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Working for the future

The safety of Aperam's employees remained the top priority of Brazil in 2017. In addition, dialogue, transparency, care and team development came as a full support to Aperam's performance in Brazil in 2017.

Novelties such as the Sou+ program encouraged the employees to have a proactive attitude, allowing us to further reduce work-related accidents rate and absenteeism rate in the Brazilian units. For the 6th consecutive year, we had no fatalities in the Company.

Aperam also outstood as a reference for young professionals in Brazil and, for the first time, was included in the ranking '45 Best Companies to Start a Career in Brazil', conducted by Você S/A magazine.

In the course of 2017, Aperam Serviços (Campinas) also strengthened its work on gender diversity, achieving 23% of female employees in the company, and 10% of women working directly on equipment operation and packaging, resulting in an improved safety and quality of the operations. Read also in "Our People" section how they work also on other aspects of inclusiveness.

In 2017, Aperam continued to face challenging market conditions in Brazil and kept encouraging its teams in view of a recovery of results. One of the highlights of the year were meetings promoted by the top management, with the participation of 100% of the employees in the Timóteo unit to align all employees on the Company's businesses.

Last but not least, all our units continued to work to improve our environmental footprint. Our employees are all very proud to produce the greenest steel in the world, using 100% charcoal from renewable eucalyptus forests of Aperam BioEnergia. In 2017, the continuous efforts of Aperam in this field were recognized by Guia EXAME with a "Sustainability" award.

Read further to discover the progress made in 2017 on the three dimensions of our Sustainability roadmap: on the Employee side, on the Environment and with respect to our relationships with our external stakeholders.

8 units in Brazil

Timóteo (MG)
Vale do Jequitinhonha (MG)
Campinas (SP)
Caxias do Sul (RS)
Ribeirão Pires (SP)
Sumaré (SP)
Belo Horizonte (MG)
São Paulo (SP)

With local headquarters in Minas Gerais, Aperam's presence in Brazil is based on the Timóteo plant, located in the Steel Valley, which produces stainless, electrical and special carbon steels, and delivers one of **the greenest steels in the world**. In addition to the domestic market, Aperam serves customers in Latin & North America, Asia, Middle East, Oceania and Africa. The presence of three Service Centers enables the Company to adjust further its offer to customers' needs and local presence.

The key areas of focus for 2018 are:

- > **Knowledge map:** to intensify the realization of technical-operational training and to implant a model that ensures the transfer of knowledge.
- > Restructure **safety and behavioral training**;
- > **Succession:** accelerate and prepare identified successors;
- > **Leadership Development:** Implementation of the "**Academy of Leaders**";
- > **E-HR:** Change the skills, model and tool of the **Performance Evaluation**





Our employees

During the year, our Brazilian workforce remained stable (+0.5% vs. 2016) at 3719 employees and comprise less than 8% of women. As our people represent our main asset, the Health & Safety of each one of them, as well as that of our subcontractors, remains our key focus. New initiatives were deployed in the course of the year to improve in this field. The launching of the program Sou+ (*I am more*), in 2017, was one of the main new initiative to increase further the awareness of our employees. It proposed a new way of taking care of health, safety and environment to more than 3700 employees in the Brazilian units.



saudável + seguro + sustentável

In 2017, two new Technical Standards were implanted at the units in Brazil; The first one regulates the use of toxicological testing (alcohol and drugs) for those who have access to the company's units. The second standard is about the use of electronic equipment inside the Company's facilities, aiming at eliminating the possibility of an accident due to distraction when using a cell phone. Such actions should improve the

Safety of our units going forward.

Our Campinas Service Centre is keen to promote diversity, starting with the gender topic but not limited to this one. In 2017, at the Service Center in Campinas, a nice project was put in place in the packaging sector.

Our employee, Janei, who has hearing and speech disabilities, had difficulty to understand and to keep up with the information passed on during the service meetings. Then, the organization of the meetings was changed so that dialogues could be clearly understood by everyone: it was given the opportunity to those who wished to learn the sign language and the meetings began to be organized and presented by Janei and her working partner. A wonderful integration action put into practice by Aperam employees.

Team development also remained in the spotlight in 2017. Taking into account only Aperam in Timóteo, about 106 thousand hours of training were held, result of the BRL 2.2 million investment. One of the highlights were the leadership actions, with lectures and workshops being attended by more than 200 leaders, representing a total of 150 hours of training.

People Management

Indicador	2017	2016	2015
Safety Frequency ¹ rate	0.46	0.30	0.25
Safety Severity ¹ rate	0.00	0.00	0.01
Absenteeism (%)	0.97	0.99	1.14
Training (hours)	176,243	191,148	186,788

G4²-LA6/LA9

¹ Aperam employees, interim and subcontractors

² GRI, Global reporting Initiative (4th version).



Inauguration of the 2017 Leadership Development program.



