ArcelorMittal

ANNUAL SUSTAINABILITY REPORT 2016

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About ArcelorMittal Brasil

[G4-3, G4-4, G4-5, G4-7]

Largest steel producer in Latin America, ArcelorMIttal Brasil, established in 2006 as a privately-held Corporation, offers long (rolled and drawn) and flat (plates and rolled) carbon steel solutions to meet the most strict requirements in terms of quality, efficiency and sustainability in the domestic and also in the foreign market, for use in the automotive, household appliance, construction, agribusiness and shipbuilding industries, among other economic segments.

With a crude steel production capacity of 11.3 million tons per year, about 15,000 direct jobs and 29 business units, the Company operates in synergy with other business units in Latin America.

ArcelorMIttal Brasil also has a partnership with the Bekaert Group in the management of Belgo Bekaert Arames (BBA) and Belgo-Mineira Bekaert Artefatos de Arames (BMB) for the production of drawn wire from wire rod supplied by the industrial plants of ArcelorMittal Brasil Long Carbon. All companies and units are certified to international standards ISO 9001, ISO 14001 and OHSAS 18001, concerning quality, environment, and occupational health and safety, respectively.

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

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

For more information, visit: *INSTITUTIONAL PRESENTATION*

ArcelorMittal Brasil in numbers

* See coverage at Limits/ Scope of the Report

Message from the Board

[G4-1, G4-2, G4-15]

The world is experiencing a turning point, with situations of different natures leading to political and economic instability and ending up affecting the steel business. In regional terms, the Brazilian business environment remained unfavorable, for the main economic segments that demand steel indicators remained negative, but the good news is that they stopped retreating. Despite this challenging scenario, we made progress in all sustainability dimensions throughout 2016.

In the environmental dimension, one of the highlights in 2016 was the way we continued to face the water crisis, performing the actions included in the Water Masterplans of all industrial units, through the responsible use of this resource that is shared by all society. The company intensified investments to improve water management by streamlining consumption, developing new ways of reuse and seeking alternative sources. In the face of the biggest water crisis in the country's history, which took place in 2015, the company reaffirmed in 2016, its commitment to contribute to the efforts on addressing water shortages, with sustainable solutions inside and outside its walls.

The continuous improvement actions that were implanted included from simple initiatives developed by the employees themselves to investments of about BRL 23 million initiated in 2015 for the improvement, for instance, of the water reuse station at Tubarão plant. In mining, initiatives such as the drained stacking process presented herein, show that providing support to knowledge management may lead to alternatives to already consolidated initiatives, such as the disposal of tailings in dams. The project was recognized as an environmental innovation by the society.

In the same line, despite the crisis, we had proceeds of about BRL 146 million from sales of byproducts in the long and flat carbon segments, not only generating income but also providing a correct destination to waste from our operations. Aiming to improve the environmental and air performance of Tubarão plant and positively contribute to the air quality in the Greater Vitória area, we proceeded with the investment plan of approximately BRL 400 million *(Main Investments)*. In 2016, an investment was also approved at Monlevade plant to implement, as of 2017, a project that will further improve the control of emissions of particulate matter.

In the economic dimension, even though the main indicators have retreated for market reasons, ArcelorMittal Brasil had a consolidated net income of BRL 803 million and had a two percent nominal increase in its Ebitda margin to 14%, as a result of a combination of factors, the appreciation of the Brazilian Real (BRL) in terms of the US Dollar (USD) and the consequent increase in sales to the foreign market at the beginning of the implementation of the long-term global strategic plan, the Action 2020. Also deployed in Brazil, the actions already developed helped reverse the significant 2015 net loss to a positive result in 2016. ArcelorMittal Brasil has been working with the commitment to regionally contribute with US$ 500 million to the challenging global target of the group of achieving an additional US$ 3 billion Ebitda by 2020.

Total steel production was 10.1 million tons, up 2%. Sales volume was 9.7 million tons, down 1.7% year-on-year. From the total, 52% were sold to the foreign market and 48% to the domestic market. For the foreign market, the Company exported BRL 6.4 billion, corresponding to 37% of the total income, thus becoming the 13th largest Brazilian exporter in 2016. The majority of the exports were slabs and finished products from Tubarão unit, slabs mainly shipped to the steel-processing facility of AM/NS Calvert, in the USA.

In the social area, notwithstanding the challenges, we maintained a diversified line of investments, mainly in the areas of Education, Health, Sports and Culture, confirming the commitment to contribute to the development of communities surrounding our operations. It is also worthy of mention a stronger focus on scientific education based on STEM – Science, Technology, Engineering and Mathematics, which is a contribution to an education that fosters science skills, such as innovation, reasoning and creativity.

In the area of innovation also, another initiative that strengthened our actions was the consolidation of the 12th Research Center of the Group, installed in Brazil in 2015 to serve South America. In 2016, the R&D Center developed several projects in partnership with production units and domestic partners, such as universities and other research institutions. The projects focus on process improvement to increase production, cost reduction, and development and application of new products, aiming to improve the contribution margin

ArcelorMittal Brasil has been working with the commitment to regionally contribute with US$ 500 million to the challenging global target of the group of achieving an additional US$ 3 billion Ebitda by 2020.

in the automotive, construction, energy, agricultural implements and household appliances markets. Furthermore, the R&D Center has been working in projects that contribute to environmental preservation, reduction in waste generation and identification of additional applications for byproducts.

In 2016, the achievement of these goals was based on continuous improvement, search for operational and logistics excellence, optimization of consumables and raw materials prices, and the development of higher value-added products and solutions, further qualifying the portfolio of products available for the market. All of that was possible due to the compliance with our HR policies, even when facing the challenging 2016 scenario. Engaged and skilled employees are a priority for ArcelorMittal. Investments in leadership development were maintained, with focus on Communication, one of the most important skills now, especially the types that are even more crucial for the moment: direct and face-to-face communication with all employees. The relevant technical and behavioral trainings were maintained in order to prepare the workforce for a challenging scenario, thus achieving higher productivity.

Meanwhile, we are developing programs to reduce internal bureaucracy, eliminate bottlenecks, simplify processes and reduce costs in the value chain, which will make the company increasingly agile, productive and competitive.

As for people safety, much has also been done for the development of front-line leaders of processes in the industrial units. Focus has been given to leading by example, in a consistent manner with the safety actions required, turning the "say and do" speech into a unique one. Likewise, heavy investment has been made on behavior change of all employees. As a result, we had a 41.7% reduction in sick-leave due to accidents in 2016 as compared to 2015. We ensured zero fatality rate and reduced the frequency rate by 37%. In this report, you will also learn about innovative projects associated with our commitment to Zero Accident, such as the use of drones on inspections, 3D printers in the manufacturing of prototypes and molds, as well as applications for safety assessments and audits, providing more quality in the analysis and agility to detect improvement opportunities. But with the Life + Safe project, the culture of prevention was also disseminated outside the company's walls, sharing with families and communities information on health risks and home safety.

As figures show, ArcelorMittal Brasil achieved significant results despite the very adverse conjunctural and circumstantial issues. We also maintained our commitment of having the Company's strategy in line with principles of the United Nations Global Compact. All Commitments Undertaken by the company and associated with Corporate Responsibility are available on our website.

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For 2017, we are expecting a less turbulent scenario, with less uncertain political directions and more stable governance of the country. Regardless of the prognosis for the current year, ArcelorMittal Brasil has a management uniqueness that allowed it to go through the 2016 crisis, exceeding expectations when compared to other companies of the same size in Brazil.

With inspiring leadership and synergetic teams, able to optimize resources and enhance opportunities with quality and innovation, going through those moments and facing the instability of scenarios become an additional source of motivation. A proof that human being will always be the main asset of ArcelorMittal Brasil and its most assertive bet. Moreover, even though 2016 was a year of so much corruption being revealed in Brazil, our governance, as usual, was based on ethics and transparency, protected by a culture of integrity and firmly anchored to the 10 Sustainable Development Outcomes of the Group. Although we have to achieve medium-term performance targets, we also think beyond 2020 and we need to ensure that we are making the right decisions to secure our long-term future.

To learn more on financial numbers of ArcelorMittal Brasil, read chapter *Our contribution to society measured, shared and valued.*

To learn more on the steel industry and the macroeconomic environment that affects the business, see topic *The Market in 2016.*

THE BOARD
Belo Horizonte, May 31, 2016.

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Main investments

In 2016, ArcelorMittal Brasil invested BRL 520 million, distributed among approximately 200 initiatives. The majority of the resources were allocated to operational maintenance projects of the industrial plants, environmental controls, development of new products and quality improvement.

In the Flat Carbon segment, Tubarão unit (ES) continued its investment plan on environmental projects of approximately BRL 400 million, concluding the following projects: revamping and expansion of the dedusting system at the coke treatment station, installation of a new loading car at the Coke plant and automated use of polymers in yard sprinkling. One of the most important investments of this plan is the Gas Cleaning Bag Filter (environmental control equipment that promotes gas cleaning by physical retention of particles), considered by the European Community as the best technology currently available in the world. With a BRL 100 million investment, start-up is expected to January 2018.

The Gas Cleaning Bag filter will reduce in 90% the emissions of the total particulate matter of the chimney at the sinter plant.

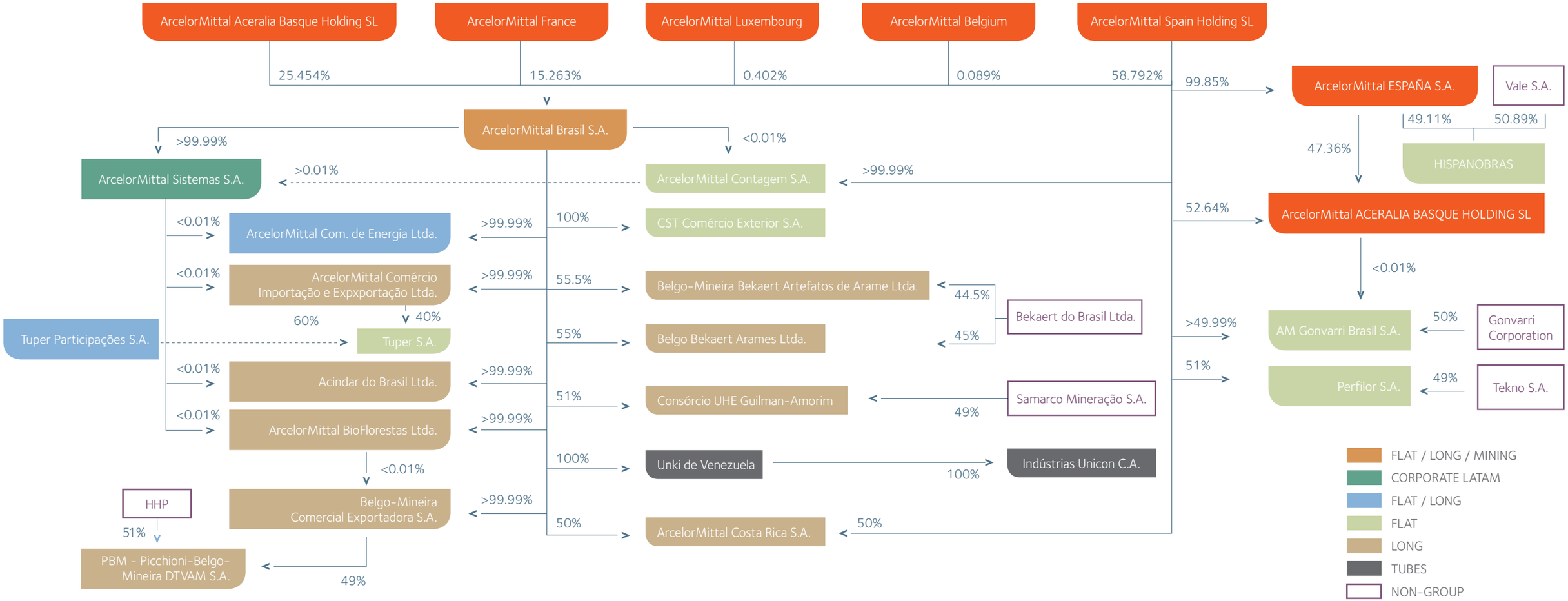
The new equipment, with about 1,500-ton weight and occupying an area of 4,500 square meters, will be added to the already existing electrostatic precipitators to further improve the filtering of particulate matter enclosed in gases of the sintering process. The target is to have a 90% reduction in the emissions of the total particulate matter of the chimney in this area, equivalent to a reduction of 18% in the global emissions of Tubarão unit.

In the Long Carbon segment, the main investment was allocated to the production capacity increase of Sabará unit (MG), which began to produce Multibar®, high quality drawn bar for the industry in general. To produce the new product, a new industrial line was installed, a BRL 50 million investment that made the plant one of the most modern of the Company in Brazil. The state-of-the-art equipment will produce three versions of Multibar® (Peeled, Auto and Hydraulic), and it will count on a portfolio of more than 200 ArcelorMittal steel grades for production. It is an innovation that will allow customers to optimize processes and reduce costs.

The new technology began to offer high value-added solutions to new market segments. Different versions were created to highlight and differentiate the product, in addition to showing its various uses in sectors including machinery and equipment, mechanic, hydraulic and agricultural, among others. Multibar Auto®, for instance, is an innovative product designed for the manufacturing of critical components for the automotive industry, such as steering bars and homokinetic shafts, in addition to other segments including forging or energy, wind towers and hydraulic components

Constitution

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

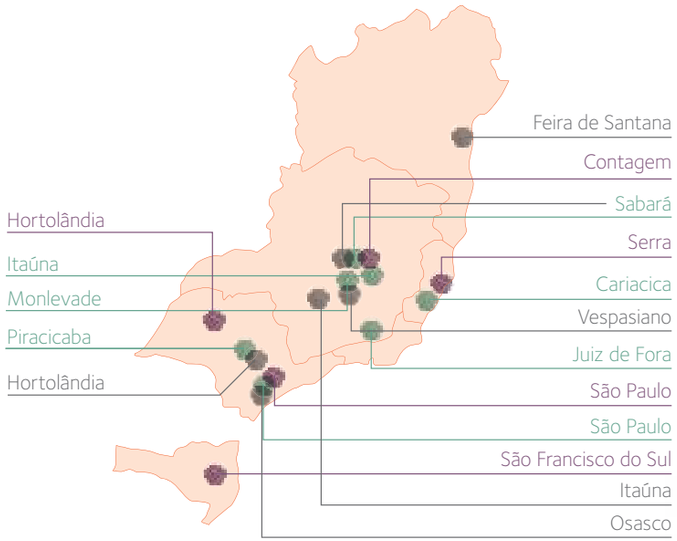


Operations Map

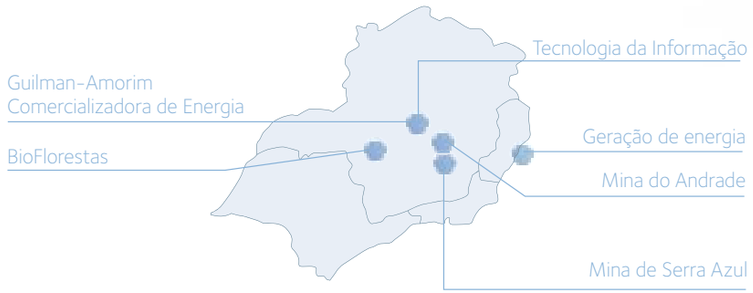
[G4-8]

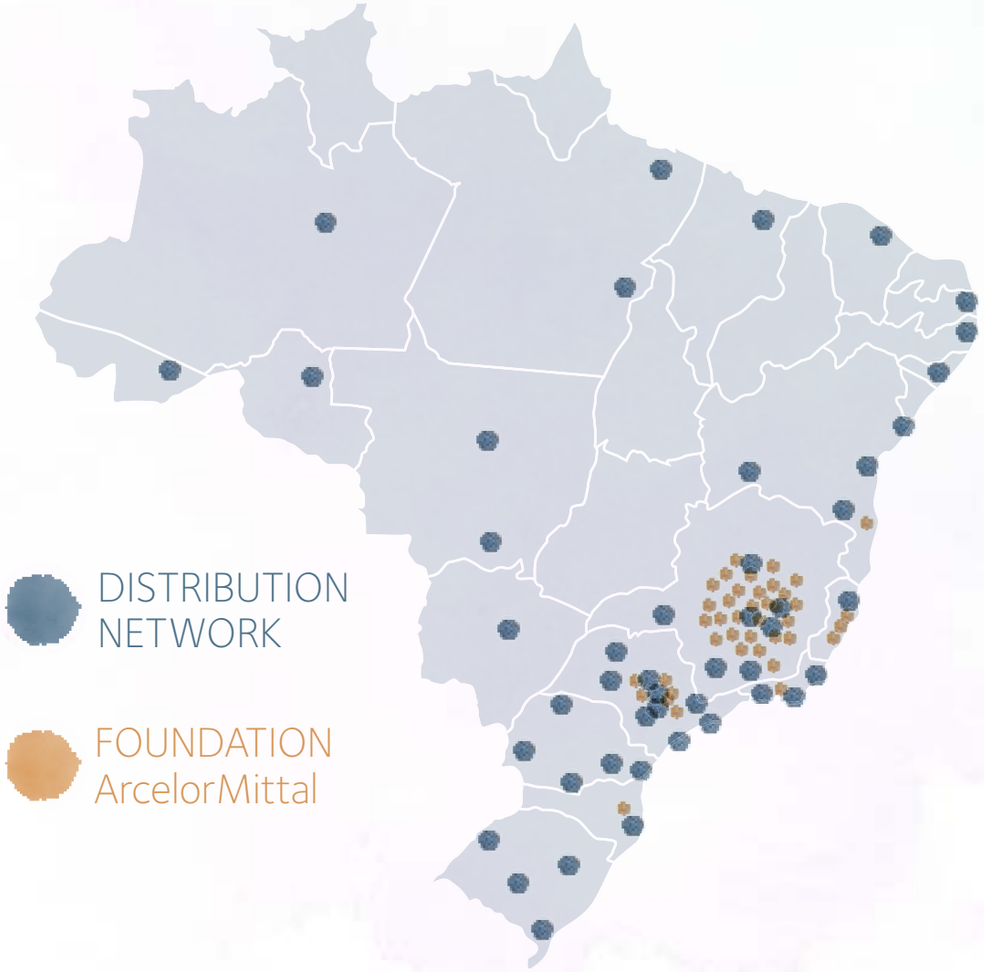
STEEL SOLUTIONS

- Long Carbon
- Flat Carbon
- Drawn Wire



Resources





DISTRIBUTION NETWORK

FOUNDATION ArcelorMittal

Steel solutions

CATALOG

OUR CERTIFICATIONS

LONG CARBON AND DRAWN PRODUCTS

The industrial units for Long Carbon and Drawn Wire segments are concentrated in the states of Minas Gerais (Itaúna, João Monlevade, Juiz de Fora, Sabará and Vespasiano), São Paulo (Capital, Piracicaba, Osasco and Hortolândia) and Espírito Santo (Cariacica). They are specialized in the production of wire rods for the industry in general, rolled products for the construction sector and drawn wire. The company stands out for offering products and solutions for construction and agribusiness segments as well as the automotive, mechanical and transportation equipment industries, among others.

In partnership with the Bekaert Group, the Company is leader in South America in the production of wires for the industry and agribusiness, with operations in the cities of Contagem and Vespasiano (MG). It is one of the three major global producers of steel cords - a steel solution that provides safety and stability for tires.

FLAT CARBON

The Flat Carbon production units are strategically located in the Greater Vitória area (Espírito Santo state - ES), in São Francisco do Sul (Santa Catarina state - SC) and in Contagem (Minas Gerais state - MG). The Company is one of the main suppliers of plates, cold rolled products, galvanized steels and coils, trading its products in the domestic market and with more than 30 countries.

Tubarão plant (ES) is strategically located on the coast, it has a logistics complex that includes port, rail and road infrastructure, allowing the availability of raw materials and supplies, as well as the transportation of products to the domestic and foreign markets.

By means of barge transport, Tubarão sends hot coils for the production of cold rolled and galvanized products at Vega unit (SC) and the products are mainly for the automotive, household appliances and construction segments. Vega is one of the most modern steel transformation units in the world, recognized for its excellence and advanced pickling, rolling and galvanizing processes.

As for the foreign market, Tubarão sells slabs and finished products, and the slabs are mainly sent to the steel-processing facility of the ArcelorMittal Group, AM/NS Calvert, in the USA.

CATALOG

OUR CERTIFICATIONS

Eucalyptus and Charcoal (BioFlorestas)

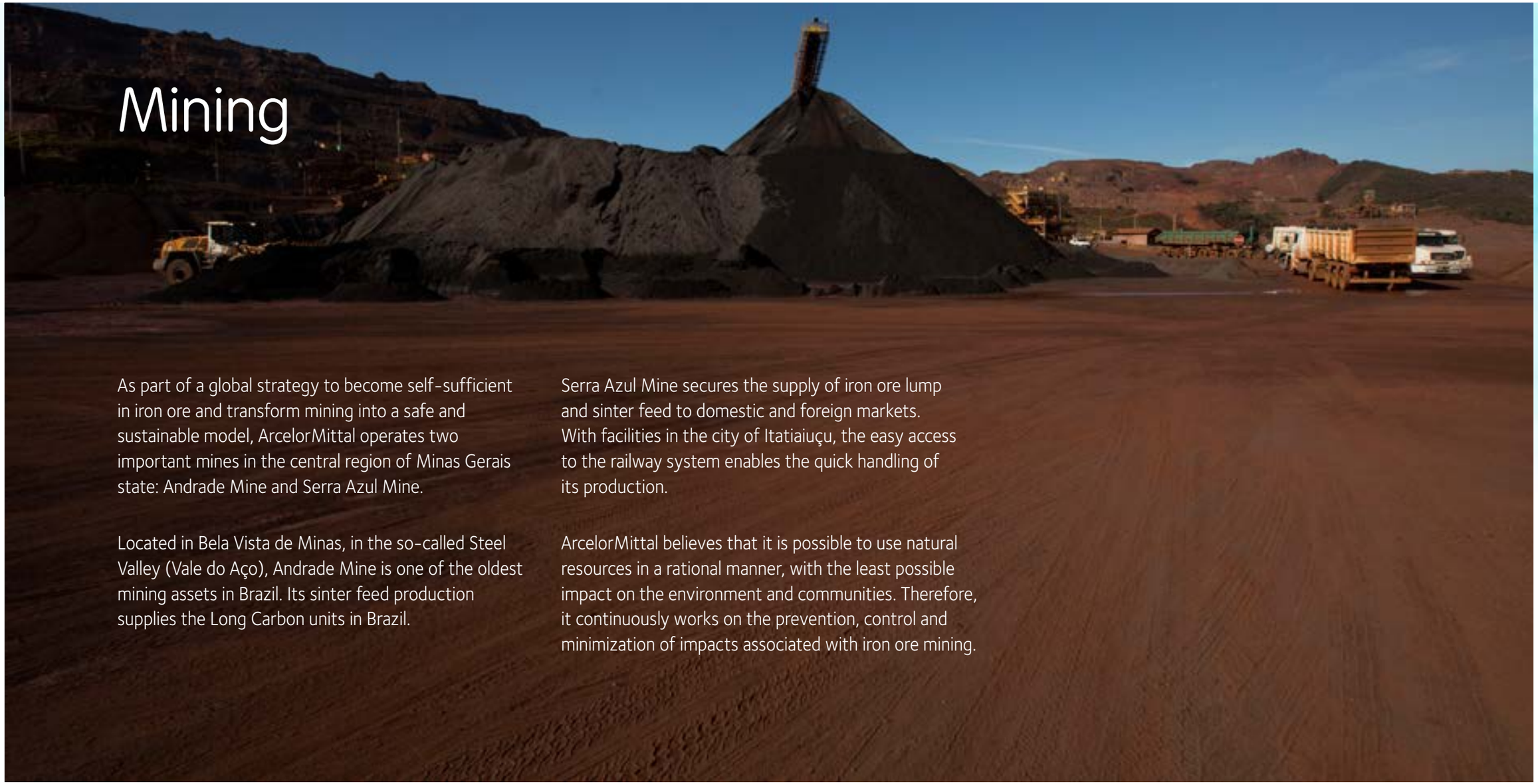
ArcelorMittal BioFlorestas, certified by Forest Stewardship Council (FSC), started cultivating its renewable eucalyptus forests in 1957 with the purpose of producing certified charcoal to secure the supply to ArcelorMittal steel plants in Brazil. Headquartered in Belo Horizonte and with operations in the cities of Carbonita, Martinho Campos and Dionísio (MG),

ArcelorMittal BioFlorestas has a total cultivated area of 109 thousand hectares and a protected area of more than 26 thousand hectares. Being a benchmark in the adoption of sustainable management models, the Company supplies all charcoal needed by Juiz de Fora unit. Through a permanent work on maintenance and conservation of natural ecosystems, ArcelorMittal

BioFlorestas surveys and monitors rare and endangered species and conciliates operational procedures with biodiversity conservation criteria. Believing in its contribution to education and environmental awareness, the Company encourages and shares all that knowledge with its employees and neighboring communities.

http://bioflorestas.arcelormittal.com/

Mining



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

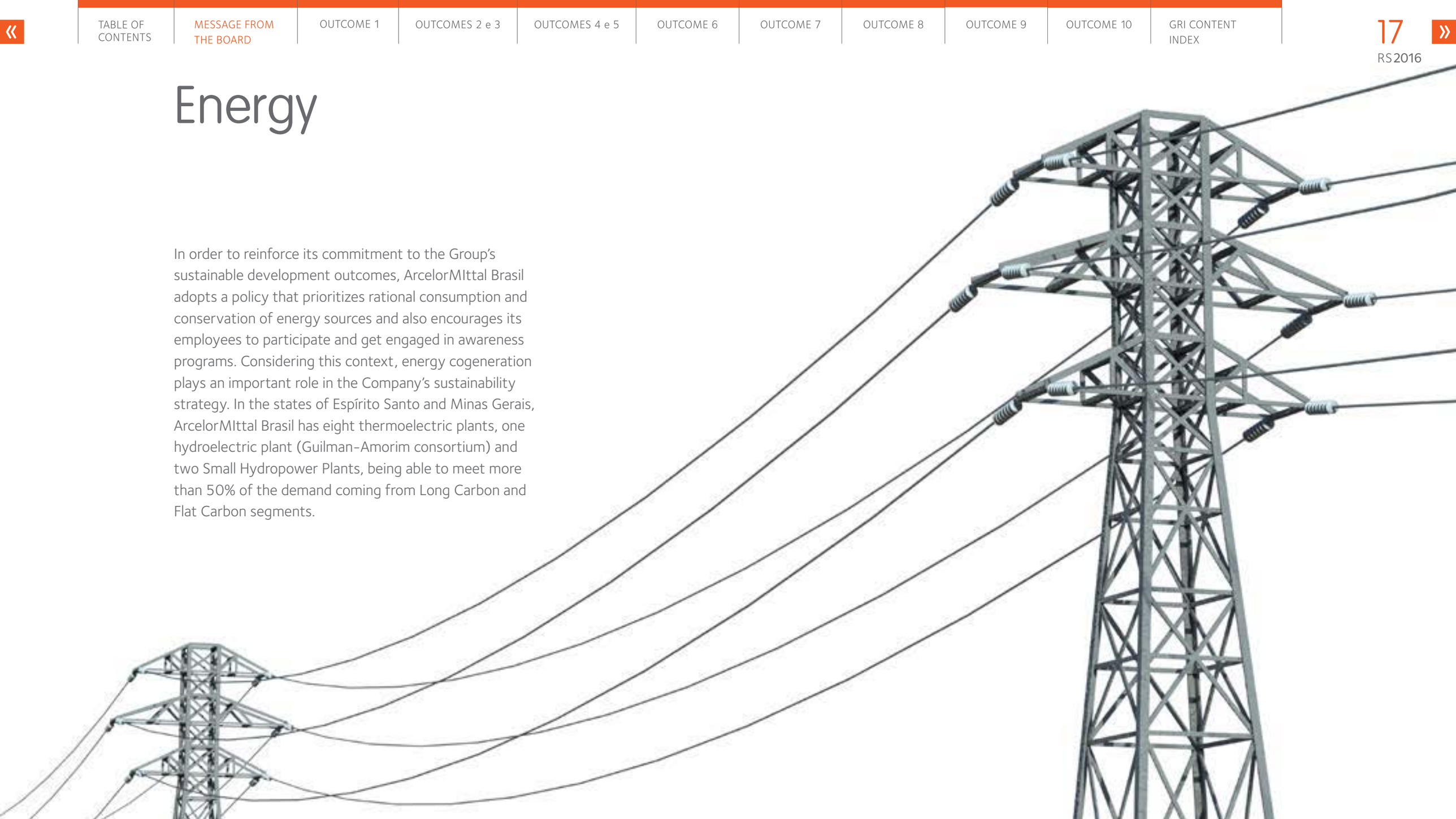
Located in Bela Vista de Minas, in the so-called Steel Valley (Vale do Aço), Andrade Mine is one of the oldest mining assets in Brazil. Its sinter feed production supplies the Long Carbon units in Brazil.

