

USIMINAS U



SUSTAINABILITY
REPORT



A YEAR OF OVERCOMING
RESULTS

2020



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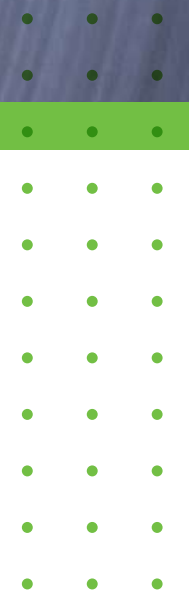
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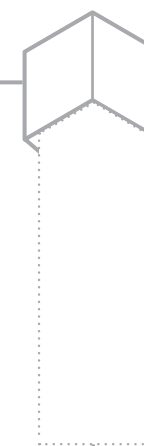
FOREWORD

Message from the Board of Directors

Year 2020 ended a decade that tested Usiminas' resilience in several ways. We have closed the period with results that show a quick and effective reaction capacity. Supported by the Board of Directors, Usiminas' Executive Board took the lead in an effective work to meet and react to the extraordinary demands brought by the pandemic. The Board of Directors' agenda, on the other hand, has been adapted to this challenging scenario. 29 meetings were held, whether in person or via video conference, to approve urgent matters. The Board has quickly approved the shutdown of the blast furnaces during the crisis – and later it approved them to gradually resume operations. Another 2020 issue was the corporate restructuring of Usiminas Mecânica, which now focuses on providing services only to Usiminas companies.

The Company's good results, despite all hurdles, allow us to embark in this new decade looking to the future and build the company's perpetuity. We are strongly engaged in Environmental, Social and Governance (ESG) matters, in line with the long-term sustainability strategy.





We have strengthened measures that began to gain momentum over the past years. In 2018, we created an independent integrity department reporting to the Board of Directors, which enhanced Usiminas' governance level. Since the program's launch, we have focused on its effectiveness. We have improved other governance aspects at Usiminas.

In the social field, the Board has supported the Executive Board's initiatives to fight the crisis created by the pandemic. Important actions have been taken focused on both our internal and external stakeholders. We have also advanced in creating our Diversity and Inclusion Program.

The environmental field saw important achievements in controlling the Ipatinga steel works' air emissions and the implementation of a new waste disposal system at the mining unit, which will replace the use of dams.

Another highlight was the progress of ESG governance, through the Executive Board's proposal to create a department that centralizes such important topic in the corporate agenda.

I also emphasize that the executive officers should be even more engaged in this agenda. Around 20% of the Executive Board's bonus will be related to ESG goals, according to the rules approved by the Board of Directors in February 2021, and amounts will be paid in 2022. Other 2 advancements included in the 2021 agenda are the risk management structuring by the Board of Directors, by developing a Corporate Policy to define its competences and operation; in addition, besides, we will take stock of our CO₂ emissions and have it certified by an external agency, as grounds for an emissions reduction plan.

For the second year in a row, per the Executive Board's initiative, the Company's report has been improved according to the Global Reporting Initiative (GRI) standards, which now relies on external independent assurance, showing Usiminas' commitment to transparency. In the following pages, you will learn in detail about the continuous improvement efforts that the Usiminas' team have made during 2020 for the benefit of employees, communities surrounding our operations, our shareholders and the environment.



Ruy Hirschheimer
Chairman of Usiminas
Board of Directors



Message from the CEO | GRI 102-14 |

The pandemic has had a huge impact on the corporate life, and for Usiminas, it was no different. Despite the hurdles, we took a series of measures quickly and, by the end of 2020, we were able to build the company's best result for the last 12 years. Without losing sight of our employees' safety and health standards, we advanced in our competitiveness – specially in two pillars. One being cost reduction, an ongoing work for the Company. The other is the effort to improve customer service. In the automotive industry, a large portion of our products are delivered just in time to car manufacturers. In order to render this service, one of our companies, Soluções Usiminas, Brazil's largest flat steel distributor and service center, plays a crucial part in cutting steel and delivering welded products to carmakers and other industries.

Environmental, Social and Governance (ESG), one of our strategic pillars, received an important support with the creation of the Corporate Department of Sustainability on June 1, 2020, which reports directly to the CEO. We have also created a Sustainability Committee, which meets at least 4 times per year with the participation of all Executive Officers.

In 2020, the Company has invested R\$25 million in the environmental agenda. Most of said amount was invested to renew the Company's machinery and adapt its efficiency standards from an environmental standpoint. In the mining business, in 2020, Usiminas received environmental authorization to implement a Dry Stacking Waste Disposal System, which, despite the pandemic, enabled us to advance our project to stop using waste dams in our operations. This project stands for innovation and view of the future. When construction works are completed, which is expected for 2021, Usiminas will stand in the global technology state-of-the-art.

We have also made progress in the social sphere, where our initiatives have been market benchmarks for decades. One of the highlights is the Diversity and Inclusion Program, based on 5 pillars: gender, race & ethnicity, generations, persons with disabilities and

LGBTI+. For each of them, we have created voluntary affinity groups, who discuss, analyze and proposes actions for each topic. Each group pillar has an executive officer who act as sponsor.

Usiminas reinforces its commitment to the United Nations' (UN) Global Compact and is a member of 4 action platforms for: water, climate, anti-corruption and communication & engagement.

This year we began to advance in the Company's strategic view planning for 2030. This analysis definitely includes CO₂ emissions reduction. We are currently

taking stock of our emissions, which is expected to be finished by 2021, when we will be able to set long-term goals. We have been Brazil's flat steel market leaders for decades and expect to continue innovating to maintain an updated product portfolio. For the past 50 years, we have kept innovating through our Research Center launched 10 years after the Company's foundation. It was back then, in 1976, that I began my career at Usiminas. As part of the Company's history and aiming at the future, I can affirm that we continue to believe in Brazil's capacity, in our team's efforts to add value, wealth and an even better future. This is our pledge.



Sergio Leite de Andrade
Usiminas CEO



About this Report

Usiminas - Usinas Siderúrgicas de Minas Gerais S.A. - presents its Sustainability Report as regards the period from January 1st to December 31, 2020, providing transparency to its strategy and sustainability practices. | [GRI 102-1; 102-50](#) |

The Sustainability Report is published every year, with the last report published in 2020, referring to the year 2019. This document has been prepared based on the Global Reporting Initiative (GRI) standards, the most complete and internationally known reporting standard. | [GRI 102-51; 102-52; 102-54](#) |

The GRI Content Index is available at the end of this report, including all information available in accordance with the GRI guidelines. | [GRI 102-55](#) |

In order to include a wider range of stakeholders, Usiminas began – preliminarily – to consider some requirements from the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) in this report.

In order to provide more assertive information to its stakeholders, the Company has designed a materiality exercise to guide the preparation of this report.

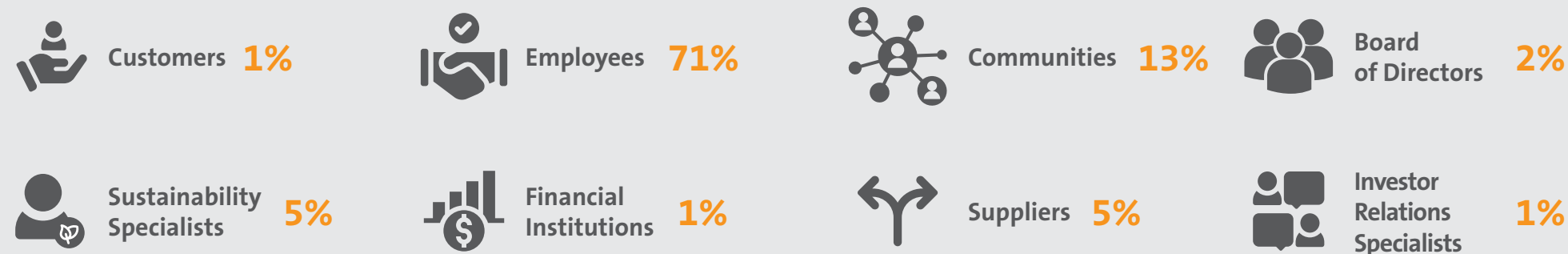
From a preliminary survey of sustainability management aspects, according to the materiality of environmental, economic and social impacts, and their influence on the stakeholders, 12 priority topics have been identified (*refer to the methodology in the chart below*).





MATERIALITY

Material topics for the consultation have been defined after a benchmarking made with frameworks, ESG ratings, company's peers and online survey with a selected audience. A broad survey on such topics has been conducted with the following stakeholders, who have been selected by the sustainability department according to the hired consulting company's suggestions, with a total of 210 answers:



The outcome is the following materiality



| GRI 102-40; 102-42; 102-43; 102-44; 102-46; 102-49 |

Mindful of the importance of taking concrete sustainability initiatives, Usiminas is aware of the United Nations' (UN) 2030 Agenda and the 17 Sustainable Development Goals (SDG) – a global plan developed in partnership with public authorities, the academy, civil society and the private sector. | GRI 102-12 |

In this report, references to Usiminas and Company include all companies in the group, including: Usiminas, Unigal Usiminas, Mineração Usiminas, Usiminas Mecânica and Soluções Usiminas. The term “Usiminas Companies” can also be used in specific contexts. Additional Information and clarifications of doubts on the contents of this report may be requested from the Usiminas' Sustainability team at the email: sustentabilidade@usiminas.com.

| GRI 102-53 |

This Report was externally validated by BSD Consulting. | GRI 102-56 |

Boundaries study - Usiminas' 2020 material topics | GRI 102-46; 102-47 |

Material topic	Disclosure	Inside or Outside?	Where? (Shareholders/investors, customers, employees, communities, suppliers, government, environment and operation)	Direct or indirect?
Ethics and transparency	GRI 205 - Anti-Corruption	Inside and outside		
Corporate Governance	GRI 102 - Corporate Governance	Inside and outside		
Solid and hazardous waste management	GRI 301 - Materials GRI 306 - Waste	Inside and outside		
Water and effluent management	GRI 303 - Water and effluents	Inside and outside		
Biodiversity and use of soil	GRI 304- Biodiversity	Outside		
Greenhouse gas emissions	GRI 305 - Emissions EM-IS-110a.1 - GHG emissions	Outside		
Dams Safety	GRI 307 - Environmental Compliance	Inside and outside		
Occupational health and safety	GRI 403 - Occupational health and safety EM-IS-320a.1 - Workforce health and safety	Inside and outside		
Training and education	GRI 404 - Training and education	Inside and outside		
Diversity, equality and inclusion	GRI 405 - Diversity and equal opportunity GRI - 406 - Non-discrimination	Inside and outside		
Relationship with the community	GRI 413 - Local communities EM-MM-210a.2 and EM-MM-210a.3 - Security, Human Rights and Rights of indigenous peoples	Inside and outside		
Air quality and pollutants	SASB EM-MM-120a.1 - Air quality	Inside and outside		

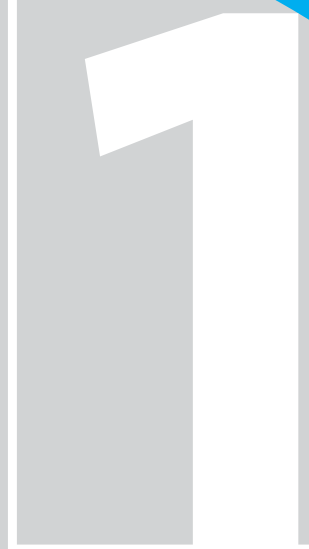
CORPORATE PROFILE

Usiminas

Headquartered in Belo Horizonte, state of Minas Gerais, Usiminas has Brazil's largest flat steelmaking complex. With 58 years of operation, the Company works in the entire sector chain, from ore extraction to steel production and its transformation into customized products for the market. | [GRI 102-3](#) |

The Company has 23,046 employees (12,109 own workers and 10,937 outsourced employees) and reached R\$16.088 billion in total net revenue in 2020 (8% up on 2019, when the company reached R\$14.949 billion), steel produced and transformed by Usiminas Companies is present in the daily routine of millions of people in the form of cars, houses, buildings, bridges, home appliances, vessels, steel furniture and agricultural equipment and machinery.

Through cutting-edge products and high added-value services, the Company moves the industry and contributes to Brazil's development, by way of operations strategically located in the country's most industrialized regions. | [GRI 102-4](#) |



Vision and Values | GRI 102-16 |

Usiminas' vision is to be a reference in steel industry quality and management, focused on people, customers and generating sustainable results, without losing sight of its employees' safety. Therefore, the Company has the Usiminas DNA, a set of skills and behaviors to guide the entire team's daily routine.

The Company's business purpose is to offer full, integrated and tailored solutions, in line with each customer's needs for the most diverse industrial challenges in Brazil, by having its products and services present in the most relevant productive chains.


Usiminas creates value to society by offering quality products and services to its customers, generating return to shareholders, fostering its employees' personal and professional development as well as controlling and mitigating environmental and social impacts. In addition to economic results distributed to society through jobs created and taxes paid. | [GRI 203-2](#) |

The Company also invests in the development of the communities where it operates, whether through structured partnerships with public authorities or through the Usiminas Institute and São Francisco Xavier Foundation (FSFX), the Company's social branches in the health-care, education, culture and sports fields.


The Company believes that Zero Accidents is achievable, and it is a daily priority goal in all activities at our units. Teams are encouraged to devote their efforts to improve workplace climate and humanization, being respectful towards differences.

The focus is excellence, the pursuit for customer satisfaction, winning their loyalty, meeting the agreed requirements at the same time exceeding their expectations. Agile decision making, strict spending and simplified bureaucracy contribute to an even more competitive positioning in both domestic and foreign markets.


USIMINAS VALUES




PEOPLE




CUSTOMERS



RESULTS



SAFETY



QUALITY

USIMINAS DNA

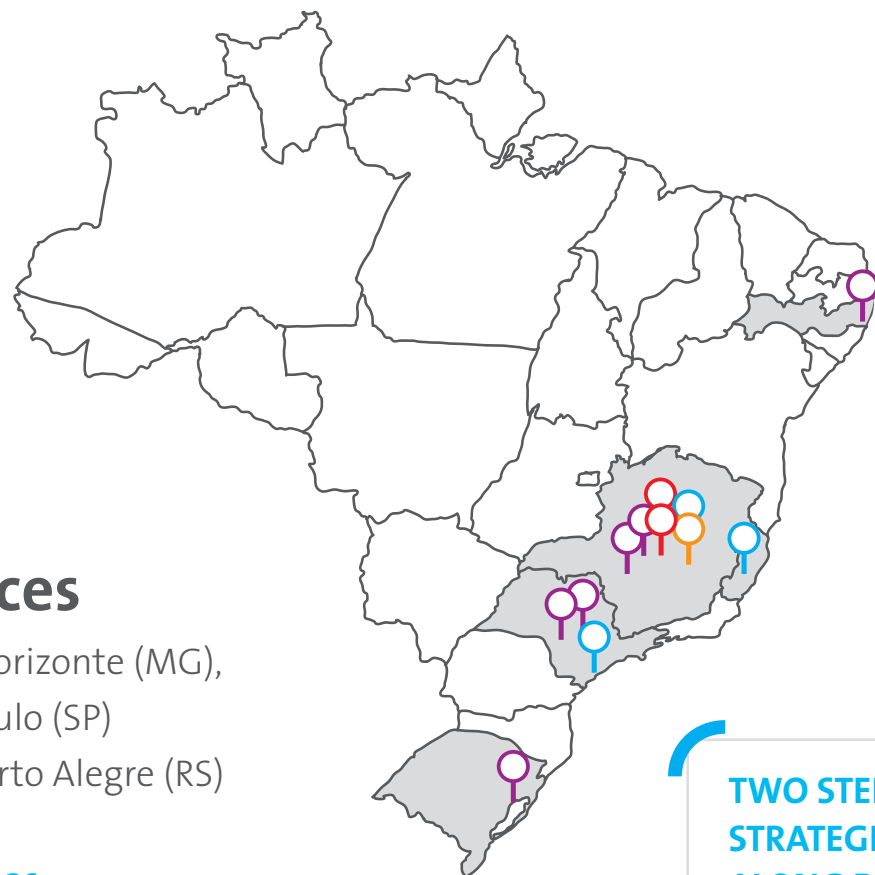
- **Protect life**
- **Cooperation**
- **Openness to new things**
- **Lead to results**
- **Commitment to results**

- **Operational discipline**
- **Customer-driven**
- **Simplicity and agility**
- **Inspire and develop people**



Where we operate | GRI 102-7 |

Usiminas operates in several segments of the value chain, such as mining and logistics, capital goods and distribution as well as customized solutions.



Offices

Belo Horizonte (MG),
São Paulo (SP)
and Porto Alegre (RS)

Usiminas
Ipatinga (MG), Cubatão (SP) and Vitória (ES)

Mineração Usiminas
Itatiaiuçu (MG) and Mateus Leme (MG)

Soluções Usiminas
Guarulhos (SP), Betim (MG), Santa Luzia (MG), Cabo de Santo Agostinho (PE), Taubaté (SP) and Porto Alegre (RS)

Usiminas Mecânica
Ipatinga (MG)

TWO STEELWORKS STRATEGIC LOCATED ALONG BRAZIL'S MAIN INDUSTRIAL AXIS, WITH COMMERCIAL UNITS IN THE COUNTRY'S MAIN REGIONS.

4,246
Suppliers
(Operational)

23 thousand
Employees | GRI 102-7 |

Business Units

Usiminas has 4 business units, operating through 5 companies: steelmaking (Usiminas and Unigal Usiminas), mining (Mineração Usiminas) steel processing (Soluções Usiminas) and capital goods (Usiminas Mecânica). In 2021, the Capital Goods unit was merged into the Steelmaking unit. | GRI 102-2; 102-45 |

| Steelmaking

At its steelmaking unit, Usiminas manufactures and sales the following flat carbon steel products: plates, thick plates, hot-rolled flat steel products, cold-rolled flat steel products (uncoated), electrogalvanized and galvanized steel (coated). By using a cutting-edge technology that has sustainable features, the Company stands out in the domestic flat steel production (see more details on page 16).

Both in Ipatinga, state of Minas Gerais, and in Cubatão, state of São Paulo, the steelworks are integrated. At the Cubatão plant, the primary areas (from raw mate-

rial yard to steel mill) are temporary shutdown. In 2020, the Company has also shutdown 2 out of the 3 blast furnaces at the Minas Gerais plant, due to the pandemic's effects on the demand.

Most of Usiminas business is devoted to the domestic market, which, in 2020, accounted for 88.7% of the company's total sales, representing 3.3 million out of the 3.7 million tons of manufactured products. The foreign market is also important for the Company's operations. The company's main export destinations in the past year were Argentina, United Kingdom and Germany. | GRI 102-6 |

In the domestic market, Usiminas sells a diversified range of products to the automotive, retail and industrial segments, accounting for 31.0%, 34.1% and 34.9% of its sales, respectively.

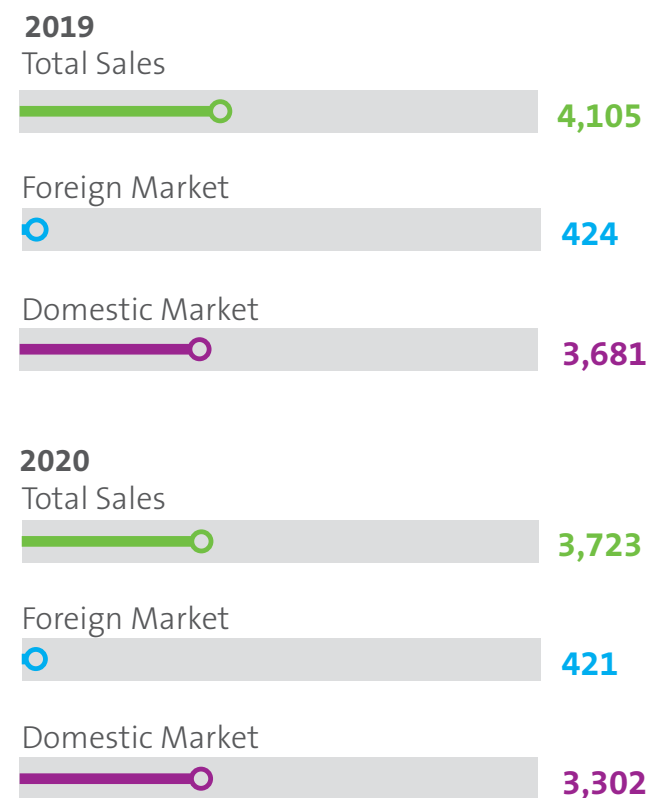
We also operate in the segment through Unigal Usiminas, a joint venture between Usiminas and Nippon Steel Corporation, founded in 1999, whose focus is to manufacture hot-dipped coated steel coils, for the automotive, home appliances and civil construction industries. The company's operations are performed at the Ipatinga unit, belonging to Usiminas.

With a logistical structure composed of 5 distribution centers, 7 warehouses for customers and 2 ports, mainly located in the Southeastern and Southern regions, Usiminas has stood out not only for its products and services quality, but also for being the largest flat steel supplier to Brazil's main consumer segments.

The focus on efficiency ensures the increasingly strategic use of Brazilian railroad and highway networks, as well as the increased adoption of alternative service methods (such as cabotage for the Northern and Northeastern markets).

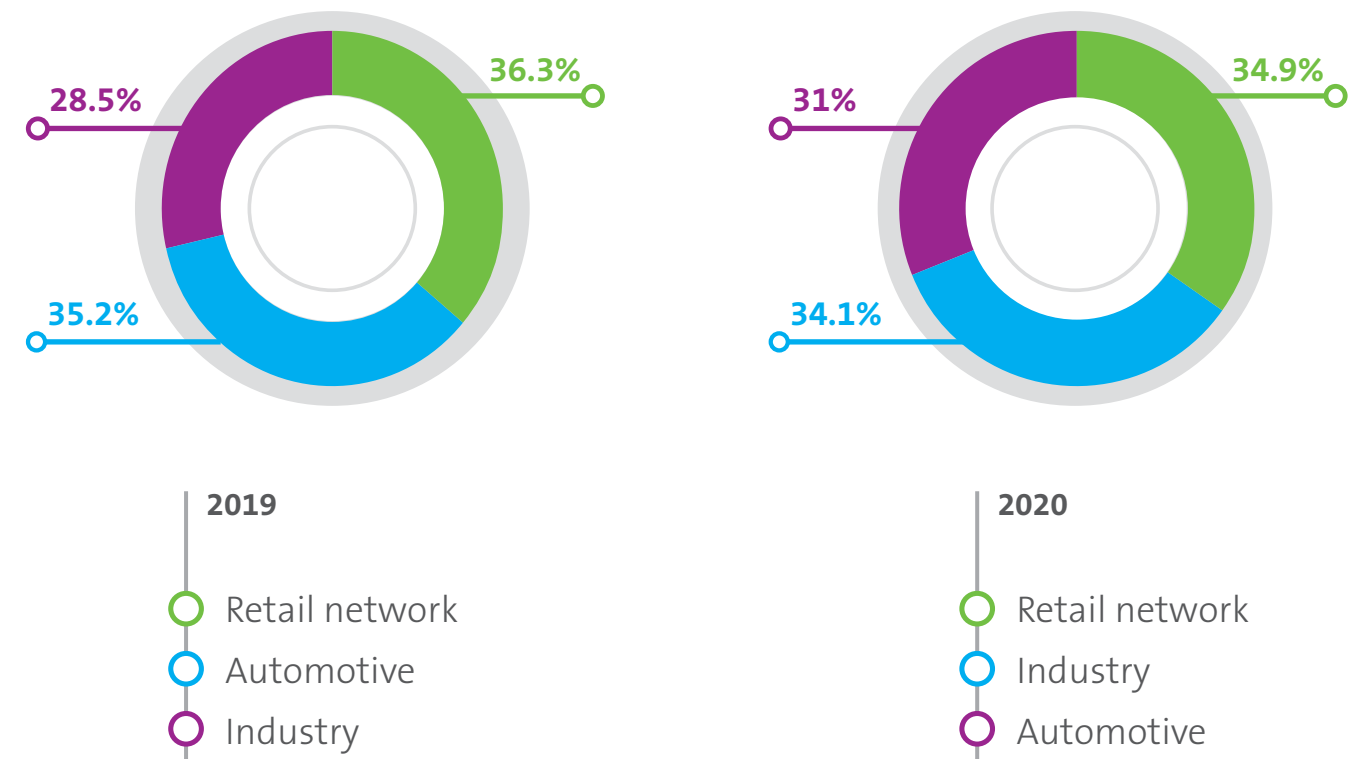
Sales distribution per destination

In thousand tons



Sales distribution per domestic market segment

(volume)



| Mining

In 2020, Mineração Usiminas S.A. (MUSA) celebrated its 10th anniversary. The company was created as a joint venture between Usiminas and the Japanese group Sumitomo Corporation and it was focused on meeting Usiminas' own demand. Close to 65% of the company's total sales is targeted at the foreign market. The remaining production was internally sold to the Ipatinga Plant, belonging to Usiminas, equivalent to 2.2 million tons - almost 25% of MUSA's total sales domestically and abroad.

In that sense, the company has taken on a position of prominence as an internationally competitive mining company and is not merely a mining branch for the steelmaking business. | [GRI 102-6](#) |

By way of investments done in 2020, e.g. in high vibration sieves, which allows to obtain a more concentrated ore, with purity levels over 65% iron, MUSA took an important step towards becoming a premium quality products supplier in the foreign market. Despite the difficulties faced during the year due to the pandemic, the Company could also receive

authorization to implement a Dry Stacking Waste Disposal System, whose construction works began in 2020, upon the investment of R\$160 million.

Once completed, this project will allow the Company to end waste disposal in dams. The company's commitment to dam de-characterization advanced consistently throughout 2020 with the completion of the decharacterization works at the Somisa dam and the process validation by oversight agencies, issued in January 2021 ([see more on pages 37 – about goals and 129 – about decommissioning](#)).

About 20% of the materials used by MUSA comes from dam's decommissioned waste. This process complies with the strictest safety standards and are included in the dams de-characterization project, which allows us to derive economic benefits from this waste and recover the environment in the dam's area.

Through iron ore extraction and processing at the Itatiaiuçu and Mateus Leme mines, both in the state of Minas Gerais,

MUSA produces pellet feed, sinter feed and granulates, both to supply the Company's own steelmaking and other domestic and foreign customers. The company has logistical capacity with integrated modals, plus a strategic area in the Sepetiba Bay, in Itaguaí - Rio de Janeiro, in the center of one of Brazil's most important port complexes.

In the distribution process, independent contracted carriers perform road transportation to the railway terminals located in Itaúna, Sarzedo and Santa Luzia, all in the state of Minas Gerais. The responsibility for the other stages of distribution is defined in commercial agreements, whether they are intended for the Usiminas steelmaking unit or for the port terminals when targeted at foreign markets.





| Steel Processing

Likewise the Mining division, Soluções Usiminas also completed its first decade of operations in 2020. The company has a modern processing infrastructure and is prepared to supply the demand of several market segments in any quantity and format.

With a wide portfolio, it operates in steel distribution and small-diameter tube manufacturing and sale throughout the country. | **GRI 102-6** | Its current processing capacity for high added value products is around 2 million steel tons per year at its 7 industrial units located in the states of Rio Grande do Sul, São Paulo, Minas Gerais and Pernambuco. It serves various economic industries, including Automotive, Civil Construction, Distribution, Electronic Devices, Machinery and Equipment, Home Appliances, among others.

The Distribution, JIT/Services and Tubes business units' sales accounted for 36.5%, 56.3% and 7.2% of total volume sold in 2020, respectively.

During the pandemic, Usiminas Soluções' just in time service capacity for civil construction was used to make the construction of South America's largest modular hospital possible in 60 days, in a partnership with Quick House. The unit, with a 300-hospital bed capacity, of which 120 are ICU beds, was built in the flying club in the city of Nova Iguaçu, in Rio de Janeiro, for the treatment of Covid-19 patients.

| Capital Goods

For 50 years in the market, Usiminas Mecânica S.A. went through a major restructuring during 2020. After the change, the Company's operation scope now includes only those activities related to the maintenance services and construction works for Usiminas and its subsidiaries.

The aforementioned restructuring arises from the fact that Usiminas Mecânica, whose activities are not related to Usiminas' core business, has shown significant drop in cash generation over the past 5 years, with decreasing results in industrial assembly and manufacturing.


| **GRI 102-6** |



Products and Services

In order to incorporate the necessary requirements to meet customers' demanded quality standards, and through the ongoing improvement of its methods and processes, the Company maintains its Quality Management System certification backed by the NBR ISO 9001:2015 and the IATF 16949:2016 standard, which is applicable to automotive supply chain manufacturers worldwide.

Usiminas also has certifications that confirm the reliability of its lab analysis, as well as its product quality, obtained through domestic and international certifying agencies.

Sector	Certifying Entity	Certifier Country
 Naval	American Bureau of Shipping - ABS	EUA
	Bureau Veritas - BV	France
	Korean Register of Shipping - KR	South Korea
	Lloyd's Register os Shipping - LR	Great Britain
	Det Norke Veritas - Germanischer Lloyd - DNV - GL	Norway
	Bureau Veritas – BV (steel plates grade IIB / IIC, complying with Petrobras standard)	France
	Nippon Kaijji Kyokai - NKK	Japan
 Energy	Eletrobras Termonuclear S/A	Brazil
	Brazilian Nuclear Quality Institute – IBQN	Brazil
 Various	TÜV (AD2000W0 / PED - pressure vessel products)	Germany
	Argentinean Institute for Standardization – IRAM / INTI	Argentina
	TÜV (USIPROT500 – Brazilian Army armored vehicles)	Germany
	DNV-GL – Local Content	Brazil
	Lloyd's Register os Shipping - LR (ELV Compliance)	Great Britain
	Brazilian Association of Technical Standards - ABNT: NBR 7008 (zinc or zinc-iron coated steel plates and coils by con - tinuous hot dipping process)	Brazil
	INMETRO (in-house laboratory accreditation - Force, Torque and Hardness Calibration; Pressure Calibration; Tensile, Charpy, Hardness and Chemical Testing)	Brazil





All the Company's products are tested for health and safety impacts related to their use by customers. Whether technical, or related to disposal or safe use, material information is presented on the products' package and label, according to the effective standards in the country where they are sold. Furthermore, Usiminas issues a Product Inspection Certificate, which states the material's chemical, mechanical and physical features, making sure the product complies with specific rules or those issued by an international organization. In addition to specific product and customer information, the certificate states:

- RoHs and ELV green seal logos: The Restriction on Hazardous Substances (RoHS) guideline aims to protect both the environment and people's health, by restricting the use of certain substances, such as lead, mercury, cadmium and hexavalent chromium during steelmaking;
- End of Life Vehicles (ELV): It defines regulations similar to RoHS for passenger vehicles sold in the European Union, aiming to reduce environmental impacts through the collection, reuse and recycling of components. Since 2007, Usiminas has maintained these certifications issued by Bureau Veritas;
- FDS/MSDS query referral - The Material Safety Data Sheet (MSDS) is the documentation that provides information on a number of protection, safety, health and environment aspects. FDS provides basic knowledge on materials, protection measures recommendations and emergency situation protocol. Furthermore, it offers physical data, transportation, storage and handling instructions.

For customers who request it, Usiminas Steelworks presents a statement letter on the Percentage of Local Content. It is a Regulation established by the Brazilian Oil, Natural Gas and Biofuels Agency (ANP), which aims to increase the Brazilian goods and services industry share in oil and natural gas exploration and production development projects, resulting in the mandatory Local Content Certification (LCC) for the "thick carbon steel plates" family. In 2016, a LCC valid for 4 years was issued by Det Norske Veritas, DNV-GL, with a 100% of local content for Usiminas Steelworks' thick plates. | [GRI 416-1](#) |



| Product Innovation and Development

Usiminas' products are historically known for their high technological value and renowned quality in the flat steel market. The Usiminas Research Center, launched in 1971, is Latin America's largest steelmaking research center, and grants the Company a high technological advantage and market quality.

This knowledge is mostly used in the following activities:

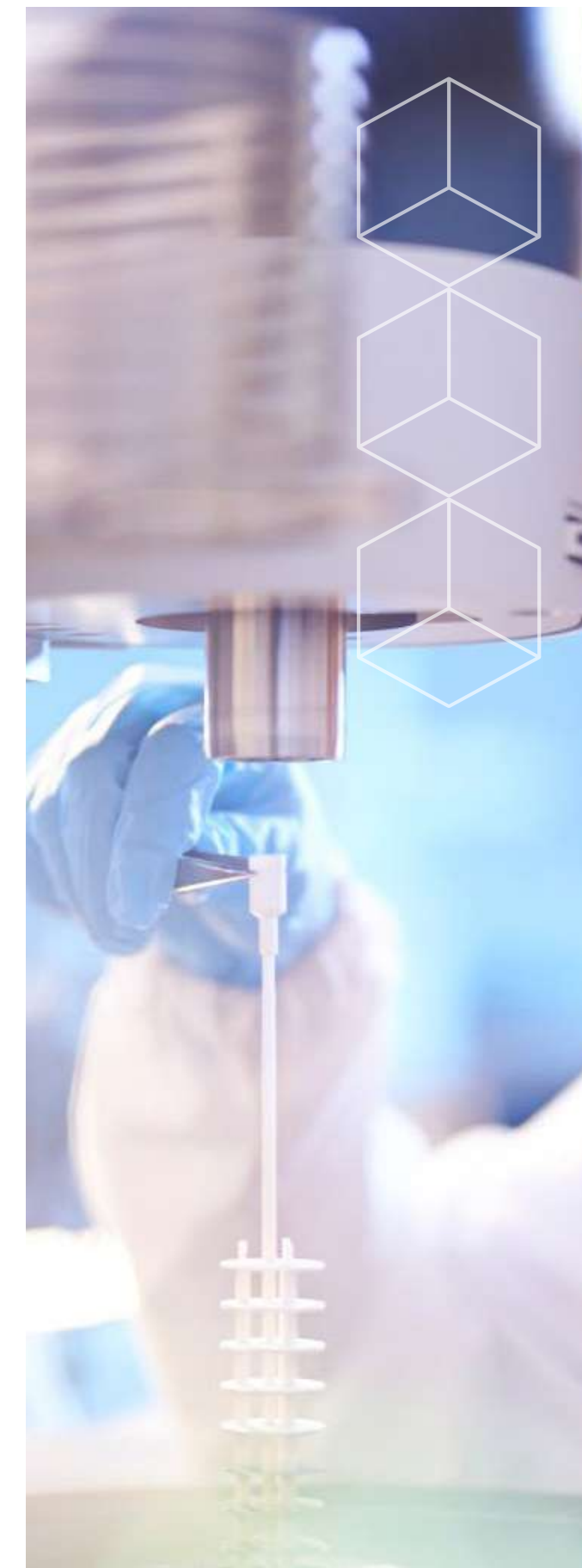
1. Product development - new kinds of steel and improvement of those already produced;
2. Applied engineering - steel behavior in customer service and technical support;
3. Improvement of industrial processes for steel manufacturing;
4. New technologies identification and evaluation.

Among the 2020 highlights were the development of 4 new kinds of steel in industrial scale, the support for the industrial development of 14 kinds of steel and more than 50 supporting studies to customers geared towards a most efficient use of Usiminas steel.



Another important innovation feature is how it contributes to sustainability. One of the highlights for the past years was Usi Solar, the first steel exclusively designed for the photovoltaic power plants market, used for generating solar power. The product has been developed by Soluções Usiminas and the Research & Development Center and its main advantage is high resistance to atmospheric corrosion, with no need for subsequent procedures, such as painting and galvanization. Therefore, energy consumption during production is reduced, generating affordable costs and higher environmental benefits.

Another way to contribute to sustainability is by developing high-technological value steel. In this category, we can list "electrical steel", capable of boosting engine energy performance, because they show low power losses and high permeability. High mechanic resistance and low thickness steel also stands out, offering environmental benefits by making the assembly of lighter vehicles possible, with a lower greenhouse gas emission rate.





NEW PRODUCTS

Usiminas Companies invested R\$7.37 million in research and development in 2020 and, as a result, they launched the following new products in these two strategic segments:

ELECTRICAL STEEL

In the electrical steel segment, in which the material combines low power loss and high permeability, enabling increased engine energy performance, we can highlight:

***USI-CORE-500:** Cold rolled steel used for electrical purposes, to manufacture engines and compressors, with semi-processed electrical steel properties and low magnetic aging.

HIGH MECHANICAL RESISTANCE STEEL

The high mechanical resistance steel segment enables a reduction in material thickness, without jeopardizing user safety. This thickness reduction provides two major sustainable benefits: lighter vehicles that use less fuel and, consequently, emit less pollutants, and the lower raw material and energy consumption in producing their parts. In this category, we highlight the following products:

***USI-RAVUR-400:**

Steel developed in two product segments, one Hot Rolled (with thickness between 2.0 and 6.0 mm) and a Thick Plate (thickness between 20.0 and 70.0 mm).

They provide high wear and impact resistance, and are used for agriculture, heavy industry and highway inputs.

***USI-LN-1000:**

Ultra-high resistant hot rolled steel, with good cold shaping and toughness at low temperatures, designed for vehicle manufacturing, specifically parts such as frame, stanchion and spars.

Value Creation

From mining to commercial activities, Usiminas creates long-term value by harmonizing the interest from its various stakeholders and fostering industrial and social development in the regions where it operates, without forgetting its environmental impact.



INPUTS

MANUFACTURED CAPITAL

- 9.5 million tons/year of crude steel production capacity
- 12 million tons/year of iron ore production capacity
- 2 steel mills located in Ipatinga and Cubatão (MG)
- 5 ore processing plants, located in Itatiaiuçu and Mateus Leme (MG)
- 3 mining sites in the Serra Azul region (MG)
- Usiminas currently has a logistical structure comprising 5 distribution centers, 7 warehouses, in addition to 2 ports.
- Unigal Usiminas, a joint venture with Nippon Steel, enhancing Usiminas' steel technological content

INTELLECTUAL CAPITAL

- Research & Development Center in Ipatinga - MG where the Company can produce special steel
- Encouraging steel collection and recycling, present in the product's end of useful life, to manufacture new products
- Partnerships and alliances with the automotive and innovation startup sectors

HUMAN CAPITAL

- Number of Employees: 12,109
- Number of outsourced employees: 10,937

ACTIVITIES AND MANAGEMENT

VALUES



Safety | People | Customers | Quality | Results

Synergy between steel production and other Steelmaking + Mining + Solutions segments

In addition to meeting domestic market demands, Usiminas sells its products to several foreign countries

Just in time and customized service to several segments of steelmaking: Automotive, Industrial, Civil Construction and White-good appliances

Cutting-edge technology to develop innovative product for sector in expansion, such as clean energy (solar and wind power) and high-performance materials

Sustainability management to ground the Company's social, environmental and governance goals

Innovation and use of technology to monitor and mitigate environmental impacts

Creating an environment more favorable to diversity and the inclusion of underrepresented employee groups

Training and support to form teams



OUTCOMES (see more details in the SDG and Global Compact table, according to column E)

- Steelmaking - 3.7 million tons of flat steel produced and – 2.8 million tons of crude steel
- Mining - 8.7 million tons produced, 18.2% increase in Mining production volume

- Development of 4 new kinds of steel in industrial scale
- Launch of new products in the market: electrical steel and high mechanical resistance steel

- E-Learning on the Code of Ethics and Conduct, Anti-Corruption Policy and Policy on Relationship with Third Party Intermediary
- Increase in the share of women in leadership positions from 5% in 2019 to 11% in 2020
- Development of employee health programs and initiatives to fight Covid-19

INPUTS

FINANCIAL CAPITAL

- R\$208.8 million investment in the Mining unit
- R\$7.37 million investment in R&D activities

CAPITAL SOCIAL E DE RELACIONAMENTO

- Suppliers: 12,540, of which 11,057 are domestic (88.17%) and 1.483 foreign (11.83%)
- Trusting and cooperative relationship with customers
- Relationship with local communities, monitoring and minimizing its production activities impacts
- Partnership with local governments in the cities close to the company's operations
- Member of several associations (page 111)

NATURAL CAPITAL

- Total consumption of 103,000 water megaliters
- Steel reuse and recycling in the production process
- The organization's total fuel consumption amounts to 49.6 million GJ, of which 11,4% comes from renewable sources
- Total electricity consumption: 19.5 million GJ

ACTIVITIES AND MANAGEMENT

VALUES



Safety | People | Customers | Quality | Results

Synergy between steel production and other Steelmaking + Mining + Solutions segments

In addition to meeting domestic market demands, Usiminas sells its products to several foreign countries

Just in time and customized service to several segments of steelmaking: Automotive, Industrial, Civil Construction and White-good appliances

Cutting-edge technology to develop innovative product for sector in expansion, such as clean energy (solar and wind power) and high-performance materials

Sustainability management to ground the Company's social, environmental and governance goals

Innovation and use of technology to monitor and mitigate environmental impacts

Creating an environment more favorable to diversity and the inclusion of underrepresented employee groups

Training and support to form teams

OUTCOMES

(see more details in the SDG and Global Compact table, according to column E)

- R\$16.1 billion net revenue, 8% up on 2019
- R\$3.194 billion adjusted EBITDA , 62% up on 2019 and the highest figure since 2018
- R\$1.29 billion net income, 243% up on 2019
- Customer satisfaction rate: 88.8%
- Improvements to local communities' accessibility through the Usiminas *Mobiliza pelos Caminhos do Vale* Program, by paving 3,000 km of rural roads, serving 84 municipalities
- In compliance with Usiminas' Sponsorship Policy, in 2020, we invested R\$24 million in 79 cultural, sports and social initiatives in the several cities where Usiminas is present, benefiting from federal and state tax incentive laws
- New waste disposal system, replacing the use of dams
- 95% water recirculation rate
- 17% reduction in absolute direct CO₂ emissions and 2.5% in indirect emissions compared to the previous year
- 2.28 tCO₂ of GHG emission per crude steel ton, down by 2.6% compared to 2019
- Reuse of gases released in power generation
- Inauguration of the Center for Environmental Monitoring
- 2,900 hectares preserved, creating a green belt
- Programs focused on preserving riparian forests, conserving headwaters and protecting regional wild fauna

Awards and Recognitions

Throughout 2020, the company received several awards and recognitions for its performance in different fields of society. Among those we can highlight:

Toyota Business Practices 2020

For the second year in a row, Soluções Usiminas was honored by Toyota and Brasa (Brazilian Automotive Supplies Association). The company won the Toyota Business Practices 2020, in the Environment category, with the paper “Improvements to drinking water management, in order to reduce natural resource degradation”.