Janei at S&S Campinas

Aperam employees in Brazil - 2017

Type	Gender	Full-time	Part-time	TOTAL	Exempts	Non-exempts
Permanent Contracts	Female	289	0	289	23	266
	Male	3 429	1	3 430	148	3 281
TOTAL	All	3 718	1	3 719	175	3 547

Aperam in Brasil, total of Full Time Equivalent, as of 31/12/2017. (G4²-10)





Stakeholders

In economic terms, Aperam has continued to contribute to the economic vitality of our regions in 2017. We spent 351 million reais on wages and salaries in 2017 (compared to 325 millions in 2016), 164 millions in taxes, and an improving 51% (excluding raw materials) of the purchases of our Timoteo site were made in the Steel Valley. All these elements demonstrate that we fully play our part in the life of the community.

In addition, in Brazil, Aperam's Compliance Program guides the Company's relationship with suppliers, customers and partners, seeking to ensure a healthy and a harassment & discrimination-free workplace. Regarding this subject also, the actions promoted by Aperam are a benchmark in the country and they were recognized in the specialized publication "Guia Exame de Sustentabilidade" (a Sustainability Guide promoted by Exame magazine).

In 2017, the Company carried out audits for 400 commercial partners and the data collected were shared with the local Compliance Executive Committee, created in 2016.

Communities

The actions promoted by Aperam Acesita Foundation are concentrated in the areas of education and culture, social promotion and environmental awareness.

About 3 million reais were allocated to the Foundation's programs and benefited more than 80 thousand people in the communities where the Company operates.

The projects associated with education received the highest contributions in the period (approximately 35% of the investments), as part of Aperam's commitment to collaborate with the quality of education provided to children and adolescents in those regions.

Another relevant fact was offering professional training and qualification to residents in those cities. In the Steel Valley only (where Timóteo plant is located), 131 citizens were trained in 2017, representing more than 17 thousand hours of training.

In line with Força Inox Aperam, the novelty in 2017 was the launching of an online auction model to trade speciality steels.

Distributors of Força Inox represented the Company's main sales segment in 2017.



Aperam contribution to Local Economy

Indicator	2017	2016	2015
Employees: Wages and Benefits (mR\$)	351	325	341
Total tax contribution (m R\$) *	164	164	203
Spent of main sites in Vale do Aço (excl. Raw Materials) (%)	51	49	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.





Environment

In terms of Environment, Aperam units in Brazil operate in full compliance with regulations and also renewed efforts to achieve our 2020 goals, as it is shown in the newsletter on the right.

Below is information on our progress in 2017. Prioritizing an environmental management dedicated to mitigating impacts, reducing consumption of inputs and increasing the reuse of materials, a highlight in 2017 was the energy efficiency increase at Timóteo Plant, which generated an estimated BRL 7 million saving for the Company. Installing frequency inverters on two de-dusting motors in the Melt Shop, and the substitution of 70% of the natural gas and LPG used in the area with blast furnace gas, are some of the projects that contributed to such result (photo on the right).

The latter, in addition to exclusively using charcoal in the blast furnace at Timoteo plant, contributed to sharply reduce Aperam's CO₂ emissions in Brazil during the period: 0.40 tons of CO₂/ton crude steel as compared to 0.68 tons of CO₂/tons of crude steel in 2016.

At BioEnergia, it is worth noting the implantation of a second burner for gases generated during production, this time at Palmeiras Energy Production Unit. As of 2018, as result of this project, 54 kilns started to have their emissions controlled. They add up to 42 kilns that already had emissions eliminated by using the same technology at Lagoa unit.

In Campinas, the highlight in 2017 was the project to modify the dust absorption and the fire detection system at the polisher (EB01) (photo on the right). Today, those in the areas surrounding the machine are working in a healthier environment.



Aperam's Environmental Strategy
A company-wide ambition reflected by our 2020 targets

- CO₂ & Energy**: -35% CO₂ intensity vs 2008, -10% Energy intensity vs 2007
- Water**: Reduce (vs target) -5% (vs 2008 vs 2018)
- Waste & Recycling**: Maximize Recycled input materials, 100% Recycle (Dry waste Compost)
- Dust & Air Emissions**: -12% (vs 2008 vs 2015), Transport charter Fully designed

We have to commit to action. Let's do it together!

Check our environmental footprint on www.aperam.com - #aperamsustainability

Poster with Aperam 2020 objectives



EB1 - S&S Campinas



Dedusting system – Timóteo

Aperam environmental impact

Indicator	2017	2016	2015
GES ³ (ton of CO ₂ /ton of crude steel)	0,42	0,68	0,57
Energy consumption (GJ/ton of crude steel)	20,6	21,3	21,5
Landfill waste (ton)	55,0	55,9	54,7
Water recycling (%)	93,7	93,8	93,9
Dust emission (ton)	304	507	470

G4²-EN5/EN10/EN18/EN21

³ GHG (Greenhouse Gas)- here the Carbon dioxide (CO₂)