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

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

Energy

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



ArcelorMittal in the world

[G4-6, G4-9]

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

Listed on the stock exchange of New York, Amsterdam, Paris and Luxembourg, and on the Spanish stock exchange of Barcelona, Bilbao, Madrid e Valencia, in 2016 ArcelorMittal had gross revenue of US$ 56.8 billion, and produced 90.8 million tons of steel and 55.2 million tons of iron ore.

Also leader in the areas of research & development and new technologies, ArcelorMittal has 12 research centers worldwide, where 1,300 researchers work full time on the development of exclusive concepts and effective industrial processes to minimize impacts, create value for customers and secure future growth.

Within the plurality of its more than 208 thousand employees, the Company finds an incomparable cultural wealth, which reflects on good organizational climate and on recognized people management practices. Cooperation, solidarity, flexibility and equality are part of its Diversity and Inclusion Policy, ensuring that human rights are fully respected.

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

To learn more about ArcelorMittal, visit:

To learn about our organizational principles, visit:

Sustainable Development into 10 Outcomes

Integrated Platform for Reputation and Sustainability Management

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

These outcomes are strategic pillars of the ArcelorMittal Group to guide actions and manage expectations from its stakeholders, directly impacting the perception about the Company. The outcomes are, therefore, tactical and practical references on which the Company relies to deliver its products and services. The model of the Integrated Platform for Reputation and Sustainability Management shows the vision of becoming the most admired steel producer in the world, a benchmark in the global steel industry.

At the basis of this Platform, we find the company's main stakeholders, who are its reason to exist and to whom all efforts and goals, as well as all communication initiatives, are dedicated.

Looking to the past and to the future, Reputation, translated by the concepts of trust, admiration, appreciation and empathy, becomes the most important intangible asset – one that needs to be preserved and secured for the Company's continuity.

Leadership, performance and culture of integrity, basis of the Governance, show the paths chosen for daily accomplishing the outcomes, with management and behavior models that need to be internalized by all of its employees.

Sustainability and reputation count on a governance structure, the Image, Reputation and Sustainability Committee, which gathers the Company's top management to define the strategy for the Company's positioning in Brazil. It also promotes internal alignments, guidelines, deliberation on initiatives, assessment and analysis of risks and opportunities associated with those topics.

http://brasil.arcelormittal.com.br/en/corporate-responsibility/sustainability/sustainable-development-outcomes/message-mr-mittal

ArcelorMittal Vision:

BE THE MOST ADMIRED STEEL PRODUCER IN THE WORLD

"A GLOBAL REFERENCE TO THE SECTOR."

REPUTATION: TRUST, ADMIRATION, APPRECIATION, EMPATHY

1. Safe, healthy, quality working lives for our people
2. Products that create sustainable infrastructure
3. Products that accelerate more sustainable lifestyles
4. Efficient use of resources and high recycling rates
5. Trusted user of air, land and water
6. Responsible energy user that helps create a lower carbon future
7. Supply chain that our customers trust
8. Active and welcomed member of the community
9. Pipeline of talented engineers and scientists for tomorrow
10. Our contribution to the society measured, shared and valued

LEADERSHIP, PERFORMANCE AND CULTURE OF INTEGRITY

MULTILATERAL AND BUSINESS ORGANIZATIONS | MEDIA | EMPLOYEES | CUSTOMERS | LOCAL COMMUNITIES | SUPPLIERS | ACADEMY | NGOs | SHAREHOLDERS, INVESTORS AND FINANCIERS | GOVERNMENT AND REGULATORY AGENCIES

Culture of Integrity / Governance

Culture of Integrity is strengthened and improves actions

[DMA, G4-34, G4-38, G4-40, G4-56, G4-57, G4-58, SO4, PG10]

The increased engagement of employees and the growing interest on the part of institutions and companies from various segments to learn about the ArcelorMittal Brasil Integrity Program demonstrate the evolution in the construction of a culture of integrity inside and outside the walls of the organization. In 2016, the remarkable fact was the adhesion to the NGO Transparency International, making ArcelorMittal Brasil the first Brazilian company to integrate the TI Business Forum, a group dedicated to gather contributions from corporations towards fighting corruption.

"We already have a solid governance structure. Now, by signing the commitment with Transparency International, we will move forward and make our company a vector of transformation, helping our country to build a broad consensus on the value of integrity in the corporate world", stated Benjamin Baptista Filho, CEO of ArcelorMittal Brasil. The company expects this partnership to reverberate in its entire production chain, encouraging other companies to also seek for a better governance in terms of business and relationship with society.

In accordance with the Transparency International manager in Brazil, Bruno Brandão, three factors contributed to the rapprochement between the company and the NGO. "First, our international reports show the ArcelorMittal Group among the most transparent corporations in the world. In addition, the company has skilled and committed professionals working in the area of governance in Brazil. Finally, the ArcelorMittal leaders express values in line with ours and they already demonstrate an intense work towards business transparency and ethics".

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Global commitment

Since 2007, with the global launching of the Program, ArcelorMittal Group has been developing actions to encourage a global corporate culture. The basis of this strategy is the total alignment with the best practices of governance and compliance, being committed to go beyond compliance with laws and regulations, promoting ethical, fair and egalitarian behavior, inside and outside the company. In 2014, the pillars of the Culture of Integrity were launched and, in the following year, the ArcelorMittal Brasil Integrity Committee was launched to further disseminate the principles that should guide the behavior of all employees.

"Dialogue is essential for the construction of a culture of integrity, the main proposal of our Program. During lectures and workshops, we create opportunities to learn more about the tools, question the model and listen to opinions. That contributes to creating a critical thinking among the internal audience, giving greater consistency and effectiveness to the actions taken to strengthen integrity within the corporation", highlights Suzana Fagundes, Head of Legal and Institutional Relations, ArcelorMittal Brasil.

> *"Dialogue is essential for the construction of a culture of integrity, the main proposal of our Program."*

Improvement on internal and external interest

With 100% of its internal audience trained on policies and procedures supporting the Integrity Program, ArcelorMittal Brasil has registered a significant increase in employees' engagement and participation to spread this culture. This is proven by the number of consultations on compliance and integrity, 116 in 2016, made through the Legal Portal or directly to the Legal department. Moreover, ArcelorMittal Brasil has been achieving an increasingly positive result in the campaigns to disseminate the whistleblowing channel – 61 complaints in 2016, which demonstrates the people's growing trust in the autonomy and confidentiality of the investigations conducted. In addition to the initiatives mentioned, ArcelorMittal Brasil has been strongly working, since March 2015, on anti-corruption audits for its suppliers, with almost 3 thousand audits being carried out in 2016 only. The accumulated data until 2017 February is 15,231 audits.

Disclosing to external audience has also been increasing, thanks to the greater interest on the part of institutions and companies, who invite ArcelorMittal Brasil team to present and discuss the Integrity Program. "We see that with great satisfaction. We had the opportunity to take our concepts and practices to a comprehensive audience, exchanging knowledge and strengthening the culture of integrity in different forums", adds Suzana Fagundes.

Among the more than ten external events in which the company participated, it is worth mentioning the Global Thinkers' Summit, annual meeting organized by Fundação Dom Cabral which, in 2016, had "Corporate Governance and Ethics" as its theme.

To learn more about the Culture of Integrity and policies included in the scope of the Program, click on the following links:

Culture of Integrity

For an effective culture of integrity, article published on DOM magazine, of Fundação Dom Cabral / Year X, nº 30, August/December 2016):

This article is available only in portuguese.

WHISTLEBLOWING CHANNEL

Through this channel, anyone can report non-compliances they might be aware of. Allegations, which can be anonymously reported if so wished by the whistleblower, are assessed and investigated; the process guarantees confidentiality of the issues and protection of whistleblowers against retaliation for the allegations made. Those involving fraud are verified by the forensic investigation department, while the others, usually involving labor issues, moral harassment, customer claims, conflict of interests, are coordinated by the Legal Department and Compliance Officer.

In order to ensure the continuous improvement of the Program, privilege those who believe in the Culture of Integrity and ensure that appropriate measures are taken to avoid new occurrences, ArcelorMittal Brasil conducts several internal campaigns to encourage the allegations.

WHISTLEBLOWING CHANNELS:

TELEPHONE

0800.891.4311

INTERNET

www.arcelormittal.alertline.com

MAIL

Internal Assurance – Forensic Services
Avenida Carandaí, nº 1115, 15th floor,
B. Funcionários
CEP 30130-915
Belo Horizonte/MG.

0800 891 4311

Transparent Governance

ArcelorMittal Brasil corporate governance structure follows the same fundamentals of the Group worldwide. Furthermore, the Company encourages the dialogue among the various hierarchic levels of the organization. Employees' recommendations are forwarded to the Executive Board either by their own leaders or by representatives of internal committees.

BOARD OF DIRECTORS

The ArcelorMittal Brasil Board of Directors is made up of three members (2 are independent), elected in a general meeting of shareholders for a two-year term, with the possibility of being re-elected. The Board of Directors establishes the strategic guidelines, monitors and guides the business, appoints directors, chooses or dismisses independent auditors, monitors the management and deliberates on the destination of the Company's profit.
In its regular meetings, the performance of the corporate governance is reviewed, including economic, environmental and social aspects.

EXECUTIVE BOARD

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

MEMBERS OF THE BOARD OF DIRECTORS

JOSÉ ARMANDO DE FIGUEIREDO CAMPOS
Chairman of the Board of Directors

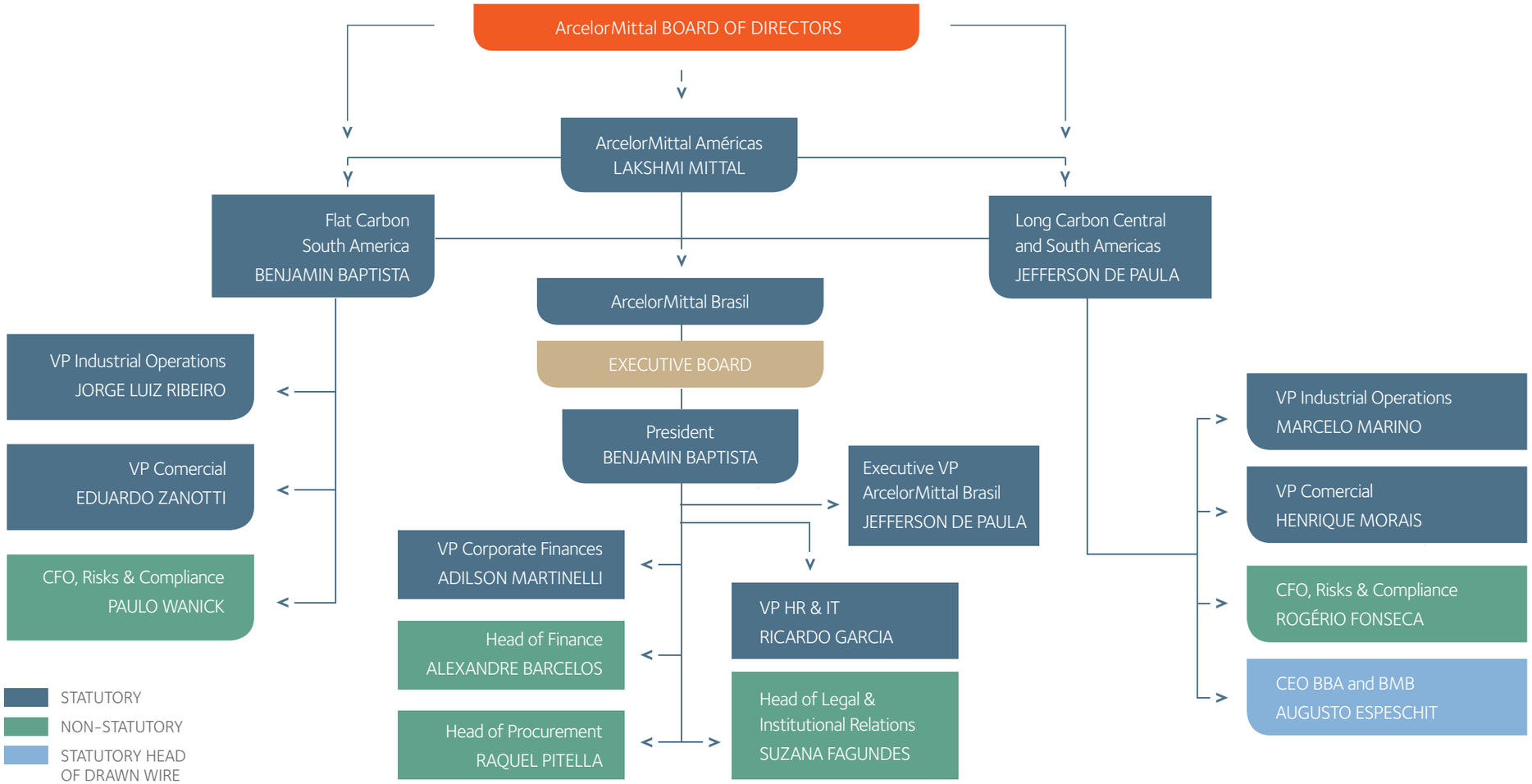
CARLO PANUNZI
Vice-Chairman of the Board of Directors

GENUINO JOSÉ MAGALHÃES CHRISTINO
Advisor

AUDIT COMMITTEE

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

Organization chart of the governance structure



OUTCOME 1

OUTCOME 1

[DMA, LA9, PG1, PG2, PG6]

Safe, healthy, quality working lives for our people

ArcelorMittal Brasil has made significant efforts to promote and safeguard the safety and well-being of its employees. Even in the current scenario, we have made progress in ensuring that workplaces are safe and healthy, developing people to inspire, encourage and energize everyone around them.

Engaged and prepared employees are a priority for the company. Investments in employee development initiatives have been maintained. As for the leadership, the trainings have emphasized one of the most important current competencies which is Communication, especially the one that reaches all employees directly and personally. The technical and behavioral skills considered important have also been maintained so as to prepare the workforce to face the current business scenario, thus achieving higher productivity.

All of this is essential not only to ensure a challenging work environment but also to allow all employees to develop in the personal and professional levels, and to be increasingly prepared to achieve organizational goals.

With the purpose of developing high performance teams based on business strategy, the Company continued the development activities of the HR and Supply Academies. In 2016, the HR Academy highlighted the deployment of the Business Partner (BP) model, including four modules for all HR professionals so that they are even more skilled to provide assistance on people management, acting as in-house coaches and in the change and conflict management processes, as well as grasping business dilemmas. The Supply Academy covered specific modules with emphasis on technical and business aspects.

In 2017, Brazil opens the ArcelorMittal University campus. Located in Tubarão (ES), it will be the first branch in Latin America and the eighth in the world. This branch of ArcelorMittal's corporate university will be essential, as the learning process is based on local culture and language. People development is of paramount importance for the company to continue optimizing processes, improving the quality of products and services, and generating synergy among all units in the region.

The Human Resources Principles of ArcelorMittal Brasil, its policies, programs and processes for recruitment, selection, development, career and succession are anchored in the Global Employee Development Program (GEDP). To learn about them, access the link below:

People Management (DMA)

[HR2, HR3]

In 2016, all units provided human rights trainings, totaling 7,727 hours, with the participation of 51.61% of the employees. The promotion and dissemination of practices valuing diversity and non-discrimination are instilled in the culture of the company and are guided by the Human Rights Policy. Endorsing its sustainable principles and practices, in 2016, ArcelorMittal Brasil did not receive any complaint about discrimination or violation of human rights.

In 2016, 720,564 training hours were counted, representing an average of 64 hours per employee.

AVERAGE HOURS OF TRAINING	2014	2015	2016
Managerial positions – Female	33	81	63
Managerial positions – Male	36	78	73
Positions with higher education level - Female	31	31	38
Positions with higher education level - Male	43	59	45
Positions without higher education level - Female	37	52	71
Positions without higher education level - Male	48	79	69

FUNCTIONAL CHARACTERISTICS [G4-10, LA1, LA12]

On December 31st, the 14,973 employees of ArcelorMittal Brasil were divided as follows:

OWN EMPLOYEES	2014	2015	2016
TOTAL	15,258	15,096	14,973

BY GENDER	2014	2015	2016
MALE	13,870	13,705	13,573
	90.90%	90.79%	90.65%
FEMALE	1,388	1,391	1,400
	9.10%	9.21%	9.35%

BY REGION	2014	2015	2016
CENTER-WEST - FEMALE	4	3	-
CENTER-WEST - MALE	15	7	1
FOREIGN - FEMALE	-	-	-
FOREIGN - MALE	3	1	4
NORTH-EAST - FEMALE	70	51	60
NORTH-EAST - MALE	551	515	497
NORTH - FEMALE	1	-	1
NORTH - MALE	3	1	-
SOUTH-EAST - FEMALE	1,223	5,922	5,315
SOUTH-EAST - MALE	12,730	7,956	8,467
SOUTH – FEMALE*	90	84	95
SOUTH – MALE*	568	556	533

**The 2015 numers were repositioned, beacuse in the last Sustainability Report they were inverted.*

BY EMPLOYMENT CONTRACT

	2014	2015	2016
CONTRACT FOR INDEFINITE PERIOD			
MALE	13,859	13,705	13,573
FEMALE	1,383	1,391	1,400
TEMPORARY CONTRACT			
MALE	11	-	-
FEMALE	5	-	-

BY TYPE OF JOB

FULL TIME			
MALE	13867	13,705	13,572
FEMALE	1,388	1,391	1,400
PART TIME			
4 HOURS/DAY – FEMALE	-	-	-
4 HOURS/DAY - MALE	-	-	1
6 HOURS/DAY - FEMALE	-	-	-
6 HOURS/DAY - MALE	3	-	-

TOTAL NUMBER OF WORKERS (CONTRACTORS AND OWN EMPLOYEES)

	2014	2015	2016
OWN EMPLOYEES	15,258	15,096	14,973
CONTRACTORS	7,168	7,173	6,831
TOTAL	22,426	22,269	21,804

NUMBER OF EMPLOYEES BY FUNCTIONAL CATEGORY

	2014	2015	2016
MANAGERIAL POSITIONS - FEMALE	33	31	46
MANAGERIAL POSITIONS - MALE	113	314	379
POSITIONS WITH HIGHER EDUCATION LEVEL - FEMALE	416	510	601
POSITIONS WITH HIGHER EDUCATION LEVEL - MALE	-	1,716	1,801
POSITIONS WITHOUT HIGHER EDUCATION LEVEL - FEMALE	260	675	753
POSITIONS WITHOUT HIGHER EDUCATION LEVEL - MALE	4,015	8,206	11,393

TURNOVER

	2014				2015				2016			
	NEW HIRES	NEW HIRES RATE	LAYOFFS	TURNOVER RATE	NEW HIRES	NEW HIRES RATE	LAYOFFS	TURNOVER RATE	NEW HIRES	NEW HIRES RATE	LAYOFFS	TURNOVER RATE
BY GENDER												
MALE	2,055	18.64%	1,337	12.13%	1,153	10.46%	1,307	11.85%	994	6.64%	1,210	7.36%
FEMALE	198	1.80%	99	0.90%	107	0.97%	71	0.64%	88	0.59%	126	0.71%
TOTAL	2,253	20.43%	1,436	13.02%	1,260	11.43%	1,378	12.50%	1,082	7.23%	1,336	8.07%
BY AGE GROUP												
UNDER 30	1,407	12.76%	551	5.00%	722	6.55%	429	3.89%	467	3.12%	371	2.80%
30-50	796	7.22%	731	6.63%	527	4.78%	747	6.77%	477	3.19%	725	4.01%
OVER 50	50	0.45%	154	1.40%	11	0.10%	202	1.83%	138	0.92%	240	1.26%
BY REGION												
SOUTH	55	0.50%	4	0.04%	50	0.45%	37	0.34%	12	0.08%	45	0.19%
SOUTHEAST	2,143	19.44%	1,335	12.11%	1,184	10.74%	1,296	11.75%	1,052	7.03%	1,237	7.64%
CENTER-WEST	1	0.01%	34	0.31%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NORTH	1	0.01%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NORTHEAST	53	0.48%	63	0.57%	26	0.24%	45	0.41%	17	0.11%	54	0.24%

HEALTH, SAFETY AND QUALITY OF LIFE

[LA6]

In the context of people safety, much has also been done in the development of the front-line leaders of processes in the industrial units. The focus was working on leading by example, in a consistent way with the safety actions the Company needs, turning the "say and do" speech into a unique one. Likewise, heavy investment has been made on behavioral change of all employees. As a result, ArcelorMittal Brasil reduced sick-leave accidents by 41.7% in 2016 as compared to 2015. It has also ensured zero fatality rate and reduced the frequency rate by 37% (see table).

HEALTH AND SAFETY INDICATORS (NBR 14.280)

	2014	2015	2016
LOST TIME INJURY (LTI)	28	24	14
NON-LOST TIME INJURY (NLTI)	300	207	208
RATE OF INJURIES (TOTAL FREQUENCY – ArcelorMittal Brasil)	11,24	8,21	8,48
RATE OF OCCUPATIONAL DISEASES	0	0	0
GRAVITY RATE (LOST DAYS RATE - GRI)	0,05	0,05	0,07
FREQUENCY RATE	0,96	0,85	0,54
FATALITIES	0	0	0

To learn the way health and safety is managed, as well as actions focused on quality of life, access the link below:

Management of Health, Safety and Quality of Life

Technology as an ally to Zero Accident

Dedicated to the preservation of life, ArcelorMittal Brasil teams combine innovative projects with commitment to the Journey to Zero. Assessing the use of a new technology takes into account, first and foremost, the benefits for the employees' health and safety, whether reducing risk exposure, improving the work environment quality or improving management.

Three initiatives, which were put into practice in 2016, demonstrate this commitment to use new technologies to prevent risks to the human being. All of them have generated higher productivity, with gains in quality and cost.

Drones: novelty in the air

One of the technologies that began to spread in the company is the unmanned aerial vehicle (UAV), commonly known as drones.

Tubarão unit started to inspect approximately 500 thousand square meters of roofs with the device to reduce the number of working hours in height, keeping the quality of the service.

"Before that, I had to climb on the roof to supervise the inspection. Now, I receive the images in high quality and I can accurately assess the need to carry out maintenance or not", says the technician of the Lubrication and Inspection Area of Maintenance Services, Valtemir Castro. He adds that using the drone has also provided greater agility to perform the inspections, because prior to the team climbing the roof, it was necessary to put together a suitable structure and that, in addition to being time consuming, also generated risk. "We are doing the same service, with more safety, agility and quality. It's great to see technology helping us", he adds.

By the end of 2016, drones were already being used also in the inspection of metal structures and chimneys at Tubarão plant. There are still feasibility studies to apply the technology in the mapping of raw materials piles and in the generation of aerial images.

In Juiz de Fora, the drones began to be used in a pilot project with different applications. In addition to roof inspection, the small ships, equipped with a thermal imager, analyzed the structure of overhead cranes and energized buses, facilitating preventive maintenance and reducing the number of hours working at height. The results of the pilot project have given rise to new demands.

The Blast Furnace team presented a proposal for using a drone while performing equipment repair. "Before the start-up, it is necessary to check whether there is any type of failure in the assembly or imperfection in the internal refractory lining of the Blast Furnaces", explains the reduction analyst, Augusto Sá". This type of

inspection usually requires the presence of an employee inside the blast furnace. The drone has perfectly replaced the human eye. The assessment was faster, risk-free and very accurate. In addition, the video of the inspection was edited and transformed into material for training of new employees, who can get to know the interior of a blast furnace", he adds.