Companies that Best Communicate with Journalists

Usiminas is once again among the Brazilian companies winning the 10th issue of the Survey “Companies that Best Communicate with Journalists”. The Company won in the Steelmaking and Steelworks category.

Brazilian Leaders

For the third year in a row, Usiminas took home the Brazilian Leaders Award in the Steelmaking category. LIDE - *Grupo de Líderes Empresariais* has been granting the award for 10 years.



Personalidades + O Poder em Minas - 300 anos

The *Mercado Comum* magazine, a well-established economics publication in the state of Minas Gerais, selected Usiminas CEO, Sergio Leite, among the 20 most notable people in the *Personalidades + O Poder em Minas - 300 anos* ranking. The recognition considers a total of 300 personalities in several fields and sectors, including Economics, Culture, Knowledge, Politics and Social Life.



Aberje Award

Usiminas’ Diversity and Inclusion Program won the regional leg of the 2020 Aberje Award (Brazilian Corporate Communication Association), one of the most important Brazilian recognitions in communication. The company ranked first in the Minas Gerais and Midwest regional award, in the Diversity and Inclusion category.



100 Most Innovative Companies

Usiminas’ work in the innovation ecosystem has been acknowledged and the company is among the 100 Brazilian companies that foster open innovation the most. This recognition is part of the 100 Open Startups ranking, a benchmark in the market since 2016. The company also appears in the ranking of 100 most innovative companies regarding the use of IT, an award given by IT Mídia in partnership with PWC.



Confederação Nacional da Indústria
PELO FUTURO DA INDÚSTRIA

CNI Tribute

The Brazilian Confederation of Industry (CNI) and the Brazilian Service for Industrial Training (SENAI) paid a tribute to Usiminas for the work on hospital ventilator maintenance, to reinforce Covid-19 patient treatment. The Maintenance Workshops teams from the Ipatinga Plant, of Soluções Usiminas, and of São Francisco Xavier Foundation performed the maintenance services responsible for calibrating the Márcio Cunha Hospital equipment, before sending said equipment to hospitals in different cities.



Zeladoria do Planeta

Usiminas' performance in green areas, at the Usipa Natural Heritage Private Reserve (RPPN in Portuguese) - where the Company has its seedling nursery - was recognized by the environmental entity called *Zeladoria do Planeta* (Planet's Stewardship). Held since 2004, the award is geared towards identifying and recognizing initiatives that stand out in developing social and environmental projects.

Institutional Investor

Institutional Investor Award

Once again, the international magazine Institutional Investor has acknowledged 3 Usiminas executive officers and its Investor Relations (IR) program, putting a spotlight on the publication's annual survey for Latin America. Usiminas CEO, Sergio Leite, and Financial and Investor Relations Vice-President, Alberto Ono, have been nominated among the top 3 ranking for their respective positions, among midcap Metallurgy and Mining companies. The Head of Investor Relations, Leonardo Karam, was elected the best professional in the category by sell-side analysts and the third best professional in the overall ranking. The magazine has also awarded the company's IR program and team, as well as its sustainability initiatives.



2

CORPORATE GOVERNANCE

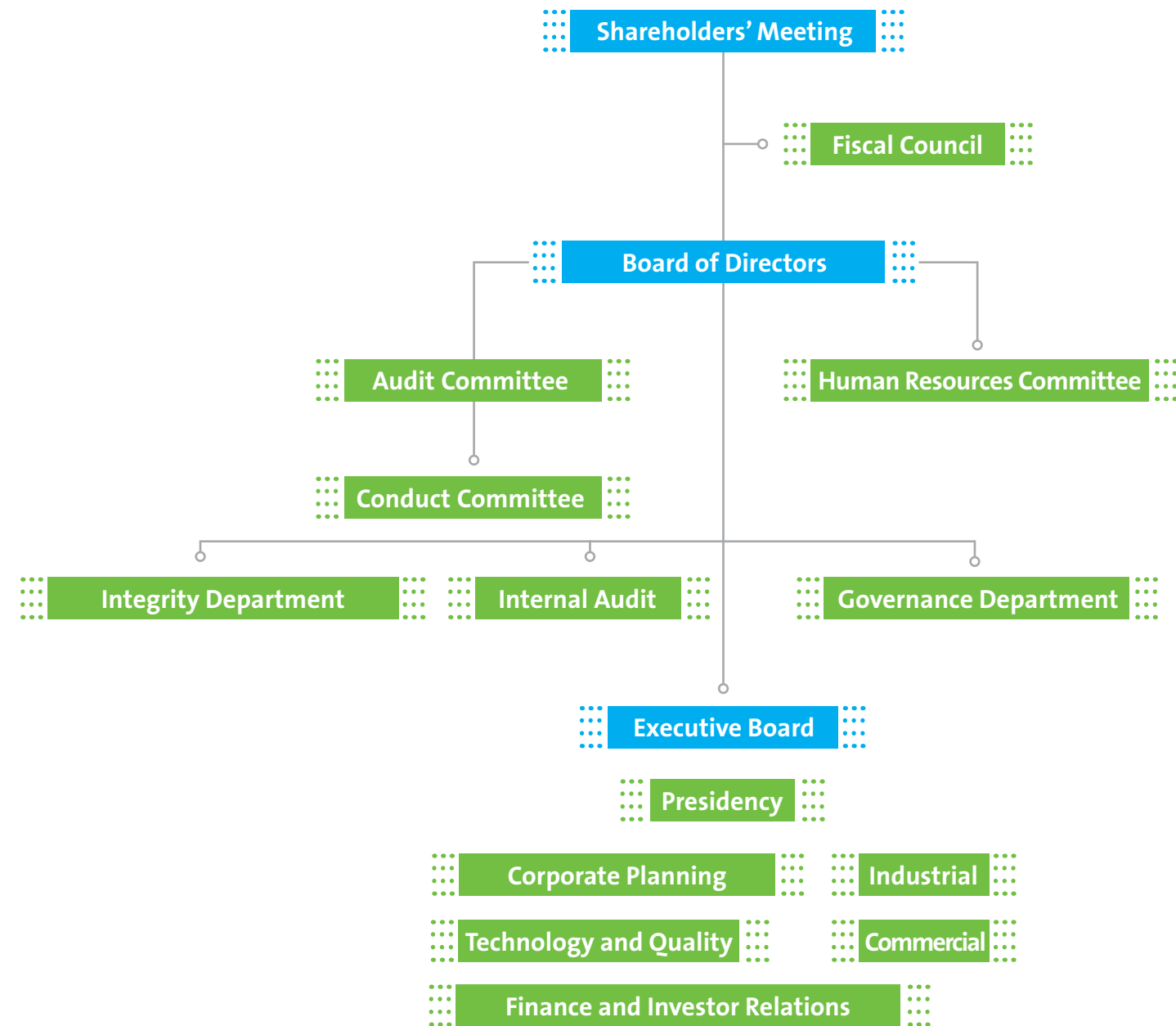
Usiminas is a publicly-held company, with its shares listed on Governance Level 1 of B3 S.A. (Brasil, Bolsa, Balcão), on the Over-the-Counter market (OTC), in New York, and Latibex, an index that gathers Latin American companies' shares traded in Euros on the Madrid Stock Exchange. | **GRI 102-5** |

Therefore, its governance model aims to ensure the generation of stakeholder value, security for investors and management transparency, in addition to complying with government and market requirements. In order to meet its stakeholders' expectations, the Company gives its accountability according to internationally accepted standards and all its units are governed by the same comprehensive and strict Code of Ethics and Conduct.



Corporate Governance Structure

| GRI 102-18 |



Sustainability management is directly linked to the Company's CEO, upon the creation of the Corporate Department of Sustainability on June 1, 2020 (see more on page 34).

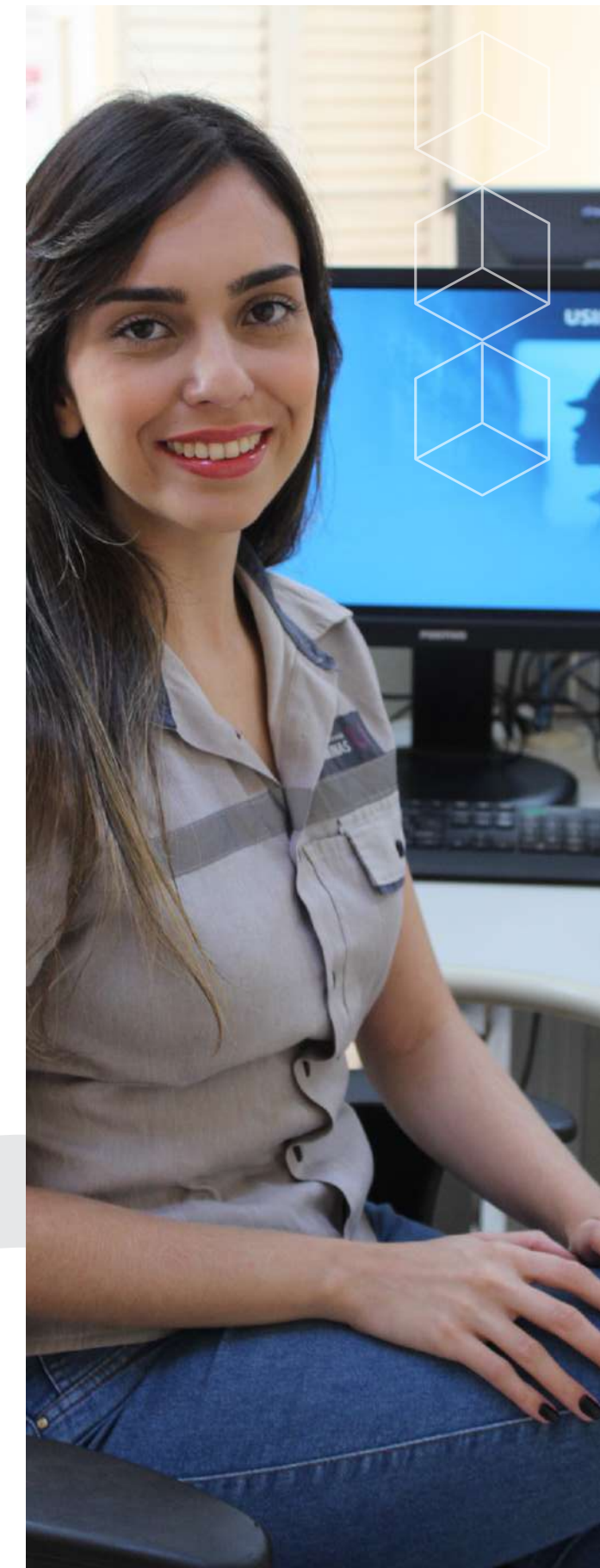
Boards and Committees

Board of Directors

| GRI 102-22; 102-23; 102-24; 102-26; 102-30; 102-31; 102-33; 405-1 |

The Company's Board of Directors establishes the overall business guidelines, decides on strategic issues, defines policies, assesses and monitors risks and ensures the fulfillment of the Company's corporate purpose, geared towards its perpetuity and considering its impacts on the society and environment. The Board also establishes the Executive Officers' duties, compensation and goals.

The Board Chairman is elected by the Shareholders' Meeting and the Chairman is prevented from holding the position of Chief Executive Officer at the same time.



| GRI 405-1 |

There is 1 woman among the 8 sitting members of the Board of Directors. The Board has a sitting member representative of Usiminas' employees and retirees, that is directly chosen by the workforce. All other sitting and alternate members are nominated by the Company's controlling group, and they must include independent members, considering specific skills and experiences, in addition to reputational aspects. Considering all Board of Directors members (sitting and alternate), 26.7% are over 60 years old and 53.3% are between ages 50 and 60.

| Percentage of Board members by gender and age

Diversity in governance bodies – Board of Directors

By gender	Effective	Alternates
Men	87.5%	100.0%
Women	12.5%	0.0%

By age	Effective	Alternates
Under 30	0.0%	0.0%
From 30 to 50	0.0%	29.0%
Over 50	100.0%	71.0%

| Effective Members



..... **Elias de Matos Brito**
..... Member



..... **Rita Rebelo Horta de Assis Fonseca**
..... Member



..... **Hiroshi Ono**
..... Member



..... **Ronald Seckelmann**
..... Member



..... **Edílio Ramos Veloso**
..... Member



..... **Ruy Roberto Hirschheimer**
..... Chairman of the Board of Directors



..... **Oscar Montero Martinez**
..... Member



..... **Yuichi Akiyama**
..... Member



The Company's Board of Directors convenes, on an ordinary basis, four times per year, according to a calendar established in advance and, extraordinarily, whenever necessary. Due to the pressure brought by the pandemic effects on the operation, in the fiscal year 2020, the Board held 28 meetings, of which 4 were ordinary and 24 extraordinary.

Prior to these meetings, through the Governance Portal, board members receive materials to understand and be informed about the matters submitted for approval and guide their decisions. Furthermore, Board of Directors meetings in which the Executive Board addresses the Company's status are held periodically. At these meetings, material economic, social and environmental topics are presented and discussed.

In case of a possible conflict of interest between the matters on the agenda and a Board member, said member must inform it and abstain from discussing and voting at the meeting. Decision shall be made by the other exempt members.
| GRI 102-25 |





| Alternate Members



Member
Fernando Duelo Van Deusen



Member
Mario Giuseppe Antônio Gall



Member
Gileno Antônio de Oliveira



Member
Tatsuya Miyahara



Member
Guilherme Poggiali Almeida



Member
Yusuke Tajiri



Member
Henrique de Rezende Vergara

| Fiscal Council

The Fiscal Council is a permanent body that oversees the management's doings, examining and issuing opinions on financial statements. In 2020, it consisted of 4 members elected by the Shareholders' Meeting for a 1-year term of office, with possible reelection allowed. In 2021, the Fiscal Council now comprises 5 members, of which 2 are independent members elected by the minority common and preferred shareholders. None of said members holds positions at Usiminas.

| Conduct Committee

This committee, whose 5 members are appointed by the Board of Directors, oversees the Integrity Department's performance and works on the accountability process after claims of breaches to the Integrity Program's principles are confirmed. It reports to the Audit Committee and, eventually, to the Board of Directors.

| Advisory Committees

The Company's Bylaws sets forth that it is possible for the Board of Directors to create specific advisory committees. Currently, two Committees report directly to the Board of Directors: The Human Resources Committee and the Audit Committee, the latter being created under Bylaws provisions. They both advise, instruct and subsidize decision-making in matters regarding their respective responsibilities, relying, when appropriate, on the participation of managers, employees, specialists and other professionals capable of clarifying the issues in question. The Audit Committee's operational rules and responsibilities are set forth in the Bylaws, as well as in internal regulations. Comprised of 5 members, part of the Audit Committee's duties is to assess and monitor the external and internal audit activities, the financial statements' quality and risk exposures that might significantly impact the Company, in addition to playing an important part to ensure the Integrity Program's effectiveness. Its members and duties are described in item 12 of the Reference Form. | **GRI 102-30** |

The Human Resources Committee is comprised by 5 members, whose main duties are to establish the criteria for the Company's senior management's direct and indirect compensation, among others.

Executive Board

| GRI 102-19; 102-20; 102-22; 102-23; 102-26 |

The Executive Board is responsible for managing the Company, in line with the strategic guidance, corporate values and the several policies approved by the Board of Directors. Through guidelines set forth for its executive officers, the Executive Board works to ensure product and service quality, guarantee competitiveness and foster business sustainability.

The Executive Officers are elected by the Board of Directors for a 2-year term of office, with possibility of reelection allowed.

Sergio Leite de Andrade

CEO



- He joined Usiminas in 1976 as a research analyst, and has worked on several other departments before being appointed as the CEO in 2016;
- He holds a bachelor's degree in Metallurgical Engineering, from Rio de Janeiro Federal University (UFRJ) and a master's degree in Metallurgical Engineering from Minas Gerais Federal University (UFMG).

Américo Ferreira Neto

Industrial Vice-President



- He joined Usiminas as an apprentice at 14 years old. Américo's professional journey allowed him to act on different departments over the past 3 decades, before being appointed as Industrial VP in 2020;
- Electrical Engineer from Unisantia, he holds a specialization undergraduate degree in industrial automation from Unisantos and an MBA in project management from FGV. Américo currently takes a master's degree in Electric Engineering at the University of São Paulo.

Miguel Angel Homes Camejo

Commercial Vice-President



- Before joining Usiminas, he has acted as general manager for the Andes region at Ternium Colômbia and exports manager at Ternium Sidor;
- He holds a bachelor's degree in economics from Universidad Catolica Andres Bello, in Venezuela, and took different management programs at Chicago Booth and Stanford University, in California, USA.

Alberto Akikazu Ono

Financial and Investor Relations Vice-President



- Before joining Usiminas in 2009, he has worked for other mining and metallurgy companies, including Aços Villares SA, CBMM, Votorantim Industrial and Votorantim Siderúrgica;
- He holds a Ph.D. in Metallurgy from Tokyo University and a master's degree in Metallurgical Engineering from University of São Paulo.

Kohei Kimura

Technology and Quality Vice-President



- Before joining Usiminas, he has worked at Nippon Steel & Sumitomo Metal Corporation;
- Kohei Kimura holds a master's degree in Metallurgical Engineering from Osaka University.

Yoshiaki Shimada

Corporate Planning Vice-President



- Before being appointed to the position of Corporate Planning VP, he has served as Usiminas' Board of Directors member. He has worked for the Nippon Group since 1986, where his last position was Chairman and CEO of Nippon Steel North America Inc;
- He holds a bachelor's degree in law from Keio University.



| Internal Audit

Subordinated to the Board of Directors and reporting directly to the Audit Committee, the Corporate Department of Audit contributes to maintaining the Company's Corporate Governance level, supported by a risk-based audit methodology. The audit's results allow improvements to the internal controls structure and to Corporate Governance practices, as well as contribute to implementing preventive measures to reduce the Company's risks. The Annual Audit Plan, which is submitted to the Senior Management, includes metrics adopted and the main economic, social and environmental risks mapped, which are the Plan's core.

| Integrity Department | GRI 102-30 |

The integrity Department is responsible for implementing, reviewing and updating all of the initiatives of Usiminas Companies' Integrity Program. The Integrity Department's main duties include:

1. Disseminate and make training possible, while suggesting the review and update of Usiminas Companies' Code of Ethics and Conduct as well as Integrity Program's rules and policies to the Board of Directors.
2. Conduct periodic integrity risk assessments.
3. Set control mechanisms for compliance with integrity policies and actions.
4. Resolve on granting or denying approvals expressly set forth in Usiminas Companies' Code of Ethics and Conduct and other Integrity Program's policies.
5. Respond to possible doubts, suggestions or inquiries about the Integrity Program.
6. Manage the Open Channel and investigate claims received through said channel.

The Integrity Program has been crucial to guide Usiminas' activities as well as the adequate behavior before different stakeholders and situations. The Program sets forth that it is incumbent upon all employees to foster a work environment that encourages workforce respect, dignity, well-being and integration, and no form of prejudice, discrimination and harassment will be tolerated.

One of the 2020 highlights was the Integrity Week, from September 28 to October 2, available to employees at all units. In addition to surveys to assess employees' understanding of integrity topics, the Company led online discussions, including a live broadcast on moral and sexual harassment to the leadership. Also in 2020, so as to disseminate training programs, **the Com-**

pany launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; and Policy on Relationship with Third Party Intermediaries) and **1 e-learning program for external stakeholders**. The training offered to external stakeholders was on the Integrity Program and targeted at Third Party Intermediaries. Moreover, also in 2020, the Company created the Integrity Ambassador(s) initiative. 34 employees have been selected and called to action to help disseminating the integrity culture and that "doing what is right, always works out!". Throughout the year, Usiminas' leadership was an important ally to the Program. Specific actions and training have been developed to these stakeholders, who are the main integrity sponsors in the Company.





| Senior Management Compensation | GRI 102-35; 102-37 |

For Statutory Executive Officers, overall annual fixed and variable compensation is determined by the Shareholders' Meeting, being the Board of Directors responsible for splitting said amount, based on the Human Resources Committee's recommendations. Fixed compensation is paid monthly throughout the year. Variable compensation, linked to achieving the Company's quantitative and qualitative global performance goals, is paid as bonus after the final assessment of performance parameters, based on the Audited Balance Sheet for the year, approved by the Board of Directors. The Company also offers a share-based compensation plan to its Statutory Executive Officers, effective until November 2021. In 2019, the Company released a new long-term variable compensation program, which grants virtual units to the Statutory Officers, based on the disclosed shareholders' equity, divided by the number of Company shares. The number of virtual units granted to each statutory of-

ficer is defined according to the program rules approved by the Board of Directors on July 25, 2019. Furthermore, the Company grants other benefits, including vehicle and driver, health and dental insurance, life insurance as well as private pension plan.

For the Board of Directors, compensation is paid based according amounts approved by the Annual Shareholders' Meeting. There is no variable compensation to the Board of Directors. The Company offers health and dental insurance as benefits to the Chairman of the Board of Directors.

The monthly compensation of Fiscal Council sitting members is determined by at 10% (ten percent) of the Company's statutory officers average fixed compensation, pursuant to paragraph 3, article 162 of Law 6404/76. There is no variable compensation for Fiscal Council members.

Usiminas relies on KornFerry HayGroup's Hay score methodology to evaluate the positions and holds periodic salary surveys to check its competitiveness compared to the market, concerning the different items of the overall compensation. The salary chart is adjusted based on said periodic surveys, aiming to adjust compensation to the market median, which is the current strategy. Plus, the Company has a PLR/ Executive PLR and Bonus program with targets established for each employee group: CEO/Vice-Presidents, Executive Officers, Directors, General Managers/Senior Specialists, Managers/Associate Specialists, Department Heads and other employees.

Renowned consulting companies have been hired to run periodic customized salary surveys and, whenever necessary, carry out some work that might entail to adapt the methodology or the purchase of market tools and reports, always focused on achieving best practices. Con-

sulting companies working on compensation projects are always independent and sign a confidentiality agreement that protects Usiminas from leakage of information used in the compensation research and studies. Consultants working on compensation projects are always independent and have no relationship with the Organization.



Transparency and Integrity

| GRI 102-17; 103-1:205; 103-2:205; 103-3:205 |

Fighting Corruption is an important topic for the Company since it can have economic and social impacts. A possible act of corruption would directly impact the Company's image, and, therefore, jeopardize its values and perception by society.

Hence, we do not tolerate any type of corruption and this positioning is made clear through the Integrity Program, especially the Anti-corruption Policy and the Code of Ethics and Conduct as well as in the support of the Senior Management. The Open Channel, the Company's whistleblowing tool, helps preventing corruption. The Company's measures are in line with its stakeholders' expectations and interests towards zero corruption.

In January 2020, Usiminas' Integrity Program completed its first year of operation and 2020 has become the year of its maturity and expansion. The Program consists of the Code of Ethics and Conduct, a whistleblowing channel (Open Channel), 6 Integrity Policies and managed by an integrity structure formed by 3 fundamental bodies (the Audit Committee, the Conduct Committee and the Integrity Department).

The Code of Ethics and Conduct and the Integrity Policies provide guidelines on ethical and lawful behaviors, in addition to establishing what the company understands as organizational integrity. Details on rules applied to internal and external stakeholders can be found below:

Code of Ethics and Conduct: the second version of the Code, broader than the first one launched in 2010, reflects the entire Usiminas team's commitment to respect the legislation in force and the internal rules that govern its activities, always based on correction, transparency and respect. The document was prepared based on Usiminas' vision of being a reference of quality and management in the steel industry, focused on people, customers and generating sustainable results. The Code's principles and rules are grounded on the following corporate values: Safety; Customers; People; Quality; Results; Transparent management and Abidance of laws and rules. | GRI 102-16 |

- The Integrity Program applies to everyone who work at (or act on behalf of) Usiminas, including governance body members, employees, apprentices, interns and third parties. The Board of Directors, fiscal council and committee members, executive officers and managers are its main sponsors and have the mission to apply the program in their daily activities, disseminating its principles and rules.



Anti-Corruption Policy: reaffirms the Company's intolerance towards any unlawful act and establishes minimum behavior standards (upright, legal and transparent) when dealing with situations that may involve or be deemed as corruption, particularly in relationships with Public Authorities;

Policy on Relationships with Third Party Intermediaries: governs the integrity guidelines for relationships with third party intermediaries (those hired or sub-contracted to represent or act on behalf of Usiminas) and complements the procedures for their qualification, registration, assessment, hiring and interactions;

Policy on Conflict of Interest and Transactions with Related Parties: in order to eliminate or mitigate concrete or apparent situations that may result in conflicts, the Policy emphasizes the duty to act in an impartial, honest and professional manner, taking into account Usiminas interests; | **GRI 102-25** |

Giveaways, Gifts and Hospitality Policy: governs the offer, promise and receipt of giveaways, gifts, entertainment and Hospitality by Usiminas' employees;

Sponsorship and Donation Policy: provides guidance on the conduct in the case of sponsorships and donations to be given during the Company's commercial and institutional relations. The Policy establishes guidelines about which entities may be sponsored and objects that are not eligible for sponsorship, for instance, activities that have a political, electoral or partisan nature. It also establishes the criteria for charitable and political donations, forbidding, for instance, donations to public operatives, political parties, political campaigns and/or candidates for public offices; | **GRI 415-1** |

Competition Policy: establishes additional guidelines to the Code of Ethics and Conduct and the Brazilian antitrust legislation on how Usiminas' employees should act in Brazil and abroad, amid business practices and corporate relations in which they may

participate, to ensure compliance with Brazilian laws and internal rules specifically related to antitrust.

The **Open Channel**, on its turn, is designed to listen to everyone's, complaints, whether employee or not, so that they work as inputs for investigations and to manage/solve anti-ethical or unlawful behaviors. | **GRI 207/2** |

The work done throughout 2020 has echoed the entire Usiminas team's commitment to respect, correction and transparency, which is required in the relationships with **internal stakeholders** (all employees, regardless of hierarchical position, including, for instance, the Board of Directors and Fiscal Council members) or **external stakeholders** (suppliers, third party intermediaries, customers, public authorities, civil society, press and several other stakeholders that are part of Usiminas daily activities).





Management of Complaints

| GRI 102-17; 103-3:205 |

The Open Channel allows any stakeholder to report complaints regarding the violation of the Integrity Program’s principles and can be accessed through Usiminas website (<http://canalaberto.usiminas.com>), the Intranet (employees’ in-house access), app or telephone 0800 900 9093 (toll-free). The channel protects the user’s identity and information confidentiality, assuring non-retaliation due to what was reported in good faith.

Violations to the Integrity Program are not tolerated and will be investigated and subject to penalties set forth in the Code of Ethics and Conduct. Therefore, Open Channel complaints are evaluated and classified by the Integrity Department so that investigations can be properly conducted. The results are submitted to the Conduct Committee, who can decide on the disciplinary and remedy measures. Reports are also submitted to the Audit Committee.

The Audit Committee is responsible for advising the Board of Directors on the actions performed by the Integrity Department and the Conduct Committee, ensuring that the Integrity Program is properly implemented and enforced.

- **In 2020, there were no corruption reports on the Open Channel and no case of such nature has been identified. | 205-3 |**
- **In 2020, 8 claims deemed as “prejudice and discrimination” by claimants have been reported on the open channel, of which 7 have been classified as “not confirmed” for this classification. The remaining claim, which was investigated and confirmed, was not related to “prejudice and discrimination”, but to “misconduct and misbehavior”, therefore it has been reclassified by the investigator. The channel to report discrimination claims is the Open Channel. | GRI 406-1 |**

Open channel statistics – 2020

All information submitted is confidential and the whistleblower remains anonymous.

Qualified manifestations	Manifestations classified as denouncement	Concluded Verifications	Confirmed Denouncements	Unconfirmed Denouncements
285	223	282	107	175

Training and Communication | GRI 102-27; 205-2 |

In 2020, the Integrity Program has been broadly communicated to the senior management, department heads and employees through training and a comprehensive campaign that relied on internal communication channels, such as the Intranet, Fala Aí Co-

laborador (a WhatsApp channel), e-mails, posters placed in high circulation spots, computer screens, in addition to lectures on the subject.

Members of the highest governance level (Board of Directors and its advisory committees) are expected to receive training on the Code of Ethics and Conduct between the 2020 and 2021, after this reporting period. The goal is to complete this training in the 2021 reporting cycle, when this indicator will be fully reported.

Also in 2020, **the Company launched 3 e-learning programs for internal stakeholders** (Code of Ethics and Conduct; Anti-Corruption Policy; and Policy on Relationship with Third Party Intermediaries) and 1 **e-learning program for external stakeholders** (Third Party Intermediaries who are specific Suppliers). The training offered to external stakeholders was on the Integrity Program and targeted at Third Party Intermediaries¹.



¹ Third Party Intermediary, according to Usiminas’ Policy on Relationship with Third Party Intermediary is every person that, in addition to not being an Employee or legal entity not part of the Usiminas Companies, is hired or subcontracted to represent or act on behalf of Usiminas Companies.

10,394 employees received training on the Code of Ethics and Conduct, while 9,768 employees on the Anti-corruption Policy, accounting for 95% and 90% of the staff, respectively. | **GRI 205-2** |

Also in 2020, all suppliers received email notices on the Usiminas Integrity Program, which is available to all suppliers in the special supplier section on Usiminas website. www.usiminas.com/fornecedores

OTHER INTEGRITY INITIATIVES: | **GRI 102-12** |



Participated in the Daily Safety Talks (**DDS** in Portuguese) and the Internal Week on Occupational Accident Prevention - **SIPAT**



Launched a video by the **CEO** supporting the **International Anti-Corruption Day**



Sent out a notice supporting the **Brazilian Anti-Money Laundering Day**



Participated in the Diversity and Inclusion Committee



Participated in the Privacy Committee - Adequacy to the Brazilian Data Privacy Act



Usiminas' Integrity Program was mentioned in the Goldman Sachs report: *"Usiminas has revised its internal rules, created an integrity area, and expanded its ethics code"* (October/20)



Usiminas participated in panels: UN Global Compact, Brazilian Compliance Commission, Compliance Across Americas



Defined integrity risks and risk factors

Sustainability Management

In 2020, Usiminas reached an important milestone to strengthen its Environmental, Social and Governance (ESG) agenda. The Company created the Corporate Department of Sustainability on June 1, 2020, reporting directly to the CEO. The new department's mission is to address and monitor all topics related to the Company's sustainability agenda.

Usiminas has also created a Sustainability Committee, which meets at least 4 times per year with the participation of all Executive Officers. The committee members are:

The CEO, the Financial and Investor Relations VP, the Industrial VP, the Commercial VP, the Technology and Quality VP, the Corporate Planning VP, the Mineração Usiminas Executive Board, the People Management and Innovation Office, the Legal Office, the Communication and Institutional Relations Office, the Economic and Financial Corporate Planning Office, the Corporate Department of Sustainability, the Environmental Department and the Investor Relations Department.

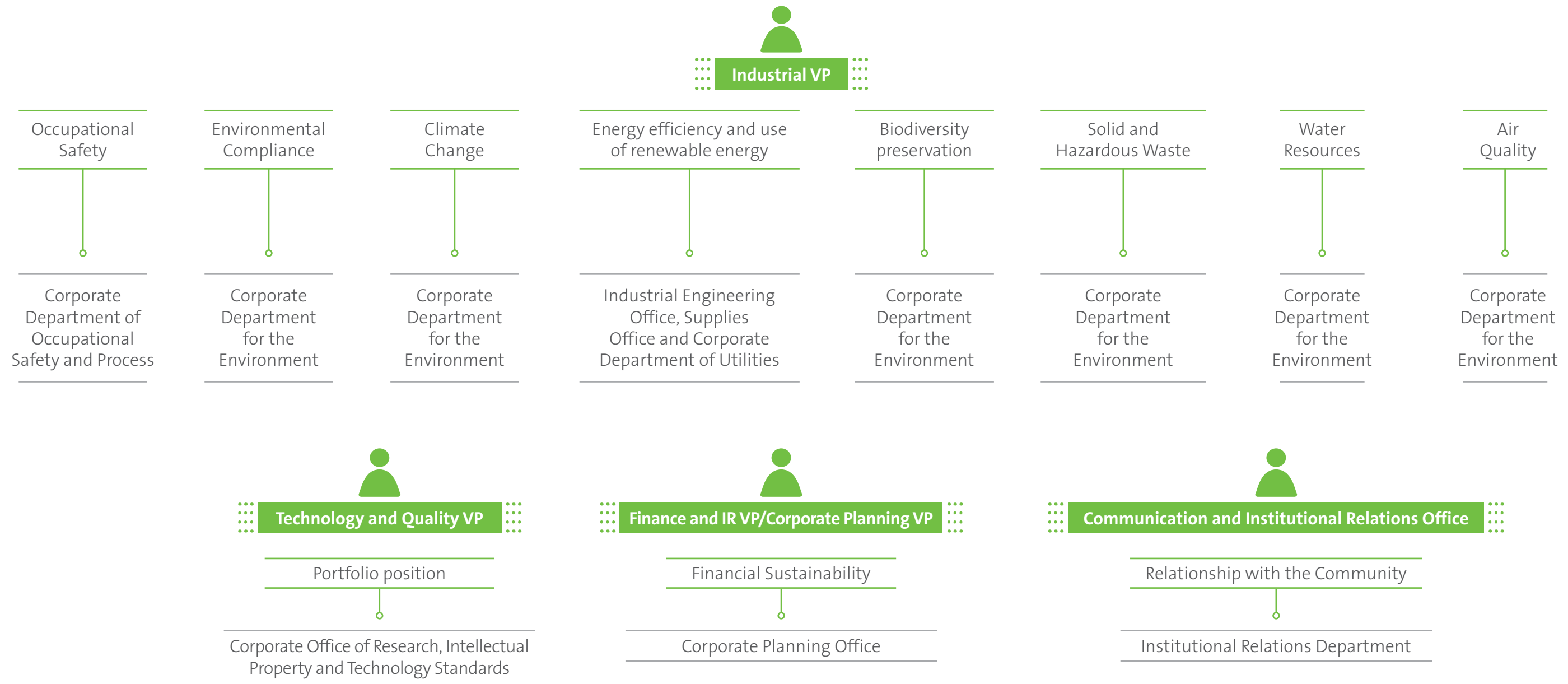




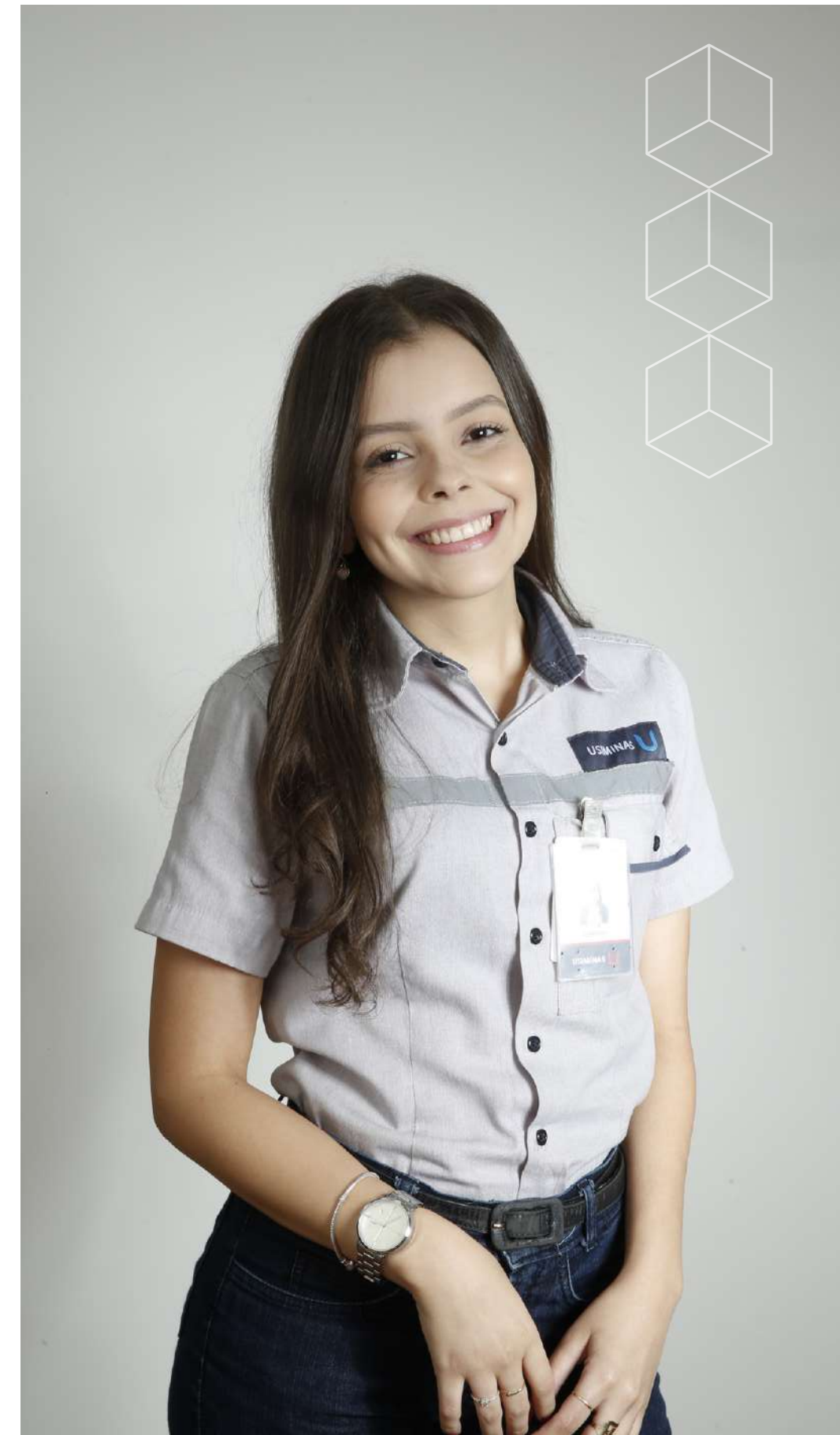
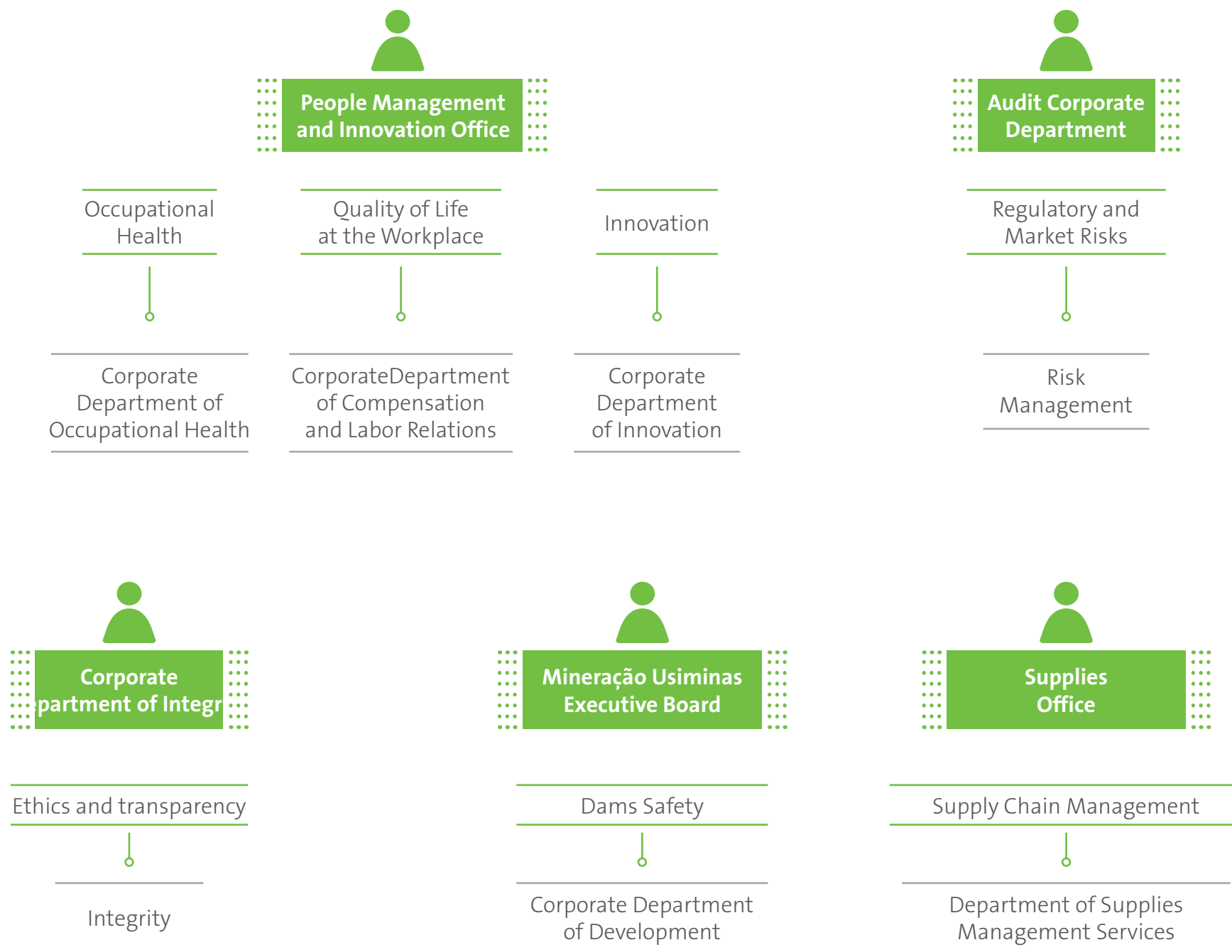
Based on that, Usiminas began to structure the monitoring of the main topics in its sustainable agenda matrix through indicators. The process included defining a sponsor linked to the Executive Board and a managing department that will oversee the subject together

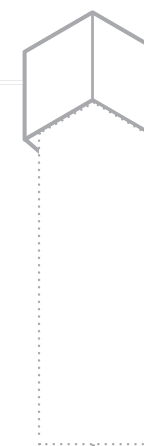
with the Corporate Department of Sustainability. This team will be in charge of defining the indicators and suggesting quantitative and qualitative goals to be submitted to the approval of Usiminas' Executive Board.

