



**SUSTAINABILITY**  
Report

**2019**





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## 1 ABOUT THIS REPORT

Usiminas – “Usinas Siderúrgicas de Minas Gerais” S.A., presents its Sustainability Report, covering the period from January 1 to December 31, 2019 with the purpose of demonstrating its sustainability strategy and practices, as well as its performance in environmental, economic and social aspects.

[102-1] [102-50]

Usiminas publishes its Sustainability Report annually. After the publication of the 2018 Sustainability Report, reaffirming our commitment to transparency and the maturing of sustainability management, we have once again adopted a more comprehensive and internationally recognized reporting standard. Therefore, the 2019 Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option.

[102-48] [102-51] [102-52] [102-54]

GRI Table of Contents is at the end of this report, presenting a summary of all the information made available, according to GRI guidelines.

[102-55]

The report contents have not been externally checked.

[102-56]

Throughout the report, the mentioning of “Usiminas” and the “Company” cover the group of companies reported: Usiminas Steel , “Mineração” Usiminas, Usiminas “Mecânica”, “Soluções” Usiminas and Unigal Usiminas. The term “Usiminas Companies” may also be used in specific contexts.

Additional information and clarification of doubts about the content of this report can be obtained from Usiminas Sustainability team at: [sustentabilidade@usiminas.com](mailto:sustentabilidade@usiminas.com).

[102-53]



<sup>1</sup>The name Usiminas Steel will be adopted in the context of this report to differentiate the mentions to the company that produces flat steel, composed by the units of Ipatinga and Cubatão, of Usiminas Steelmaking Complex.

Except for convention financial performance figures, no data from previous years will be presented in this Report. For additional information, please visit our [Annual Reports](#) page.



## 2 MESSAGE FROM THE BOARD OF DIRECTORS CHAIRMAN

[102-14] [102-32]

The opportunity to express myself through a message in the Sustainability Report is cause for satisfaction. The decision to improve the Company's reporting, sustained by the Executive Board, supported by me and materialized in the adoption of the international standard of Global Reporting Initiative - GRI, symbolizes the public ratification of Usiminas commitment to transparency, a fundamental principle for corporate sustainability. Furthermore, it represents an important step towards the expansion of an organized and well-founded debate on the main sustainability issues with the Company's various stakeholders.

The year 2019 was marked by a dynamic of apprehensions and overcoming. The constant tension in the world steel market, caused by trade disputes between the United States and China, and the distancing from initial expectations regarding the resumption of robust growth in the Brazilian economy impacted the Steel sector.

In addition, the accident occurred in "Brumadinho Dam" pressured costs for Usiminas Steel Industry sector, at the same time as it brought significant challenges for the Mining sector. In this regard, it should be noted that Mineração Usiminas adopts safety standards, risk management programs and procedures aimed at mitigating risks inherent to its activities, including processes and investments regarding the

Dams it operates. All dams under Mineração Usiminas responsibility meet the applicable regulatory requirements and have safety factors above the minimum established. Mineração Usiminas has been advancing in the processes of decommissioning upstream dams, which will allow the elimination of this type of structure and in environmental licensing of tailings filtering projects, allowing it to totally stop the disposal of tailings in dams.

In 2019, Mineração Usiminas observed in the iron ore market demand conditions an opportunity for growth. Record sales of 8.6 million tons of iron ore and the highest Adjusted EBITDA in Mineração Usiminas history materialize the company's efforts. The steel sector also expanded its net revenues by 8.8% compared to 2018 and improved its credit ratings by Moody's, Fitch and S&P, conditions that made it possible to renegotiate the Company's indebtedness, providing financial flexibility and preserving its operational capacity.

The Company has advanced in the field of corporate governance, and Usiminas' Integrity Program has strengthened the principles of transparency and ethics. Regarding people management, the Diversity and Inclusion Program has brought significant advances, reinforcing an asset of great value for the Company, Our People.

Still in the period under consideration, investment in the consolidation of a cul-

ture of simplicity, agility and innovation and the expansion of social and environmental responsibility commitments with local communities were important milestones. For Usiminas, the development of these issues should be challenging, but continuous, with the active involvement of the Company's Senior Leadership.

Regarding material issues, such as air quality and community relations, these are guidelines that require Usiminas consistent actions. In its relationship with the community, the Company works in partnership with the "São Francisco Xavier" Foundation and Usiminas Institute in order to enhance its positive impacts and mitigate and remedy the negative social and environmental impacts inherent to the sector. Regarding air quality, the Company acts strongly in the control of atmospheric emissions, working hard to reduce as much as possible the impacts on air quality in the region where it is located. To this end, it has a monitoring program consisting of continuous measurement equipment to control emissions from dust removal systems and combustion processes in industrial plants. Air quality of the regions where it operates is checked by continuous monitoring stations located around its industrial plants.

For 2020, our goal remains to advance the sustainability agenda, guiding Usiminas to a leading role in social transformation and environmental preservation, as well as to deliver consistent results to shareholders and efficient and innova-

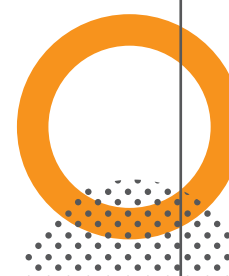


tive solutions to customers. This is the path to the greatest generation of value for business and society, with the strengthening of important agendas for Usiminas, such as innovation, portfolio positioning, transparency, ethics, risk and opportunity management as well as the Company's continuity.

Finally, I would like to thank and acknowledge the efforts of the Executive Board and all employees, aiming at keeping Usiminas as the leading company in the Brazilian flat steel market.

**Ruy Hirschheimer**

Board of Directors Chairman





### 3 MESSAGE FROM THE CEO

The presentation of our Sustainability Report is always a reason for satisfaction. This document is a way of sharing results beyond the numbers, showing the efforts we make to exercise our role as a social development agent in the locations where we are present. It is also a way of register milestones so that over the years, we can go back and objectively assess where we have progressed and what we still need to improve.

In this Base Year 2019 Report we have made important progress. We have once again adopted the GRI premises - an international entity reference for the drafting of this type of document. Although we have not failed to disclose information, the choice of these standards makes the document more complete, transparent and directed to topics of greatest interest expressed by the several stakeholders heard.

I would like to highlight another very relevant point that you can follow more closely in the text. The structuring of a Diversity and Inclusion program at Usiminas. We have made great progress regarding this issue throughout 2019 and we have formalized our endorsement to important pacts for gender equality and against racial discrimination and sexual orientation. This is an issue that I follow very closely, and I am sure that diversity will be one of the keys to Usiminas future and to the industry in general.

Although the document covers the year 2019, I feel it is important to notice the timing of our Sustainability Report. In this second quarter of 2020, we faced a serious crisis, generated by the Covid-19 pandemic, which has demanded energetic actions from companies and people in defense of health and subsistence. It is certainly a fact that will cause a lot of debate and repercussion and that will need to be analyzed with the necessary distance when next year, we dedicate ourselves to rescue the main events of 2020.

For the time being, I would like to invite you to get acquainted with or revisit what Usiminas team has built during 2019 for our employees, the communities neighboring our operations, our shareholders, our partners and also the environment.

Enjoy your reading!

**Sergio Leite de Andrade**

Usiminas CEO



### 4 A USIMINAS

Belo Horizonte, state of Minas Gerais, where Usiminas operates in the Brazilian flat steel market. One of the main steelmaking complexes in Latin America, with 57 years of operation, the Company is present in the entire chain of activities of the sector, from ore extraction, through steel production, to its processing into products and capital goods customized for the market.

[102-3]

Steel produced and transformed by Usiminas Companies is present in the daily lives of millions of people in the shape of cars, houses, buildings, bridges, domestic appliances, ships, steel furniture, agricultural equipment and machinery. Through state-of-the-art products and high added value services, the Company boosts the industry and contributes to the development of Brazil, with operations strategically located in the most industrialized regions in the country.

[102-4]

Usiminas vision and values underpin the Company's management and guide it with focus on continuity and contribution to the development

of the economy, the environment and society. The Company's business purpose is to offer integrated, customized, complete solutions in line with the needs of each customer for the country's greatest industrial challenges, with its products and services present in relevant production chains: automotive, wind and solar energy, domestic appliances, civil construction, shipbuilding, machinery and equipment, large diameter pipes, oil and gas, among others.

Usiminas creates value for society by delivering quality products and services to customers, generating shareholder revenue, promoting personal and professional development of its employees, controlling and mitigating environmental and social impacts. It also invests in the development of the communities where it operates, either through programs structured in partnership with public authorities and the communities themselves, or through Usiminas Institute and the São Francisco Xavier Foundation (FSFX), which are the Company's arms of social responsibility in the areas of health, education, culture and sports.

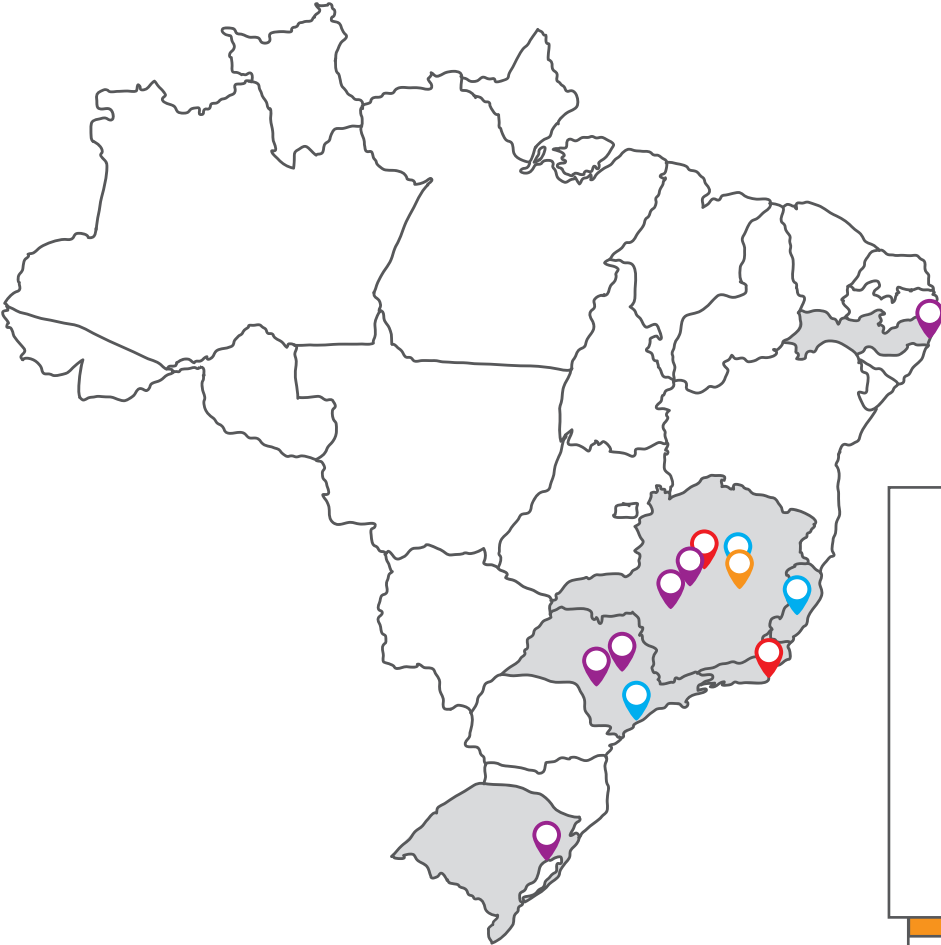
[102-16]









## UNITS

Usiminas is one of the largest flat steel producers in Brazil, with operations in several sectors of the value chain, such as mining and logistics, capital goods, service and distribution centers and customized solutions.



-  Usiminas
-  Mineração Usiminas
-  Soluções Usiminas
-  Usiminas Mecânica

**TWO STEEL PLANTS  
STRATEGICALLY LOCATED  
ALONG BRAZIL'S MAIN  
INDUSTRIAL AXIS, WITH  
SALES UNITS PRESENT IN  
THE MAIN REGIONS OF THE  
COUNTRY.**

**4,246**  
Suppliers  
(Had operations)<sup>2</sup>

**27.7 mil**  
Collaborators<sup>3</sup>

<sup>2</sup> Among 12,200 active suppliers in the registry base, 4,246 carried out operations.

<sup>3</sup> Among these, 15.8 thousand own staff (employees, interns, apprentices and statutory) and 11.9 thousand contract staff, the latter calculated by the full-time equivalent method (FTE), on 12/31/2019.

## PRODUCTS AND SERVICES

With over 27,000 collaborators (15,800 own employees and 11,900 outsourced) and total net revenues of R\$ 14.9 billion in 2019 (a result 8.8% higher than in 2018, when the company's figures reached R\$ 13.7 billion), Usiminas has five business units mentioned in this report - Usiminas Steel, Unigal Usiminas, "Mineração" Usiminas, "Soluções" Usiminas and Usiminas "Mecânica" - and concentrates activities in the steelmaking, mining, steel processing and capital goods markets.

[102-2] [102-7] [102-45]

### USIMINAS STEEL

With a logistic structure composed by 10 distribution centers, eight warehouses for customers and two ports, located mainly in the southeast and south regions, **Usiminas Steel** has stood out not only for the quality of its products and services, but also as the largest supplier of flat steel to the main consumer sectors in the country. Focus on efficiency ensures the increasingly strategic use of Brazilian railroad and highway networks, as well as the growing adoption of alternative service methods (such as, cabotage, for the northern and northeastern markets).

At national level, whether in disposal or supply operations, Usiminas relies on the services of two major railway organizations - VLI, "Centro Atlântico" Railway and "Vitória-Minas" Railway, and MRS Logistics S.A - and also around 30 road carriers. In order to serve the foreign market, the Company is supported by two maritime terminals: "Cubatão" Terminal, destined for exports of products manufactured at Cubatão plant in "Baixada Santista" (SP), and "Praia Mole" Terminal in Vitória (ES), which receives production from Ipatinga plant, located in the Steel Valley region (MG).







Most of Usiminas Steel business is destined to domestic market, which concentrated 89.6% of the company’s total sales in 2019, corresponding to 3.6 million tons of the 4.1 million tons manufactured products. The foreign market, however, is also important, especially when domestic sales are weakened. Main destinations of the company’s exports last year were: Argentina, Germany and the United Kingdom.

[102-6]

In the domestic market, Usiminas Steel sells a wide range of products for the industrial, white goods, construction industry and automotive sectors, of which the latter is the leading one, with a 35% share sales volume in 2019.

Another company operating in the steel industry is **Unigal Usiminas**, a joint venture between Usiminas and Nippon Steel Corporation in the manufacturing of hot-dip coated steel coils for the automotive, domestic utility and construction industries. It is located within the Ipatinga plant owned by Usiminas Steel.

Usiminas Steel – Regions in Volume (2019)	
São Paulo	39%
Minas Gerais	25%
Norte/Nordeste	13%
Rio Grande do Sul	7%
Rio de Janeiro	7%
Paraná/Santa Catarina	6%
Centro-Oeste/Espírito Santo	3%
Domestic Market	100%

Usiminas Steel – Segments in Volume (2019)	
Retail Network	36%
Automotive	35%
Industrial	10%
Construction Industry	10%
White Line	9%
Domestic Market	100%

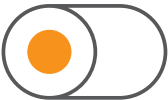
MINING

With four mines in the region of Serra Azul (MG), **Mineração Usiminas S.A. (MUSA)** produces pellet feed, sinter feed and granulates, both to supply the Company’s own steel Plants and other customers in the domestic and foreign markets. The company has logistic capacity with integrated modals, besides a strategic area in “Sepetiba” Bay, in Itaguaí (RJ), in the center of one of the most important harbor complexes in the country.

In 2019, approximately 25.4% of total production marketed by MUSA was sold to Usiminas Ipatinga Plant, while the remainder was destined to domestic customers - where transactions are carried out without the intermediary of third parties, commissioners or resellers - and to customers in the foreign market - occasionally, with third parties commissioned.

[102-6]

In the distribution process, independent contracted carriers perform road transportation to the railway terminals located in Itaúna, Sarzedo and Santa Luzia, all in Minas Gerais. The responsibility for the other stages of distribution is defined according to commercial agreements, whether for Usiminas Steel, or for the port terminals, when destined for the foreign market.





STEEL PROCESSING

**Soluções Usiminas** operates in the steel processing and distribution markets for partner customers and distributor customers (in 2019, 36% of the volume was allocated to this sales channel).

[102-6]

With an annual capacity to process around 1.7 million tons of steel, Soluções Usiminas serves customers with high added value products in several sectors,

such as the automotive, auto parts, construction industry, electronics, machinery and equipment, household appliances, among others. Through modern infrastructure, it processes Usiminas Steel products into rolls, blanks, tubes, welded sets, profiles, structures, metallic discs and several customized parts according to the needs of its partners, whatever their size.



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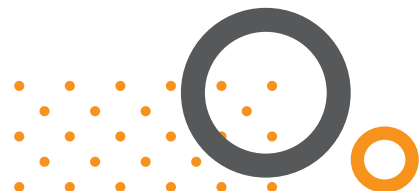
CAPITAL GOODS

**Usiminas Mecânica** has been in the market for nearly 50 years as a reference in equipment and assemblies for several sectors in the economy. Recognized for quality, technological rigor, credibility and its modern industrial park, the organization is one of the main capital goods companies in Brazil, focusing on:



- 1 Metal Structures and Bridges:** engineering, supply and assembly of metal structures for plants and industrial buildings in the areas of construction industry, mining, refineries and steel industry, including projects focused on airport infrastructure, railways, ports and airports.
- 2 Naval/Offshore:** equipment for Petrobras exploration and production area (E&P), process modules for Floating Production Storage and Offloadings (FPSOs - Floating Storage and Transfer Units), components for fixed platforms, blocks of small and medium size vessels (up to 200 tons), Plets (subsea oil production items) and Plems (tools that allow interconnection between pipeline sections).
- 3 Oil and Gas:** medium and large-sized equipment (up to 250 tons) for petrochemical industries, refineries, fertilizer plants and industrial plants.
- 4 Steel Industry and Mining:** integrated solutions and turn-key projects (procurement modality, public or private, in which the supplier must deliver the goods in conditions of immediate use) for vacuum degassing systems and coking plants.
- 5 Energy:** equipment and components for generating hydroelectric, thermoelectric and wind power plants.
- 6 Industrial Assembly:** electromechanical assembly services, systems and facilities for plants and industrial units in mining, steel, oil and gas.
- 7 Casting:** automated system with an annual capacity of 25 thousand tons (2 thousand tons for large parts - up to 80 tons each - and 23 thousand tons for small parts - up to 3 tons), aimed at the railway (bogies, railway sleepers) and automotive/agricultural sectors (parts for harvesting machines, tractors).

[102-6]





MEMBERSHIP IN ASSOCIATIONS

Guided by its values, Usiminas assumes in all its activities, that collaboration is a key element in the search for excellence. For this reason, it integrates and supports important entities representing the interests of their activity sectors, promoting spaces and moments of open dialogue with peers and society.

WORLD STEEL ASSOCIATION

Usiminas is a member of the World Steel Association (WSA). With its headquarters in Brussels, Belgium, the WSA is one of the world’s largest industrial associations, with nearly 190 Steel producers under its representation. Its members account for approximately 70% of global steel production. WSA member companies are committed to the vision of the entity, in which the steel industry is one of the pillars of a sustainable world. Therefore, Usiminas endorses the association’s seven principles of sustainability, which in turn contribute directly or indirectly to the Sustainable Development Goals (SDGs) of the United Nations (UN):

[102-12]



7 PRINCIPLES

HEALTH AND SAFETY

We promote the well-being of employees and provide a safe and healthy work environment.

LOCAL COMMUNITIES

We promote values and initiatives that show respect for the people and communities associated with our business.

ETHICAL STANDARDS

We conduct our business to high standards in our dealings with employees, customers, suppliers and the community.

STAKEHOLDER ENGAGEMENT

We engage stakeholders and independent third parties in constructive dialogues to help fulfill our commitments to sustainable development.

DISCLOSURE AND TRANSPARENCY

We build and share our knowledge of sustainability through active communications. We help others in the supply chain to implement sustainable practices.

VALUE FOR STAKEHOLDERS

We operate our business in an efficient and financially sustainable manner, to provide steel products and solutions that satisfy customers’ needs and add value to stakeholders.

ENVIRONMENTAL PROTECTION

We strive to optimize the edoefficiency of products throughout their life cycle. We promote the recovery, reuse and recycling of steel.

DIRECT OR INDIRECT CONTRIBUTION TO THE SDGS



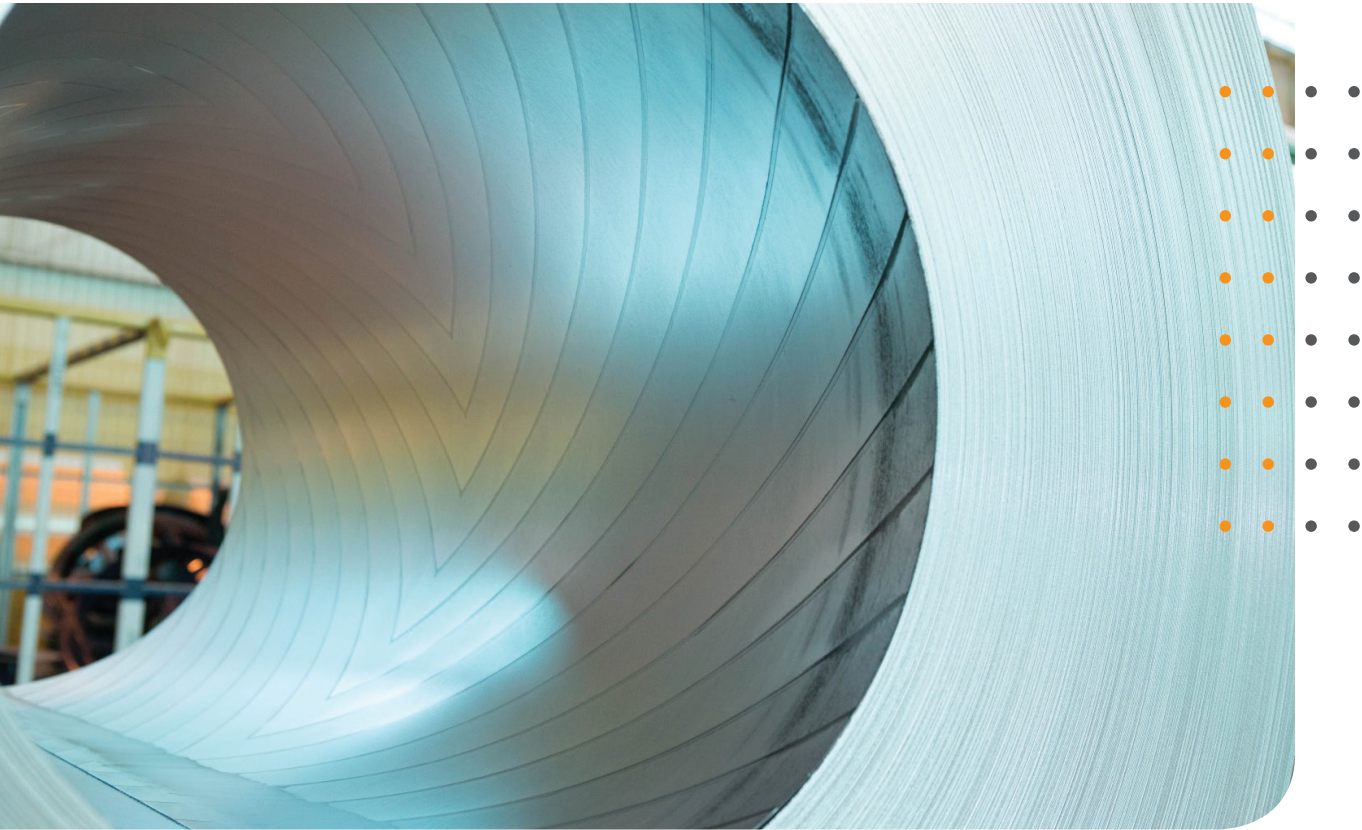


**BRAZIL STEEL INSTITUTE**

Sergio Leite de Andrade, Usiminas CEO, is also chairman of the Brazil Steel Institute Board of Directors, an entity representing Brazilian steel companies, founded in 1963 as the Brazilian Steel Institute.

**BRAZILIAN MINING INSTITUTE**

Mineração Usiminas is among the members of the Brazilian Mining Institute (IBRAM), a national private and non-profit organization that represents companies and institutions in the mineral sector. Founded in December 1976, the entity is considered the spokesperson for mining industry in the country.



**BRAZILIAN ASSOCIATION OF METALLURGY, MATERIALS AND MINING**

Mineração Usiminas is one of the sponsors of the Brazilian Association of Metallurgy, Materials and Mining (ABM), an institution created in the 1940s and which today has around 3,500 members.