The success of these initiatives has already led to the expansion of drone applications for other functions and units. "It's a point of no return. There are a great number of activities that can be done by this equipment with due quality and productivity, avoiding risks to the employees. We already have solid results that demonstrate these benefits and we are studying new uses", says Luiz Cláudio Magaldi, CIO, Long Carbon Central and South Americas.

3D printing inspires innovation and reaches the workshops

Can the time of spare parts production be reduced, thus adding greater safety for the workers involved? That was the question that began to be answered with the pilot project implemented in the unit of Juiz de Fora, aimed at using 3D printers to manufacture prototypes and molds.

"We are driven by the certainty that innovation is the key to bringing in more results for the business. And, it can only be positive for the company if it is important for people's safety", says ArcelorMittal Sistemas IT Site Leader, Wanderson Terror, in explaining the project's motivations.

The first test of the new equipment was the reproduction of a spare part that needed to be internally manufactured, since it was no longer in stock. Using the drawing made by an area expert, the item was reproduced in full-size plastic material. After the tests, the plastic part could be reproduced by machining the definitive material. "We saved time, reduced costs and delivered a safe and high-quality part for the maintenance area," says Terror.

Upon hearing of the novelty, João Batista Alves da Costa, Senior Maintenance analyst of the rolling department of Juiz de Fora unit, saw an opportunity there. He has already created new parts using the 3D printer to test the idea. "I like to analyze the maintenance processes to see how they can be more efficient and safe", says Costa, who is recognized in the plant for his creativity. "Sometimes the improvement requires a new part and it does not always work out right. With the 3D Printer, I can quickly and almost without cost, find out if my idea is good or if it was brilliant only in theory", he says.

"Working with a 3D printer is something I could never have imagined even in my dreams. But, today, it's a reality", comments Modeling operator, Ângelo Máximo Thomazin da Silva, about his new task. After specific training, he became one of the first operators of the 3D printer which was installed at Tubarão unit in early 2016.

With experience in joinery, he was hired by ArcelorMittal Tubarão in 2012 to make wooden molds, used at the Casting Workshop of the unit to manufacture parts. "I really like my job, but there are risks associated with use of rotating and cutting tools. I was happy and surprised when they said that we would be using a 3D printer to make molds and that I would be trained for that job. It's an additional knowledge", he says.

Easy to operate, the equipment makes plastic molds with agility, quality and durability. The only limitation is the size, since the 3D printer used make pieces of up to 25 cm, which is more than 50% of the total usually produced in the workshop. Other molds are still being made from wood. "It's an easy-to-use device that can contribute to innovation. We have received orders for prototypes from the research and development areas", adds Lúcio Eduardo da Silva Castro, Cast technician, main operator of Tubarão's 3D printer.

The use of the 3D printer is in line with the continuous modernization process of Tubarão workshops. "Our first aim is to always improve safety. In 100% of cases, when you seek greater safety, you also increase productivity and quality. This technology is another example of that", says Jeferson Tessari, area manager, Parts Manufacturing Workshop Area (IUOF).

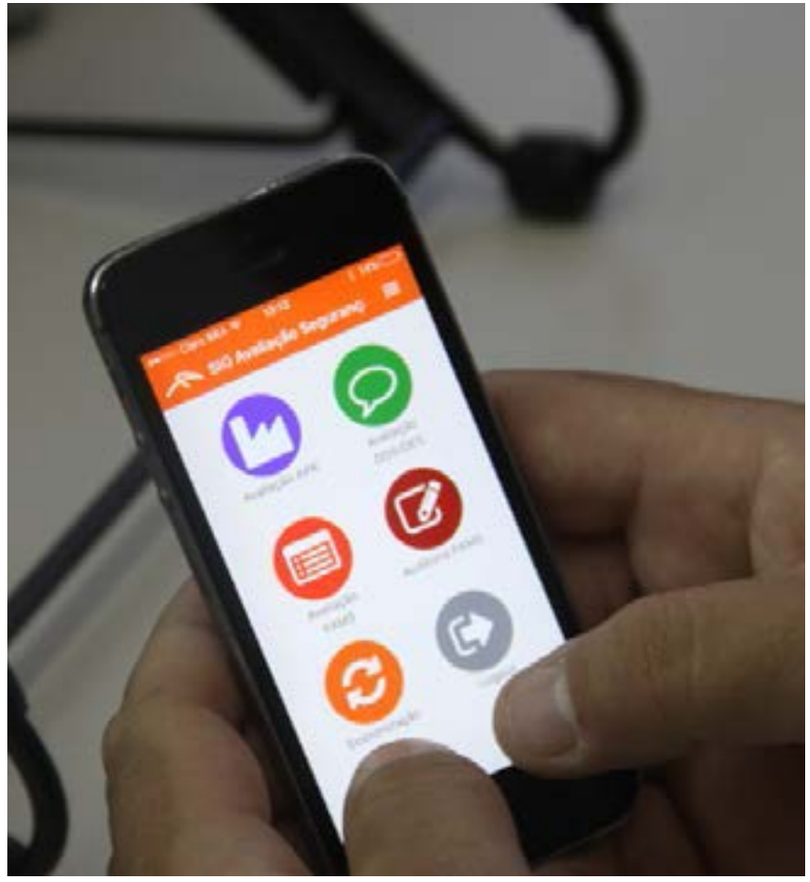
Agility and precision in safety management

The Health and Safety team of ArcelorMittal Long Carbon has developed, in partnership with ArcelorMittal Sistemas, a specific application to be used in safety assessments and audits, generating higher quality analyses, and agility to identify opportunities for improvement.

Instead of paper and pen, evaluators - supervisors, coordinators, specialists, managers and top management - use a mobile device, cell phone or tablet to fill in the approach data and can also attach photos and other documents. "The information is automatically inserted into the system, thus avoiding errors and bringing agility to the process", explains the specialist of Health and Safety Management, ArcelorMittal Long Carbon, Geraldo Taveira.

One of the first people to make use of the new technology, Janacely Demonier Kill, Operations supervisor, Ladle Furnace Area, Cariacica unit, adds that the app facilitates the performance of audits and approaches. "Today, the app is always available to perform an audit at any time. One of the additional benefits is sending the data directly to the SIG, facilitating the analysis and management of the data. We manage to have actions focused on the most recurring anomalies".

Launched in June 2016, after tests carried out at Cariacica unit, the application is already being used by about 250 people in seven units of the Long Carbon segment, including BioFlorestas. Other units in the Long and Flat Carbon segments have already shown interest in learning about the tool and deploying its use". At a next phase, we will include the records of the Fatality Prevention Standards (FPS) audits in the application, which may bring about important statistics to drive improvements in Health and Safety management", adds Taveira.



Culture of prevention shared with families and the comunity

In order to involve families and communities by taking outside the Company's walls the concepts that underpin Health and Safety management, ArcelorMittal Brasil Foundation started the Vida + Segura Project (Life + Safe) in 2016. The basis of the proposal is sharing of information on health and safety risks at home, encouraging actions to prevent accidents, especially those involving children.

"People who work in our units have a high level of awareness and attitude towards risks at work and ways of prevention and control. The Life + Safe Project was created to encourage this same behavior in their homes, sharing information with families, and also with the communities, by means of actions in public schools", explains Marcos Bueno Barros Alves, project analyst, ArcelorMittal Foundation.

The initiative already had an amazing engagement in its first year, with 21 units developing creative actions to disclose the material made available by the Foundation. In addition to lectures and meetings, there were contests involving photos, drawings, videos and parodies. Each unit can use materials differently, taking advantage of its own structure and the relationship it keeps with the communities.

In one of the actions carried out at Juiz de Fora unit, employees were invited to talk about personal experiences of accidents in the family. The Drawing Mill operator, Luis Felipe Paes da Cruz, told his colleagues about the drowning of his daughter, Stella, who was saved. "My family was lucky in the occasion, but we cannot face life carelessly. This Project is very important because it gives our families the opportunity to develop the same risk perception we learn in the company. The material is beautiful and very instructive. Children have fun while learning to practice prevention", says the operator.

For the Medical and Health Area Manager of ArcelorMittal Tubarão, Bruno Borba, the Life + Safe helps to promote the values of the company among external audiences. "It perfectly fits into the Quality of Life Program already carried out by the Flat Carbon units, bringing relevant information that helps us take

the concepts of prevention and risk control into the domestic environment", he states.

Among the activities carried out in 2016, the unit promoted a Parody Contest, encouraging employees to create song lyrics on the theme. Among the 72 songs enrolled, the champion was "Palco da Segurança" (Safety Stage), version of the song "Palco", by Gilberto Gil, with lyrics written by the Execution mechanic, Marcus Vinícius Muniz Paulo, who works in the Mechanical Maintenance Area. "I'm a musician and I come from a family of musicians. But, I learned the value of Safety here. The 'Life + Safe' project will help us bring knowledge on prevention to everyone, using art and information to raise awareness", he defines.

To learn about the videos of the Project 'Life + Safe', produced by the employees, access the link below:

Life + Safe

To learn more about the Quality of Life Program, which takes place in the Long and Flat Carbon segments, click on the following link. Starting from the 2017 Sustainability Report, the company will report the improvements implemented and the results obtained with the program.

Quality of Life

OUTCOMES 2 AND 3

OUTCOMES 2 AND 3

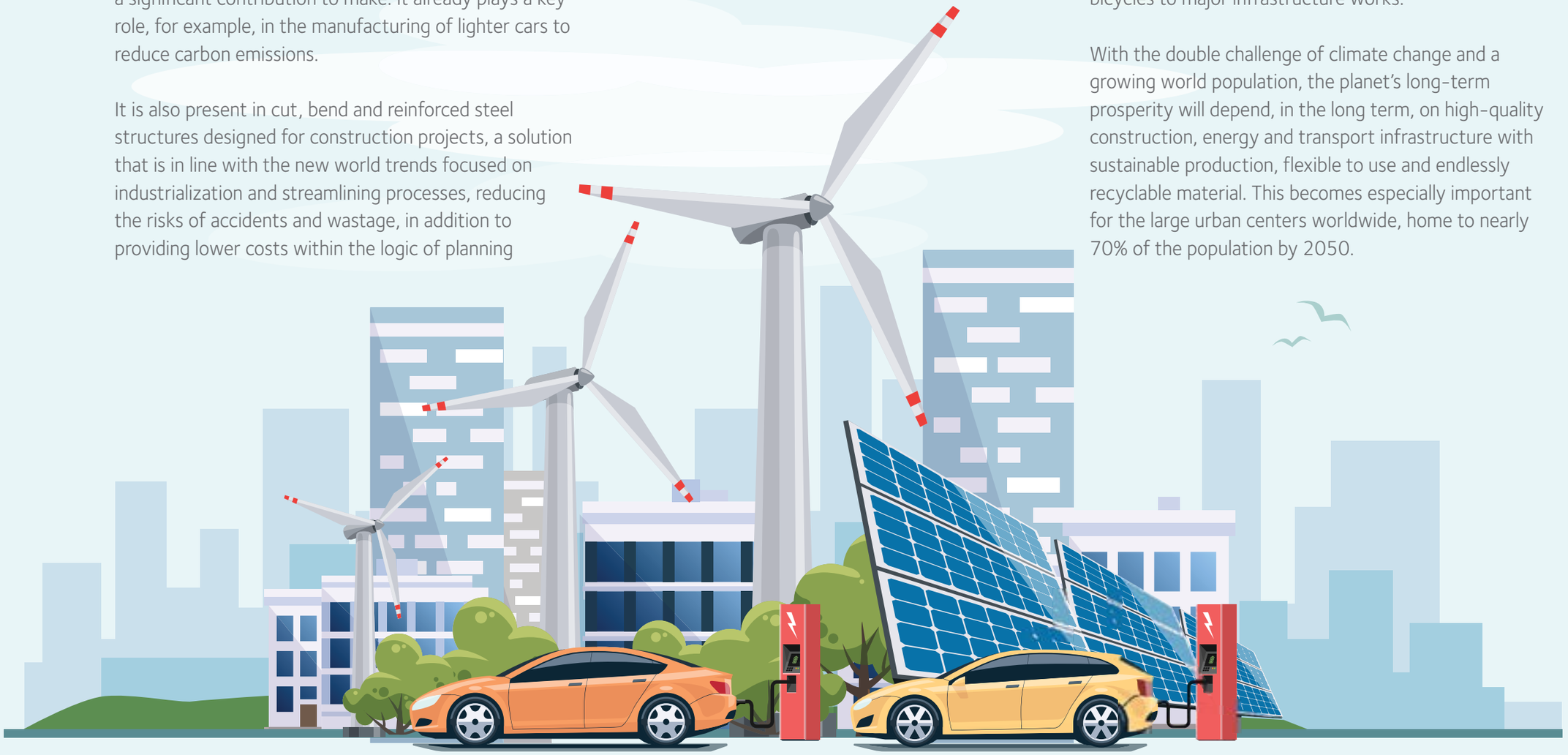
[DMA, LA9, PG1, PG2, PG6]

2. Products that accelerate more sustainable lifestyles.
3. Products that create sustainable infrastructure.

ArcelorMittal has a strategic position when it comes to developing innovative solutions that consolidate the sustainability agenda for the future. Achieving more sustainable lifestyles is a shared challenge, and steel has a significant contribution to make. It already plays a key role, for example, in the manufacturing of lighter cars to reduce carbon emissions.

It is also present in cut, bend and reinforced steel structures designed for construction projects, a solution that is in line with the new world trends focused on industrialization and streamlining processes, reducing the risks of accidents and wastage, in addition to providing lower costs within the logic of planning deliveries and cash flow. Strength, durability and being 100% recyclable make steel a vital material to support sustainable lifestyles in day-to-day products, from packaging and fences to washing machines, from bicycles to major infrastructure works.

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



Steel solutions for sustainable vehicles

Steel has always been an essential raw material for the automotive industry, which in the last few decades has invested in offering lighter, lower fuel consumption and safer vehicles to the market. The challenge requires design innovations brought on by the special steel offering, combining lightness and strength while maintaining the characteristics of formability, cost competitiveness and recyclability.

In the flat carbon segment, 2016 represented the consolidation of the presence of Advanced High Strength Steels (AHSS), such as the products of the S-In motion® family, including Usibor®, which began to be manufactured in the country.

"The technological innovation trend for weight reduction and improved safety is irreversible. Today, thanks to technological development, we have managed to bring together these two antagonistic qualities in the past, providing products that meet the need for energy efficiency on the part of vehicles, maintaining and enhancing the fundamental safety guarantee for passengers", says André Munari, General Manager, Sales, ArcelorMittal Flat Carbon, automotive sector.

As a result of the development work in partnership with different automakers, 80% of the 40 most sold models in Brazil throughout the year had components made from ArcelorMittal flat carbon steels.

"ArcelorMittal Brasil offers a range of steel solutions that have allowed us to increase the use of this material in different parts of the vehicles. As a consequence, we can launch more sustainable models that meet the market demands", says Hélvio França, a body-in-white specialist at Fiat. "The solutions we have created in this partnership represent sustainability also in the production process, which gains productivity and agility, even reducing the volume of material required to manufacture each part", he adds.

Investment expands long carbon portfolio

Another important progress was in the long carbon segment, with the inauguration of the Multibar® manufacturing line in Sabará plant, in April, resulting from a total of BRL 50 million investment in the expansion and modernization of the plant. The company then started to provide the Brazilian market with high quality drawn bars in three versions: Peeled, Auto and Hydraulic.

"In a challenging economic scenario, ArcelorMittal's betting on drawn products is a successful path. We placed high value-added solutions on the market and they have enabled us to advance in new niches", says João Henrique Palmer, Director, Wire Drawing. Using Multibar® brings several advantages to different industrial sectors. As for parts manufacturers, it includes improvements in the production process and greater precision and quality to the final product.

The Steel Purchasing Manager of Sogefi Suspension, Wagner Santiago, points out that the manufacturing of Multibar® in Brazil shows, once again, ArcelorMittal Brasil's actions to meet customer demands. "We see a strong inclination to develop products in line with market trends. With this new investment, the company's portfolio meets 100% of our needs for steel bars to produce stabilizer bars and helical springs", stated the executive. Sogefi Suspension uses Multibar® in the production of stabilizer bars for vehicles such as SUVs, pickups and trucks, which require better strength level and longer life.

The boldness of a fabulous project

In December 2016, the Schurmann Family concluded their third round-the-world trip after 812 days of navigation, completing the Orient Expedition. On board the Kat sailboat, built with ArcelorMittal steel, the pioneers from Santa Catarina state went by 25 countries, traveling more than 30 thousand nautical miles, equivalent to 55.6 thousand kilometers.

The aim of the group led by the couple Vilfredo and Heloisa Schurmann was achieved: to retake the route that would have been carried out by Chinese in the early fifteenth century, before the European voyages to discover America, as recorded in history books.

"During the Drake Strait crossing, from Antarctica to Chile, huge and energetic waves hit the hull and I thought: how good it is to have a strong and resistant steel boat", says Captain Vilfredo. In his opinion, the combination of strength, flexibility and sustainability offered by ArcelorMittal steel made the difference between this and the previous expeditions. "The whole crew knew we were safe and that we had the best technology on our side. ArcelorMittal provided the steel and also gave us all the support needed, including to obtain certifications", he notes.

Kat: a special boat

Named after the Schurmanns' youngest daughter, who died in 2006 and had her life told in the movie "Pequeno Segredo" (Little Secret), the 80-foot-long boat used in its construction 80 tons of naval steel produced at Tubarão plant, as well as welding wires, supplied by Belgo Bekaert Arames (BBA), and 20 tons of Aperam stainless steel used on the deck. The products received special treatments to withstand corrosion and low temperatures.

The sailboat featured innovations in communication technology, with state-of-the-art navigation equipment and broadband satellite data and image transmission. Another highlight was the power generation equipment - wind, hydraulic and solar -, and the waste treatment system. During the trip, the organic waste was compacted into small bricks producing manure for the vegetable garden grown on the deck of the sailboat. The inorganic materials were compacted and delivered for recycling at each stop site.

Sustainable infrastructure with steel solutions

Steel is at the core of innovations carried out by the construction industry to comply with the industrialization trend for building and industrial infrastructure works. ArcelorMittal works together with customers, developing solutions that provide lower cost, long-term durability and increased productivity, both in construction and maintenance.

In 2016, the company expanded its participation in this sector, offering ready-to-use engineering solutions delivered to the construction site in different parts of the country.

"The trend is global, irreversible and in line with our sustainability strategy. The industrialization of this sector is a great opportunity to extend the use of steel in all stages of construction. In Brazil, we already have some consolidated innovations and others are in progress, tailored to each need", says Antonio Pereira, Manager, Product Development and Market, Construction segment.

Agility and productivity in road construction

In the infrastructure sector, one of the highlights was the development of a new concrete barrier system (New Jersey) built with welded and ribbed wire mesh already folded and ready for application, supplied by ArcelorMittal. The system replaces the conventional rebar frames and reduces the assembly time by up to three times.

One of the projects that used this solution was Porto Maravilha (Wonder Port), in Rio de Janeiro. With the traditional system, the implantation of the barrier progressed at a pace of 12 meters per work day. With the new solution, it increased to 36 meters per day. In total, Porto Maravilha deployed about six kilometers of this type of wall.

ArcelorMittal also provided welded cut and assembled steel for the precast concrete barriers, tailored to meet the demand from Segurvia, a manufacturer of road safety barriers. Before that, the frame was manually made using straight rebar.

By adopting ArcelorMittal solution, Segurvia reduced its internal operation, eliminated the use of annealed wire and scrap generation, which was of about 10%.

Building construction with customized steel

For the real estate sector, ArcelorMittal is providing ready-to-use solutions, with special dimensions and configurations as per customers' specifications. This allows the construction of innovative projects with gains in productivity and safety.

One of the examples is the special wire mesh for slabs , specifically developed for the CCDI group to be used in a high standard construction in the city of São Paulo, which became a marketing case due to its pioneering features. "The customer receives the wire mesh with the size and section in accordance with the structural design, eliminating steps such as cutting, framing, mooring and adjustment of the frames. You just have to position them", points out Pereira.

Technical Community for paving

In 2016, "Grupo Pavimento de Concreto ou Soluções para Pavimentação" (Concrete Pavement or Paving Solutions Group) was created with representatives of organizations linked to the sector to leverage the use of new technologies. ArcelorMittal Brasil participates in this technical community as a member of Instituto Brasileiro de Telas Soldadas – IBTS (Brazilian Institute of Welded Mesh) which integrates the group and the study in partnership with other sector associations and entities.

The mission of the group is to structure the development of concrete-based pavement systems, including those reinforced with steel, to disseminate technologies and make efforts to regulate sizing and application methods. "The country needs new engineering solutions to optimize infrastructure works, especially in the road segment, which is responsible for the transportation of more than 60% of all cargo", highlights Antônio Pereira.

Steel for the wind sector in the Northeast

ArcelorMittal has set up a special structure to meet the growth of wind power generation projects in the Northeast of the country, a leading region in the development of this segment in Brazil. There are five cutting and bending units that deliver cut and assembled steel, built as per customer specifications.

“Even in face of an unstable economic environment in 2016, we were able to expand our presence and we can say that our units serve most of the wind farms under construction in the region”, says Ney Ibiapina, Sales Executive, Northeast, ArcelorMittal.

For him, besides the technical quality of the steel supplied and the ability to deliver ready and weldable material, the differential of the company is the technological qualification. “Our engineers work together with major customers’ designers, studying each case and developing the appropriate solution in terms of cost, quality and productivity”, he points out.

One of the projects implemented with ArcelorMittal steel in 2016 was the Cristalândia Wind Farm, in Brumado (Bahia state - BA). The company is supplying 1,350 tons of cut-and-bend steel to Cortez Engenharia, responsible for the works being carried out. The product will be used in the foundation of 45 wind turbine towers, installed in the cities of Brumado, Dom Basilio and Rio das Contas.

The unit will have a generating capacity of more than 350 Gigawatts, enough to supply a total of 170 thousand households. Start-up is expected to the second half of 2017. In 20 years, this project will have the potential to prevent the generation of greenhouse gases equivalent to 118 thousand tons of CO^2.

The Market in 2016

In Brazil, 2016 was, once again, marked by an unfavorable business environment. The main steel-intensive industrial segments continued to show negative indicators (see table). In 2016, sectors responsible for 80% of steel consumption in Brazil, reported an average decrease of 10.7% year-on-year. Practically all steel industry indicators retreated in Brazil. The positive data was the expressive decrease in steel imports, although global steel overcapacity of 700 million tons, from which 400 million are in China, still puts pressure on prices in the global market with unfair competition practices.

In addition to the contraction of the economic activity and of the steel industry itself, there was an increase in public and household debt, and in the unemployment rate. Household consumption fell by 4.2%. And, unfortunately, the country was consolidated in the last positions of the Global Competitiveness Report (IMD/FDC). In the 57th position, Brazil remained in the bloc of the least competitive countries in the world, only ahead of Croatia, Ukraine, Mongolia and Venezuela. The best news was that economic indicators, although negative, stopped worsening, showing a slow and gradual resumption. Selic rate fell to 13.7% and IPCA stood at 6.29%.

2016 was considered one of the most challenging years in history, and particularly in Brazil, it counted on the worsening of the economic and political crisis that paralyzed the country, impacting the market and bringing reflections until the first quarter of 2017.

**IMD: International Institute for Management Development*
FDC: Fundação Dom Cabral

MACROECONOMIC INDICATORS (BRAZIL)	
GDP	< 3.6%
INDUSTRIAL GDP	< 3.8%
CONSTRUCTION GDP	< 5.2%
SERVICES GDP	< 2.7%
AGRIBUSINESS GDP	< 6.6%
GFCF*	< 10.2%
CAR PRODUCTION	< 11.2%
TRUCK PRODUCTION	< 18.2%
CAPITAL GOODS PRODUCTION	< 11.1%

** GFCF – Gross Fixed Capital Formation, indicator that measures the level of investments.*

Source: Instituto Brasileiro de Geografia e Estatística (IBGE) and Associação Nacional dos Fabricantes de Veículos Automotores (Anfavea)

STEEL INDUSTRY		
CRUDE STEEL PRODUCTION IN BRAZIL:	30,2 MILLION (TONS)	< 9.2%
PRODUCTION OF ROLLED PRODUCTS:	20,9 MILLION (TONS)	< 7.7%
APPARENT CONSUMPTION OF STEEL PRODUCTS:	18,2 MILLION (TONS)	< 14.4%
ACCUMULATED SALES IN THE DOMESTIC MARKET:	16,5 MILLION (TONS)	< 9.1%
VOLUME OF EXPORTS:	13,4 MILLION (TONS)	< 2.1%
VOLUME OF IMPORTS:	1,9 MILLION (TONS)	< 41.4%

Source: Instituto Aço Brasil (Brazil Steel Institute)

Precautionary Principle

[G4-14]

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

If any problem representing risk, for both people and property, is identified, the Company takes immediate actions for disposal or, in very specific cases, disqualification of the product. Other spot actions are taken in order to explain customers about the product-related care and applications. All products are identified and can be tracked in the production chain. Tests performed in certified and calibrated equipment, according to standards recognized throughout the world and meeting national and international standards ensure the required specifications. A few ArcelorMittal Brasil products require a compulsory certification and compliance with legislation. In such cases, there are rules for the submission of minimum information related to technical aspects of the material and those rules are fully met.

OUTCOMES 4 AND 5

OUTCOME 4

Efficient use of resources and high recycling rates

In response to resource limitations, the world is moving from a consumption model comprehending "extraction, production and disposal" to a more circular model. Our product has the intrinsic advantage of recyclability, but ArcelorMittal understands that the circularity goes beyond that, as it assesses the models of acquisition, possession and repair of the products. The subject brings commercial and technical challenges to be overcome in order to become a leading company.

OUTCOME 5

Trusted user of air, land and water

Without air, land and water, there is no economy, society or ecosystems. They are essential sources for business, but they are shared with others. As the world's population grows, these resources are under increasing pressure. That is why ArcelorMittal knows that everyone must responsibly use them and share them in a conscious manner.