Structure to Define Indicators and Goals



Structure to Define Indicators and Goals





GOALS AGENDA

Still in 2020, we were able to take the first steps and present the first set of Usiminas ESG agenda goals, namely:

Diversity and Inclusion

Usiminas has been working to become an even more inclusive and diverse company. One of the pillars in our Diversity and Inclusion Program is gender equality. The ESG goal for this topic is to have 10% of female employees in the industrial department by 2022.

Climate Change

Usiminas seeks to invest in initiatives to reduce its greenhouse gas emissions. The 2021 ESG goal related to carbon emissions consists in conducting GHG emission inventories of GHG emissions with independent certification and joining the Carbon Disclosure Project (CDP), besides disclosing the GHG inventory through GHG Protocol.

Occupational Safety

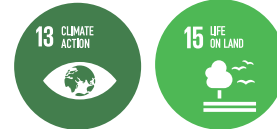
Safety is a priority and a material topic for Usiminas. Zero Accident is a daily desired goal and the safety and health preservation culture is constantly reinforced among employees. In 2021, the ESG goal for occupational safety is to achieve an lost time injury frequency rate of less than 0.3.

Dams

Usiminas acknowledges the potential social and environmental impacts from mining operations. Therefore, dam de-characterization and the implementation of an alternative waste disposal system are part of an integral plan to make our operations fully sustainable and bring more peace of mind to our Mineração Usiminas employees, as well as to the population of the Serra Azul region. The ESG goal regarding dam safety is to migrate traditional waste disposal to stacking, with its operation scheduled to begin in the first half of 2021; also includes the de-characterization of Mineração Usiminas' upstream dams by the second bimester of 2022. In this topic, we reached the first milestone by completing Somisa dam's de-characterization in January 2021. The entire process is certified by official oversight agencies.



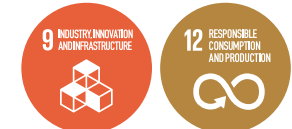
The Company perceives this is the beginning of an extremely important journey towards Usiminas' perpetuity and is endeavored to structure indicators and goals for the 18 pillars associated to the Sustainable Development Goals (SDG), as presented below:



CLIMATE CHANGE

| GRI 103: 305 |

Usiminas keeps seeking to boost initiatives that contribute for greenhouse gas emissions decrease, such as in-house use of steelmaking gases, implementing energy efficiency projects and managing and monitoring critical departments' consumption, focused on process performance.



INNOVATION

Usiminas is acknowledged for its high technological value and its quality in the flat steel market. The Company seeks to develop sustainability-driven products and its main launches include electrical steel and high-mechanical resistant steel.



OCCUPATIONAL HEALTH

| GRI 103-1:403 |

Usiminas relies on an occupational safety and health policy, which lays down that life and well-being are universal rights; plus its commitments as a socially responsible company.



PORTFOLIO POSITION

Usiminas appreciates excellence, always pursuing the development of innovative products and services, customized for its customers' needs.



OCCUPATIONAL SAFETY

| GRI 103-1:403 |

The People and Safety topics are some of Usiminas' values, hence, the Company cares for its own and outsourced employees' occupational health and safety, investing in initiatives that daily aim at Zero Accidents.



FINANCIAL SUSTAINABILITY

| GRI 103-1:201 |

Focus on results, which are achieved by way of challenging goals, agile decision making and strict spending, enables Usiminas to take on an even more competitive position in both domestic and foreign markets, generating value to society and its stakeholders.



ETHICS AND TRANSPARENCY

| GRI 103-1:205 |

Transparency, ethical conduct and integrity are the main pillars of Usiminas' governance, reinforced by its management practices and the "Open Channel" used for whistleblowing.



AIR QUALITY

| GRI 103-1:305 |

Usiminas operations are conducted according to modern and efficient techniques; nevertheless, the Company recognizes its environmental impacts and continuously works to minimize them, as in the case of particulates emissions, which influence its employees' and the local communities' quality of life and health.



BIODIVERSITY PRESERVATION

| GRI 103:304 |

Usiminas' operations infrastructure can have significant impacts on the biodiversity of the areas surrounding its operational units. To manage such impacts, the Company runs programs focused on preserving riparian forests, conserving headwaters and others.



QUALITY OF LIFE AT THE WORKPLACE

| GRI 103-1:401; 103-1:404; 103-1:405; 103-1:406 |

The Company understands that Quality of Life at the Workplace programs, such as those that encourage the employees' personal and professional development and fosters a positive workplace and humanized environments, respecting and valuing diversity, have an impact on individual and team motivation, on productivity and commitment to the Company's results.



DAM SAFETY

Usiminas is aware of the potential internal and external social and environmental impacts stemming from mining operations. The 2 upstream dams belonging to Mineração Usiminas have been deactivated and are being de-characterized. There is one operational downstream dam while the company awaits the authorization to implement a waste dry stacking system. The Company identifies the assessment and management of the risks inherent to the use of dams as one of the main priorities in mining operations, and continually puts in efforts to adapt to legal deadlines.



ENVIRONMENTAL COMPLIANCE

| GRI 103-1:307 |

The sectors where Usiminas operates are subject to a number of rules and regulations, which require to be carefully managed in order to mitigate risks and anticipate regulatory trends that might impact the Company's operations.

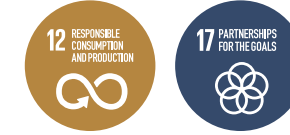




RELATIONSHIP WITH THE COMMUNITY

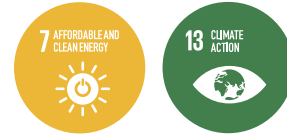
| GRI 103:413 |

Usiminas enjoys close relationships with the local communities and acknowledges the impacts of its operations, infrastructure and logistics. The Company uses open channels to listen to the communities' demands and takes recurring initiatives of engagement and transparency with those stakeholders, in addition to investing in cultural, sports, education and quality of life actions.



SUPPLY CHAIN MANAGEMENT

Usiminas' operations imply engaging a number of suppliers, many of them from the local communities where the plants are located. Through approval criteria, agreement requirements, relationship and monitoring activities, the Company seeks to mitigate and remedy social risks, like those related to the contractors' inadequate performance on occupational safety and health and noncompliance with legal obligations, in addition to environmental risks, for example, breaking the law in force.



ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY

| GRI 103:302 |

Usiminas invests in energy efficiency, encourages the conscious use of these resources in its operations and is subject to risks from its dependence in specific suppliers of electricity and other inputs, who can be affected by eventual draughts and rations.



WASTE AND HAZARDOUS MATERIAL MANAGEMENT

| GRI 103-1:306 |

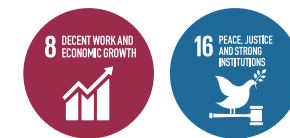
Industrial production processes generate waste that pose occupational and environmental risks if they are not properly handled. At Usiminas, waste and hazardous materials are handled according to regulatory and safety requirements and monitored by quality indicators.



WATER RESOURCES

| GRI 103:303 |

In all sectors where it operates, Usiminas handles and treats effluents in compliance with applicable regulations and manages its water resource consumption ratios. Furthermore, it has headwaters and riparian forests preservation projects that rely on the participation of local communities.



REGULATORY AND MARKET RISKS




Usiminas operations are subject to impacts from exchange rate fluctuations, demand seasonality and protective regulation, which may jeopardize the Company's activities and results, among others, plus environmental regulations.

The mapped topics work as inputs for the Company's increasingly strategic management and may be developed into performance indicators and management goals.







| Global Compact | GRI 102-12 |

Usiminas participates in the United Nations' (UN) Global Compact and is committed to its 10 principles.

GLOBAL COMPACT PRINCIPLES	COMMITMENT	2020 ACHIEVEMENTS	2021 ACTIONS
<p>1. Business should support and respect the protection of internationally proclaimed rights.</p> 	<p>Usiminas' commitment to human rights is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments regulate the entire company's conduct and govern the relationship with all stakeholder groups.</p>	<p>In 2020, Usiminas' Executive Board approved the new Sustainability Corporate Rule, which broadens the company's initiatives targeted at ensuring human rights. Through the São Francisco Xavier Foundation, the Company's social branch, Usiminas has supported the access to health in this complicated pandemic scenario.</p>	<p>The 2021 goal is to continue supporting access to health through the São Francisco Xavier Foundation, especially initiatives to fight Covid-19 and the construction of the Usiminas Hospital in Belo Horizonte. Also for 2021, we will work to engage our entire supplier chain in internationally renowned human rights topics.</p>
<p>2. Make sure that they are not complicit in human abuses.</p> 	<p>Usiminas' commitment to make sure the company is not complicit in human abuses is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments regulate the entire company's conduct and govern the relationship with all stakeholder groups. The Company has created mechanisms to fight and prevent possible human rights abuses.</p>	<p>Usiminas has continued to strengthen its integrity department by hiring new employees and through the Integrity Ambassador(s) initiative (34 Ambassadors). Furthermore, the Company's hiring processes rely on elements to prevent such abuses. Through the Integrity Program, Usiminas has continued to disseminate the integrity culture among its employees and value chain. In 2020, we program launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; Policy on Relationship with Third Party Intermediaries) and 1 e-learning program for external stakeholders (Integrity Program).</p>	<p>For 2021, we will work to engage our entire supplier chain so that they also ensure they are not complicit in human abuses.</p>
<p>3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> 	<p>Usiminas' commitment to support freedom of association and the effective recognition of the right to collective bargaining is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.</p>	<p>Usiminas has continued to strengthen its integrity department by hiring new employees and through the Integrity Ambassador(s) initiative (34 Ambassadors). Furthermore, the Company's hiring processes rely on elements to prevent such misconducts. Through the Integrity Program, Usiminas has continued to disseminate the integrity culture among its employees and value chain. In 2020, we program launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; Policy on Relationship with Third Party Intermediaries) and 1 e-learning program for external stakeholders (Integrity Program).</p>	<p>For 2021, we will work to engage our entire supplier chain so that they also uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>



GLOBAL COMPACT PRINCIPLES	COMMITMENT	2020 ACHIEVEMENTS	2021 ACTIONS
<p>4. The elimination of all forms of forced or compulsory labor.</p> 	<p>Usiminas' commitment to the elimination of all forms of forced or compulsory labor is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.</p>	<p>Usiminas has continued to strengthen its integrity department by hiring new employees and through the Integrity Ambassador(s) initiative (34 Ambassadors). Furthermore, the Company's hiring processes rely on elements to prevent such misconducts. Through the Integrity Program, Usiminas has continued to disseminate the integrity culture among its employees and value chain. In 2020, we program launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; Policy on Relationship with Third Party Intermediaries) and 1 e-learning program for external stakeholders (Integrity Program).</p>	<p>For 2021, we will work to engage our entire supplier chain so that they also uphold to eliminate all forms of force or compulsory labor.</p>
<p>5. The effective abolition of child labor.</p> 	<p>Usiminas' commitment to the effective abolition of child labor is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.</p>	<p>Usiminas has continued to strengthen its integrity department by hiring new employees and through the Integrity Ambassador(s) initiative (34 Ambassadors). Furthermore, the Company's hiring processes rely on elements to prevent such misconducts. Through the Integrity Program, Usiminas has continued to disseminate the integrity culture among its employees and value chain. In 2020, we program launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; Policy on Relationship with Third Party Intermediaries) and 1 e-learning program for external stakeholders (Integrity Program).</p>	<p>For 2021, we will work to engage our entire supplier chain so that they also commit to the effective abolition of child labor.</p>
<p>6. The elimination of discrimination in respect of employment and occupation.</p> 	<p>Usiminas' commitment to the elimination of discrimination in respect of employment and occupation is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.</p>	<p>The Company's diversity and inclusion program held the Diversity Week from November 16 to 20, engaging close to 11,750 employees. Furthermore, investigating reports of discrimination through the Open Channel, making sure these situations are eliminated from the Company.</p>	<p>For 2021 and 2022, we will work to increase to 10% the number of female employees in the steelmaking's industrial departments.</p>
<p>7. Business should support a precautionary approach to environmental challenges.</p> 	<p>Usiminas' commitment to support a precautionary approach to environmental challenges is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments, coupled with a robust Environmental Management System, guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.</p>	<p>In June 2020, the Company created the Corporate Department of Sustainability, reporting directly to the CEO, which is responsible for addressing and monitoring all topics related to the Company's sustainability agenda. We have also created the Sustainability Committee, through which Usiminas and its subsidiaries' entire Executive Board and major leaderships discuss sustainability topics.</p>	<p>For 2021, we will work to set qualitative and quantitative sustainability-related measures. We will also launch the Company's Sustainability Corporate Rule. Moreover, we will work to engage our entire Value Chain in strengthening Usiminas' Sustainability Culture.</p>



GLOBAL COMPACT PRINCIPLES

COMMITMENT

2020 ACHIEVEMENTS

2021 ACTIONS

8. Undertake initiatives to promote greater environmental responsibility.



Usiminas' commitment to support a precautionary approach to environmental challenges is laid down in the Sustainability Corporate Rule and the Code of Conduct. These instruments, coupled with a robust Environmental Management System, guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts Usiminas has environmental responsibility initiatives targeted at its entire value chain, especially its suppliers.

In June 2020, the Company created the Corporate Department of Sustainability, reporting directly to the CEO, which is responsible for addressing and monitoring all topics related to the Company's sustainability agenda. We have also created the Sustainability Committee, through which Usiminas and its subsidiaries' entire Executive Board and major leaderships discuss sustainability topics.

For 2021, we will work to set qualitative and quantitative sustainability-related measures. We will also launch the Company's Sustainability Corporate Rule. Moreover, we will work to engage our entire Value Chain in strengthening Usiminas' Sustainability Culture.

9. Encourage the development and diffusion of environmentally friendly technologies.



Usiminas' commitment to encourage the development and diffusion of environmentally friendly technologies is laid down in the Sustainability Corporate Rule.

Usiminas continually invests in new product research and development. R\$7.37 million have been invested in research & development for new products, services and uses in several sectors. In 2020, Usiminas Companies have launched 3 new products in the market; USI-RAVUR-400, USI-LN-1000 and USI-CORE-500.

The 2021 goal is to continue encouraging the development and diffusion of new environmentally friendly technologies. Furthermore, we will act to engage our customer chain, seeking to create partnerships and new environmentally-driven technological innovation opportunities.

10. Business should work against corruption in all its forms, including extortion and bribery.



Usiminas' commitment to work against corruption in all its forms, including extortion and bribery, is laid down in the Sustainability Corporate Rule as well as in the Company's entire Integrity Program, which has 7 specific rules. These instruments guide the Company's actions, determining affirmative initiatives and control mechanisms in case of misconducts.

Usiminas has continued to strengthen its integrity department by hiring new employees and through the Integrity Ambassador(s) initiative (34 Ambassadors). Furthermore, the Company's hiring processes rely on elements to prevent such misconducts. Through the Integrity Program, Usiminas has continued to disseminate the integrity culture among its employees and value chain. In 2020, we program launched 3 e-learning programs for internal stakeholders (Code of Ethics and Conduct; Anti-Corruption Policy; Policy on Relationship with Third Party Intermediaries) and 1 e-learning program for external stakeholders (Integrity Program).



For 2021, we will work to expand the integrity culture to internal and external stakeholders.







Sustainable Development Goals (ODS)




Usiminas reinforces its commitments to UN's Sustainable Development Goals.

SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
End poverty in all its forms everywhere						
	No	This topic was assessed and we understand its relevance in the overall context, however, it is not considered a material topic for Usiminas' performance to achieve the SDG. We note that there is an unequivocal indirect contribution through our operations' economic results, which are distributed to society through salaries paid to our staff, taxes paid and economic transactions in our production chain.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	Economic results from our operations, which are distributed to society through salaries paid to our staff, taxes paid and economic transactions in our production chain.	No. of employees: 12,109 Value added to distribute: R\$6,063,529 Personnel and charges: R\$1,086,011 (18%) Taxes, fees and contributions: R\$2,088,253 (34%)	Since it is not a material topic, Usiminas does not set a goal, however, the Company will inform the outcomes from its activities.
End hunger, achieve food security and improved nutrition and promote sustainable agriculture						
	No	This topic was assessed and we understand its relevance in the overall context, however, it is not considered a material topic for Usiminas' performance to achieve the SDG. We note that, through programs such as Usiminas Mobiliza pelos Caminhos do Vale, the Company indirectly contributes to achieving this SDG.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	In the <i>Mobiliza pelos Caminhos do Vale</i> program, steel aggregate from the steel mills is used to pave several rural and urban roads, improving accessibility to rural communities. A positive impact on the local economy has been noticed, through the possibility of continuous outflow of items produced by local manufacturers.	3.2 thousand km of rural roads restored. 3.58 million of siderbrita (steel aggregate) used. 84 municipalities served.	Since it is not a material topic, Usiminas does not set a goal, however, the Company will inform the outcomes from its activities.

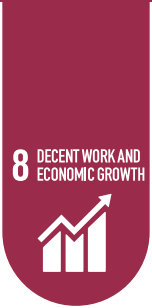


SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Ensure healthy lives and promote well-being for all at all ages						
	Yes	The topic has been assessed and considered material. Usiminas takes action through several initiatives with its internal stakeholders and the communities where it operates, directly contributing to achieve this SDG.	Usiminas monitors and controls all its operation standards that may be harmful to health.	Usiminas' health and wellness programs, targeted at its employees. FSFX operations. Allocation of properties and equipment to common use, targeted at fostering healthy life.	Broad work to fight Covid-19 (several initiatives and more than R\$27 million invested by means of FSFX). Expansion of FSFX's service (E.g.: the Mom's Lounge at the Ipatinga Plant). The Company currently has more than 2,900 hectares of preserved areas in the Vale do Aço Region. One of our initiatives is the Green Belt, a wide 337-hectare green area surrounding the Ipatinga Plant that goes through 11 neighborhoods in the city. Maintenance of public and cultural venues, as well as clubs for the population of the communities where the Company operates.	Expand the Company's, FSFX's and Cultural Institute's operations. Some of the foreseen initiatives include: building a hospital in Belo Horizonte, in the Company's former headquarters (an initiative led by FSFX) and the creation of the Usiminas Memory Center, in the city of Ipatinga.
Ensure inclusive and equitable quality education and promote lifelong learning opportunities to all						
	No	This topic was assessed and we understand its relevance in the overall context, however, it is not considered a material topic for Usiminas' performance to achieve the SDG. We note that, through the FSFX, Usiminas Culture Institute and programs such as Usiminas Mobiliza pelos Caminhos do Vale, the Company indirectly contributes to achieving this SDG.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	In the <i>Mobiliza pelos Caminhos do Vale</i> program, steel aggregate from the steel mills is used to pave several rural and urban roads, improving accessibility to rural communities. For schools, this initiative resulted in a higher attendance rate for students living in rural areas.	3.2 thousand km of restored rural roads. 3.58 million of siderbrita (steel aggregate) used. 84 municipalities served.	Since it is not a material topic, Usiminas does not set a goal, however, the Company will inform the outcomes from its activities.





SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Achieve gender equality and empower all women and girls						
	Yes	This topic was assessed and considered material. Usiminas has implemented its D&I program in 2019 and has a pillar dedicated to gender equality topics.	Inequality of gender is a hurdle to sustainable development.	Through the Diversity and Inclusion Program, the Company has contributed to reducing gender inequalities. Through the Gender Equality pillar, the Company carries out several initiatives that fosters the presence of women in several positions of Usiminas' operations.	Usiminas was able to double the share of women holding leadership positions since the beginning of the Diversity and Inclusion program, from 5% in March 2019 to 11% by the end of 2020. Furthermore: Launch of the Mom's Lounge, the Mentoring Program and an apprentice class exclusive for women.	For 2021 and 2022, we will work to increase by 10% the number of female employees in the steelmaking's industrial departments.
Ensure availability and sustainable management of water and sanitation for all GRI 103-2:303; 103-3:303						
	Yes	This topic was assessed and considered material. Water is a fundamental input to the steelmaking process and the pursue of hydro efficiency is a material topic to the Company. At the Company's operations, water resources are constantly monitored, whether in water withdrawal, consumption, recirculation and/or effluent treatment.	Intensive water use and liquid effluent generation at the Steelmaking and Mining operations.	Through the <i>Mobiliza Todos pela Água</i> program, cities that receive Usiminas' steel aggregate undertake to recover headwaters. High water recirculation rate.	Water recirculation: 95%. Another important highlight was the completion of the new waste disposal system at our mining unit, replacing the use of dams.	3 dams have been de-characterized at Mineração Usiminas and the dry filtering and stacking project will be completed by mid 2021.
Ensure access to affordable, reliable, sustainable and modern energy to all						
	Yes	This topic was assessed and considered material. The Company contributes to this goal through the development of steel solutions to serve the photovoltaic and wind power sector.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	The Company contributes to this goal by serving clean energy segments (photovoltaic and wind power).	Increased sales volume to the clean energy sector (wind and photovoltaic) Wind sector: 10,000 tons in 2020. Photovoltaic sector: 50,000 tons in 2020.	Increase in services provided to clean energy sectors. Wind sector: 40,000 tons in 2021 (+296%). Photovoltaic sector: 61,000 in 2021 (+21%).




SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all						
	Yes	This topic was assessed and considered material. Usiminas has contributed to this goal through the economic results from our operations, which are distributed to society through salaries paid to our staff, economic transactions in our production chain, health supporting programs and training offered to our employees. Financial transactions and job creation through Usiminas' steel value chain are also a highlight.	High economic dependence of some cities where the Company's operations are located.	Economic results from our operations, which are distributed to society through salaries paid to our staff, taxes paid and economic transactions in our production chain, health supporting programs and training offered to our employees.	In view of the Covid-19 pandemic, the Company has adopted several measures for its employees safety and to maintain its operations (E.g.: travels and meetings restrictions, remote work regime and cafeterias and employee transportation buses have been adapted. Workstation cleaning have been enhanced and, at the Ipatinga Plant, work shift has been changed to reduce the number of employees at the plant at the same time). Also in 2020, Usiminas has officially resumed Ipatinga Plant's blast furnace 1 operations (which was temporarily shutdown due to the pandemic), reinforcing its commitment to the company's perpetuity and the country's development.	Given the Covid-19 pandemic, the Company will continue to adopt measures to prevent the virus from spreading, to keep its employees and the communities where it operates safe. In 2021, Usiminas will resume blast furnace 2's operations, reinforcing its commitment to the company's perpetuity and the country's development.







SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
To build resilient infrastructure, foster inclusive and sustainable industrialization as well as innovation						
	Yes	This topic was assessed and considered material. Usiminas acts as an anchor company fostering the entire steel chain and new projects and technologies development.	The steelmaking process uses non-renewable natural resources.	Steel is one of the world's most recyclable and recycled material, being broadly used in several sectors of the economy. Through technological innovation, the Company is able to produce even more efficient steel. The steelmaking sector fosters steel collection and recycling from products that reached the end of their useful life, using it to manufacture new steelmaking products, without losing quality.	Alliances with companies in the automotive industry (2030 Route). Partnerships with innovation startups. 1,120 ideas created 5 companies involved (Steelmaking, MUSA, SU, Unigal and FSFX). 38 innovation events held. Risk reduction (26 initiatives).	Continue to foster the development and diffusion of new technologies. Furthermore, we will act to engage our customer chain, seeking to create partnerships and new environmentally-driven technological innovation opportunities. For 2021, we have 60 ideas in pilot phase in the InovaAí program, which are expected to be completed by 6/30/2021. Each of the following companies has 12 ideas: Steelmaking, MUSA, SU, Unigal and FSFX.
Reduce inequality within and among countries						
	No	This topic was assessed and we understand its relevance in the overall context, however, it is not considered a material topic for Usiminas' performance to achieve the SDG. We note that there is an unequivocal contribution through our operations' economic results, which are distributed to society through salaries paid to our staff, taxes paid and economic transactions in our production chain.	Inequality among countries and their own population is an obstacle to sustainable development. Opportunities inequality has several social impacts.	Economic results from our operations, which are distributed to society through salaries paid to our staff, taxes paid and economic transactions in our production chain.	No. employees: 12,109 Value added to distribute: R\$6,063,529 Personnel and charges: R\$1,086,011 (18%) Taxes, fees and contributions: R\$2,088,253 (34%)	Since it is not a material topic, Usiminas does not set a goal, however, the Company will inform the outcomes from its activities.





SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Make cities and human settlements inclusive, safe, resilient and sustainable						
	Yes	This topic was assessed and considered material. It is important to emphasize the indirect impact through the Company's relationships with public authorities and the communities where it operates.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	Usiminas has a permanent relationship with local communities, monitoring, mitigating its production activities impacts, channeling the wishes, supporting local development, offering job opportunities and effectively fostering health, sports, social, education and culture development.	The Company currently has more than 2,900 hectares of preserved areas in the Vale do Aço Region. One of our initiatives is the Green Belt, a wide 337-hectare green area surrounding the Ipatinga Plant that goes through 11 neighborhoods in the city. These initiatives contribute to restore the vegetation in urban hillsides, reduce erosion and improve the region's micro climate, contributing to the cities arborization as well as its visual and thermal comfort. Through this project, the city of Ipatinga has developed a 96-m ² green space per individual ratio, eight times more the ratio recommended by the World Health Organization (WHO). The city also has several public spaces under FSFX's and Usiminas Institute's management.	Increase the Company's reach in the community. Some of the foreseen initiatives include: building a hospital in Belo Horizonte, in the Company's former headquarters (an initiative led by FSFX) and the creation of the Usiminas Memory Center, in the city of Ipatinga.







SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Ensure sustainable consumption and production patterns						
	Yes	This topic was assessed and considered material. Steel is one of the world's most recyclable and recycled material, being broadly used in several sectors of the economy. Steelmaking process has a significant impact in the environmental pillar, through the use of non-renewable natural resources, greenhouse gas emissions and particulate material emissions and waste generation.	Steelmaking process has a significant impact in the environmental pillar, through the use of non-renewable natural resources, greenhouse gas emissions and particulate material emissions and waste generation.	Steel is one of the world's most recyclable and recycled material, being broadly used in several sectors of the economy. Through technological innovation, the Company is able to produce even more efficient steel. The steelmaking sector fosters steel collection and recycling from products that reached the end of their useful lives, using it to manufacture new steelmaking products, without losing quality. Value creation projects for waste generated in the production process (recycling, sale and donation).	Usiminas has also created the Environmental Monitoring Center and an Automatic Environmental Monitoring Network, allowing the continuous and real-time monitoring of its operations and a quick response to solve possible unusual scenarios.	Achieve sustainable management and efficient use of natural resources. Goals to reduce particulate material emissions, defined together with the Public Prosecution Office.
Take urgent action to combat climate change and its impacts GRI 103-2:305						
	Yes	This topic was assessed and considered material. Usiminas' operations, especially the Steelmaking unit, contribute to Climate Change through greenhouse gas emissions. Usiminas seeks to invest in energy-efficiency initiatives to its operations.	Usiminas' operations, especially the Steelmaking unit, contribute to Climate Change through greenhouse gas emissions.	Usiminas seeks to invest in initiatives that contribute to mitigate greenhouse gas emissions, such as in-house use of steelmaking gases, in-house power generation to be used in industrial processes, implementing energy efficiency projects and managing and monitoring critical departments' consumption, focused on process performance.	Direct emissions (Scope 1) Ipatinga Plant = 6,226,717 tCO ₂ Cubatão = 120,948 tCO ₂ Indirect emissions (Scope 2) Ipatinga = 112,708 tCO ₂ Cubatão = 19,257 tCO ₂	<ul style="list-style-type: none"> Energy Matrix Impact (GJ/ Accrued): 6.7% reduction compared to 2019 Environmental impact (tCO₂/ Accrued): 0.7% reduction compared to 2019



SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Conserve and sustainably use the oceans, seas and marine resources						
	No	This topic was assessed and we understand its relevance in the overall context, however, it is not considered a material topic for Usiminas' performance to achieve the SDG.	Cubatão Plant's operations are located in a coastal area.	Not detected.	Usiminas did not find evidence of negative externalities.	Since it is not a material topic, Usiminas does not set a goal, however, the Company will inform the outcomes from its activities.
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss GRI 103-2:307						
	Yes	This topic was assessed and considered material. The Company relies on preservation and conservation programs for its green areas, and special care for protected areas and preservation of regional wild fauna.	The infrastructure of Usiminas' operations can have significant impacts on the biodiversity of the areas surrounding its operational units.	The Company runs programs focused on preserving riparian forests, conserving headwaters and regional wild fauna.	The Company currently has more than 2,900 hectares of preserved areas in the Vale do Aço Region. One of our initiatives is the Green Belt, a wide 337-hectare green area surrounding the Ipatinga Plant that goes through 11 neighborhoods in the city. These initiatives contribute to restore the vegetation in urban hillsides, reduce erosion and improve the region's micro climate, contributing to the cities arborization as well as its visual and thermal comfort. Through this project, the city of Ipatinga has developed a 96-m² green space per individual ratio, eight times more the ratio recommended by the World Health Organization (WHO).	We will work to set qualitative and quantitative sustainability-related goals. We will release the Company's Sustainability Corporate Rule (click here). Moreover, we will work to engage our entire Value Chain in strengthening Usiminas' Sustainability Culture.





SDG	MATERIALITY	DESCRIPTION	NEGATIVE EXTERNALITIES	POSITIVE IMPACTS	2020 EVOLUTION	2021 ACTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice to all and build effective, accountable and inclusive institutions at all levels						
	Yes	This topic was assessed and considered material Transparency, ethical conduct and integrity are the main pillars of Usiminas' governance, reinforced by its management practices.	The Company engages in relationships with several stakeholders in its operations and activities. Non-compliance with legislation, regulations, rules and procedures (external and internal) can have a negative impact on the Company's operations, as well as on society, such as corruption, bribery and other misconducts, for example.	The Company's Integrity Program prevents and identifies non-compliances with the legislation, regulations, rules and procedures (external and internal), identifying risks and/or causes and acting in a preventive and/or corrective manner.	We have released the second version of the Code of Conduct and several e-learning programs for internal stakeholders and an e-learning program for external stakeholders, coupled with the Integrity Week.	Increase the Company's reach with its priority suppliers.
Strengthen the means of implementation and revitalize the global partnership for sustainable development						
	Yes	This topic was assessed and considered material In its operations, Usiminas engages with several stakeholders, e.g.: customers, suppliers, government authorities and the community.	They have not been identified, however, Usiminas undertakes to annually reassess the matter.	Usiminas has partnerships with the local government of several cities surrounding its operations, in programs such as the Usiminas Mobiliza pelos Caminhos do Vale.	Engages in 84 cities Member of several associations.	Increase the company's reach through partnerships with public authorities and through customer and supplier engagement.



| Task Force on Climate-Related Financial Disclosure (TCFD)



Governance

The creation of a corporate department responsible for Usiminas' sustainability agenda, in June 2020, enabled the Company to strengthen its governance on the topic. As soon as July, the Executive Board created the Sustainability Committee, comprising the Company's main executives (CEO, Financial and Investor Relations VP, Industrial VP, Commercial VP, Technology and Quality VP, Corporate Planning VP, Mineração Usiminas' Executive Board, People Management and Innovation Office, Legal Office, Communication and Institutional Relations Office, Economic and Financial Corporate Planning Office, Corporate Department of Sustainability, Environmental Department and the Investor Relations Department), which interdisciplinarily monitors Usiminas' material topics for sustainability, including those related to climate change. Other steps will be taken to integrate the company's entire governance structure, including the Board of Directors, in the support of important topics.



Strategy

Regarding specifically to climate change, Usiminas mobilized its technical departments to give structure to and amplify its initiatives. The first one will be to update the Company's emissions inventory, to get it certified by an independent third-party and to disclose it in the Brazilian GHG Protocol. Moreover, we will engage with the Carbon Disclosure Project (CDP). Also in 2021, supported by WayCarbon, we will begin to identify short-, medium- and long-term emission reduction opportunities, in a plan to decarbonize our operations, by correctly understanding scenarios by using emission projections and preparing the marginal abatement cost curve (MACC).



Risk Management

Usiminas will get its risk management structured in order to target climate changes throughout 2021.



Metrics and goals

We perceive this is the beginning of an important journey towards Usiminas' perpetuity and we are endeavored to structure plans and actions to engage in global climate efforts. Our best expectation is to disclose our metrics and goals in the first quarter of 2022.





B

FINANCIAL PERFORMANCE

Usiminas is always pursuing better results through collective and individual challenging goals. Agile decision making, strict spending and simplified bureaucracy contribute to an even more competitive positioning in both domestic and foreign markets. Results and financial sustainability are essential to allow the ongoing development and growth, being important in different levels for stakeholders. | [GRI 103-1:201](#); [103-2:201](#); [103-3:201](#) |

Results

In 2020, Usiminas net income came to R\$1.29 billion, up by 243% vis-à-vis 2019. This is the highest figure since 2010. In an all-time record, net revenue totaled R\$16.1 billion - 8% more than in the previous year.

In 2020, Usiminas recorded R\$3.19 billion in Consolidated Adjusted EBITDA. In Brazil, apparent steel consumption was up by 1.2% vs. 2019, and in the mining sector, production increased by 10.0%. In 2020, total steel sales volume came to 3.7 million tons and a record iron ore sales volume of 8.7 million tons. The Company's other performance highlights are presented in the following chart and in the [2020 Earnings Release](#). The complete financial information is presented in the Company's Individual and [Consolidated Financial Statements](#).



Tax incentives in 2020 totaled R\$ 51,609,940.04 for Usiminas and R\$149,316,156.75 for Usiminas Soluções. | **GRI 201-4** |

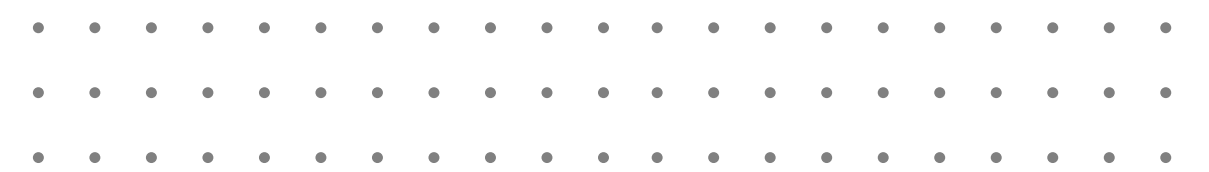
INDICATOR	2019	2020	Change
Steel sales volume	4,105 thousand tons	3,723 thousand tons	-9%
Iron ore sales volume	8,616 thousand tons	8,683 thousand tons	+1%
Adjusted EBITDA	R\$ 1,973 million	R\$ 3,194 million	+62%
Net Income – R\$ million	R\$ 377 million	R\$ 1,292 million	+243%

- Further information on Usiminas financial performance is available on the website
- www.usiminas.com/ri and on the
- “Contact IR” channel



Financial Result - Consolidated (R\$ thousand) | GRI 102-7 |

	2019	2020	%
Foreign exchange gains and losses, net	(185,168)	(764,555)	313.0%
Financial income	622,022	262,691	-58.0%
Financial investment interests and monetary effects	93,723	79,501	-15.0%
Monetary effects on ICMS tax in the PIS and COFINS calculation basis	69,702	52,669	-24.0%
Monetary effects on assets	24,875	38,384	54.0%
Reversal of interest on contingencies	57,738	26,883	-53.0%
Monetary effects on receivables from Eletrobrás	263,892	5,687	-98.0%
Other financial income	112,092	59,567	-47.0%
Financial Expenses	(946,693)	(580,628)	-39.0%
Interest and monetary effects on financing and taxes payable in installments	(454,414)	(328,889)	-28.0%
Swap transactions	(1,696)	(1,535)	-
Monetary effects on liabilities	(40,803)	(36,702)	-10.0%
Financing commission and other	(128,353)	(24,079)	-81.0%
Monetary effects on legal contingencies	(176,634)	(98,273)	-44.0%
Other financial expenses	(144,793)	(94,220)	-35.0%
Financial result	(509,839)	(1,082,492)	112.0%
+ Appreciation / - Depreciation of exchange rate (R\$/US\$)	4.0%	28.9%	+24.9 p.p

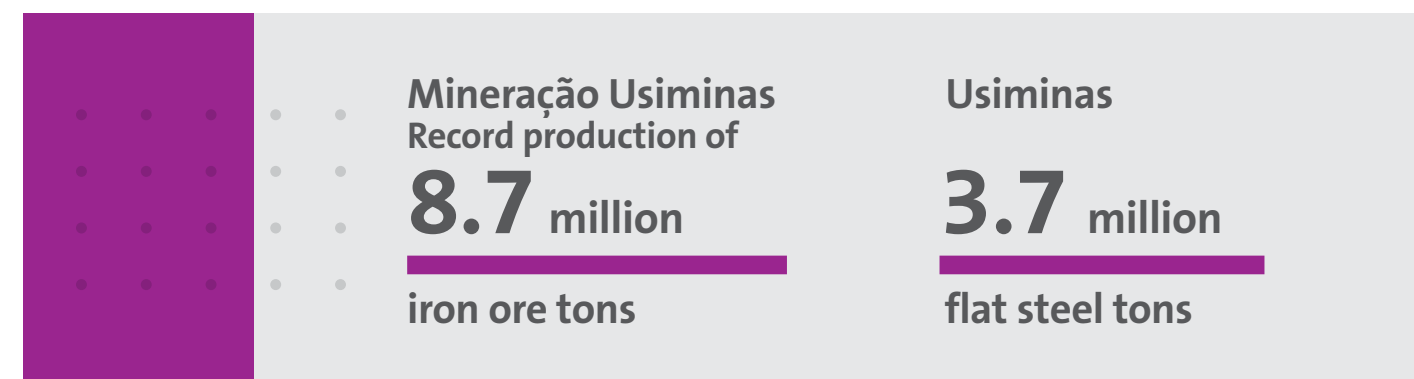


Direct economic value generated (R\$ thousand) | GRI 201-1; 102-7 |

Direct economic value generated (R\$ thousand)

	2018	2019	2020
Total gross revenue	17,499,783	18,841,146	19,812,127
Distributed added value (R\$ thousand)			
	2018	2019	2020
Personnel and charges	1,048,119	1,120,390	1,086,011
Salaries and charges	866,268	964,503	861,725
Severance Guarantee Fund (FGTS)	77,256	81,766	94,884
Management compensation	35,817	31,115	33,419
Employee Profit Sharing	65,206	39,736	94,539
Retirement plans	3,572	3,270	1,444
Taxes, fees and contributions	1,191,719	1,269,142	2,088,253
Federal (i)	634,157	136,438	735,946
State	476,244	1,041,313	1,265,112
Municipal	73,657	80,305	79,894
Tax incentives	7,661	11,086	7,301
Remuneration of third-party capital	1,138,128	1,208,005	1,597,522
Interests	915,426	944,997	582,163
Foreign exchange expenses	225,421	261,312	1,016,894
Others	2,719	1,696	(1,535)
Remuneration of own capital	828,695	376,691	1,291,743
Retained profits (losses)	726,658	213,265	672,790
Non-controlling shareholders' share in retained profits	102,037	163,426	618,953
Distributed added value	4,206,661	3,974,228	6,063,529
Retained economic value	13,293,122	14,866,918	13,748,598

In 2020, Usiminas Companies recorded the following production:



Tax Planning | GRI 102-7; 102-45; 207-2 |

Usiminas relies on the Tax Planning Department, reporting to the Controller’s Office, responsible for fiscal and tax compliance, devoting ongoing efforts to spread the “fiscal and tax culture” among the Usiminas Companies. The department conducts risk monitoring with daily follow-up of changes to legislation and close relationship with government agencies and class entities, such as FIEMG and Brazil Steel Institute, which monitor each and every change that can potentially impact Usiminas Companies business and their operations.