[102-13]



**5**

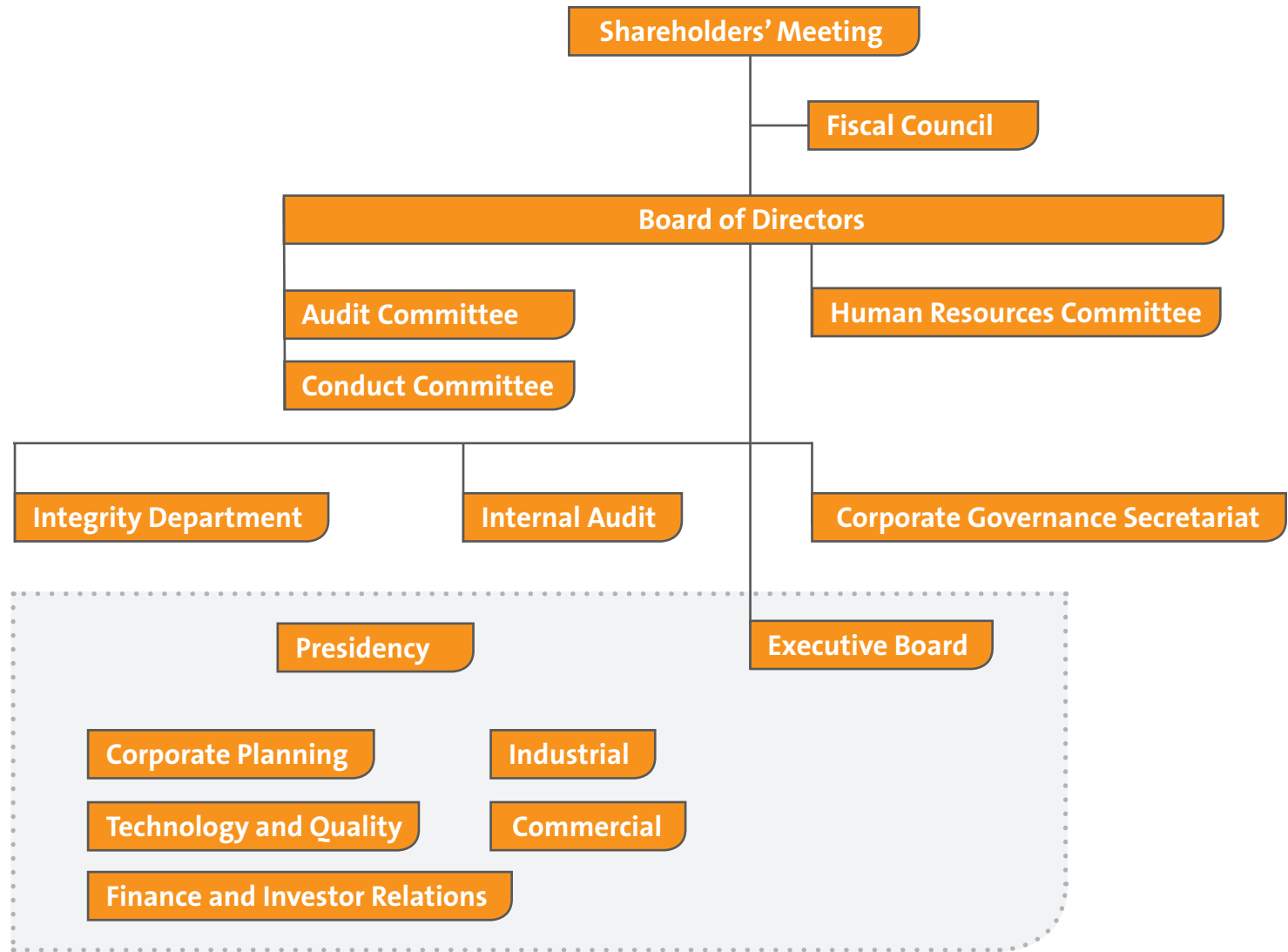
**CORPORATE GOVERNANCE STRUCTURE**

Usiminas is a publicly traded company, with shares listed on Level 1 of Governance of B3 S.A. - Brazil, Stock Exchange, Over the Counter (OTC) and Latibex, an index that gathers the shares of Latin American companies traded in Euros on the Madrid Stock Exchange. [102-5] Its governance model therefore aims to ensure the generation of shareholder value, security for investors and

transparency in management, in addition to ensuring compliance with government and market requirements. In order to meet the expectations of its stakeholders, the Company performs its accountability according to internationally accepted standards and conducts all its units by the same comprehensive and rigorous Code of Ethics and Business Conduct.

**CORPORATE GOVERNANCE STRUCTURE**

[102-18]





## BOARD OF DIRECTORS

[102-22] [102-23] [102-24] [102-26] [102-27] [102-30] [102-31] [102-33] [405-1]

The highest corporate body in Usiminas organizational structure, the Board of Directors establishes general business guidelines, decides on strategic issues, defines policies, assesses and monitors risks and ensures compliance with the Company's corporate purpose, aiming at its perpetuity and considering its impacts on society and the environment. It also determines the duties, remuneration and goals of the executive directors.

The chairman of this governance body is elected by the General Meeting. It is forbidden to accumulate the positions of Chairman of the Board of Directors and Chief Executive Officer.

There is a woman among the eight full members of the Board of Directors, who also has a full member and an alternate member of Usiminas' employees and retirees, both chosen directly by this public's vote. All the other full members and alternates are appointed by the Company's controlling group, taking into consideration specific competencies and experiences, as well as reputational aspects. Considering all the members of the Board of Directors (full and alternate members), 81.25% are over 50 years old and 18.75% are between 30 and 50 years old.

The Company's Board of Directors meets ordinarily four times a year, following a previously established schedule and, extraordinarily, whenever necessary. In the fiscal year 2019, the Board held 21 meetings, four of which were ordinary meetings and 17 extraordinary meetings.

Prior to these meetings, board members receive materials to understand and be informed about the matters submitted for approval and guide their decisions. In addition, meetings of the Board of Directors are held periodically in which the Executive Board addresses the state of the Company and relevant economic, social or environmental matters are presented and discussed.

**IF THERE IS A POSSIBLE CONFLICT OF INTEREST BETWEEN THE MATTER UNDER CONSIDERATION AND ANY MEMBER OF THE BOARD OF DIRECTORS, THE RESPECTIVE MEMBER MUST INFORM ABOUT IT AND ABSTAIN FROM DEBATING AND VOTING AT THE MEETING, LEAVING THE DECISION TO THE OTHER EXEMPT MEMBERS.**

[102-25]

### MEMBERS



**Elias de Matos Brito**  
3<sup>rd</sup> consecutive mandate  
Does not hold any other Company position.

\*Independent



**Ronald Seckelmann**  
1<sup>st</sup> mandate  
Does not hold any other Company position.



**Luiz Carlos de Miranda Faria**  
2<sup>nd</sup> consecutive mandate  
Does not hold any other Company position  
Represents current and retired employees

\*Independent



**Ruy Roberto Hirschheimer**  
1<sup>st</sup> mandate  
Does not hold any other Company position.  
**Board of Directors Chairman**

\*Independent



**Oscar Montero Martinez**  
2<sup>nd</sup> consecutive mandate  
Does not hold any other Company position.



**Yoshiaki Shimada**  
1<sup>st</sup> mandate  
Does not hold any other Company position.



**Rita Rebelo Horta de Assis Fonseca**  
5<sup>th</sup> consecutive mandate  
Member of HR and Audit Committees



**Yuichi Akiyama**  
1<sup>st</sup> mandate  
Audit Committee Coordinator

### ALTERNATE MEMBERS



**Edílio Ramos Veloso**  
2<sup>nd</sup> consecutive mandate  
Does not hold any other Company position  
Represents current and retired employees



**Fernando Duelo Van Deusen**  
1<sup>st</sup> mandate  
Does not hold any other Company position.



**Gileno Antônio de Oliveira**  
3<sup>rd</sup> consecutive mandate  
Head of Industrial Engineering



**Guilherme Poggiali Almeida**  
1<sup>st</sup> mandate  
Does not hold any other Company position.



**Henrique de Rezende Vergara**  
1<sup>st</sup> mandate  
Does not hold any other Company position.



**Mario Giuseppe Antônio Galli**  
4<sup>th</sup> consecutive mandate  
Does not hold any other Company position.



**Osamu Nakagawa**  
1<sup>st</sup> mandate  
HR Committee Member



**Tatsuya Miyahara**  
1<sup>st</sup> mandate  
Does not hold any other Company position.

\*Independent members according to New Market Listing Regulations.

The Board's composition reflects the reality on 12/31/2019. To consult the current composition, please access [Reference Form](#) (item 12)





FISCAL COUNCIL

The Fiscal Council acts on a permanent basis, inspecting the acts of management and examining and giving its opinion on financial statements.

It consists of five members elected by the General Meeting, with a one-year term of office and the possibility of re-election. There are two independent members and neither of them holds another position in the Company.

ADVISORY COMMITTEES

The Company's Bylaws contemplates the possibility for the Board of Directors to create specific committees to provide advisory services. Currently there are two Committees, which report directly to the Board of Directors: Audit and Human Resources. Both advise, instruct and subsidize decision-making in matters of their respective competencies, counting, when appropriate, on the participation of managers, employees, specialists and other professionals capable of clarifying the issues in question. The rules of operation and responsibilities are established by the internal regulations.

The five-member Audit Committee is responsible for assessing and monitoring external and internal audit activities, the quality of financial statements and exposures to risks that may significantly affect the Company, as well as playing an important role in ensuring the effectiveness of the Integrity Program. Its members and duties are described in item 12 of the Reference Form.

[102-30]

The Human Resources Committee is composed of five members and has its main attributions related to the establishment of direct and indirect remuneration criteria for the Company's managers.

CONDUCT COMMITTEE

This Committee, whose five members are appointed by the Board of Directors, oversees the actions carried out by the Integrity Department and acts in the process of accountability after affirmative determination of violation accusations of principles established by the Integrity Program. It reports to the Audit Committee and, if necessary, to the Board of Directors.

INTEGRITY DEPARTMENT

Responsible for implementing the Code of Ethics and Conduct and the set of policies that comprise the Integrity Program, including the periodic provision of training and awareness campaigns. It is responsible for carrying out periodic analyses of integrity risks, defining controls on compliance of integrity policies and actions, and managing reports of violations received through the Open Channel.

[102-30]

INTERNAL AUDIT

Responsible for assessing the Company's internal control system, reporting directly to the Board of Directors and the Audit Committee. It uses risk-based auditing to ensure that the risk management processes put in place at all levels of the Company are operating as planned. The annual Audit Plan is presented to senior management, addressing the metrics adopted and the main economic, social and environmental risks mapped, which underpinned the Plan.

[102-30] [102-31]

EXECUTIVE BOARD

[102-19] [102-20] [102-22] [102-23] [102-26]

The Executive Board is responsible for conducting the Company's management, aligning it with strategic guidelines, corporate values and the several policies approved by the Board of Directors. By establishing guidelines for its executives, it acts with the purpose of valuing the quality of products and services, ensuring competitiveness and promoting business sustainability.

Its members are elected by the Board of Directors and have a two-year term in office, with the possibility of re-election.

FINANCE AND INVESTOR RELATIONS



Alberto Akikasu Ono

1<sup>st</sup> mandate

Does not hold any other Company position.

.....

TECHNOLOGY AND QUALITY



Kohei Kimura

1<sup>st</sup> mandate

Does not hold any other Company position.

.....

COMMERCIAL



Miguel Angel Homes Camejo

1<sup>st</sup> mandate

Does not hold any other Company position.

.....

PRESIDENT



Sergio Leite de Andrade

2<sup>st</sup> mandate

Member of the Conduct Committee.

.....

CORPORATE PLANNING



Takahiro Mori

2<sup>nd</sup> consecutive mandate

Does not hold any other Company position.

.....

INDUSTRIAL



Túlio César do Couto Chipoletti

2<sup>nd</sup> mandate

Does not hold any other Company position.

.....

The Executive Board's composition reflects the reality on 12/31/2019. To consult the current composition, please access [Reference Form](#) (item 12)





# TRANSPARENCY AND INTEGRITY

[102-17] [103-1:205] [103-2:205] [103-3:205]



## INTEGRITY PROGRAM: DOING THE RIGHT THING ALWAYS WORKS OUT

Aware that disrespectful, irregular and fraudulent conducts bring direct impacts to business, stakeholder trust and the company's reputation, Usiminas promotes the Integrity Program, which aims to prevent and identify conducts that are not in accordance with the rules (legislation, regulations, norms and procedures, external or internal), identifying risks and/or causes and acting preventively and/or correctively. It also promotes a culture that encourages compliance with established rules and ethical conduct, shaped by the slogan that "doing the right thing always works out".

Launched in January 2019, the [Integrity Program](#) is based on the updated version of the Code of Ethics and Conduct, an instrument that guides Usiminas relationship with external and internal stakeholders and on six policies:

- **Code of Ethics and Conduct:** the second version of the Code, broader than the first launched in 2010, reflects the commitment of the entire Usiminas team to respect the legislation in force and the internal rules that govern an activity always based on correction, transparency and respect. The document was developed from Usiminas vision of being a reference in terms of quality and management in the steel industry, focusing on people, customers and the generation of sustainable results. The principles and rules set forth in the Code are based on the following corporate values: Safety; Customers; People;

**THE INTEGRITY PROGRAM APPLIES TO EVERYONE WHO ACTS IN OR ON BEHALF OF USIMINAS, INCLUDING: MEMBERS OF GOVERNANCE BODIES, MANAGERS, EMPLOYEES, APPRENTICES, INTERNS AND ANY THIRD PARTIES. THE MEMBERS OF THE BOARD OF DIRECTORS, FISCAL COUNCIL AND COMMITTEES, DIRECTORS AND MANAGERS ARE THE MAIN SPONSORS AND HAVE THE MISSION TO IMPLEMENT IT IN THEIR ROUTINES, PROMOTING THE DISCLOSURE OF ITS PRINCIPLES AND RULES.**

Quality; Results; Transparent Management; and Compliance with laws and standards.

[102-16]

- **Anti-Corruption Policy:** reaffirms the stance of intolerance towards any illicit act and establishes minimum standards of behavior (strict, legal and transparent) in situations that may involve or characterize acts of corruption, specifically in relations with Public Power;



- **Intermediary Third-Party Relationship Policy:** regulates the integrity guidelines for relations with intermediary third parties (those hired or subcontracted to represent or act on behalf of Usiminas) and complements the procedures for their qualification, registration, assessment, hiring and interactions;
- **Policy on Conflicts of Interest and Transactions with Related Parties:** In order to eliminate or mitigate concrete or apparent situations that may result in conflicts, this Policy emphasizes the duty to act in an impartial, honest and professional manner, taking into account Usiminas interests; [102-25]
- **Giveaways, Gifts and Hospitality Policy:** regulates the delivery, offer, promise and receipt of giveaways, gifts, entertainment and hospitality by Usiminas employees;
- **Sponsorship and Donations Policy:** provides guidance on the conduct of sponsorships and donations to be granted in their commercial and institutional relations. The Policy establishes guidelines on entities to be sponsored and objects not eligible for sponsorship, for example, activities that have political, electoral or partisan character; it also provides on the criteria for charitable and political donations, forbidding, for example, donations to Public Agents, political parties, political campaigns and/or candidates for public office; [415-1]
- **Competition Policy:** establishes complementary guidelines to the Code of Ethics and Conduct and the Brazilian antitrust legislation on how Usiminas' employees should act, in Brazil and abroad, in business practices and corporate relations in which they may participate, to ensure compliance with Brazilian legislation and internal rules specifically related to antitrust.





COMPLAINT MANAGEMENT

The Open Channel allows the reporting of complaints regarding the violation of principles established by the Integrity Program from any interested party and can be accessed through Usiminas website (<https://canalaberto.usiminas.com>), by Intranet (internal access to employees) or by telephone 0800-276-2011 (toll-free). The use of the channel preserves the user's identity and information confidentiality and also guarantees no retaliation due to what was reported in good faith.

Violations of the [Integrity Program](#) are not tolerated and become the object of investigation and application of measures or penalties listed in the Code of Ethics and Conduct. To this end, the complaints reported through the Open Channel are assessed and classified by the Integrity Department so that investigations can be properly conducted. The results of investigations are submitted to the Conduct Committee, a body that determines the disciplinary and remedial measures, which in turn reports its actions and deliberations 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 2019, THERE WERE NO REPORTS OF CORRUPTION VIA OPEN CHANNEL AND NO SUCH CASES WERE IDENTIFIED.

[205-1] [205-3]

OF THE FIVE CASES CONCERNING DISCRIMINATION REPORTED BY THIS SAME SOURCE, FOUR OF THEM WERE CONSIDERED JUSTIFIED AND CORRECTIVE MEASURES WERE DULY IMPLEMENTED.

[406-1]



OPEN CHANNEL STATISTICS - 2019

Total manifestations	Qualified manifestations	Manifestations classified as denouncement	Concluded Verifications	Confirmed Denouncements	Unconfirmed Denouncements
420	317	268	229	115	114



INTEGRITY DUE DILIGENCE

Usiminas appraises its partners (suppliers, customers, possible acquisitions of new assets or partnerships and other counterparts) in order to assess the risk of integrity and reputation. Next, a follow-up is made of those that present the greatest risk for the Company.

[205-1]

TRAINING AND COMMUNICATION

[102-27] [205-2]

During 2019, the Integrity Program was widely disclosed to senior management, managers and employees, through trainings and an extensive communication campaign that used internal vehicles, such as the Intranet, Employee Voice (channel via WhatsApp), e-mails, posters placed in intense circulation areas and computer screens, in addition to a lecture to address the topic.

At the time of the Integrity Program's launch, suppliers considered critical received a specific letter on the subject via e-mail. This letter is available to all suppliers on [Usiminas website](#).



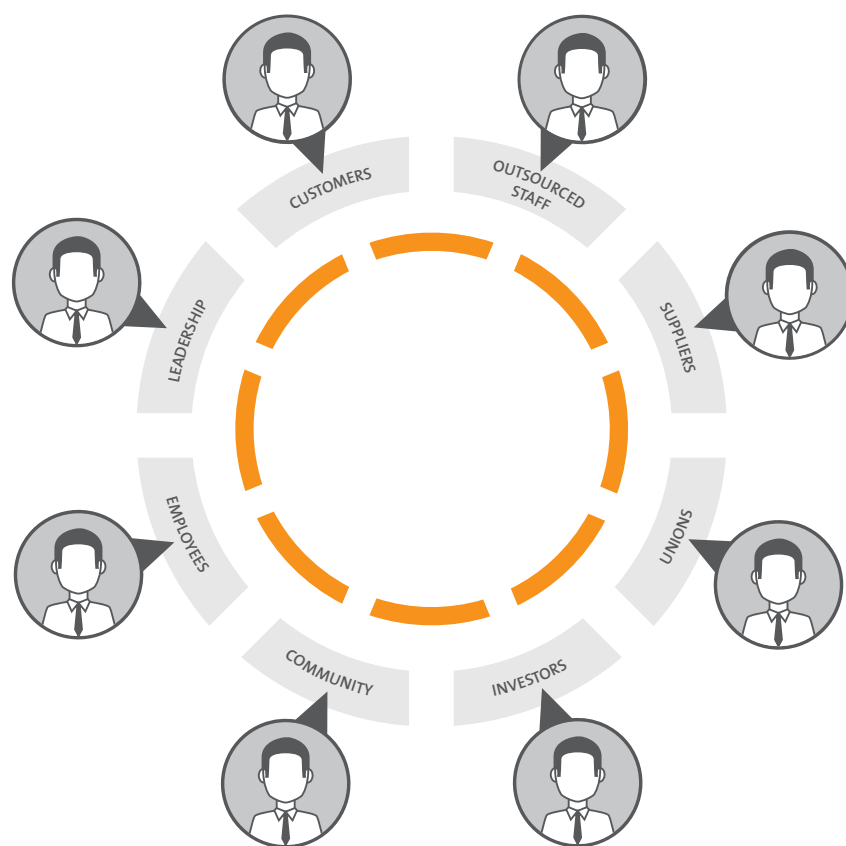


## MATERIALITY

In 2019, Usiminas took an important step in the maturity of its sustainability management by carrying out a new materiality exercise, which underpins the issues addressed in this report and follows the recognized GRI Standard. The materiality exercise involves the identification and prioritization of material sustainability issues for Usiminas, which

are those that represent significant environmental, economic and social impacts of the Company and can have a major influence on the assessment and decision of stakeholders, both internal and external.

This process includes consulting and engagement with key stakeholders:



[102-43] [102-40]

Engagement with stakeholders followed GRI's materiality principles and selected stakeholders for consultation according to:

i) External reputational factors: stakeholders identified from risks and opportunities

found in news and articles available on online search.

ii) Sustainability context: mapped stakeholders based on an assessment of the Company's value chain and consolidated academic articles on Usiminas areas of operation.

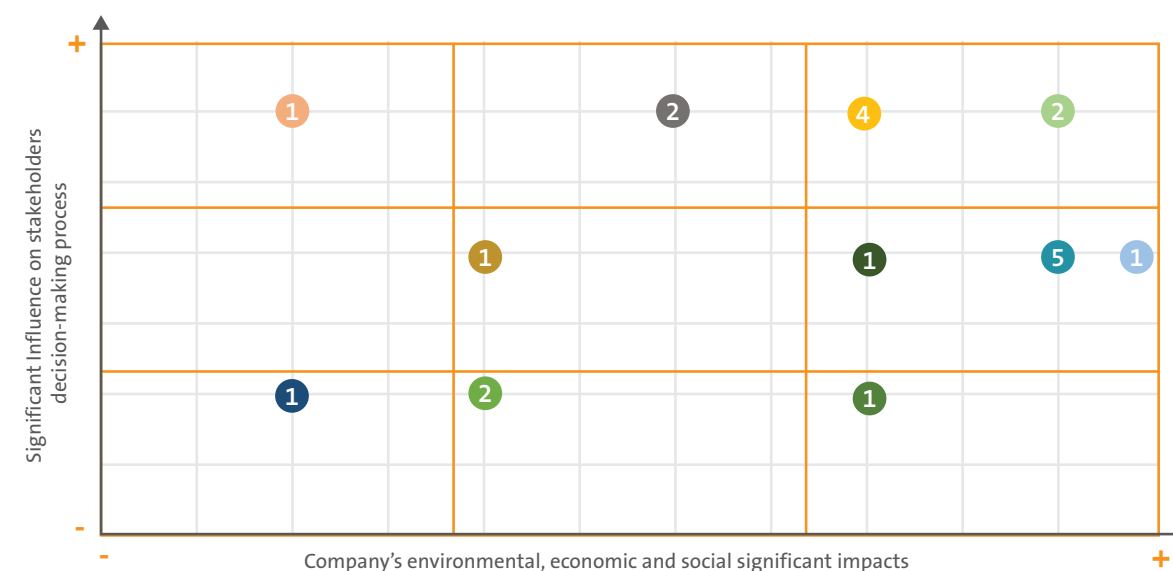
iii) Existing communication channels: stakeholders engaged by the Company.

iv) Stakeholders considered strategic for Usiminas business.

Stakeholder's consultation took place through interviews, questionnaires and on-

line channels. In addition, there is constant engagement through communication channels open to dialogue with diverse stakeholders, such as employees, neighboring communities and investors, in addition to customer satisfaction surveys.

[102-42] [102-43] [102-46] [102-49]



2 Occupational Health and Safety  
Innovation and portfolio positioning

4 Financial Sustainability  
Ethics and Transparency  
Air Quality  
Preservation of Biodiversity

1 Community Relations

5 Energy efficiency and use of renewable energy  
Water Resources  
Supply Chain Management  
Waste and hazardous materials management  
Regulatory and market risks

1 Environmental Compliance

2 Quality of Life at Work  
Dams' Safety

1 GHG Emissions and climate change risks

1 Infrastructure investments

2 Human Development  
Sustainability Governance

1 inclusion of people with disabilities

1 Brand Positioning

Based on an exercise of prioritization of subjects, listing their relevance in relation to Usiminas significant environmental, economic and social impacts and the influence of the subjects on the stakeholders' decision-making, a total of **15 priority subjects** were identified for the Company. Aware of the importance of carrying out concrete actions for sustainability,

Usiminas is attentive to the 2030 Agenda and the 17 UN SDGs - a global action plan developed in partnership by representatives of public authorities, academic institutions, civil society and the private sector, encompassing the environmental, economic and social spheres, in an integrated and indivisible manner.

[102-12]



Based on this intention to contribute to advancement of the 2030 Agenda, the Company's material subjects were associated with the SDGs, as presented below:

[102-44] [102-47]

**OCCUPATIONAL  
HEALTH AND SAFETY**

Usiminas has People and Safety as its main values, and therefore cherishes occupational health and safety of its own employees and outsourced staff, investing in actions aimed at the daily pursuit of the Zero Accident target.

**SDGS**



**INNOVATION AND  
PORTFOLIO POSITIONING**

[103-1:301] [102-15]

Usiminas values excellence, always seeking to develop innovative and customized products and solutions to meet the needs of its customers.



**FINANCIAL  
SUSTAINABILITY**

[103-1:201]

Focusing on results, achieved through challenging goals, prompt decision making and austerity in spending allows Usiminas to assume a competitive posture in both domestic and foreign markets, generating value for society and its stakeholders.



**ETHICS AND  
TRANSPARENCY**

[103-1:205] [102-16] [102-17]

Transparency, ethical conduct and integrity are essential pillars in Usiminas governance, reaffirmed in management practices and the availability of an Open Channel for the submission of complaints.