ENVIRONMENTAL MANAGEMENT [EN29] [EN31] [PG8]

As part of its sustainability principles, ArcelorMittal Brasil keeps among its commitments the search for continuous improvement and pollution prevention, minimizing the possible environmental impacts of its operations with the rational use of water, energy and mineral resources; it performs atmospheric monitoring, monitors levels of noise and hydric effluents, and also promotes the reduction, reuse and recycling of waste generated in its processes.

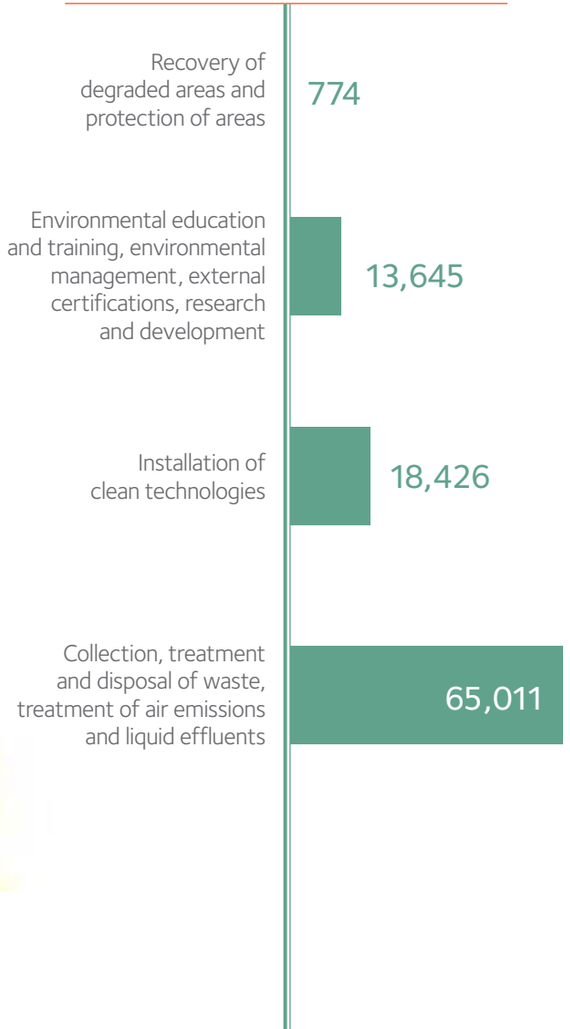
Environmental responsibility is a guideline for ArcelorMittal Brasil. With all of its activities duly licensed, 100% of its industrial units are certified to ISO 14001 and systematically monitor the performance indicators on biodiversity, water, energy, waste and air emissions. The main goal is the search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

Being part of a global company, ArcelorMittal Brasil seeks to have synergy between the different operations worldwide to discuss and exchange best practices. Furthermore, it actively participates in Working Groups (WGs) associated with environmental institutions and industry to discuss subjects, including product life cycle, waste/byproducts, reverse logistics, emissions control, and water management. It also conducts audits for critical suppliers, privileging sustainability in the supply chain and replacement of non-renewable natural resources with other materials. In short, the company seeks to establish supply chains that our customers trust.

In the environmental dimension, we highlight not only the way we continued to face the water crisis in 2016, performing the actions included in the Water Masterplans of all industrial units, but also the efforts to improve the environmental and air performance, increase the capture of metal scrap to be used in the steel production process, and the management of byproducts (waste reused in the production or by other economic segments). In addition to the investment made at Tubarão unit in the *Gas Cleaning Bag Filter,* best technology available for environmental control of emissions, ArcelorMittal Brasil was also recognized for the innovation in the disposal of mining tailings through a process known as drained stacking.

In 2016, the company allocated BRL 97.8 million to environment, down 27% year-on-year. Notwithstanding the annual comparison, the company did not discontinue any of its environmental projects. The main project is described in chapter *Main investments.*

Total expenditures and investments environmental protection (BRL thousand) - ArcelorMittal Brasil



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

SIGNIFICANT FINES (BRL)	2016
NUMBER OF FINES RECEIVED	13
AMOUNT OF FINES RECEIVED (BRL)	36,145,118.97
NUMBER OF FINES PAID	3
AMOUNT OF FINES PAID (BRL)	127,095
SANCTIONS	
NUMBER OF NON-MONETARY SANCTIONS RECEIVED	1
PROCESSES	
CASES UNDER ARBITRATION MECHANISMS	2

In the state of Espírito Santo, the Secretariat of Environment of the city of Vitória presented five fines to Tubarão plant in January/2016, amounting to BRL 34 million, related to the emission of particulate matter. The company exercised its right of defense and appealed, presenting facts and data that demonstrate compliance with applicable laws and the inconsistency of the assessments, and awaits judgment.

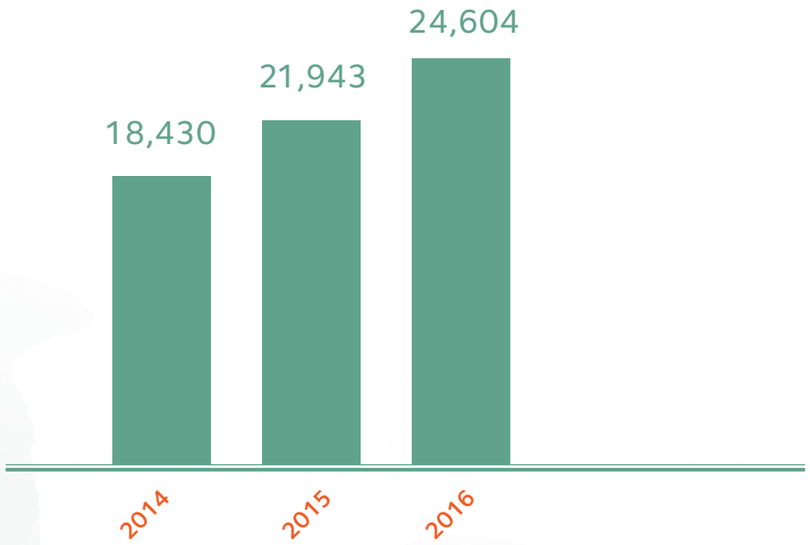
ArcelorMittal highlights that, in 2015, Tubarão received 31 regulatory actions from environmental agencies (municipal and state level) to inspect its environmental controls, and none of them attested legal non-compliances. Even though it already operates in accordance with standards defined by the Brazilian legislation, it constantly invests in the search for continuous improvement. In the case of Tubarão unit, there is a financial disbursement plan for the improvement of environmental control equipment in many of its steel production processes, including the one mentioned in topic Main Investments. For more details on what is taking place at Tubarão unit, see the following hotsite:

Environment

MATERIALS [EN1] [EN2]

ArcelorMittal Brasil consumed 24.6 million tons of materials in 2016, up 19.3% as compared to 2015, mainly due to the increase in iron ore extraction and also considering the contribution of Serra Azul mine, which began to be part of the scope this year. The 13 most relevant materials represent 98.9% of the total. From the volume consumed, about 2.2 million, mainly metal scrap from external and internal industrial sources, are recyclable and used to produce steel. Scrap metal only represents approximately 9% of the materials used. To learn more about the collecting and recycling process for this material, read *Back home: partnerships promoting reverse logistics for steel.*

Material that are recycled input material (%)



The 2015 figure was rectified to the correct scale.

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

Materials (t)	2014	2015	2016
Iron ore and Pellets*	9,684,546	11,833,744	12,991,936
Run of Mine (ROM)	-	1,491,519	2,713,455
Mineral Coal and Anthracite*	2,647,091	3,173,456	3,321,483
Charcoal*	427,135	298,373	363,011
Coke	427,589	430,008	428,681
Scrap metal - external	1,659,977	1,490,895	1,538,808
Scrap metal - internal	651,725	713,751	603,432
Ferroalloys	98,965	95,329	62,427
Limestone	1,564,663	1,270,567	1,241,779
Calcíitic / Dolomitic Lime*	517,591	580,475	752,844
Crude Dolomite	153,802	107,004	209,996
Pig iron produced using charcoal	498,407	368,276	292,006
Pesticides **	-	156	143

**Materials grouped by category, with adjusted values, in all historical series.*

***The figure 156,813 reported in 2015 was in Kilograms (Kg). It was, therefore, adjusted to tons.*

Back home:
partnerships promoting reverse logistics for steel.

From the point of view of ArcelorMittal Brasil, the collection and proper disposal of steel scrap is a task that encompasses different sustainability dimensions and it should, therefore, be intensified each year. In 2016, the company expanded the number of partners involved in order to increase and improve the process of ferrous scrap procurement, focusing greater efforts on the segment of vehicles, products with high rate of steel.

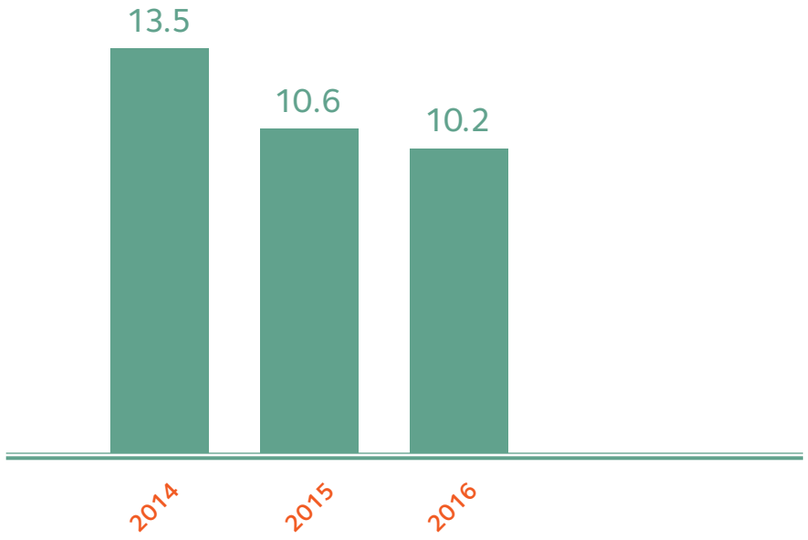
"Our product is 100% recyclable and it can be used in the production process itself, therefore saving natural resources and energy. This is a competitive edge over other materials and it creates opportunities for us to play a part in generating economic, social and environmental benefits for us and for the entire production chain", says Ricardo Matteucci, General Manager of Metallics Department.

The scrap metal is used in the production processes of electric Melt Shops (Cariacica, Juiz de Fora and Piracicaba units), mainly in the long carbon segment, and eventually used by the integrated mills in Monlevade and Tubarão.

Steel is the world's most recycled material. Distinct from other materials, its recyclability does not impose losing quality. Such distinguished feature allows the return to its original conditions of lightness and durability, or even to be transformed into a product with superior characteristics for more demanding applications. That represents a significant reduction in the use of raw materials, lower environmental impact and assurance of reliable products.

In the particular case of vehicle recycling, there are even broader benefits in terms of health and safety. The direct involvement of the company in buying scrapped vehicles and finding a proper destination to all components (residual oil, batteries, fire extinguishers and tires, among others), contributes to reducing crimes, including theft, cloning and clandestine selling of parts. In addition, when vehicles are removed from the scrap yards, spots favorable for pest and insect proliferation are eliminated.

Material that are recycled input material (%)



These figures consider only the percentage of scrap used at the steel producing units of Tubarão, Monlevade, Juiz de Fora, Piracicaba and Cariacica.

Performance backed up by management

For the promotion of reverse logistics, ArcelorMittal Brasil relies on a network of entrepots and collection points, including accredited and own units, located in several states. Mobile presses installed on trucks travel the country and collect material from small and medium-sized scrap-collecting companies, promoting these links in the production chain and generating income at local level.

These load transport is monitored from a distance by means of telemetry, which allows the tracking of the material and trucks. Strict control and management tools to ensure efficiency, agility and proper allocation of documentation, parts and non-ferrous materials are also used.

Assurance of a safe process

One of the business partnerships was initiated in 2016 with Renova Ecopeças, from Porto Seguro Group. "ArcelorMittal purchases the unrecoverable vehicles, which have suffered total loss or fire, directly from yards of auctioneers working in partnership with our group. The procedure brings more agility and safety to the destination of the scrapped vehicles", explains the Commercial Analyst of Renova, Jamil Santos.

Over two thousand vehicles have already been withdrawn by ArcelorMittal Brasil from scrap yards of partners, such as Porto Seguro, Itaú Seguros and Azul Seguros, located in six states (Espírito Santo, Goiás, Minas Gerais, Pernambuco, Rio de Janeiro and São Paulo). "It's an effective solution with great results. We have been considering the possibility of extending this procedure, by bringing unrecoverable vehicles from other insurers that do not have the structure required to carry out the recycling of these vehicles, thus considerably increasing the volume of vehicles intended for recycling", anticipates Jamil Santos.

In 2016, the São Paulo Metropolitan Rail Company (CPTM) also started contributing to this reverse logistics process. ArcelorMittal Brasil was accredited to participate in the auctions promoted by the company for the sale of scrapped wagons, rails and other ferrous components. "For CPTM, it is very important to know that this material is going to a corporation that, in addition to buying large volumes, guarantees their proper destination", says Leopoldo Augusto Correa Filho, Manager of the Materials and Logistics Department, CPTM.

Scrap used in training classes

ArcelorMittal Brasil was also accredited by the Traffic Department of São Paulo state (Detran-SP) to participate in auctions of vehicles brought from its yards. In 2016, approximately 2.1 thousand vehicles were purchased, which represents around 1.4 thousand tons of steel scrap.

One of the characteristics of this partnership is the lending of some auctioned off vehicles to the Fire Fighters Training Academy (ESB – Escola Superior de Bombeiros) of São Paulo, located in the city of Franco da Rocha, Greater São Paulo area. Each year, the school trains twenty classes of firefighters, and four vehicles are required for the training classes.

"We use the vehicles already bought by ArcelorMittal Brasil to perform the training on rescue techniques in case of accidents or fire. It's a way to reduce our costs and maintain the quality of the training provided to our firefighters", says Captain Allan Muniz de Andrade, chief of ESB's Knowledge Support section.

WATER

Innovation and Integration Boosts Water Masterplans

[DMA] [EN8] [EN9] [EN10] [EN22]

In 2016, ArcelorMittal Brasil units intensified actions and investments to improve the water management in compliance with the strategic guidelines included in the Masterplans of each unit: streamlining consumption, developing new ways to reuse and seeking alternative sources of supply. In face of the greatest water crisis in the history of the country, the company reaffirmed its commitment to contribute to the efforts on addressing water shortages, with sustainable solutions inside and outside its walls.

Although presenting consumption and reuse rates better than the average, both in the steel and mining sectors, the company is aware of opportunities for improvement and wants to face this challenge together with society. "It is crucial for corporations to take part in the discussions and help other stakeholders to develop solutions. I see that ArcelorMittal is engaged in that and achieving amazing results", says Valmir Pedrosa, PhD in Water Resource Management, who has been studying the subject for 22 years.

In his book, "Solução de Conflitos pelo Uso da Água (Conflict Resolution for Water Use)", the expert reports examples of effective management by governments and companies, highlighting the actions included in the Water Masterplan of Tubarão unit as a reference for the industrial sector. "The plant already had one of the best water use systems, but with regards to the problem faced in the state of Espírito Santo, investments and improvements were implemented to reduce water collection by almost 50%. All that accomplished in less than two years. I had never seen anything like that", he states.

The development of actions included in the Water Masterplans of all industrial units has brought ArcelorMittal Brasil to a position of benchmark in the management of this resource, and it is generating synergy through the exchange of experiences between the plants themselves and the communities where they operate. Besides Tubarão unit, it is worth highlighting the advances made by Cariacica (ES), Piracicaba (SP) and Vega (SC) plants.

To learn more about the water management at ArcelorMittal Brasil, click on the following link:

Water Management

In face of the greatest water crisis in the history of the country, the company reaffirmed its commitment to contribute to the efforts on addressing water shortages, with sustainable solutions inside and outside its walls.

TUBARÃO: results above expectations

Built on the seaside in the 1980s, Tubarão plant has a water system based on the use of sea water. Today, 96.5% of all the water used is collected from the sea. It circulates throughout the various sectors, performing indirect heat exchange for equipment cooling, and it is not in contact with any material; then, before returning to the sea, the water goes through a waterway and by a stabilization pond where the temperature is lowered. The remainder comes from raw freshwater sources supplied by the public supply system and treated inside the company, for human use and to be used in process and environmental control equipment, and also a small amount of water from wells.

In 2016, thanks to the actions undertaken in accordance with the Water Masterplan launched in the previous year, Tubarão was able to maintain its production stability and quality, even though it had to restrict the volume of fresh water abstraction, in order to comply with the rationing determined by the Government of Espírito Santo state. From January 2015 to December 2016, the unit reduced by 37%

its demand on the public system, from 2,900 m³/h to 1,840 m³/h. Considering the contracted volume of 3,560 m³/h, the reduction is of about 49%.

"The investments made and the engagement of all employees allowed us to overcome the requested target for reduction and the restrictions imposed by the control agencies, while keeping consumption constantly below the amount determined", summarizes João Bosco, Environment Manager at Tubarão unit, stating that the commitment has been maintained. "Although water use restrictions have been lifted, we will keep water abstraction low and work even harder to find alternative sources to solve the water issue in our production and also to contribute to making this resource available to the entire population".

The main action was the modernization of the Water Treatment Station for Reuse, the largest private investment of this kind in Espírito Santo state. Hence, the Station achieved a production capacity of 400 m³/hour of water, treating internal effluents - industrial and domestic, which allowed the expansion of the reuse system, mainly to serve processes related to air environmental control, such as wetting out roads and storage yards for raw materials.

Meanwhile, dozens of improvement projects were implemented, many of them suggested by the employees. The unit also invested in new sources, with the drilling of wells, and initiated studies forthe implementation of desalination systems. There is also a project for industrial use of domestic sewage produced by a treatment station of the state company.

The development of the Water Masterplan was disseminated to internal and external audiences by means of communiqués, announcements and also the active participation of company representatives in forums of the society dedicated to the subject. "Tubarão is seeking to communicate with the society, not only to show what it is doing, but to grasp our demands". The company is aware of its impacts and wants to participate in the solutions. That is very positive and we expect it to continue", states Mário Camilo de Oliveira Neto, President of the Santa Maria da Vitória River Basin Committee. This river provides water to Tubarão unit.

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CARIACICA: mapping defines priorities

Starting in June 2016, Cariacica unit implemented a project to reduce water consumption, performing dozens of actions, including operational changes and investments. The target is to reduce the specific consumption, from 1.79 m³ per ton produced in 2015 to 1.59 m³ per ton in 12 months.

"We mapped the main water networks and that allowed us to control and monitor each network separately and to establish targets for each sector. In addition, there have been investments in pipeline replacement to stop leaks, increase in the reuse of effluents and great involvement of all employees in the actions, hence promoting an essential integration to reach the results", says the Environment Analyst, Carla Eliete Caon.

One of the actions that brought about an impressive result was the operational change in the water reuse system adopted by the melt shop. "By making improvements in management, we were able to reduce the monthly average discharge from approximately 4,500 m³ in January 2016 to approximately 230 m³ in December 2016. We stopped generating effluent and increased the reuse rate without affecting the quality of production", emphasizes the analyst.

PIRACICABA: reduction in water abstraction and new studies

Piracicaba River, as well as the basin it is part of, is not currently in a critical situation such as that experienced in 2014. However, this issue continues to be addressed as a priority by the company and by the water management entities in the region. The Water Masterplan of Piracicaba unit has been carrying out the mapping of strategic improvement opportunities that can contribute to cope with changes in water availability, securing continuity of industrial operations and water supply for the population.

The actions comprise short, medium and long-term goals and are linked to three courses of actions: institutional positioning, with active participation in public debates on the subject; efficient use of water, including a number of actions and investments; and search for new sources, including groundwater abstraction and investments in reuse.

Initiatives and projects developed to optimize water management resulted in a 10.86% reduction in water abstraction from Piracicaba river, from January to October 2016 (the last two months were not included due to the production stoppage in the industrial plant) as compared to the same period of the previous year. Regarding water recirculation, there has been an increase from 98.17% to 98.54%.

Among the already initiated actions, it is worth highlighting the studies to increase the concentration cycle at the cooling towers, performed in partnership with the ArcelorMittal R&D Center in Asturias, Spain. Preliminary results showed the possibility of reducing consumption in up to 9.0 m^3/h. Studies are being refined in order to provide technical basis to implement this project.

VEGA: actions for the future

The Water Masterplan of Vega unit prioritizes the preparation of the plant for the future. Today, the unit is already regarded as a benchmark in water efficiency and the region where it is located, on the coast of Santa Catarina state, does not undergo scarcity of the resource.

Investments are directed to studies and mappings that enable the preparation of feasible projects, ready to be implemented before a crisis occurs. At the same time, together with society and public authorities, the unit performs actions to raise awareness and improve the quality of regional water resources, in order to prevent emergency situations.

In 2016, a pilot treatment station was installed to test the possibility of abstracting water directly from Palha River, as well as from the internal reservoir, then treat and use it as drinking and industrial water. While conducting those tests, Vega has already been granted authorization by public agencies to use these sources.

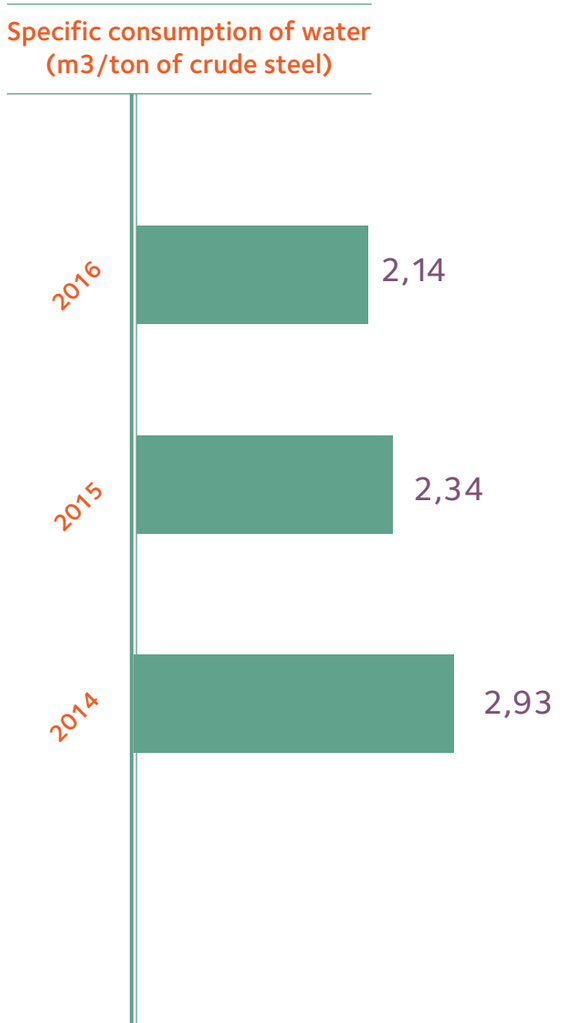
The project "Renascer do Rio da Palha" (Recovery of Palha river) was also launched, and it aims to promote the quality of this source, preventing water pollution and revitalizing vegetation along the Palha River Basin. The first action was a drone mapping to record the current situation of the spring and to identify areas for improvement. The project is developed jointly with the municipal administration of São Francisco do Sul and foresees a strong relationship with the communities so that all contribute to the reforestation and depollution actions.

WATER CONSUMPTION AND GENERATION OF EFFLUENTS

The company's specific water consumption reduced by 8.4%, from 2.34 m³ to 2.14 m³ /ton, as it is shown in the following chart.

In 2016, fresh water consumption was of 17.13 million m³, a 15% reduction year-on-year due to internal actions included in the Water Masterplans, as mentioned in the beginning of this topic.

The amount of water, either reused or recycled, was 1.19 billion m³ in 2016, up 1.5% as compared to 2015. The average re-circulation rate reached 98.3% in relation to the total volume of water used, which means the volume of reused water plus the total volume collected. It is one of the highest water recirculation rates in the Brazilian steel industry. 2.44 million m³ of effluent were discarded in 2016, almost three times less than in the previous year, and treated in accordance with the quality parameters and legal limits allowed by the regulatory agency (Conama*). This reduction is also a result of the Water Masterplans of the units, Tubarão unit in particular.



*National Environment Council.

Water withdrawn / recycled ArcelorMittal Brasil	2014	2015	2016
TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE (M³)			
MUNICIPAL WATER SUPPLY OR WATER SUPPLIED BY OTHER COMPANIES	24,042,948	20,128,913	17,133,066
EFFLUENTS FROM ANOTHER ORGANIZATION	0	0	0
UNDERGROUND WATER*	208,481	269,194	292,417
SURFACE WATER, INCLUDING WET AREAS, RIVERS, LAKES AND OCEANS	397,502,100	396,827,470	390,716,917
RAIN WATER DIRECTLY COLLECTED AND STORED BY THE REPORTING ORGANIZATION	1,865	0	0

The data of 2014 was rectified to correspond to the scope and methodologies adopted in this report.

Volume of water recycled/reused based on the demand met using recycled/reused water instead of additional collection of water	2014	2015	2016
Effluents recycled back into the same process or greater use of recycled water in the process cycle (m³)	1,249,137,763	1,180,142,955	1,198,009,157
Percentage of water recycled/reused over the total volume of water withdrawn (%)	97.02	97.30	98.33

Water discharged (m³)	2014	2015	2016
VOLUME OF WATER DISCHARGED			
Total	6,812,374	7,138,630	2,763,512
UNPLANNED WATER DISCHARGES BY TYPE OF DESTINATION			
Others	-	13,076	-
Rivers	-	0	-
Lakes	-	-	-
PLANNED WATER DISCHAGES BY TREATMENT METHOD			
Effluent with no need for treatment	127,426	-	-
Efluente não categorizado	-	-	-
Treated effluent	6,684,948	7,125,554	2,763,512
PLANNED WATER DISCHARGES BY TYPE OF DESTINATION			
Lakes	-	-	-
Rivers*	777,419	757,150	868,733
Ocean/Sea	5,920,935	6,325,733	1,840,976
Others**	114,020	42,671	53,803
Undefined location	-	-	-

As actions to cope with the water crisis are being implemented, the volume of discarded effluent has been decreasing. In 2016, the volume of process effluent at Tubarão unit was 58% lower as compared to the previous year, from 4.35 million m³ to 1.82 million m³. In terms of effluent quality, there was no significant variation year-on-year, remaining compliant to legal limits allowed (Conama Resolution Nº 430/2011).