Offering a transparent approach to tax effects from measures under discussion in the segment and collection, always presenting the technical grounds for analysis and data origin.

There are regular internal and external audit programs to verify legal and compliance matters in general. Furthermore, Usiminas has an annual external tax audit program to verify certain operations.





Moreover, Usiminas holds periodic meetings with customers and suppliers to discuss specific topics, governmental agencies' openness and transparency in holding technical discussions on impacts. As set forth in Usiminas' bylaws, certain decisions are taken to the Executive Board and the Board of Directors. | GRI 207-1; 207-3 |

In its audited consolidated financial statements, the Company includes Brazil, Luxembourg and Denmark as tax jurisdictions, as detailed below: | GRI 207-4 |

Jurisdiction	Entity	Primary Activity	Number of employees	Sales to third parties	Inter-group sales	Profit/loss before deductions	Tangible assets	Paid Income Tax	Accrued Income Tax
Brazil	Usinas Siderúrgicas de Minas Gerais AS - Usiminas	Manufacturing or production	7,951	R\$12,899,943,572.40	R\$4,467,475,000.00	R\$346,508,000.00	R\$12,943,815,000.00	R\$30,883,000.00	R\$0.00
	Usiminas Mecânica AS	Manufacturing or production	1,244	R\$151,249,000.00	R\$210,154,000.00	R\$0.00	R\$2,592,000.00	R\$3,994,000.00	R\$0.00
	Mineração Usiminas AS	Manufacturing or production	1,433	R\$4,069,877,000.00	R\$842,659,000.00	R\$2,799,886,000.00	R\$1,338,179,000.00	R\$194,962,000.00	R\$628,616,000.00
	Unigal	Manufacturing or production	325	R\$8,799,000.00	R\$322,841,000.00	R\$167,021,000.00	R\$860,875,000.00	R\$35,021,000.00	R\$34,945,000.00
	Rios Unidos Logística e Transportes de Aço Ltda	Sales, marketing or distribution	4	R\$1,712,000.00	R\$1,346,000.00	R\$0.00	R\$1,774,000.00	R\$67,379.71	R\$72,000.00
	Soluções em aço Usiminas AS	Manufacturing or production	1,152	R\$4,815,854,000.00	R\$5,079,000.00	R\$179,835,000.00	R\$981,027,000.00	R\$35,630,755.93	R\$44,645,000.00
Luxembourg	Usiminas International S.A.R.L	Holds the Company's investments abroad	0	R\$0.00	R\$0.00	R\$23,896,000.00	R\$0.00	R\$0.00	R\$0.00

Ano base: 01/01/2020 a 31/12/2020.

In 2020, Usiminas was not cited for non-compliance with Occupational Safety and Health Rules as well as with laws and/or regulations on civil and tax topics. Usiminas (A) was cited for non-compliance with Environmental Laws and might have to pay fines in relation to such citations. Usiminas has filed its defense against said citations and awaits the decision. Likewise, the Company has not received any non-monetary penalties, (B) such as partial or total shutdown of its activities, halting of product sales and distribution.

| GRI 419-1 |

Shares

B3 PERFORMANCE

Usiminas' common shares (USIM3) ended the year quoted at R\$15.69 and its preferred share (USIM5) at R\$14.61. During 2020, USIM3 shares appreciated by 59% and USIM5 by 53.6%, while the Ibovespa was up by 2.9%.

OTC – NEW YORK

Usiminas has American Depositary Receipts (ADRs) traded on the North American Over-The-Counter (OTC) market: the USDMY, guaranteed by common shares, and the USNZY, guaranteed by class A preferred shares. On 12/31/20, the most liquid ADR, USNZY, was quoted at US\$2.57 and appreciated 10.8% in the year.

LATIBEX – MADRI

Usiminas has its shares traded at LATIBEX - Madrid Stock Exchange Section: XUSI preferred share and XUSIO common share. On 12/31/20, XUSI ended the year quoted at € 2.28, appreciating by 16.9% in the year, while XUSIO ended the year at € 2.42, appreciating by 14.2%.



STRATEGY

4

Innovation

In the ongoing pursuit of enhanced competitiveness, Usiminas invests in the search for technological products with high added value.

In 2020, the Company devoted its efforts and resources to initiatives led by the Corporate Department of Innovation to identify opportunities in a number of fields. More than 45 project development opportunities have been captured through Usiminas' innovation platform, called *InovaAi*, in which the Company actively looks for challenges in a number of fields, leading an intrapreneurship program and the gathering of good practices from external partners. | **GRI 102-15** |

Bringing together initiatives in 4 pillars, the program began in April 2019, boosted by ambassadors who act as project advocates and consultants in the Company's several departments.

This strategy enabled Usiminas to implement an innovation culture, engaging many employees in an openness movement that appreciates experimentation, risk appetite and agility supported by external partners.



Within the scope of the Intrapreneurship program, *InovaAí Ideias* was a pilot project targeted at Usiminas employees, touching the following topics:

1. Simplicity and agility: process and activities automation and optimization;
2. Customer-centered: new customer intake and retention;
3. Protect life: boosting employee safety and mitigating environmental risks.
4. New business models: encouragement to develop the intrapreneurship mindset.

The ideas captured have been selected from criteria such as level of innovation, reach and impact. 12 *InovaAí* challenges were put into practice in 2020.

InovaAí

Usiminas' Open Innovation program has 4 action pillars:

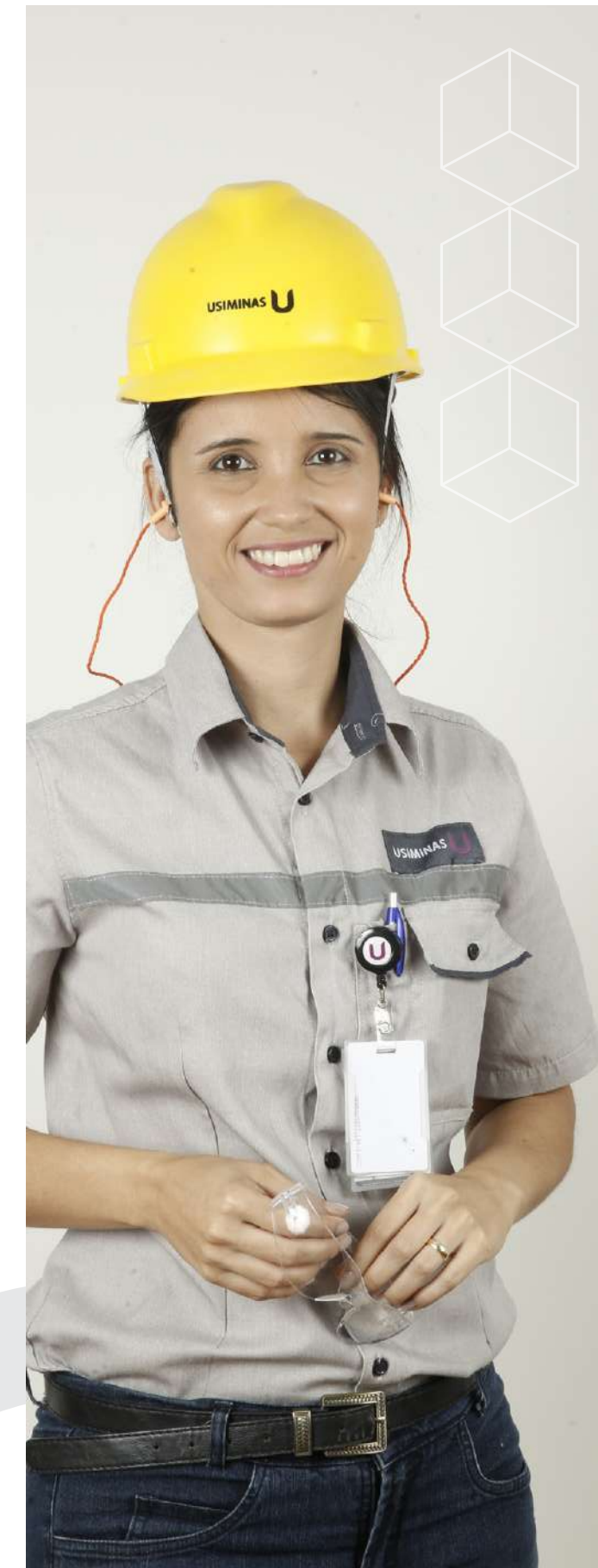
- **Events:** workshops, hackathons, bootcamps and shark tanks.
- **38 events** were held in 2020;
- **Innovation ambassadors:** a team of employees committed to take action on the program;
- **Challenges:** identification of departments' improvement opportunities to be addressed by the innovation ecosystem;
- **Partnerships:** shared work with other innovation market players, including the startup community and Universities.

The idea for Soluções Usiminas sales platform came up in one of *inovaAí*'s events. It was released in the first half of the year, in a pilot format, intended to serve end customers.

In constant evolution, the e-commerce's initial portfolio offered plates, tubes and steel profiles. Soon after, new products were added, such as tiles, thick and galvanized plates, which can be used for civil construction, consumption goods, solar power and others.

The platform served at first the city of Belo Horizonte and its metropolitan region. In August, the online store reached the state of São Paulo.

The platform is being prepared to be a complete online sales channel, bringing together virtual store, inventory, production and distribution, in addition to being a channel to exchange experiences and knowledge, with offered steel-related services.





Customers

One of Usiminas' values is its commitment to understand and meet its customers' needs, which is why the Company invests in the continual training of its professionals, in innovation, its products and services quality and compliance with agreed terms.

At Usiminas Steelmaking, customer technical services are provided by the Product and Technical Service teams, who work in the pre-sale and post-sale stages, in order to ensure production is in accordance with quality standards as well as customer needs, inform about product use, identify demands for new product development, receive complaints and provide technical support to analyze issues in customer processes.

The pre-sales stage is conducted by the Products team, who holds a comprehensive view of the steelmaking sector, so as to identify needs, opportunities and feasibility to develop new products, being responsible for the ensuing man-

agement of projects, which involves the stages of pilot, industrial and customer testing plus new product standardization and promotion. All those activities are developed to offer Usiminas' customers products that best suit their expectations and needs.

The post-sales stage is conducted by the Technical Service team, who seeks to bring the customer "voice" into the Company by means of technical contact reports. With that input, they hold weekly meetings with technicians and leaders from several hierarchical levels, when the customer incidents, proposed actions, perceptions and demands are discussed.

The Technical Service team is made up of 25 employee and has served 222 customers and made 1,030 contacts in 2020, which included meetings, trainings, production follow-up and material inspections, amounting to 4.6 contacts per customer, on average. Most

of these contacts are planned annually, according to the customers' own needs and demands and may occur for periods ranging from every week to longer periods, such as semiannual or even annual.





Customer Satisfaction

Conducted annually by Usiminas Steelmaking, the Customer Satisfaction Assessment aims to measure customers' met (and unmet) expectations, identifying their needs, wishes and satisfaction level regarding Usiminas' products and services.

In order to ensure impartiality, the assessment is conducted by employees with auditing experience and who do not directly deal with customers. To complete the satisfaction survey, customers' representatives are interviewed on topics that include purchase procedures, product delivery/logistics, quality/engineering control and production.

In addition to measuring customers' satisfaction levels, the assessment also seeks to understand their perception of Usiminas Steelmaking position in the market and identify their main expectations regarding each topic discussed. After each satisfaction survey, results are analyzed and an action plan, also known as "reaction plan" is devised

specifically for each customer, including improvements or new developments in the several processes evaluated. The plan is then presented to the customer and its implementation is monitored. In the next satisfaction survey cycle, the customer also evaluates how their expectations were met.

In 2020, 29 customers from different segments have been interviewed. Together they account for 40% of Usiminas' revenue. The chart below presents the customer satisfaction score evolution:

Customer Satisfaction



For both the overall customer satisfaction score (presented above) and the company's advantage over its main competitor, the numbers achieved have been better than in 2019, showing that, due to Usiminas team's efforts in 2020, the Company was able to boost customer satisfaction and to win an increased customer preference for Usiminas over its competitors.

Usiminas invests in new features and services to better serve its customers. Every customer survey generates an action plan to assess and meet their needs. These actions involve several Usiminas departments and establish a business model for a particular customer and they may include, among others: product storage structure, development of information systems, adapted processes to meet specific needs, development of new, custom-made steel kinds and process improvements. Thus, business is being improved as the expectations are being presented and actions are being taken to meet customer needs.



Suppliers

| GRI 103-3:204 | 103-3:308 |

In 2020, due to the impacts in production, the organization reduced Supply Chain purchases, in line with the new material and service demand to meet the new production volume. Usiminas seeks to create partnerships with its suppliers, bringing mutual benefits and joint development to face the increasing market challenges.

Principles, guidelines and rules governing Usiminas Companies' relationships with their supply chain are laid down in the Code of Ethics and Conduct and in the document called "General Administrative Rule on Corporate Supplies".

In addition to establishing a supply chain governance standard to be followed by the departments responsible for said processes at Usiminas Companies, this Rule also refers to the document "General Conditions for Service Execution and Supplies", which regulates the rights and obligations of suppliers, service providers, and subcontractors, including environmental and social aspects.

All suppliers' approval processes are based on the documents mentioned above, and the Company demands proof of compliance with labor legislation, occupational safety and health, social and environmental responsibility (including human rights issues), reputation, quality, technical capacity, certifications, commercial and technological performance and competitiveness.

Usiminas also includes in its contracts mechanisms to prevent situations of social and environmental risks, and, for the contract duration, it monitors compliance with labor and environmental laws and relies on the "Open Channel" as a gateway to investigate complaints, claims and reports. The Company also performs an Integrity Due Diligence, in which it assesses suppliers' environmental and social aspects. It is worth mentioning that specifically for occupational safety and health, due diligence is conducted through the Safe Supplier program.

| GRI 407-1; 412-1 |

One of the main communication channels between the Company and its suppliers is the Purchasing Portal, a website that allows the interaction between Usiminas and its suppliers, where notices are posted, electronic transactions for quote requests are made, proposals are formally submitted, inquiries are accessed and orders are accepted, invoices are viewed, among other features.

To become an Usiminas product or service supplier, partner companies may access the specific section on the Company's website - <https://www.usiminas.com/fornecedores/> - to learn more about the requirements for pre-registration, including provisions set forth in the "General Conditions for Service Execution and Supplies", as well as to have access to the Code of Ethics and Conduct and other Integrity Program policies.





| Safe Supplier | GRI 403-7 |

Launched in 2019, the Safe Supplier program has been structured to encourage and support partner companies in achieving higher safety levels. It applies to suppliers who provide or wish to provide services, classified as high or medium risk, at Usiminas Companies' internal premises. The program's pillars are qualification and development processes safety assessment and recognition through certification. By December 2020, Usiminas achieved the following results:

182

Companies qualified in safety, ready to be selected in the bidding processes.

106

Contractors with safety assessment by the contract managing departments, supported by the Occupational Safety team.

08

Contractors received the Safe Supplier Certificate, in an annual event held in 2020.



| Supplies Digital Transformation

Developed since 2019, the *CompraAí* project consists of a large technological evolution and fosters Usiminas' Supplies digital transformation. The project's technological pillar is the Ariba implementation, an SAP procurement system.

In addition to digitalize and automate processes, Ariba boosts the entire supply chain competitiveness, improves performance and elevates compliance levels at all procurement steps.

Supplies Digital Transformation also contributes to:

- Greater efficiency and transparency in the relationship with suppliers through an intuitive and user-friendly platform;
- Reduce process bureaucracy and enhance competitiveness, through higher operational efficiency level;
- Improve user experience, whether buyer, requester or supplier.
- Reduce operational costs by increasing operational efficiency as well as team productivity;

Our partners and suppliers are invited to join us in our digital journey.

| Suppliers Award

Usiminas holds the Biennial Suppliers Award, with category awards, in addition to the "Supplier of the Year", with the purpose of recognizing partner companies based on the commitment to fulfill their agreements and their contribution to the Company's results. In the event held in April 2019, the Company announced a new category will be included in the 2021 award: "Safety Excellence", a result of the Safe Supplier program.

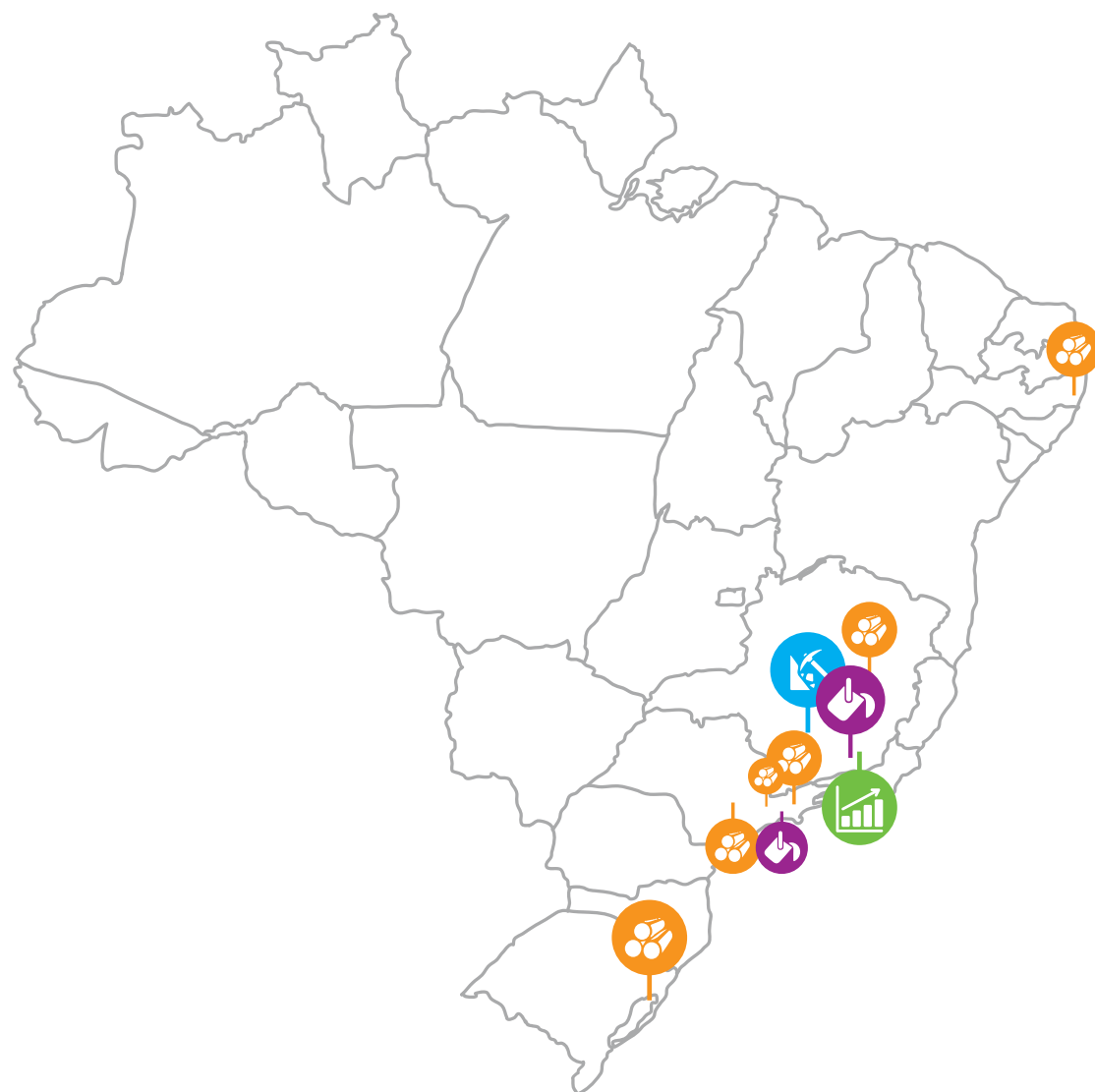
Supplier base

In 2020, Usiminas had 12,540 active suppliers in its corporate base, of which 11,057 are domestic and 1,483 are foreign, mostly European and North American. Out of that amount, 4,049 had operations, with 84% of payments made to domestic suppliers, amounting to R\$10.4 billion, and the remaining R\$1.9 billion to foreign suppliers.

Usiminas' supply chain comprises domestic and foreign suppliers in the following macro categories:

- Raw material (Mineral coal, Iron ore, Iron alloy and flux)
- Production inputs and materials
- Steel and byproducts (including plates)
- MRO – maintenance, repair and operation material
- Energy and Gas
- Infrastructure, operation and administrative services
- Transportation and Logistics | **GRI 102-9** |

In order to generate value to the regions where Usiminas operates, the Company supports local business development, while ensuring free competition. The table below presents the percentage of payments made to **local suppliers**, considering the main operation locations. | **GRI 204-1** |



Geographic definition

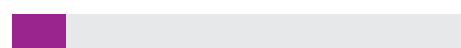
Vale do Aço Metropolitan Region (Ipatinga, Santana do Paraíso, Timóteo and Coronel Fabriciano); and the cities located within 100 kilometers from Ipatinga; Baixada Santista, including the cities of Cubatão, Santos, São Vicente, Guarujá and Praia Grande.


Itatiaiuçu, Mateus Leme, Itaúna, Igarapé, Brumadinho, Divinópolis, Formiga and Pará de Minas (all in Minas Gerais).

São Paulo Metropolitan Region, Paraíba Valley and Campo Limpo Paulista (SP); Porto Alegre (RS); Betim and Santa Luzia (MG); Suape region (PE).

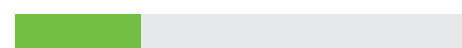
Sector

15% local purchase



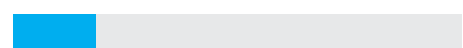
 Steelmaking (Usiminas and Unigal)

35% local purchase



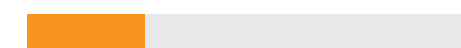
 Capital Goods (Usiminas Mecânica)


23% local purchase



 Mining (Mineração Usiminas)

33% local purchase



 Steel Processing (Usiminas Solutions)



Stakeholder communication

Through the Communication and Institutional Relations Corporate Office, Usiminas has solid strategies to hold a transparent and open dialog with its various stakeholders, at the units and the communities where the Usiminas Companies are present.

Especially during 2020, due to the Covid-19 pandemic, the department has constantly worked to adapt to this new reality, adjusting and creating forms and means to communicate and have a relationship with the Company's stakeholders.

To assess the positive impact on internal and external stakeholders, the department uses the Brand's Institutional Performance Ratio (IDIM in Portuguese) which measures the initiatives' outcomes and their contributions to the Company's goals, through a methodology developed especially for Usiminas.

| In-house communication

Usiminas in-house stakeholders comprise both own and outsources employees. In-house communication channels were already consolidated before the pandemic, and in such an unusual year, teams continued to use them frequently, referring to released content to keep themselves informed and get clarification for their doubts. The Company's intranet is daily updated with new corporate and local contents; *FalaAí*, *Colaborador*, a WhatsApp channel used to send and receive contents, to which employees voluntarily subscribe, have more than 9 thousand people in its base; the Corporate TV channel is strategically located in high-circulation spots at the Ipatinga and Cubatão Plants; there is also e-mail newsletters and other things, including posters and out-

doors. Even before the pandemic hit Brazil, the Company began working to prepare and later to raise its internal stakeholders' awareness. In that sense, several content such as videos about the company's initiatives during the pandemic have been prepared, as well as through its social branch, São Francisco Xavier Foundation, and presenting preventive measures taken at the units and communities.

In the beginning of the pandemic, the intranet became a portal with information on the new scenario. Since information has been frequently updated, all articles posted included date and time details, in order to avoid misinformation. For that purpose, the Communication team was an active member of the Covid-19 crisis Committee's meetings, gathering material information to be shared with the teams.

The intranet achievements in 2020 are presented below:

- **1,418** articles published
- **4,868,580** views

A new communication channel, named "Radar", was also created with some representatives from the Executive Board, gathering facts and recommendations on the communication and institutional relations, including points of attention and relevant topics. In the first months of the pandemic, this news summary was sent daily to the company's senior management.



Another change that took place during the pandemic was the live broadcasts. Since it was not possible to hold in-person meetings, events and training sessions, the Communication department organized virtual meetings, most of them in partnership with the People Management department. In a first moment, the live broadcasts were focused on Covid-19 related themes, such as Emotional Health, Financial Education and meetings of the leaderships and their teams. Other initiatives have also migrated to the online format, including the Quarterly Earnings Release, leadership training sessions and even large events, such as the Leaders' Summit and the tribute for employees celebrating their 10th, 20th, 30th and 40th anniversary with the Company.

Also, in order to raise the internal stakeholders' awareness towards the disease and the need to take preventive care, the Company had playful activities at the units, which included the use of characters.

In the first months of the pandemic, the *FalaAí, Colaborador* WhatsApp channel also became a tool to provide clarifications. Before that, the channel received 60 to 80 inquiries per month on average. In April, for instance, this number climbed to 593.

In 2020, the Company also launched the second issue of the Communicator Employee project, which makes employees the leaders in information sharing. They have been extremely relevant for content creation as regards Covid-19 prevention.

External Communication

Usiminas relies on several channels to have a transparent communication with its external stakeholders. During the pandemic, we have used these means to maintain and boost dialog with customers, suppliers, communities and investors. It was fundamental that all of them were aware of the preventive measures that the Company was putting in place during the pandemic to protect its

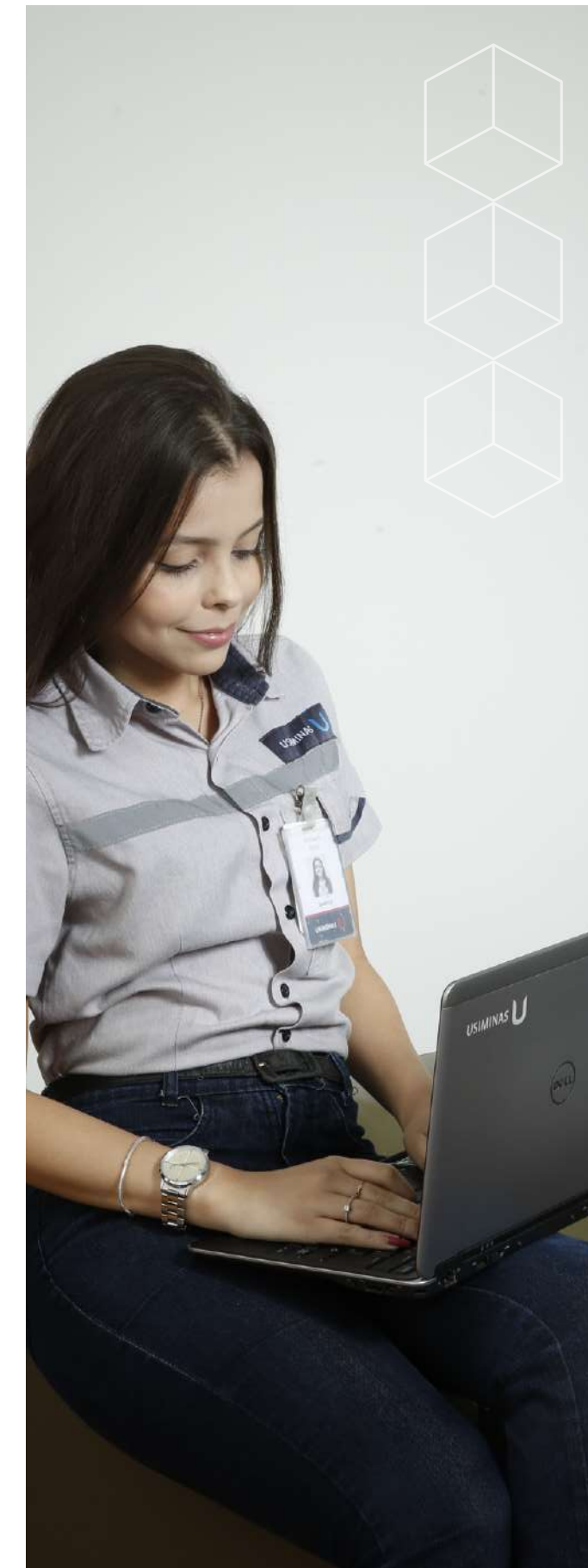
different stakeholders. Many of them, such as the community, have benefited from these initiatives.

For that purpose, we used our social media to share information about the new coronavirus. In April 2020, we had a record number of people reached by our publications: more than 6 million people in all our profiles. This figure was almost 200% higher than in the previous month.

Below we present the numbers of our social media initiatives in 2020:

- **Content published:** 1,900
- **People reached:** 42,020,352
- **Total number of followers:** 526,359

In addition to having a strong presence through social media, Usiminas' external communication relies on exclusive channels for community relationship. With over 3 thousand subscribers, the *FalaAí Comunidade* WhatsApp channel enables the communication between the Company and the population of areas surrounding its operations.



Through individual chats, Usiminas provides information, and the residents file their complaints, which are analyzed, addressed (whenever necessary) and answered. In 2020, the Company has also released the FalaÁi Comunidade newspaper, a printed media circulated to the population of the cities of Ipatinga and Itatiaiuçu (MG).

Supported by the Usiminas Institute, we continued to bring culture over to our communities. In the *Circuito Comunidade*, a speaker truck brought musical entertainment to the residents of the communities, so they would not need to leave their homes. In all, in 2020, 30 thousand people have enjoyed the itinerant show in the cities of Ipatinga, Itatiaiuçu (both in Minas Gerais) and Cubatão (São Paulo).

The Usiminas website was another highlight in 2020. We have launched the Blog page, which enabled us to provide full information on topics including Diversity & Inclusion, Ethics & Integrity and social & environmental initiatives, using videos, interviews and other things. We have also created a page on the website to collect all the Company's pandemic-related initiatives. Below we present the website results:

- **108** blog posts
- **730,875** views
- **290,644** visitors

We have also launched the Educational Action's virtual platform, an initiative that at first was restricted to in-person meetings and is now available to everyone worldwide. The initiative offers free art and culture content for teachers to use as teaching resources.

The "Solidarity is Contagious" was another important project launched due to the pandemic. In addition to informative content on the disease and its prevention, a hot site was created where people and projects who needed help during this moment could connect with those wanting to help.





Before the pandemic, the Company had released the Usiminas Open Doors project, to offer previously scheduled visits to its units. However, due to Covid-19, visits were put on hold for safety reasons. Being a company that perceives such close relationship with the community as very important, the visits have been resumed in a responsible way, following all safety protocols and with a restricted number of visitors. For those who could not visit the units in person, the Company prepared a video as a virtual version of the initiative. Overall, the video was viewed more than 93 thousand times.

| Relationship with the media

Usiminas has a team dedicated to the relationship with the media, whether the press or influencers in several topics. That way, the company places itself in a wide position, reaching audiences beyond those directly involved in its operation areas. Usiminas' work with the press has

been acknowledged for the past 10 years with the "Companies that Best Communicate with Journalists" award, from *Centro de Estudos da Comunicação* (Communication Studies Center). In 2020, the company was once again one of the winners of that award.

During the pandemic, the team was responsible for providing information on the company's initiatives to the media, especially those that benefited the communities surrounding its operations and about the impacts and measures taken in its businesses, several requests from press vehicles have also been accepted.

Usiminas was one of the companies listed in the "Solidariedade S/A" news piece on the *Jornal Nacional* (a Brazilian daily news show), which showed Brazilian private sector's initiatives to fight the pandemic and their economic impacts on the population. The piece on the company's initiatives aired on July 27.

The Media Relations team was also responsible for releasing information and addressing journalists at the event to resume Ipatinga Plant's Blast Furnace 1 operations, on August 26. The event was attended by Brazil's president, Jair Bolsonaro, and the Governor of the State of Minas Gerais, Romeu Zema, and received wide media coverage throughout the country. Overall, the event was cited in more than 1,100 news articles on printed media, websites, TV and radio.

Usiminas has an annual calendar of individual and group interviews with the CEO and other leaders from the Company, in addition to, addressing the press in an exclusive session on the occasion of the quarterly earnings release. On such dates, Usiminas' operational results and sustainability agenda are addressed. The Company also has a schedule to meet the demands from national, regional and local press.





PEOPLE

| GRI 103-2:401 |

In the ongoing pursuit of improved workplace climate and more humanized environments, Usiminas takes into consideration and tracks its employees' perception, by conducting a Biannual Organizational Climate Survey, in order to keep, review or implement human resources initiatives and programs. The last survey was conducted in 2018 with an 84% approval ratio; the survey expected to be conducted in 2020 had to be postponed due to the pandemic.

Due to the low demand in some business, the Company cut off positions, suspended work contracts, reduced workload and the internship program. However, with the market picking up in the last quarter of 2020, Usiminas broke this trend and started to open positions once again. | [GRI 103-3:401](#); [103-3:404](#); [103-3:405](#); [103-3:406](#) |

The topic of People is one of Usiminas' pillars. They are a key element in the Company's context, from workforce to product consumers. Usiminas takes action in the communities surrounding its operational units, strengthening its bond with environmental and social initiatives in several topics, being always open to a dialog with the community. Usiminas' commitment to appreciating its employees and offering a more diverse environment is translated in the Company's joining important global pacts and commitments: | [GRI 102-12](#); [103-2:405](#); [103-2:406](#) |





| GRI 102-12 |

 **COMMITMENT LETTER FROM THE BUSINESS COALITION FOR RACE AND GENDER EQUALITY**

The letter addresses the elimination of race discrimination and fosters effectively equal opportunities between men and women, considering the businesses' role to stimulate economic integration and to promote inclusive and equitable economic development, aiming to overcome historical inequalities.

 **FORUM FOR COMPANIES AND LGBTI+ RIGHTS**

Large companies joined forces in a movement for the commitment to respect and promote LGBTI+ human rights. The signatory companies must comply with 10 commitments in the relationship with stakeholders (customers, employees, shareholders, community, among others) so that, together, they can positively influence the corporate sector as well as society. One of the commitments is "to not tolerate violence, exclusion, humiliation, harassment and discrimination against anyone due to their sexual orientation and gender".

 **UN WOMEN'S EMPOWERMENT PRINCIPLES (WEPS) PLATFORM**

The United Nations developed and disseminated 7 principles to the business community to include in their businesses values and practices that foster gender equality, in addition to advocate for women's economic and leadership empowerment as basis for a sustainable, inclusive and equitable growth. 482 companies are signatories in Brazil and more than 4,650 worldwide.

 **HR CERTIFIED BY THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION**

Usiminas' HR team is prepared to take action on several matters that involve people. For such, we rely on a structure devised by the teams in the HR Business Partner Employee Experience Department, the Corporate Department of HR Expertise Center, the Corporate Department of HR Shared Services Center and the Corporate Department of Innovation. These departments are responsible for supporting all the HR matters in the Company's operations, with their management activities divided into pillars, e.g. projects, indicators, costs and team, in addition to assessing and suggesting specific committees for urgent and important matters, like the Human Resources Committee, the Diversity and Inclusion Committee and the Crisis Committee to fight Covid. The HR team also relies on suppliers, consulting companies, market research and benchmarking to bring on process improvements and add value to shareholders, the organization and its employees. | **GRI 103-2 a** | Usiminas is certified by ISOs 9001, 14001, 45001, IATF 16949 and other national and

international standards, being periodically audited by internal and external teams. The Company employs a number of tools to control and monitor its HR processes, including, among others, Visual Flash, Power BI, SAP, Action System, Performance Assessments, in-house and external surveys. | **GRI 103-3 a I** | Outcomes from several HR sources are inputs for process improvements, projects and one-time initiatives. | **GRI 103-3 a II** | The HR's purpose is laid down in the Integrated Management Policy that determines: "Create a fertile environment for innovation by inspiring, developing, appreciating and respecting diversity inside and outside the workplace, so that people can develop professionally and personally, ramping up their performance through commitment, skills development and openness to new things." | **GRI 103-2 b** | Annually, HR prepares and defines the Strategic Planning with the main actions and projects for the following year. | **GRI 103-3 a III** |

Employee Profile

In 2020, Usiminas activities were performed by 23,046 employees, of which 12,109 are own staff and 10,937 are outsourced employees. For our own employees, data comes from SAP and Visual Flash reports and a snapshot of the last day of the registration month, for the 2020 cycle it was 12/31/2020. For outsourced employees, data comes from SAP and turnstile gate reports; for Usiminas Steelmaking, Unigal and Usiminas Mecânica, Surveillance data. Usiminas Mineração and Usiminas Soluções use a mix of SAP and Surveillance reports, coupled with information verified with contract managers. Nevertheless, all of them use the Full-Time Equivalent (FTE) method. | [GRI 102-8](#) |

The charts and table below break down the profile of direct employees, by operation region, gender, company and age. | [GRI 207-4](#) |

Total number of employees by employment contract, sorted by gender

| [GRI 102-8](#) |

Gender	Active		Apprentices		Interns		Statutory		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Female	949	818	124	154	58	10	-	-	1,131	982
Temporary	16	12	124	154	58	10	-	-	198	176
Permanent	933	806	-	-	-	-	-	-	933	806
Male	14,404	10,855	241	246	70	12	16	14	14,731	11,127
Temporary	157	88	241	246	70	12	16	14	484	360
Permanent	14,247	10,767	-	-	-	-	-	-	14,247	10,767
Total	15,353	11,673	365	400	128	22	16	14	15,862	12,109

Total number of employees by employment type, sorted by gender

| [GRI 102-8](#) |

Gênero	Active		Apprentices		Interns		Statutory		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Female	949	818	124	154	58	10	-	-	1,131	982
Full-time	949	816	-	38	-	-	-	-	949	854
Part-time	-	2	124	116	58	10	-	-	182	128
Male	14,404	10,855	241	246	70	12	16	14	14,731	11,127
Full-time	14,404	10,852	-	36	-	-	16	14	14,420	10,902
Part-time	-	3	241	210	70	12	-	-	311	225
Total	15,353	11,673	365	400	128	22	16	14	15,862	12,109

Total number of employees by employment contract, sorted by region

| [GRI 102-8](#) |

Region	Active	Apprentices	Interns	Statutory	Total	%
Southeast	11,416	394	22	14	11,846	97.8%
Temporary	100	394	22	14	530	4.5%
Permanent	11,316	-	-	-	11,316	95.5%
South	156	6	-	-	162	1.3%
Temporary	-	6	-	-	6	3.7%
Permanent	156	-	-	-	156	100.0%
Northeast	101	-	-	-	101	0.8%
Permanent	101	-	-	-	101	100.0%
Total	11,673	400	22	14	12,109	100.0%

Workers who are not employees, sorted by employment contract

| [GRI 102-8](#) |

Company	Permanent	Temporary	Investment	Total
Parent Company	6,621	926	895	8,441
Unigal	144	0	0	144
Mecânica	17	9	0	26
Mineração	1,119	882	1	2,002
Soluções	322	0	0	322
Rios Unidos	2	0	0	2
Total	8,224	1,817	896	10,937





| GRI 401-1 |

Total number of new hires, sorted by gender

Gender	2019		2020	
	Number	Rate (%)	Number	Rate (%)
Female	339	5.2%	151	10.0%
Male	6,154	94.8%	1,358	90.0%
Total	6,493	100.0%	1,509	100.0%

Total number of new hires, sorted by age group

Age group	2019		2020	
	Number	Rate (%)	Number	Rate (%)
Under 30	1,726	26.6%	524	34.7%
Betw. 30 & 50	3,947	60.8%	865	57.3%
Above 50	820	12.6%	120	8.0%
Total	6,493	100.0%	1,509	100.0%

Turnover rate, sorted by gender and age range

Gender	Rate (%)	
	2019	2020
Female	33.3%	22.8%
Male	41.5%	21.8%
Total	41.0%	21.8%

Age group	Rate (%)	
	2019	2020
Under 30	62.6%	25.1%
Betw. 30 & 50	35.0%	19.9%
Above 50	48.1%	27.9%
Total	41.0%	21.8%

Turnover rate, sorted by gender

Company	F	M	Total
Parent Company	14.3%	7.6%	8.0%
Unigal	0.0%	4.7%	4.6%
Mecânica	51.7%	49.9%	50.0%
Mineração	25.7%	17.7%	18.4%
Soluções	19.9%	22.6%	22.3%
Rios Unidos	0.0%	25.0%	16.7%
Total	22.8%	21.8%	21.8%

2020 turnover rate, by age

Company	Under 30	Betw. 30 & 50	Above 50	Total
Parent Company	12.4%	6.0%	14.1%	8.0%
Unigal	11.2%	2.7%	3.8%	4.6%
Mecânica	46.9%	50.2%	52.9%	50.0%
Mineração	20.9%	17.9%	14.4%	18.4%
Soluções	36.9%	19.6%	19.6%	22.3%
Rios Unidos	0.0%	12.5%	25.0%	16.7%
Total	25.1%	19.9%	27.9%	21.8%





Total number of new hires, sorted by region

Company	Southeast	South	Northeast	Total
Parent Company	331	-	-	331
Unigal	14	-	-	14
Mecânica	650	-	-	650
Mineração	299	-	-	299
Soluções	204	2	9	215
Total	1,498	2	9	1,509

New hires rate, sorted by region

Company	Southeast	South	Northeast	Total
Parent Company	100.0%	0.0%	0.0%	0.0%
Unigal	100.0%	0.0%	0.0%	0.0%
Mecânica	100.0%	0.0%	0.0%	0.0%
Mineração	100.0%	0.0%	0.0%	0.0%
Soluções	94.9%	0.9%	4.2%	0.0%
Rios Unidos	99.3%	0.1%	0.6%	0.0%
Total	99.3%	0.1%	0.6%	0.0%

Turnover rate 2020, sorted by region

Company	Southeast	South	Northeast	North	Total
Parent Company	8.0%	10.0%	0.0%	0.0%	8.0%
Unigal	4.6%	0.0%	0.0%	0.0%	4.6%
Mecânica	50.0%	0.0%	0.0%	50.0%	50.0%
Mineração	18.4%	0.0%	0.0%	0.0%	18.4%
Soluções	25.9%	5.3%	15.5%	0.0%	22.3%
Rios Unidos	16.7%	0.0%	0.0%	0.0%	16.7%
Total	22.1%	5.6%	15.4%	50.0%	21.8%

In 2020, the Company cut off positions, suspended work contracts, reduced workload and internship program due to low demand in some business, such as steelmaking and steel processing, during the pandemic. Total number of own employees decreased by 3,753 positions compared to 2019, for the entire Usiminas Companies group. Out of that amount, 3,237 positions refer to Usiminas Mecânica, due to the corporate restructuring, when the company began to act as an internal service provider.