**SDGS**



**AIR  
QUALITY**

[103:305] [102-15]

Usiminas operations are carried out using modern and efficient techniques; even so, the Company recognizes its environmental impacts and continuously works to minimize them, such as particulate material emissions, which influence the quality of life and health of its employees and local communities.



**PRESERVATION  
OF BIODIVERSITY**

[103:304]

Usiminas infrastructure can have significant impacts on biodiversity in the areas surrounding its operating units. To manage such impacts, programs are carried out focusing on the preservation of riparian forests and water springs, among others.





## **QUALITY OF LIFE AT WORK**

[103-1:401] [103-1:404] [103-1:405]

The Company understands that programs related to Quality of Life at Work, such as those encouraging employees' personal and professional development and the promotion of a positive work atmosphere, humanized environments, with respect and appreciation for diversity, affect individual and team motivation, productivity and commitment to business results.



## **DAM SAFETY**

[102-15]

Usiminas recognizes the internal and external social and environmental potential impacts of its mining operations. Mineração Usiminas' two upstream dams have been deactivated, and one of them is being decommissioned, while the other one is being decharacterised (the structure of a dam is reincorporated to the topography and environment). There is a downstream dam in operation while the company waits for the licensing to implement a dry stacking system. The Company points out the assessment and management of intrinsic risks to the use of dams as one of the priority activities of its mining operations, as well as continuously striving to comply with legal deadlines.



## **ENVIRONMENTAL COMPLIANCE**

[103-1:307] [102-15]

Usiminas business sectors are subject to several types of standards and regulations, which require careful management to mitigate risks and anticipate regulatory trends that could impact the Company's operations.



## **RELATIONSHIP WITH THE COMMUNITY**

[103:413] [102-15]

Usiminas has a close relationship with local communities and recognizes the impacts of its operations, infrastructure and logistics. The Company uses open channels to receive demands from communities and carries out recurrent actions of engagement and transparency with this public, in addition to investing in cultural initiatives, sports, education and the promotion of quality of life.



## **ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY**

[103:302] [102-15]

Usiminas invests in energy efficiency and encourages conscious consumption in its operations and is subject to risks arising from its dependence on specific suppliers of electricity and other inputs, which could be affected by eventual droughts and rationing.



## **WATER RESOURCES**

[103:303]

In all sectors, Usiminas manages and treats effluents in compliance with established regulations and manages indicators to monitor their levels of water resource consumption. In addition, it carries out projects for the preservation of springs and riparian forests, also involving local communities.





## SUPPLY CHAIN MANAGEMENT

[103-1:204][103-1:308][103-1:414]

Usiminas activities involve engaging a significant number of suppliers, many of which are local to the Company's areas of activity. Through certification criteria, contractual requirements, relationship and monitoring actions, it seeks to mitigate and remedy social risks, such as those related to unsatisfactory performance in occupational health and safety and non-compliance with legal obligations on the part of the contracted companies, and environmental risks, such as non-compliance with current legislation.



## WASTE AND HAZARDOUS MATERIALS MANAGEMENT

[103:306] [102-15]

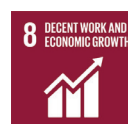
Industrial production processes generate waste that can pose occupational and environmental risks if not managed correctly. At Usiminas, waste and hazardous materials are managed according to regulatory and safety requirements, monitored through quality indicators.



## REGULATORY AND MARKET RISKS

[103:413] [102-15]

Usiminas operations are subject to the impact of exchange rate fluctuations, seasonality of demand and protective regulations, which may impair the Company's exports, among other environmental regulations. Usiminas makes investments to anticipate regulatory measures and ensure compliance with current regulations.



The subjects mapped serve as input for an increasingly strategic management of the Company, with the possibility of being unfolded in performance indicators and management targets.

## INNOVATION

[103-1:301] [103-2:301]

## INNOVATION AND PORTFOLIO POSITIONING



Innovation and sustainability are essential to ensure business continuity and competitiveness. Usiminas invests in the search for technological and high value-added products, which is possible with an experienced team that seeks quality and productivity.

In 2019, Usiminas invested in projects and initiatives coordinated by the Innovation Management to identify opportunities on several fronts. More than 40 project development opportunities were captured through Usiminas innovation platform called "InovaAI", the active search in several areas and the gathering of good practices with external partners. The following are some of the highlights of the year.

[102-15]

### 2030 ROUTE

**THE FEDERAL GOVERNMENT'S 2030 ROUTE PROGRAM AIMS TO DEVELOP THE AUTOMOTIVE SECTOR, PROMOTING THE INCREASE OF BRAZIL'S AUTOMOTIVE INDUSTRIAL PARTICIPATION IN VEHICLE AND AUTO PARTS EXPORTS, FOSTERING PARTNERSHIPS AND ALLIANCES, SEEKING ENERGY EFFICIENCY AND SAFETY OF VEHICLES SOLD IN THE COUNTRY.**

**IN THIS CONTEXT, USIMINAS INTERACTS WITH AUTOMAKERS AND AGENCIES SUCH AS THE NATIONAL INDUSTRIAL LEARNING SERVICE (SENAI) IN THE DEVELOPMENT OF NEW PRODUCTS. USIMINAS INNOVATION TEAM IS PART OF THE 2030 ROUTE ALLIANCES, TOGETHER WITH AUTOMAKERS, PARTNER COMPANIES AND SENAI, WITH INVESTMENT FROM THE BRAZILIAN INDUSTRIAL RESEARCH AND INNOVATION COMPANY (EMBRAPII), ACTING AS THE COORDINATING ENTITY FOR THE RESEARCH, DEVELOPMENT AND INNOVATION (RD&I) PROGRAM OF 2030 ROUTE.**





## “InovaAi”

Bringing together Usiminas initiatives, strategies and actions with total focus on innovation, the program was initiated in April 2019, driven by ambassadors who act as promoters and consultants for projects in many areas of the Company.

The program has four action fronts:

- Events: holding events (workshops, hackathons, bootcamps and shark tanks). More than 30 events were held in 2019;
- Innovation Ambassadors: team of collaborators who have committed themselves to the program;
- Challenges: identification of improvement points in the areas to be worked on by the innovation ecosystem;
- Partnerships: shared work with other players in the innovation market such as Start-ups and Universities communities.

This strategy allowed the implementation of an innovation culture, with a rich agenda and the engagement of several collaborators in a movement of openness to the new, valuing experimentation, risk appetite and agility, seeking external partners to contribute to the implementation of ideas.

Within the scope of “InovaAi” program, “InovaAi Ideas” was a pilot directed at Usiminas Steel employees, opening up three subjects:

- Simplicity and agility: automation and optimization of processes and activities;
- Customer focus: attracting and retaining new customers;
- Protecting life: enhancing employee safety and mitigating environmental risks.

Collected ideas were selected from criteria such as level of innovation, scope and impact. Thirteen projects were put into practice in 2019.



Evento de lançamento do InovaAi, plataforma de inovação da Usiminas.

## PRODUCTS

### PRODUCT DEVELOPMENT

Investments in research and development of new products are constant at Usiminas. With an investment of R\$7.28 million in research and development activities, new products, services and applications for many sectors were studied. In 2019, the Company launched the following new products into the market:

**USI-SAC Solar Power:** In 2019 Soluções Usiminas launched a new product to be used in the structure of solar panels into the market, composed of a type of steel resistant to atmospheric corrosion with improved weldability, which does not require painting or galvanization. The solution allows the reduction of energy expenditure in the production of the parts, generating better cost and greater environmental benefit.

**USI-LN-900:** Advanced high strength steel, developed for structural applications that require flow limit above 900 MPa of strength, good cold forming and tenacity at low temperatures, meeting the applications of road implements and heavy line automotive sector.

**USI-RAVUR-400:** Wear resistant steel with guaranteed hardness in the center of thickness and toughness at low temperatures. Meets the demands of heavy industry sectors, in applications such as ground penetration tool blades, flat bars of sugar plants, truck buckets, mining industry and cement parts.





PRODUCT QUALITY AND SAFETY

[416-1] [417-1]

Aiming to incorporate the necessary requirements to achieve quality standards demanded by customers, through continuous improvement in its methods and processes, the Company keeps the certification of its Quality Management System, based on NBR ISO 9001:2015 and IATF 16949:2016, a standard that applies to manufacturers in the global

automotive supply chain. Usiminas also has certifications that attest to the reliability of laboratory analysis results, as well as the quality of its products, obtained through national and international certifying entities:

Sector	Certifying Entity	Certifier Country
Naval	American Bureau of Shipping – ABS	USA
	Bureau Veritas – BV	France
	Korean Register of Shipping – KR	South Korea
	Lloyd’s Register of Shipping – LR	Great Britain
	Det Norske 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
	IBrazilian 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	Brasil
	Lloyd’s Register of Shipping – LR (ELV Compliance)	Great Britain
	Brazilian Association of Technical Standards - ABNT: NBR 7008 (zinc or zinc-iron coated steel plates and coils by continuous 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 application by customers. Relevant information, whether technical, disposal or safe use, is presented on the packaging and label of the products, according to the standards in force in the country of marketing. In addition, Usiminas issues a Product Inspection Certificate, which proves the chemical, mechanical and physical properties of the material, ensuring that the product complies with specific standards or norms of an international organization. The certificate also provides specific information about the products and customers:

- **The RoHs and ELV green seal logos**  
The Restriction on Hazardous Substances (RoHS) guideline aims to protect the environment and people’s health by restricting the use of certain substances, such as lead, mercury, cadmium and hexavalent chromium in the steel process. End of Life Vehicles (ELV) defines regulations similar to RoHS for passenger cars sold in the European Union, aiming to reduce environmental impacts through the collection, reuse and recycling of components. Since 2007, Usiminas has kept these certifications issued by Bureau Veritas.
- **The FDS/MSDS query referral**  
The Material Safety Data Sheet (MSDS) is the documentation that provides information on a number of aspects of protection, safety, health and the environment. The Material Safety Data Sheet (MSDS) provides basic knowledge about the materials, recommendations on protective measures and actions in emergency situations. In addition, it also provides physical data, trans-

port, storage and handling instructions. For customers who request, Usiminas Steel presents a declaration letter on the Percentage of Local Content. It is a Regulation established by the Oil, Natural Gas and Biofuels National Agency (ANP), which aims at increasing the participation of Brazilian Industry of Goods and Services in oil and natural gas exploration and production development projects, resulting in the obligation of the family “thick carbon heavy plates” to have the Local Content Certification (LCC). In 2016, an LCC valid for four years was issued by Det Norske Veritas - DNV-GL, with the percentage of 100% local content for Usiminas Steel Industry heavy plates.





CUSTOMERS

One of the pillars of Usiminas performance is its commitment to understand and meet the needs of its customers, which is why it invests in the training of its professionals, in innovation, quality of its products and services and in the fulfillment of agreed deadlines. Thus, the Company seeks to retain a loyal customer base in all of its operating sectors, as well as to continuously expand this base.

At Usiminas Steel, technical assistance to customers is provided by the Product and Technical Assistance teams, who work in the pre-sale and post-sale stages, in order to ensure production in accordance with quality standards and customer needs, provide guidance related to the use of products, identify demands for the development of new products, receive claims and provide technical support in the analysis of customer processes issues.

The pre-sales stage is carried out by the Product team, who works with a comprehensive vision of the steel sector, in order to identify needs, opportunities and feasibility for the development of new products, being responsible for the subsequent management of projects, involving the

stages of pilot-scale tests, industrial tests, customer tests, standardization and promotion of new products. This team, who is also responsible for the improvement of existing products, participated in 146 events at customers, through the conduction of training, workshops and technical meetings.

The post-sales stage is conducted by the Technical Assistance team, who seeks to bring the “voice” of the customer into the Company, through technical contact reports and weekly meetings, with the participation of technicians and leaders from several hierarchical levels, when the occurrences, proposed actions, perceptions and demands of customers are discussed. The Technical Assistance team consists of 28 employees. In 2019, 225 customers were assisted, and 1,235 contacts were made, including meetings, training, production follow-up and material inspections, reaching an average of 5.5 visits per customer. Most of these contacts are planned annually, according to the needs and demands presented by the customers themselves and may occur for periods ranging from weekly to longer periods, such as semiannual or even annual.



1st Usiminas Sales Convention

In 2019, the 1st Usiminas Sales Convention took place, during which around 150 collaborators of Usiminas Steel and Soluções Usiminas discussed issues such as customer loyalty and satisfaction, new markets, products and services.

CUSTOMER SATISFACTION

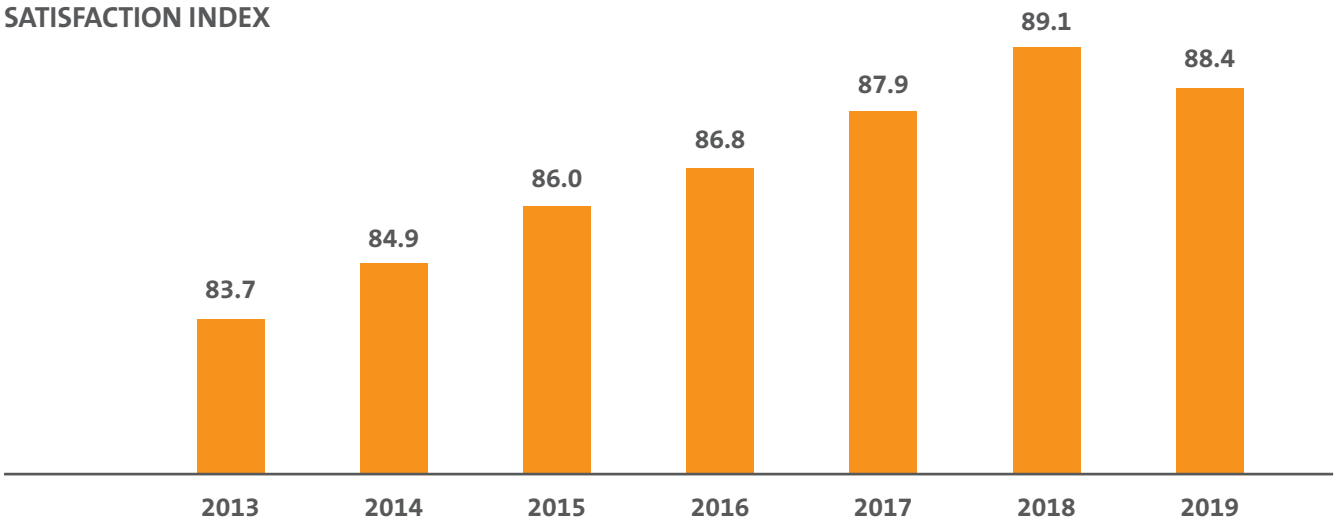
[103-3:301]

The Customer Satisfaction Assessment process is performed annually by Usiminas Steel. It is based on face-to-face interviews conducted by employees who do not have a direct relationship with customers, addressing questions related to the acquisition processes, product / logistics reception, quality control and production. It also seeks to obtain customers’ perception of Usiminas Steel positioning in the market and identify their main concerns in relation to each top-

ic discussed. The results are used to develop an action plan that includes improvements, new products or services.

In the 22nd assessment cycle, held in 2019, forty customers from different sectors were interviewed, representing approximately 10% of active customers and 50% of the Company’s revenues. The evolution of Usiminas Steel annual customer satisfaction rates can be observed in the figure below:

EVOLUTION OF CUSTOMER SATISFACTION INDEX



The Survey Result, in 2019, showed a decrease in the satisfaction index of 0.7 points, interrupting a series of positive results observed since 2014. However, there was an increase of 1.5 points in the assessment regarding the Company’s position in the market, which indicates that the fall in customer satisfaction index has occurred generally for the steel sector.



Usiminas invests in new features and services for its customers, and some of the highlights of 2019 are:

- **Virtual Tour** - through augmented reality, customers can get to know Usiminas facilities remotely, taking a virtual tour of Ipatinga and Cubatão plants.
- **Sales Management in the Palm of your Hand** – through “Mobile Sales” software, sales staff can record activities, track portfolio details, with identification of critical, suspended items and credit details. Quick access to this information facilitates customer visits and travel.



- **New Packing Machine** – Aiming at customers’ safety, the new coil packing machines ensure that the unpacking made by customers is faster and safer. In addition, there is greater safety for Usiminas staff, through laser detection of people close to them, in addition to the reduction in waste generation during operation.
- **New Extranet** - the Extranet is Usiminas main channel with its customers, accounting for over 200 thousand monthly accesses. In 2019, a project to improve the platform was carried out, through demands from 13 key customers, taken to the Digital Committee and approved. In addition to the technological updating, customers can have more agility from the quotation processes to the delivery of products.

## SUPPLIERS

[103-2:204] [103-2:308] [103-2:414]

[103-3:204] [103-3:308] [103-3:414]

Usiminas seeks to establish partnership relations with its suppliers, promoting mutual benefits and joint development for the increasing challenges of the market.

Principles, guidelines and rules that govern Usiminas Companies in their relations with the supply chain are set forth in the Code of Ethics and Conduct and in the document called General Corporate Supplies Management Standard. This Standard, in addition to establishing a governance standard of the supply chain to be followed by the areas responsible for related processes of Usiminas Companies, also refers to the document “General Conditions for the Execution of Services and Supplies”, which regulates the rights and obligations of suppliers and service providers, and any subcontractors, including environmental and social aspects.

Approval processes of all suppliers are based on the documents above mentioned, and proof of factors related to compliance with labor legislation, occupational health and safety, social and environmental responsibility (including human rights issues), suitability, quality, technical capacity, certifications, commercial and technological performance and competitiveness are observed and required. Usiminas also inserts mechanisms in its contracts to prevent situations of social and environmental risks, verifying during the contract term, compliance with labor and environmental legislation and relies on the Open Channel as a gate-

SUPPLY CHAIN  
MANAGEMENT



way for the investigation of complaints, claims and denunciations. The due diligence process, which will contemplate social and environmental issues, is under construction, so that it may be applied in a structured and continuous manner. It is worth mentioning that this process, specifically for the issue of occupational health and safety, is implemented through the Safe Supplier program.

[308-1] [308-2] [407-1] [408-1] [409-1] [412-1] [414-1]

One of the main means of communication between the Company and its suppliers is the Purchasing Portal, an online channel via website, which allows the interaction between Usiminas and its suppliers, through the posting of notices,



electronic transactions for quotation requests and formalization of proposals, access for inquiries and order acceptance, invoice viewing, among other features.

To supply Usiminas with products or services, partner companies can access the specific area on the Company's website -

[www.usiminas.com/fornecedores](http://www.usiminas.com/fornecedores) - to learn more about the requirements for pre-registration, including those set forth in the document "General Conditions for Execution of Services and Supplies", as well as to become aware of the contents of the Code of Ethics and Conduct and other policies of the Integrity Program.

SAFE SUPPLIER

[102-10] [414-2] [403-7]

The Safe Supplier program was launched in 2019 and has been structured to encourage and support partner companies to achieve higher levels of safety. It applies to suppliers who provide or wish to provide services, classified as high or medium risk, at Usiminas' internal premises.

During the qualifying process, the supplier's management level and commitment to work safety is assessed, which includes auditing the supplier's website to validate the information provided in their self-assessment. Qualified companies receive the status "QS - Qualified in Safety" in the supplier's register, valid for three years and can be automatically renewed for a maximum of three more years, depending on their safety performance.

Contractors are assessed every two months by the contract management areas along with Usiminas occupational safety area, taking into account several requirements, such as hazard identification, risk assessment, training, PPE and safety indicators. Those that do not reach a satisfactory appraisal, according to the program's criteria, present an action plan to correct the observed shortcomings and improve safety performance. When unsatisfactory performance persists, sanctions are imposed and may lead to suspension and termination of contract. On the other hand, contractors who achieve "excellent" or "good" performance in all assessments carried out annually are recognized by Usiminas as "Safe Supplier".



Usiminas promotes the Biennial Suppliers Award, with category awards, in addition to the Supplier of the Year, with the purpose of recognizing the commitment of partner companies in the fulfillment of contracts and their contribution to the Company's results. In the event that took place in April 2019, it was announced that in 2021 the category Safety Excellence will be included, as a result of the Safe Supplier program.

In 2019, Usiminas had 12,200 active suppliers in its corporate database, 10,800 of them domestic and 1,400 foreign, mostly European and North American. Of these, 4,246 had operations, with 83% of the disbursements going to domestic suppliers, totaling R\$ 11.4 billion, and the remainder to foreign suppliers, totaling R\$ 2.1 billion.

[102-9]

In order to generate value for the regions where it is present, Usiminas supports the development of local businesses, while ensuring free competition. The table below shows the percentages related to the disbursement of purchases made with local suppliers, considering the main locations of operation.

[204-1]

Company	% Local purchase	Geographic definition
Usiminas Steel & Unigal	16%	Steel Valley Metropolitan Region (Ipatinga, Santana do Paraíso, Timóteo and Coronel Fabriciano); cities in a radius of one hundred kilometers from Ipatinga; Baixada Santista, including the cities of Cubatão, Santos, São Vicente, Guarujá and Praia Grande.
Usiminas Mecânica	25%	
Mineração Usiminas S.A.	27%	Itatiaiuçu, Mateus Leme, Itaúna, Igarapé, Brumadinho, Divinópolis, Formiga and Pará de Minas (all in Minas Gerais).
Usiminas Solutions	36%	Sao Paulo Metropolitan Region, Paraíba Valley and Campo Limpo Paulista (SP); Porto Alegre (RS); Betim and Santa Luzia (MG); Suape region (PE).





Usiminas has competent professionals who are valued and stimulated in their development and growth in the Company. In a constant search for the improvement of the work atmosphere and the humanization of environments, Usiminas considers and follows the perception of its employees through the biannual application of the Organizational Atmosphere Survey in order to preserve, review or implement human resources initiatives and programs. The last Survey was conducted in 2018 and showed a favorability rate of 84%.

[103-3:401] [103-3:404] [103-3:405]

Usiminas commitment to valuing its professionals and fostering an environment of diversity is also expressed in its endorsements of pacts and commitments to important global initiatives:

[102-12] [103-2:405]



### 1 Commitment Letter from the Business Coalition for Racial and Gender Equity

This letter focuses on the eradication of racial discrimination and effective equal opportunities between men and women, considering the role of companies in stimulating economic insertion and promoting inclusive and equitable economic development, with a view to overcoming historically established inequalities.

### 2 Corporate Forum Pact and LGBTI+ Rights

A corporate movement that brings together large companies around commitments related to the respect and promotion of LGBTI+ human rights. The signatory companies must comply with the ten commitments in their relationship with their stakeholders (customers, employees, shareholders, community, among others) so that together they can positively influence both the corporate environment and society. One of the commitments is “to make unacceptable: violence, exclusion, humiliation, harassment and discrimination against individuals based on their sexual and gender orientation”.

### 3 UN Women and Global Compact’s WEPs Platform (Women Empowerment Principles)

There are seven principles produced and promoted by the United Nations so that the business community can incorporate into its business values and practices for the promotion of gender equality, in addition to promoting economic empowerment and leadership of women as a basis for sustainable, inclusive and equitable growth. There are 291 signatory companies in Brazil and over 2,600 worldwide.

## DIVERSITY AND INCLUSION PROGRAM

[103-2:405]

PROGRAMA  
DIVERSIDADE  
E INCLUSÃO

Usiminas believes that diversity and inclusion should be practiced in everyday life. Therefore, in 2019, the Diversity and Inclusion Program was created, which includes the Diversity Committee and five affinity groups, one for each pillar worked: gender equity, generations, LGBTQI+, people with disabilities, race and ethnicity.

Groups are composed of up to 15 collaborators who support the cause, including a member of the Diversity Committee. Each group has a leader and an Executive Director as sponsor.

This structure allows suggestions for action to be raised, analyzed and implemented, resulting in achievements already made in the first year of the Program, among which:

- extension of maternity leave from four to six months (increase of 20 days in 2019 and a further 20 days in the following two years) and creation of parking spaces, in all units, dedicated to pregnant and breastfeeding women;
- Soluções Usiminas 1st Women’s Leadership Workshop;
- increasing the presence of women as apprentices in industrial areas;
- launching the Company’s diversity demographics, through database queries with appropriate filters;
- conducting a campaign to attract the resumes of people with disabilities to compose the talent pool for future selection processes;
- conducting a pilot program aimed at training people with disabilities in the region of Cubatão, by granting ten vacancies for the SENAI’s Hydraulic Mechanics course.



Signature of the LGBTQI+ Business and Rights Forum Pact



COLABORATOR PROFILE<sup>4</sup>

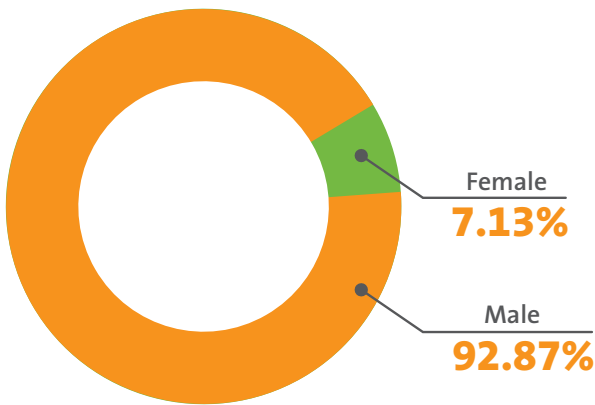
In 2019, Usiminas activities were performed by 15,862 direct<sup>5</sup> collaborators and 11,966 out-sourced staff, the latter calculated by the full-time equivalent method (FTE) and allocated mainly to maintenance activities at the steel plants.

