people's communities.	- 	N.A.
HR9	Total number of incidents of violations involving rights of indigenous people and measures taken.	- 	N.A.
HR10	Percentage and total number of operations subject to human right reviews and impact assessments	- 	N.A.
HR11	Number of filed claims regarding human rights directed to and solved by formal claim mechanisms.	- 	N.A.

## 5. Ways of management and performance indicators

		PAGE	NOTES
<b>Social Performance Indicators Regarding Society</b>			
<b>Aspect: Community</b>			
SO1	(MMSS) Nature, scope and efficacy of any programs and practices to assess and manage impacts of operations on communities, including input, operation and output.	35	-
	(G3.1) Percentage of operations involving local community engagement, assess of impacts and development programs.	64	-
SO9	Operations with current or potential negative impacts on local communities	-	Due to their magnitude, all steelmaking operations cause impacts in their local communities.
SO10	Prevention and mitigation measures implemented in operations with current or potential negative impacts on local communities.	37, 64	-
<b>Aspect: Corruption</b>			
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	24	-
SO4	Actions taken in response to incidents of corruption.	24	There were no corruption complaints.
<b>Aspect: Public policies</b>			
SO5	Standings regarding public policies and participation in public policy development and lobbying	27	-
<b>Aspect: Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary penalties resulting from non-compliance with laws and regulations.	27	-
MM11	Programs and progress related to material management.	44, 45	-
<b>Performance Indicators Regarding Responsibility for Product</b>			
<b>Aspect: Customer Health and Safety</b>			
PR1	Phases of product and service life cycles where impacts on health and safety are assessed in order to obtain improvements and percentage of products and services subject to these procedures.	19, 21	-
<b>Aspect: Product and Service Labelling</b>			
PR5	Practices related to customer satisfaction, including results of surveys to measure that satisfaction.	71	-
<b>Aspect: Compliance</b>			
PR9	Monetary value of (significant) fines from non-compliance with laws and regulations regarding the supply and use of products and services.	27	-

N.A. = Not applicable

## Global Compact Principles

Human Right Principles	PAGE
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Principle 2: Prevent violations of human rights	72
Labour Right Principles	PAGE
Principle 3: Support freedom of association in the workplace	56, 72
Principle 4: Eliminate forced labour	24, 56, 72
Principle 5: Eliminate child labour	24, 56, 72
Principle 6: Eliminate discrimination in the workplace	56, 72
Environmental Protection Principles	PAGE
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Principle against Corruption	PAGE
Principle 10: Fight corruption in all its forms, including extortion and bribery	24

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Enriching our communities
Reporting process

## Corporate Information

### Board of Directors

- José Armando de Figueiredo Campos (*Chairman*)
- Carlo Panunzi (*Vice-Chairman*)
- Bhikam Chand Agarwal (*Adviser*)
- Andrés Rozental Gutman (*Adviser*)
- Paul Sebastian Zuckerman (*Adviser*)

### Executive Board

- Benjamin Mário Baptista Filho  
*CEO and Managing Director Responsible for the Flat Carbon Area*
- Jefferson de Paula  
*Senior Executive Director*
- Adilson Martinelli  
*Controllership Executive Director*
- Augusto Espescht de Almeida  
*Managing Director Responsible for the Long Carbon Brazil Area*
- Marcos Afonso Maia  
*Finance Executive Director*
- Ricardo Garcia da Silva Carvalho  
*Managing Director of Human Resources, Information Technology and Corporate Relations*
- Gustavo Humberto Pinto Fontana  
*Commercial Director Responsible for the Flat Carbon Area*
- Paulo Henrique de Souza  
*Commercial Director Responsible for the Long Carbon Area*
- Álvaro José Ferreira Ribeiro  
*Operation Director Responsible for the Flat Carbon Area*

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### Images

ArcelorMittal Brasil, Fundação ArcelorMittal Brasil, ArcelorMittal Bioflorestas, ArcelorMittal Juiz de Fora, ArcelorMittal Manchester, ArcelorMittal Monlevade, ArcelorMittal Piracicaba, ArcelorMittal Tubarão, ArcelorMittal Vega and Vik Muniz.