Throughout the year, Ipatinga plant's blast furnaces 1 and 2 have been temporarily shut down and operations in Cubatão were suspended for almost a month (July-August). Only 1 of Ipatinga's blast furnace has resumed operations after 4 months due to low market demand. Furthermore, when the Cubatão plant resumed operations, it was under a new business model that significantly impacted the number of employees in a seasonal manner during the year; despite everything, with market picking up in the last quarter of the year, the Company began to hire again. | [GRI 102-8; 102-10](#) |

In the last quarter of 2020, with the market picking up, Usiminas broke this trend and started to open positions once again. | [GRI 103-1 b II](#) | Out of total direct employees, 3.5% were apprentices and interns, with 422 positions, of which 39% are women and 99% hired in Brazil's Southeastern region. In 2020, the Company had an entire class of young apprentices from this program dedicated to women's training on Cargo Handling and Storage Operator, in Ipatinga, state of Minas Gerais.

The total number of new hires in the year was 1,509 employees (this number does not include apprentices, interns and statutory officers), and the turnover rate in the period was 21.8%. | [GRI 102-8; 401-1](#) |

Benefits and Compensation

| [GRI 103-1:202; 103-3:202](#) |

Usiminas understands the importance of attracting, retaining, engaging and motivating its employees and executives holding strategic positions, including members of corporate governance bodies, and knows that good compensation practices strongly contribute to this purpose. Therefore, it follows market benchmarks, through periodic surveys, using KornFerry HayGroup's Hay score methodology to put together its salary chart, also being mindful of position's specific responsibilities. Whenever necessary and in order to implement best practices, independent consultants are hired to carry out some work that might entail to adapt the methodology and to prepare studies on new tools applicability, as well as to conduct periodic salary surveys.

During 2020, in an effort that entailed process improvements and adoption of new technologies, Usiminas adapted its administrative teams by 20% of total employees. This action stems from desire to have competitiveness and best practices, which includes the concern to support the teams in their ongoing evolution. There was a significant change in the area of people assessment and succession mapping. For the first time, the Company has identified potential successors managers to CEO positions, totaling 300 positions and has also designed an individual development plan to be executed in 2021.



The Company's variable compensation covers an Employee Profit Sharing Program (PRP), an Executive Profit and Results Program and Bonuses, with targets defined for each employee group: CEO and other Statutory Officers, Executive Officers, Directors, General Managers and Senior Specialists Managers and Associate Specialists, Department Heads and other employees. Usiminas Companies' employees enjoy a benefit package that covers health and dental insurance, private pension plan, meal and transportation allowances, group life insurance, Benefits Club, extended maternity leave and daycare reimbursement. Interns and apprentices receive meal and transportation allowances as benefits. | GRI 401-2 |

In 2020, the Company granted maternity leave to 55 employees, who all returned to work after the leave, plus paternity leave to 436 employees. The 12-month retention percentage after parental leave was 83.2%. | GRI 401-3 |

Work return and retention rates for employees who were granted maternity/paternity leave, by gender | GRI 401-3 |

Company	Retention > 1 year	Retention < 1 year	Total	% Retention (12 Months)
Parent Company	315	28	343	91.8%
F	21	7	28	75.0%
M	294	21	315	93.3%
Unigal	13		13	100.0%
M	13		13	100.0%
Mecânica	57	43	100	57.0%
F	1	1	2	50.0%
M	56	42	98	57.1%
Mineração	31	9	40	77.5%
F	1	2	3	33.3%
M	30	7	37	81.1%
Soluções	25	9	34	73.5%
F	2	3	5	40.0%
M	23	6	29	79.3%
Total	441	89	530	83.2%

The number of 530 employees, cited in this table, were granted maternity / paternity leave in 2019.

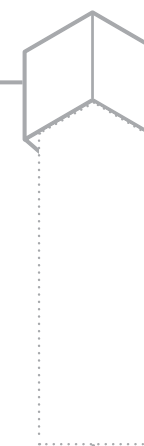
Total number of employees entitled to maternity/paternity leave, sorted by gender

Company	F	M	Overall Total
Parent Company	33	317	350
Unigal		17	17
Mecânica	6	57	63
Mineração	5	52	57
Soluções	1	39	40
Total	45	482	527

The ratio between the employees' highest annual compensation and average annual compensation is 22.9. The compensation of Usiminas' own employees is based on its own salary charts, and all salary levels are higher than Brazilian minimum wage. The lowest salary paid to female employees (R\$1,122.00) is 7.4% higher than the minimum wage (R\$1,045.00), while the lowest salary paid to male employees (R\$1,128.60) is 8.0% higher. | GRI 102-38; 202-1 |

In 2020, the ratio between the increase in overall annual compensation of the organization's highest salary and the average employee compensation increase was 22.5%, and the percentage increase in the average compensation for all employees, except for the Company's highest salary, was 10.6%. | GRI 102-39 |





The ratio between the compensation paid to female and male employees is broken down below by operational unit: | [GRI 405-2](#) |

Comparison of base salary + variable compensation between men and women

Company	Year	Unit's Executive Officers	Department Directors	General Managers	Managers	Department Heads	Officers	Technicians	Administrative staff	Operational team
Mecânica	2019	-	-	-	0.98	1.18	0.72	0.81	0.80	0.82
	2020	-	-	-	-	0.85	0.67	0.78	0.90	0.67
Mineração	2019	-	-	-	-	-	0.62	0.87	0.72	0.81
	2020	-	-	0.81	-	0.86	0.67	0.85	0.80	0.80
Soluções	2019	-	-	-	0.92	1.14	0.81	0.76	0.93	0.77
	2020	-	-	-	1.11	1.18	0.79	0.79	0.95	0.72
Cubatão Plant	2019	-	-	-	0.77	-	0.94	0.76	0.81	0.64
	2020	-	-	-	0.95	-	0.91	0.78	0.78	0.63
Ipatinga Plant	2019	-	-	-	0.74	0.67	0.74	0.79	0.93	0.86
	2020	-	-	-	0.86	0.82	0.73	0.81	0.93	0.81
Headquarters and Offices	2019	-	0.68	-	0.94	0.95	0.75	0.93	1.05	-
	2020	-	0.71	1.15	0.84	1.02	0.70	1.03	0.94	0.72
Unigal	2019	-	-	-	-	-	0.86	-	-	0.80
	2020	-	-	-	-	-	0.89	-	-	0.80



Comparison of base salary between men and women | GRI 405-2 |

Unit/ Company	Mecânica		Mineração		Rios Unidos		Soluções		Unigal		Cubatão Plant		Ipatinga Plant		Headquarters and Offices	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Unit's Executive Officers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.71	1.00
General Managers	-	-	0.81	1.00	-	-	-	-	-	-	-	-	-	-	1.15	1.00
Managers	-	-	-	-	-	-	1.11	1.00	-	-	0.95	1.00	0.86	1.00	0.85	1.00
Department Heads	0.85	1.00	0.86	1.00	-	-	1.18	1.00	-	-	-	-	0.82	1.00	1.02	1.00
Officers	0.71	1.00	0.71	1.00	-	-	0.82	1.00	0.89	1.00	0.93	1.00	0.76	1.00	0.77	1.00
Technicians	0.78	1.00	0.85	1.00	-	-	0.79	1.00	-	-	0.78	1.00	0.81	1.00	1.03	1.00
Administrative staff	0.90	1.00	0.80	1.00	-	-	0.95	1.00	-	-	0.78	1.00	0.93	1.00	0.94	1.00
Operational team	0.67	1.00	0.82	1.00	-	-	0.72	1.00	0.80	1.00	0.63	1.00	0.81	1.00	0.72	1.00

Training and Development

Usiminas encourages and sponsors its employees' development by offering courses, development programs and continued education. In 2020, the Company recorded more than 467 thousand employee training and technical qualification hours, despite the unusual year for such activity given the social distancing imposed by the pandemic. Some of in-person courses have been transformed into online ones. Furthermore, Usiminas Corporate University took this time to plan a more robust training portfolio for 2021, encouraging self-development through free programs available in the market. | [GRI 404-1; 404-2; 103-2:404](#) |

| [GRI 404-1](#) |

Average training hours per employee

Gender	2019	2020*
Women	71.2	31.6
Men	75.6	40.3

Breakdown of training per employee

Position	2019		2020	
	Total credit hours	Hours per employee	Total credit hours	Hours per employee
Administrative	7,919.6	31.6	2,515.9	13.2
Executive Officers	3,121.4	42.2	276.1	10.2
Managers	13,228.5	49	2,135.8	12.9
Operational employees	674,525.7	84.8	335,001.9	39.1
Officers	71,719.9	49.9	23,289.5	18.8
Technicians	119,019.3	65.1	53,487.8	29.6
Overall Total	889,534.3	75.3	418,301.0	34.8

*Due to the pandemic, all in-person trainings have been canceled and/or postponed in 2020. Hence, the lower training volume figures.





Development programs on legal and regulatory training - regulatory standards, International Organization for Standardization (ISO) rules, Code of Ethics and Conduct

Employee onboarding training addresses safety and health matters, among which: Usiminas’ Occupational Health Policy, Golden Rules, Emergency Response Plan, Task Risk Analysis, Work Permit, Personal Protective Equipment and Hearing Preservation Program. Moreover, in 2020, the Company offered new distance learning programs: Ergonomics, to the entire Usiminas staff, and NR12, to all operational employees. Own and outsourced employees received training on procedures related to risks inherent to their activities, which comprise the “Operational Program”, reinforcing safety measures that must be followed by all employees in all their activities. For procedures deemed as emergencies, we conduct annual drills. | [GRI 403-5](#) |

- **Usiminas’ Code of Ethics and Conduct sets up guidelines for Human Resources topics, which include respect for diversity, fight against child or forced labor, raise awareness on moral and sexual harassment, granting freedom of association, full compliance with the Brazilian labor laws and commitment to health and safety. In 2020, all these matters have been**
- **addressed in the Code of Ethics and Conduct training, which was offered to employees as well as other stakeholders, such as Board of Directors members, interns and apprentices (during onboarding). Usiminas’ leadership received training on Sexual, Moral and Corporate Harassment in order to raise awareness about conducts and behaviors at the organization.** | [GRI 102-27; 412-2](#) |

Development programs on legal and regulatory training - regulatory standards, International Organization for Standardization (ISO) rules, Code of Ethics and Conduct

Training offered to employees are designed based on their activities’ needs, as well as obligations set forth by laws, rules and internal procedures. We had 174,560 training hours in this program.

Leaders Development Program - *Liderar*

Mandatory in-person and online training, targeted at employees who have been promoted (or hired for) the department head positions, whose content includes technical, leadership and occupational topics. In 2020, **595** department heads participated in the *Liderar* program.

Continued Education - Graduate and Master’s Degree Programs

In face of work challenges, the scholarship program aims to supplement our employees’ academic background through graduate specializations and master’s degree programs. In 2020, in addition to the active scholarships for 11 graduate and MBA programs and 25 specializations, 36 new scholarships for Maintenance and Data Science Graduate Specialization programs have been granted.





Language Course

A program to encourage the English language learning. In 2020, classes were exclusively online. To nominate employees for the program, their performance, as well as the need to use the English language in their current or future position are taken into account. This program has 135 active scholarships in 2021.

Maintenance Personnel Development Program

Technical training (electrical, mechanical, hydraulic tasks), including the practical use of tools, is part of the maintenance personnel's development journey. In 2020, 446 staff members received this training.

Technical Skills Development Program

This program offers specific technical training for each department, conducted by external partners. Activities are designed for each business needs, in order to boost employees' performance in specific topics. In 2020, **230** people participated in this program.

Corporate University

Launched in 2019, the Usiminas Corporate University's portfolio has been revised in 2020, using information from people performance mapping, and with the purpose to strengthen the successor program.

The programs allow employees to develop skills compatible with the company's needs and are divided in 5 schools. In 2020, many courses have been adapted to the online model, due to the pandemic.

Below we detail each initiative developed by the schools in 2020:

Health, Safety, Environment and Wellness School – Disseminates the culture of health & safety, operational discipline and environmental conservation, offering Legal and Regulatory training on Safety, health and environment to employees according to their activities' needs. For that purpose, supported by the respective departments, the school identifies the requirements set forth by laws, rules and internal procedures.

In line with the Company's DNA to Protect Life, and aware that its most important value is people Safety, in September 2020, Usiminas created the Safety Day.

In this event, which takes place every month on a selected day, the Company has reinforced key occupational safety topics, always focused on behaviors. Its main purpose is to raise the organization's awareness to aim, together, for the main goal of Zero Accidents.

For that to be possible, several initiatives are developed at this event. Managers have begun the day by meeting with operational teams to run the Daily Safety Talks (DDS in Portuguese). The Corporate Communications department prepared videos to raise awareness and invoke inspiration for a safety behavior or lessons learned sharing through several testimonials. The Safety Volunteering Groups (GVS in Portuguese) have been engaged in preparing the event's schedule and in activities with the departments. Directly related to training and development, the Corporate University holds the Inspirational Live Streaming and creates games to allow a playful and active learning.

Participants per Live Streaming:



September: **456**
 October: **922**
 December: **217**

Participants per Games:



October: **227**
 December: **644**

Steel School – Its target is to further strengthen the focus on quality, as well as the continuous improvement and technical knowledge of processes, while encouraging the pursuit of new methods and innovation. The School has conducted the following training and Programs:

- Quality Regulatory Rules and tools: ISO 9001, Coretools, IATF, Minitab, CQE, and Ultrasound certifications.
- Maintenance professionals' development program: development journey designed for all maintenance professionals - technical training focused on their tasks (electrical, mechanical, hydraulic) and in-house tools to be used.
- On-The-Job Courses: trainings held at the workplace.

Usiminas Culture School – It aims to strengthen the Company's Values, DNA and Culture through educational initiatives for all audiences.

- Integrity Program - In 2020, the School has revised available programs to comply with the Code of Ethics and Conduct and also developed new ones. New online courses were aimed at specific audiences mapped by the integrity department, namely:
 - Training about the Policy on Relationship with Third Party Intermediaries
 - Harassment training for the Leadership
 - Training on the Anti-Corruption Policy





- Diversity and Inclusion Program - To continue the education on the topic, the Company organized the following activities:
 - Coaching - preparing future female leaders
 - Diversity Committee and Groups - Online Training on this Pillar
 - Diversity and Inclusion Training on Employee Recruitment and Selection process
 - Census Survey
 - Usiminas 1st Diversity Week - The event offered lectures and discussions on the topic, conducted by external and internal professionals
- Innovation Program - A partnership between the Innovation team and the Creativity and Innovation Workshop, the event was attended by over 250 people. Another important initiative was the “Creating In-House Startups”, an event that featured employee creations and a lot of exchange of experiences.
- New Employee Onboarding
- Entry-level program (apprentice, intern and trainee): development journey focused on entry-level programs

Apprentice: apprentice follow-up and education. It is the first entry level at the Company.

Trainee: the program lasts 24 months. In the first 12 months, trainees experience 3 different department rotations and then, professionals are allocated to the department they will complete the program. In addition to the onboarding period, the program offers mentoring and coaching, rotation in business areas, and behavioral and technical development, participating in recurring projects and evaluations. The development goes beyond the classroom, with virtual tours and discussions. Thus, 33 trainees have benefited from the program in the October 2018 class that ended two years later, in October 2020.





Business School – Focused on developing critical customer-centered business knowledge. In 2020, the School ran the following initiatives:

- Continued Education (Graduate and Master’s Degree Programs): professional scholarship program, intended to supplement their education in view of professional challenges. Scholarships focus on graduate specialization courses and master’s degrees programs, both In-company or on-campus. There are two program options.
- Graduate degree/MBA
Maintenance specialization course
Data Science specialization course
- Language Courses: both online or in-person, employees are appointed based on their professional performance and the need to use the language in the current or future position.

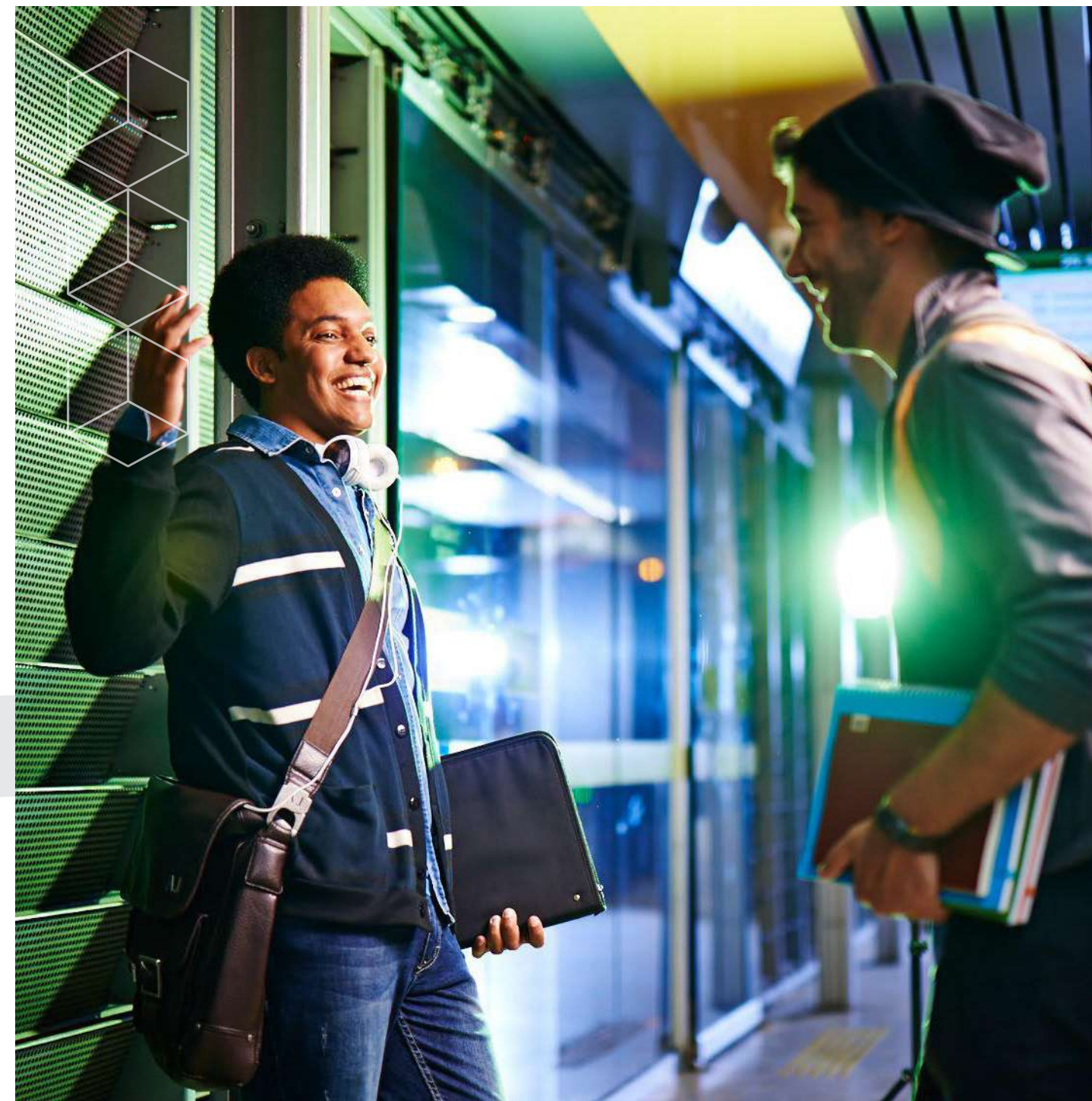
1 Languages (on-line)

2 Languages (in-person)

3 Portuguese for Expatriates

- Technical skills development program: it is designed for specific technical trainings of each department, conducted by external suppliers and offers two types of courses: In-company or at the institution that offers the course. The initiatives are targeted at the business needs in order to boost the performance of employees involved in the topics. Due to the pandemic, after March 2020, all 230 students have been moved to online format.
- Usiminas Data Culture Program: a series of webinars designed to present concepts and techniques for data tools to the entire organization. A Power BI + Dax course has been offered to over 100 employees.

- *Quem Conhece Compartilha* Program (Whoever knows something, must share it): Based on knowledge sharing, the program fosters knowledge multiplication via in-house professionals. The first stage was to prepare professionals who showed interest in sharing contents by facilitating the Training Multipliers Course, which offered sharing and presentation techniques.





Leadership School – Its goal is to develop the Company’s current and future leaders in all hierarchical levels. In 2020, the developed Programs were:

- Leaders Development Program - *Liderar* - a set of technical, leadership, management and safety trainings targeted at employees who have been promoted or hired for department head positions. It consists of mandatory in-person and online training.

In 2020, the following modules were conducted:

- Safety Training: Safe Department Head (5 modules), Behavioral Approach and Initiatives targeted at the “Protect Life” DNA.
- Behavior Training - Online course named “Leading yourself and others”.
- People Management Training - Interview and admission, Attendance control, Vacation scheduling, Overtime management, Performance Assessment, Training Management, Employee Moves and Promotions, Terminations and Resignations and Communicator Department Head.
- Business Management Training - Quality Management, Environment Management, Production and Maintenance Management and Cost Management.
- Leadership Talks: webinars focused on current management hurdles, conducted by renowned market professionals. The topics addressed in 2020 were: Communication and Leadership, Knowledge Management, Time Management, Importance of Efficient Management and Thriving.
- Leaders’ Summit: event that took place at the end of the year with all Usiminas Companies leaders plus Ram Charan and Eduardo Giannetti as guest speakers.

Diversity and Inclusion | GRI 103-2:405; 103-2:406 |

Created in 2019, the Usiminas Diversity and Inclusion Program strives to welcome, appreciate the differences and boost up the Company’s performance, in order to reaffirm its continual commitment to a culture of respect, inclusion and equality, enabling people to develop their best talents with their unique traits.

Created to structure, prioritize and validate the program’s initiatives, the Diversity and Inclusion Strategic Committee is coordinated by the Corporate Department of People Management and Innovation. The program relies on 5 affinity groups: gender equality, generations, LGBTI+, people with disabilities and race & ethnicity.





Groups have up to 15 voluntary employees who support the causes, plus a leader and an Executive Officer who act as sponsor. The structure enables to identify, analyze and implement initiative suggestions. Below, we present the main achievements since its launch:

- Tiered extension of maternity leave from 4 to 6 months (20 days added in 2019 and another 20 in the 2 following years) and creation of special parking spots for pregnant and lactating employees, at all units.

- Higher number of female apprentices in the industrial teams and the launch of an exclusive class for women;

- Monitoring of the Company's diversity demography in corporate management systems;

- Launch of Espaço Mãe (Mom's Lounge), a lactation room for our breastfeeding employees to safely and properly pump and store breast milk;

- Release of unconscious bias training;
- Training for the Recruitment and Selection Team designed for the use of inclusive attraction and selection strategies; Trainings offered to the Affinity Groups: Gender Equality, Generations, Race & Ethnicity, LGBTI+ and People with disabilities.

- 1st Diversity Week;

- Release of the Diversity Booklet.

During 2020, Usiminas has created representativity indicators and goals for some groups. The Company advanced in the gender pillar by doubling the percentage of female leaders - from 5% to 11% from March 2019 to December 2020. In order to achieve this level, Usiminas has created coaching and mentoring classes only for women.

Usiminas is also a signatory of United Nation's (UN) Women Empowerment Principles (WEPs), which seeks to foster gender equality and women's economic and leadership empowerment as basis for a sustainable growth. The Forum for Companies and LGBTI+ Rights, which brings together large companies to promote LGBTI+ human rights and the Business Coalition for Race and Gender Equality, a letter that addresses the elimination of race discrimination and fosters equal opportunities between men and women.





Employee percentage by position - Race | GRI 405-1 |

Race/category	Brown		White		Black		Yellow		Indigenous		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Statutory Executive Board	0	0.0%	7	63.6%	0	0.0%	4	36.4%	0	0%	0	0%
Unit's Executive Officers	1	33.3%	2	66.7%	0	0.0%	0	0%	0	0%	0	0%
Department Directors	1	7.7%	12	92.3%	0	0.0%	0	0%	0	0%	0	0%
General Managers	4	8.7%	41	89.1%	0	0.0%	1	2.2%	0	0%	0	0%
Managers	33	27.7%	83	69.8%	3	2.5%	0	0%	0	0%	0	0%
Department Heads	31	29.8%	67	64.4%	5	4.8%	1	1.0%	0	0%	0	0%
Officers	332	26.8%	837	67.5%	30	2.4%	18	1.5%	1	0.1%	23	1.9%
Technicians	921	50.9%	768	42.5%	106	5.9%	6	0.3%	3	0.2%	5	0.3%
Administrative staff	71	37.2%	106	55.5%	11	5.8%	2	1.0%	0	0%	1	0.5%
Operational team	4,640	54.1%	2,928	34.2%	822	9.6%	53	0.6%	26	0.3%	103	1.2%
Overall Total	6,034	49.8%	4,851	40.1%	977	8.1%	85	0.7%	30	0.3%	132	1.1%

Employee percentage by position - Gender | GRI 405-1 |

Position	Women		Men		Overall Total
	Total	%	Total	%	
Statutory Executive Board	0	0.0%	11	100.0%	11
Unit's Executive Officers	0	0.0%	3	100.0%	3
Department Directors	1	7.7%	12	92.3%	13
General Managers	2	4.3%	44	95.7%	46
Managers	18	15.1%	101	84.9%	119
Department Heads	17	16.3%	87	83.7%	104
Officers	378	30.5%	863	69.5%	1,241
Technicians	136	7.5%	1,673	92.5%	1,809
Administrative staff	72	37.7%	119	62.3%	191
Operational team	358	4.2%	8,214	95.8%	8,572
Total	982	8.1%	11,127	91.9%	12,109



Employee percentage by position - Age | GRI 405-1 |

Category	Under 30		From 30 to 50		Over 50		Overall Total
	Total	%	Total	%	Total	%	
Statutory Executive Board	-	-	3	0.0%	8	0.6%	11
Unit's Executive Officers	-	-	2	0.0%	1	0.1%	3
Department Directors	-	-	4	0.1%	9	0.7%	13
General Managers	-	-	29	0.4%	17	1.3%	46
Managers	-	-	92	1.1%	27	2.1%	119
Department Heads	1	0.0%	78	0.9%	25	1.9%	104
Officers	129	5.3%	929	11.1%	183	14.2%	1,241
Technicians	197	8.1%	1,445	17.2%	167	13.0%	1,809
Administrative staff	40	1.7%	129	1.5%	22	1.7%	191
Operational team	2,057	84.9%	5,686	67.7%	829	64.4%	8,572
Total	2,424	20.0%	8,397	69.3%	1,288	10.6%	12,109



Performance Assessment

Divided in 2 large groups: administrative and operational, the Company's Performance Management Program takes place every year. The administrative group's assessment is based on Goals, Skills and Potential, while the operational group does not entail the setting of any goals. Employees from all positions are assessed, regardless of their gender.

Performance assessment stages include: Goals Setting, Goals Validation, Goals Review, Self-Assessment, Manager's Assessment, Management's Discussion and Feedback, allowing the assessee and the assessor to interact.

As an outcome of this assessment, employees can participate in several other processes in the organization, e.g. Career, Development and Training, which include one-time initiatives, like the Individual Development Plan (IDP) as well as collective training initiatives and vertical and horizontal promotions.

87.8% of our employees are eligible for the performance management process, of which 100% joined in the assessment, regardless of gender or position. Interns, Apprentices and Usiminas Mecânica's employees working at construction sites comprise the 12.2% of non-eligible employees. Interns and Apprentices have their own evaluation models, according to their academic, development and learning programs. | [GRI 404-3](#) |

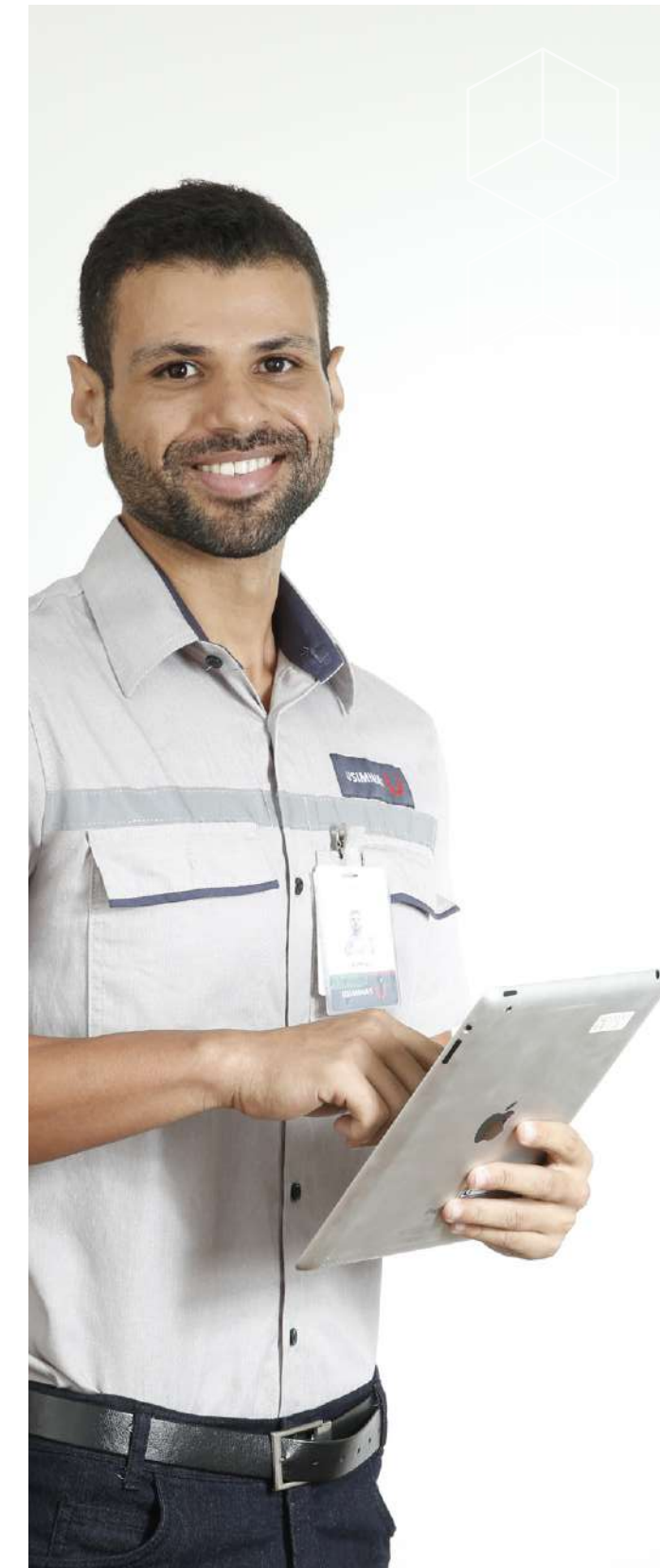
There is no formal performance assessment program for Usiminas senior management, except for its executive officers, who are evaluated based on the results achieved. For that purpose, the Board of Directors, advised by the Human Resources Committee, annually sets the quantitative and qualitative indicators for the Company's performance and collective and individual goals. The assessment of these results is linked to the statutory officers' short-term variable compensation.

Occupational Safety and Health

| [GRI 103-1:403](#); [103-2:403](#) |

In 2020, the year of the Covid-19 pandemic, health and safety, one of Usiminas fundamental values, gained even more importance.

On March 16, 2020, as soon as the Covid-19 pandemic was declared, Usiminas created the Operational Management Committee for the Coronavirus Crisis in order to define preventive and contingency initiatives to be taken by all Usiminas Group's companies to protect all employees (both own and outsourced), as well as their families and the communities. The Committee comprises the Presidency, the Human Resources and Innovation Corporate Officer, as its coordinator, the other Usiminas Companies' Officers (Communications, Legal, Production, Supply Chain, IT and others), all HR leaders, the São Francisco Xavier Foundation Director as well as our hospitals and health insurance plans representatives.



At first, the Committee met on a daily basis and, as the pandemic and the outcomes of Usiminas Companies' initiatives progressed, the frequency was adjusted. A report with information on the pandemic in the world, in Brazil and at Usiminas Companies is analyzed at each Committee meeting, who discusses the report's main topics as well as the defines and updates initiatives to be carried out. All information and meeting summaries are shared with the Executive Board and the Board of Directors.

The Company continued to promote the Zero Accident program, a daily pursued goal, in addition to other measures to reinforce the culture of safety and health protection for own and outsourced employees. The Company uses the Code of Ethics and Conduct, the Occupational Safety and Health Policy as well as the Operational Rules and Procedures in effect to establish the necessary commitments, requirements and controls to prevent accidents and illnesses at all corporate levels, protecting those who work at Usiminas Companies' premises or on its behalf.

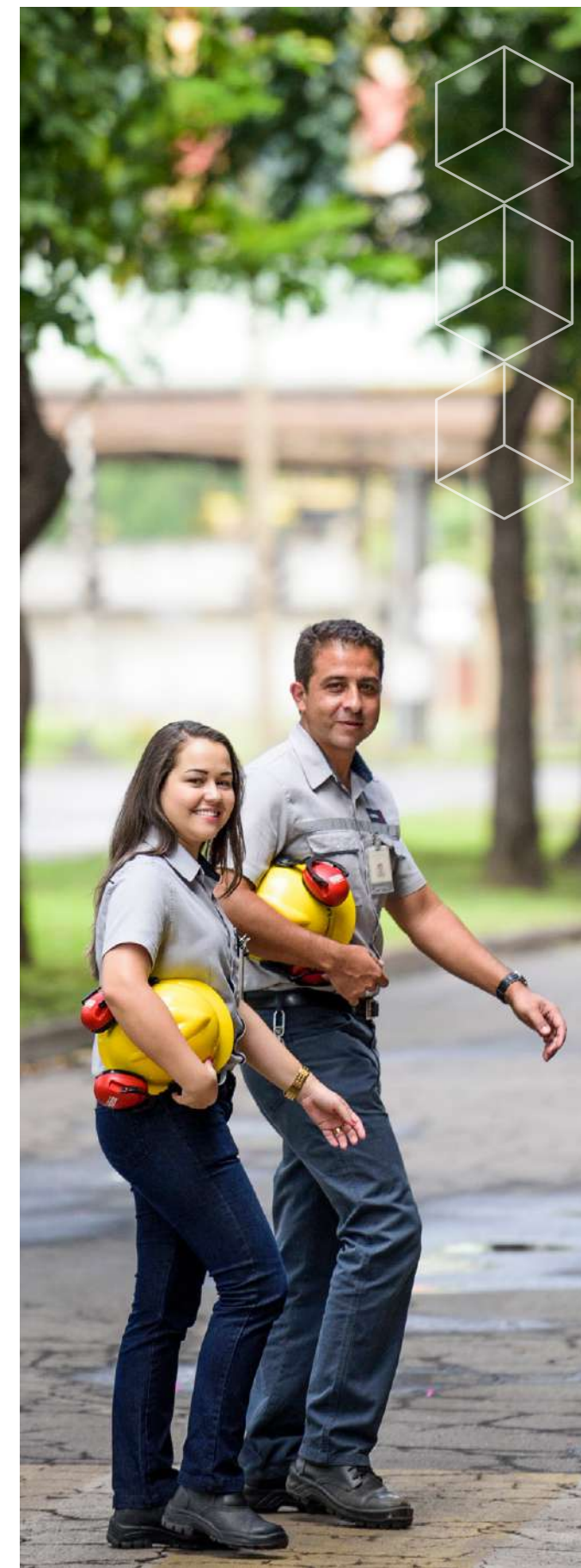
The Corporate Department of Occupational Safety is responsible for defining the Company's Strategic Safety Plan, which is anchored in 3 pillars: Risk Management, Learning and Perceived Visible Leadership. Then, 7 strategic axes have been created from these pillars: Culture and Behavior, Operational Discipline, Communication and Training, Safety Management, Process Safety, Technological Improvements and Contractors Safety. Each axis has a set of actions with their own budget, deadlines and leaders, aiming to prevent accidents incidents or misconducts.