[102-8]

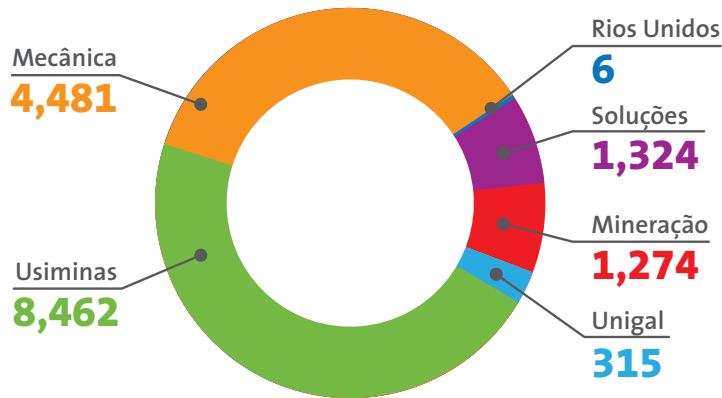
The following charts and table present the profile of direct collaborators, by regions in which Usiminas operates, gender, subsidiary company and age group.

[405-1] [207-4]

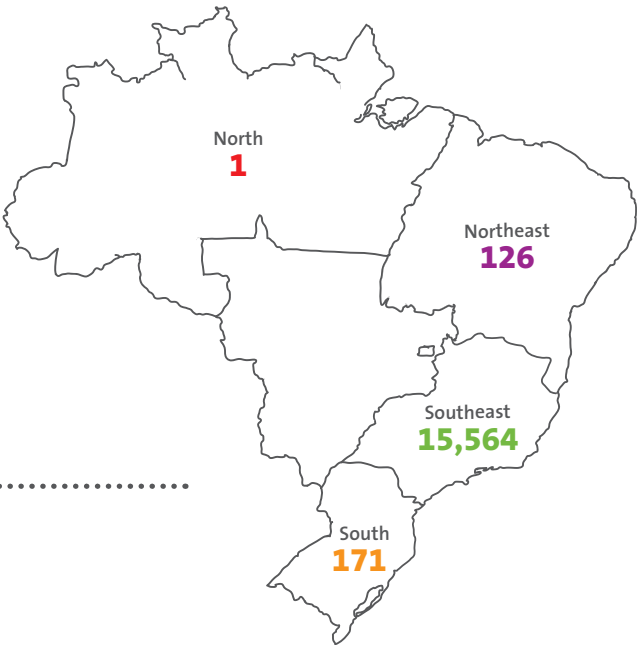
TOTAL NUMBER OF COLLABORATORS, SORTED BY GENDER



TOTAL NUMBER OF COLLABORATORS, SORTED BY COMPANY



TOTAL NUMBER OF COLLABORATORS, SORTED BY REGION IN BRAZIL



<sup>4</sup>All data presented in this section was collected through Usiminas Management System (SAP) and Visual Flash software.

<sup>5</sup>The total of 15,862 direct collaborators, as of 12/31/2019, includes: Employees, Statutory Members, Interns and Acting Apprentices.

TOTAL NUMBER OF COLLABORATORS, SORTED BY AGE GROUP AND GENDER

Age Group	Active	Apprentice	Intern	Statutory	Total
Female	949	124	58		1,131
Under 30	238	124	57		419
Betw. 30 & 50	656		1		657
Above 50	55				55
Male	14,404	241	70	16	14,731
Under 30	2,636	241	69		2,946
Betw. 30 & 50	9,995		1	4	10,000
Above 50	1,773			12	1,785

Out of the total number of Usiminas direct collaborators, 3.11% worked under temporary and part-time contracts, corresponding to 493 apprentices and interns, 37% being female and 98.5% contracted in the southeast region of the country. In 2019, Usiminas Mecânica showed periods of increase in the workforce, due to the increase in projects during this cycle, encouraging the hiring of approximately 2.2 thousand direct collaborators. The total number of new hires in the year was 6,493 collaborators (this number does not include apprentices, interns and statutory staff members), and the percentage of turnover in the period was 82.2%.

[102-8] [401-1]

TURNOVER RATE, SORTED BY GENDER AND AGE GROUP

Gender	Rate (%)	Age group	Rate (%)
Female	66.7%	Under 30	125.3%
Male	83.1%	Betw. 30 & 50	70.0%
		Above50	96.3%
TOTAL	82.2%	TOTAL	82.2%

TOTAL NUMBER OF NEW HIRES, SORTED BY GENDER AND AGE GROUP

Gender	Number	Rate (%)
Female	339	5.2%
Male	6,154	94.8%
TOTAL	6,493	100.0%

Age group	Number	Rate (%)
Under 30	1,726	26.6%
Betw. 30 & 50	3,947	60.8%
Above 50	820	12.6%
TOTAL	6,493	100.0%

USIMINAS HAS A DIRECT CHANNEL OF COMMUNICATION WITH ITS COLLABORATORS VIA WHATSAPP, “FALA AÍ”, (TALK TO ME) COLLABORATOR. WITH VOLUNTARY SUBSCRIPTION AND INDIVIDUAL COMMUNICATION, THE CHANNEL HAS MORE THAN 8,000 SUBSCRIBERS.

BENEFITS AND REMUNERATION

Usiminas understands the importance of attracting, retaining, engaging and motivating its collaborators and executives in strategic positions, including members of corporate governance bodies, and knows that good remuneration practices strongly contribute to this purpose. Therefore, it seeks the market as a reference by means of periodic surveys and, in order to compose its salary chart, it also considers the responsibilities of the position using the KornFerry HayGroup hay points methodology. Whenever necessary and in order to implement the best practices, independent consultants are hired to carry out work that involves significant adaptation of the methodology and for studies on the applicability of new tools, as well as to conduct periodic salary surveys. In 2019, there were no significant changes in remuneration practices and no salary surveys.

[102-36]

The Company has, as variable remuneration, a Profit Sharing and Results Program (PRP), an Executive Profit and Results Program and Bonuses, with targets defined for each group of collaborators: CEO and other Statutory Directors, Executive Directors, Directors, General Managers and Senior Experts, Managers and Full Experts, Coordinators, Experts and other collaborators.

Usiminas Group companies’ collaborators are offered a package of benefits, including medical, hospital and dental assistance, social security plan, food allowance, transportation voucher, group life insurance, Advantage Club, extended maternity leave and daycare assistance. Interns and apprentices receive

food allowance and transportation voucher as a benefit.

[401-2]

The Advantage Club portal brings together exclusive partnerships, allowing collaborators to obtain discounts and benefits in diversified segments, such as education, gastronomy, vehicle purchase and rental, and insurance.

In 2019, maternity leave was granted to 37 female collaborators and they all returned to work after completion. Paternity leave was also granted to 493 employees, and two of them did not return to work after completion. The percentage of retention for 12 months after parental leave was 85.1%.

[401-3]

The ratio between the highest total annual remuneration and the average total annual remuneration of all collaborators is 23.7. Usiminas direct collaborators’ remuneration is based on their own salary chart, in which all ranges are higher than the national minimum wage. The lowest wage, for women and men, is 7.1% higher than the national minimum wage, attributed to female collaborators in the positions of Helper and General Services Helper and collaborators in the positions of Helper, General Services Helper, Shipping Helper, Moving Helper and Servant.

[102-38] [202-1]

In 2019, the ratio between the increase in global annual remuneration of the organization’s highest salary in relation to the average increase in collaborators remuneration was -0.26%, and the percentage increase in the average remuneration of all collaborators, except the highest salary in the Company which was 2.69%.

[102-39]

The proportion of women’s remuneration compared to men’s remuneration, sorted by operating unit, is shown in the table below:

[405-2]

COMPARISON OF AVERAGE REMUNERATION BETWEEN MEN AND WOMEN

Consolidated Average comparison Base Salary + Variable Remuneration Men x Women									
Company/ unity	Board of Directors	Area Management	Gerência Geral	Gerência	Coordenador	Superior	Técnico	Administrativo	Operacional
Mecânica	-	-	-	0.98	1.18	0.72	0.81	0.80	0.82
Mineração	-	-	-	-	-	0.62	0.87	0.72	0.81
Soluções	-	-	-	0.92	1.14	0.81	0.76	0.93	0.77
Cubatão Plant	-	-	-	0.77	-	0.94	0.76	0.81	0.64
Ipatinga Plant	-	-	-	0.74	0.67	0.74	0.79	0.93	0.86
Headquarters and Offices	-	0.68	-	0.94	0.95	0.75	0.93	1.05	-
Unigal	-	-	-	-	-	0.86	-	-	0.80
Consolidated	-	0.71	-	0.88	0.96	0.79	0.78	0.85	0.80

The rules for hiring and transferring professionals are the same for any type of employee transfer, regardless of gender, race and sexual orientation.

Usiminas has a Diversity and Inclusion Program, promoting working groups engaged in monitoring and offering ideas to reduce inequality in Usiminas Companies. A work front with the Gender Equity affinity group is mapping a support tool for this process with UN Women. This action aims to seek the best practices regarding the subject to compose a proposal associated with Usiminas.



<sup>6</sup>The remuneration calculations include fixed salary and variable remuneration.



SENIOR MANAGEMENT REMUNERATION

[102-35] [102-37]

In addition to fixed monthly remuneration and short and long-term variable annual remuneration, Statutory Directors receive as benefits: medical and dental plans, life insurance, private pension, vehicle and driver.

Short-term variable remuneration is linked to the achievement of quantitative and qualitative targets related to the Company’s overall performance and to specific contribution of each Director. A bonus is paid after final determination of performance parameters based on the Audited Annual Balance Sheet and approved by the Board of Directors, without the use of clawbacks (compensation reimbursements previously received by an executive and returned to his/her employer if certain conditions or targets are not met).

The Company has two long-term variable remuneration programs for Statutory Directors. The first will be effective until November 2021, based on stock options and takes into consideration the achievement of the Company’s strategic targets and financial performance. The second was launched in 2019 and is based on the granting

of virtual units and takes into consideration the positive variation in the Company’s equity.

For the Board of Directors, fees are paid according to the amount approved in the Ordinary General Meeting and there is no practice of variable remuneration. For the Chairman of the Board of Directors, medical and dental plans are granted as benefits.

For the Fiscal Council effective members, monthly remuneration is fixed at 10% of the average of fixed remuneration attributed to the Company’s Statutory Directors, pursuant to Paragraph 3 of Article 162 of Law No. 6,404/76. There is no practice of variable remuneration.

There is no hiring bonus policy or practice for recruiting members of Usiminas governance bodies. Also, no termination payment is applied, being paid the amount of the monthly remuneration proportional to the date of dismissal and the proportional variable remuneration (bonus and Long-Term Incentive), based on the achievement of targets and rules in force for the programs, as a general rule”. Exception cases are negotiated individually.



TRAINING AND DEVELOPMENT

Usiminas fosters the development of its collaborators’ skills, encouraging the implementation of courses, development programs and continuing education. In 2019, the Company’s staff had more than 889,000 hours dedicated to training and qualification.

[404-1] [404-2] [103-2:404]



TRAINING STRATIFICATION CARRIED OUT BY COMPANY COLLABORATORS IN 2019

Functional category	Total workload	Hours per collaborator
Administrative	7,919.6	31.6
Board of Directors	3,121.4	42.2
Management	13,228.5	49.0
Operational	674,525.7	84.8
Higher Education	71,719.9	49.9
Technical	119,019.3	65.1
Grand Total	889,534.3	75.3

Gender	Total workload	Hours per collaborator
Female	59,375.5	71.2
Male	830,158.9	75.6
Grand Total	889,534.3	75.3



**DEVELOPMENT PROGRAMS  
RELATED TO LEGAL AND  
REGULATORY TRAINING -  
REGULATORY STANDARDS,  
INTERNATIONAL  
ORGANIZATION FOR  
STANDARDIZATION (ISO)  
STANDARDS, CODE OF  
ETHICS AND CONDUCT**

Trainings are directed to collaborators based on the needs arising from the activities performed, as well as from the requirements established by laws, standards and internal procedures. There were more than 33,000 participations in training of this category.

[403-5]

Usiminas Code of Ethics and Conduct establishes guidelines for human rights issues, such as respect for diversity, combating child or forced labor, raising awareness of moral and sexual harassment, granting freedom of association, full compliance with labor legislation and commitment to health and safety. In 2019, all these issues were addressed in the training sessions given on the Code of Ethics and Conduct, which were attended by 98% of employees, in addition to other stakeholders, such as members of the Board of Directors, interns and apprentices.

Usiminas leadership and the staff from the People Management and Innovation Department participated in the Unconscious Bias and Inclusive Culture training, which aimed to raise awareness about issues such as prejudice, respect for people, benefits of a diverse environment and how unconscious biases impact on decision-making.

[102-27] [412-2]

***SUPERVISOR DEVELOPMENT  
PROGRAM – “LEAD”***

Mandatory training, both in classroom and online, aimed at professionals promoted or admitted to the position of supervisor, whose content approaches technical aspects, leadership and safety at work. A total of 373 supervisors participated in the Lead training in 2019.

[403-5]

## CONTINUING EDUCATION - POST-GRADUATE AND MASTER'S DEGREES

Scholarship program for professionals with the purpose of complementing their education and training in order to meet the challenges of their work, by means of specializations and master's degrees. In 2019, in addition to the 11 post-graduate and MBA scholarships and 20 active specialization scholarships, another 61 scholarships were granted for maintenance and data science specialization courses.

## LANGUAGE COURSES

English study incentive program. Carried out in the classroom and online modality. The referral is based on the professional's performance and the need for his/her current or future activity. The program features 56 active scholarships.

**YOUNG PROFESSIONALS DEVELOPMENT  
PROGRAM - APPRENTICE, INTERNSHIP,  
TRAINEE**

Interns development trial is carried out during the internship period with the purpose of supporting personal and professional development, focusing in the world and Usiminas. These trainings are presential and online.

Usiminas Trainee Program has a duration of 24 months. Besides a period of integration, the program also provides mentoring and coaching, development in behavioral issues, technical training, performance in projects and recurring assessments. The class under development from October 2018 to October 2020 includes 33 trainees.

## LEADERSHIP DEVELOPMENT TRAIL

The development trails last three years, 2019 being the last year of the program. The trails connect: business, action and result, through a dynamic and innovative learning platform that develops the individual and the organization promoting engagement, autonomy and collaboration. The focus of the program in 2019 was the mindset evolution, approaching culture and processes with practices and aligned management models. Three modules were taught: Protect Life, Openness to the New and Inspire and Develop People.

## ***MAINTENANCE PERSONNEL DEVELOPMENT PROGRAM***

Technical training for the job (electrical, mechanical, hydraulic), including the practical use of tools, is part of the development trail of maintenance personnel. A total of 2,783 professionals received training in 2019.

[403-5]





MAINTENANCE OPERATOR DEVELOPMENT

Training focused on the development of operators in the production area so that they can act in equipment maintenance. These are technical trainings done in presential modality, with practical activities. In 2019, there were a total of 1,090 participants in training in this category.

TECHNICAL SKILLS DEVELOPMENT PROGRAM

Program directed to specific technical trainings of each area, carried out by external partners. These are actions oriented according to business needs to leverage the performance of professionals involved in specific tasks. There were 468 participants in 2019.

Launched in 2019, Usiminas Corporate University brings together the Company's educational actions in five schools:

- Leadership School, with the purpose of developing leaders of all hierarchical levels and the Company's future leaders. Coaching, mentoring, and the trail of leadership development are among some of the educational actions of this School;
- Usiminas Culture School, aiming to strengthen the Company's culture and values. The educational actions of the Integrity and Diversity and Inclusion programs are part of this School;
- Health School. Safety and Environment, which aims to disclose the culture of health and safety, operational discipline and environmental preservation. This School includes legal and regulatory trainings, among others;
- Steel School, with the purpose of increasingly enhancing the focus on quality and continuous improvement and technical knowledge of processes, as well as stimulating the search for new methods and innovation. The training of quality regulatory standards, on the job and the maintainer project are contemplated by this School;
- Business School, focused on developing critical knowledge for business, with customer focus. This School integrates language programs, university degrees and external training programs, among others.



PERFORMANCE ASSESSMENT

Approximately 77% of collaborators had the competency-based performance assessment cycle started in 2018 and completed in 2019. The remaining 23% that were not included in this process refer to Usiminas Mecânica collaborators working on construction sites.

[404-3]

The following table considers collaborators who had their performance assessed, sorted by gender and position level:

PERCENTAGE OF COLLABORATORS WHO MADE A PERFORMANCE ASSESSMENT, BY POSITION AND GENDER

Position Level x Gender		
Position Level	Female	Male
Administrative	37%	63%
Coordinator	12%	88%
Director	7%	93%
Expert	19%	81%
Manager	8%	92%
General Manager	1%	99%
Higher Education JR	42%	58%
Higher Education PL	27%	73%
Higher Education SR	28%	72%
Operational	2%	98%
Other Positions	15%	85%
Supervisor	1%	99%
Technician	6%	94%
Grand Total	6%	94%

PERFORMANCE ASSESSMENT BY RESULTS

[102-28]

There is no formalized performance assessment process for members of Usiminas senior management, except for executive directors, who are assessed by the results achieved. To this end, the Board of Directors, assisted by the Human Resources Committee, annually establishes quantitative and qualitative indicators related to the Company's performance and the fulfillment of collective and individual targets. This results assessment is linked to the short-term variable remuneration of the statutory directors.

OCCUPATIONAL HEALTH AND SAFETY

[103-1:403] [103-2:403]

Protecting life is in Usiminas DNA. Therefore, People and Safety pillars are fundamental values of the Company, Zero Accident is a daily target and the culture of safety and health preservation is constantly reinforced with employees and out-sourced staff.

The Code of Ethics and Conduct, Occupational Health and Safety Policy, as well as the Operating Rules and Procedures in force, are documents used by the Company to define commitments, requirements and controls necessary for the prevention of accidents and illnesses at all levels, protecting employees and outsourced staff working within the facilities of Usiminas Companies or at its service.

The Corporate General Management of Occupational Safety is responsible for defining the Company's Strategic Safety Plan, which is based on three pillars: Risk Management, Learning and Perceived Visible Leadership. Based on these pillars, there are seven strategic axes: Culture and Behavior, Operational Discipline, Communication and Training, Safety Management, Process Safety, Technological Improve-

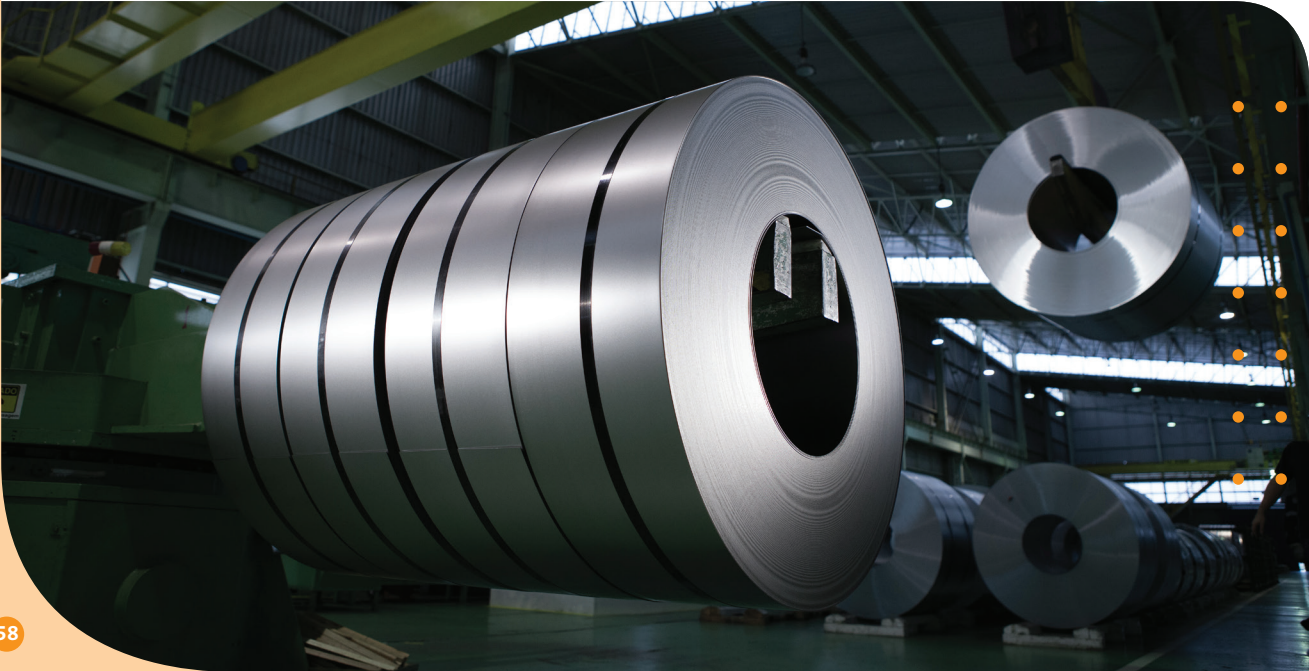
OCCUPATIONAL HEALTH AND SAFETY



ments and Contractor Safety. Each axis has its own set of actions, each of them with its own budget, deadline and responsibility, aiming at preventing accidents, incidents or deviations. All of the Company's activities have safety and occupational health rules and procedures valid for all Usiminas Companies.

In each of the companies, there are occupational safety and health teams who work to anticipate, recognize, assess and control the hazards that may be present in the workplace or that may pose risks to the safety, health and well-being of employees and outsourced staff. These professionals, safety engineers, safety technicians, occupational physicians, nursing technicians, analysts, ergonomists and other specialists, work in an integrated and multidisciplinary manner with the operational teams in order to support them in the prevention of accidents and diseases. In addition, in order to meet the individual needs of Usiminas Companies, there is also the performance of FSFX health and safety professionals.

[403-3]



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Presentation of Sipat in xxx

The Executive Board has a Strategic Safety Committee and a Technical Health Group, both composed of professionals from various hierarchical levels of Usiminas Companies. Through weekly meetings, in the case of the Committee, biweekly meetings, in the case of the Technical Group, and periodic meetings of both with the Executive Board, the indicators and occupational health and safety programs are continuously monitored, as well as the unfolding of guidelines for all the Usiminas Companies' hierarchical levels. Leaders of the Company's different areas, outsourced company managers and the Internal Accident Prevention Committees (CIPAs) of each company, which represent 100% of the employees and outsourced staff, ensure that the strategic programs and guidelines are implemented as planned. Finally, the engagement and discipline of employees and outsourced staff are the fundamental pillar for actions to be truly effective, which is why Usiminas ensures legal and operational training at all levels, according to position and function. For new collaborators, there is the Integration Program, which

covers several essential fundamentals so that they can take over their tasks.

[403-4] [403-5] [103-3:403]

Usiminas Occupational Health and Safety Management Systems follow the best market practices and meet international standards. The Ipatinga and Cubatão units of Usiminas Steel, Unigal Usiminas, Usiminas Mecânica and Soluções Usiminas are certified according to the OHSAS 18001:2007 standard, of which more than half have already migrated to the ISO 45.001:2018 standard (the remaining is in process of migration or certification).

[403-1]

In Usiminas Companies, the culture of safety and health preservation is valued and prioritized in the interaction with employees and contract staff. These interactions include the Daily Safety Dialogues (DSD), Internal Accident Prevention Weeks (SIPATs), CIPA meetings, local safety committees, sector meetings and periodic workshops, as well as several awareness and communication campaigns.

[403-4]



In addition to these initiatives, other actions and instruments integrate occupational health and safety management:

[403-2] [403-3]

### OCCURRENCE INVESTIGATION

Usiminas maintains a robust accident investigation program to determine the root causes of events in order to determine the necessary actions to block these causes. Any event is automatically registered, whether it is a deviation, incident or accident. With the type of event and its magnitude, the investigation and analysis methodology is defined. If it is simple, the 5 why methodology is used, and if the accident is complex or more serious, the RCA (Root Cause Analysis) methodology is used. Depending on the case, however, other methodologies can be used, such as the Bowtie or cause-effect diagrams. The central point is to determine the root causes of each event, the contributing causes, and the actions necessary to block the recurrence of accidents.