In 2017, actions to reduce the effluents discarded shall continue by reducing water consumption and improving the reuse of effluents.

** The 2015 data was adequated considering wire drawn units to the amount informed.*
*** The increase in year-to-year data, for planned discharges in rivers and others runs, mainly,from changes in the methodology of calculation, as well as the extension of the production capacity at the wire drawn units and the increase of rainfalls volume related to 2015.*

WASTES AND BYPRODUCTS

[DMA] [EN23] [EN28] [MM3]

In 2016, ArcelorMittal Brasil generated 5.7 million tons of non-hazardous waste, down 40.7% year-on-year, and 99.1 thousand tons of hazardous waste, up 4%.

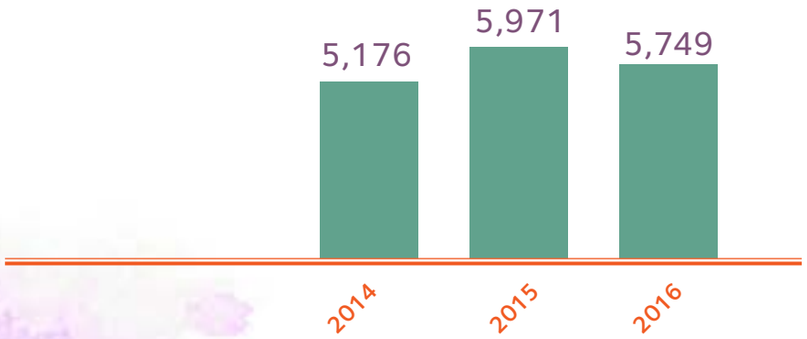
Total weight of wastes, by type and method of disposal (t) - ArcelorMittal Brasil	2014	2015	2016
Amount of waste by type and method of final disposal – NON-HAZARDOUS			
ON-SITE STORAGE	286,993	274,582	480,147
REUSE	639,565	477,293	573,308
LANDFILL	84,969	172,648	105,244
INCINERATION*	644	16,652	132
RECOVERY (INCLUDING ENERGY RECOVERY)*	101,975	89,253	209,766
RECYCLING**	4,061,473	4,940,571	4,380,714
Amount of waste by type and method of final disposal - HAZARDOUS			
ON-SITE STORAGE	209	7	4
REUSE	2,986	9,699	9,792
LANDFILL	6,064	7,410	1,915
INCINERATION*	407	99	759
RECOVERY (INCLUDING ENERGY RECOVERY)*	6,659	5,398	17,332
RECYCLING**	77,888	72,678	69,323

** Waste classified as incinerated were re-classified to this category this year, since there is energy utilization in the thermal coprocessing.*

*** It also considers waste either donated or traded. As for recycling of "Non-hazardous", 2015 figure was corrected, because one of the units was reported in Kg instead of Ton.*

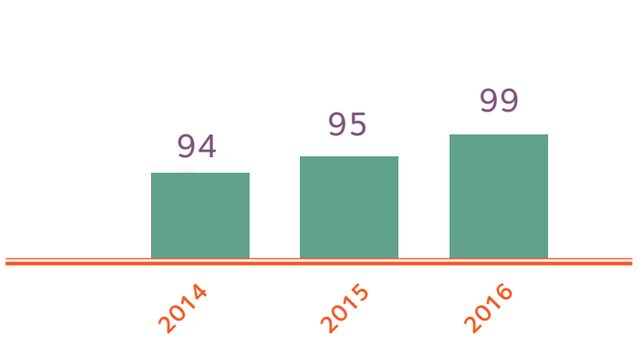
**** Increase of 631 tons, for it included the waste disposal of Feira de Santana unit.*

Total non-hazardous waste generated (thousand tons)



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

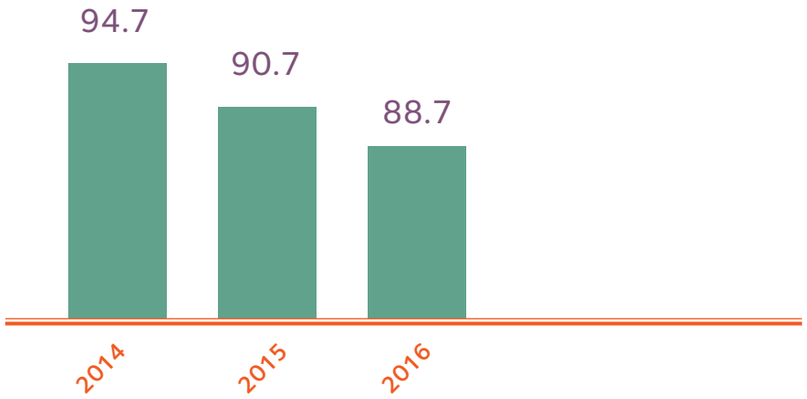
Total hazardous waste generated (thousand tons)



To learn more on waste and byproduct management at ArcelorMittal Brasil, click on the following link:

Waste and Byproducts Management

Waste Recycling Rate (%)



In 2016, the ArcelorMittal Brasil long carbon and flat carbon segments earned BRL 146 million with the sales of byproducts. ArcelorMittal Brasil's waste recycling rate achieved 88.7%.

Long Carbon segment creates Byproduct Center

The units of Cariacica (ES), Juiz de Fora (MG), Monlevade (MG) and Piracicaba (SP), all from the Long Carbon segment, started to work in synergy to leverage the transformation of waste into raw materials to serve different industrial sectors. That was made possible with the creation, in April 2016, of a Byproducts Center for Long Carbon Brazil. In the medium and long term, it is expected to eliminate waste disposal in landfills and to boost revenue through the sale of byproducts.

The new structure is made up of professionals from the respective Environment departments, directly focused on the subject and who work locally, in an integrated manner, on actions aimed at technical development, trading and market expansion. It also counts on the contribution of the Supply and Commercial areas, as well as the support of the production units and the ArcelorMittal Research and Development Center for South America, located in the unit of Tubarão (ES).

Increasing the Recycled Waste Index of the four plants, from 88.8% in 2016 to above 90% by 2019, is among the goals of the Center. Considering the projects being developed, combining reduction of disposal expenditures and increase in sales revenue, a gain of BRL 7.2 million per year is expected as of 2019.

The Zero Landfill project (Zero Aterro) is one of the most important actions of the Center because it concentrates investments aimed at providing a more sustainable destination for waste while reducing storage costs. Meanwhile, the group works in partnerships with other companies, laboratories and universities to develop new applications for an increasingly wide portfolio of customers.

Receptive market

“In a year of economic difficulties, we had the opportunity to open new markets, and meet the demand of companies that seek reliable alternatives to reduce costs while maintaining quality”, says the Center’s coordinator, Sandro Almada, Environment/Byproducts specialist, General Management of Environment at ArcelorMittal Brasil.
As examples, he highlights the supply, by Piracicaba plant, of Steel Aggregate for the concrete artifacts segment, and Steel Scale for cement and ferroalloy producers.
“We have managed to eliminate all internal stock of the unit”, he adds.

Cariacica and Monlevade units have followed the same pathway as regards these two byproducts and have already started 2017 with supply contracts for almost all the volume expected to be generated throughout the year.
As for Juiz de Fora plant, partnerships were developed with cement plants to study the recycling of Fluff and Shredder Residue (impurities from the scrap metal), as alternative energy source and iron oxide source, respectively. “These two residues require special attention due to the high volume generated and the difficulties in terms of development of noble applications”, says Almada.

Sustainable practice at Serra Azul Mine

In 2016, the process of Drained Stacking, developed by Serra Azul Mine team, was included in the Bank of Environmental Best Practices of the Industry. Coordinated by Federação das Indústrias do Estado de Minas Gerais (FIEMG - Federation of Industries of Minas Gerais State) and Fundação Estadual do Meio Ambiente (FEAM - State Environment Foundation), the Bank contributed to disseminate information on sustainable actions that can be implemented by other companies.

Drained Stacking is an alternative to waste disposal in dams, thus minimizing environmental risks. Implemented in 2012, the process was developed as a master's thesis by ArcelorMittal Serra Azul Senior Geo-technician, Samir Della Santina Mohallen, who is in charge of developing the process. In this interview, he talks about the solution and its repercussions.

What was your reaction to the news about the inclusion in the Bank of Good Practices?

It is a great satisfaction. In addition to proving the quality of the process we implemented, including it in the Bank will disseminate knowledge on the technology used, which can serve as reference for improvements in other mines. I was recently invited to attend a dissertation defense of a professional from another company who is using this technology to deploy a similar system. That's rewarding.

What is Drained Stacking?

In general terms, we make a separation of the thick and thin parts of the tailings, then we perform the draining and stacking in the pits, alternating the thick and thin material, which gives stability to the pile. At the same time, this process allows a greater recovery of water.

How did you come to that solution?

We are always studying new techniques and it occurred to me as a more feasible solution than the construction of a new dam. But, I didn't know how to put it into practice. So, it is important to emphasize that ArcelorMittal gave me all the support needed to develop the project, including contracting specialized consultancy services and performing many tests over more than a year.

Is Drained Stacking the Future?

No. The future is always the appropriate solution for each case and the continuous development of improvements. Even the process we've implemented can be improved and we're already working on that. The idea now is to create a technique that allows us to make piles with co-disposal, combining compact Itabirite with tailings. It will be faster and it will bring even better results.

Tubarão reaps results from consolidated strategy

Tubarão unit, a flat carbon plant which since 2007 has a specific byproducts management sector, achieved in 2016, results that demonstrate the success of the investments made to expand the range of products and customer sectors of this segment. In the year, 2.6 million tons of byproducts were sold, representing proceeds of BRL 116 million.

Partnerships for the development of innovative byproduct applications are among the actions taken over time in this strategy. In 2016 only, Tubarão invested around BRL 500,000 in those partnerships and in 2017, additional BRL 780,000 will be allocated to 14 projects.

Internal Reuse

In addition to expanding sales and market, the unit also works on the increase of internal reuse as byproducts, which boosts productivity, reduces costs, eliminates environmental liabilities and reduces possible impacts in terms of natural resource consumption. One example of this strategy is the briquetting plant, inaugurated in 1998 to produce briquettes from waste generated in different areas of the company. This material substitutes, with advantages, both iron ore and scrap metal. Since its inauguration, the briquetting plant has processed about 33 million tons of waste.

In 2016, an investment plan was designed to increase the productivity of this plant, by including process improvements, equipment upgrading and training of operation and maintenance teams. One of the goals is to achieve a Labor Index (LI) of 85% by 2021.

"It is a bold challenge, since the best historical mark was an LI of 81% in 2007. But we are confident, mainly because we have a very committed team", says the Manager of Internal Infrastructure (IUI), Marcos Fernandes dos Santos. According to André Peret, Area Manager of Byproducts, the result of the year indicates the success of the actions already performed. "In 2016, the plant transformed 220 thousand tons of waste into briquettes and reached an average LI of 65%, a considerable advance compared to the 48% registered in 2014".

"In addition to expanding sales and market, the unit also works on the increase of internal reuse as byproducts, which boosts productivity, reduces costs, eliminates environmental liabilities and reduces possible impacts in terms of natural resource consumption."

"Novos Caminhos" celebrates its 10th anniversary, turning waste into mobility

One of Tubarão's most successful initiatives in the area of byproducts is the 'Novos Caminhos' Program (New Pathways), which celebrated its 10th anniversary in 2016. Before 2006, the melt shop slag was stored in an internal warehouse. Based on technical studies, a processing method was developed to transform this waste into a material that could be used as the primary lining for unpaved roads. As a result, a new byproduct registered by the brands Revsol® and Revsol Plus® was created, as well as a technical standard for its application.

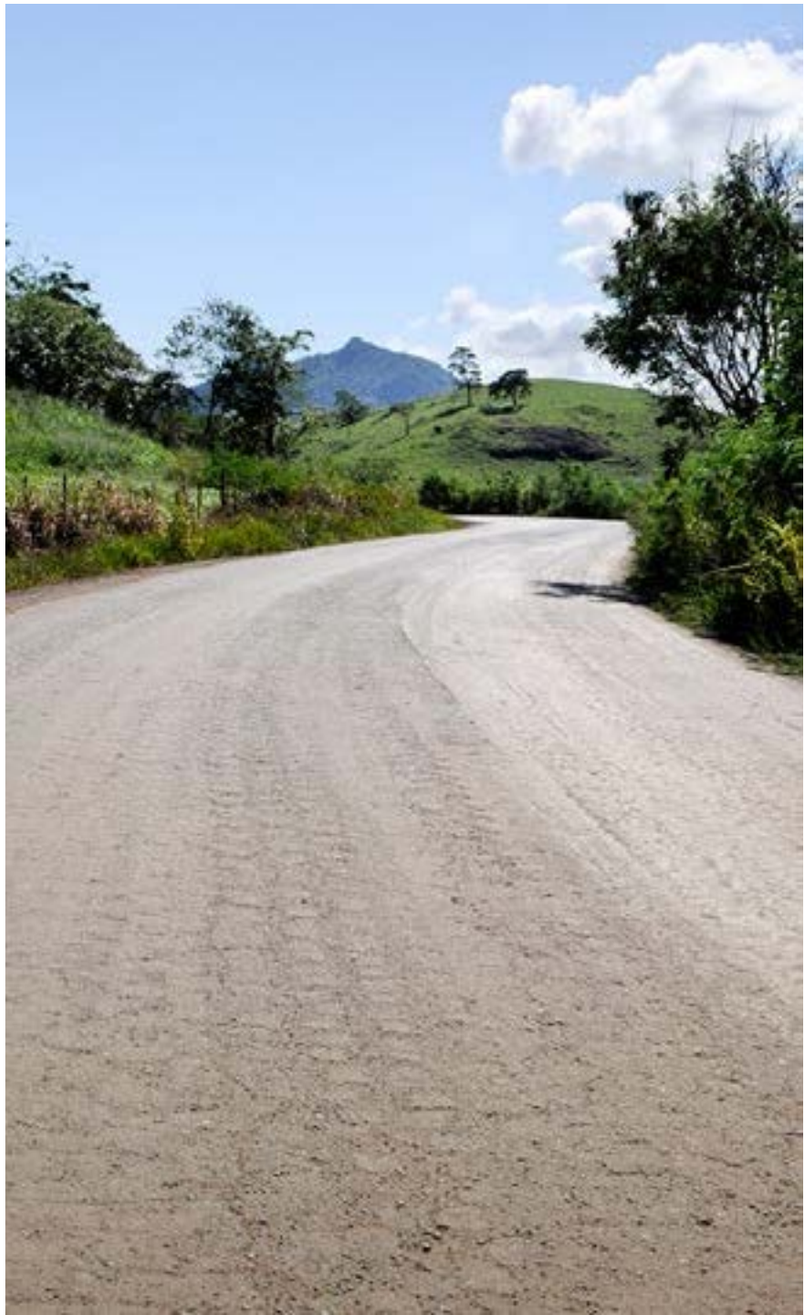
Simultaneously, it was launched the New Pathways Program dedicated to supply these byproducts to municipalities in the state of Espírito Santo, by means of a cooperation agreement in which public authorities undertake to use the material in compliance with technical specifications and on roads that bring mobility benefits for rural and urban communities.

In the year of its 10th anniversary, the 'Novos Caminhos' Program was joined by six new municipalities (Águia Branca do Norte, Alfredo Chaves, Governador Lindemberg, Iconha, São Domingos do Norte and São Roque do Canaã), thus raising to 23 the number of municipalities benefited by the Program. Over the ten years, the company supplied more than 1.5 million tons of the byproduct, contributing to the improvement of about 1.5 thousand roads, representing more than 600 km.

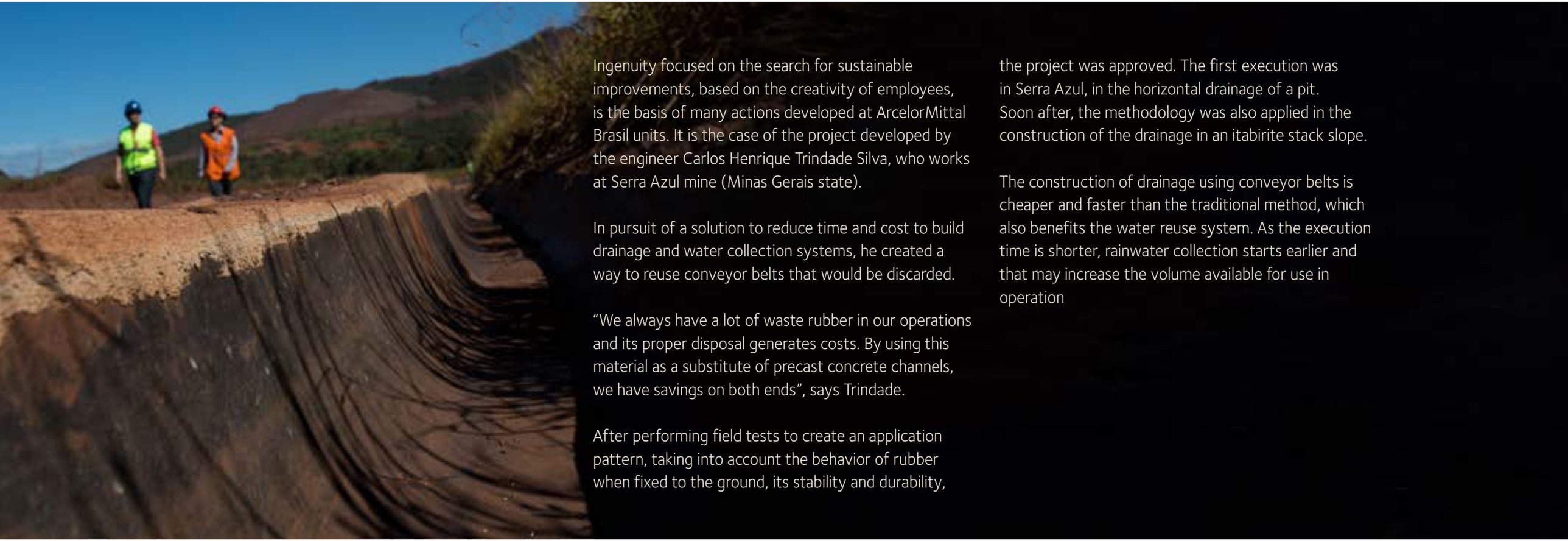
In 2015, the history of the program 'Novos Caminhos' was published in a book. To access it (in PDF format), click on the link

"Novos Caminhos" book

This book is available only in portuguese.



Innovation using waste improves water collection system



Ingenuity focused on the search for sustainable improvements, based on the creativity of employees, is the basis of many actions developed at ArcelorMittal Brasil units. It is the case of the project developed by the engineer Carlos Henrique Trindade Silva, who works at Serra Azul mine (Minas Gerais state).

In pursuit of a solution to reduce time and cost to build drainage and water collection systems, he created a way to reuse conveyor belts that would be discarded.

"We always have a lot of waste rubber in our operations and its proper disposal generates costs. By using this material as a substitute of precast concrete channels, we have savings on both ends", says Trindade.

After performing field tests to create an application pattern, taking into account the behavior of rubber when fixed to the ground, its stability and durability, the project was approved. The first execution was in Serra Azul, in the horizontal drainage of a pit. Soon after, the methodology was also applied in the construction of the drainage in an itabirite stack slope.

The construction of drainage using conveyor belts is cheaper and faster than the traditional method, which also benefits the water reuse system. As the execution time is shorter, rainwater collection starts earlier and that may increase the volume available for use in operation

SIGNIFICANT LEAKS

[EN24]

The industrial units have firefighters specialized in responding to these types of situation. In case there is any event of larger proportions, and if necessary, specialized companies are contracted to handle emergency situations involving loads of products classified as hazardous or non-hazardous, inside or outside the facilities, in the whole country.

In order to protect and pass on its values to third parties, the Company includes, in contracts with suppliers of hazardous products and customers of waste or hazardous/non-hazardous alienable byproducts, compulsory clauses requesting them to have emergency response services in case they are in charge of transporting and handling these types of materials. Otherwise, they should have a contract with companies that provide this type of emergency response service.

In 2016, a spot event was reported concerning a leak of industrial effluent to Pircacicaba river. The problem was resolved by local maintenance and engineering teams so as to not generate significant impacts to the local water course and it was reported to local environmental agencies, reiterating the Company's commitment to transparency.

BIODIVERSITY

From the point of view of ArcelorMittal Brasil, economic success is directly linked to environmental and social performance, and it practices corporate social and environmental responsibility. To guide its actions on biodiversity, the company uses guidelines of the Convention on Biological Diversity (CBD), one of the most important agreements signed during Eco 92 in Rio de Janeiro, and which was adopted by more than 180 countries.

The Company has been working to better understand the biodiversity present in its areas in order to know how to manage it, by conducting surveys with a reliable methodology and establishing an initial scenario. That provides an assessment of the opportunities, costs and risks, and facilitates obtaining subsidies to carry out pro-biodiversity corporate actions as a business strategy as well.

In a more complete way, the development of biodiversity management plans includes management (systematic surveys and monitoring), actions aimed at maximizing positive impacts and minimizing negative impacts, environmental education programs and dissemination of results and actions developed on behalf of biodiversity.

Currently, each company, within its reality, has been developing pro-biodiversity plans and actions to strengthen and identify an internal process and assign responsibilities. In order to make feasible the implementation and effectiveness of an action plan, the focus has been on integrating biodiversity with existing Social and Environmental Management Systems.

The effectiveness of biodiversity management is assessed through periodic internal and external audits; participation in academic and institutional events; compliance with legislation (maintenance of licenses and commitments); specific indicators of programs and projects undertaken.

Habitats protected or restored

EXAMPLE: ArcelorMittal BioFlorestas 2016

To learn about the pillars on which the Biodiversity Management is based in ArcelorMittal Brasil, as well as to obtain information on the main protected areas, covering the Cerrado and Atlantic Forest biomes, and the flora and fauna species that are mapped, access the link below:

Biodiversity Management

IMPLANTATION OF GREEN CORRIDORS

355.5 ha
of corridors implanted

RESTORATION OF DEGRADED AREAS

131.8 ha
of restored areas

RECOVERY OF BURNED AREAS

32%
reduction of burned areas

REGULAR PROGRAM FOR ENVIRONMENTAL EDUCATION

115,000
students assisted from 1994-2014

DATA COLLECTION AND MONITORING OF FAUNA

17
rare species of birds were identified

9
endangered species of birds were identified

19
endangered species of mammals were identified

DATA COLLECTION AND MONITORING OF FLORA

617
rare specieies were identified

77
endangered species were identified

REINTRODUCTION OF FAUNA

2
releases of animals since 2012

92
animals introduced in the areas of ArcelorMittal

BEEKEEPING PROGRAM

33
of honey produced per year

46
partners

FISH FARMING PROGRAM

1,500 kg
of fish produced per year

10
partners

Study, preserve and protect

In June 2016, Tubarão unit promoted the seminar "Sustainability and Collective Right" to present the main actions in the area of Biodiversity for representatives of public agencies linked to justice and educational institutions. The event was also an opportunity to promote an open dialogue and the joint search for solutions.

One of the topics was the investments made since the implantation of the plant, in the 1980s, to build the Green Belt that today occupies about 7 km², almost 50% of the total area of the plant, and houses over 2.6 million trees and shrubs of more than 230 species. The place also counts on six natural lagoons and a marine region. This diversity provides a habitat that attracts a rich fauna. Internal studies have already identified the presence of more than 500 animal species, including birds, mammals, fish, reptiles and aquatic organisms.

The Environment and Property Security teams work together to preserve the living conditions in the area, performing continuous monitoring, maintenance and rescue. The Green Belt is also used by researchers and students from regional educational institutions.

Turtles and broad-snouted caimans

The seminar also counted on the participation of representatives from the Tamar Project and the Marcos Daniel Institute, two non-governmental organizations (NGOs) that operate inside the company and receive financial and logistical support to study and preserve two important species of Brazilian fauna, the sea turtle and the broad-snouted caiman.

Tamar Project has been a partner of ArcelorMittal Tubarão for 16 years. NGO experts use the company's treated effluent disposal site to capture and collect biological data on the green turtles who find shelter and food there. More than 3.5 thousand captures have been accomplished in the area. "It is a unique work in the world and it has enabled us to prepare scientific studies that are very relevant to the preservation of this species. It is truly an open-air laboratory", says the Regional Coordinator of Tamar ES/RJ, Cecilia Baptistotte.

In 2016, Tubarão unit expanded its partnership with the NGO and invested in the construction of a rocky tank with underwater display at the Tamar Visitor Center, in the city of Vitória, where the project carries out environmental education actions and works to raise people's awareness on the importance of preserving the various species of turtles. The inauguration of the tank, in February 2017, and the deployment of the partnership will be included in the next sustainability report.

The support given to Marcos Daniel Institute helps promoting the Caiman Project, whose objective is to monitor, study and preserve the Broad-snouted Caiman in the Green Belt of Tubarão and in other areas of Atlantic Forest in the state of Espírito Santo. Until August 2016, when the project completed 18 months, over 86 animals had been captured and analyzed in the area.

Also in August 2016, the Caiman Project began its expansion to the northern region of Espírito Santo state, improving the field of study and also the environmental education actions for the communities. "It is important to show the residents of these regions the work we are performing and its objectives. Then they will join us and contribute to the preservation of the animals and their habitat", said Yhuri Nóbrega, Project Coordinator.

OUTCOME 6

OUTCOME 6

[DMA, LA9, PG1, PG2, PG6]

Responsible user that helps create a lower carbon future

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

ENERGY

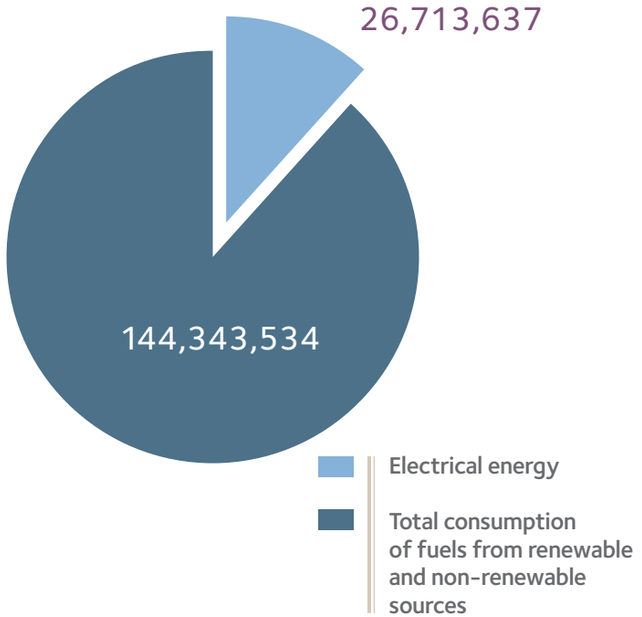
[DMA] [EN3] [EN6]

Energy has always represented a significant portion in the cost matrix of steel production, either in plants with electrical steelmaking or integrated plants. Being energy-intensive encourages ArcelorMittal to seek technologies that ensure rational use of resources, promoting results consistent with its sustainability outcomes.