All of the Company's activities rely on occupational safety and health rules and procedures, which are enforceable for all Usiminas Companies. Each company has its occupational safety and health team, who works to anticipate, recognize, evaluate and control dangers inherent to the workplace or which may pose risks to the employees and contractors' safety, health and wellbeing. These professionals, who are safety engineers, safety technicians, occupational physicians, nursing techniques, analysts, ergono-

mists and other specialists, work in an integrated and multidisciplinary manner with the operational teams in order to support them in preventing accidents and illnesses. Furthermore, safety and health professionals from São Francisco Xavier Foundation also work to meet the individual needs of the Usiminas Companies. | [GRI 403-3](#) |

Leaders from the Company's different departments, contract managers and each company's Internal Commission for Accident Prevention (CIPA), representing 100% of own and outsourced employees, ensure that the programs and strategic guidelines are implemented according to the plan. Finally, own and outsourced employees' engagement and discipline are key pillars for really effective initiatives, reason why Usiminas offers legal and operational training and technical qualification for all hierarchical levels, according to the position and duties. Moreover, the Onboarding Program for new employees addresses several essential topics for the performance of their duties.

| [GRI 403-4](#); [403-5](#); [103-3:403](#) |

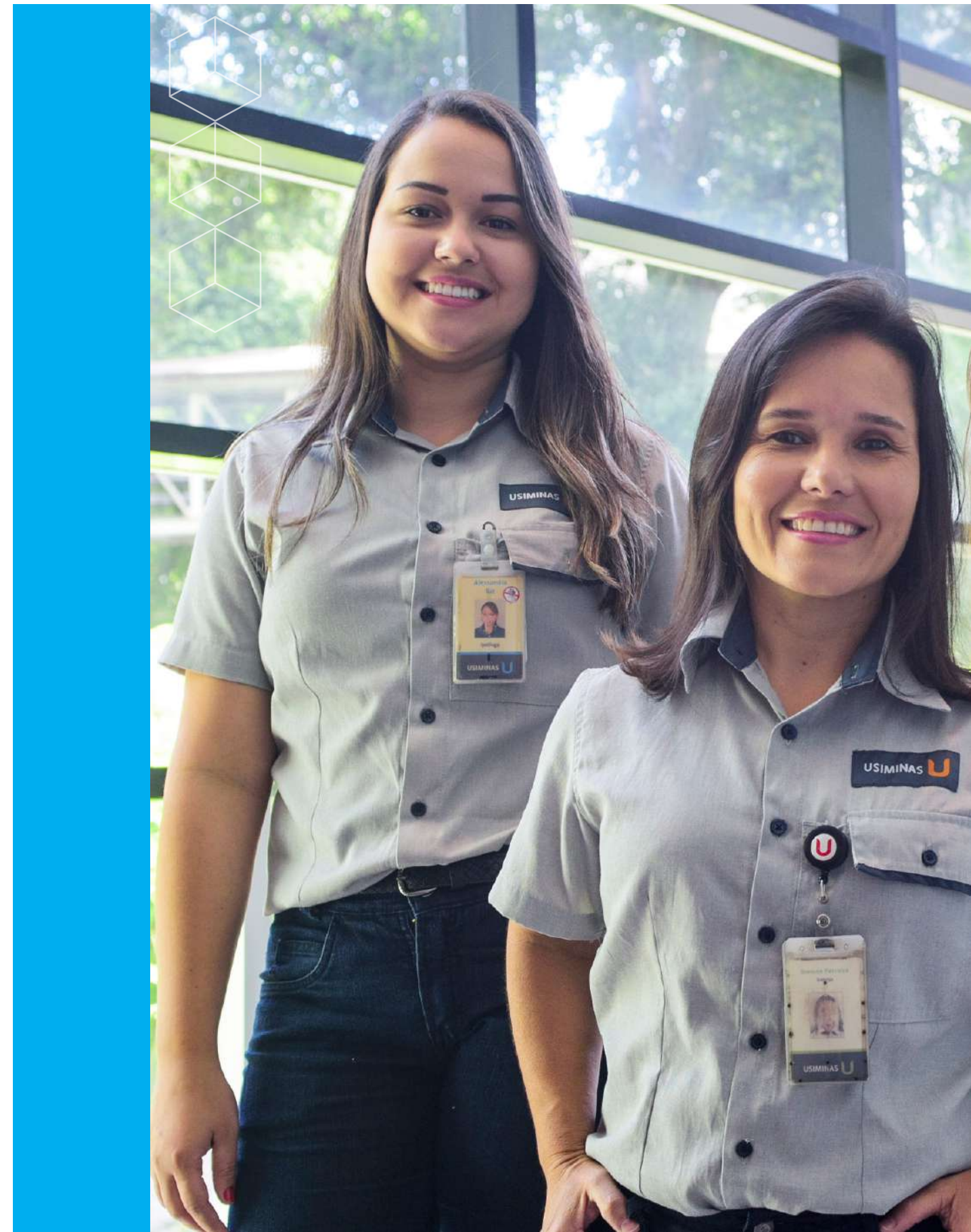




Occupational Safety and Health Management Systems of the Usiminas Companies follow the best market practices and comply with international standards. Usiminas' Ipatinga and Cubatão units, Unigal, Usiminas Mecânica as well as Soluções Usiminas are certified under the OHSAS 18001:2007 standard, and half of them have already migrated to the ISO 45,001:2018 standard (the remaining under migration or certification processes). | [GRI 403-1](#) |

Gases, fall from heights, machinery and mobile equipment are dangers that pose risks of serious occupational accidents. The Company has adopted some safety measures that include installing a detection system, installing water seal and rackets in the piping, employees working on areas where there is gas must use mobile detectors, piping preventive maintenance, procedures to release activities in areas where there may be gas, installation of physical protections according to NR12 standards at eligible equipment, installation of anti-fatigue system for truck and mobile equipment

drivers, installation of physical blockages in unlevelled locations, frequent check list and inspection of personnel and collective protective equipment for employees working at heights, preparation of a presentation material about work at heights. The company has also carried out initiatives to improve the area conditions, such as: activities ergonomic improvement, workplace organization and cleaning, tools check list, creation of free-hand devices to eliminate hand exposure in certain activities, installation of physical blockages wherever necessary. With regards to work method management system, the Company has prepared operational procedures which are revised according to a defined schedule and professionals working in this activity will receive training. There is also an audit phase where managers verify employees' knowledge of the procedures. In the behavioral field, department heads and managers run behavioral approaches in order to develop employee safety culture and the Company organizes awareness-raising campaigns with its employees. | [GRI 403-9](#) |





Collaborator statistics | GRI 403-9 | EM-IS-320a.1. |

	2019	2020
Frequency rate (injuries)	1.26	1.16
Number of occupational diseases	1	4
Medical Absenteeism Index (*)	2.37	2.98
Number of fatalities	1	0
Fatality rate	0.04	0
Number of days lost	6,715	975
Rate of high-consequence work-related injuries	0.4	0.42
Number of high-consequence work-related injuries	11	10
Rate of recordable work-related injuries	1.26	1.16
Number of recordable work-related injuries	35	28
Near miss frequency rate (NMFR) (there was no damage but could have occurred in case of occasional small change)	95.14	75.71

*Formula used for MEDICAL ABSENTEEISM INDEX = Hours of absence per health / (Estimated Hours - Vacation) *100. For educational purposes, medical absenteeism is divided into hours of absence per health of up to 15 days, from the 16th day up to 6 months, from the 16th day up to 1 year, and from the 16th day up to 1 year. Lower values indicate better results.

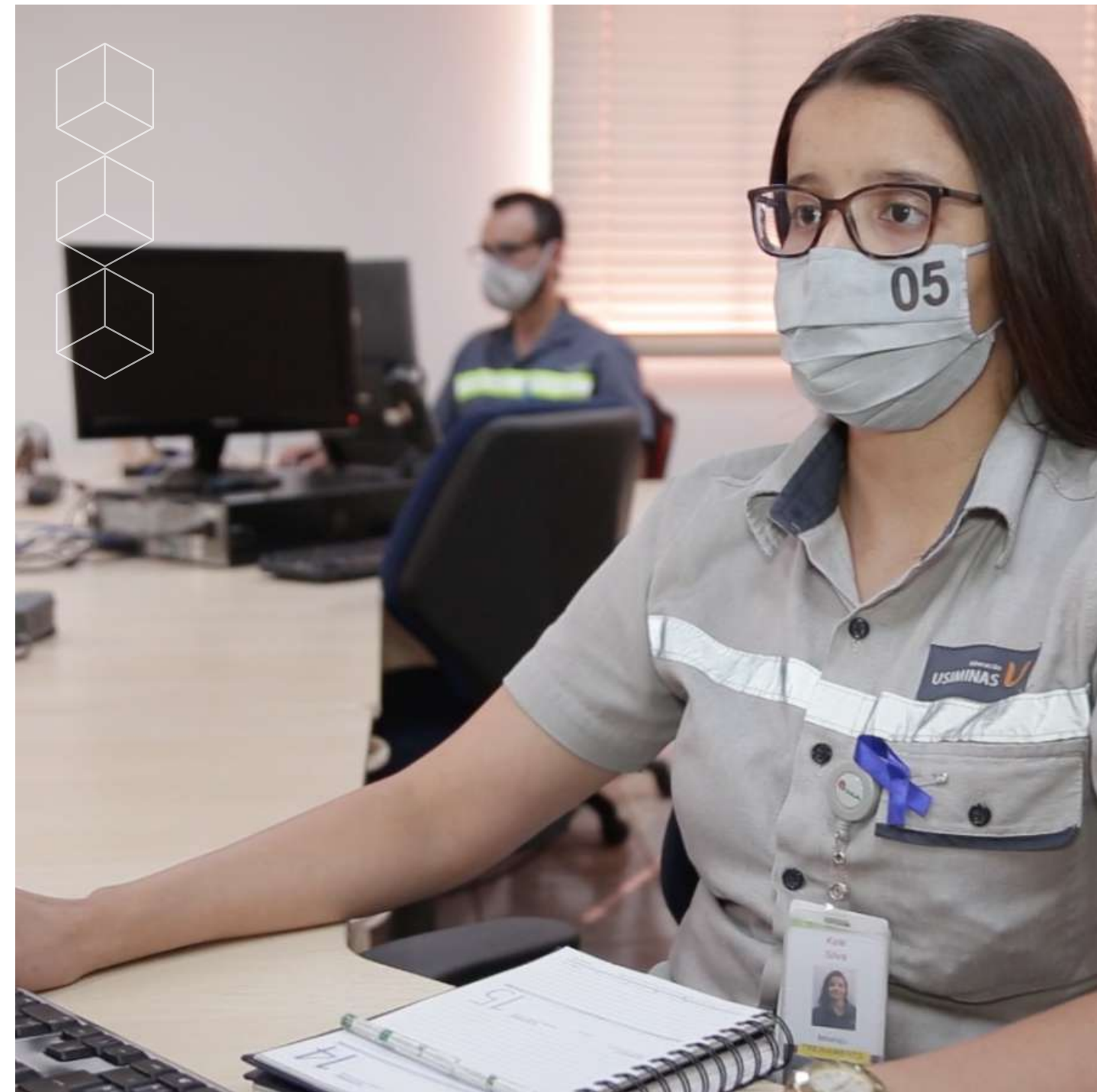
The rates were calculated based on 1,000,000 hours worked.

Note: in 2020, medical absenteeism excluding COVID-19 cases was 1.81. In 2020, the number of hours worked by employees was 22,858,188 hours, and by third parties was 19,504,368 hours.

Contract staff statistics

	2019	2020
Frequency rate (injuries)	1.14	1.62
Number of fatalities	0	1
Fatality rate	0	0.05
Rate of high-consequence work-related injuries	0.27	0.66
Number of high-consequence work-related injuries	7	13
Rate of recordable work-related injuries	1.14	1.62
Number of recordable work-related injuries	30	32
Near miss frequency rate (NMFR) (there was no damage but could have occurred in case of occasional small change)	71.17	38.84

At the Usiminas Companies, the culture of safety and health protection is appreciated and prioritized when interacting with employees and contractors. These interactions include the Daily Safety Talks (DDS in Portuguese), the Internal Weeks on Occupational Accident Prevention (SIPATs), CIPAs meetings, the local safety committees, sector meetings, periodic workshops, as well as several awareness-raising and communication campaigns. | GRI 403-4 |





In addition to these initiatives, other actions and tools are part of the occupational safety and health management: | [GRI 403-2; 403-3](#) |

Incident Investigation

Usiminas relies on a robust accident investigation program to determine the root causes of the incidents so as to ascertain necessary actions to block them. Every event is mandatorily recorded, whether a misconduct, incident or accident. The investigation and analysis methodology is defined based on the type and extent of the event. For a simple incident, the 5 whys methodology is applied, while for more complex and serious accidents, the Company uses the Root Cause Analysis (RCA). Depending on each case, however, other methodologies can be used, such as Bowtie or cause-effect diagrams. The core issue is to determine the root cause of each event, as well as the contributing causes and necessary actions to prevent accidents from repeating.

Continuous Risk Analysis Systematics

All the Company’s activities are mapped, analyzed and assessed using Danger and Risk Matrices, Preliminary Risk Analysis (APR) techniques, through the use of Occupational Safety and Process Analysis (AST/ASP) tools, Task Risk Analysis (ART) and, if necessary, more sophisticated Process Safety techniques, such as Hazop, Bowtie, and others. | [GRI 403-7](#) |

Integrated Occupational Safety and Health Actions System - SIASSO

SIASSO is a computerized safety and health platform that enables employees and contractors to manage the system by recording events such as: accidents, incidents and misconducts, as well as recording and monitoring the action plans to address incidents and the defined preventive strategies. It is an important tool to endorse safety meetings at all levels, allowing a better critical analysis of everything that is going on in the Company in terms of safety and health. | [GRI 403-1](#) | [403-4](#) | [403-7](#) |

All employees use the “Right to Refuse” tool. When joining the company, new employees receive an adaptation training (for outsourced employees) and onboarding (for own employees), when they receive information on how to use the “Right to Refuse” tool. Misconducts which imply Right to Refuse will be logged in on SIASSO and later monitored at safety meetings. | [GRI 403-2](#) |

Golden Rules

They make official safety rules to be complied with by employees and contractors regarding the 7 most critical risks inherent to Usiminas Companies activities. | [GRI 403-7](#) |

Medical Control Program for Occupational Health

Every year, Usiminas prepares medical control program for occupational health (PCMSO in Portuguese) report, presenting the continual monitoring of its employees’ health.

Changes has been noticed in 0.3% of audiometry exams, accounting for 14 employees, of which 12 presented the same occupational changes as in the previous years and 2 new cases have been identified in 2020, with CAT (Occupational Accident Report) being issued in the same year. The Company did not record any deaths of its own employees and illnesses are related to the hearing system. This information is not available for outsourced employees, since the outsourced employees management project was implemented by the end of 2020, only at the Ipatinga plant. No employee has been excluded from this content. | [GRI 403-10](#) |





Periodic Physical Exams

Usiminas Companies monitor their employees' health through periodic physical and complementary exams. These exams are performed annually, within their premises, for the entire staff. The attendance to the occupational medical controls established by the PCMSO is monthly monitored through the periodic physical exam indicator. As for Covid-19, 60,000 employees and contractors got tested in four different times in 2020.

**Atitude Rima com Saúde
(Attitude Rhymes with Health)**

In partnership with São Francisco Xavier Foundation's (FSFX) Healthcare Provider, Usiminas runs the "Atitude Rima Com Saúde" Program, aimed at supporting its participants to become the main agents of their health, fostering changes in habits and practices that lead to a better quality of life and illness prevention, in a light, cooperative and resolute manner. The Program has 13 projects focused on meeting the needs of specific audiences,

including employees and their dependents, i.e. children, pregnant women, elderly, diabetics, obese, smokers, among others. The program has a 98% satisfaction rate among its participants and, since its inception in 2010, it had more than 50,000 beneficiaries. The results of "Atitude Rima com Saúde" reflect gains achieved by everyone, given that a healthy and happy employee means increased productivity and reduced chances of illnesses and absences.

| GRI 403-4; 403-6 |

Usiminas Integrated Health System (SISU)

Stemming from the constant partnership between Usiminas and FSFX, the Usiminas Integrated Health System (SISU) has been operating since 2016, covering 100% of the employees, integrating and optimizing the actions in 4 pillars: Occupational Health, Health Insurance, Emergency Health and Initiatives to fight Covid-19. SISU's management model relies on the Single Health Indicator System (SIUS). **| GRI 403-1 |**

This is a qualitative tracking and comparison tool for population groups, which are classified according to illness risk criteria, taking into consideration:

- 1** Illness: systemic arterial hypertension, asthma, emphysema, heart diseases, musculoskeletal disorders, major or minor mental disorders.
- 2** Risk factors: smoking, social risk, sedentary lifestyle, unhealthiness, obesity.
- 3** Absenteeism: absence in the last 12 months due to illness or work-related accident.
- 4** Alcoholism.
- 5** Health self-evaluation: how the individual evaluates his or her own health status.
- 6** Psychosocial risk: degree of control and psychological demand at the workplace.

| GRI 403-10 |





SISU enables a more comprehensive approach by the occupational physician and the appropriate referral to FSFX programs compatible with individual or collective needs. For example, employees with spinal, shoulder, and knee problems, after proper screening, can be engaged in the “Overcome Program”, aiming at both injury prevention and a multidisciplinary educational and therapeutic approach.

| GRI 403-6 |

Through the analysis of absenteeism data, information collected through SISU and epidemiological trends, the main pathologies affecting our employees are identified and the health agenda is created, an annual calendar with actions planned for the next year. Absences due to injuries (CID S) and musculoskeletal diseases (CID M) are the main causes for absences up to 15 days as well as for absences up to 1 year. For that reason, health initiatives are focused on

strengthening the participation in the “Overcome Program” and consolidation of the ergonomics program.

Vaccination Campaign

In partnership with the Healthcare Provider, Usiminas annually runs an Influenza Vaccination Campaign at all its units, targeted at reducing the illness among the workforce and, consequently, its complications. The quadrivalent vaccine is available free of charge for the employees and at a subsidized cost for their dependents. Since 1997 the Company runs this campaign and, on average, 25 thousand employees and dependents are vaccinated every year. As for the treatment of suspected Covid-19 cases, Usiminas made a link called “Fala Aí Saude” available to its employees, which can be accessed via telephone or e-mail. Diagnostic exams through Occupational Health have no costs for employees.

Labor Union Relationship

Usiminas appreciates the role of labor unions in representing its employees’ interests and acknowledges the right of free association, which is a commitment formally included in the Company’s Code of Ethics and Conduct. The Company has a permanent and respectful relationship with all Labor Unions, therefore, it provides constantly open communication channels and a dedicated department, so that any possible conflicts and deadlocks are dealt with and resolved through negotiation, in order to mitigate and avoid negative impacts on the organizational environment and the Company’s reputation. Collective Bargaining Agreements are carried out directly with the labor unions that represent the workers.

In 2020, 100% of employees were covered by Collective Agreements or Convention. The Labor and Union Relationships foresee

the monitoring of Collective Agreements by means of indicators and is regularly audited. It is worth mentioning that the Corporate Department of Compensation and Labor Relations was responsible for implementing a consolidated Labor and Union Relationship Management model, which provides details on how to act, the relationships with the entities and other departments, as well as their responsibility in the process. Employees are completely free to join and the labor unions have direct access to them through meetings, union newsletters and eventual contacts at their workplaces. Usiminas keeps a constant relationship and, together with other companies, seeks good practices recognized by the market. | GRI 407-1; 102-41 |



Usiminas Private Pension Fund | GRI 201-3 |

The Company offers its employees supplementary private pension plans, managed by Usiminas Private Pension Funds.

These plans' main purpose is to provide an additional income to the benefits granted by the National Institute of Social Security (INSS). Employees of other Sponsors, including Usiminas Private Pension Funds employees, also participate in the plans. Plan contributions are made by the respective sponsors and employees, based on the specific regulations of each benefit plan. The contribution percentage for each plan is calculated actuarially and reviewed annually by the responsible actuary. These plans use a progressive table for the sponsors contributions and are based on a share of each participant's salary.

Usiminas sponsors four supplementary pension plans for its employees, namely: two defined benefit plans, called Benefit Plan 1 (BP1) and Defined Benefit Plan (DBP); one defined contribution plan: Mixed Benefit Plan 1 (COSIPrev); and one variable contribution plan: Bene-

fit Plan 2 (USIPREV). Currently, the only Plan open for new beneficiaries and offered to employees of sponsoring companies is the USIPREV.

During the accumulation phase, the USIPREV participant defines their monthly contribution that will make up their savings reserve. At the time the benefit is granted, the participant can choose to receive their benefits in a monthly income between 0.5% and 1.5% of their Account Balance, or in a monthly income for a determined period, between 60 and 360 months. The "Founding Participant" – enrolled in the plan until April 13, 2011, may also choose to turn their account balance into a lifetime monthly income. In this case, during the retirement payout phase, USIPREV will have the features of a Defined Benefit (DB) plan.

USIPREV holds 93.16% of total active participants in the four plans, and the sponsor contributes with an amount equivalent to 100% of each participant's contribution, complying with the minimum and maximum limits according

to contribution ranges, which vary from 1% to 12% of the participation salary. COSIPrev holds 6.84% of the active participants among the four plans, and the sponsor contributes 50%, 70% or 100% of the contribution collected by the participant, according to the contribution table, which varies from 2% to 9% of the participation salary. Employees can opt to join the private pension plan, with a participation level close to 98% of the total number of employees.

The benefits under this plan include: scheduled retirement, benefits derived from the option by the institute of the Deferred Proportional Benefit (DPB), benefits generated by ported resources, disability retirement; sickness benefit and pension for death - before and after retirement. The Institutes of Self-Sponsorship, Deferred Proportional Benefit (DPB), Portability and Redemption are also assured.





COMMUNITY

| GRI 102-15; 103-1: 413; 103-2:413 |

Usiminas' relationship with local communities dates back to its foundation in the 1950s. The city of Ipatinga, in the state of Minas Gerais, was practically born together with the construction of Usiminas' first steelmaking plant and the need to shelter the population attracted to the region. In the cities where its major operations are located, Usiminas expects to always have a positive impact, by establishing dialogs, creating jobs and development opportunities through its great people-focused projects. Direct and indirect opportunities generated by the Company's suppliers and partners have the most impact in the Southeast region by way of its steelmaking, mining and steel processing production units | **GRI 103-1 b I** |.

The Company, supported by public authorities, worked in the construction of the necessary infrastructure to foster the local community's quality of life and, since then, it seeks to enjoy a relationship based on partnership and respect, being aware that this is a crucial factor for both the Company's and the city of Ipatinga's sustainable development.





This pursuit pertains as well as to the other cities where the Company began to have direct and indirect influence over the years, in the 5 states where it is located. In that sense, in its Code of Ethics and Conduct, Usiminas acknowledges the importance of a peaceful relationship with the surrounding communities, respecting people, local culture and the environment. Therefore, the Company strives for a permanent relationship with local communities, boosting the benefits from its presence and monitoring, mitigating its production activities impacts, channeling the wishes, supporting local development, offering job opportunities and effectively fostering health, sports, social, education and culture development. | **GRI 103-2:413** |

Main communication and relationship channels between Usiminas and the local community



Fala Aí Comunidade channel: it allows the communication between the Company and the population of the areas surrounding its operations via WhatsApp message. Through individual chats, Usiminas provides information, and the residents file their complaints, which are analyzed, addressed (whenever necessary) and answered.



Dialogs with government officials (mayors, local government secretaries) of the cities where it operates, always in compliance with the Usiminas Code of Ethics and Conduct.



Fala Aí Comunidade newspaper: printed newspaper, launched in the fourth quarter of 2020 and circulated to the population of Ipatinga and Itatiaiuçu.



Usiminas joined in the Vale do Aço Convergence Agenda, a group that gathers representatives of the region's most diverse sectors, and participates of the Serra Azul Mining Companies Association (AMISA) and the Cubatão Development and Integration Center (CIDE), through which it participates and promotes the relationship with government officials and the community.



Social Media: Usiminas has 2 profiles dedicated to informing and talking to the communities of Ipatinga, in the Vale do Aço, and Cubatão, in Santos Region.



Open Doors: Usiminas opens its premises' doors to visitors from segments of society, aimed at strengthening relationship and expanding dialog. The Program also organizes Usiminas' visits from institutions to present its initiatives and clarify relevant topics to society.



Contact Us: The Company's communication channel available on the website.



Through the Usiminas Institute, the Company participated in forums to discuss public policies of the cities where it is located, including the Municipal Culture Board, the Municipal Tourism Board, the Ipatinga Historic and Artistic Heritage Board, the Community Consulting Board of the Cubatão Industrial Hub, with the purpose of having an interactive communication channel between companies based in Cubatão and its community, focused on Health, Safety, Environment and Social Responsibility topics.



Telephone (0800 979 7970): to submit suggestions or doubts to Mineração Usiminas.



Open Channel: channel to receive ethics and integrity misconduct claims, available on the Company's website.



The active use of communication channels, coupled with their ongoing monitoring, allow Usiminas to evaluate the effectiveness of its initiatives towards the local communities, as well as to capture the population’s perception of its operations’ negative impacts. Thus, Usiminas gathers inputs to make decisions on maintaining and improving current initiatives, as well as coming up with new ones, focused on minimizing its activities’ impacts and/or boosting social well-being. | **GRI 103-3:413** |

Below we present the initiatives that Usiminas takes in order to be present in local communities. | **GRI 203-1; 203-2** |

São Francisco Xavier Foundation

The São Francisco Xavier Foundation (FSFX), Usiminas branch in the health and education field, is a charitable social welfare entity accredited by the Ministry of Social Security and Welfare. Operating since 1969, FSFX has more than 6 thousand employees and is present in 6 Brazilian states. In the education segment, the Colégio São Francisco Xavier, its first unit located in the city of Ipatinga, is a benchmark in education for the region, serving almost 3,000 students, from kindergarten to undergraduate studies. Learn more about each of the operations:

MÁRCIO CUNHA HOSPITAL – (HMC), in Ipatinga, state of Minas Gerais

A general hospital working as a reference for over 840 thousand people of 35 municipalities living in the Eastern region of the state of Minas Gerais, the Márcio Cunha Hospital (HMC) has 3 patient care units, one dedicated to cancer treatment. The hospital is authorized to perform high-complexity procedures and provide services that include outpatient care, emergency care, diagnosis, education and research, as well as adult, pediatric and neonatal intensive care units, urgency and emergency, renal replacement therapy, high-complexity heart procedures, adult and child can-

cer procedures, among others. Process improvement and technological incorporation is a constant at HMC, which became the first Brazilian hospital to receive the Excellence Accreditation Certificate from the Brazilian Accreditation Organization (ONA). As from 2015, HMC joined the select group of hospitals that received the Det Norske Veritas International Accreditation Standard (DIAS/NIAHO), a level achieved by only 6 Brazilian institutions. In 2019, it was Brazil’s first hospital to win the HIMSS Elsevier Digital Healthcare Awards, dedicated to celebrating excellence in infor-

mation and technology use to improve patient’s health quality, care and safety. In that same year, Márcio Cunha Hospital became the first hospital in the state of Minas Gerais to receive the Quality Seal from the Brazilian Nursing Board (Cofen), reaffirming HMC’s excellence in service and welfare practices. In 2020 and 2021, North American magazine Newsweek ranked the HMC among Brazil’s best hospitals. This year, the magazine’s website listed HMC among the three best hospitals in Minas Gerais and Brazil’s 17th best hospital (moving up 5 places from the last year).





USISAÚDE

One of Brazil’s largest healthcare provider, the 5th in the state of Minas Gerais and the largest in terms of customers in the Vale do Aço, with more than 168 thousand lives under its care, Usisaúde works on the supplementary health segment, offering healthcare, dental and occupational health insurance as well as air medical transportation. In the state, the company is a pioneer to receive the ISO 9001 standard, in addition to maintaining Level 1 of Normative Resolution 277 from the Brazilian Supplementary Health Agency.

INTEGRATED DENTAL CENTER (COI)

COI was created in 1981 to offer dental health services to the Usiminas’ community. Also, under the influence of FSFX’s strong excellence philosophy, all over its history, COI has achieved one of the best dental health indicators ever seen in Brazil and achieved for over a decade, the global goals established by the World Health Organization (WHO) to control cavities in children. COI was the first dental care insurance provider

in the state of Minas Gerais to be certified by ISO 9001 and ensures high service provision levels, from patient care at health promotion clinics to high-complexity procedures, such as orthodontics, implant dentistry and rehabilitation. With over 80 thousand lives in its customer portfolio, the Integrated Dental Center has 62 service units.

VITA

Since 2006, Vita provides occupational and environmental safety and medicine services. With its activities regulated by the Ministry of Labor, Vita has more than 160 thousand lives under management in 6 Brazilian states. Certified by ISO 9001, the unit has a wide service capacity and conducts occupational exams in one place as well as relies on a complete management system to meet the legal requirements of the System for Digital Recording of Tax, Social Security and Labor Obligations (eSocial). VITA’s activities range from occupational hygiene, preparation of legal documentation, training, occupational safety consulting services, to occupational exams, ergonomics services and psychological exams, among

others. Initiatives carried out by VITA contributed for Márcio Cunha Hospital being recognized by the Brazilian Association of Occupational Safety and Protection Supplies Industry (ANIMASEG), as Brazil’s best occupational safety and health institution in the hospital sector for two years in a row: 2019 and 2020.

CARLOS CHAGAS MUNICIPAL HOSPITAL

Since May 2016, São Francisco Xavier Foundation has been responsible for managing and, consequently, for boosting the Carlos Chagas Municipal Hospital (HMCC)’s performance, which is located in the city of Itabira, state of Minas Gerais. Elected as a general hospital and a reference for a population of more than 225 thousand inhabitants in the 13 municipalities of the micro-region where it is located, it has capacity to offer urgency and obstetric emergency services, Outpatient Clinic admission, General Surgery, ICU, Maternity Ward, Surgical Center and Diagnostic services, all fully provided via the Single Health System (SUS, Brazilian public health system). HMCC is responsible for 50% of admissions in Itabira and has been elected a Social Health Organization (OSS) according to the State Health Department.





CUBATÃO HOSPITAL

Incorporated to the São Francisco Xavier Foundation’s business units in 2017, the Cubatão Hospital (HC) is a general hospital with recovery beds, with capacity to provide low and medium complexity care services, in 28 medical specialties and offers trauma, outpatient, admission, ICU, maternity, surgical center and diagnosis services. The unit has made progress in its hospital indicators, posting expressive operational results, which translated into an increase in health promotion and humanized care. The FSFX’s management maintained the investments to qualify and enhance the activities and services offered. The hospital has implemented the quality

management processes necessary to receive the level 1 Hospital Accreditation from Det Norske Veritas (DNV) auditors with Brazilian Accreditation Organization (ONA). The Accreditation shows the institution’s safety and quality commitment and is the basis for processes’ integrated management, which will enable more consistent improvement cycles. In 2019, the High Complexity Center was opened next to the Cubatão Hospital, where oncology treatments and hemodialysis sessions are offered. In the future, the unit will offer hyperbaric medicine. In 2020, the increase in the number of beds allocated for patients from SUS coincided with the capacity to perform medium and high complex surgeries.

SÃO FRANCISCO XAVIER EDUCATION FOUNDATION (FESFX)

Created from the educational expertise acquired by São Francisco Xavier Foundation throughout the decades, the Institution is responsible for managing high-quality educational units to a wide audience, from elementary to higher education, with high performance levels. The calling to educate citizens and to provide education based on excellence, the Education Foundation includes a Baby Care (day care), the Colégio São Francisco Xavier (Kindergarten, Middle School and High

School), CSFX Técnico and Faculdade São Francisco Xavier. CSFX also incorporated in its portfolio the Sports School, the CSFX Integral, in addition to a Bilingual program in partnership with the International School and the Safety and Health Education Projects. In continuous evolution, CSFX is certified by ISO 9001:2015. In 2020, CSFX had 2,635 students. CSFX’s “Bolsa Social” made education possible for more than 250 students, with tuition paid by the institution in 2020.





VITAL BRAZIL HOSPITAL AND MATERNITY

São Francisco Xavier Foundation took over the management of Vital Brazil Hospital and Maternity in September 2020, through an emergency agreement with the State Health Department. The unit has 73 beds, of which 45 are allocated to SUS patients. Furthermore, the hospital provides adult Intensive Care Unit (ICU); admission beds (for outpatient, pediatric, general surgery and orthopedics specialties); Maternity and Diagnosis support services.

- **To ensure the excellent services offered by the 8 units managed by the São Francisco Xavier Foundation, it is necessary to invest in team training and qualification, as well as the increase and restructuring of physical structures and modernization of the technological hub. In 2020, given the global Covid-19 pandemic scenario, since the first coronavirus cases have been reported in Brazil, Usiminas has invested over R\$27 million through the São Francisco Xavier Foundation, its health and education social branch, among which we highlight:**
 - Implementation of new ICU beds, acquisition of ventilators, multi-parameter patient monitors and other hospital equipment, among other investments that enabled the foundation to get prepared to reinforce its patient care, keeping its well-known quality standards.
 - The quick response from Usiminas, which is the foundation’s sponsoring institution, shows the importance of private investment in the solution of the country’s major social challenges.

Usiminas Institute

The Institute’s history began back in 1993, when the “Usicultura” was created as the Company’s social branch for culture matters, under the joint management of the São Francisco Xavier Foundation. In 2008, the institute became an independent entity, named “Usiminas Culture Institute”, whose founding partners were Usiminas and Usiminas Mecânica. On its 25th anniversary in 2018, Usiminas Culture Institute took an important leap that has changed its entire operation: it became “Usiminas Institute”. Going beyond cul-

ture, Usiminas Institute reaffirms its role as an active agent in the community, also through sporting, environmental, social and informal education actions, taking on a leading position and acting as a partner to the communities. Usiminas Institute’s work is connected to the 2030 Agenda’s Sustainable Development Goals, seeking to encourage building plural societies, which are more diverse and tolerant, through the appreciation of their material and immaterial cultural heritage and culture of peace.



Social Investments

The Usiminas Institute is responsible for managing Usiminas' social investments, through tax incentive laws, donations and the Company's own resources. According to the Usiminas Sponsorship and Donation Policy, requests are registered by the proponents in the "Projetar" system, pre-selected and submitted to Usiminas' Corporate Institutional Sponsorship Committee's approval. In 2020, considering the several cities where Usiminas is present and according to the Usiminas Sponsorship Policy, 79 cultural, sporting and social initiatives received investments amounting to R\$24 million, benefiting from federal and state tax incentive laws, which represented a 9.7% increase in number of sponsored projects and 77.8% up in terms of amount invested, compared to 2019.

The *Projetar* system is available at:
<https://projetar.usiminas.com/>

The Sponsorship and Donation Policy is available at:
<https://www.usiminas.com/quem-somos/programa-de-integridade>

- The Usiminas Institute's initiatives are anchored on the community inclusion, diversity and development pillars, acting on different fields, always keeping an open dialog with its stakeholders. In 2020, Usiminas Institute fostered income generation and local economy by purchasing materials and hiring 89 craftspeople in Ipatinga, Itatiaiuçu and Cubatão to manufacture 113 thousand TNT masks, which were delivered to the community and employees, as an action to fight Covid-19.

Within the scope of its Educational Action, the Institute keeps a constant dialog with several stakeholders, by means of lasting and structured programs, which include Training for Teachers and Art Instructors; Arts for Babies and Arts for the Elderly. In the social field, the "Run, Handle and Balance" project was the highlight, which serves people with autism spectrum disorder, through free-of-charge initiatives developed by Apae in Ipatinga.



The table below shows tax incentive investments per field:

Investments, tax incentive laws and investment field

Investment Area	Incentive Law	Resource used (R\$)
Culture	IT – “Rouanet” Law; State Law MG - ICMS Culture; State Law SP - ICMS PROAC	R\$13,124,260.29
Sport	IT - Sports; State Law MG - ICMS Sports; State Law SP - ICMS	R\$3,613,500.00
Social	IT - Childhood and Adolescence Fund (FIA); IT - National Senior Citizens’ Fund	R\$5,019,000.00
Health	IT - National Program to Support Oncological Attention (PRONON); IT - National Program to Support Health Care of People with Disabilities (PRONAS)	R\$2,198,677.94
Total		R\$23,955,438.23

Usiminas has also sponsored several projects and events with own funds, consistently following the Sponsorship and Donation Policy guidelines and grounding its investment decisions and priorities on pre-established criteria, such as institutional return and social reach and transformation, among others.

Any donation to political parties, campaigns and/or candidates for public offices made by Usiminas Companies or on the Company’s behalf are absolutely forbidden, as set forth in the sponsorship and donation policy and the legislation in force. (GRI 415-1)



Education

Usiminas Institute believes that Culture is a country's major heritage, and cultural experiences are fundamental for education to the extent that they bring together a number of knowledge fields through arts and sciences, produced in different scenarios and times.

This belief is the underpinning of Usiminas Institute's Educational Action mission: to invest in cultural and education programs that foster multiple knowledge at school and at home, by exploring subjects and topics based on diversity principles, equal access and inclusion opportunities, appreciation of life, arts and sciences so as to strengthen the production and sharing of knowledge and resources in Brazil.

In 2020, due to the Covid-19 pandemic, Usiminas Institute's Educational Action reinvented itself and kept in touch with its audience by increasing its initiatives' reach, offering digital education experiences to families, teachers and students. The launch of Usiminas Institute's Educational Platform was the highlight: a way to access theater, library, gallery, foyer, multi-purpose rooms, from home or from school, or any place where there is internet connection.

Within this platform, the audience can interact with people from any place where Portuguese language is a shared cultural heritage, in synchronous activities or by accessing the contents prepared for free use.

According to Usiminas diversity and inclusion program's pillars, all educational activities are available with a Brazilian Sign Language interpreter.

Management of Cultural Venues, in Ipatinga

Usiminas Institute is responsible for managing two important cultural venues in Ipatinga: the Zélia Olguin Theatre, inaugurated in 1994, and the Usiminas Cultural Center, inaugurated in 1998. In 2020, there were **70 activities** in these two cultural venues which benefited approximately **15 thousand people**, including educational and social institutions in the Eastern region of Minas Gerais State.

By the end of March 2020, given the pandemic scenario, the venues have been temporarily closed, following the World Health Organization (WHO) protocol. In this challenging scenario, the Usiminas Institute reinvented itself and looked for ways to keep close to its audience through several actions, while complying with the requirement to maintain social distancing. The result was the exponential increase in virtual audience and new territories reached. The 2020 program reached a total audience of 6 million people, in-person and online initiatives combined, a hike of more than 3,000% compared to 2019. In 2020, its schedule reached 11 Brazilian states, plus Portugal and Spain.





The next actions are the highlights:

- **At Home with Usiminas Institute:** virtual screening of 120 audiovisual content, reaching **6 million people** in social media. We emphasize the “Getting to Know Usiminas”, “Getting to Know Mineração Usiminas” and “Adventure in the Plant Nursery” projects, which offered virtual tours in our digital channels and invited several schools in the state of Minas Gerais to watch the content online;
- **Circuito Comunidade:** cultural attractions in a small *trio elétrico* - a Brazilian carnival truck, that drove on the streets of Ipatinga (MG), Cubatão (SP) and Itatiaiuçu (MG), reaching 30 thousand people and offered 6 thousand seedlings and collected 2 tons of donated food supplies;
- **Book delivery:** Free borrowing of 1,000 books at the *Central de Ideias* Library by the Vale do Aço population;

- **Cultural Attractions on Live Broadcast:** free broadcast of renowned national shows, such as one with actress Denise Fraga, and appreciation of local talents;
- **Você na Platéia (You in the Audience):** initiative to receive more than 600 photographs to be placed in the audience of Centro Cultural Usiminas’ theater during the live broadcast;
- **Solidarity Ticket:** created in 2019, the program offers discounts on tickets for Usiminas cultural venue events, upon donation of food items at the event date. Up to March 2020, before cultural venues were shutdown, the initiative had collected 1 ton of food items, which were sent to institutions in the Vale do Aço.

Together, the Solidarity Ticket and the *Circuito Comunidade* gathered 3 tons of food items sent to 22 institutions in the Vale do Aço, in 2020.



| Usiminas Mobiliza

The *Mobiliza* platform gathers programs created from identified opportunities to improve the local communities’ quality of life. | GRI 103-2:304 ; 103-3:304 |

Developed in 2018 by Usiminas, in partnership with the Consórcio Intermunicipal Multifinalitário do Vale do Aço (CIM-VA) and Interagir Institute, the *Mobiliza Todos pela Água* program anticipates the recovery of headwaters by reconstituting the riparian forests. The communities directly benefited by the project and public school students participated in the initiative.

The program identifies, maps and analyzes several aspects of headwaters, providing more assertive information to plant the seedlings. Close to 4,789 identified and mapped, and more than 1,329 headwaters restored. This initiative is a counterpart to the benefits from the *Usiminas Mobiliza Pelos Caminhos do*

Vale Program, which offers steel aggregate to 84 cities in Eastern Minas Gerais, in order to pave rural roads ([see more details on page 125](#)). | GRI 102-12 |





Volunteer Program

Usiminas believes that volunteering is a life-changing experience, that makes a difference in both the lives of employees and the community and reinforces our commitment to work on building a more equal and inclusive society. Below are some of the initiatives that stood out in 2020:

RAINFALL

In January and February 2020, the state of Minas Gerais has endured heavy rainfall, which left thousands of families unsheltered and homeless. Together with the communities surrounding its operations, volunteers, partner companies and its employees, Usiminas took action to minimize suffering for these folks.

The Company has organized campaigns in all plants located in the state of Minas Gerais and collected tons of donations, which were sent to the Welfare Volunteer Service (SERVAS), the local government of Santa Luzia and other local governments and communities in the Vale do Aço. More than 2 tons of food supplies,

10 thousand pieces of clothes, shoes and bed and bath linens, 1.2 thousand personal hygiene and cleaning products, mattresses, home appliances and many other objects and utensils have been donated.

In addition to a strong presence in the community, Usiminas has also helped with water supply, sent out technical and professional teams to help the victims and recognize risk areas, provided equipment and vehicles and donated 63 thousand tons of steel aggregate for slope retention, bridge recovery and rural road pavement, in more than 30 cities in the Vale do Aço region.



USIMINAS VOLUNTEER PROGRAM (VOU)

In November 2020, Usiminas launched its structured volunteer program: VOU - Usiminas Volunteers. The initiative is an improvement on actions already developed by the employees and that now have the Company's institutional support and formal investment.