### CONTINUOUS RISK ANALYSIS SYSTEMATICS

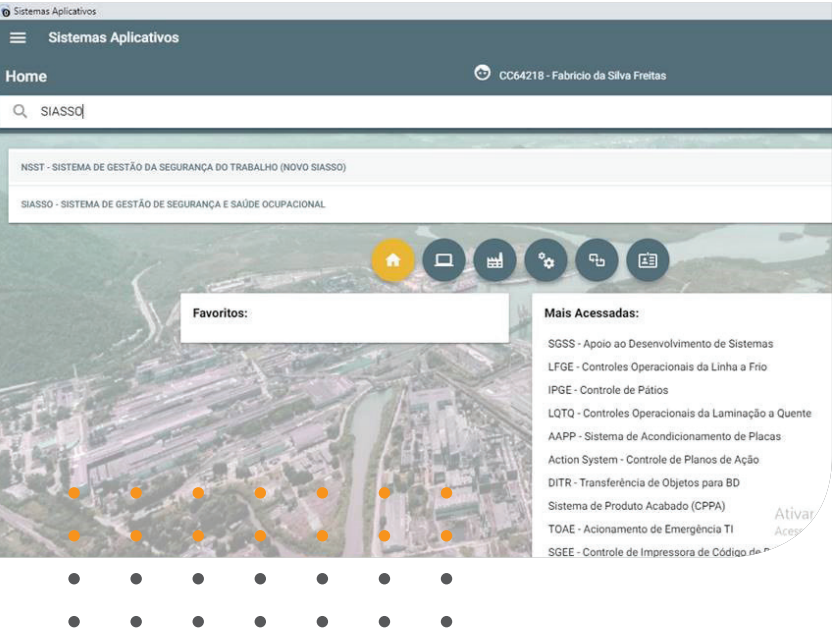
All the Company's activities are mapped, analyzed and assessed using Risk Matrices, Preliminary Risk Analysis (APR) techniques, through the use of Work and Process Safety Analysis (AST/ASP) tools, Task Risk Analysis (ART) and, if necessary, more sophisticated Process Safety techniques such as Hazop, Bow-tie and others.

[403-7]

### INTEGRATED SYSTEM OF OCCUPATIONAL HEALTH AND SAFETY ACTIONS - SIASSO

SIASSO is a computerized health and safety platform that enables employees and outsourced staff to manage the system, through the registration of risks, accidents, incidents and deviations, as well as the registration and monitoring of action plans for the treatment of occurrences and preventive strategies defined. It is an important tool to support safety meetings at all levels, so that a better critical analysis can be made of everything that happens in the Company in terms of safety and health.

[403-1] [403-4] [403-7]



### SAFE SUPPLIER

Program that proposes to assess the level of management and commitment of the supplier in relation to safety at work, best explored in the topic Suppliers of this Report.

[403-7]

“ACTIVITIES SHALL NOT BE STARTED IF GOLDEN RULES CANNOT BE COMPLIED WITH AND THE EMPLOYEE SHALL EXERCISE HIS/HER RIGHT OF REFUSAL”.

THE COMPANY MAKES AVAILABLE THE PREVENTIVE SAFETY TOOL RIGHT OF REFUSAL, TO BE USED IN CASE OF IDENTIFICATION OF WORKING CONDITIONS THAT EXPOSE EMPLOYEES TO IMMINENT RISKS OF ACCIDENTS.

### OCCUPATIONAL HEALTH MEDICAL CONTROL PROGRAM

Usiminas develops annually the medical control program report of occupational health - PCMSO, in which it portrays the constant monitoring of the state of health of its collaborators.



### PERFORMING PERIODIC MEDICAL EXAMS

Usiminas Companies monitor collaborators' health through periodic clinical and complementary exams. These exams are carried out annually, within the facilities, for all collaborators. The attendance at the occupational medical controls established through the PCMSO is monitored monthly through the periodic exams' achievement indicator.

### OPEN CHANNEL

Available to workers for reporting deviations and misconduct related to occupational health and safety, as well as other issues. The records follow a whole flow of investigation, as detailed in the Corporate Governance chapter of this Report, and, based on the results, measures are taken to solve and/or mitigate the deviations found.

### SAFE HANDS

Through this program, collaborators are encouraged to develop devices that eliminate or reduce the exposure of their hands to the risks of accidents. Many of these ideas have already become a reality and are effective in operational areas, contributing to a safer working environment.

[403-4]

### GOLDEN RULES

They make official safety rules to be followed by employees and outsourced staff regarding the seven most critical risks inherent to Usiminas activities.

[403-7]

ATTITUDE RHYMING WITH HEALTHCARE

The partnership between Usiminas and FSFX resulted in the Program Attitude Rhyming with Health, which aims to help collaborators and their dependents to become main agents of their health, by changing habits and practices that lead to the improvement of quality of life and prevention of diseases.

The Program is composed of 13 health promoting subprograms, aimed at meeting the needs of different groups, such as children, pregnant women, the elderly, diabetics, obese people, smokers, among others.

BALANCE

Nutritional education

PLAN

Family planning guidance

GENERATE

Health of pregnant woman and baby

MOVE

Encouraging physical activity

TRANSFORM

Adolescent health

ANTICIPATE

Preventive exams

SHARE

Health in senior citizens

SEARCH

Improving mental health

CARE

Caring for the heart

OVERCOME

Prevention of pain and injuries of the musculoskeletal system

MONITOR

Monitoring health at home

INHALE

Life without smoking

BREATHE

Attention to asthma patients

The Program has a 98% satisfaction rate among participants. Since its inception in 2010, more than 50,000 beneficiaries have registered.

[403-4] [403-6]

USIMINAS INTEGRATED HEALTH SYSTEM - SISU

As a result of the constant partnership between Usiminas and FSFX (“São Francisco Xavier Foundation”), Usiminas Integrated Health System (SISU) has been in operation since 2016, covering 100% of the employees, integrating and optimizing the actions of four axes: Occupational Health, Health Promotion and Disease Prevention, Medical and Dental Assistance and Social Assistance. The management model implemented through SISU has a Single Health Indicator System (SIUS). [403-1] This is a qualitative tool for tracking and comparison among population groups, which are classified according to criteria of illness risk, taking into consideration:

- **Diseases:** systemic arterial hypertension, asthma, emphysema, heart disease, musculoskeletal disorders, major or minor mental disorders;
- **Risk factors:** smoking, social risk, physical inactivity, unhealthiness, obesity;
- **Absenteeism:** absence in the last 12 months due to illness or accident at work;
- **Alcoholism.**
- **Health self-evaluation:** how the individual evaluates his or her own health status;

- **Psychosocial risk:** degree of control and psychological work demands.

SISU enables the most comprehensive approach by the labor physician and appropriate referral to FSFX programs compatible with individual or collective needs. For example, collaborators 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.

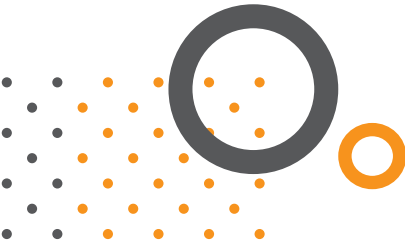
[403-6]

Through the analysis of absenteeism data, information collected through SISU and epidemiological trends, the main pathologies prevalent in collaborators are identified and the health agenda is created, an annual calendar with the planning of actions for the following year.

Absences due to injuries (CID S) and musculoskeletal diseases (CID M) have a higher prevalence in absences up to 15 days and, also, in absences up to 1 year. For this reason, health actions are focused on strengthening the participation in the “Overcome Program” and structuring an ergonomics program.



SISU was awarded by the World Steel Association in 2019





VACCINATION CAMPAIGN

Usiminas, in partnership with its complementary health operator - Usisaúde, carries out, annually the Flu Vaccination Campaign in all its units. Aiming at reducing incidence of flu among collaborators and, consequently, the complications of the disease, the trivalent vaccine is made available at no additional cost to collaborators and with subsidized value to dependents.

The campaign has been carried out since 1997. On average, 25,000 employees and dependents are vaccinated annually.

Contract companies are granted the option to purchase vaccines jointly through FSFX.

[403-6]

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

[103-3:403]

Collaborator Statistics						
	Frequency rate (injuries)	Occupational diseases rate	Medical Absenteeism Index (*)	Number of casualties	Casualty rate	Number of days lost
Usiminas - Ipatinga	1.92	0.00	2.14	1	0.10	6.391
Usiminas - Cubatão	0.39	0.00	2.35	0	0.00	0
Unigal	1.54	0.00	2.38	0	0.00	0
Usiminas Mecânica	1.40	0.00	5.12	0	0.00	204
Soluções Usiminas	0.40	0.00	2.10	0	0.00	15
Mineração Usiminas	1.32	0.00	1.93	0	0.00	105
Supply Chain	0.00	0.00	-	0	0.00	0
TOTAL	1.26	0.00	2.30	1	0.04	6.715

Contract Staff Statistics		
	Injuries rate	Number of casualties
Usiminas - Ipatinga	1.74	0
Usiminas - Cubatão	0.40	0
Unigal	0.00	0
Usiminas Mecânica	0.00	0
Soluções Usiminas	0.00	0
Mineração Usiminas	1.92	0
Supply Chain	0.30	0
TOTAL	1.14	0

(\*) Formula used for MEDICAL ABSENTISM 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.

In 2019, Usiminas received notices of non-compliance with Occupational Health and Safety Regulatory Standards, which may be subject to fines if such notices remain in force. The Company presented a defense and is awaiting decisions.

[419-1]

FOCUS ON THE AGREEMENT

Updating what happens in wage negotiation

Ipatinga, November 8th, 2019.

EMPLOYEES REPRESENTED BY SINDIPA APPROVE USIMINAS PROPOSAL

Payment of the allowance will be next Wednesday, the 13th

This thursday, november 7th, 64% of the employees affiliated to the Ipatinga Metalworkers Union

SENGE ASSEMBLY  
SENGE - Union of Engineers, will hold an assembly



TRADE UNION RELATIONS

Usiminas values the role of trade unions as representatives of the interests of its employees and recognizes the right of free association, formalizing this commitment in the Code of Ethics and Conduct.

The Company keeps a permanent and respectful relationship with the several Union Entities. To this end, it provides constantly open channels of communication and relies on an area dedicated to the subject, so that any conflicts and deadlocks are dealt with and resolved through negotiation, in order to mitigate and avoid negative impacts on the organizational atmosphere and the Company's reputation.

Negotiations of Collective Agreements are made directly with the unions representing the categories. In 2019, 100% of employees were covered by a Collective Labor Agreement or Convention.

The process of Labor and Union Relations foresees the monitoring of Collective Agreements by means of indicators and is regularly audited.

It is worth mentioning that the Corporate Management of Labor Relations was responsible for the implementation of a consolidated model of Labor and Union Relations Management that details the form of action, the interfaces with the entities and other areas, as well as the responsibility of each of them in the process. Employees have wide freedom of association and unions have direct access to them through assemblies, union bulletins and eventual contacts at their workplaces.

Usiminas keeps a constant relationship and seeks, together with other companies, good practices recognized in the market.

[407-1] [102-41]

## USIMINAS PENSION FUNDS

The Company offers its employees complementary pension plans, managed by Usiminas Pension Funds.

The main purpose of these plans is to provide an additional income to the benefits granted by the National Institute of Social Security (INSS). Employees of the other Sponsors<sup>7</sup>, including Usiminas Pension Funds employees, also participate in the plans. Contributions to the plans 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 contributions of sponsors and are based on the participation salary of each participant.

Usiminas sponsors four complementary pension plans for its employees, being: 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: Benefit Plan 2 (USIPREV). Currently, the only Plan open to new inclusions offered to employees of sponsoring companies is the USIPREV.

During the accumulation phase, the participant of USIPREV defines his or her monthly contribution for the constitution of his or her savings reserve. At the time the benefit is granted, the participant can choose to receive his/her benefit in a monthly income between 0.5% and 1.5% of his/her 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 convert his/her account balance into a lifetime monthly income. In this case, during the benefit receiving phase, USIPREV will have the characteristics of a Defined Benefit (DB) plan.

USIPREV holds 93.75% of total active participants in the four plans, and the sponsor contributes with an amount equivalent to 100% of the contribution of each participant, observing the minimum and maximum limits according to contribution ranges, which vary from 1% to 12% of the participation salary. COSIPREV holds 6.25% 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. Participation in the pension plan offered is optional, with a membership level close to 98% of the total number of employees.

The benefits under this plan include: scheduled retirement, benefits arising 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.

[102-35] [201-3]

## 8 COMMUNITY

[102-15] [413-1] [103-2:413]

Usiminas relationship with local communities began in the 1950s, when it was founded. The city of Ipatinga was practically born together with the construction of the first Usiminas steel plant and with the need to shelter the population attracted to the region.

The Company, with the support of the public authorities, worked on the construction of the infrastructure necessary to promote the quality of life of the local community and, since then, has sought to have a relationship of partnership and respect with it, aware that this factor is essential for the sustainable development of the Company and the city of Ipatinga. This search extends to the communities of the other cities over which it

has come to have direct or indirect influence over the years, both in and outside of Minas Gerais.

Therefore, Usiminas recognizes in its Code of Ethics and Conduct the importance of harmonious coexistence with the communities in which it operates, with respect for people, local culture and the environment. Consequently, it seeks to establish a permanent relationship with local communities, monitoring and minimizing the impacts of its productive activities, channeling expectations, supporting local development, offering job opportunities and acting in the effective promotion of health, sports, education and culture.

[103-1:413]

RELATIONSHIP WITH THE COMMUNITY



### Main communication and relationship channels between Usiminas and the local community

- **“Fala Aí” (Talk to me) Community:** allows communication between the Company and residents of areas surrounding its operations via WhatsApp message. Through conversations, which are individual, Usiminas provides information and residents make their statements, which are analyzed, handled (when appropriate) and responded to.
- **“Talk to Us”:** allows communication with the Company through its website.
- **Telephone 0800 979 7970** for suggestions or clarify doubts with Mineração Usiminas.
- **Open Doors:** a program through which Usiminas promotes visits by society sectors to its facilities, aiming at strengthening the relationship and expanding dialogue. The Program also conducts visits of Usiminas to institutions to present the Company’s activities and clarify relevant issues for society.
- **Open Channel:** channel for reporting allegations of ethics and integrity violations, available on the Company’s website.



FalaAí Community booth set up at Vale do Aço Shopping, in Ipatinga

<sup>7</sup>Usiminas Social Security’s sponsoring organizations are: Usiminas Employees Association (AEU), Consul Cooperativa, SICOOB Steel Valley, FSFX, Mineração Usiminas, Usiminas Pension Funds, Rios Unidos, Soluções Usiminas, Unigal, Usiminas Mecânica, Usiminas Steel and Usiroll.





Visit of Ipatinga councilors to the Plant through the Open Doors program

- **Participation in forums, through the Usiminas Institute, such as the Municipal Council of Culture and the Municipal Council of Tourism, in Ipatinga, and the Community Consultative Council of the Industrial Complex of Cubatão, which aims to keep an interactive communication channel between the companies and the community of Cubatão on issues related to Health, Safety, Environment and Social Responsibility.**
- **Dialogues with representatives of public authorities (mayors, municipal secretaries) of the cities in which the company operates, always observing Usiminas' Code of Ethics and Conduct.**

The active use and constant monitoring of communication channels allow Usiminas to assess the effectiveness of its forms of action with local communities, as well as capture the population's perception of negative impacts of its operations. This way, Usiminas is able to provide more inputs to make decisions about the maintenance and provision of improvements to the existing forms of action, as well as new actions focused on minimizing impacts generated by its activities and/or the expansion of social welfare.

[103-3:413]

In 2019, the most significant impacts on the communities near the operations refer to the emission of sedimentable particles (black dust) by the Ipatinga plant and the fear, after serious and recent accidents in the mining sector, of stability of the dams present in "Itatiaiuçu". Both topics are addressed in the environmental report of this Report.

[103-1:413]

The ways in which Usiminas is present in local communities are listed below.

[203-1] [203-2]

## "SÃO FRANCISCO XAVIER" FOUNDATION

As part of Ipatinga's initial infrastructure, Usiminas built the São Francisco Xavier High School (1962) and the Márcio Cunha Hospital (1965). In 1969, Usiminas established FSFX, giving it the commitment to an efficient and self-sustaining management of health and education issues. This commitment has been consolidated since then through effective results and the appreciation of the human being.

Over the years, FSFX's operations have gone beyond Ipatinga city limits and reached other regions in Minas Gerais and five other Brazilian states. Today, there are almost **six thousand collaborators** working in seven units:

### 1<sup>st</sup>. MÁRCIO CUNHA HOSPITAL (MCH), IN IPATINGA

A general hospital, a reference in high complexity for more than **1.6 million inhabitants of 88 municipalities** in the East and Northeast regions of Minas Gerais, MCH has three care units, one of which is exclusive for oncologic treatment. SUS (Public Health System) attendance rate is 70%. In 2019, Márcio Cunha Hospital became the first hospital unit in Minas Gerais to be awarded the Federal Nursing Council (Cofen) Quality Seal, ratifying the excellence in service rendering and assistance practices provided by MCH.



Márcio Cunha Hospital, in Ipatinga

### 2<sup>nd</sup>. CUBATÃO HOSPITAL (CH), IN CUBATÃO (SP):

It is an accredited hospital for low and medium complexity care. After its incorporation by FSFX, in 2017, there was an evolution in its operating results, which translated into an increase in health promotion and humanized care, benefiting the population of the municipality and its surroundings of approximately **400 thousand inhabitants**. SUS (Public Health System) attendance rate is 60%.

After undergoing refurbishments, adjustments and technological incorporation, FSFX Management kept up its investments to qualify and expand the activities and services provided by CH. In 2019, the High Complexity Center was inaugurated, an annex of Cubatão Hospital, where oncologic treatments, hemodialysis sessions and hyperbaric medicine will soon be carried out, fulfilling an old wish of the population.

Parallel to the works and other investments in the CH, the quality management processes necessary to achieve Hospital Accreditation at level 1 were implemented, attested by the auditors of Det Norske Veritas (DNV) at the National Accreditation Organization (ONA). Accreditation demonstrates the institutional commitment to safety and quality and serves as a cornerstone for the integrated management of processes that will enable more consistent improvement cycles.



**3<sup>rd</sup>. SÃO FRANCISCO XAVIER HIGH SCHOOL (CSFX) IN IPATINGA:**

CSFX has a high standard of teaching and education for generations to come. Its operations range from nursery school, through elementary, middle and technical education, to post-graduate courses in partnership with PUC Minas. CSFX has also incorporated the School of Sports, CSFX Integral into its portfolio, in addition to the Bilingual Program in partnership with International School and Health and Safety Educa-

tion Projects. CSFX was awarded the title of reference institution in approval in admission exams for public and private universities, in addition to being highlighted in the teaching Olympics and the National High School Exam (ENEM). With a permanent evolution, CSFX has obtained the ISO 9001:2015 certification.

In 2019, CSFX had **3,217 students**. CSFX's "Social Grant" program made it possible to include **300 more students**, with expenses covered by the institution, in 2019.



**4<sup>th</sup>. CARLOS CHAGAS MUNICIPAL HOSPITAL (CCMH), IN ITABIRA:**

In May 2016, FSFX made a commitment to manage and raise the performance of CCMH. The hospital is a reference for a population of more than 220 thousand inhabitants in the 12 municipalities of the microregion where it is located, serving 100% through the Public Health System (SUS). CCMH is responsible for 51 percent of admissions in Itabira, having achieved a historic achievement in 2019: the lowest infant mortality rate in the history of the city.

**5<sup>th</sup>. USISAÚDE (USIHEALTH):**

The complementary health operator Usisaúde is part of the select group of operators with **more than 166 thousand lives** in the country and is today the largest operator in Brazil in the philanthropy mode. It offers high quality medical-hospital and dental assistance through a network of **more than 3,000 direct accreditations and 225 hospitals** in Minas Gerais, São Paulo, Espírito Santo and Rio Grande do Sul.

[403-6]

**6<sup>th</sup>. INTEGRATED DENTISTRY CENTER (IDC)**

The Integrated Dentistry Center provides oral health services, attending health promotion clinics as well as highly complex procedures, such as orthodontics, implant dentistry and rehabilitation. Reaching more than **80 thousand lives** in its client portfolio, the IDC has service units in the states of Minas Gerais, São Paulo and Espírito Santo.

**7<sup>th</sup>. VITA – OCCUPATIONAL HEALTH SOLUTIONS**

VITA has teams dedicated to accident prevention, promoting the health and well-being of its own collaborators, of Usiminas and of outsourced companies, in addition to maintaining an exclusive unit for all market segments of Steel Valley.

VITA serves several companies in the states of Minas Gerais, São Paulo, Goiás, Rio Grande do Sul, Pernambuco and Espírito Santo and benefits more than **159 thousand lives** in five states of the country, through activities of occupational hygiene, preparation of legal documentation, training, occupational safety advice, occupational exams, ergonomics services and psychological exams, among others.

In 2019, actions carried out by VITA contributed to the recognition of Márcio Cunha Hospital by the National Association of Occupational Safety and Protection Material Industry (ANIMASEG), as the best institution in Brazil for occupational safety and health in the hospital sector.

**TO ENSURE THE EXCELLENCE OF THE SERVICES PROVIDED BY THE SEVEN UNITS MANAGED BY FSFX, INVESTMENTS ARE REQUIRED IN THE EXPANSION AND REDESIGN OF PHYSICAL STRUCTURES, AS WELL AS IN THE MODERNIZATION OF THE TECHNOLOGY PARK. IN RECENT YEARS, FOR EXAMPLE, CUBATÃO HOSPITAL HAS BEEN REFURBISHED AND THE BABY CARE SPACE AT SÃO FRANCISCO XAVIER HIGH SCHOOL HAS BEEN BUILT.**





# USIMINAS INSTITUTE

The Institute’s history began in 1993, when the then “Usiculture” was established by Usiminas as a social arm for cultural matters, with the management linked to FSFX. In 2008, it became an independent structure, the “Usiminas Cultural Institute”, with Usiminas and Usiminas Mecânica as founding partners. In 2018, when turning 25 years old, Usiminas Cultural Institute underwent a conceptual and operational repositioning, becoming the “Usiminas Institute”. By excluding “Cultural” from the name, the Institute reaffirmed the breadth of its work with communities: in addition to culture, it promotes sports, environmental, educational and social initiatives.

Thus, constituting an important tool for Usiminas social responsibility, the Institute acts on three fronts:

## SOCIAL INVESTMENTS

The Usiminas Institute is responsible for the management of the Company’s social investments, through the laws of incentive, donations and own resources.

According to Usiminas Sponsorship and Donation Policy guidelines, requests are registered by the proponents in the “Projetar” system, pre-selected and submitted to the approval of the Corporate Institutional Sponsorship Committee, an entity formed by Usiminas and the Institute’s top management.

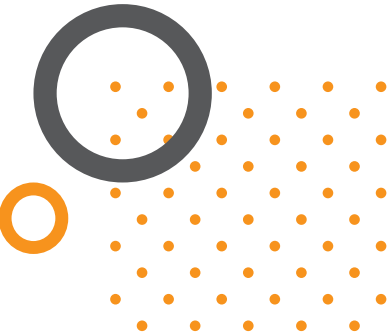
Considering the several municipalities where the Company is present, 72 cultural, sports and social initiatives received the contribution of R\$ 13.5 million, using the federal and state incentive laws, which represented an increase of 12.5% in relation to the number of projects and 5.5% in relation to the amount invested, compared to 2018.

THE “PROJETAR” SYSTEM IS AVAILABLE AT

<https://projetar.usiminas.com>

AND THE SPONSORSHIP AND DONATION POLICY IS AVAILABLE AT

<https://www.usiminas.com/quem-somos/programa-de-integridade/>



## MAIN PROJECTS SPONSORED

Sponsorship of the Minas Gerais Philharmonic Orchestra and Clóvis Salgado Foundation

Project “Country Culture Circuit”, with shows and workshops held in schools and squares of Ipatinga, Itatiaiuçu and Itaúna.

“Project Run, Manipulate and Balance”, carried out by “Apae” from Ipatinga, through which 50 students with autism spectrum disorder in the Steel Valley region received weekly classes and education professionals were trained.

Projects Ecomov Swimming Year III, Green Athletes and Ecomov Volleyball Year IV, through the Sport and Recreation Association Usipa, in Ipatinga, serving about 300 children and teenagers with free swimming and volleyball classes.

Taubaté Children’s Literature Fair (FLIT), which gathered more than 40 thousand people.

Event “Creative Santos Geek Festival”, in Santos, which gathered 75 thousand people around attractions of the Geek culture, such as exhibitions of comic artists and cosplay contests.

Repairs and new renovations at Ipatinga first railway station, the Pedra Mole Station. The works counted with an investment of approximately R\$ 750 thousand and the site is open to visitation by the community.



Delivery of the restoration of Pedra Mole Station

Project “Gymnastics Wave”, whose purpose is to promote an environment of socialization, cooperation and discipline, through sport. Free classes of rhythmic gymnastics and esthetic gymnastics were offered to 120 girls and teenagers from the communities in Cubatão.

Restoration of the first Steel Valley theater, the Olguin Academy, with an investment of R\$ 1.5 million.



Olguin Academy

**IN ADDITION TO PROMOTING INCLUSION, ACCESS TO CULTURE AND SPORT, AND SOCIAL DEVELOPMENT, USIMINAS INSTITUTE IMPACTS THE ECONOMY OF ITS LOCATIONS. GENERATION OF EMPLOYMENT, ACTIVITY IN COMMERCE AND IN THE HOTEL AND GASTRONOMY CHAIN, AND APPRECIATION OF LOCAL PRODUCTS ARE SOME OF THE POSITIVE REFLEXES OF THE INVESTMENTS MADE THROUGH THE INSTITUTE.**

The table below shows the incentive resources applied per investment area:

Investment Area	Incentive Law	Resource used (R\$)
Culture	IT – “Rouanet” Law; State Law MG - ICMS Culture; State Law SP - ICMS PROAC	7.976.763,41
Sport	IT - Sports; State Law MG - ICMS Sports; State Law SP - ICMS	2.828.249,09
Social	IT - Childhood and Adolescence Fund (FIA); IT - National Senior Citizens’ Fund	1.365.000,00
Health	IT - National Program to Support Oncological Attention (PRONON); IT - National Program to Support Health Care of People with Disabilities (PRONAS)	1.307.500,00
Total		13.477.512,50

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

**SOME PROJECTS AND EVENTS SPONSORED WITH ITS OWN RESOURCES**

Auto Parts Industry Meeting: event held in April 2019, in São Paulo, which gathered people from the automotive sector, suppliers, startups in mobility and automotive management.

