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**Head of Human Resources**

I am pleased to present a summary of our sustainable activities in Brazil.

We value the people and the communities with whom we are involved. Every employee and manager of our team is committed to develop and build a promising future. This is our mindset.

In order for the stakeholders to follow our progress and the continuity of our work, we published a supplement to the Report of Group Sustainability (a detailed presentation in English of the main developments of APERAM in 2016)

**> Health and Safety - It is our number one priority** and part of our culture. We strive to achieve better results and reach our goal of Zero Accidents. In 2016 we have made progress on severity rate and kept stable results (see table People management).

Despite the economic challenges of 2016 due to foreign competition and the domestic market economic downturn, by year's end, the on-going and sustainable work by APERAM generated good results.

**> Local economy** – To reinforce our commitment to our home-region of Vale do Aço (Steel Valley) our volume of business in 2016 with local suppliers amounted to 36% of total purchases of materials, services, industrial products and transportation (49% excluding transportation)

**> Training** - We focus our efforts on enhancing the potential and competence of our teams. Due to a significant number of retirements, a make-over and replacement of the Company's leadership, training during 2016 has been focused on strengthening our management practices.

The Timóteo plant received about 110,000 training hours out of the 191,000 hours delivered by APERAM in Brazil. Among these, Leadership development courses accounted for 23,000 hours - nearly twice the volume achieved in 2015.

**> Compliance and Code of Conduct:** In May of 2016, APERAM created a Local Compliance Committee under the Corporate Compliance Committee to provide a forum for the discussion of the appropriate actions, proposals and procedures taking into account the local reality.

**> Workplace Climate Survey:** The personnel management practices adopted by APERAM in 2016 greatly improved our workplace.

Guia Você S/A considers APERAM the best steelmaker to work for in Brazil. A look at the numbers:

> 85% approval in the item "Company Vision" (82% in 2015);

> 88% approval in the item "Vision of the Area" (85% in 2015);

Both items were evaluated according to the following dimensions: Credibility, Impartiality, Respect, Pride and Camaraderie.

Through our policies and values, we recognize that our employees are the true force that keeps us ahead in the market.

**> Customers** - We continue to develop and launch new products in order to satisfy the demands of our customers. In 2016, we concluded the adaption of our plant to manufacture of HGO - High Permeability Grain Oriented Steel.

Marketed for the first time by a Latin American company, HGO offers greater efficiency to the global electric sector.



**8 units in Brazil** (State into brackets)

Timóteo (MG)

Vale do Jequitinhonha (MG)

Campinas (SP)

Caxias do Sul (RS)

Ribeirão Pires (SP)

Sumaré (SP)

Belo Horizonte (BH) & Sao Paulo (SP)

**Our efforts to improve interpersonal relationships and management practices were recognized nationally. In 2016, Guia Você S/A considered us the best steelmaker to work for in Brazil.**

**This recognition puts in evidence the strength of the people management practices adopted by Aperam in Brazil.**

## People Management

Indicator	2016	2015
Safety: Frequency <sup>1</sup>	0.30	0.25
Safety: Severity <sup>1</sup>	0.00	0.01
Absenteeism (%)	0.99	1.14
Training (hours)	191 148	186 788

G4<sup>2</sup>-LA6/LA9

<sup>1</sup> Aperam employees, interim and subcontractors

<sup>2</sup> GRI, Global reporting Initiative: an International Standard for Sustainability Reporting (4th version).

## Aperam in Brazil in 2016

TYPE	Gender	Full-Time	Part-time	TOTAL	Exempts	Non-Exempts
Permanent Contract	Female	286	0	286	23	263
	Male	3 413	1	3 414	152	3 262
<b>TOTAL</b>	<b>All</b>	<b>3 699</b>	<b>1</b>	<b>3 700</b>	<b>175</b>	<b>3 525</b>

Aperam no Brasil, Total de Pessoal em Equivalentes de Tempo Integral, em 31/12/2015 (G4<sup>2</sup>-10)

## Aperam contribution to local economy G4<sup>2</sup>-EC9

Indicator	2016	2015
Total Employee Wages & Benefits (millions Reais)	325	371
Total Tax Contribution* (millions Reais)	164	203
Spent of main sites (excl. Raw Materials) made in Vale do Aço (%)	36	48

\* Sum of all the amounts levied with respect to Corporate tax, other taxes (taxes on assets, environmental tax, etc.), including social contributions (employer and employee share), the latter being also included within Employee Wages & Benefits.