With the engagement of the senior management and the Company's acknowledgment of the importance of volunteering initiatives, the new volunteering platform was created with the perspective of having a broader reach and offering several opportunities to contribute to the communities where we are present, focused on the time, labor and talent pillars.

Since the program was launched up to the end of the year, more than 350 Usiminas companies, São Francisco Xavier Foundation, Previdência Usiminas and Usiminas employees have registered to participate in the Program.

In the period, 15 actions in 8 cities in the states of Minas Gerais, São Paulo, Espírito Santo and Rio Grande do Sul have been organized with the direct participation of 220 volunteers.





| Some Projects And Events Sponsored With Own Funds

FIEMGLab – an 18-month program, which began in July 2020 and fosters industry development, innovation and competitiveness, connecting them with the collaborative start-up acceleration environment, focused on high-impact technical solutions.

E-mining – virtual initiative that took place in July, focused on positioning as a booster to Brazilian pickup in the Mineral Sector. The digital event had virtual business rounds, commercial mini-lectures and live broadcasts on material topics for the sector.

Atlantic Forest Agreements Book – published in September, this publication addresses the importance, history and legislation about the Atlantic Forest and lists the 10 agreements, also known as good practices, that are more significant in Minas Gerais, in order to highlight environmental gains with their respective compensation, programs and studies in the fields.

2020 High-Performance Teams Major Summit – virtual event that took place in October regarding management practices to improve Brazil’s quality and competitiveness.

2020 Alacero Virtual Congress – virtual event held in November to discuss current matters that fosters dialog among steelmakers and their value chain on important topics for the sector.



Exposibram 2020 – virtual event held in November for the Brazilian mineral industry to reinforce the importance of mining, create long-term business opportunities, attract the interest of companies and investors to the Brazilian mining sector.

2020 Hugo Werneck Sustainability and Love for Nature Award – virtual award event held in December to recognize, announce and award the best environmental management, restoration and preservation examples, as well as citizens, personalities and institutions dedicated to sustainability in the entire country.

| Donations

In 2020, we donated:

- **2,000 food boxes and other items** to the victims of the heavy rainfalls that hit Ipatinga, Belo Horizonte, Santa Luzia and Betim in Minas Gerais and Cubatão in São Paulo, in January and February;
- **more than 200 used computers and notebooks** to 25 institutions in 11 cities in the states of Minas Gerais and São Paulo;
- **pallets** to the Coronel Fabriciano Regional Prison, for the production of toys and furniture that have been sent to Social Institutions in the Vale do Aço;
- **wood scraps** to the USIPA (Associação Esportiva e Recreativa - Sporting and Recreation Association) and Intelur (Instituto Terapêutico Luz do Renascer - Therapeutical Institute) in Ipatinga, to be used in pools and stoves heating;
- **furniture and computer equipment** to the Integration and Development Center (CIDE) in Cubatão, aiming at the improvement of its administrative headquarters;
- **furniture, steel aggregate and rebuilding** of the “bullet traps” in the Shooting Range of the 14th Military Police Battalion of Ipatinga.



Donations related to Covid-19

USIMINAS

- **Distribution of 2,000 food boxes and 2,000 personal hygiene kits** to socially vulnerable communities in the cities of Ipatinga, Belo Horizonte, Santa Luzia and Betim in Minas Gerais and the city of Cubatão in São Paulo.
- **Sanitization** of roads and large circulation spots in Ipatinga/MG and Cubatão/SP.
- **Donation of R\$200,000.00 to FIEMG** for the acquisition of hospital ventilators to be sent to hospitals in the State of Minas Gerais.
- **Partnership with Senai** for the maintenance and repair of mechanical ventilators and 3D printers, in Ipatinga/MG and Belo Horizonte/MG, which have been used by several hospitals throughout the country to treat COVID-19 patients.

- **Creation of the “Solidarity is Contagious”** campaign, which had the good practices done by the community gathered on a portal where people who wanted to help could connect with those who needed help.
- **Production of 77,000 TNT masks** through the Usiminas Institute in partnership with a group of craftspeople of Ipatinga/MG and Cubatão/SP, thus being an initiative that appreciated the region’s professionals and prioritized local suppliers. Masks have been donated to social institutions and projects, São Francisco Xavier Foundation’s Hospitals patients, as well as employees and the community.
- Through São Francisco Xavier Foundation, Usiminas is responsible for managing 4 hospitals in Minas Gerais and Cubatão **and has invested almost R\$27 million in initiatives to fight the Covid-19 pandemic**, which included the acquisition of new mechanic ventilators, ICU beds and various equipment, installing a full floor dedicated to Coronavirus patients at the Márcio Cunha Hospital, in Ipatinga, among others.

MINERAÇÃO USIMINAS

- **Donation of R\$150,000.00 to Manoel Gonçalves Hospital in Itaúna/MG** for the purchase of hospital supplies and equipment and hiring of medical and cleaning teams to restructure the Institution in order to treat Covid-19 patients, in addition to the donation of 75,000 disposable gloves, 7,500 N95 (PFF2) masks and 1.600 safety goggles.
- **Donation of 12,000 cloth masks, 1,000 liters of hand sanitizer, 1,000 safety goggles, 1,000 professional medical gowns, 20 digital thermometers and face shields** for the benefit of institutions, such as the Local Government of Itatiaiuçu/MG and the Military Police and Fire Departments of the cities surrounding Itatiaiuçu/MG.
- **Production of 35 thousand TNT masks** in partnership with seamstresses of the Acirpa (Associação dos Artesãos e Produtores Caseiros de Itatiaiuçu – Association for Craft Producers) which have been given to employees and the community.
- **Distribution of 450 food and hygiene kits** to the community.



Participation in Associations | GRI 102-13 |

In the pursuit of excellence, Usiminas understands that collaboration is fundamental to all its activities. For that reason, the Company is a member of and sponsors important entities representing the interests of its operating segments, facilitating places and moments for an open dialog with its peers and the society.

Among the main organizations in which the company joins (see table below), the highlights are:

World Steel Association

Usiminas is part of the World Steel Association (WSA). Headquartered in Brussels, Belgium, WSA is one of the world's largest industry associations, with close to 230 steel manufactures under its representation. Its members are responsible for approximately 85% of global steel production and they are committed to the entity's view, in which the steel industry is one of the pillars of a sustainable world. Therefore, Usiminas adhered to the association's 7 sustainability principles, which, on their turn, directly or indirectly contribute to the United Nations' (UN) Sustainable Development Goals (SDG). | GRI 102-12 |

Brazil Steel Institute

Sergio Leite Andrade, Usiminas' CEO, was Brazil Steel Institute's Board of Directors Chairman from August 2018 to September 2020. Founded in 1963 as the Brazilian Steelmaking Institute, the entity represents Brazilian steel makers.

Instituto Brasileiro de Mineração

Mineração Usiminas is a member of the Brazilian Institute of Mining (IBRAM), a Brazilian private and non-profit organization representing mining sector's companies and institutions. Founded in December 1976, the entity is Brazil's mining sector speaker.





JOINTLY

- List of the organizations of which Usiminas is a member:
- AARS - Steel Association of the State of Rio Grande do Sul
- ABCEM - Brazilian Association of Metal Construction
- ABERJE - Brazilian Corporate Communication Association
- ABM - Brazilian Association for Metallurgy, Metals and Mining
- ACIAPI - Ipatinga’s Commercial, Industrial, Agricultural & Cattle Farming and Service Provision Association.
- ACMinas - Commercial and Business Association of the State of Minas Gerais
- ALACERO - Asociación Latinoamericana del Fierro y el Acero
- AMCHAM - American Chamber of Commerce for Brazil
- ANEFAC - Brazilian Association of Finance, Business Administration and Accounting Executives
- ANPEI - Brazilian Association of Research and Development for Innovation Companies
- ANUT - Brazilian Association of Cargo Transportation Users
- ATP - Association of Private Port Terminals
- ASQ - American Society for Quality (Cubatão + Ipatinga)
- CCIBC - Brazil-China Chamber of Commerce & Industry

- Japanese Chamber of Commerce & Industry for Brazil
- Italian-Brazilian Chamber of Commerce, Industry, Agriculture & Cattle Farming of the State of Minas Gerais
- CIESP - Center of Industry of the State of São Paulo
- Business Coalition
- Forum for Companies and LGBTI+ Rights
- Forum for Generations and Future Labor
- Fundação Relictos de Apoio ao Parque Estadual do Rio Doce, state of Minas Gerais
- IABr - Brazil Steel Association (Ipatinga and Cubatão)
- IBGC - Brazilian Institute of Corporate Governance
- IBRI - Brazilian Investor Relations Institute
- IEDI - Institute for Industrial Development Studies
- INDA - Brazilian Institute of Steel Distribution
- LIDE - Grupo de Líderes Empresariais
- UN Global Compact
- World Auto Steel



7



ENVIRONMENT

| GRI 103-2:307; 103-3:307 |

Usiminas is committed to continuously improve its environmental performance regarding the rational use of resources and its impacts management.

Aware of the importance of fighting Climate Change, Usiminas has been investing in initiatives that help mitigate greenhouse gas (GHG) emissions, such as in-house reuse of steelmaking gases, in-house power generation to supply industrial processes, implementation of energy efficiency projects and management of critical consumption by operational areas, focused on process performance and results.



Energy Efficiency

Operating in an energy-intensive industry, Usiminas continually seeks technological and operational alternatives to increase its energy efficiency. Throughout the years, the Company has pursued initiatives to boost the energy efficiency of its operations, which included among others, optimizing the process control, generating our own power by means of reusing steelmaking gases and fuel replacement. Energy matrix management is extremely important for the Company since it directly impacts its economic and environmental indicators. Impacts can occur in all processes that use energy to produce material goods. The Company sets energy consumption goals for processes, which are monitored by the Corporate Department of Reduction and the Corporate Department of Energy and Utilities. There is a specific tool (called ROCA) to report process impacts, which will analyze the root cause and prepare action plans. | [GRI 102-15](#); [302-1](#); [302-3](#); [103-2:302](#); [103-3:302](#) |

| | GRI 302-1 |

a) Total fuel consumption within the organization (GJ)

Non-renewable sources	Ipatinga Plant		Cubatão Plant		Soluções Usiminas		Mineração Usiminas	
	2019	2020	2019	2020	2019	2020	2019	2020
Diesel	69,762	61,676	34,095	25,489	2,685	112	14,277,877	744,976
Natural Gas	6,155,808	6,180,889	2,551,988	2,166,060	-	-	-	-
Coal	38,274,133	34,712,248	-	-	-	-	-	-
Gasoline	1,428	2,331	-	-	-	-	-	2,886
LPG	-	970	-	-	-	3,255	-	-
Hydrogen*	-	27,145	-	-	-	-	-	-
Total	44,501,131	40,985,259	2,586,083	2,191,549	2,685	3,367	14,277,877	747,862

*Extraction through steelmaking gas (fossil)

b) Total fuel consumption within the organization (GJ)

Renewable sources	Ipatinga Plant		Cubatão Plant		Soluções Usiminas		Mineração Usiminas	
	2019	2020	2019	2020	2019	2020	2019	2020
Hydrated alcohol	23	19	-	-	-	-	-	-
Oxygen	2,601,014	2,250,479	40	30	-	-	-	-
Nitrogen	3,804,582	3,368,036	27	27	-	-	-	-
Argon	33,257	30,136	-	-	0.4	0.3	-	-
Total	6,438,876	5,648,670	67	57	0.4	0.3	0	0

c) Total Electrical Energy Consumption (GJ)

Renewable sources	Ipatinga Plant		Cubatão Plant		Soluções Usiminas		Mineração Usiminas	
	2019	2020	2019	2020	2019	2020	2019	2020
Electrical Energy	19,988,303	17,817,721	1,201,162	924,342	59,545*	42,883	587,102	710,410

*Adjusted value. In 2019, 5,954,474 GJ was published. | [GRI 102-48](#) |

d) Total energy consumption (GJ)

Renewable sources	Ipatinga Plant		Cubatão Plant		Soluções Usiminas		Mineração Usiminas	
	2019	2020	2019	2020	2019	2020	2019	2020
Total	70,928,310	64,451,650	3,787,311	3,115,949	62,229	46,249	14,864,979	1,458,272

Note: There was no consumption of heating, cooling or steam. There was no sale of energy.





Total energy consumption at the Ipatinga Plant came to 64,451,650 GJ in 2020, considering externally purchased electricity and inputs purchased for industrial use of the following items: acquired electricity, natural gas, oxygen, nitrogen, hydrogen and argon. In the Steelmaking plant in Ipatinga, coal accounts for 70 to 80% of primary energy source. The energy generated and acquired ratio is 30/70.

At the Ipatinga Plant, energy intensity rate was at 7,231 Mcal/ton of crude steel in 2020, considering the Coal and Derivatives, Electricity, Natural Gas, Air Gases and Oil sources, consumed within and outside the organization. Energy intensity rate for Cubatão stood at 488.7 Mcal/ton of finished products, considering Electricity, Natural Gas and Diesel, consumed within the organization. Soluções Usiminas' energy intensity rate was at 17.00 KWh/ton, considering only electricity consumed internally. | **GRI 302-3** |

Aiming at eco-efficiency and equipment modernization, Ipatinga Plant ran energy efficiency projects, resulting in a 18% gain compared to the reference period (1Q20 vs. 2H20), which was achieved through the following initiatives:

- Innovation/ Process Control: development of a software for online monitoring of the regenerators' energy performance, guiding operators to achieve the process' best performance;
- Development and commissioning of advanced features to automatically adapt combustion patterns;
- Personnel: training of machine operators on the combustion concepts and about the use of Regenerators' Energy Performance Monitoring tool;
- Equipment: review of O2 and CO2 analyzer maintenance plan for effluents from HSs combustion, control valves and primary measurement equipment.

These initiatives allowed the Company to reduce its energy consumption from fuel sources by 568,737.35 GJ. | **GRI 302-4** |



Use of Materials

| GRI 301; 301-1; 103-1:301; 103-2:301 |

Mining, steelmaking and steel transformation segments require the use of large volumes of raw materials and inputs. Steel has economic impacts in the organization and its price is related to several factors, including raw material, exchange rate, demand, etc. It also has environmental and social impacts, mainly when we consider its raw material (ore) and issues related to dam safety. All units identify their activities/products/services environmental aspects and assess their environmental impacts. This assessment uses a matrix that relates the activity/product/service with the aspect and respective environmental impact. Matters of time, incidence and situation are included in this assessment. Furthermore, scope, seriousness and frequency are also assessed. For significant impacts, the Company has operational controls. The main materials used at the Company's units are listed below.

Non-renewable material

Materials	Units	2019	2020
Cubatão Plant			
Steel & Aluminum	Kt	1,323.60	1,108.40
Ipatinga Plant			
Steel & Aluminum	Kt	3,318.15	2,804.07
Anthracite	Kt	77.74	110.90
Whitewash and Flux materials	Kt	1,100.33	936.96
Coal	Kt	1,203.07	1,085.26
Coke	Kt	124.94	975.63
Oil Coke	Kt	447.45	417.62
Ore	Kt	4,379.01	3,981.62
Mineração Usiminas			
Ore	Ton	-	8,734,909.00
Welding Consumable	Kg	8,120.00	-
Paints, Solvents, Greases	Kg	1,793.62	-
Argon, Natural, LPG	Ton	80.70	-
Soluções Usiminas			
Zinc	t	343.00	52.97
Steel	t	1,490,404.65	947,705.17
LPG	Kg	165,754.00	68,335.00
Welding Consumable	Kg	714.00	1,183.50
Paints, Solvents, Greases	Kg	3,967.60	2,014.20
Hydrochloric Acid	t	80.70	64.55
Angle plates	Units	-	1,349,000.00
Plastic wrap	Kg	-	144,292.30
Wedge	Pieces	-	144,740.00
Metallic bands	Kg	-	615,120.00
Metallic seal	Kg	-	23,550.28
Labels	Units	-	1,341,931.00
Adhesive tape	rolls	-	55,983.00





| Non-renewable material

Soluções Usiminas		
Materials	Units	2020
Wood	Unit	814,977
Kraft paper	Kg	9,196

| Recycled materials used

Ipatinga Plant		
Materials	Unit	2020
Sinter - RAF/Degraded	Kt	808.43
Granulated ore feed	Kt	84.76
Scale	Kt	142.11
Blast furnace collector dust	Kt	28.33
Industrial recycled material	Kt	185.65
Coke fines/ extinction	Kt	15.33
Calcined dolomite sludge	Kt	13.76
Small coke	Kt	77.21
Scraps	Kt	0.7
Steel scraps used in steel mill	Kt	282.79
Cleaning pig iron scrap	Kt	44.07
Benefited scrap - steel/pig iron	Kt	6.19
Steel scrap - purchased	Kt	64.45
Pig Iron Ingots - Purchased	Kt	8.27



Emissions and Air Quality

| Greenhouse Gas (GHG) Emissions | GRI 305-1; 305-2; 305-4 |

Greenhouse gas emissions are a critical topic to the steelmaking agenda and the Usiminas Companies have been preparing to face this challenge. Calculated using the methodology established by the Intergovernmental Panel on Climate Change (IPCC, 2006), Usiminas Steelmaking recorded 6,479,630 tCO₂e in 2020, as shown in the following tables, and GHG emission intensity came to 2.28 tCO₂e per ton of crude steel in 2020.

| 103-3:305; 305-1; 305-2 | EMS-110a.1

Emission type	Co ₂ e tons per year			
	Ipatinga Plant		Cubatão Plant	
	2019	2020	2019	2020
Scope 1 (Direct Emissions)	7,117,753	6,218,717	137,814	120,948
Scope 2 (Indirect Emissions)	123,869	112,708	25,050	19,257
Scope 3 (Other indirect emissions)	N/A	N/A	N/A	N/A
Total (tCO₂e)	7,241,622	6,331,425	162,864	140,205

Notes: Considers CO₂, CH₄, N₂O and HFCs gases Biogenic emissions – not measured

Reference year – does not apply

GWP source: ISO 14064-1:2006. | Emission factors source: IPCC 2006; WSA (former IISI) and Usiminas chemical analysis for carbon levels.

Emission factor source: Ministry of Science, Technology and Innovation (MCTI).

Approach – operational control standards - IPCC 2006 and GHG Protocol

Usiminas seeks to invest in initiatives that contribute to mitigate the greenhouse gas emissions, such as in-house use of steelmaking gases, in-house power generation to be used in industrial processes, implementing energy efficiency projects and managing and monitoring critical departments' consumption, focused on process performance.

Seeking to improve the GHG emission management, the Company currently has a robust action plan to put into effect the Measurement, Report and Verification (MRV) process related to the Company's GHG emissions, through the preparation and update of corporate GHG inventories, according to the ABNT NBR ISO 14064 standards, the Brazilian GHG Protocol Program and the Intergovernmental Panel on Climate Change (IPCC), verified by an independent assurance body and accredited by Inmetro (Brazilian Institute of Metrology, Standardization and Industrial Quality). Usiminas' collaboration and participation in the "CDP Report" and "Public Emissions Record of the Brazilian GHG Protocol Program" is also in progress. These are initiatives for the full and transparent report and disclosure of GHG emissions information to stakeholders.

| Air Quality | GRI 102-15 | 305-7 | 103-2:305 | 103-3:305 | 413-2 |

An important share of Usiminas' R\$25 million investment in environmental matters in 2020 was allocated to study sediment particulate characterization, called black dust, in the city of Ipatinga, state of Minas Gerais. The study began in March and is part of the Company's commitment to the community and the Minas Gerais Public Prosecutor's Office in the Consent Decree (TAC), in order to identify Ipatinga Plant's contributions to sediment particulate

seen in the plant's surrounding areas and guide initiatives to mitigate its emissions. The Company survey the community on the matter. When asked what Ipatinga's first and second most important environmental matters were, 45% of respondents mentioned air pollution as the city's main problem, followed by river and lake pollution (11%) and noise pollution (8%). Furthermore, Usiminas has advanced with new environmental control measures by

installing 8 fog cannons, operating in the coal sintering and yard areas. In the entire plant, works of mechanical sweeping – by using special equipment – and internal pathway wetting have been reinforced, in order to avoid particle resuspension from surfaces due to in-house transit. The routes for the Company's vehicles have also been reviewed to increase service efficiency.

The use of polymers in internal pathways and on raw material piles – the material works as a type of wrapping, avoiding that substances are blown by the winds – and the revitalization of the Green Belt surrounding the Plant are some of the initiatives that have been put into place. A team has been formed to plant medium-size seedlings and adult trees, so that results can be achieved in the short-term. Usiminas has hired a company specialized in planting trees, which has helped the Company with choosing the most suitable species for the location and purpose. Furthermore, the Company's internal green belt will be expanded. All these initiatives seek to reduce the burden that sediment particulate, black dust, may cause on the population.



In September 2020, Usiminas inaugurated the Ipatinga Plant’s Environmental Monitoring Center. This new room puts together, in a single place, the air emissions monitoring of production and the results from the air quality and sediment particulate monitoring networks, ran by the company in different spots all over the city of Ipatinga. The Center relies on a dedicated team, divided into work shifts to allow the 24x7 monitoring.

NOx, Sox, Persistent Organic Pollutants (POP), Volatile Organic Compounds (VOC), Particulates (MP).

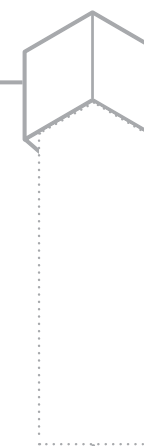
| GRI 305-7; EM-MM-120a.1 |

Emissions (ton)	Ipatinga Plant		Cubatão Plant		Mining		Total	
	2019	2020	2019	2020	2019	2020*	2019	2020*
NOx	5,236.41	5,312.59	102.81	64.48	-	-	5,339.22	5,377.07
SOx	9,861.79	10,444.34	7.41	7.96	-	-	9,869.20	10,452.30
Persistent organic pollutants (POP)	0.0000000311	0.0000000314	-	-	-	-	0.0000000311	0.0000000314
Volatile Organic Compounds (VOC)	4.071	1.665	-	-	-	-	4.07	1.67
Particulate Matter (PM)	6,920.39	5,428.21	16.36	18.76	-	PTS Parameter: 37,071 µg/m³ PM_10 Parameter: 6,375 µg/m³ PM_2.5 Parameter: 2,8120 µg/m³	6,936.75	5,446.97

*Results from the period of 5/21/2020 thru 12/29/2020.

Amounts calculated based on ongoing and intermittent monitoring done periodically on the emissions source. The Company also uses data from emissions inventory, prepared according to the EPA AP42 methodology to measure fugitive emissions of particulate matter.





Water and Effluents | GRI 303-1; 303-2; 303-3; 103-1:303; 103-2:303; 103-3:303 |

Mineração Usiminas is very aware of the natural resources issue, especially water scarcity, which has commanded the attention of several organizations. MUSA frequently monitors water use in order to control the organization and its surrounding areas' water body and act focused on prevention. The unit accounts for 48% of Usiminas' entire water consumption. The Company is committed with observing legal requirements and implementing new technologies to reduce impact. The purpose is to provide better efficiency and ensure water body quality. Every year the Company sets goals and targets to maintain and/or improve its results, including, for example, Recirculation Rate, Withdrawal goals and ETPs' quality standards. Several departments are responsible for achieving said goals and targets. Units have water consumption goals linked to the annual budget, which is based on production.

Discharged water effluents follow the requirements set forth by laws in force. The Company has industrial water treatment systems and water effluent treatment

plants to treat water used in various processes, such as oily, galvanic, acid and organic effluents. Usiminas relies on indirect water recirculation centers, which basically consist of cooling towers, and the direct centers that consist of treatments to remove contaminant elements. These centers allow a high water recirculation rate in the steelmaking.

The Company does not withdraw water from water-scarcity areas. Ipatinga Plant withdraws its water from the Piracicaba River, which is chemically treated to comply with industrial water quality, before being stored in the Anta Lake and distributed to be used in the plant. Most of the water used is sent to installed recirculation centers, which enable its reuse. After the use in the production process, water goes through the Effluent Treatment Plants (ETPs) to receive physical-chemical and biological treatment before returning to the Piracicaba River. Ipatinga Plant has a Water Monitoring Plan, which has been devised in agreement with the proper environmental agency and provides

information on the frequency of withdrawals and the quality standards to be monitored in each area.

In 2020, the steelmaking industry, a major user of water resources, recorded total water consumption of 43.876 ML. The table below presents detailed information on total water consumption:

|| GRI 303-5 |

Total Water Consumption in all areas (megaliters)

	2019	2020
Ipatinga	51,085.00*	48,149.58
Cubatão	6,345.20	5,742.56
Soluções Usiminas	46.29	43.88
Mineração Usiminas	50,012.79	49,080.66
Total	107,489.28	103,016.676

Water consumption in water scarcity areas (mega liters)

	2019	2020
Ipatinga	-	-
Cubatão	-	-
Soluções Usiminas	-	-
Mineração Usiminas	-	-
Total	-	-

*Adjusted amount. In 2019, the Company's water consumption disclosed was 10,232 ML, which refers to water losses (due to evaporation and infiltration). | GRI 102-48 |

|| GRI 303-3 |

Total water withdrawal (megaliters)

	Surface	Groundwater	Total
Ipatinga	47,416.00	-	47,416.00
Cubatão	5,742.56	-	5,742.56
Soluções Usiminas	-	6.77	6.77
Mineração Usiminas	90.59	4,479.58	4,570.17
Total	53,249.15	4,486.35	57,735.50

At Usiminas Mecânica, water is demanded in the use of toilets, meal preparation and human consumption. The effluent generated by the Plant is treated at the Effluent Treatment Plant (ETP), which monitors and controls wastewater discharge in accordance with the standards set forth in the Joint Normative Resolution (COPAM/ CERH-MG No. 1, of May 5, 2008). Wastewater is collected monthly by an external Inmetro-certified laboratory to perform effluent analysis.

Six Soluções Usiminas’ units use water from local supply (utility concessionaire), and only the Taubaté unit uses water from utility concessionaire and well. Water is consumed mostly for administrative purposes. Only the Porto Alegre unit uses water in its industrial processes.

At Usiminas Mineração, total consumption came to 49,080.66 megaliters and there is no effluent discharge.

In 2020, for the second year in a row, Soluções Usiminas was awarded by Toyota and Brasa (Brazilian Automotive Supplies Association). The company won the Toyota Business Practices 2020, in the Environment category, with the paper “Improvements to drinking water management, in order to reduce natural resource degradation”. Developed at the Guarulhos unit, the project seeks to abolish drinking water waste in the water reservoir sanitization process. According to the law, this cleaning process must be carried out every 6 months and, before this initiative, up to 60 thousand liters of water were wasted.





Waste and Circular Economy

| GRI 102-15; 103-2:301; 103-3:301; 103-2:306; 103-3:306 |

The Company registers waste direct or indirect related to its production in the Integrated Environmental Management System (NBGA), in the Waste Management module. Waste can be accounted for in two forms: interface with other applications or manual entry, in which representatives from waste generating departments account for their waste generation, and must input the corresponding amount into the NBGA by the fifth business day of each month. Generating units, together with the Transportation Department, are responsible for annually checking generated/disposed waste handling control (volume, theoretical weight, travel, technical index) and which are not weighted (highway scale or dynamic loader scale), as well as translating said units into tons, for the dully input in the NBGA system. Gauging records must be filed and shall be verified by inspections, audits or specific demands. Every month, the Environmental team monitors changes, comparing results achieved with planned goals. Usiminas' industrial waste is internally recycled and sold, while other waste types are disposed by contractors.

Data collected from invoices, Waste Transportation Manifest (MTR in Portuguese) and Waste Movement Documents (DMR in Portuguese). Waste disposal is determined according to cost reduction goals and in compliance with the annual budget. In 2020, Usiminas steelmaking operations generated around 2,923,427.12 tons of industrial waste. The final destination of the waste generated over this year is presented below:

Final destination of waste generated in the year | GRI 306-2 2016 |

	Ipatinga Plant		Cubatão Plant	
	2019	2020	2019	2020
Hazardous waste	Weight (t)			
Coprocessing	3,579.00	5,033.96	1,354.49	-
Incineration	-	-	71.96	272.63
Internal Recycling / Reuse	13,487.00	18,924.00	504.40	540.90
Treatment / Landfill	16.34	73.89	-	-
Recycling	-	-	28,008.60	34,157.12
Recovery	-	-	1,515.59	1,556.35
Burying	-	-	17.40	95.17
Storage	-	-	26.18	-25.30
Subtotal	17,082.34	24,031.85	31,498.62	36,596.87
Non-hazardous waste				
Landfill / Burying	907.40	5,137.43	1,367.50	1,075.02
Internal Recycling / Reuse	1,182,409.52	962,285.17	155,202.10	26,963.87
Commercialization	2,108,261.71	1,839,051.42	-	80,590.88
Recovery	-	-	225.30	18.89
Storage	-	-64,667.14	11,706.40	-29,809.44
Other	66,715.39	41,669.30	-	-
Subtotal	3,358,294.02	2,848,143.32	168,501.30	78,839.22
Total	3,375,376.36	2,872,175.17	199,999.90	115,436.09



	Soluções Usiminas		Mineração Usiminas	
	2019	2020	2019	2020
Hazardous waste	Weight (t)			
Coprocessing	61.53	64.40	171.62	350.64
Decontamination/Incineration	5.77	-	-	-
Class 1 Landfill	-	0.88	79.86	253.72
Biological treatment	-	-	387.64	635.19
Incineration	-	-	0.04	0.09
External treatment	897.28	587.07	-	-
Recycling	3.86	-	-	-
Re-refining	29.43	17.33	-	-
Incineration/Autoclave	0.03	0.35	-	-
Class A Landfill - Construction Waste	-	-	-	881.50
Subtotal	997.90	670.03	639.16	2,121.14
Non-hazardous waste				
Coprocessing	-	-	-	79.70
Sales	-	-	1,120.92	1,815.93
Donation	-	-	-	-
Landfill	359.47	454.84	-	-
Recycling	35,815.67	18,724.32	9.63	178.29
Animal Nutrition	31.59	23.71	-	-
Treatment	170.62	-	-	-
Composting	-	-	157.51	132.14
Boiler burning	-	-	88.54	165.63
Other	-	-	-	-
Subtotal	36,377.35	19,202.87	1,376.60	2,371.69
Total	37,375.25	19,872.90	2,015.76	4,492.83





In a cultural change towards circular economy, nowadays, the Company has a use for almost all material that exits the plant to produce steel. In 2020, the Ipatinga Plant generated close to 2.77 million tons of industrial waste, of which 34.6% were internally reused in the Company’s own processes. The Cubatão plant generated 121,627 tons of waste, of which 43.2% were internally recycled.

Industrial waste management at the Ipatinga Plant aims at increasing the reuse and reducing final disposal in controlled landfills. Initiatives are targeted at creating value from waste by means of internal recycling, as inputs from production processes or selling it to third parties. Disposal at controlled landfills represents less than 2% of the waste disposed of over the last year.

2020 has also seen other important initiatives, such as: use of cured steel aggregates as asphalt base and sub-base in the MG760 highway construction; use of steel

aggregates as raw material to produce clinker at the cement plants and the maintenance of Usiminas’ registration to sell steel aggregate as agriculture corrective, issued by the Ministry of Agriculture, Cattle Farming and Supplies (MAPA). We began to develop research to increase the use of steelmaking waste for agricultural use.

Usiminas has also sold more than 158.5kt of thin steelworks sludge, previously sent to controlled landfills. These new sludge markets contributed to reduce waste volume sent to landfills by 60% compared to 2019.

Moreover, the Cubatão Plant began to sell cured steel aggregate (100% of aggregate sold is cured), offering to the market a superior material in terms of technical features and added value. Additionally, the Company began negotiation to donate steel aggregate to the city of Cubatão, under the same conditions as *Caminhos do Vale*, a program run in Minas Gerais ([see more information on page 125](#)).

On its turn, Ipatinga Plant used more than 1,762 thousand tons of recycled materials, corresponding to 17% of its demand. Waste from processes is internally reused, as detailed below. | [GRI 301-1](#); [301-2](#); [103-2:301](#); [103-3:301](#); [103-2:306](#) |

Recycled materials used	2020
	Amount (Kt) Ipatinga
Sinter - Raf / Degraded	808.43
Fine Granulated Ores	84.76
Scale	142.11
Blast Furnace Collector Dust	28.33
Industrial Recycling	185.65
Coke Grinder / Extinction	15.33
Calcined Dolomite Sludge	13.76
Small Coke	77.21
Scraps	0.70
Steel Scraps used in steel mill	282.79
Cleaning Pig Iron Scrap	44.07
Benefited scrap - steel/pig iron	6.19
Steel Scrap - Purchased	64.45
Pig Iron Ingots - Purchased	8.27
Subtotal Weight (Kt)	1,762.0



Biodiversity and Use of Soil

| GRI 304-1; 413-2; 103-2:304; 103-3: 304 |

Biodiversity preservation is one of Usiminas' priorities when it comes to sustainable development goals. Therefore, Usiminas has programs for preservation and conservation of green areas and takes special care of protected areas.

Mineração Usiminas occupies in a 7.46 km²- area in Serra Azul, between the municipalities of Mateus Leme, Itaúna, Itatiaiuçu and Igarapé (MG). Ipatinga Power Plant and Usiminas Mecânica have approximately 10 km² of industrial area in the city of Ipatinga (MG) and occupy an area next to the Integral Protection Conservation Unit - Rio Doce State Park (PERD).

It is important to emphasize that PERD was the first Conservation Unit created in the state of Minas Gerais and it is home to the state's largest tropical forest, having been classified as a Core Zone of the Atlantic Forest Biosphere Reserve, recognized by UNESCO in 2008. It is considered a location of "Extremely

High Biological Importance" by the Ministry of Environment, the highest level in this analysis category and declared an "Area of Special Biological Importance" by the State of Minas Gerais Government. The PERD region is the third largest lake ecosystem in Brazil. In 2010, the park was included in the Ramsar List, which gathers important wetlands around the world.

Usiminas is part of the PERD Advisory Board, acting together with the State Forest Institute (SFI) and other representatives of society's organized sectors. The goal is to contribute to implementing and fulfilling PERD goals, come up with management-related proposals, discuss priority planning actions, propose actions to balance, integrate and optimize the relationship with the local population, give opinions on the use of funds allocated to the conservation unit, among others. The Board is composed of Government, Productive Sector, Universities and Organized Civil Society representatives.

The Ipatinga Plant and Usiminas Mineração monitor and protect their Permanent Preservation Areas (PPAs) and Legal Reserves. In 2016, a 204.13-hectare area owned by Usiminas in Ipatinga (MG), was recognized as a Private Natural Heritage Reserve (RPPN) by IEF, in accordance with IEF Ordinance no. 92 of December 2016, contributing to maintaining the Atlantic Forest Biome. The RPPN Usipa creation results from an agreement between Usiminas and MPMG (State Prosecution Office of Minas Gerais), which has reckoned its ecological importance for the region in order to justify its perpetual preservation. An area of preserved native vegetation, near a leisure and sports venue, where a seedling nursery is located, is also of great importance for the community - both the population of Ipatinga and the neighboring cities Coronel Fabriciano, Timóteo and Santana do Paraíso. Usiminas owns protected areas in Ipatinga and neighboring cities, as shown in the table below.

Protected areas | GRI 304-1 |

Riparian Forest	Located in the cities of Coronel Fabriciano, Ipatinga and Santana do Paraíso. Total area of 183.30 hectares
Zoo Botanical Park	Located in the city of Ipatinga. Total area of 249 hectares, of which 204.13 hectares are RPPN.
Urban woods	Located in the city of Ipatinga. Total area of 737.46 hectares
Industrial Belt	337-hectare area surrounding the Plant.
RPPN Lagoa Silvana	Located in the city of Caratinga. Total area of 255.86 hectares.

Usiminas also has important activities in Cubatão. The Support Program for Fisheries, implemented in 2006, assists fishing communities near the Cubatão Plant (SP), sponsored by the São Paulo State Fishery Federation, which provides supporting services to these communities while the Piaçaguera Canal dredging project is underway.



The Cubatão Plant is located in a buffer zone of Serra do Mar State Park. An e-book was published in 2016, disclosing information collected at said archaeological site and references to the history of Cubatão and Santos region occupation.

| Fauna Sem Lar Rehabilitation Program

In a joint initiative between the Biodiversity Center of Associação Esportiva e Recreativa Usipa (Sport and Recreation Association), the State Forest Institute (IEF), Arpava, the Minas Gerais State Military Police and State Military Fire Department, the Environmental Prosecution Office of Ipatinga (MG) and Usiminas, the *Fauna Sem Lar* (Homeless Fauna) Rehabilitation Program at the Vale do Aço is intended to provide veterinarian and clinical services to wild animals rescued by Vale do Aço Environmental Military Police, the Fire Department and the State Forest Institute (IEF). In 2017, Cebus entered into an agreement with IEF and was accredited to provide such services. After IEF's approval, it was possible to enter into a Fund Transfer Agreement with Arpava, which affords the costs of initiatives targeted at the regional fauna.

Cebus has already served over 1,200 animals, rescued or retrieved by proper authorities, from danger situations. These animals come from the cities of Ipatinga, Coronel Fabriciano, Timóteo, Santana do Paraíso, Belo Oriente, Ipaba, Açucena, Governador Valadares and surroundings, Manhuaçu, Pingo D'Água, João Monlevade, Itabira, Bom Jesus do Galho, among others. Animals served in the program include birds, reptiles and mammals but most of them are birds (parrots and passerine) victims of animal trafficking, and injured mammals, which are run over or injured by urban equipment. Cebus was able to return 41.3% of these animals to nature. Others have been transferred to institutions that rely on better conditions to rehabilitate them, before returning these animals to the wilderness. In some cases, rehabilitation treatment to return to the wilderness has not been possible due to the long period these animals spent in captivity, eating food that is different from what they can find in their original habitat thus developing behaviors that complicate their resocialization. In such cases, Cebus has decided to keep them and 8.1% of total animals are part of its roster, after IEF authorization.

Usiminas has surveyed the community. With regards to environmental measures, only 3% of respondents said they were very satisfied, while 30% were satisfied. 32% of respondents were neither satisfied nor dissatisfied, while 26% were dissatisfied and 5% said they were very dissatisfied. Residents of Das Águas, Cariru and Castelo neighborhoods said they were dissatisfied more than average, representing at least 36% of respondents in those locations.





| Green Areas Recovery Program

Ever since its foundation, Usiminas has developed in Ipatinga, state of Minas Gerais, the implementation, restoration and preservation of the Company's green areas, with the planting and supply of seedlings, in addition to preventive maintenance against fire by means of the firebreak technique. In 2020, 13,402 seedlings were produced at Usiminas' Nursery, of which 6,132 were planted in the company's preservation areas.