In 2016, the total energy consumed and produced internally was of 151.4 million Gigajoules (GJ), representing an approximate 20% reduction. From the total, 87.5% correspond to total consumption of fuels from renewable and non-renewable sources; 11.5% correspond to the amount of electrical energy consumed. The remaining is the energy surplus produced by Tubarão's thermal plants, which provide 100% of the energy required by the unit.

In absolute numbers, the following chart shows production and consumption by source.

Internal energy consumption by source (GJ) - ArcelorMittal Brasil



The following table shows that, year-on-year, the consumption of energy and fuels reduced by 11.7% and 9%, respectively, while the surplus traded, from thermal power stations using residual gas, increased by 27%.

Internal energy consumption by source (GJ) - ArcelorMittal Brasil	2015	2016
Electrical Energy	30,247,267	26,713,637
Total consumption of fuels from renewable and non-renewable sources	158,169,094	144,343,534
Production surplus from thermoelectric plants - amount traded	1,100,606	1,397,710

Energy strategy is boosted by reduced use and improved generation

Increasing energy efficiency of industrial operations is a strategic guideline for ArcelorMittal Brasil, with positive effects on the business and on its commitment to contribute to the reduction of greenhouse gas emissions. The long carbon and flat carbon steel production units work in line with the company's Energy Policy, developing local masterplans focused on streamlining its use and expanding the in-house generation. The goal is to reduce exposure to the great volatility of the energy market and to remain a pioneer in the development of sustainable solutions.

"Each gain in our energy efficiency significantly impacts our business. It gives greater stability to operations, reduces costs and contributes to the global challenges posed by climate change", highlights Márcio Fenelon, Manager at ArcelorMittal Comercializadora de Energia (energy trading company). The instability in the Brazilian energy sector, aggravated in 2016 by the water issue, has given even greater importance to the efforts in this area. "We have made significant progress in different projects. Moreover, the units have shown that they are working in an integrated manner, gathering efforts in the long and flat carbon segments and seeking synergies to leverage results."

Self-suficiency

With six thermal power plants, which for of it, use gases from the production process to generate energy, Tubarão achieved energy self-sufficiency in 2007, and began to trade the surplus in the public system and with other plants as well. "We ended 2016 with a surplus of 44.2 MW, a 27% increase as compared to the 34.9 MW in 2015", informs Fabrício Victor de Assis, Manager at Energy Production, Tubarão unit.

This gain can be attributed to both the growth in steel production and the higher efficiency in consumption. "If the plant produces more, the power stations are able to naturally increase generation. But in 2016, we also had an increase in the specific generation due to adjustments in the control system. Furthermore, we gained efficiency in terms of consumption, thanks to the implementation of projects established in the Masterplan, launched in April. As a result, we have overcome all the goals with consistent and continuing results", adds Assis.

The optimization in the control of drives speeds to reduce energy consumption of IDFs (induced draft fans) in the Melt Shop is among the projects with greater effects. As for natural gas consumption, the highest gain was obtained with operational changes to increase the use of LD gas in the Hot Strip Mill process.

ENERGY MANAGEMENT - ArcelorMittal Brasil

CITY / STATE	UNIT	THERMAL/ HYDROPOWER	PLANT SEGMENT SERVED	POWER
Vitória (ES)	Tubarão	6 thermal plants	flat carbon	500 MW
Antônio Dias e Nova Era (MG)	Consórcio Guilman-Amorim*	Hydropower plant	long carbon	71 MW
Taquaraçu de Minas (MG)	Madame Denise	SHP (small hydropower plant)	long carbon	12 MW
João Monlevade (MG)	Piracicabinha	SHP (small hydropower plant)	long carbon	

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

Improvements

The four long carbon crude steel producing units implemented dozens of projects included in the Energy Masterplans, in line with the continuous improvement actions already under way. "We had solid results, above expectations, thanks to a work focused on technological development and integration of actions. All the gains achieved in 2016 will continue to generate results in the coming years, as they are sustainable and technically correct", points out Ideraldo Cruz, a specialist in the area of Energy at Long Carbon segment.

As examples, he mentions four projects, each one deployed in a different plant; together, they represented 88% of the total energy gains obtained by these plants in the year, equivalent to US$ 5.9 million.

At Monlevade unit, an improvement that combines technique and management was implemented in the regenerators and other equipment of the Blast Furnace, allowing the reduction of the coke rate by raising the Blast Furnace blowing temperature, increasing the injection rate, and reducing steam consumption.

"These cases demonstrate how our teams work with technical and methodological fundamentals to achieve results compliant with the general guidelines of the Masterplans", concludes Cruz.

An outstanding project at Piracicaba plant involved the optimization in the use of available power, both electrical and chemical, in the Electric Furnace process.

In Juiz de Fora, the optimization of the billet re-heating process allowed a greater reuse of the blast furnace gas as alternative source of energy, and it also improved the use of energy contained in the billets. As a result, there was a significant reduction in the consumption of natural gas in this process.

An innovative initiative was implemented in Cariacica to reduce the energy consumption in the Melt Shop, not only in the Electric Furnace, the main consumer, but in the area as a whole. It included from complex actions to simple improvements in the control of the lighting system.

“These cases demonstrate how our teams work with technical and methodological fundamentals to achieve results compliant with the general guidelines of the Masterplans”, concludes Cruz.

CLIMATE CHANGE

[DMA] [EC2] [EN15] [EN16] [EN17] [EN19] [PG7]

In 2016, ArcelorMittal Brasil industrial activities totaled almost 15 million tons of CO_2 (tCO_2) in Scope 1 emissions, equivalent to a reduction of 8% as compared to 2015. Scope 2 emissions achieved 136 thousand tCO_2, up 5% year-on-year. As for Scope 3 emissions, they were down 4%, achieving 1 million tCO_2.

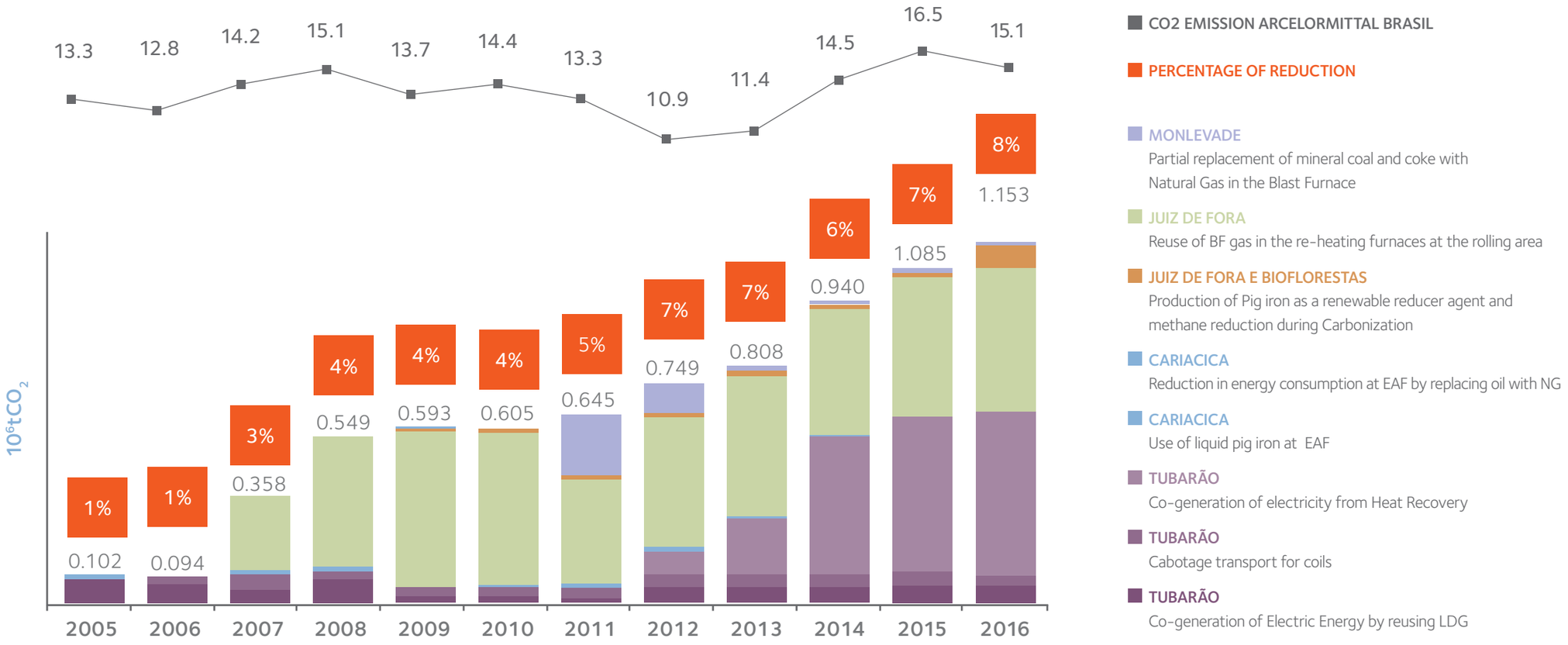
Climate change is one of the biggest challenges for the steel industry, with carbon dioxide (CO_2) being the most significant greenhouse gas for the sector worldwide. For each ton of steel produced, an average of 1.8 ton of CO_2 is emitted. To learn more on the management of this area, click on the following link:

Climate Change

DIRECT AND INDIRECT GHG EMISSIONS - tCO_2e - ArcelorMittal Brasil	2014	2015	2016
GHG EMISSIONS (SCOPE 1)			
OTHER FIXED SOURCES	14,355,941	16,334,827	14,986,593
GHG EMISSIONS (SCOPE 2)			
ELECTRICITY CONSUMPTION	133,139	129,953	136,169
GHG EMISSIONS (SCOPE 3)			
SCOPE 3	2,021,175	1,050,756	1,009,893

The following chart shows the main initiatives and corresponding reductions on CO_2 direct emissions:

Reductions of CO_2 (10^6t) due to Initiatives x Direct emissions of CO_2 (10^6 t) - ArcelorMittal Brasil



CO2 EMISSION ARCELORMITTAL BRASIL

PERCENTAGE OF REDUCTION

MONLEVADE
Partial replacement of mineral coal and coke with Natural Gas in the Blast Furnace

JUIZ DE FORA
Reuse of BF gas in the re-heating furnaces at the rolling area

JUIZ DE FORA E BIOFLORESTAS
Production of Pig iron as a renewable reducer agent and methane reduction during Carbonization

CARIACICA
Reduction in energy consumption at EAF by replacing oil with NG

CARIACICA
Use of liquid pig iron at EAF

TUBARÃO
Co-generation of electricity from Heat Recovery

TUBARÃO
Cabotage transport for coils

TUBARÃO
Co-generation of Electric Energy by reusing LDG

Methodology may contribute to Climate Change agreements

Even in a transitional scenario in terms of global agreements aimed at reducing greenhouse gas emissions (GHGs), ArcelorMittal Brasil moves forward in its strategy of sectoral leadership on this issue. In addition to the eight ongoing initiatives to reduce emissions, including two registered Clean Development Mechanism (CDM) projects, the company is investing in the development of a robust methodology to monitor, report and verify its contributions, which, in the future, will serve as a reference for the national steel industry.

"ArcelorMittal is addressing this issue as both a challenge and an opportunity. It is an innovative approach that encourages transparent dialogue between stakeholders during negotiations on climate. A format for measuring and presenting emission reductions is being created in line with what Brazil is negotiating in the world for beyond 2020", says Carlos Delpupo, director of Keyassociados, a sustainability consulting firm that provides technical advice on such developments.

Validation

In 2016, the first stage of the work was completed, with the survey and measurement of all initiatives of the Brazilian industrial units of ArcelorMittal that contribute to the national commitments to reduce emissions by 2020, also known as NAMAs, Nationally Appropriate Mitigation Actions. Eight projects already implanted were identified as having potential to reduce emissions in excess of 10 million tons of CO2, from 2005 to 2020.

"We measured emission reductions for those initiatives using methodologies approved by UNFCCC, and in 2017, we will have a specialized company to audit the calculations", explains Keyassociados Climate Change expert, Marcela Paranhos. After the audit, this methodology will allow the periodic updating of the contributions, and facilitate data disclosure.

In the opinion of Guilherme Abreu, General Manager of Environment at ArcelorMittal Brasil, this methodology would also put Brazil ahead of the negotiations. "We will make this tool available so that the country can build a national standard for accounting, measuring and certifying the contributions given by each company. We believe this will help Brazil meet global goals and commitments."

"We will make this tool available so that the country can build a national standard for accounting, measuring and certifying the contributions given by each company. We believe this will help Brazil meet global goals and commitments".

AIR EMISSIONS

Investment and technology to reduce emissions [DMA] [EN21] [PG7]

Tubarão unit (ES) is conducting a plan to reduce environmental emissions and it represents the company's largest investment in Brazil in 2016 (mentioned in the chapter Main Investments), result of commitments established with the society and environmental agencies.

"Our commitment to contribute to reducing emissions of particulate matter in the region is being met by using the best technology available for the sintering process in the world, which is approved by the European Community. It was a joint acquisition for units of the ArcelorMittal Group in Belgium and Poland", says João Bosco, Environment Manager at Tubarão unit. Start-up is expected to take place in January 2018, and it will put Tubarão at the forefront of the Brazilian steel industry.

The new equipment consists of a bag filter system with greater power and efficiency. Weighing about 1,500 tons, it will occupy an area of 4,500 square meters and will be one of the largest in the Americas. Combined with electrostatic precipitators, the Bag Filter will reduce up to 90% of the emissions of total particulate matter at the sinter plant, and it will also solve the visibility problem caused by dust generated in the chimney.

On schedule

The other items included in the Environmental Investment Plan also progressed as per schedule initially established. The revamping of the drawing machine dedusting system at the Coke plant was completed, an investment of BRL 39.1 million to re-dimension the bag filters, which had its capacity to capture and treat gases increased by 50%. The performance tests carried out proved the efficiency gains of the new system.

In December, the new coal loading car entered the commissioning phase at the Coke plant. This step is part of the BRL 30.2 million investment, which includes the replacement of two cars with models equipped with an automated sealing system for the loading nozzles, a technology that eliminates the possibility of fugitive emissions.

All actions and progress of the Environmental Investment Plan of ArcelorMittal Tubarão can be seen on the *hotsite.* The special page also brings photos and updates on the implantation works.

Monlevade ahead of demands

In 2016, an investment of BRL 47.4 million was approved for the long carbon plant of Monlevade, and it will prepare the unit for future demands from legislation and society, regarding the particulate matter emission control. The project foresees the implantation of a bag filter system in the secondary dedusting of the LD melt shop, with almost twice as much the exhaust capacity of the current system.

It is a more modern equipment, designed to efficiently filter emissions from the melt shop. Today, Monlevade plant registers particulate matter emissions of around 30 mg/Nm³, which is below the legal limit of around 40 mg/Nm³. With the new investment, the goal is to reduce the average to up to 20 mg/Nm³. The works to implement the system begin in January 2017 and start-up is expected to take place in December 2018.

Emissions of main pollutants (particulate matter, SOx, NOx, CO, etc.), are detailed in the following table. They are constituted of solid, gaseous and liquid particles of different granulometries, shapes and chemical compositions, which primarily depend on the origin and source.

EMISSION OF AIR POLLUTANTS (t)	2014	2015	2016
NOX (Nitrogen Oxides)	4,495	4,686	5,158
SOX (Sulfur Oxides)	9,717	11,806	9,737
POP (Persistent Organic Pollutants)	2	0	0
VOC (Volatile Organic Compounds)	1	2,442	152
PARTICULATE MATTER (Stationary Sources)	2,854	2,992	2,760
OTHERS	0	0.16	0

The company has a mature Environmental Management System to manage all aspects and environmental impacts arising from its activities, products and services. It also uses an environmental risk assessment tool in all units of the steel, wire drawing and mining segments, and applies an internal methodology of the ArcelorMittal Group.

To learn more on air emissions management, click on the following link:

Management of emissions

OUTCOME 7

OUTCOME 7

[DMA, LA9, PG1, PG2, PG6]

Supply chains that our customers trust

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

Business Model

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

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

ArcelorMittal Brasil provides the market with high value-added steel products and solutions, increasingly customized to the automotive, construction and agribusiness segments, as well as the industry in general. It also has an extensive distribution network with units strategically located all over Brazil, with large stock for prompt wholesale and retail delivery.

In addition to this network, the Company has sales offices, service centers and processing units, either own or in partnership, offering solutions to the industry (pipes, sections, processing of sheets and blanks, hot and cold rolling, pickling, stamping, coating and slitting for specific applications in the sectors of infrastructure, automotive and industry), cutting and bending services, as well as cut and assembled steel structures for immediate use in customer's projects, especially in the construction industry. The distribution of products counts on an integrated logistics system for delivery of small and large volumes.

The business model used by ArcelorMittal Brasil remains with the purpose of increasing value generation for shareholders, in accordance with the sustainability guidelines. Therefore, the risks and opportunities associated with the business are taken into consideration.

the Company is focused on operational excellence; continuous improvement and innovation of processes, products and services; cost reduction and control, as well as on increasing competitiveness and synergy within the plants and between the business segments.

Backloading: economic and environmental sustainability

ArcelorMittal Brasil has joined the backloading project, which began in 2015 and progressed throughout 2016. The initiative - which brings together other companies from different segments - has brought stability and cost reduction to the logistics services, and has strengthened the partnership with suppliers and customers. Today, a fleet of vehicles is dedicated to ArcelorMittal, and in months of operational stability, about 50% of the vehicles can participate in collaborative logistics.

The backloading project does not require relevant investments since the vehicles used are currently dedicated to the operation. In the project, the routes in which the company's operation would have synergy with other shippers are mapped. "For example, if we have a shipment from São Paulo to Rio de Janeiro, and if we there is another shipper (another company) - who operates on a route in the opposite direction - then we can use the same trucks for the shipments of both companies", explains Leandro de Morais Bustamente, General Manager of Logistics at ArcelorMittal Long Carbon. Collaborative operations represent a cost saving of about 15%, depending on the flow and productivity of the assets.

Costs are reduced due to the opportunity for carriers to work with synergistic transport flows (outgoing loads and return loads). In many cases, it would be necessary to bear at least part of the cost of trucks returning empty. Backloading also increases vehicles productivity, with a larger number of trips per month.

In addition to synergies and logistical and economic advantages, the action has brought additional gains by reducing carbon dioxide emission. Even in this initial phase of the project, it is expected an average monthly saving of 53 thousand liters of diesel oil, and the reduction of 176 tCO_2/month. With the process maturity foreseen for 2017, there is an expectation regarding the growth and increase of representativeness of the results.

AVERAGE MONTHLY SAVING

53 thousand liters

OF DIESEL OIL

REDUCTION OF

176 tCO_2/MONTH

SUPPLIER RELATIONS [HR1, HR5, HR6, EC9, PG2, PG4, PG5]

ArcelorMIttal Brasil considers its suppliers as partners in the development of productive and responsible business. Therefore, the Company is extremely discerning when choosing professionals and companies to meet its needs, and assists them in their development. Its commitment with suppliers and the good practices suggested are documented in its Code for Responsible Sourcing and in its Guide to Responsible Sourcing, which can be found at:

http://brasil.arcelormittal.com.br/en/who-we-are/responsible-sourcing

ArcelorMittal Brasil extends its good practices to the supply chain, aiming at making it more reliable and in line with the Company's corporate responsibility practices. Hence, ArcelorMittal defines in its Code for Responsible Sourcing the commitments with suppliers, what is expected from them, the documentation and the types of monitoring that may be required.

In 2016, the Anti-Corruption Audit at commercial partners consisted of a previous survey to analyze the companies' records, and a questionnaire to be answered by suppliers/service providers, followed by analysis performed by the Risk Management area of ArcelorMittal Brasil. Based on the information and always involving the area that requested the supplier/service provider, the contracting is either reevaluated or approved. Every two years, suppliers are re-evaluated as regards Anti-corruption issues. By sharing responsibility, the intention is to have more people involved in the process, thus strengthening the culture of integrity within ArcelorMittal. In 2016, 2,600 audits were conducted at commercial partners.

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

The Company also prioritizes the recruitment and selection of suppliers from locations near the productive units (as long as there are equal terms) as a way to promote business sustainability. It develops, preferably with local suppliers, strategic partnerships for the provision of goods, inputs and services with guaranteed performance. The contracting process goes through a homologation step, in which administrative, technical and safety aspects are analyzed, providing a contract in line with ArcelorMittal values. From the BRL 12.2 billion applied in the purchase of supplies and services in 2016, BRL 4.3 billion were paid to local suppliers, which represents 36% of total purchases.

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

Human Rights in the Productive Chain - ArcelorMittal Brasil	2014	2015	2016
TOTAL NUMBER OF SIGNIFICANT SUPPLIERS, CONTRACTED COMPANIES AND OTHER BUSINESS PARTNERS	13,715	11,326	18,746
PERCENTAGE OF INVESTMENT AGREEMENTS AND CONTRACTS VERIFIED THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT WERE SUBMITTED TO A HUMAN RIGHTS ASSESSMENT	100%	100%	100%
NUMBER OF CONTRACTS INCLUDING HUMAN RIGHTS CLAUSES	ND	8,964	10,297
TOTAL NUMBER OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS SIGNED	46	21	29
TOTAL FINANCIAL AMOUNT OF INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT WERE SUBMITTED TO A HUMAN RIGHTS ASSESSMENT (BRL MILLION)	194.83	132.52	345.75
TOTAL FINANCIAL AMOUNT OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS SIGNED (BRL MILLION)	240.28	132.52	345.75

DEVELOPMENT AND QUALIFICATION OF SUPPLIERS

[EN33, EN34]

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

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

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

Since 1998, 662 suppliers have been certified; 263 are currently active in the program, with 17 of them becoming active as of 2016.

Number of suppliers	2015	2016
Submitted to assessments in terms of environmental impacts	29	26
Identified as causing significant negative environmental impacts, both actual and potential impacts	3	1

Complaints and claims identified:	2015	2016
Complaints and claims related to environmental impacts, reported before the period covered by the report and that were solved during this period	1	0
Complaints and claims related to environmental impacts, reported before the period covered by the report and that were solved during this period	12	45

Among the complaints and claims reported, how many of them were:	2015	2016
Resolved during the period covered by this report	10	28
Processed during the period covered by this report	8	45

CUSTOMER RELATIONS [PR5]

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

The business units adopt different survey methodologies to better suit the context in which each unit operates.

Flat Carbon segment uses its own methodology to assess customer satisfaction through an annual questionnaire including several topics to be assessed by the Customer, from pre-sale phase to the performance of our products in their final application. This survey covers Tubarão and Vega units for all market segments (Industrial and Automotive). In 2016, the average score for our products was 3.8 for a target of ≥ 3, in a scale from 1 to 5. As compared to 2015 (3.7), this result means that we are committed to delivering the best service to our Customers.

With a standardized quantitative methodology including a structured questionnaire and telephone interviews, Long Carbon segment adopts a different methodology, with cut and bend being assessed annually, and "plant sales" and distribution being assessed every two years. In 2016, the organization as a whole achieved 84% in the survey, 1% nominal increase as compared to 2014; as for products assessment, it achieved 88%, a 5% nominal decrease as compared to the previous survey. Based on the results, action plans are being developed to implement improvements.

The mining segment adopts its own methodology to assess customer satisfaction by means of a Vendor Rating report. This report exists only for one of its customer, ArcelorMittal Monlevade, and it refers to the sales of Sinter Feed from Andrade – SFAN, and covers the following criteria: quality (chemical and physical specifications), presence of contamination, and delivery performance, among others. The report is discussed between the parties during monthly meetings that take place either at the Mine or at the Plant.

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

In addition to these survey tools, ArcelorMittal Brasil has relationship channels to ensure proximity to its customers:

SAC 0800 015 1221
e-mail: atendimento.belgonet@amcontratos.com.br

In order to ensure security and confidentiality, customer data are carefully handled.

OUTCOME 8

OUTCOME 8

Active and welcomed member of the community

Wherever ArcelorMittal has operations, it will invariably have a significant presence, creating jobs and transforming local economy. Hence, the company has an important social role to play and it is of paramount importance to have an open dialogue with all stakeholders involved in order to understand the expectations of local communities and to ensure that the company is also understood.

COMMUNITY RELATIONS

[DMA, SO1, SO2]

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

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

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

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

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

All demands the Company receives from its stakeholders are analyzed and addressed in the best way possible, generating action plans or direct and personalized responses. Such demands are received through personal contact with outside parties or the various formal communication channels, including the Contact Us (corporate level), Solicitant Portal or Ctrl-Culture and Sports. The latter, run by ArcelorMittal Foundation, receives proposals of projects to be supported through laws of incentive to Culture (Rouanet, Belo Horizonte municipal law, MG State law and SP State law) and Sports (Federal, MG State law and SP State law), then submitted to analysis by the Culture and Sports Committee. The projects are analyzed based on the guidelines established by the Company's Investment Policy, the amount available for investment and the interests of local communities. Monitoring of supported projects occurs periodically by means of visits, meetings and rendering of accounts (cost and performance).

All partnerships are formalized through agreements, and the use of financial resources is defined and included in those agreements.

The Company constantly seeks to contribute to finding joint solutions to promote education, justice, health, culture, income generation and citizenship.

PERMANENT CARE AND ATTENTION

The alternation of government and the eventual discontinuity in the dialogue process, as well as environmental and operational impacts on the areas surrounding the business units are constantly taken into account in the Company's risk assessment. The management of these risks and socio-environmental impacts at ArcelorMittal, given the different operational natures, is the responsibility of each business unit that develops its monitoring and control model to remain compliant with laws and regulations at federal, state and municipal levels, preserving good relationship with the community and employees, watching over their health, safety and quality of life.