ABM Week 2019: Latin America's technical-scientific event held in October in São Paulo, which was attended by major players in the metallurgy, materials and mining sectors.

60th Latin American Steel Congress - Alacero60: event held in November 2019, in Buenos Aires, during which the sector's perspectives were debated.

Air Pollution Conference Brazil - 4th CMAS South America: a conference held in July in Belo Horizonte, with international and national experts in the various sub-areas that involve Air Pollution, researchers and professionals from industries and the private sector, as well as students from various countries.

Piracicaba Expedition - For the River’s Life: an expedition that traveled the river, in April 2019, from its source in “Ouro Preto” to its mouth in Ipatinga, with the objective of elaborating an updated diagnosis of the Piracicaba basin.

Steel Valley Startup Weekend: a global non-profit program with the mission to foster innovation through entrepreneurship.

In 2019, the following items were donated: computer equipment for Cubatão Center for Integration and Development (CIDE), aiming at improving its administrative headquarters; mattresses to assist families affected by the rain in Cubatão via CIDE, among other items.

**DONATION TO POLITICAL PARTIES, POLITICAL CAMPAIGNS AND/OR CANDIDATES FOR PUBLIC POSITIONS, BY USIMINAS COMPANIES OR ON THEIR BEHALF, IS ABSOLUTELY FORBIDDEN, AS DETERMINED IN THE SPONSORSHIP AND DONATION POLICY AND LEGISLATION IN FORCE.**

[415-1]



EDUCATION

The third front of the Institute addresses the development of initiatives related to non-formal education (art-education, environmental education) in the Steel Valley educational institutions and specific programs in locations where Usiminas Companies are present.

Through the Usiminas Institute’s Educational Action area, a diverse program is offered to the public, providing experiences for people of all ages, educators, artists and families. In 2019, more than **40 thousand people** benefited from the program.

In the area of environmental education, highlight goes to the Xerimbabo Usiminas Project with the activities “Adventure in the Seedlings Nursery”, “Getting to know Usiminas” and “Getting to know the Xerimbabos”, better explored in the environmental report of this Report.



Encontro de Vilões, parte da série de Espetáculos Didáticos para a família

FOLLOWING THE PILLARS OF THE USIMINAS DIVERSITY AND INCLUSION PROGRAM, ALL THE ACTIVITIES OF THE EDUCATIONAL ACTION HAVE THE PRESENCE OF A SIGN LANGUAGE INTERPRETER.

MANAGEMENT OF CULTURAL SPACES IN IPATINGA

Usiminas Institute is responsible for the management of two important cultural spaces in Ipatinga: the Zélia Olguin Theatre, inaugurated in 1994, and the Usiminas Cultural Centre, inaugurated in 1998.

In 2019, there were 740 activities in these two cultural spaces which benefited approximately **200,000 people** from **63 cities** in Minas Gerais, including **190 educational and social institutions**. The attendance increased 35% compared to 2018.

In order to expand the scope of its actions with the Steel Valley community, the Solidarity Ticket program began in 2019, which offers discounts on the value of tickets for part of the events held in cultural venues, through food donations on the date of the event. More than **two tons of food** collected were donated to **13 institutions** of the Steel Valley.



Cultural Spaces Management

“USIMINAS MOBILIZA” PROGRAM

Since 2015, steel aggregate, a sub-product originating from the steelworks production process, has had a noble use made possible by the first program of the Mobiliza platform: “Usiminas Mobiliza Pelos Caminhos do Vale”. This program was created by identifying the opportunity to contribute to the improvement of life quality in local communities, as well as the chance to reduce the volume of steel aggregate in controlled landfills.

[103-2:304] [103-3:304]

“MOBILIZA PELOS CAMINHOS DO VALE” AND “MOBILIZA TODOS PELA ÁGUA”(MOBILIZE THROUGH VALLEY PATHWAYS AND MOBILIZE ALL FOR WATER)

Through a partnership between Usiminas, the Association and Consortium of the Steel Valley Municipalities (AMVA/CIMVA) and the City Halls, *steel aggregate* is used in the paving of several rural and urban roads.



IN ALMOST 5 YEARS OF “MOBILIZA PELOS CAMINHOS DO VALE”:



**2.8 million** tons of steel aggregate applied;



**2,330 km** of rural roads recovered;



**1.3 million** people benefited;



**85 municipalities** in Eastern Minas Gerais.

A total of 900,000 tons of steel aggregate were distributed in 2019 to the paving of approximately 650 kilometers of roads.

“Mobiliza pelos Caminhos do Vale” also brings another form of benefit to communities of the participating municipalities, in addition to meeting another of the company’s strategic interests: engagement for the preservation of water, a fundamental resource for steelmaking processes. Under another program, “Mobiliza Todos pela Água”, each of the cities that receive steel aggregate is committed to the recovery of water springs, with the participation of communities directly benefited as well as students in the public-school system.

IT IS WORTH MENTIONING THAT THE IMPROVEMENT OF ACCESSIBILITY IN RURAL COMMUNITIES REFLECTS POSITIVELY ON ISSUES SUCH AS EDUCATION, SINCE IT PROVIDES GREATER REGULARITY OF STUDENTS IN SCHOOLS, AS WELL AS LOCAL ECONOMY, THROUGH THE NON-STOP FLOW OF PRODUCTION.



To ensure greater sturdiness to the work carried out, the “Mobiliza Todos Pela Água” relies on the partnership of AMVA/CIMVA and receives technical guidance from the Interact Institute in Ipatinga. Through

this program, water springs are identified, mapped and analyzed in several aspects, which provides the most assertive targeting of tree seedlings for planting at previously determined points.

IN THE LAST 5 YEARS



**979,278** seedlings planted;



**4,190** springs recovered;



**85** municipalities in Eastern Minas Gerais

In order to support “Mobiliza pelos Caminhos do Vale” and “Mobiliza Todos pela Água” programs, Usiminas made a social investment of approximately R\$ 13 million in 2019, in addition to the donation of 900,000 tons of steel aggregate and about 20,000 plant seedlings.

USIMINAS “MOBILIZA PELOS CAMINHOS DO VALE” AWARD

In December 2019, the second edition of the Usiminas “Mobiliza Pelos Caminhos do Vale” Award acknowledged innovative and sustainable initiatives by municipalities, students, teachers, schools and community institutions, which have contributed to the results of the program under the same name.

Out of the 224 registered projects, 22 were selected among the finalists. The award of R\$ 60,000 was distributed among the winners of the following categories: Outstanding Municipality, Outstanding Academic - Teacher, Outstanding Academic - Students (1st, 2nd and 3rd places), Water Resources Effective Management, Environmental Actions Focused on Energy Efficiency and Academic Pre-project.

USIMINAS AND PARTICIPATING MUNICIPALITIES IN “MOBILIZA TODOS PELA ÁGUA” PROGRAM SIGNED, IN 2019, THE “ALL FOR WATER COMMITMENT” TO PROMOTE ACTIONS AIMING AT THE RECOVERY OF “RIO DOCE” BASIN. THIS IS A UNION OF EFFORTS TO ADDRESS THE SERIOUS ISSUE OF WATER RESOURCES SCARCITY. [102-12]

“MOBILIZA PELO TRABALHO” (MOBILIZE FOR WORK)



Usiminas officially launched a new Mobiliza platform action front in September 2019: The “Mobiliza pelo Trabalho” program.

The first initiative on this front is the New Paths project, through which steel aggregate is being donated to the manufacture of interlocking blocks by inmates of “Timóteo” Correctional Facility, a city located in the Steel Valley, state of Minas Gerais.

This project is the result of a partnership between Usiminas, the city hall and the correctional institution. It has the support of the Industry Federation of Minas Gerais State (FIEMG), Steel Valley branch, AMVA/CIMVA, “Precomol”, manufacturer of pre-molded blocks established in the region, and state and municipal agencies linked to the correctional field.

“THIS INITIATIVE OPENS THE POSSIBILITY OF SOLVING A HISTORICAL DEMAND FOR STREET SIDEWALKS AND THE REPAIR OF SIDEWALKS IN OUR MUNICIPALITY IN A SUSTAINABLE AND ECONOMICALLY FEASIBLE WAY.

*Douglas Willkys, Mayor of Timóteo*



Launching of the Usiminas Mobilize for Work program



2nd edition of the Usiminas Mobiliza Awards for Caminhos do Vale

“MOBILIZA PELO TRABALHO” PROGRAM INDICATORS

**MUNICIPALITY:** Timóteo

**CORRECTIONAL FACILITY:** Timóteo

**50 FAMILIES BENEFITED** from the inmates’ work/salary

**PRODUCTION:** 750m<sup>2</sup>/month

**TONS OF STEEL** - aggregate/month

**88.255 PEOPLE BENEFITED**

**EXPENSE REDUCTION** for the State of Minas Gerais.

The blocks produced using steel aggregate have a final cost about 50% lower than the similar ones found in the market, representing an important economy for Public Power. Simultaneously, the project gives environmentally correct destination to the material and allows the inmates to learn a trade and to reduce the time of penalty through their work.



VOLUNTEERING

Usiminas recognizes the benefits achieved by all parties involved with volunteer initiatives and supports its employees in accomplishing them.

V DAY

Every year, Usiminas volunteer employees dedicate one day to meeting the demands of local communities. In 2019, in the Steel Valley, hundreds of people received pressure measurement services, glucose tests, visual acuity and stress level tests, people with disabilities were listed for the opportunity bank, and solidarity was given to exchange seedlings grown in the company’s nursery for cartons of milk, resulting in 438 cartons being allocated to a local institution that receives people in situations of social vulnerability.

In Belo Horizonte, 36 elderly women, 56 children with cerebral palsy and 70 low-income children from three welfare institutions benefited with recreational activities, space maintenance and more than 600 items of personal hygiene and food.

In Cubatão/ SP, volunteers gathered at the Blood Bank of Cubatão Hospital to donate blood. In Itaúna/ Minas Gerais, a special breakfast was prepared at an institution that shelters 23 people from Venezuela and serves meals to the community, in addition to the donation of personal hygiene items collected.

At Soluções Usiminas facilities, in the cities of Guarulhos/SP, Taubaté/SP, Santa Luzia/MG, Betim/ MG, Porto Alegre/RS and Cabo de Santo Agostinho/ PE more than 3,400 food items, hygiene and cleaning materials, diapers, clothes, among others, were collected and leisure activities, breakfasts, beauty care, workshops and socialization moments for 251 children and elderly people from shelters in the municipalities were held.



Dia V SU Guarulhos

BRUMADINHO

In solidarity with the victims of “Brumadinho” Dam tragedy, Usiminas, carried out an action in partnership with FIEMG, collecting donations for the affected community. Collection points were made available in all company units and the donations totaled 4,758 items of food, hygiene and cleaning products and 83 PPE kits (Personal Protection Equipment).

SOLIDARY CHRISTMAS

In an action called “Christmas Tree”, managers from Ipatinga plant “sponsored” 96 children and teenagers from shelters located in the Steel Valley, offering moments of leisure and fun. Also, in the Steel Valley region, more than 12 tons of donations were collected, resulting in 300 basic food kits, 200 cleaning kits, 50 personal hygiene kits, as well as 9,080 geriatric and children’s diapers, 1,200 liters of milk and another 2,000 assorted items that benefited more than five thousand people. In Belo Horizonte, 289 letters from the Santa Claus Campaign of the Post Office were adopted, contemplating school children from the municipal public-school network with toys. In Cubatão, 8.5 tons of food were collected and directed to three welfare institutions in “Baixada Santista”.



WINTER SOLIDARITY CAMPAIGN

This initiative is developed with the purpose of collecting donations for entities and needy families in the surrounding communities. The 2019 campaign collected, in the Steel Valley alone, more than 24,000 donations, contemplating 37 assistance entities in the region and benefiting more than 5,000 people. In Cubatão/SP there were 17,426 articles of clothing and 16,897 diapers. The remaining units added another 2,500 items of clothing, blankets, personal hygiene materials and non-perishable food.





## 9 ENVIRONMENT

[103-2:307] [103-3:307]

Usiminas, in all its operating units, adopts as a guideline the development of its activities in harmony with the environment, committing itself to continuously improve its environmental performance, mainly through the rational use of natural resources and the management of their impacts, making frequent investments in the improvement of its

processes. The results of these initiatives are demonstrated through efficiency in water and energy consumption, increased reuse of materials in industrial plants, reduction of pollutant emissions and correct management of waste generated during production.



## ENERGY EFFICIENCY

Since the steel industry is an energy intensive sector, it is continuously seeking technological and operational alternatives to increase its energy efficiency. Over the years, Usiminas has sought to develop actions to increase energy efficiency in its operations, adopting, among other measures, the optimization of process control, its own electricity generation through the reuse of process gases and fuel substitution.

[102-15] [302-1] [302-3] [103-2:302] [103-3:302]

### ENVIRONMENTAL COMPLIANCE



### ENERGY EFFICIENCY AND USAGE



#### Total Electrical Energy Consumption (GJ)

Ipatinga Plant	19,988,303
Cubatão Plant	1,201,162
Usiminas Mecânica	33,208.74
Usiminas Solutions	5,954,474
Mineração Usiminas	587,102
<b>Total</b>	<b>27,764,250</b>

At Ipatinga Plant, electricity consumption includes 14,879,907 GJ purchased externally, and 5,108,396 GJ generated internally. In 2019, total energy consumption was 65,819,894 GJ, considered externally acquired electricity, and inputs purchased for industrial use of the following items: purchased electricity, natural gas, oxygen, nitrogen, hydrogen and argon. The following table presents consumption sorted by energy source, in gigajoules (GJ):

Non-renewable sources	Ipatinga Plant	Cubatão Plant	Usiminas Mecânica	Soluções Usiminas	Mineração Usiminas
Diesel	69,762	34,095	971.26	2,684.57	14,277,877
Natural Gas	6,155,808	2,551,988	-	-	-
Coal	38,274,113	-	-	-	-
Gasoline	1,428	-	-	-	-
Renewable sources	Ipatinga Plant	Cubatão Plant	Usiminas Mecânica	Soluções Usiminas	Mineração Usiminas
Hydrated Alcohol	23	-	-	-	-
Oxygen	2,601,014	39.63	-	-	-
Nitrogen	3,804,582	26.67	-	-	-
Argon	33,257	0	-	-	-

At Ipatinga Plant, energy intensity in 2019 was 7,059 Mcal/ton of crude steel, considering the sources Coal and Derivatives, Electric Energy, Natural Gas, Air Gases and Oil, consumed within the organization. Cubatão energy intensity rate was 488.7 Mcal/ton of finished products<sup>7</sup>, considering Electric Energy, Natural Gas and Diesel, consumed within the organization. Soluções Usiminas energy intensity rate was 18.30 KWh/ton, considering only electricity consumed internally<sup>8</sup>.

[302-3]

Aiming at eco-efficiency and equipment modernization, energy efficiency projects were carried out at Soluções Usiminas, at SU RN01 (Guarulhos/São Roque), RN02 (Taubaté/SP) and FA11 (Santa Luzia/MG) units. The projects were focused on lighting, room cooling and

compressed air generation, replacing outdated equipment with high-efficiency equivalents. The projects are in the validation stage of results after implementation. Theoretical estimate is a 10% reduction in the total electrical consumption of the plants where the project was carried out, under the guidance of the protocols of Brazilian Association of Energy Saving Companies (ABESCO) and the International Protocol for Measurement and Verification of Projects (PIMVP).

[302-4]

At Unigal, in 2019, investments were made in the CGL1 RTF Blast Furnace, providing improvements in the combustion process and adjustment in the blast furnace burning process with a reduction in energy consumption of 12.1 Mcal/ton per galvanized coil.

<sup>7</sup>The number of finished products considered in the energy intensity rate of Cubatão Plant comprises hot-rolled and cold-rolled strip products.

<sup>8</sup>Energy intensity rates are presented in metrics considered relevant for each company mentioned and are monitored through an internal management system.



## USE OF MATERIALS

Mining, Steelmaking and Steel Transformation sectors require the use of large volumes of raw materials and inputs. The main materials used in the Company's units are listed below.

[301-1]

### IPATINGA PLANT

Materials	Quantity	Unit
Steel & Aluminum	3,318.15	Kt
Anthracite	77.74	Kt
Limes and Flux Agents	1,100.33	Kt
Coal	1,203.07	Kt
Coke	1,242.94	Kt
Oil Coke	447.45	Kt
Ore	4,379.01	Kt

### CUBATÃO PLANT

Materials	Quantity	Unit
Steel & Aluminum	1,323.6	Kt

### MINERAÇÃO USIMINAS

Materials	Quantity	Unit
Argon, Natural, LPG	80,7	Tons
Welding Consumable	8,120.0	Kg
Paints, Solvents, Greases	1,793.624	Liter

### USIMINAS SOLUTIONS

Materials	Quantity	Unit
Zinc	343	Tons
Steel	1,490,404.65	Tons
Argon	50	m³
LPG (Liq. Petroleum Gas)	165,754	Kg
Welding Consumable	714	Kg
Paints, Solvents, Greases	3,967.60	Kg
Hydrochloric Acid	80.7	Tons

### USIMINAS MECÂNICA

Materials	Quantity	Unit
Argon	8,541	m³
LPG (Liquefied Petroleum Gas)	53,600	Kg
Welding Consumable	21,904	Kg
Non-flat rolled products	1,072	Tons
Flat rolled products	21,239	Tons
Paints, Solvents, Greases	1,025.03	Liters



## EMISSIONS AND AIR QUALITY

### GREENHOUSE GAS (GHG) EMISSIONS

[305-1] [305-2] [305-4]

Steelmaking is responsible for the majority proportion of the Company's CO2e emissions. Calculated using the methodology established by the Intergovernmental Panel on Climate Change (IPCC, 2006), Usiminas Steel presented accumulated absolute emissions of 7,788,220 tCO2e in 2019, as shown in the

table below. At Ipatinga Plant, the intensity of GHG emissions in 2019 was 2.34 tCO2 per ton of crude steel. It should be noted that Cubatão Plant has been operating with a shutdown of primary steelmaking areas since 2016, and therefore has lower intensity in GHG emissions.

Type of emissions	Tons of CO2e per year	
	Ipatinga Plant	Cubatão Plant
Scope 1 (Direct Emissions)	7,515,019	137,814
Scope 2 (Indirect Emissions)	110,337	25,050
Scope 3 (Other indirect emissions)	N/D	N/D
Total (tCO2e)	7,625,356	162,864

Usiminas seeks to invest in actions that contribute to the mitigation of greenhouse gas emissions, such as the internal reuse of steel gases, internal generation of electricity needed to supply industrial processes, implemen-

tation of energy efficiency projects and the management and monitoring of critical consumption by operational areas, focusing on process efficiency.

[305-5]

### AIR QUALITY

[102-15] [305-7] [103-2:305] [103-3:305] [413-2]

Usiminas acts strongly in the control of atmospheric emissions, seeking to reduce as much as possible the impacts on air quality in the region where it is located. To this end, it has a monitoring program consisting of continuous measurement equipment installed in the main chimneys, and isokinetic monitoring, both to control emissions from dust removal systems and combustion processes in steel plants. The air quality of the regions where it operates is checked by continuous monitoring stations that are located around its industrial plants.



Emissions (tons)	Ipatinga Plant	Cubatão Plant
NOx	5,236.41	102.81
SOx	9,070.10	7.41
Persistent Organic Pollutants (POPs)	0.000000087	-
Volatile organic compounds (VOC)	4.17	-
Particle material (PM)	6,991.09	16.36

In October 2019, Usiminas made a commitment to the Minas Gerais Public Prosecutor’s Office (MPMG) to adopt measures aimed at reducing emissions of sedimentable particles (black powder) from its Ipatinga Plant.

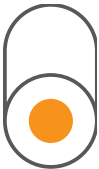
The Conduct Adjustment Agreement (CAA) established the implementation of a specific

monitoring network for sedimentable particles, allowing the company to monitor the quality and quantity of sedimentable particles around the company, for studies and subsequent implementation of actions. Data collected is compiled and forwarded monthly to the State Environmental Foundation and MPMG.



Mist cannon in operation at Ipatinga Plant

- In 2019, three initiatives to mitigate emissions of sediment particles were highlighted:**
- **Mist Cannon:** aims to retain the material in suspension in the internal area, avoiding dispersion outside the company.
  - **Installation of a truck tire washer** in the ore yard, avoiding the loading of material into the Plant’s internal roads and, consequently, its suspension by internal vehicle traffic.
  - **Rebuilding of piping and hood system and balancing of dust removal system of Blast Furnace 02 casting areas.**



WATER AND EFFLUENT

[303-1] [303-2] [303-3] [103-2:303] [103-3:303]

The discharged water effluents are routinely monitored according to the requirements described in current legislation. The Company has industrial water treatment systems and water effluent treatment plants that treat water used in various processes, such as oily, galvanic, acid and organic effluents. It has indirect water recirculation centers, which basically consist of cooling towers, and the direct ones that consist of treatments to remove contaminants. Recirculation systems allow a high rate of water recirculation by the steel industry.

Water demand at Usiminas Mecânica is made through 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 the discharge in accordance with the parameters established by the Joint Normative Deliberation (COPAM/ CERH-MG No. 1, of May 5, 2008). Wastewater is collected monthly by an external laboratory certified by Inmetro to perform the effluent analysis.

Mineração Usiminas performs water collection in watercourses and tubular wells, in order to attend mineral processing operations and other uses related to the process, such as aspersion of roads and attendance to water treatment plants (WTP). The excess water used in the process is directed by gravity to solid sedimentation dikes for later reuse in the process, seeking to optimize and reduce



Monitoring of springs carried out by the program Usiminas Mobilizes Everyone for Water



as much as possible the use of water from tubular wells, streams and springs.

Soluções Usiminas units use water from municipal supply (concessionaire), and water consumption is mostly administrative. Only the Porto Alegre unit uses water in its industrial processes.

Cubatão Plant water collection is located in the Mogi River and Quilombo River basins. Water from the Quilombo River is collected by gravity and undergoes conventional treatment in WTS. Water from the Mogi River is captured by pumping with facilities in the river. The use of the water comprehensively meets several uses: administrative use of drinking water, steam generation, equipment cooling and rolled products. Recirculation is a tool used intensively in the search of water collection reduction and the effluents go through treatment and monitoring to meet legal discharge requirements.

In Cubatão, the total effluent flow is currently 53m3/h, consisting mainly of rainwater collected in the industry area. The effluents generated by the use of water undergo specific treatments of the conventional physical-chemical type and are, whenever applicable, recycled for the processes.

Ipatinga Plant collects its water from the Piracicaba River. This water undergoes chemical treatment to standardize the quality of the industrial water before being stored in the Anta Lake and distributed for use at the plant. Most of the water used is directed to the installed recirculation centers, which enable its reuse. After use in the production process, the water passes through the ETPs for physical-chemical and biological treatment, before being returned to the Piracicaba River.

Ipatinga Plant has a Water Monitoring Plan. This plan is prepared in agreement with the competent environmental agency and provides information on the periodicity of collections and the quality parameters to be monitored in each area.

In 2019, the steel industry, a major user of water resources, registered a total water consumption of 16,577.20 ML, and an average recirculation rate of 95.44%. The following table presents the details of total water consumption reduzir ao máximo a utilização de água de poços tubulares, córregos e nascentes.

[303-5]

	Total Water Consumption (mega liters)
Ipatinga	10,232.00
Cubatão	6,345.20
Usiminas Mecânica	41.00
Soluções Usiminas	46.29
Mineração Usiminas	50,012.79
Total	66,677.28

There were no significant leaks in Usiminas Companies in 2019. At Mineração Usiminas, there were two low intensity leaks of material containing process water in recirculation. In both events, the Environmental Emergency Center (EEC) was immediately activated, following the company's standard procedure and in compliance with the relevant legislation.

[306-3]

SOLID WASTE AND  
RECYCLING

[301-2] [306-2] [306-4] [102-15] [103-2:301] [103-3:301]  
[103-2:306] [103-3:306]

In 2019, Usiminas steelmaking operations generated around 3,572,390.66 tons of industrial waste. The final destinations of the waste generated during the year are presented below.