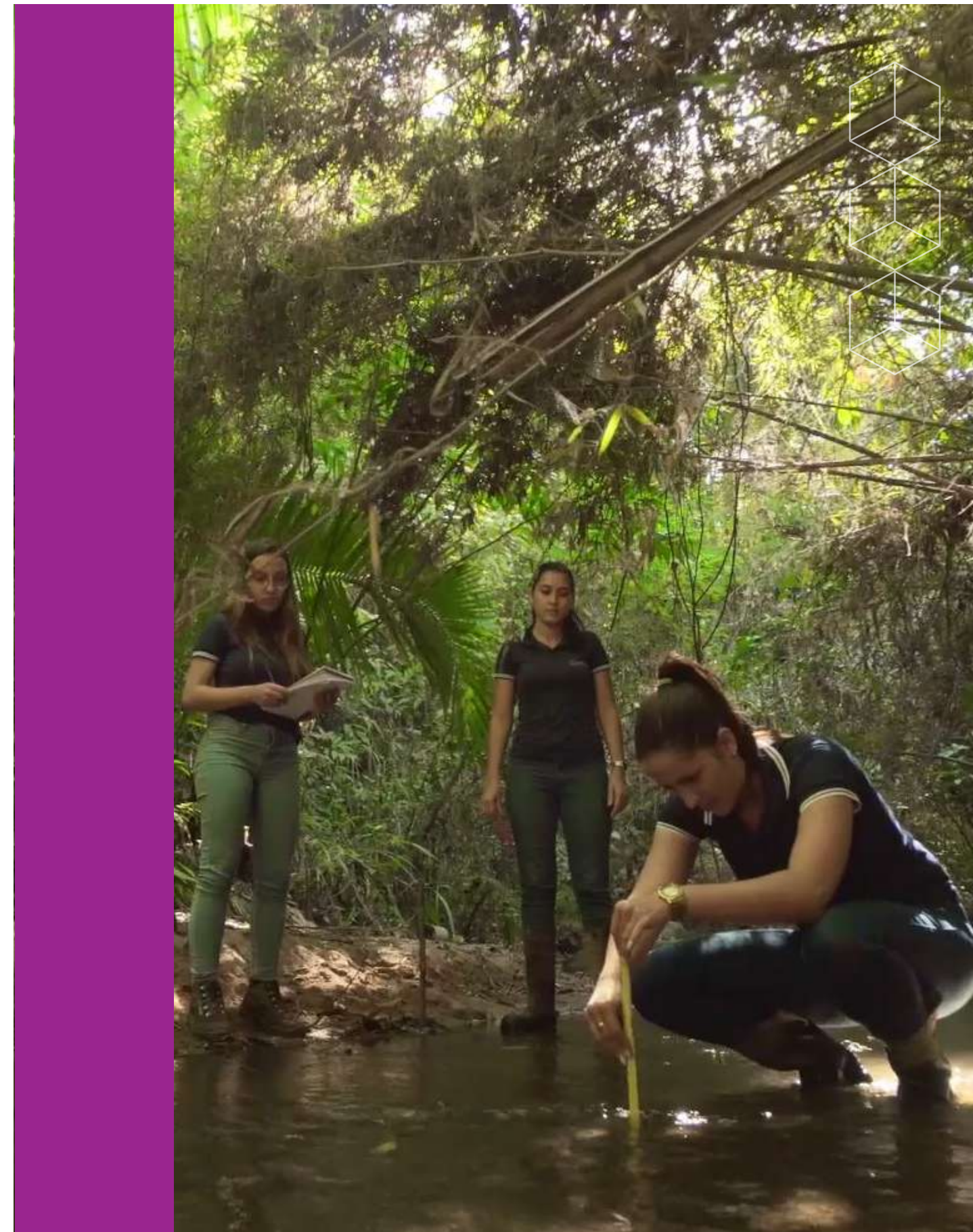
At the Cubatão Plant, the volunteer project "Plant a Life" integrates environmental and sustainability actions. Due to the pandemic, the initiative was suspended in 2020 and will resume when the scenario is back to normal. The initiative foresees that company's employees who have had natural or adopted children will plant native tree seedlings, using Atlantic Forest native species, such as *Tamanqueiro*, *Canjerana*, *Guanandi*, *Gabioba-árvore*, *White Jequitibá*, *White Embaúba*, *Grumixama*, *Palmito Juçara*, *Ingá Bean*, *Araçá*, *Aldrigo*, *Aroeira Pimenteira*, *Gua-puruvú*, *Pau-cigarra* and *Jerivá*. The seedlings are now part of the plant's green

area, which has more than 1 million square meters, divided into natural areas, such as the Casqueirinho and Tapera hills, as well as woods and gardens.

USIMINAS MOBILIZA PROGRAM

Mobiliza pelos Caminhos do Vale

Since 2015, steel aggregate from the steel mill production gained a new noble use through *Mobiliza* platform's first program: *Usiminas Mobiliza pelos Caminhos do Vale*. The program was created based on the identification of improvement opportunities to the local communities' quality of life, together with the opportunity to reduce the steel aggregate volume in controlled landfills. A partnership between Usiminas, the Associação e Consórcio dos Municípios do Vale do Aço (AMVA/CIMVA), and local governments allowed the steel aggregate from steel mills to be used to pave several rural and urban roads. The program ensured the recovery of 3,209 kilometers of rural roads and benefited 1.3 million people in 84 cities registered in the Program.

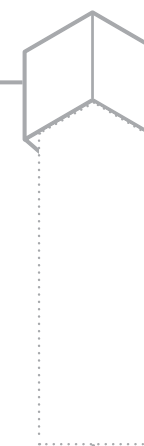


Mobiliza Todos pela Água | GRI 303-1 |

The Program was devised by Usiminas in partnership with the Consórcio Intermunicipal Multifinalitário do Vale do Aço (CIMVA) and the Interagir Institute. *Mobiliza Todos Pela Água* was conceived together with the *Mobiliza pelos Caminhos do Vale* Program. In the 84 cities located in the Eastern region of Minas Gerais state that have received steel aggregate for pavement of rural roads, the Company agreed on an offset: to develop social and environmental programs to recover headwaters and riparian forests. Since 2018, the program has been developed to help improve society, setting an example for everyone to rethink the way they act on behalf of sustainability. Some of the program's achievements were:

- **4,789 headwaters** have been identified and mapped;
- **1,329 headwaters** protected and permanent preservation areas consolidated;
- **13 technical trainings** provided to almost 224 people;
- **3,550 technical reports** about the identified and mapped headwaters have been prepared;
- **25,500 native** Atlantic Forest seedlings have been donated by partners;
- **30 educational workshops on environmental themes** about headwater recovery and protection and vegetal restoration.





Environmental Commitments

| GRI 307-1; 103-2:307; 103-3:307; 102-15 |

Usiminas has signed commitments with the Minas Gerais (MPMG) and São Paulo (MPSP) Public Prosecutor's Offices, states where the Company's Steel Plants are located. The commitments that the Company is bound to are listed below in chronological order, from the oldest to the most recent.

In 2006, the Company signed a commitment with MPMG to monitor the setting up of Coke Plant 3 at Usiminas' Ipatinga Plant and, consequently, formalize minimum air quality standards, minimum atmospheric effluents emission standards, the installation of pollution control equipment and atmospheric monitoring.

Emission parameters and standards have also been set for the operation of Coke Plant 3; equipment that would be implemented, such as those related to the coal loading process, to visible emissions in the furnace system, in the Coking/Heating of Coke Chambers, to visible emissions in the Coke Plant Doors, in the coke pushing/

extinction, and continuous monitoring of particulates parameter and maximum benzene emission standards.

In 2009, an addendum was signed to the commitment executed in 2006, adjusting a final deadline for the definitive closure of Coke Plant 01 operations, setting minimum standards for Coke Plant 2 operations the installation of digital air quality information boards in the city of Ipatinga, the funding of a scientific study to determine occurrence of acid rain in Rio Doce State Park, the preparation of a technological improvement program to reduce SO_x, NO_x and O₃ emissions, the chimneys' continuous monitoring system, among others.

Also, in 2009, Usiminas signed an agreement to maintain and preserve the areas in its property identified in the Ipatinga Master Plan by numbers 01; 04; 05; 06; 09; 10; 11; 16; 17; 18; 19 and 20, and deemed as areas of environmental and landscape interest.

In 2010, as a result of contaminating substances having been found in groundwater located in areas bordering Usiminas industrial complex in Ipatinga, unequivocally from past industrial activities, with no active sources, a commitment was executed to determine that the Company undertakes to: implement an aquifer containment system (hydraulic barrier) at the limit of the coal yard with the company's external area; promote the adequate treatment of contaminants mass and the groundwater extracted by the barrier; promote remedial actions necessary to solve the impacts identified in the groundwaters under the Vila Ipanema and Cariru neighborhoods; carry out a study on benzene pollution exposure; perform gas analytical monitoring; check water tightness of the underground tank located in the Coke Plant area; promote selective removal of waste and contaminated soil; keep the soccer field 1 area located in the Steelworks Club isolated; promote intervention actions, environmental management and monitoring and rehabilitation regarding soil and aquifer contamination in the Club area and present a soil remedial action plan.

In 2014, through a Consent Decree (TAC in Portuguese) signed in 2009, Usiminas undertook to create and maintain a RPPN, at an Usipa Sports and Recreational Association area in Ipatinga, and to replace the construction of the environmental analysis lab by paying the amount that would be spent in the construction.

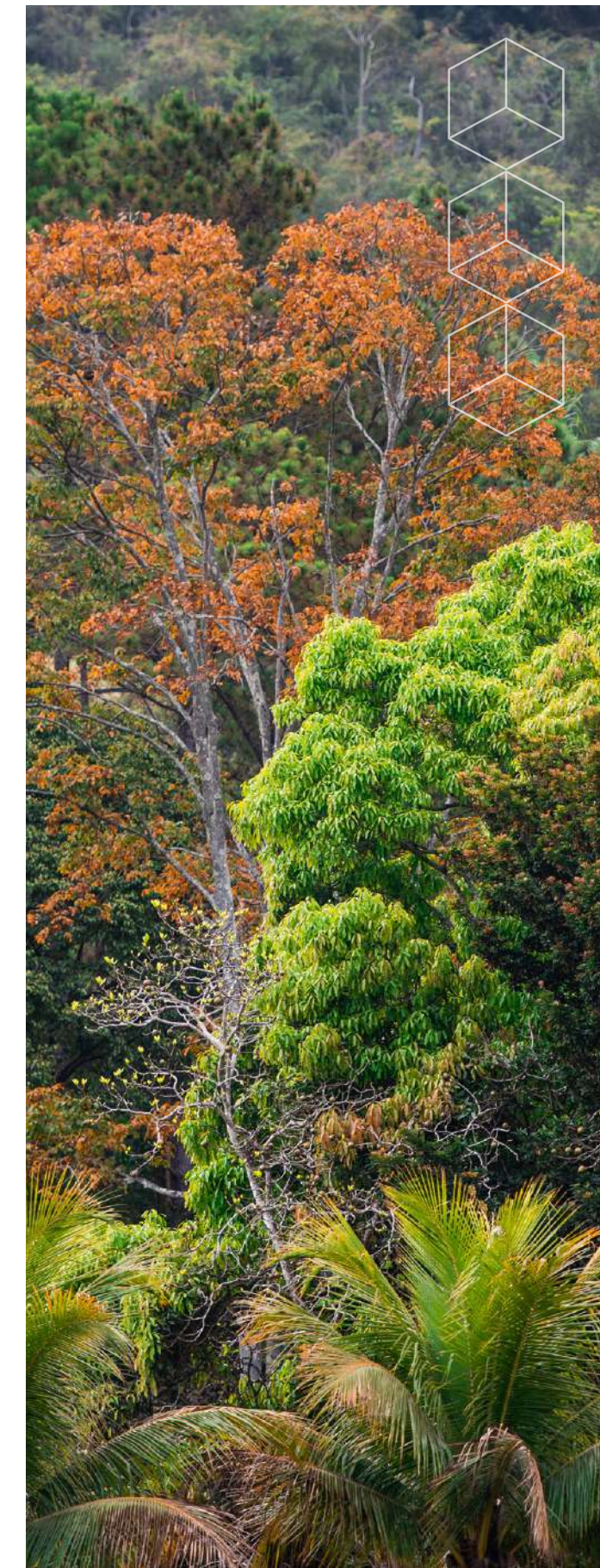
In 2015, Cubatão Plant signed a commitment with the MPSP, which consists of obligations related to environmental performance improvement of equipment within its production units, in addition to compensation measures, as well as measures of a patrimonial nature, with the acquisition of goods to be allocated to CETESB, the city of Cubatão and the Fire Department, in the adjusted amount of R\$4.5MM. With its primary activities shutdown, the commitment related to the equipment's environmental performance improvement was suspended until operations are resumed.

Also in 2015, a commitment was entered into for the Ipatinga Plant, which includes measures to recover the APP located near the slag yard, consisting of

the recovery of a degraded area, with isolation of the fenced area, reforestation by planting suitable native seedlings and monitoring their development for a period of no less than three years. As compensatory measures, Usiminas has undertaken to recover and restore two assets owned by the Company, which are considered part of the City's heritage, known as *Fazendinha* and *Pedra Mole* Railway Station.

In 2019, Usiminas signed a commitment to reduce sediment particulates build-up in the neighborhoods surrounding Ipatinga Plant, with a commitment to implement a specific monitoring network for this parameter, in addition to several other actions involving studies and commitments to mitigate atmospheric emissions.

In 2020, the Company executed an addendum to the Consent Decree signed in 2019, which established sediment build-up measures resulting from the Company's operations in the neighborhood.



Decommissioning and Dam Safety

| GRI 102-15; 103-2: 307; 413-2 |

Usiminas has made progress in eliminating dams from its operations. In this transition, the Company has begun several simultaneous projects to minimize risk inherent to its mining activities, such as spillover of pollutants and other hazardous materials, fires, explosions, rockfall and waste disposal incidents, as well as accidents with mobile equipment and machinery. Historically, Mineração Usiminas has adopted high safety, health and environmental standards in its operations, reinforcing that its employees and local community's safety is a priority and that active dams have safety factors that are over and above what is recommended by rules.

Dam de-characterization is part of the integral plan to make Usiminas Companies ful-

ly sustainable and bring even greater peace of mind to our employees, as well as to the population of the region, with a healthier environment. We expect the Central Dam to be de-characterized at the beginning of 2022, which will finish the process to eliminate upstream dams. We will continue working, in the future, on de-characterizing the Samambaia Dam, our last (downstream) dam still in operation.

With regards to dams safety and monitoring, one of the highlights is the daily monitoring and reports sent to proper authorities every 15 days, the weekly presentation of the dam status to the Executive Board and internal and external audits every six months, among other measures that are in line with legal requirements.

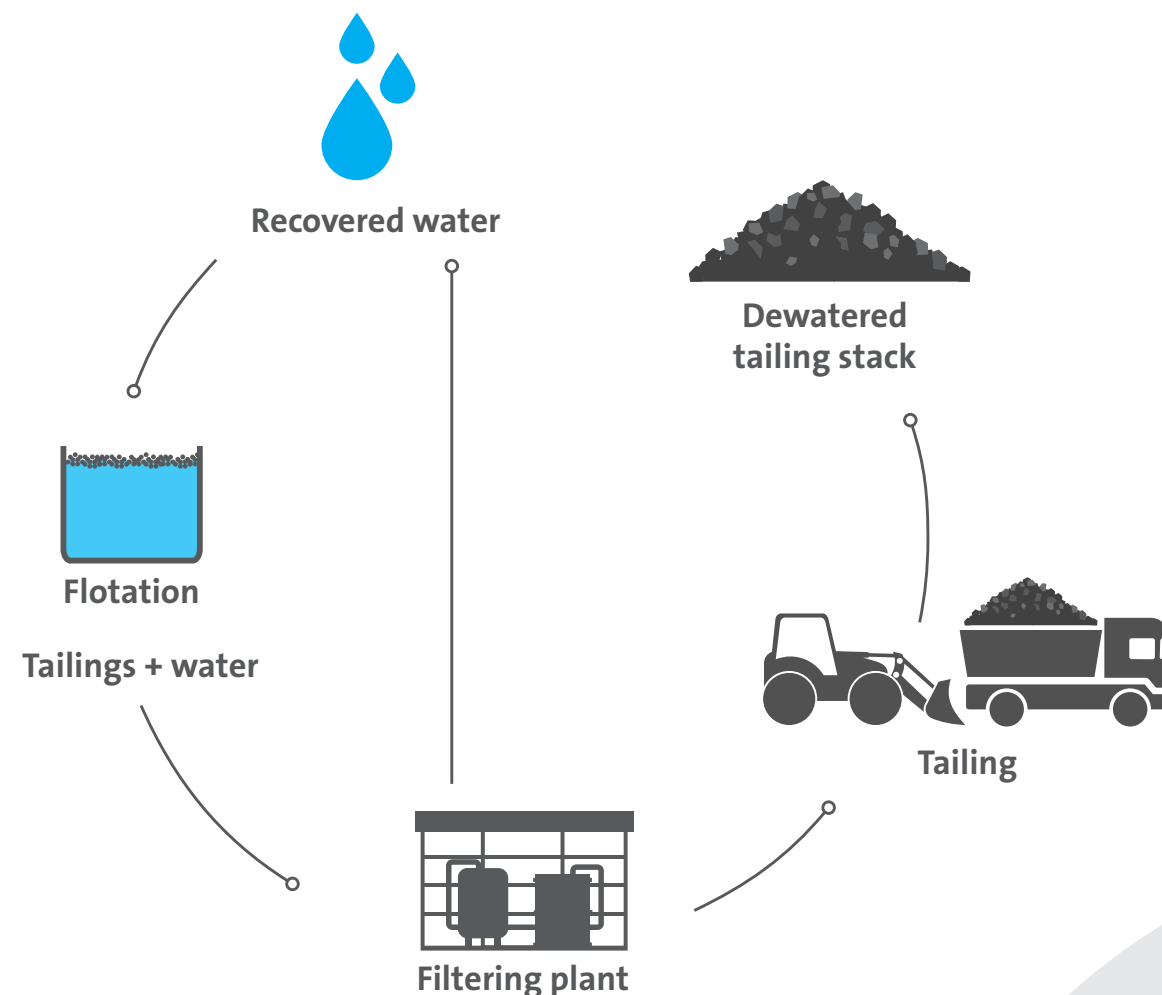


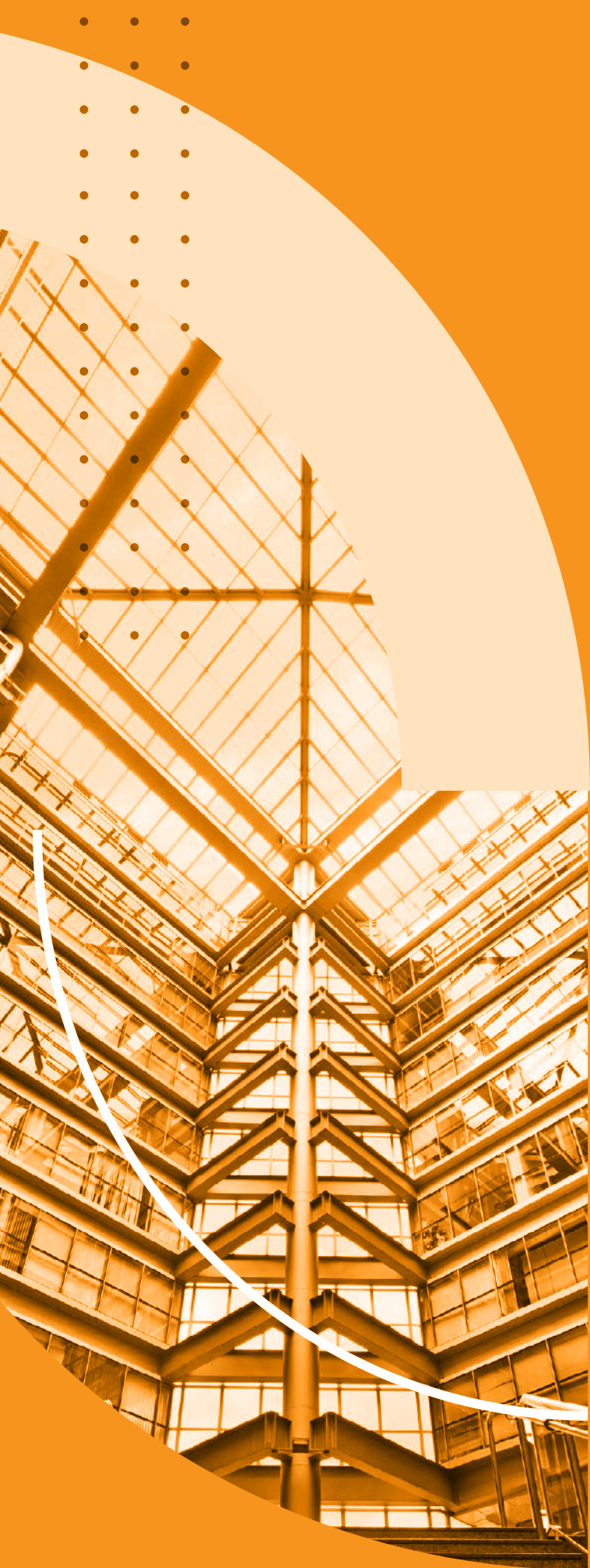
Among the mining activity's legal requirements, we highlight those related to (i) exploration form of mineral deposits; (ii) employee safety and health; (iii) environmental protection and restoration; (iv) pollution prevention; (v) promotion of safety and health of the local communities where mines are located, and (vi) decommissioning and recovery of degraded areas.

The Mining Code also imposes regular reporting and notification requirements to the newly established National Mining Agency (ANM), which has replaced the National Department of Mineral Production (DNPM).

The Minas Oeste (Somisa) dam de-characterization process, of Mineração Usiminas (Musa) has been approved in November 2020 by ANM, which is responsible for dam safety and fully finished in January 2021, when the Company received the State Environmental Foundation (Feam)'s approval, the last stage for the structure to be officially considered de-characterized.

With an approved investment of R\$160 million, Mineração Usiminas began to implement the waste dry stacking process in 2020 and expects to start operating in the second semester of 2021. Dry stacking will allow Mineração Usiminas to operate without disposal of tailings in the dam after its implementation, this method allows the company to minimize possible risks created by its activities, in addition to reducing overall water consumption, through filtering and reusing wastewater (see infographic below). The forecast is that in 2021 the use of dams by Mineração Usiminas will cease, fulfilling another commitment to the communities and to all of its collaborators.





8



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| GRI 102-55 |





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103-3	Evaluation of the management approach 2016	With regards to the satisfaction survey with the communities surrounding Usiminas' Ipatinga plant, 60% of respondents said they were very satisfied/satisfied with waste disposal, 23% were dissatisfied/ very dissatisfied; while 17% said they were neither dissatisfied nor satisfied. Incorrect waste disposal is the main reason for dissatisfied respondents.	121
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103-3	Evaluation of the management approach	With regards to the satisfaction survey with the communities surrounding Usiminas' Ipatinga plant, 69% of respondents said they were very satisfied/satisfied with water treatment quality, 12% were dissatisfied/ very dissatisfied; while 17% said they were neither dissatisfied nor satisfied. Polluted water is the main reason for dissatisfied respondents.	46, 119
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305-4	Intensity of GHG emissions		116
305-5	Reduction of GHG emissions	Usiminas is preparing its emissions management and reduction plan. A goal and reference year have not been defined yet.	
305-6	Emissions of ozone-depleting substances (ODS)	There is no evidence that SDO emissions are significant for Usiminas Companies.	
305-7	Emissions of NOx, SOx and other significant air emissions		117, 118
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307-1	Non-compliance with environmental laws and regulations	Soluções Usiminas: no fines in 2020. Steelmaking: total significant fines came to R\$1.37 million in 2020. Mining: total significant fines came R\$223,450.04 in 2020.
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EM-IS-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) nearmiss frequency rate (NMFR) for (a) full-time employees and (b) contract employees		92
TRAINING AND QUALIFICATION			
GRI 404: TRAINING AND EDUCATION			
103-1	Explanation of the material topic and its boundary		39
103-2	The management approach and its components		79
103-3	Evaluation of the management approach	Certification audits include training department's processes.	70
404-1	Average hours of training per year per employee		79
404-2	Programs for the development of employees' skills and assistance for career transition		79
404-3	Percentage of employees receiving regular performance and career development assessments		89
DIVERSITY, EQUALITY AND INCLUSION			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES			
103-1	Explanation of the material topic and its boundary		39
103-2	The management approach and its components	The Company has several ongoing initiatives to increase diversity. One of these initiatives is apprentice classes exclusive for women, who will, in the future, join Usiminas' operational staff.	70, 85



Disclosure		Answer	Page
103-3	Evaluation of the management approach	The 1 st Diversity and Inclusion Week, held in November 2020, had more than 11,750 accesses in its activities. 89.3% of the 8 live broadcasts held during said event were rated as “great”, and the best evaluated live broadcast was the one about “LGBTI+”.	70
405-1	Diversity in governance bodies and employees		24, 25, 87, 88
405-2	Ratio of basic salary and remuneration of women to men		77, 78
GRI 406: NON-DISCRIMINATION			
103-1	Explanation of the material topic and its boundary		39
103-2	The management approach and its components		70
103-3	Evaluation of the management approach		70 and 85
406-1	Cases of discrimination and corrective measures taken		33
COMMUNITY RELATIONS			
GRI 413: COMUNIDADES LOCAIS			
103-1	Explanation of the material topic and its boundary		40, 97
103-2	The management approach and its components		40, 97, 98
103-3	Evaluation of the management approach		99
413-1	Operations with local community engagement, impact assessments and development programs	Usiminas is present in 13 cities, in 5 Brazilian states. At all operations with more than 500 own employees (Cubatão-sp, Ipatinga-MG and Itatiaiuçu-MG) and at the headquarters (Belo Horizonte-MG), Usiminas has some type of evaluation mechanism and/or initiative directly targeted at the community or in partnership with Usiminas Institute. For the other cities where the Company has smaller operations, commercial offices or distribution centers, Usiminas makes a formal complaints channel available to the community.	
413-2	Operations with significant real and potential negative impacts on local communities		117, 124, 130



Disclosure		Answer	Page
SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES			
EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	We do not have mining activities in indigenous areas or close to them.	
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	We do not have mining activities in indigenous areas or close to them.	
Extras GRI Disclosures - disclosures not considered in materiality, but which Usiminas decided to report to maintain the historical series and comparability			
ECONOMIC SERIES			
GRI 201: ECONOMIC PERFORMANCE			
103-1	Explanation of the material topic and its boundary		38, 54
103-2	The management approach and its components		54
103-3	Evaluation of the management approach		54
201-1	Direct economic value generated and distributed		56
201-3	Defined benefit plans and other retirement plans		96
201-4	Financial assistance received by the government		55
GRI 202: MARKET PRESENCE			
202-1	Ratio of lowest paid salary, by gender, compared to local minimum salary	Data refer to all Usiminas operational units.	76
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Investments and services in infrastructure		99
203-2	Significant indirect economic impacts		99
GRI 204: PURCHASE PRACTICES			
204-1	Proportion of spending on local suppliers		65
GRI 206: ANTI-COMPETITIVE BEHAVIOUR			
206-1	Lawsuits for unfair competition, trust and monopoly practices	Usiminas, Cosipa and CSN - common flat steel producers - were condemned by the Brazilian Antitrust Authority (CADE) for formation of cartel. According to CADE, the companies have uniformly adjusted prices in a coordinated action. Usiminas filed a lawsuit to overturn the convictions through administrative channels. These are two main lawsuits (Cosipa and Usiminas), filed in 2001, which are still in progress and in an extraordinary and special appeal phase.	



Disclosure		Answer	Page
GRI 207: TAXES			
207-1	Tax approach		57
207-2	Governance, control and management of tax risks		56
207-3	Stakeholder engagement and management against taxes		57
207-4	Country to country reporting		57, 72
ENVIRONMENTAL SERIES			
GRI 302: ENERGY			
103-1	Explanation of the material topic and its boundary		40
103-2	The management approach and its components		113
103-3	Evaluation of the management approach		113
302-1	Energy consumption within the organization		113
302-3	Energy intensity		113, 114
302-4	Reduction of energy consumption		114
SOCIAL SERIES			
GRI 401: EMPLOYMENT			
103-1	Explanation of the material topic and its boundary		39
103-2	The management approach and its components		70
103-3	Evaluation of the management approach		70
401-1	New employee hires and employee turnover		72, 75
401-2	Benefits granted to full time employees not granted to part time or temporary employees	Important units are defined as units which concentrate production and/or personnel activities.	76
401-3	Maternity/Paternity leave		76



Disclosure		Answer	Page
GRI 402: LABOR RELATIONS			
402-1	Minimum notice period for operational changes	Operational changes are informed to employees at least one week in advance and are in accordance with agreed terms with labor unions; agreements are recorded and available for consultation in the Ministry of Economy's mediation system.	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers where the right of association and collective bargaining may be violated or there is a risk		63, 95
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-1	Operations subject to human rights impact assessment or analysis	Human rights are assessed in 100% of Usiminas operations (all in Brazil).	63
412-2	Training employees in human rights policies or procedures	10,417 training hours dedicated to the Code of Conduct and Ethics, representing 95% of Usiminas Companies' active employees.	80
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers selected based on social criteria	3% of suppliers registered in 2020 have been selected based on social criteria.	
GRI 415: PUBLIC POLICIES			
415-1	Contributions to political parties		32, 104
GRI 416: CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories		33
GRI 419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in social and economic areas		57

Assurance Statement

BSD Consulting has carried out an independent evaluation of Usiminas' 2020 Sustainability Report, which has been prepared based on the Global Reporting Initiative (GRI) standards, following the in accordance option "Core". The assurance process followed the AA1000 Assurance Standard V3 principles, with the purpose of providing Usiminas' stakeholders an independent opinion on: the report's quality, the stakeholder engagement processes; the company's sustainability management and adherence to the AA1000 Accountability Principles 2018.

| Independence and qualification

We work independently and ensure that none of the BSD staff members maintains consulting agreements or other business ties with Usiminas. BSD Consulting specializes in sustainability. The verification process was conducted by a qualified team of professionals with long-standing experience in independent assurance.

| Usiminas and BSD responsibilities

Usiminas has prepared the Sustainability Report and is responsible for all its content. BSD was responsible for verifying the report.

| Scope and Limitations

Our work scope included information presented in the complete version of Usiminas' 2020 Sustainability Report as regards the period from January 1, 2020, to December 31, 2020. The independent evaluation process was conducted in compliance with the AA1000AS v3 (AA1000 Assurance Standard v3) following assurance type 1, which provides a moderate level of Assurance. The Assurance Statement's purpose is to inform

stakeholders about BSD's findings on the process that includes evaluating Usiminas accountability process's adherence to four main principles: Inclusion, Materiality, Responsiveness and Impact, according to AA1000AP 2018 standard (AA1000 Accountability Principles 2018). Review of financial data was not within the scope of BSD Consulting works.

| Methodology

The assurance procedures established over the course of the work and the checking approach of the AA1000AS process consisted of:

- Evaluating the 2020 Sustainability Report's content;
- Evaluating the engagement and materiality process, focused on the compliance with GRI's 101 Standard;
- Understanding process flow to obtain and generate information for the Sustainability Report;
- Researching public information about the sector and the company (press and websites);
- Interviewing the key-department managers regarding the relevance of the information for the sustainability reporting and management;
- Interviewing the company's leaders and, when relevant, checking the information about the sustainability performance with the company's management;



- Analyzing the evidence about the materiality process and the management process of material topics;
- Based on sample texts, cross-checking the information in the Sustainability Report with the supporting documents, management reports, internal controls and official notices.

Key Findings in relation to Adherence to the AA1000AP 2018 Principles

1. Inclusion – people must be involved in decisions that impact them

- In 2020, Usiminas hired an external consulting company to support the stakeholder consultation process, in order to review material topics and define the sustainability report's contents. Stakeholders have been selected to participate in the consultation based on each groups' relations with the sustainability topics mapped by the consulting company, according to the analysis of external documents. Groups included both internal stakeholders, such as leaderships and employees, and external stakeholders, such as suppliers, customers, sustainability and investor relations specialists, communities and financial institutions, as well as the Board of Directors. Stakeholders' geographic reach was not considered in the materiality. We emphasize how important it is to develop a structured process to prioritize stakeholders, which should be periodically reviewed, considering relevant criteria, geographic reach and alignment to engagement strategies that go beyond defining the report's content.
- Every six months, Usiminas conducts a perception study with the population of the city of Ipatinga, regarding air pollution. The survey is part of the Consent Decree (TAC in Portuguese) executed in 2020, related to sediment particulates monitor-

ing. The Communication team, supported by an external consulting company, is responsible for managing the survey, which assesses the perception of the community surrounding Ipatinga unit on topics such as local quality of life, public services and environmental matters. It is important to expand this survey to the other units of the company.

- Usiminas has a Sustainability Committee that convenes on a quarterly basis to address and monitor sustainability matters. The Committee is comprised by the CEO, Vice-Presidents, the Executive Board and General Managers. We highlight Usiminas' efforts and the leaderships' engagement on sustainability-related topics. It is relevant to ensure internal stakeholders participate in the Committee's sustainability agenda, increasing its internal reach.
- Usiminas' Board of Directors addresses material topics management in the agenda of its annual meeting with the Sustainability department. We emphasize the engagement of Usiminas' highest governance body with sustainability matters, strengthening commitments and the leadership's engagement with the topic. It is material to increase the Board members' active participation in sustainability matters, considering their part in validating processes to define material topics.
- In 2020, Usiminas held its first Integrity Week, organized by the company's Integrity department. Internal stakeholders received online surveys to assess their understanding of integrity-related topics. The company conducted online debates, including a live broadcast on moral and sexual harassment to the leaders. In all, 3,365 employees participated, reaching a 58% adhesion of the leadership to the available questionnaires. We highlight the Integrity department's efforts to foster this topic within the organization and the reach of the internal stakeholders' participation.



2. Materiality (or Relevance) – decision-makers must identify and have clarity on which sustainability topics are relevant

- In 2020, Usiminas revised the material topics from the previous reporting cycle, focused on defining this report's content. Materiality has been reviewed through the identification of material topics for the sector, by assessing globally recognized sustainability indexes, domestic and foreign companies' materiality matrix, as well as the material topics from the previous reporting cycle. It is important that the company continues to assess reference documents and to use consultation sources that reflect the company's main social and environmental impacts, contributing to a broader view of the sustainability context, such as, for instance, the results of the survey with the community of Ipatinga.
- The company has prioritized material topics in different stages, mapping common topics addressed in reports from peer companies and other assessed external documents in a next step, topics were prioritized according to an online consultation with stakeholders, and the company selected those with the highest weighted average, according to the priority defined by the research. The topic "participation in public policies", for instance, was included in the list for consultation with stakeholders, however, the origin of said topic has not been evidenced during the process. It is important to improve the definition and record of criteria applied in topic priorities, as well as assess the GRI Standard criteria (importance of social, economic and environmental impacts and influence on the stakeholders' evaluation and decision) in the materiality process.
- Material topics defined by Usiminas in 2020 have been validated by the Corporate Department of Sustainability. We emphasize how important it is to include the Company's senior management when validating material topics to define the sustainability report's contents.
- During the materiality review, the impacts from material topics have not been identified. Identifying impacts through the consultation with stakeholder and other channels of communication between the company and stakeholders allow the material topics to represent more significantly the stakeholders' view and show the company's impacts in the areas where it operates. Defining the impacts of material topics helps the Company to describe the Management Approach according to the GRI Standards (items 103-1a and b).
- Analyzing the limits for the material topics has become part of the preparation process of the sustainability report after the assurance process was requested. We highlight how relevant it is to analyze the limits for material topics as part of the materiality process.
- Usiminas' sustainability report includes management and indicators of material topics, but it also adds information on 15 additional topics not deemed material for this reporting cycle. It is important to ensure that the results of the materiality process are fully aligned to the report's content, allowing the company to provide more details on the material topics, at the expense of other additional topics.



3. Responsiveness – organizations must act in a transparent manner regarding sustainability material topics and their impacts

- Usiminas' Diversity department supports the Human Resources Controllershship department to gather information on diversity and the company's paternity and maternity leaves. The Controllershship department uses an online tool that receives information from the SAP system. In order to obtain a few indicators, namely 405-1 (Diversity of governance bodies and employees), 405-2 (Ratio of basic salary and remuneration of women to men) and 401-3 (Parental leave), the Controllershship department extracts information from the "Report on Own Employees" in the SAP tool and after treating the data, sends the indicators to the sustainability department. We highlight the presented indicators are fully reliable and traceable.
- Indicator 405-1 (Diversity of governance bodies and employees) is monthly managed through the Usiminas Diversity Program. The company's diversity goal for 2020 is to increase the number of female employees in industrial departments, however it is important to present the context related to the established goal, providing greater clarity to the reader. We highlight how important it is to establish and disclose strong goals in the sustainability report.
- Usiminas Human Resources Training department monitors every two weeks the percentage of completed Code of Ethics and Conduct and Anti-corruption Policy trainings that are made available to internal stakeholders via e-learning. Results are submitted to the Integrity department to be reported at the Conduct Committee's monthly meeting to discuss the company's performance. Indicator 205-2

(Communication and training about anti-corruption policies and procedures) is obtained by the Training department by cross-checking information from the report on own employees, obtained from the HR Website system, and the report on completed trainings, obtained from the HR Portal system. Indicator controls are partially organized in a system and the data on training results per function are not yet structured in a tool. We highlight that there is an opportunity to automate monitoring, as well as expand the disclosure of indicator's information, complying with the GRI Standard requirements.

- Indicator 205-2 (Communication and training about anti-corruption policies and procedures) includes the completion of trainings by the members of the company's senior governance bodies. Training was partially completed by the members of the Usiminas Board of Directors in 2020 and their goal is to complete it by the end of the 2021 cycle. It is important to broaden the participation of all employees and governance members in this process.
- Water withdrawal and distribution at Usiminas' steelmaking unit is managed by the Energy and Utilities department. The department monitors internal indicators of withdrawn water volume, recirculated water volume and recirculation index, which are monthly reported to the Energy and Utilities Committee. Water withdrawal, distribution and recirculation information is obtained in real time and made available via online system, thus creating reports that fed an excel spreadsheet to manage the indicators. At Soluções Usiminas' business, the water consumption information is obtained from utility bills put into an excel spreadsheet by the Environmental department. There are opportunities to create indicator control systems, allowing greater data traceability.



- Usiminas' waste management is not standardized in its different business units. At the Ipatinga Plant, each area responsible for the different stages in the production process internally manages their waste and puts data into the NBGA system, so that the Environmental department can monitor the indicators of waste generation, disposal, recycling and sale and reports them every month at the Industrial Executive Office's meeting. The Environmental Department manually classifies waste as hazardous and non-hazardous. At the Mining unit, the Environmental Department does waste management by using manual controls. Data from the Waste Transportation Manifest (or MTR in Portuguese) prepared every time waste leaves the unit are put into an excel spreadsheet. At Soluções Usiminas, waste is monitored through the MTR online system at 3 units, while the other units control this information through measurement sheets and invoices from companies that collect waste. We emphasize how important it is to expand the waste control systems and to standardize it at all units, seeking to increase the data reliability and traceability.
- Water consumption and waste disposal goals as established in order to meet the department's budget. We emphasize how important it is to set achievable goals so as to reduce the operation's environmental impact and to make natural resources consumption efficient, seeking to engage the organization in process and performance improvements in the topic.
- Usiminas' occupational safety management is the conducted by the Corporate Department of Occupational Safety and Process. The topic is weekly checked through monitoring the indicators on the safety reports, which are sent by e-mail to the

CEO and executive officers. In order to report on the performance and engage the organization in the safety topic, the Corporate Department of Occupational Safety and Process has built a webpage in the company's intranet dedicated to safety information, where every own and outsourced employees can visualize the indicators and the share practices and initiatives with the other units of the company. We highlight the engagement of the Safety department in the continuous monitoring and promotion of the topic within the organization.

- The Corporate Department of Occupational Safety and Process monitors safety indicators through the SIASSO system, which makes available the department's data in real time. Indicator 403-9 (Occupational accidents) is compiled using this tool and has standardized and systematized controls.

4. Impact – organizations must measure, monitor and be responsible for the effects of their actions on broader ecosystems

- Ipatinga unit's impact on the community surrounding its operation is assessed through a perception survey about air pollution, topics related to population's quality of life and other environmental issues. The research is qualitative and applied to the community every half year supported by an external research institute. The results are consolidated in an analytic report that presents the historic series of previous research, allowing a timely analysis of data. Due to the pandemic, data gathering for the 2020 research was conducted through Computer-Assisted Telephone Interviews (CATI). We emphasize that there is opportunity to expand the research, assessing topics of interest to the community in other locations besides Ipatinga.



- In 2020, Usiminas has implemented the Environmental Monitoring Center and the Automatic Environmental Monitoring Network to improve the management of air quality impact mitigation, a material topic for the Company and in line with the results of the perception survey among the Ipatinga community. It is important to expand the action plans to address other negative impacts mapped in the consultation (noise pollution, odor pollution, soil pollution, river and lakes pollution, visual pollution and deforestation) and involve other company's departments to foster joint initiatives to manage local impacts.
- In 2020, Usiminas completed the de-characterization of the Somisa dam and plans to de-characterize the Central dam by 2022, in the city of Itatiaiuçu, state of Minas Gerais, within the deadline set forth by law. The company's third and last dam, Samambaia (Itatiaiuçu -MG), will begin the de-characterization process after the construction works are completed and operation of the dry stacking process begins. The works are expected to be completed by 2021. It is important to highlight the company's efforts to make progress in the management of the impacts related to the topic of dams safety.

| Final Comments

We highlight the efforts made by Usiminas to use the GRI Standards in its sustainability reporting process. In BSD Consulting's opinion, Usiminas is advancing in the management of topics like Ethics & transparency, Occupational Safety & Health, Air quality & pollutants and Dams Safety, by means of programs, indicators and goals. Though the re-

port of performance indicators, management approach and goals on the topics of Solid & hazardous waste management, water & Effluents Management, Diversity, equality & inclusion can be improved.

Usiminas has implemented processes to make advancements in sustainability strategic management, through the alignment of its practices with Global Compact guidelines and the UN's Sustainable Development Goals, and in the leadership engagement with sustainability topics through the Company's Sustainability Committee.

The 2020 Sustainability Report shows positive aspects and negative impacts related to the company's operations, contributing to the information balance and transparency, according to the maturity of the company's sustainability reporting process. Usiminas can improve the report's content by appreciating critical analysis, clarity and conciseness of the reported information and compliance with GRI Standard requirements.

São Paulo, June 2, 2021.

BSD Consulting, an ELEVATE Company – Brazil



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