Poster from our Ethics & Compliance Group program's 2016 campaign

# APERAM Sustainability Report - Supplement Country - Brazil

Another successful development at APERAM is for a concrete mixer truck. The drum and mixing blades were made from stainless steel which triples its durability. This specific Stainless Steel grade was developed by the APERAM Research Center in partnership with Valemix.

The stainless steels by APERAM add beauty, durability, elegance, versatility and innovation to a variety of applications: building structures, kitchens, ships, automotive parts, power generators, hospital environments, concrete mixers, brewing equipment and many others.

Our steel is 'Made for Life', developed for many different situations and to be a part of people's lives.

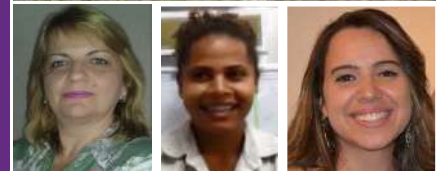
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Teams of Timoteo and Campinas

### As far as the environmental impact is concerned, our mills are on schedule to meet the 2020 goals..

In 2016 we were featured in EXAME Sustainability Guide for the eighth time - featured in the Mining, Steel and Metallurgy category.

We optimized water and energy management initiatives in 2016.

Concerning the environment topics, APERAM invested 13.2 million reais to upgrade Timoteo plant's infrastructure by replacing older equipment with more economical equipment.

### > Water - two major projects deserve attention.

The first one deals with improving the reliability of the Water Treatment Station (ETA) of the Timóteo Plant, and, the second project focuses on replacing the water pumps. Twelve high-volume pumps were replaced by high-performance pumps, thus reducing the quantity of water deviated from the Paraíba River.

To celebrate World Water Day (03/22), BioEnergia presented lectures and talks on the recuperation of streams and springs through the conscious use and consumption of water, which was attended by 85 people from the municipalities of Itamarandiba, Minas Novas, Capelinha and Turmalina. The objective of the talks was to identify, recover and protect springs and improve water quality and quantity available..

### > Waste Management – Best practices of waste management continue to evolve at APERAM.

Our objective is to minimize the volume of waste generated per ton of steel plate produced every year.

In 2015, the ratio was 76.44kg of waste per ton of steel. In addition, 2016 saw a significant improvement as the waste fell to 70.87kg/ton.

> **Energy and Air** - In the Jequitinhonha Valley, BioEnergia wants to become the standard of renewable energy practices in Brazil. We promote sustainability by reducing greenhouse gas emissions and by working with carbon credit projects.

The use of smoke burners and exhaust gas re-circulators (wood drying and coal cooling) in coal-fired furnaces helps the environment and the yield of processed wood. The end-product at APERAM is considered a green steel.

Our Services and Solutions (S&S) unit is located in the city of Campinas (SP) where, since 2014, 5,535 native trees were planted in the neighborhood of Jardim Miranda. In 2016, we carried out an environmental awareness campaign with employees and their families and planted another 100 trees.

> **Transportation** - The Campinas S&S unit also developed a "Cross Docking" system for the use of large transport trucks to a warehouse in São Paulo. There the cargo is divided into smaller trucks for delivery to our customers. We were able to remove 4 to 5 trucks from the Campinas-Sao Paulo highway per day and reduce our carbon footprint.

Our goal for 2017 is to always continue to rethink our processes, find solutions on how to do better, overcome obstacles and strive for flexibility, efficiency and innovation.

### Industrial footprint

Indicator	2016	2015
GHG <sup>3</sup> emission intensity (tCO <sub>2</sub> /t. of crude steel)	0,68	0,57
Energy intensity (GJ/t. of crude steel)	21,3	21,5
Residues (tonnes)	55,9	54,7
Water consumption in closed circuits (%)	93,8	93,9
Dust emissions (t)	507	470

G4<sup>2</sup>-EN5/EN10/EN18/EN21

<sup>3</sup> GHG - GreenHouse Gas, here Carbon Dioxide (CO<sub>2</sub>)



Poster of the First Week of the Water - Aperam BioEnergia

We are pursuing our transparency initiative with the 2016 edition of this supplement to our Group Sustainability Report.

Prepared in local language(s) for the 3 countries gathering in total more than 80% of Aperam staff (Belgium, Brazil, France), this short report is made available online to complete Aperam Group report (in English) and Aperam South America (in Portuguese). Any feedback on this initiative is welcome and should be directed to : [contact.br@aperam.com](mailto:contact.br@aperam.com).