Waste	Ipatinga Plant	Cubatão Plant
Final Destination/Disposal		
Hazardous waste	Weight (t)	
Coprocessing	3,579.00	1,354.49
Incineration	-	71.96
Internal Recycling / Reuse	13,487.00	504.4
Treatment / Landfill	16.34	-
Recycling	-	28,008.6
Recovery	-	1,515.59
Burying	-	17.4
Storage	-	26.18
Subtotal	17,082.34	31,498.62
Non-hazardous waste	Weight (t)	
Landfill / Burying	907.40	1,367.5
Internal Recycling / Reuse	1,182,409.52	155,202.1
Commercialization	2,108,261.71	-
Recovery	-	225.3
Storage	-	11,706.4
Other	66,715.39	-
Subtotal	3,358,294.02	168,501.30
Total	3,375,376.36	199,999.90



	Usiminas Mecânica	Usiminas Solutions	Mineração Usiminas
Destination/Disposal	Weight (t)		
Hazardous waste			
Coprocessing	28.093	61.53	171,624.10
Oily water treatment plant	19.040	-	-
Decontamination/Incineration	0.10585	5.77	-
Class 1 Landfill	-	-	79,858.70
Biological treatment	-	-	387,640.00
Incineration	-	-	39.00
External treatment	-	897.28	-
Recycling	-	3.86	-
Re-refining	-	29.43	-
Incineration/Autoclave	-	0.0335	39.00
<b>Subtotal</b>	<b>47.23885</b>	<b>5.77</b>	<b>639,200.80</b>
Non-hazardous waste	Weight (t)		
Sales	7,367.3	-	1,120,919.40
Donation	1,580	-	-
Landfill	55,020.79	359.47	
Recycling	-	35,815.67	9,633.50
Animal Nutrition	-	31.59	-
Treatment	-	170.62	-
Composting	-	-	157,511.60
Boiler burning	-	-	88,540.00
Other	66,715.39	-	-
<b>Subtotal</b>	<b>130,683.48</b>	<b>36,377.35</b>	<b>1,376,604.5</b>
<b>Total</b>	<b>130,730.7188</b>	<b>36,383.12</b>	<b>2,015,805.30</b>

	Cubatão Plant	Ipatinga Plant	Usiminas Mecânica	Usiminas Solutions	Mineração Usiminas
	Peso (t)				
Hazardous waste transported	31,498.65	17,082.34	N/D	N/D	697,958.72
Hazardous waste treated	31,455.07	N/D	N/D	N/D	697,958.72

Projects and actions are implemented to create value to waste, through internal recycling, as an input in production processes, or commercialization, as raw material for third parties, and in projects related to the application of steel aggregate (co-product of slag processing) in the cement industry or as agricultural fertilizer.

Usiminas is committed to continuously improving its environmental performance, mainly through the rational use of natural resources and the management of their impacts. Innovation and sustainability are fundamental elements of companies' competitiveness in the coming years, and Usiminas, aware of this trend, develops programs, projects and actions aimed at promoting the sustainability of its industrial operations. Usiminas develops studies and projects to enable the internal reuse of waste generated in its process, aiming to reduce the acquisition of raw materials and reduce the impact of waste disposal.

At Cubatão Plant, the main impacts occur in the waste storage areas of paralyzed areas and the hot and cold rolling mills, considering the poten-

tial use of liabilities resulting from the downtime of primary areas - such as process sludge. The development of application of these wastes, such as recycling and manufacturing of construction material - bricks and concrete, is being studied. The scale and scrap generated are sent for recycling at Ipatinga Plant.

At Ipatinga Plant, industrial waste is managed by its generating units, having as main purpose the identification of its origins, sorting, characterization and classification, proposing together with the Environment General Management and, when applicable, research institutions, technical alternatives for its equation, seeking to minimize its generation, promote its internal recycling or its commercialization with companies licensed by the competent environmental agencies. When alternatives are not applicable, the Plant promotes disposal in its own industrial landfills ("FEITOSA III", for Class IIA and IIB residues, and, the Round Well, for Class I residues) or from third parties, controlled and licensed. Some of the highlighted initiatives in 2019 are:

#### ONGOING INITIATIVES

- Use of steel aggregate in paving rural roads and urban roads – “Mobilize through Valley Pathways” Program.
- Donation of 900,000 tons of steel aggregate in 2019, serving 85 municipalities in eastern Minas Gerais.
- Manufacture of interlocking blocks using steel aggregate – “Mobilize through Work” Program.
- Block with mechanical resistance < 35 MPa, completed. In progress, studies for production of blocks with mechanical strength > 50 MPa.
- Development of steel aggregate briquette for internal recycling and external commercialization.
- Use of steel aggregate in the manufacture of concrete artifacts.



In 2019, Ipatinga Plant used more than 1,800 Kt of materials from recycling, detailed in the following table:

[301-1]:

Quantity (Kt)	
Sinter - Raf / Degraded	704.47
Fine Granulated Ores	124.02
Scale	152.58
Blast Furnace Collector Dust	36.97
Industrial Recycling	275,62
Type C Scrap	4.98
Coke Grinder / Extinction	16.61
Calcined Dolomite Sludge	8.87
Small Coke	78.78
Steel Scrap	1.61
Steel Scrap - Steelworks Consumer	347.76
Cleaning Pig Iron Scrap	51.39
Steel Scrap - Purchased	59.11
Pig Iron Ingots - Purchased	10.90
Subtotal Weight (Kt)	1,874

BIODIVERSITY

[304-1] [304-2] [304-3] [304-4] [413-2] [103-2:304] [103-3:304]

Biodiversity preservation is one of the main issues of sustainable development. To this end, Usiminas has programs for the preservation and conservation of green areas and special care with protected areas.

Mineração Usiminas is installed in an area of 7.46 km² in Serra Azul, between the municipalities of Mateus Leme, Itaúna, Itatiaiuçu and Ig-

arapé (MG). Ipatinga Power Plant and Usiminas Mecânica have approximately 10 km² of industrial area in the municipality of Ipatinga (MG) and occupy an area adjacent to the Integral Protection Conservation Unit - Rio Doce State Park (PERD).

It is worth mentioning that PERD was the first Conservation Unit created in Minas Gerais and



Ipatinga conta com ampla área verde mantida pela Usiminas

it is home to the largest tropical forest in the State, having been classified as a Core Zone of the Atlantic Forest Biosphere Reserve, recognized by UNESCO in 2008. It is considered of “Extremely High Biological Importance” by the Ministry of Environment, the highest level of importance in this category of analysis and declared “Area of Special Biological Importance” by the Government of the State of Minas Gerais. 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 Council, acting together with the State Forest Institute (SFI) and other representatives of organized sectors of society. The goal is to contribute to the implementation and fulfillment of the objectives of PERD, formulate proposals related to management, discuss priority planning actions, propose actions to make compatible, integrate and optimize the relationship with the local population, give opinions on the application of the financial resources allocated to the con-

servation unit, among other assignments. The Council is composed of representatives of Public Power, Productive Sector, Universities and Organized Civil Society.

Ipatinga Plant and Mineração Usiminas monitor and protect their Permanent Preservation Areas (PPAs) and Legal Reserves. In 2016, an area of 204.13 hectares, located in Ipatinga (MG), owned by Usiminas, was recognized as a Private Natural Heritage Reserve (RPPN) by IEF, in accordance with IEF Ordinance No. 92 of December 2016, contributing to the maintenance of the Atlantic Forest Biome.

The creation of RPPN Usipa is the result of an agreement between Usiminas and MPMG, which considered its ecological importance for the region in order to justify its perpetual preservation. An area of preserved native vegetation, located near a space dedicated to leisure and the practice of sports and where a seedling nursery is located, is also of great importance for the community - both residents of Ipatinga and the neighboring cities Coronel Fabriciano, Timóteo and Santana do Paraíso.



In Ipatinga and neighboring municipalities, Usiminas has protected areas, as shown in the table below.

Riparian forest	Located in the municipalities of Coronel Fabriciano, Ipatinga and Santana do Paraíso. Total area of 183.30 hectares.
Zoo botanical Park	Located in the municipality of Ipatinga. Total area of 249 hectares, being 204.13 hectares of RPPN.
Urban woods	Located in the municipality of Ipatinga. Total area of 737.46 hectares.
Industrial Belt	It has a total area of 377 hectares around the plant.
RPPN Silvana Lake	Located in the municipality of Caratinga. It has a total area of 255.86 hectares.

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

Cubatão Plant area is located in the damping area of Serra do Mar State Park<sup>9</sup>. An electronic book was published in 2016, disclosing the information collected at the aforementioned archaeological site and references to the history of occupation of Cubatão and Baixada Santista.



Bird watching activity promoted by Xerimbabo

**XERIMBABO PROJECT**

The Xerimbabo Project completed 35 years of environmental education activities in 2019 through the exercise of sensitivity. The project is managed by Usiminas Environmental Management, and the actions of Xerimbabo Project have the participation of Usiminas Institute in its development.

Currently, the project is composed of three activities: “Getting to Know Usiminas”, “Adventure in the Seedling Nursery” and “Getting to Know the Xerimbabos”, the first two being developed by the Usiminas Institute since 2017

and incorporated into the Xerimbabo Project in 2018. The activities of “ Getting to Know the Xerimbabos” are funded with Usiminas’ own resources, which allocated an investment of R\$ 95,000 to the project in 2019.

- **Getting to know Usiminas: an activity that allows the public to get to know the steel production process, through a playful visit to Ipatinga Plant, which ends with a painting workshop using steel aggregate.**
- **Adventure in the Seedling Nursery: Adventure at the Seedling Nursery: visit to the Usiminas Seedling Nursery, a space created in 1980 to be a place of preservation and environmental education, accessible to the community. The visit, open to school students and the population in general, has a fun itinerary, with walks along trails, planting seedlings and storytelling, addressing environmental issues and Usiminas relationship with the city of Ipatinga.**
- **Getting to know the Xerimbabos: guided and interactive visits by the Center of Biodiversity of the Sport and Recreational Association Usipa. The space contributes to the preservation of regional wildlife, acting as a rehabilitation center that welcomes, treats and returns to nature those animals from trafficking and various accidents. The theme of the 2019 edition was “I saw a little bird”, and the activity developed was linked to bird watching.**



Environmental education and teacher training activities carried out by the Xerimbabo Program

<sup>9</sup>Within the Plant Area, there is an area registered as archeological heritage (sambaquis and caieira) and whose access is restricted.





Plant a Life: employees plant seedlings of native trees in honor of children born throughout the year

## GREEN AREAS RECOVERY PROGRAM

Ever since its foundation, Usiminas has been developing, and implementing, actions in Ipatinga, for the establishment, 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 2019, 75,447 m<sup>2</sup> of firebreak were executed and 14,000 seedlings of several species were planted in the industrial area. In total, 22,709 seedlings were produced at Usiminas Nursery, 9,843 of which were donated during Ipatinga Plant activities throughout the year.

At Cubatão Plant, the volunteer project "Plant a Life" integrates environmental and sustainability actions. The initiative foresees that native tree seedlings are planted by the employees of the mill who have had children born or adopted, using species of native plants from the Atlantic Forest, such as Tamanqueiro, Canjerana, Guanandi, Gabiroba-Tree, White Jequitibá, White Embaúba, Grumixama, Palmito Juçara, Ingá Bean, Araçá, Aldrigo, Aroeira Pimenteira, Gupuruvú, Cicada-Tree and Jerivá. The seedlings are now part of the plant's green area, which has more than one million square meters, divided into natural areas, such as the Casqueirinho and Tapera hills, and areas of woods and gardens.

In Ipatinga, the "Plant a Life" project was first carried out in 2018, by Usiminas Mecânica employees. By 2019, 400 employees of Usiminas Mecânica and Unigal participated in the project. Apart from being an action of appreciation and proximity to families, it demonstrates the concern of the companies with environmental issues and with future generations.

## ENVIRONMENTAL COMMITMENTS

[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 in which the Company's Steel Plants are located. The commitments listed below are in chronological order, from the oldest to the most recent.

In 2006, a commitment was signed with MPMG to formalize minimum air quality standards, standards for the emission of atmospheric effluents, the installation of pollution control equipment and atmospheric monitoring.

Parameters and emission standards were also established in the operation of Coke Plant 3, equipment that would be implemented, such as that related to the coal loading process, visible emissions in the hanging system, in the Coking/Coke Chamber Heating, visible emissions in the Coke Plant Doors, in the coke pushing/extinction, and continuous monitoring for the particle material parameter and maximum benzene emission standards.

In 2009, an addendum commitment was signed to the one signed in 2006, adjusting a final deadline for the definitive closure of Coke Plant 01 operations, minimum standards for the operation of Coke Plant 2, the installation of digital air quality information panels in the city of Ipatinga, the funding of a scientific study to determine the occurrence of acid rain in "Rio Doce" State Park, the preparation of a technological improvement program for the reduction of SO<sub>x</sub>, NO<sub>x</sub> and O<sub>3</sub> emissions, the continuous monitoring system of the chimneys, among others.



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

In 2010, as a result of contaminating substances having been located in groundwater located in areas bordering Usiminas industrial complex, in Ipatinga, unequivocally from past industrial activities, with no active sources, a commitment was established as of which the Company committed itself to: implant an aquifer containment system (hydraulic barrier) at the limit of the coal yard with the external area of the company; promote the adequate treatment of the mass of contaminants and the groundwater extracted by the barrier; promote remedial actions necessary to solve the impacts identified in the groundwater tables under the *Vila Ipanema and Cariru* neighborhoods; carry out a study of the population exposure to benzene; Promote the analytical





*Pedra Mole Station, restored by Usiminas, in Ipatinga*

of the fenced area, reforestation through the planting of suitable native seedlings and monitoring of its 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 Municipality's historical patrimony, known as *Fazendinha and Pedra Mole* Railway Station.

In 2019, Usiminas signed a commitment to reduce the deposition of sedimentable particles in the neighborhoods surrounding Ipatinga Plant, with a commitment, among others, to implement a specific monitoring network for this parameter, in addition to several other actions involving studies and commitments for the mitigation of atmospheric emissions.

monitoring of gases; check the water tightness of the underground tank located in the Coke Plant area; promote selective removal of waste and contaminated soil; keep the area of soccer field 1 located in the Steelworks Club isolated; promote actions of intervention, management and environmental monitoring and rehabilitation for soil and aquifer contamination in the Club area and present a soil remedial plan.

In 2014, Usiminas assumed the responsibility of creating and maintaining a RPPN, which took place in the area of the Usipa Sports and Recreational Association, in Ipatinga.

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

Also in 2015, at Ipatinga Plant, a commitment was signed which includes measures for the recovery of the APP located near the slag yard, consisting of the recovery of a degraded area, with measures for the isolation

## DAM SAFETY

[102-15] [413-2]

Mining activities are subject to significant risks, including spills of polluting substances or other hazardous materials, fires, explosions, rockfall incidents or dispersal of tailings and accidents involving mobile equipment or machinery. Mineração Usiminas adopts high health, safety and environmental standards in its operations, reinforcing that the safety of its employees and local communities is a priority, and that its active dams have safety factors above those recommended - over 1.5 compared to the recommendation of 1.3.

With regard to dam safety and monitoring, daily inspections and reports sent to the competent agencies every 15 days, weekly presentation of the dam situation to the Executive Board, and half-yearly internal and external audits, among other measures in compliance with legal requirements, are highlighted.

Among the legal requirements on mining activities, those related to (i) the manner in which mineral deposits are exploited; (ii) the health and safety of employees; (iii) the protection and restoration of the environment; (iv) the prevention of pollution; (v) the promotion of the health and safety of the local communities where mines are located, and (vi) the decommissioning and recovery of degraded areas are highlighted. The Mining Code also imposes regular reporting and notification requirements on the newly established National Mining Agency (ANM), which has replaced the National Department of Mineral Production (DNPM).

After the accident that took place in the dam of a mining company in Brumadinho/MG, on January 25, 2019, the ANM published Resolution n. 04/2019, later revoked by Resolution





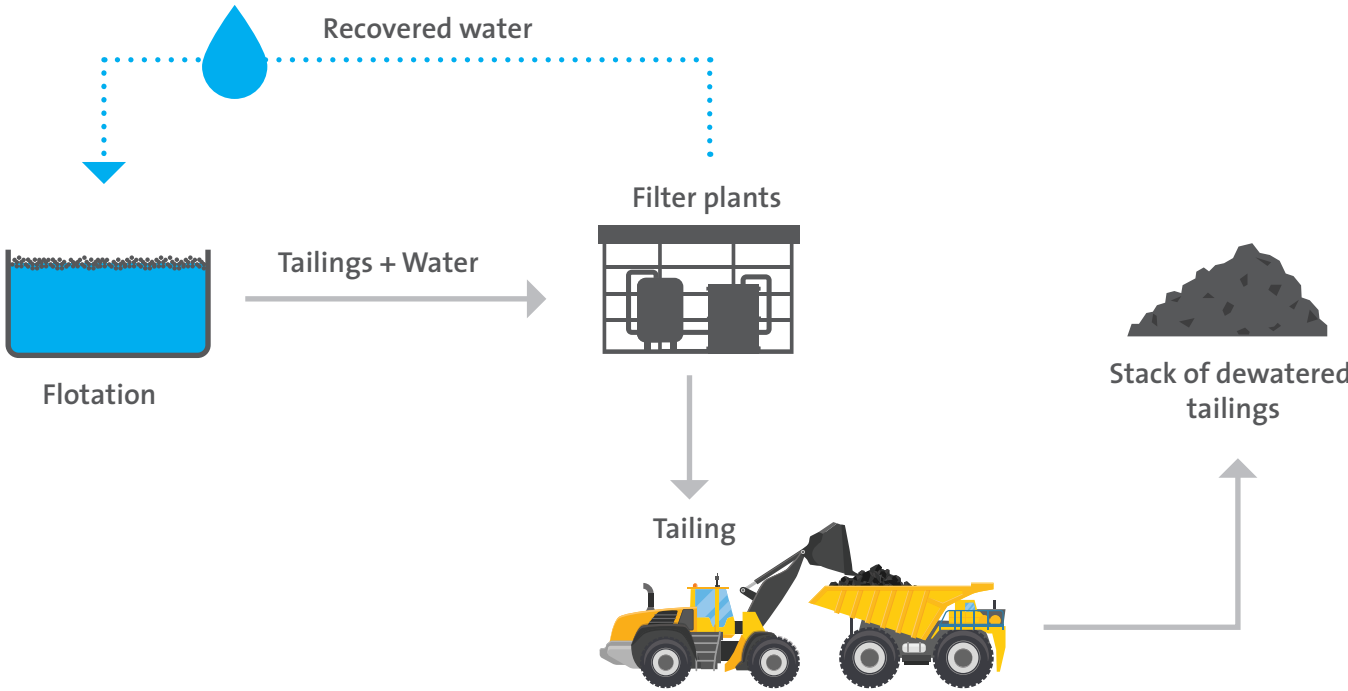
13, of August 8, 2019, which in turn establishes precautionary regulatory measures aimed at ensuring the stability of mining dams, notably those built or raised by the method called “upstream” or by a method declared unknown. In the state of Minas Gerais, the State Dam Safety Policy, Law 23.291, of 2019, was sanctioned, which determines the ground leveling of dams built in the upstream raising method throughout the state of Minas Gerais.

Seeking to preserve a transparent dialogue with its stakeholders after the event, Mineração Usiminas held meetings on January 28, 2019, with employees, and with the mayor of Itatiaiuçu and city councilors of the region. At the meeting, the safety and inspection practices used by the company were presented.

Currently, Mineração Usiminas has three tailings dams: (i) *Somisa Dam* (12.8 million m3) and (ii) *Central Dam* (current volume of 6.0

million m3, after 1.6 million m3 are ploughed), which are older structures built with upstream elevation and are deactivated; and (iii) *Sa-mambaia Dam* (currently with 5.0 million m3, has a total capacity of 7.6 million m3), the only structure that currently receives tailings and was built with downstream elevation. *Central Dam* is in the process of removing the tailings that are sent as raw material to the flotation plant. All these dams meet the requirements established in Law 12,334/2010 and other applicable rules and have safety factors above the minimum established by the Brazilian standard NBR\_13028/2017.

With an approved investment of R\$140 million, Mineração Usiminas aims to implement the dry stacking process in 2020, depending on environmental licensing. The method minimizes possible risks to its activities, in addition to reducing overall water consumption, by filtering and reusing the water from the tailings.



## 10 FINANCIAL RESULTS



Through challenging collective and individual targets, Usiminas is always looking to improve results. Agility in decision-making, austerity in spending and simplification of bureaucracy contribute towards the Company assuming an increasingly competitive posture in the do-

mestic and foreign markets. Results and financial sustainability are essential to enable constant development and growth.

[102-16] [103-2:201] [103-3:201]

### RESULTS

In 2019, Usiminas generated direct economic value of over R\$ 18 billion, also with high productivity, with more than four million tons of steel produced by Usiminas Steel.

Direct economic value generated (R\$ thousands) <sup>10</sup>		
Direct economic value generated (R\$ million)	2018	2019
Total gross revenues	17,499,783	18,841,146
Distributed added value (R\$ thousands)		
	2018	2019
<b>Staff and Charges</b>	<b>1,048,119</b>	<b>1,120,390</b>
Salaries and Charges	866,268	964,503
FGTS (Time of Service Guarantee Fund)	77,256	81,766
Management Remuneration	35,817	31,115
Employee Profit Sharing	65,206	39,736
Pension Plans	3,572	3,270
<b>Taxes, charges and contributions</b>	<b>1,191,719</b>	<b>1,269,142</b>
Federal (i)	634,157	136,438
State	476,244	1,041,313
Municipal	73,657	80,305
Tax incentives	7,661	11,086
<b>Remuneration of third-party capital</b>	<b>1,138,128</b>	<b>1,208,005</b>
Interest	915,426	944,997
Exchange expenses	225,421	261,312
Other	2,719	1,696
<b>Remuneration of equity capital</b>	<b>828,695</b>	<b>376,691</b>
Retained profits (losses)	726,658	213,265
Non-controlling shareholders' participation in retained profits	102,037	163,426
<b>Distributed added value</b>	<b>4,206,661</b>	<b>3,974,228</b>

(i) Includes social security charges

<sup>10</sup>Information is audited by Price Waterhouse Coopers - PwC.

[201-1]

In 2019, Usiminas Companies registered the following production quantities:



**Mineração Usiminas**  
**7,389,355 tons**



**Usiminas Steel**  
**4,064,118 tons (i)**



**Soluções Usiminas**  
**624,087 tons**



**Usiminas Mecânica**  
**31,595 tons (ii)**

[102-7]

Usiminas has a Tax Planning Management, under the direction of the Controller’s Office, specifically responsible for fiscal and tax compliance, spending continuous efforts in the diffusion of the “fiscal and tax culture” in Usiminas Companies. In 2019, more than 5 workshops were held with the financial, supplies and commercial areas, specific to the Company’s business and tax issues. There is risk monitoring with daily follow-up of changes in legislation and frequent relationships with government agencies and class entities, such as FIEMG and Brazil

Steel Institute, which follow up on any and all changes that have potential to impact Usiminas businesses and operations. The contact with the class entities also allows the anticipation of trends of tax changes in the locations of their operations.

There are regular internal and external audit programs to review legal and compliance issues in general. In addition, Usiminas keeps an annual program for contracting external tax audits to review certain operations.

[207-1] [207-2] [207-3]

(i) Unigal Usiminas production reached 875,936.69 tons in 2019  
(ii) All units are in tons, except for Usiminas Mecânica, reported in dispatched tons

The Company includes, in its audited consolidated financial statements, Brazil, Luxembourg and Denmark as tax jurisdictions, detailed in the following tables:

[207-4]

Jurisdictions	Entities	Primary Activity	Sales to Third Parties	Intergroup Sales	Profit/ Loss before Deductions	Tangible Assets	Paid IRS	Accumulated
Brazil	Usiminas Steel	Manufacturing or production	12,186,520	5,128,355	2,821	13,058,316	9,979	210,444
	Usiminas Mecânica	Manufacturing or production	317,707	171,057	(13,395)	34,243	-	(88,742)
	Mineração Usiminas	Manufacturing or production	1,781,466	527,812	658,868	1,338,179	85,021	(170,939)
	Usiminas Unigal	Manufacturing or production	33,402	360,016	229,296	882,792	39,296	(59,721)
	Rios Unidos Logistics & Steel Transport Ltd	Sales, marketing or distribution	145	1,553	(28,337)	1,910	13	10
	Soluções Usiminas	Manufacturing or production	4,755,790	3,109	83,113	938,899	21,722	(28,337)

in thousands

Jurisdictions	Entities	Primary Activity	Profit/Loss before Deductions	Accumulated
Luxembourg	Usiminas International S.A.R.L.	Holds Company investments abroad	9,879	-
Denmark	Usiminas Europe	Holds Company investments abroad	-	-
	Usiminas Galvanized Steel A/S	Sales, marketing or distribution	267	3,736
	Usiminas Electrogalvanized Steel A/S	Sales, marketing or distribution	352	299
	Usiminas Denmark Aps	Administrative, management or support services	(20)	-
	Usiminas Aps	Administrative, management or support services	(10)	-

in thousands

(i) The differences between Income Tax in the result and Income Tax due occur due to the existence of permanent additions and exclusions in the Income Tax Base  
(ii) The differences between Income Tax in the result and Income Tax due occur due to the tax refund paid in previous years



PERFORMANCE

In 2019, Usiminas reported Consolidated Adjusted EBITDA of approximately R\$ 2 billion. In the country, apparent steel consumption fell by 2.7% compared to the previous year, and in the mining sector, production fell by 8.8%. In

the year, steel sales totaled 4.1 million tons, and iron ore sales reached a record volume of 8.6 million tons. Other highlights of the Company’s performance are presented in the table below , and in the 2019 Earnings Release.