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

Aligned with this process, equipment and facilities are frequently upgraded and the units perform a mapping of the major risks, providing data to a periodically updated risk matrix.

SOCIAL INVESTMENT

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

Social investments of ArcelorMittal Brasil respect local, national and global agenda, and they are in line with the principles of the Global Compact and local public policies. The Company works with the government and third sector organizations in the promotion of actions to strengthen local policies and contribute to the development of the communities where it operates. It takes part in the development of proposals of collective interest, based on requirements of each municipality.

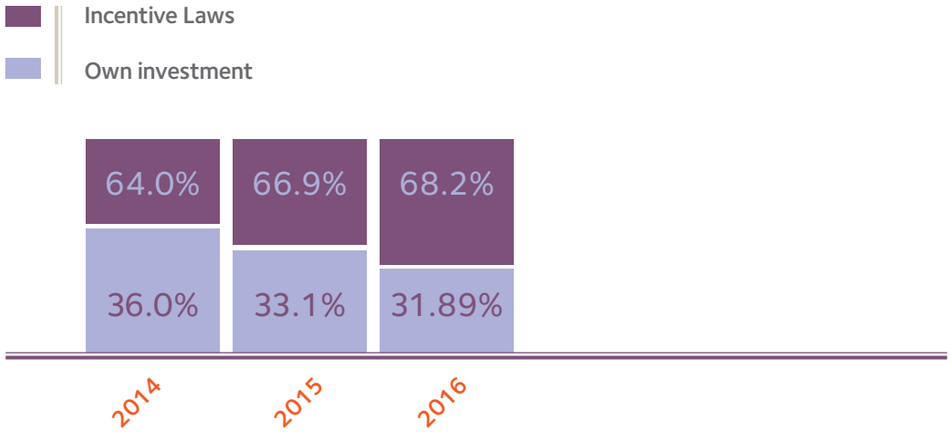
ArcelorMittal Foundation is responsible for managing social actions in communities under the influence of Long Carbon, Flat Carbon, Mining and Distribution segments. Since 1988, the institution has been promoting local development initiatives focused on the education of children and adolescents. In addition, ArcelorMittal Foundation also shares the methodologies of its programs with the local government in order to effectively achieve transforming and long-term results. In 2016, about 288 thousand people in 39 municipalities benefited from 11 own initiatives managed by the Foundation in the areas of education and social promotion. In the areas of Culture, Sports and Health, 66 actions were sponsored.

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

In 2016, ArcelorMittal Brasil social investments achieved BRL 17 million, mainly distributed to the areas of Education, Culture, Sports and Health, from which 68.2% were from Incentive Laws and 31.8% from own resources, as follows:

Social Investment (BRL) ArcelorMittal Brasil			
	2014	2015	2016
EDUCATION	2,392,948	4,573,341	2,438,966
CULTURE	8,187,480	8,223,923	7,065,861
SPORTS	3,614,926	4,543,710	4,158,063
HEALTH	487,496	647,966	466,245
OTHERS	3,963,133	2,194,333	2,877,489
TOTAL	18,645,983	20,183,273	17,006,624

Source of Funds



InterAction Program selects projects by means of notice

At Tubarão unit, one of the tools that strengthens the integration and active participation in the life of the communities of the region is the InterAction Program (InterAção). Based on it, the company supports projects selected in a public notice. In 2016, 121 projects, presented by 94 NGOs from the municipalities of Serra, Vila Velha and Vitória, applied for the notice of funding. The projects were analyzed by a committee made up by 24 people, among representatives of public agencies, academy and employees. Each person contributed with his/her visions and experiences to choose the social investment priorities of the unit. From this total, 16 organizations were selected and will be supported in 2017.

Throughout the year, Tubarão supported 10 NGOs, whose projects were chosen in the 2014 notice and started to operate the following year, bringing direct benefits to 3,397 people and indirect benefits to 12,936. In all, 44 direct jobs were created in these institutions, which also had the participation of 181 volunteers, six of them are employees of the company.

The social investment in Tubarão, however, is not limited to the Notice. As a result of institutional supports and spot demands, other institutions received support, including the State Secretariat of Education, with the program 'Education for Human Values' and 'Living School'; the State Secretariat of Justice, with the program "Talking Hands" (painting contest for prisoners of Espírito Santo state prison system), and the State Department of Public Security, a total investment of BRL 1.5 million.

The program Education in Human Values, in partnership with the Public Prosecutor's Office of Espírito Santo state, provided training for 1,033 teachers in 38 public schools, benefiting 37,151 students. Another highlight was the Educational Program for Resistance to Drugs and Violence (Proerd), conducted by the Military Police of Espírito Santo state in partnership with the State Secretariat of Public Security. Held in the state's elementary schools, it benefited 505 educational institutions in 43 municipalities, directly benefited 43,490 students, and indirectly benefited a total of 360,839 people.

Foundation supports training initiatives

The investment made by ArcelorMittal Brasil in sporting activities is in line with the company's values. Priority is given to projects that combine the practice of different modalities with personal development, citizenship promotion and education.

Through ArcelotMittal Foundation, the company supports initiatives dedicated to the training of youth categories and team develoment, by using own resources and incentive laws.

"Together with partners trained in each area, we allocate investments to actions involving sports as a way to encourage the preparation of conscious citizens, who areactive in their communities and who value teamwork and discipline", explains Elisa Moreira da Rocha Gomes, Project Analist of the Foundation.

Tennis for everyone

One of the actions initiated in 2016 was the "Saque Cidadão" (Citizen Serve), an initiative that offers tennis classes to 90 children and adolescents of Municipal School Maria de Paula Santos, in the city of Vespasiano, Greater Belo Horizonte area. In August, tennis classes began to take place two times a week, after school, to six groups of students. It was so successful that the school principal requested additional classes on Saturday, so that parents and family members could watch the classes.

"There is a myth that tennis is an sport for the elite. We are showing that, with a court, a coach and material, there is a great potential for new tennis players. Students from Vespasiano are using the tennis ball just as naturally as if they were playing soccer", says Érica Moraes, who is in charge of the project along with Instituto Interação. "It is an action that matches the Foundation's principles: it is feasible, sustainable and promotes an integral development of direct beneficiaries and community", she adds.

The adaptation of the court for the practice of tennis, sports materials and uniforms are among the investments to execute this project. The instructor nominated by Academina Mineira de Tênis, Wesley Alessandro, takes to the children a personal and successful experience, as well as knowledge on the modality. Sport changed his own life. He was a homeless when he was invited to join a social project, and he excelled in tennis, becoming an athlete and instructor.

Tubarão: Club stands out in the preparation of athletes

Considered as one of the best sports clubs in the state of Espírito Santo, Aest, a recreational club for employees of Tubarão unit, has also become a place to learn and for integration with the community, contributing to the dissemination of the company's values. In 2016, it was recognized by national institutions for its ability in training athletes.

Encouraged by the good performance of its teams in regional competitions, the club's management decided to invest in the training of high-performance athletes for Olympic and Paralympic sports, by using resources from incentive laws.

The first achievement came in July 2016, with the approval of the project "Sou + Aest Natação" (I am + Aest Swimming) in a notice of the Brazilian Committee of Clubs (CBC), with resources from the New Pelé Law - almost BRL 440 thousand for the acquisition of equipment and materials to improve the training conditions of swimmers. In December, another good news: the project "Aest Club Preparing Olympic and Paralympic Athletes" was approved and it will enable, also via CBC, the hiring of technical and multidisciplinary professionals, with a total budget of BRL 900 thousand.

"The approval of these two projects has proven that we are on the right track. We have the appropriate history, structure and management to act as talent trainers for Brazil", says Aest Sports Director, Nilton Rossi. He adds that, at CBC level, there is another project under way to fund competitions, and Aest will apply for a public notice issued by the Ministry of Sports with a project to prepare wheelchair tennis athletes.

A maquette that tells stories

Before starting its operations, Vega unit (SC) began, in 2003, to build a history of relationship with the community of São Francisco do Sul, primarily with actions in the areas of education, health, culture, community development and environment. Direct contact with social agents also leads to discovering new opportunities, such as the project initiated in 2016, to enable the completion of a maquette in the National Museum of the Sea that will tell the history of the city.

"Since 2004, when the company sponsored the restoration of the collection, we have been keeping a direct and very productive relationship with the Museum's managers. Thanks to this relationship, we discovered the maquette project and we had the opportunity to participate in it", says Tuise Moura, Social Responsibility analyst at Vega unit.

Greatness in a 1:75 scale

The maquette, or the diorama of the Historic Center of San Francisco do Sul, will occupy an area of 84 m² in the National Museum of the Sea, showing in scale 1:75 (1 meter = 1.38 cm), buildings, boats, people and other characteristics of the city in the early 1940s. This period was chosen because it represents one of the most dynamic moments in the local port activity and is anchored in the memory of the population as it was the beginning of World War II.

The idea of making this maquette came in 1998, when the superintendent of the Institute of National Historical and Artistic Heritage (Iphan), professor Dalmo Vieira Filho, and the Friends Association of the National Museum of the Sea invited the craftsman Conny Baumgart to develop the project. Initiated in 1999, the maquette always had collaboration of students and architects, but it was being slowly built and, in the past years, with the aggravation of the craftsman's health condition, the work stopped.

The project that was initiated in 2016, was presented to Vega by a museum representative, Cleonisse

Schmidt, along with architect Marcio Rosa. "I have great affection and respect for this maquette since I was a student, when I visited the museum for the first time", says Rosa, who coordinates the project. "Mr. Baumgart, based on the drawing of Professor Dalmo, has done a precious job, with creative techniques and great persistence. We are continuing the project with his contribution, teaching us something new every day", adds the architect.

Cultural legacy

For architect Dalmo Vieira Filho, resuming the maquette represents a new moment for the Museum and the guarantee that future generations will be able to learn about the historical roots of the city's development. "It is essential that companies have the sensibility to support projects of cultural relevance like this one. In addition to leaving a legacy, it is helping to improve the training of students and architects involved in the project", he states.

The coordinators expect to complete the diorama's physical construction in 2017, and then start working on the air conditioning, scenic lighting, automation and sound.

Encouraging citizen engagement

The ArcelorMittal Group finds it essential to involve employees and other stakeholders directly related to the business in actions to transform society. Every year, new ways to encourage participation are created in a transparent and ethical manner, in compliance with the principles of corporate governance recommended by the Group.

The "Citizens of Tomorrow" program, carried out since 1999, is one of the most successful instruments of this strategy in Brazil. Promoted by ArcelorMittal Foundation, it enables the allocation of part of the Income Tax payable by individuals to the Fund for Children and Adolescents (FIA), allowing employees, family members, customers, community people and suppliers to support social projects for children and youngsters. The company also contributes as a legal entity. Since 2012, the Program allows the employee to choose how to allocate the resource. In addition to FIA, they can also choose a project approved by the Ministry of Sports.

In order to attract an even larger audience, in 2016, the initiative had a comprehensive communication strategy, including videos explaining how the mechanism works, demonstrating the social actions supported, and showing the testimony of employees who already participate. "The videos promoted closer communication and created greater interest in the Program, contributing to encouraging more people to join it", says Iramaia Colen, coordinator of the Program at ArcelorMittal Foundation.

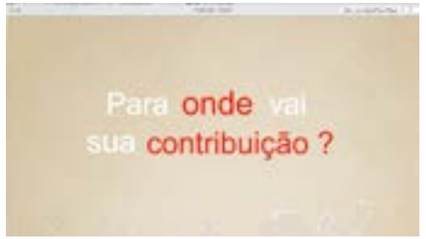
Working at Monlevade unit for 28 years, the technical coordinator of Logistics, Planning and Production, José Pantuza Torres, is always one of the first employees to apply. "It's simple and gives me the opportunity to direct my donation to a social project that I can get to know and follow", he says, adding that he is already directly involved in one of the projects. "I visited the Apae of João Monlevade and I really liked the work being accomplished there. I offered help and they invited me to teach how to make homemade bread. Classes are already scheduled and I am very grateful for the opportunity. I know I will be learning more than teaching".

Simple, fast and effective

According to the legislation, individuals can allocate up to 6% of the Income Tax due, by simply making their statement using the detailed template. Employees and family members can also participate with donations.

The participation in the "Citizens of Tomorrow" program is facilitated by completing a form on the Foundation's website. Employees can also finance the amount. The company anticipates the resource and the employee pays it in the following year, in up to six installments deduced from their salary, from July to December, with no interest or monetary correction.

Click on the following links to see the videos made to disseminate the Citizens of Tomorrow program in 2016.



These videos are available only in portuguese.

OUTCOME 9

OUTCOME 9

Pipeline of talented scientists and engineers for tomorrow

The economy of tomorrow will depend on science, technology and engineering skills. However, the challenges to attract the best professionals will be enormous as demand will increasingly grow. In 2016, ArcelorMittal Brasil excelled in this area, with the implementation of initiatives dedicated to youngsters and teachers, encouraging the practice of science in the school community, supporting proposals for technical training and developing projects, through the Research & Development Center, and with universities and other research institutions.

Awakening to science

Created in 1992 and focused on raising awareness of elementary school students about environmental issues, in 2016, the ArcelorMittal Environment Award featured a new format directly related to the ArcelorMittal group's commitment to help creating a pipeline of scientists and encouraging innovation. Instead of producing drawings and essays for the contest, students and their teachers were challenged to develop projects with a scientific point of view.

Before the launch, the new model was presented to representatives of Secretariats of Education, opening up opportunities for improvement and preparation for the novelty on the part of the schools. The theme chosen - "Energy and science: in search of sustainable solutions" - invited students and teachers to creatively think about energy, seeking ideas for the future. The same theme was used in workshops with employees' children, who also participated in the contest.

All participants received materials exclusively designed for the initiative, including instructions for teachers to work on the integration of students into projects, as well as information on the theme chosen for the year.

"The new format has improved the relevance of the award by having greater engagement of educators and encouraging the students' collective work", says Alfredo Luis Mateus, chemistry professor at the UFMG Technical School (Coltec). He joined the team that developed the new materials, created the workshop script for employees' children and was a member of the panel of judges at National Level. "As effect, we had good projects being presented and we could see students' interest in demonstrating that they had made research and learned about the subject", he adds.

Valuable results

The activities of the Award involved more than 73 thousand students from public and private schools in 34 municipalities in the states of Minas Gerais, Espírito Santo, São Paulo, Bahia and Santa Catarina. Approximately 2,300 teachers coordinated and monitored the production of content for nearly 400 enrolled projects.

"It was an enriching and very rewarding process for us", says Gesiele Aparecida Dibbern Buoro, principal of the Municipal School Dulcídia Costa Rivaben, in Iracemápolis (São Paulo state). The school had already participated in other editions of the award and they approved the new format. "Teachers have become advisors, helping students develop projects. Together, they made researches, acquired more knowledge, and used creativity to develop science projects that made all the community proud of", she adds. Two projects of the school stood out in the national level competition: one of them won in the category Young Scientist II and the other one was second place in the category Young Scientist I.

According to ArcelorMittal Foundation, responsible for the contest, the qualitative results were very relevant in this first year. "Multidisciplinary work was enhanced; there was greater involvement of the school community, including family members; students were more interested in the learning process; and we had a revaluation of science fairs. Many schools had already had a science fair and some had it for the first time", says Letícia Eulálio de Menezes, project analyst and coordinator of the initiative at ArcelorMittal Foundation.

Integration of employees in workshops

Fourteen units of ArcelorMittal participated in the activities of the Award for employees' children, which involved almost 800 children and adolescents, ages 6 to 14. In the workshops, they were divided into groups and instructed to create an experiment on the theme given in the year.

In 2016, ArcelorMittal Serra Azul had employees helping with the workshops. Six employees of the Electrical Maintenance team worked as instructors to their colleagues' children and 12 other employees were volunteer monitors. "The idea came up spontaneously and the result was amazing. We had a greater integration of the whole team and we were proud to develop all the workshops internally. For 2017, we will keep the model and there are more employees who want to participate", says Kellen Medeiros, environment analyst, Serra Azul Mine.

The Electrical Maintenance technician, Gabriel Couto de Abreu, was one of the instructors. "We planned to show ideas to the children, taking to the workshops waste materials and scrap that could be used. They built everything. We just passed on concepts of sustainable energy and helped them use the tools. It was an opportunity to share knowledge and also to encourage their willingness to learn, innovate and build a better world", he says.

Leveraging the training of researchers

In 2016, the ArcelorMittal Research & Development Center for South America, located in the unit of Tubarão (ES), developed several projects with the collaboration of the production units and partners in the country, such as universities and other research institutions. The projects focus on the improvement of processes to increase production and reduce costs, as well as development and application of new products, aiming to increase the contribution margin in the automotive, construction, energy, agricultural implements and household appliances markets. Moreover, the R&D Center has been working on projects that contribute to environmental preservation, reduction of waste generation and identification of additional applications for co-products.

Throughout 2016, ArcelorMittal signed several agreements with academic institutions, realizing one of its missions: to leverage regional scientific production by encouraging the involvement of academic institutions and the qualification of professionals with a vision for innovation.

"The Research Center enables us to enhance our vocation for the development of applied research," says dean Denio Rebello Arantes, of the Federal Institute of Espírito Santo (Ifes - Instituto Federal do Espírito Santo). "Its presence in our region opened up new opportunities for the Vitoria Innovation Center and improved the partnership we have always had with the company", he adds.

The first partnership agreement of the R&D Center was signed with Ifes in January 2016 for the accomplishment of six studies, two of them applied on master's degrees. In December, another cooperation agreement was signed, involving two researches for three master's degrees. "All lines of research are relevant, so I would not take the risk of distinguishing one of them. The most relevant issue is that, by getting closer to the R&D team, our researchers are involved with concrete problems in the industry and are encouraged to search for innovative solutions", says Arantes.

The researches developed through the partnerships with Ifes are related to Metallurgy and Materials, more specifically, the control of chemical elements in the steel production and refining processes. "Our philosophy is to establish a close relation with institutions, taking into consideration the existing expertise. In the case of Ifes and its Innovation Center, we identified the importance of working on these researches, which can lead to process improvements, with cost reduction and increased productivity", explains Charles de Abreu Martins, manager of the R&D Center.

Meanwhile, other partnerships were implemented, including an agreement with the Federal University of Espírito Santo (Ufes – Universidade Federal do Espírito Santo) to invest in the upgrading of the Computational Transport Phenomena Laboratory, and an agreement with the University of Vila Velha (UVV) to develop applied research in five areas of interest for both the institution and the company.

Technical training contributing to professional future

December 13th, 2016, was marked by emotion for the more than 250 professionals of the construction industry who received a certificate for the Intensive Course for Preparation of Industrial Workforce (CIPMOI). After a year of classes in the campus of the Federal University of Minas Gerais (UFMG), having undergraduate students of the School of Engineering as teachers, they celebrated the achievement with their families.

Sponsored by ArcelorMittal Brasil, CIPMOI is a joint initiative of UFMG Board of Directors and the Academic Directory of the School of Engineering. Initiated in 1957, the course is the oldest extension program of the University and it has already contributed to the qualification of thousands of people. Its main objective is to qualify labor for the construction sector, while contributing to the training of undergraduate students, who have the opportunity to act as teachers.

"Few graduations are as exciting as this one", said Homero Storino, General Manager of Corporate Sales at ArcelorMittal Brasil Long Carbon. "On the one hand, we have professionals who receive a certificate of great value for their careers. On the other hand, the engineering students, who had the opportunity to transfer knowledge and experience the practice in works. Everyone wins", he added.

For ArcelorMittal Brasil, sponsoring CIPMOI is a way to contribute to the sustainability of the labor market in the construction sector, keeping a close relationship with the academic environment.

"More than providing financial support, the company has proven to be a partner engaged in activities and concerned with results. During the training, ArcelorMittal professionals give lectures, show innovations related to the use of steel in construction and encourage students and teachers to see future opportunities", analyzes the coordinator of CIPMOI, Professor Aldo Giuntini de Magalhães.

The CIPMOI's central objective is qualify labor for the construction sector, while contributing to the training of undergraduate students, who have the opportunity to act as teachers.

OUTCOME 10

OUTCOME 10

Our contribution to society measured, shared and valued

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

VALUE GENERATION

[DMA] [EC1] [G4-9] [G4-17]

In 2016, the consolidated net income of ArcelorMittal Brasil was BRL 17.24 billion, down 22.5% year-on-year, mainly due to the variation in the exchange rate in Venezuela, which impacted results of the subsidiary company Unicon. Steel shipments achieved 9.7 million tons, a slight reduction of 1.7%. From the total shipments of the company, 52% were for the external market and 48% for the domestic market. For the foreign market, the Company exported BRL 6.4 billion, corresponding to 37% of the total income, thus positioning ArcelorMittal Brasil as the 13th largest Brazilian exporter in 2016. The consolidated operational result (EBITDA) was BRL 2.39 billion, and the EBITDA margin over the consolidated net income was 14%, a nominal increase of 2%. In 2016, the company had a consolidated net profit of BRL 803 million.

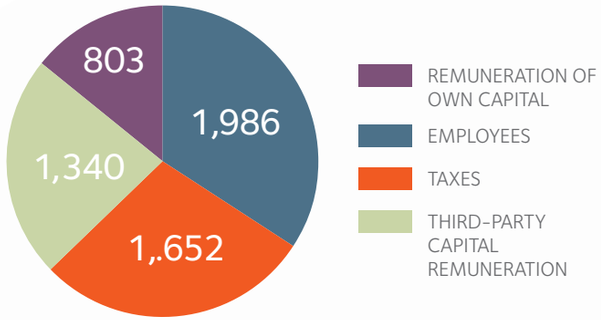
Key economic indicators

CONSOLIDATED AMOUNTS (BRL MILLION) - ARCELORMITTAL BRASIL	2014	2015	2016
TOTAL ASSET	31,141	33,923	30,218
NET DEBT (Mainly with companies of the ArcelorMittal Group)	8,143	8,544	8,868
INVESTMENT	999	815	520
NET ASSET	15,671	16,889	14,526
NET INCOME	17,989	22,242	17,244
NET PROFIT (LOSS)	1,496	(1,786)	803
Generation of operational cash (EBITDA)	3,537	2,591	2,390
TOTAL VALUE ADDED	7,706	5,938	5,781

VALUE ADDED STATEMENT

In 2016, ArcelorMittal Brasil generated a value added of BRL 5.78 billion. Allocated to compensation of employees, payment of taxes, remuneration of shareholders and funders, and also to support an extensive productive chain, resources were applied as follows: 34.3% to Employees, 28.5% to the Government, 23.2% to Contractors, and 13.9% to Shareholders.

Distribution of Value Added (BRL million)



In the distribution of Value Added, it is worth noting:

- 17.6% decrease in item Employees, due to BRL 424 million reduction on salaries and charges, from layoffs and retirements;
- Third-party capital remuneration retreated 63%, basically as a result of financial expenditures and variation in exchange rate in Venezuela;
- The volume of taxes collected was stable, although shipments had a 1.7% reduction as compared to 2015.