Indicator	2018	2019	Variation
Steel Sales Volume	4,198 thousand tons	4,105 thousand tons	-2%
Ore Sales Volume	6,474 thousand tons	8,616 thousand tons	33%
Net Revenue	R\$13.7 bi	R\$14.9 bi	9%
COGS – Cost of Goods Sold)	- R\$11,522 mi	- R\$13,074 mi	13%
Gross Profit (Loss)	R\$2,215 mi	R\$1,875 mi	-15%
Net Profit (Loss)	R\$829 mi	R\$377 mi	-55%
EBITDA (CVM Instruction 527)	R\$2,172 mi	R\$1,944 mi	-10%
EBITDA Margin (CVM Instruction 527)	16%	13%	-3 p.p.
Adjusted EBITDA	R\$2,693 mi	R\$1,973 mi	-27%
Adjusted EBITDA Margin	20%	13%	-6 p.p.
Investments (CAPEX)	R\$463 mi	R\$690 mi	49%
Adjusted EBITDA (U Steel)	R\$2.4 bi	R\$1.1 bi	-54%
Adjusted EBITDA (Mining)	R\$203 mi	R\$740 mi	264,4%
Adjusted EBITDA (Mecânica)	- R\$21 mi	- R\$16 mi	-24%
Adjusted EBITDA (Solutions)	R\$118 mi	R\$120 mi	2,1%

ADDITIONAL INFORMATION ON USIMINAS FINANCIAL PERFORMANCE CAN BE FOUND AT: [WWW.USIMINAS.COM/RI](http://WWW.USIMINAS.COM/RI) AND THROUGH THE “TALK TO IR” CHANNEL



SHARES

B3 PERFORMANCE

Usiminas’ common share (USIM3) closed the year quoted at R\$9.87 and the preferred share (USIM5) at R\$9.51. In the course of 2019, USIM3 shares depreciated 13.7% and USIM5 shares appreciated 3.1%, while the Ibovespa appreciated 31.6%.

OTC – NEW YORK

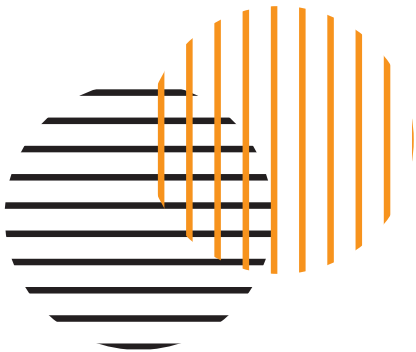
Usiminas has American Depositary Receipts (ADRs) traded on the American Over-The-Counter (OTC) market: the USDMY, with ballast in common shares, and the USNZY, with ballast in class A preferred shares. On 12/31/19, the most liquid ADR USNZY was quoted at US\$2.32 and appreciated 0.4% in the year.

LATIBEX – MADRI

Usiminas has shares traded on LATIBEX - Madrid Stock Exchange Section: preferred share XUSI and common share XUSIO. On 12/31/19, the XUSI share closed at 1.95 euros, showing a 5.3% depreciation in the year. The XUSIO share closed at EUR 2.12, showing a depreciation of 17.2% in the year.



Investor meeting promoted by Apimec in 2019.



# 11 AWARDS AND RECOGNITIONS

Important recognitions of Usiminas performance in social and environmental issues marked the year 2019, reinforcing the commitment of the Company and its units to the maintenance and improvement of management and sustainability practices. Below are the main highlights:

## • TOP 50 OPEN CORPS

Usiminas has joined the list of the 50 Brazilian companies that most interact with startups, promoting open innovation. According to the organizers, more than 1,000 companies participated in the elaboration of the ranking, besides 8,600 startups and 50,000 assessments registered on an online platform.

## • STATE AWARD FOR GOOD ENVIRONMENTAL PRACTICE

The Secretary of State for Environment and Sustainable Development (SEMAD) recognized Usiminas with the Good Environmental Practices Award, in an edition focused on “Less Waste, More Sustainability”. The award, granted by the State System of Environment and Water Resources (Sisema), elected the program “Mobilizes All for Water” as the best project of environmental management in the use of industrial solid waste in the state of Minas Gerais.

## • 100+ INNOVATIVE IN IT USE

Usiminas was present in the 100+ Innovative in IT Use 2019 list, an award developed in partnership by “IT Midia” and “PwC”, to recognize IT projects that have positively impacted the business of Brazilian companies in several sectors, such as steel, agribusiness, industry, services, among others.

## • WORLD STEEL ASSOCIATION

The World Steel Association awarded Usiminas Integrated Health System (SISU), for the third consecutive year, placing it among the outstanding initiatives in the world steel sector. The award ceremony took place at the entity’s annual meeting, from 13 to 15 October, in Mexico.

## • BRAZIL PROTECTION TROPHY

Usiminas Mecânica received the silver trophy of the Brazil Occupational Health and Safety Protection Award 2019, in the category Preventive and Corrective Actions in Occupational Health and Safety (SST), with the case “Virol Desovalizer”. It is a safety device that makes the use of sledgehammers unnecessary and therefore reduces the risk of accidents with the hands.

## • EXCELLENCE AWARD IN CORPORATE FINANCE OF MINAS GERAIS

In 2019, Usiminas was honored with the Excellence Award in Corporate Finance of Minas Gerais, offered by the Brazilian Institute of Financial Executives - Minas Gerais (Ibef-MG) to acknowledge the work of financial management of companies in the state.

## • EXCELLENCE IN QUALITY AND DELIVERY

Soluções Usiminas was among the companies recognized at the 21st Supplier Meeting of the Japanese car manufacturer Honda, in the category Excellence in Quality and Delivery.

## • SUPPLIER QUALITY AWARDS

The quality system of Usiminas and Soluções Usiminas has earned both companies the Supplier Quality Award, from Whirlpool Latin America (owner of Brastemp, Consul and KitchenAid brands), with distinction in the Raw Material category.

## • BRAZILIAN AUTOMOTIVE SUPPLIERS ASSOCIATION

Soluções Usiminas stood out as “Revelation of the Year” in the Toyota Production System (TPS) and also with the first place in the category “Work Safety” of the Brazilian Automotive Suppliers Association (BRASA), an initiative of the Japanese manufacturer to honor the representatives of its supply chain in Brazil. In the first case, the improvement in the process of supplying guillotine carts to reduce the number of stops was recognized, and in the second, the project “Elimination of Risk in the Process of Pipe Galvanization”, at the Porto Alegre unit.



Prêmio Excelência em Finanças, oferecido pelo Ibef

## • BRAZIL LEADERS AWARD

Usiminas was voted the winner of the Brazil Leaders Award, in the Mining and Metallurgy category. The award, in its ninth edition, recognizes leaders who contribute to the boost and dynamism of the economy, even in the face of challenges such as the recurrent low growth in recent years. The award is presented by LIDE - Business Leaders Group. Empresariais.



Leaders of Brazil Award



GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
GRI 102: GENERAL DISCLOSURES					
1. Organization profile					
102-1	Organization name			1 About This Report (pg. 5)	
102-2	Activities, brands, products and services			4 A Usiminas (pág. 11)	
102-3	Headquarters location			4 A Usiminas (pág. 9)	
102-4	Location of operations			4 A Usiminas (pág. 9)	
102-5	Ownership and legal form			5 Corporate Governance (pg. 19)	
102-6	Markets served			4 Usiminas (pg. 12, 13, 14 & 15)	
102-7	Size of organization			4 Usiminas (pg. 11); 10 Financial results (page 102)	
102-8	Information about employees and other collaborators		5, 8, 10	7 People (pg. 48 & 49)	
102-9	Suppliers chain		8, 10	6 Strategy (pg. 40) 7 People (pg. 45)	
102-10	Significant changes in the organization and its supply chain			There has been no significant change in the organization; in the supply chain:  6 Strategy (pg. 40) 7 People (pg. 44)	
102-11	Precautionary principle or approach			There is no formal endorsement of the Precautionary Principle.	
102-12	External Initiatives		8, 12, 13, 16	4 Usiminas (pg. 16); 6 Strategy (pg. 29) 7 People (pg. 46) 8 Community (pg. 78);	
102-13	Membership in associations			6 Strategy (pg. 18);	
2. Strategy					
102-14	Statement from the organization's top executive			22 Message from the board of directors' chairman (pg. 6); 3 Message from the CEO (pg. 8)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
102-15	Main impacts, risks and opportunities	Innovation and portfolio positioning; Community Relations; Air quality; Management of waste and hazardous materials; Energy efficiency and use of renewable energy; Environmental compliance; Dam safety; Regulatory and market risks;	8, 9, 12, 16	6 Strategy (ps. 30, 31, 32, 33, 34 & 35);  8 Community (pg. 67); 9 Environment (pg. 82, 85, 89, 97, 99)	
3. Ethics and integrity					
102-16	Values, principles, standards and norms of behavior	Ethics & Transparency	10, 16	4 Usiminas (pg. 9); 5 Corporate Governance (pg 23 & 24); 6 Strategy (pg. 31); 10 Financial results (page 101)	
102-17	Ethical advice and concern mechanisms	Ethics & Transparency	10, 16	5 Corporate Governance (ps 22, 24); 6 Strategy (pg. 31)	
4. Governance					
102-18	Governance structure			5 Corporate Governance (pg. 19)	
102-19	Delegation of authority		5, 16	5 Corporate Governance (pg. 23)	
102-20	Responsibility of executives for economic, environmental and social issues		5, 16	5 Corporate Governance (pg. 23)	



GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
102-21	Consultation with stakeholders on economic, environmental and social topics			The Board of Directors has no formal responsibilities for consulting stakeholders on economic, environmental and social topics, but was involved in the reporting process for this report.	
102-22	Members of the highest governance body and its committees			5 Corporate Governance (pg. 23)	
102-23	Chairman of the highest governance body			5 Corporate Governance (pg. 20)	
102-24	Appointment and selection of the highest governance body		5, 16	5 Corporate Governance (pg. 20)	
102-25	Conflicts of interest			5 Corporate Governance (pg. 20 & 25)	
102-26	Role of the highest governance body in defining purpose, values and strategy			5 Corporate Governance (pg. 23)	
102-27	Measures to enhance knowledge of the highest governance body			5 Corporate Governance (pg. 20 & 27); 7 People (pg. 54)	
102-28	Performance assessment of the highest governance body			7 People (pg. 57)	
102-30	Effectiveness of risk management processes		3, 5, 8, 16	5 Corporate Governance (pg. 20, 22)	
102-31	Analysis of economic, environmental and social issues.			5 Corporate Governance (pg. 19 & 21)	
102-32	Role of the highest governance body in the sustainability report			2 Message from the board of directors' chairman (pg. 6)	
102-33	2 Message from the board of directors' chairman (pg. 7)			5 Corporate Governance (pg. 20)	
102-35	Remuneration policies			7 People (pg. 52) 8 Community (pg. 66);	
102-36	Process to establish remuneration			7 People (pg. 50)	
102-37	Involvement of stakeholders in remuneration			7 People (pg. 52)	
102-38	List of annual remuneration			7 People (pg. 50)	
102-39	Ratio of percentage increase in total annual remuneration			7 People (pg. 50)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
5. Stakeholders engagement					
102-40	Stakeholders list			6 Strategy (pg. 28)	
102-41	Collective bargaining agreements			7 People (pg. 65)	
102-42	Basis for identifying and selecting stakeholders for engagement			6 Strategy (pg. 29)	
102-43	Approach to stakeholder engagement			6 Strategy (pg. 28 & 29)	
102-44	Main topics and concerns raised			6 Strategy (pg. 30)	
6. Reporting practices					
102-45	Entities included in the consolidated financial statements		8, 9, 10	4 Usiminas (pg. 11)	
102-46	Defining the content of the report and the boundary of topics		8, 9, 10	6 Strategy (pg. 29)	
102-47	List of material subjects			6 Strategy (pg. 30)	
102-48	Reformulation of information			1 About this report (pg. 5)	
102-49	Changes in scope and boundaries			6 Strategy (pg. 29)	
102-50	Period covered by the report			1 About this report (pg. 5)	
102-51	Date of last report			1 About this report (pg. 5)	
102-52	Report emission cycle			1 About this report (pg. 5)	
102-53	Contact point for questions about the report			1 About this report (pg. 5)	
102-54	Statement of compliance report with GRI Standards			1 About this report (pg. 5)	
102-55	GRI content summary			1 About this report (pg. 5)	
102-56	External verification			1 About this report (pg. 5)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
SERIES 200: ECONOMIC					
GRI 201: ECONOMIC PERFORMANCE					
103-1	Explanation of material topic and its limit	Financial sustainability	8, 9	6 Strategy (pg. 30)	
103-2	Management style and its components	Financial sustainability	8, 9	10 Financial results (pg. 101)	
103-3	Management style assessment	Financial sustainability	8, 9	10 Financial results (pg. 101)	
201-1	Direct economic value generated and distributed.	Financial sustainability	8, 9	10 Financial results (pg. 102)	
201-3	Defined benefit plans and other retirement plans			7 People (pg. 66)	
201-4	Financial assistance received by the government				Usiminas has chosen not to disclose this information because it is confidential and strategic data for the organization.
GRI 202: MARKET PRESENCE					
202-1	Ratio of lowest paid salary, by gender, compared to local minimum salary			7 People (pg. 50)	
GRI 203: INDIRECT ECONOMIC IMPACTS					
203-1	Investments and services in infrastructure			8 Community (pg. 68)	
203-2	Significant indirect economic impacts			8 Community (pg. 68)	
GRI 204: PURCHASE PRACTICES					
103-1	Explanation of material topic and its limit	Supply chain management	12, 17	6 Strategy (pg. 34)	
103-2	Management style and its components	Supply chain management	12, 17	6 Strategy (pg. 43)	
103-3	Management style assessment	Supply chain management	12, 17	6 Strategy (pg. 43)	
204-1	Proportion of spending on local suppliers			6 Strategy (pg. 45)	
GRI 205: ANTI-CORRUPTION					
103-1	Explanation of material topic and its limit	Ethics and transparency	10, 16	5 Corporate Governance (pg. 24); 6 Strategy (pg. 31)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
103-2	Management style and its components	Ethics and transparency	10, 16	5 Corporate Governance (pg. 24)	
103-3	Management style assessment	Ethics and transparency	10, 16	5 Corporate Governance (pg. 24)	
205-1	Operations assessed for risks related to corruption			5 Corporate Governance (pg. 26)	
205-2	Communication and training on anti-corruption policies and procedures		3, 8, 12, 13, 16	5 Corporate Governance (pg. 27)	
205-3	Confirmed cases of corruption and actions taken		16	5 Corporate Governance (pg. 26)	
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 Administrative Council for Economic Defense (CADE) for cartel formation. According to CADE, the companies operated uniform price adjustments per 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.	
SERIES 207: TAXES					
207-1	Tax approach			10 Financial results (pg.102)	
207-2	Governance, control and management of tax risks			10 Financial results (pg.102)	
207-3	Stakeholder engagement and management against taxes			10 Financial results (pg.102)	
207-4	Country to country reporting			7 People (pg. 48) 10 Financial results (pg.103)	
SERIES 300 - ENVIRONMENTAL					
GRI 301: MATERIALS					
103-1	Explanation of material topic and its limit	Innovation and portfolio positioning		6 Strategy (pg. 30, 35)	



GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
103-2	Management style and its components	Innovation and portfolio positioning		6 Strategy (pg. 35) 9 Environment (pg. 89)	
103-3	Management style assessment	Innovation and portfolio positioning		6 Strategy (pg. 41) 9 Environment (pg. 89)	
301-1	Materials used by weight and volume			9 Environment (pg. 84, 92)	
301-2	Materials from recycling			9 Environment (pg. 89)	
301-3	Products and their recovered packaging materials			Not applicable.	
GRI 302: ENERGY					
103-1	Explanation of material topic and its limit	Energy efficiency and use of renewable energy	7, 13	6 Strategy (pg. 33)	
103-2	Management style and its components	Energy efficiency and use of renewable energy	7, 13	9 Environment (pg. 82)	
103-3	Management style assessment	Energy efficiency and use of renewable energy	7, 13	9 Environment (pg. 82)	
302-1	Energy consumption within the organization			9 Environment (pg. 82)	
302-3	Energy intensity			9 Environment (pg. 82, 83)	
302-4	Reduction of energy consumption			9 Environment (pg. 83)	
GRI 303: WATER AND EFFLUENT					
103-1	Explanation of material topic and its limit	Water resources	6, 12	6 Strategy (pg. 33)	
103-2	Management style and its components	Water resources	6, 12	9 Environment (pg. 87)	
103-3	Management style assessment	Water resources	6, 12	9 Environment (pg. 87)	
303-1	Interactions with water as a shared resource			9 Environment (pg. 87)	
303-2	Management of impacts related to water discharge			9 Environment (pg. 87)	
303-3	Water collection			9 Environment (pg. 87)	
303-5	Water collection			9 Environment (pg. 88)	
GRI 304: BIODIVERSITY					
103-1	Explanation of material topic and its limit	Biodiversity preservation	15	6 Strategy (pg. 31)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
103-2	Management style and its components	Biodiversity preservation	15	9 Environment (pg. 77, 92)	
103-3	Management style assessment	Biodiversity preservation	15	9 Environment (pg. 77, 92)	
304-1	Operational units owned, leased, managed within or in the vicinity of protected areas and areas of high biodiversity value outside protected areas			9 Environment (pg. 92)	
304-2	Significant impacts of activities, products and services on biodiversity			9 Environment (pg. 92)	
304-3	Protected or restored habitats			9 Environment (pg. 92)	
GRI 305: EMISSIONS					
103-1	Explanation of material topic and its limit	Air Quality	11, 12	6 Strategy (pg. 31)	
103-2	Management style and its components	Air Quality	11, 12	9 Environment (pg.85)	
103-3	Management style assessment	Air Quality	11, 12	9 Environment (pg. 85)	
305-1	Direct greenhouse gas emissions (Scope 1)			9 Environment (pg. 85)	
305-2	Direct greenhouse gas emissions (Scope 2)			9 Environment (pg. 85)	
305-3	Other indirect GHG emissions			SDO emissions are not monitored by Usiminas.	
305-4	Intensity of GHG emissions			9 Environment (pg. 85, 92)	
305-5	Reduction of GHG emissions			9 Environment (pg. 85)	
305-6	Emissions of ozone-depleting substances (ODS)			There are no indications that ODS emissions are significant in Usiminas Companies	
305-7	Emissions of NOx, SOx and other significant air emissions			9 Environment (pg. 85)	
GRI 306: EFFLUENT AND WASTE (2016)					
103-1	Explanation of material topic and its limit	Waste and hazardous materials management	6, 15	6 Strategy (pg. 34)	
103-2	Management style and its components	Waste and hazardous materials management	6, 15	9 Environment (pg. 89)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
103-3	Management style assessment	Waste and hazardous materials management	6, 15	9 Environment (pg. 89)	
306-2	Waste by type and disposal method			9 Environment (pg. 89)	
306-3	Significant leaks			9 Environment (pg. 88)	
306-4	Transport of hazardous waste			9 Environment (pg. 89)	
GRI 307: ENVIRONMENTAL COMPLIANCE					
103-1	Explanation of material topic and its limit	Environmental Compliance	9, 12	6 Strategy (pg. 30)	
103-2	Management style and its components	Environmental Compliance	9, 12	9 Environment (pg. 82, 97)	
103-3	Management style assessment	Environmental Compliance	9, 12	9 Environment (pg. 82, 97)	
307-1	Non-compliance with environmental laws and regulations			9 Environment (pg. 97)	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT					
103-1	Explanation of material topic and its limit	Supply chain management	12, 17	6 Strategy (pg. 34)	
103-2	Management style and its components	Supply chain management	12, 17	6 Strategy (pg. 43)	
103-3	Management style assessment	Supply chain management	12, 17	6 Strategy (pg. 43)	
308-1	New suppliers selected based on environmental criteria			6 Strategy (pg. 43)	
308-2	Negative environmental impacts on the supply chain and actions taken			6 Strategy (pg. 43)	
SÉRIE 400 - SOCIAL					
GRI 401: EMPLOYMENT					
103-1	Explanation of material topic and its limit	Quality of life at work	8, 10	6 Strategy (pg. 32)	
103-2	Management style and its components	Quality of life at work	8, 10	7 People (pg. 46)	
103-3	Management style assessment	Quality of life at work	8, 10	7 People (pg. 46)	
401-1	New employee hires and employee turnover		5, 8, 10	7 People (pg. 46, 49)	
401-2	Benefits granted to full time employees not granted to part time or temporary employees			7 People (pg. 50)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
401-3	Maternity/Paternity leave			7 People (pg. 50)	
GRI 402: LABOR RELATIONS					
402-1	Minimum notice period for operational changes			Usiminas does not have a deadline for notices of this type.	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY					
103-1	Explanation of material topic and its limit	Occupational Health and Safety		7 People (pg. 58)	
103-2	Management style and its components	Occupational Health and Safety		7 People (pg. 58)	
103-3	Management style assessment	Occupational Health and Safety		7 People (pg. 59, 64)	
403-1	Occupational health and safety management system			7 People (pg. 59, 60, 63)	
403-2	Hazard identification, risk assessment and incident investigation		3, 8, 13, 16	7 People (pg. 60)	
403-3	Occupational health services			7 People (pg. 58, 60)	
403-4	Worker participation, consultation and communication on occupational health and safety issues			7 People (pg. 59, 60, 61, 62)	
403-5	Training of workers in occupational health and safety			7 People (pg. 54, 55, 59)	
403-6	Promotion of worker's health			7 People (pg. 62, 63, 64); 8 Community (pg. 60)	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships			6 Strategy (pg. 44); 7 People (pg. 60, 61)	
GRI 404: TRAINING AND EDUCATION					
103-1	Explanation of material topic and its limit	Quality of Life at Work	3, 5, 8	6 Strategy (pg. 32)	
103-2	Management style and its components	Quality of Life at Work	3, 5, 8	7 People (pg. 53)	
103-3	Management style assessment	Quality of Life at Work	3, 5, 8	7 People (pg. 46)	
404-1	Average hours of training per year per em-employee			7 People (pg. 53)	
404-2	Programs for the development of employees' skills and assistance for career transition			7 People (pg. 53)	



GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
404-3	Percentage of employees receiving regular performance and career development assess-ments			7 People (pg. 57)	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES					
103-1	Explanation of material topic and its limit	Quality of Life at Work	3, 5, 8	6 Strategy (pg. 32)	
103-2	Management style and its components	Quality of Life at Work	3, 5, 8	7 People (pg. 46, 47)	
103-3	Management style assessment	Quality of Life at Work	3, 5, 8	7 People (pg. 46)	
405-1	Diversity in governance bodies and employees			5 Corporate Governance (pg. 20);	
405-2	Mathematical ratio of basic salary and remuneration of women compared to men			7 People (pg. 51)	
GRI 406: NON-DISCRIMINATION					
406-1	Cases of discrimination and corrective measures taken			5 Corporate Governance (pg. 26)	
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			6 Strategy (pg. 43); 7 People (pg. 65)	
GRI 408: CHILD LABOR					
408-1	Operations and suppliers with significant risk of child labor cases			6 Strategy (pg. 43)	
GRI 409: FORCED OR COMPULSORY LABOR					
409-1	Operations and suppliers with significant risk of forced or compulsory labor cases			6 Strategy (pg. 43)	
GRI 412: HUMAN RIGHTS ASSESSMENT					
412-1	Operations subject to human rights impact assessment or analysis			6 Strategy (pg. 43)	
412-2	Training employees in human rights policies or procedures			7 People (pg. 54)	
GRI 413: LOCAL COMMUNITIES					
103-1	Explanation of material topic and its limit	Community Relations	11, 12	6 Strategy (pg. 33, 34) 8 Community (pg. 67, 68)	

GRI Disclosures	Indicator Description	Material Subject	SDG	Page or Direct Answer	Reason for Omission
103-2	Management style and its components	Community Relations	11, 12	8 Community (pg. 67)	
103-3	Management style and its components	Community Relations	11, 12	8 Community (pg. 68)	
413-1	Operations with local community engagement, impact assessments and development programs			8 Community (pg. 67)	
413-2	Operations with significant real and potential negative impacts on local communities			9 Environment (pg. 85, 92, 99)	
GRI 414: SUPPLIER SOCIAL ASSESSMENT					
103-1	Explanation of material topic and its limit	Supply chain management	12, 17	6 Strategy (pg. 34)	
103-2	Management style and its components	Supply chain management	12, 17	6 Strategy (pg. 43)	
103-3	Management style assessment	Supply chain management	12, 17	6 Strategy (pg. 43)	
414-1	New suppliers selected based on social criteria			6 Strategy (pg. 43)	
414-2	Negative social impacts on the supply chain and measures taken			6 Strategy (pg. 44)	
GRI 415: PUBLIC POLICIES					
415-1	Contributions to political parties			5 Corporate Governance (pg.25); 8 Community (pg. 75)	
GRI 416: CUSTOMER HEALTH AND SAFETY					
416-1	Percentage of significant categories of products and services for which health and safety impacts are assessed for improvement.			6 Strategy (pg. 38)	
GRI 417: MARKETING AND LABELING					
417-1	Requirements for information and labeling of products and services			6 Strategy (pg. 38)	
GRI 419: SOCIOECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in social and economic areas			7 People (pg. 64)	

# SUSTAINABILITY REPORT – BASE YEAR 2019

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**Cover:**

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