Distribution of Value Added (BRL million)

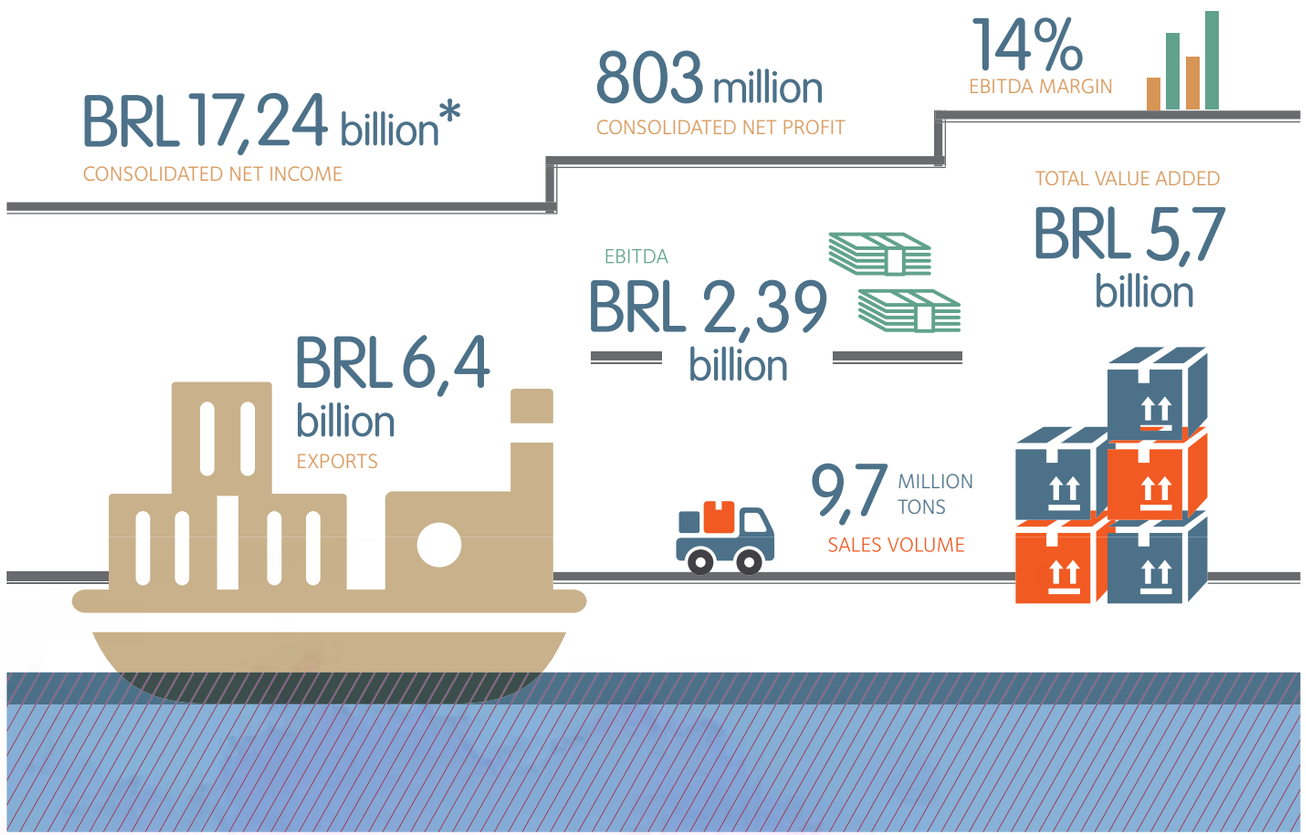
Distribution of Value Added (BRL million) - ArcelorMittal Brasil	2014	2015	2016
EMPLOYEES	2,110	2,410	1,986
TAXES	1,571	1,649	1,652
THIRD-PARTY CAPITAL REMUNERATION	2,529	3,665	1,340
REMUNERATION OF OWN CAPITAL	1,496	(1,786)	803
TOTAL VALUE ADDED	7,706	5,938	5,781

The complete file with Financial Statements can be found on the link:

FINANCIAL STATEMENTS

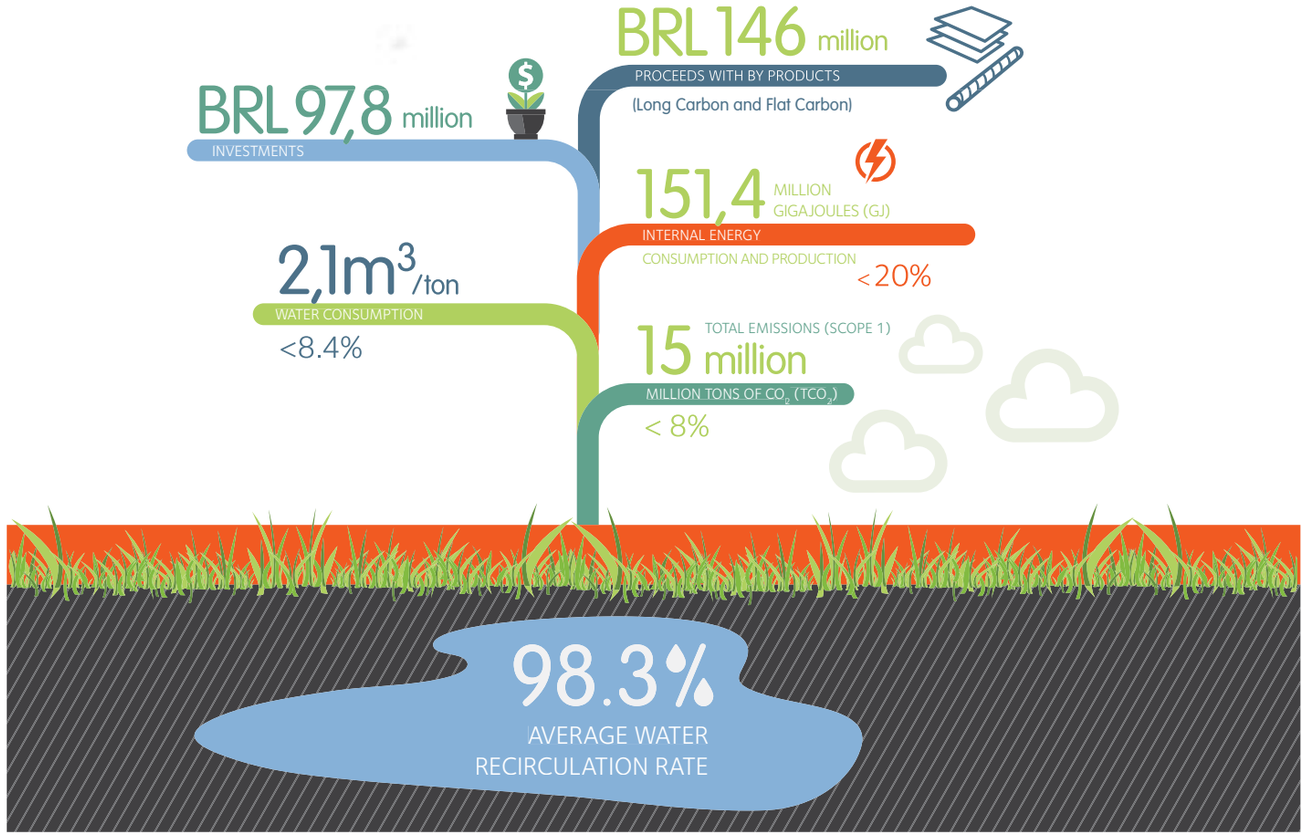
2016 KEY RESULTS (SUMMARY)

ECONOMIC



** As compared to 2015, there was a decrease due to the variation in the exchange rate in Venezuela, thus impacting results of the subsidiary company Unicon.*

ENVIRONMENTAL



SOCIAL

14,973
EMPLOYEES

ZERO
FATALITIES

BRL 17 million
SOCIAL INVESTMENTS

TRAINING
720,564 hours
AN AVERAGE OF 64 HOURS/EMPLOYEE

7,727 hours
ON HUMAN RIGHTS

Reputation improves 7.6 points in survey

ArcelorMittal is the second most reputable company in the mining and steel industry in Brazil, and it is only two tenths behind the first company, which is technically a tie. The survey 'Brazil Reputation Pulse', conducted by the Reputation Institute in January this year, evaluated 330 companies from all production sectors in the country. Even though it was carried out in early 2017, the survey is a portrait of actions taken last year, hence the decision to report the results in the 2016 Sustainability Report.

ArcelorMittal scored a Pulse Index of 71.3 in Reputation, a 7.6-point growth as compared to the previous survey. The leap in the national reputation ranking is the result of an integrated and articulated performance among the segments, led by the work developed by the ArcelorMittal Brasil Image, Reputation and Sustainability Committee, in addition to the work performed with the stakeholders on several fronts, in a systemic and frequent manner.

The companies were evaluated randomly and online by more than 10,000 people, who did not necessarily have to be customers, but had to know and be familiar with the organizations. Participants analyzed seven dimensions, from governance to products and services, based on criteria that took into consideration both rational and emotional aspects. In the area of emotional perceptions, factors such as trust, empathy, esteem and admiration were considered. As for rational aspects, leadership, products and services, work environment, economic and financial performance, innovation, governance and citizenship were evaluated.

PULSE INDEX OF REPUTATION

71.3 point

We are part of the social fabric [SO1]

ArcelorMittal Brasil seeks to practice Institutional co-responsibility in order to effectively contribute to the transformation of society. This practice happens through the engagement in actions dedicated to facing local, regional and global challenges, along with various social agents - public authorities, NGOs, companies, educational institutions, residents' associations and each citizen. Union, recommended by the co-responsibility, strengthens the social fabric and enhances outcomes of the actions.

"Co-responsibility emerges from the awareness that the company is part of the social fabric", says Sidemberg Rodrigues, General Manager, Institutional Relations and Sustainability.

The basis of this strategy is the conviction that any business only operates and thrives in a healthy society. Therefore, the company wants to contribute to the development of the location where it is inserted, as well as the region, country and planet. "In Co-responsibility, it is not just about financial support, and it should never be isolated. We bring social links closer by disseminating ideas, integrating methodologies and technologies, and even helping to improve the management of the First and Third Sectors. We must be engaged and have an open dialogue with the other agents in order to enhance the effects of actions dedicated to the continuous evolution of the social environment," explains Rodrigues.

Among the actions accomplished in 2016 that show the practice of Institutional Co-responsibility, it is worth mentioning the support given to two programs: Education in Human Values, and Itinerant Public Prosecutor's Office. Both represent a continuous investment in priority areas for the company, they are carried out in close partnership with other social agents and produce long-term benefits, especially in promoting citizenship.

Education in Human Values

How can values, such as respect, peace, harmony and love be incorporated into the learning process? Can joy and understanding replace strictness and punishment in the school environment? Should sustainable development of society be a schooling goal? These are some of the issues that underpin the program "Education in Values, Human Development and Culture of Peace".

Developed with the support of Tubarão unit, since 2009, in municipal schools of the city of Serra, the Program was expanded in 2014 to Espírito Santo state schools. In 2016, it gained force with the voluntary adherence of more schools and the inclusion of educators from the units of Instituto de Atendimento Socioeducativo (Iases), which assists children and adolescents in conflict with the law.

The initiative is carried out in partnership with the State Secretariat of Education of Espírito Santo and the Municipal Secretariat of Education of Serra. It is also supported by two areas of the State Public Prosecutor's Office (MPES): the Education Policy Support Center (CAPE) and the Child and Youth Support Center (CAIJ).

The objective is to train education-related professionals - principals, pedagogues, teachers, coordinators, among others - on a pedagogical methodology that considers the development of students' emotional and social skills, valuing feelings, respect, peace, ethics and love. With a 120-hour duration, the training encourages the school community to promote a more harmonious environment, incorporating into daily life actions aimed at emotional learning not only of students, but also of all professionals and families.

In 2016, for Espírito Santo state, 1,033 teachers from 38 public state schools were trained, benefiting 37,151 students. In the city of Serra, the Program provided training to 202 education professionals from eight educational units that represent about six thousand students.

The results shown by schools that join the Program are surprising in different aspects. The most measurable of them is the reduction in school dropout rates, which in many cases reached zero. Another important indicator is the increase in the students' pass rate, which demonstrates the beneficial effect of emotional education on cognitive development.

But there are other results that can be noticed in the corridors and classrooms of each educational unit. "As we began to develop the techniques of the Program at our school, we could see changes in the way children interacted with each other and with teachers. It is an ongoing process that starts involving the family and transforming the whole environment", says Rosani da Silva Moraes, principal of the Municipal School of Elementary Education Centro de Jacaraípe, in the city of Serra.

Itinerant Public Prosecutor's Office

Launched in 2010 by the Public Prosecutor's Office of Minas Gerais state (MPMG), this project provides legal assistance and other services to citizens from cities with low Human Development Index in the state of Minas Gerais. Since its inception, ArcelorMittal Brasil has been supporting the project, also contributing with campaign materials of public interest, mostly health campaigns.

"Our mission is to plant the seed of citizenship in places where people have restricted access to public services and are not even aware of their rights", explains the Public Prosecutor, Bertoldo Mateus de Oliveira Filho, coordinator of the State Coordination for Defense of Family, Disabled People and the Elderly Rights - CFDI / MPMG. "The members of the Public Prosecutor's Office also benefit from the initiative because they have the opportunity to learn about the problems of each location and contribute with effective solutions. That brings a very positive impact for the institution", says the prosecutor, who has participated in several caravans.

In 2016, 28 municipalities in the state of Minas Gerais received the Itinerant Public Prosecutor's Office. In addition to the legal assistance provided by prosecutors, the caravans took professionals from other areas, such as educators, social workers and police officers. People have the opportunity to solve different matters, including issuance of documents. Each event also features a civic party, with some time dedicated to music, dance and exhibition of children's movies. As suggested by ArcelorMittal Brasil, during the trips throughout the year, actions were taken to fight the Aedes aegypti mosquito, with the distribution of material used in the company's internal campaigns.

ABOUT THIS REPORT

This report refers to the year 2016, from January 1st to December 31st.

ArcelorMittal Brasil issues its Sustainability Reports on an annual basis. The last document was published on May 10th, 2016, and covered the year 2015.

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

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

LIMITS / SCOPE OF THE REPORT

[G4-18]

The 2016 Sustainability Report covers relevant activities and facts for the same group of companies defined by the Sustainability Committee for the 2015 Report. Even though the Company manages and conducts synergy actions with other units of the ArcelorMittal Group in the country and abroad, corporate responsibility initiatives and social-environmental and economic performance of the following entities, business units and segments were not included in the scope of this report: ArcelorMittal Abertta Saúde (former ArcelorMittal Abeb) and ArcelorMittal Distribution. It is important to explain that Abertta Saúde an internal entity exclusively serving the employees. The Mining segment, which in previous years was being partially reported (considering Andrade Mine only), is now totally included in the report as of this year – considering the two main assets, Andrade and Serra Azul Mines – since Serra Azul unit was incorporated by ArcelorMittal Brasil in March 2016. However, the Distribution segment remains under direct control of ArcelorMittal Group, so it is not subordinated to ArcelorMittal Brasil. As for economic and financial data, they are in accordance with accounting practices adopted in Brazil and with international standards (IFRS), and they are submitted to strict auditing procedures. The figures shown consider ArcelorMittal Brasil as a whole, consolidating results of Flat Carbon, Long Carbon, BioFlorestas, Mining, IT and Services.

GRI is a non-profit organization that establishes standards for preparation of annual and sustainability reports, and it currently is the most popular standard used in the world.

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

MATERIALITY

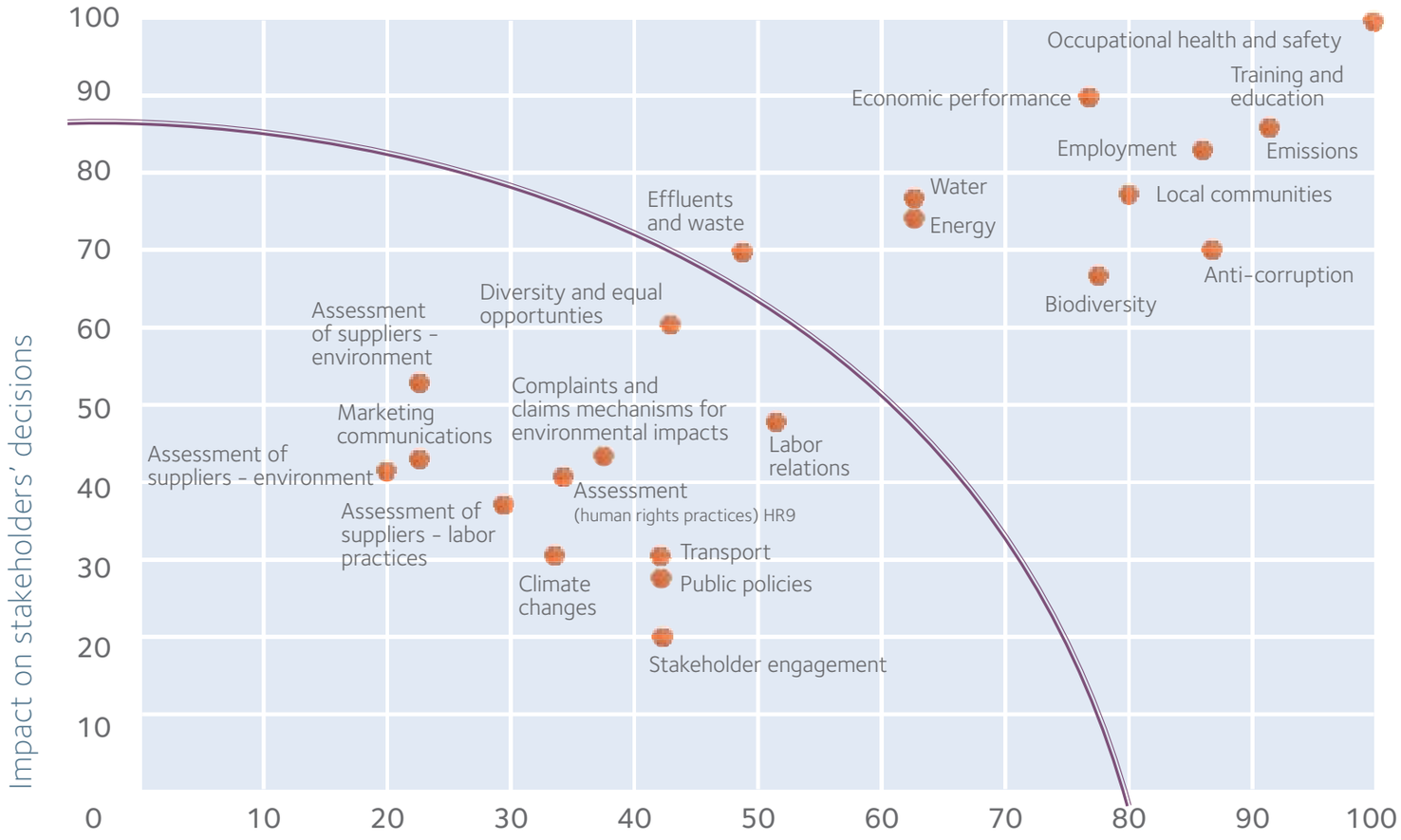
[G4-19; G4-24; G4-25; G4-26]

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

Serving as reference for the 2016 Annual Sustainability Report, ArcelorMittal Brasil used the materiality already developed for the 2015 report, which was based on the 10 Sustainable Development Outcomes of the ArcelorMittal Group, as well as information from other sources, such as: internal policies, reports and surveys including major demands from various types of audience that relate with ArcelorMittal Brasil, questionnaires answered by specialists from several areas in the Company, among others.

This study generated a list of topics that, after excluding the least cited in the sources consulted, was used to build a graph - the Materiality Matrix - that shows the correlation of the main topics according to the Impacts on stakeholders' decisions (point of view of external stakeholders) versus Impacts on ArcelorMittal Brasil business (Company's point of view). The curve in the chart represents a cut-line that identifies the topics considered as the most relevant by one or both axis (the material topics), which are the main issues to be addressed in this report.

MATERIALITY 2015



In the report, according to GRI-G4 methodology, as regards the material topics, the Company explains the relevance of each of them, describes how they are managed, and defines objectives and targets that enable to follow-up the evolution of each indicator listed. DMAs (Disclosure of Management Approach) are created for each material topic.

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

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

GRI Content Index

1 STRATEGY AND ANALYSIS

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	X	X	5
G4-2	Provide a description of key impacts, risks, and opportunities.	X	X	

2 ORGANIZATIONAL PROFILE

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

G4-7	Report the nature of ownership and legal form.		X	X	3 e 4
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).		X	X	12
G4-9	Report the scale of the organization.		X	X	4,12-17 e 131
G4-10	Report the total number of employees and workforce by employment contract, employment type, region and gender.		X		32-34
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	100%	X	X	-
G4-12	Describe the organization's supply chain.	Information not available.			-
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Not applicable.			-
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		X	X	56
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	*COMMITMENTS*	X	X	-

G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic.	*COMMITMENTS*	X	X	-

3 IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents; Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	*BALANCE SHEET 2016*	X	X	132
G4-18	Explain the process for defining the report content and the Aspect Boundaries; Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Page 5	X	X	139-140
G4-19	List all the material Aspects identified in the process for defining report content.	Page5	X	X	141
G4-20	For each material aspect, report your Aspect Limit within the organization.	Information not available.			-

G4-21	For each material aspect, report your Aspect Limit whithout the orgaization.	Information not available.			-
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	All restatements are duly identifyed as footnotes in the tables and graphs where they occurred.	-	-	**32, 62, 63, 74 - 77**
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable.			-

4 STAKEHOLDER ENGAGEMENT

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-24	Provide a list of stakeholder groups engaged by the organization.		X	X	20
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		X	X	141-142
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		X	X	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		-	-	

5 REPORT PROFILE

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		-	-	139
G4-29	Date of most recent previous report (if any).		-	-	
G4-30	Reporting cycle (such as annual, biennial).		-	-	
G4-31	Provide the contact point for questions regarding the report or its contents.		-	X	146
G4-32	Report the 'in accordance' option the organization has chosen; Report the GRI Content Index for the chosen option; Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.		X	X	139
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	Not applicable	X	-	-

6 GOVERNANCE

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		X	X	27
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Information not available.	X	-	-
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		X	-	
G4-38	Report the composition of the highest governance body and its committees.		X	X	26
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		-	-	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Information not available.	X	-	

G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.		X	-	26
G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	The Organization reserves the right to not report information for strategic reasons.	X	-	-

7 ETHICS AND INTEGRITY

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		X	X	21-24
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity (e.g., ombudsman).		X	X	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		X	X	

8 ECONOMIC PERFORMANCE

ASPECT: ECONOMIC PERFORMANCE

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EC1	Direct economic value generated and distributed		X	X	131
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		X	X	95-97

EC3	Coverage of the organization's defined benefit plan obligations.	Information not available.				-
EC4	Financial assistance received from government	Information not available.				-

ASPECT: MARKET PRESENCE

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

ASPECT: INDIRECT ECONOMIC IMPACTS

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EC7	Development and impact of infrastructure investments and services supported	Information not available.			-

ASPECT: PURCHASING PROCESSES

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EC9	Proportion of spending on local suppliers at significant locations of operation		X	X	104

9 ENVIRONMENTAL PERFORMANCE

Environmental Performance Indicators

ASPECT: MATERIALS

	GRI INDICATORS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN1	Materials used by weight or volume. **Note about this indicator:** Report in-use inventory of solid and liquid, high level and low level PCBs in equipment.	X	X	62-63
EN2	Percentage of materials used that are recycled input materials.	X	X	64

ASPECT: ENERGY

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN3	Energy consumption within the organization.		X	-	90
EN5	Energy impact.	Information not available.			
EN6	Reductions in energy consumption.		X	X	90
EN7	Reductions in energy consumption demands for products and services	Not applicable.			-

ASPECT: WATER

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN8	Total water withdrawal by source.		X	X	74
EN9	Water sources significantly affected by withdrawal of water.	Due to the high percentage of water reuse, the withdrawn volume is not significant.			-
EN10	Percentage and total volume of water recycled and reused.		X	X	74

ASPECT: BIODIVERSITY

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

EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas a%ected by	See more information at http://brasil.arcelormittal.com.br/en/corporate-responsibility/management-approach/biodiversity-management	X	X	85
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Not applicable.			-

ASPECT: EMISSIONS

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN15	Direct greenhouse gas (GHG) emissions (Scope 1).		X	X	95
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		X	X	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		X	X	
EN18	Greenhouse gas (GHG) emissions intensity.	Information not available.			-
EN19	Reduction of greenhouse gas (GHG) emissions.		X	X	96
EN20	Emissions of ozone-depleting substances (ODS).	Information not available.			-
EN21	NO, SO, and other significant air emissions by type and weight. Comments on the indicator: Report emissions per MWh net generation.		X	X	99

ASPECT: EFFLUENTS AND WASTE

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN22	Total water discharge by quality and destination.		-	X	75
EN23	Total weight of waste by type and disposal method.		X	X	76
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.		X	X	
EN24	Total number and volume of significant spills.		X	X	83
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable.			-
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable.			-

ASPECT: PRODUCTS AND SERVICES

	GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN27	Extent of impact mitigation of environmental impacts of products and services.	Information not available.	X	X	
EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		X	X	77

ASPECT: COMPLIANCE

	GRI INDICATORS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	X	-	60

ASPECT: TRANSPORT

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Information not available.			-

ASPECT: OVERALL

	GRI INDICATORS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN31	Total environmental protection expenditures and investments by type.	X	X	60

ASPECT: ENVIRONMENTAL ASSESMENT OF SUPPLIERS

	GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN32	Percentage of new suppliers that were screened using environmental criteria.	Information not available.			-
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		X	X	106

ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

	GRI INDICATORS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
EN34	Number of grievances about environmental impacts “led, addressed, and resolved through formal grievance mechanisms.	X	X	106

10 SOCIAL PERFORMANCE

Performance Indicators Related to Labor Practices and Decent Work

ASPECT: EMPLOYMENT

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
LA1	Total number and rate of employee turnover by age group, gender, and region. Comment on the indicator: For the employees who left their employment during the reporting period, report the average time in the job, by gender and age group.		X	X	32
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	*PEOPLE MANAGEMENT*	X	-	-

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	100%	X	-	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender.		X	-	35
LA7	Workers with high incidence or high risk of diseases related to their occupation	There are no activities in the company with high risk of occupational disease.	X	-	35

ASPECT: TRAINING AND EDUCATION

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
LA9	Average hours of training per year per employee by gender, and by employee category.		X	-	31
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		X	-	-

ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES

GRI INDICATORS		COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		X	-	33

ASPECT: EQUAL REMUNERATION FOR MEN AND WOMEN

GRI INDICATORS			INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	*PEOPLE MANAGEMENT*	X	-	-

HUMAN RIGHTS PERFORMANCE INDICATORS

ASPECT: INVESTMENTS

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	X	X	104-105
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	X	-	31

ASPECT: ANTI-DISCRIMINATION

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
HR3	Total number of incidents of discrimination and corrective actions taken.	X	X	31

ASPECT: CHILD LABOR

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	X	X	104-105

ASPECT: FORCED OR COMPULSORY LABOR

GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	X	X	104-105

ASPECT: INDIGENOUS RIGHTS

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

COMPANY'S SOCIAL PERFORMANCE INDICATORS

ASPECT: EMERGENCY AND DISASTER PREVENTION AND PREPAREDNESS

ASPECT: COMMUNITY

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		X	X	110-122
SO2	Operations with signi"cant actual or potential negative impacts on local communities.		X	X	
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	There were no significant conflicts related to the topic.	X	X	-
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	Not applicable.			-
MM10	Number and percentage of operations with closure plans.	Information not available.			-

ASPECT: ANTI-CORRUPTION

	GRI INDICATORS		INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	See more informantion at http://brasil.arcelormittal.com.br/en/corporate-responsibility/transparent-governance/integrity-culture	X	X	21-24
SO4	Communication and training on anti-corruption policies and procedures.		X	X	
SO5	Confirmed incidents of corruption and actions taken.		X	X	

PRODUCT LIABILITY INDICATORS

ASPECT: CUSTOMER HEALTH AND SAFETY

	GRI INDICATORS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	X	X	56

ASPECT: LABELLING OF PRODUCTS AND SERVICES

SUBTITLES: Sectorial Indicators (sector MM - Metal & Minning)

	GRI INDICATORS	COMMENTS	INTERNAL IMPACTS	EXTERNAL IMPACTS	PAGES
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.	Not applicable.			-
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not applicable.			-
PR5	Results of surveys measuring customer satisfaction.		X	X	107

ASPECT: COMPLIANCE

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

Global Compact Principles [PG1; PG2;PG3; PG4; PG5; PG6; PG7; PG8; PG9; PG10]

HUMAN RIGHTS

Principle 1: Respect and protect human rights.

Principle 2: Prevent human rights violations.

LABOR RIGHTS

Principle 3: Uphold freedom of association at work.

Principle 4: Elimination of forced labor.

Principle 5: Elimination of child labor.

Principle 6: Eliminate discrimination in the workplace.

ENVIRONMENTAL PROTECTION

Principle 7: Support a precautionary approach to environmental challenges.

Principle 8: Promote environmental responsibility.

Principle 9: Encourage environmentally friendly technologies.

ANTI-CORRUPTION

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

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