

made for life report



aperam

Reporting our sustainability performance for 2013

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Welcome
to our **made for life** report – an update on our sustainability performance over the last year. The report is shorter and simpler this year but you will find supporting detailed information, including our GRI G4 Index on p20-21. This summary is part of the complete report which is available on our website.

Please spare a few minutes to give us your feedback on what you liked or improvements you recommend. sustainability@aperam.com

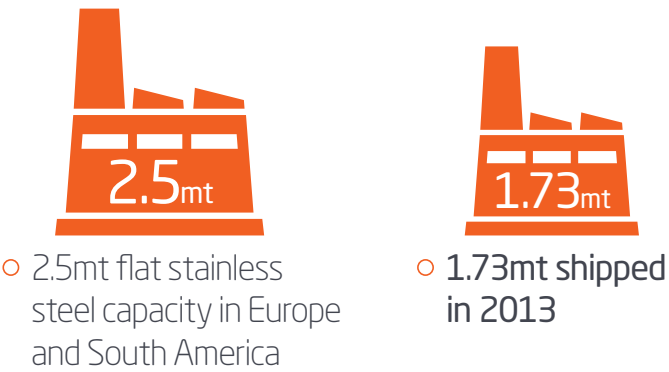


See more at aperam.com/sustainability

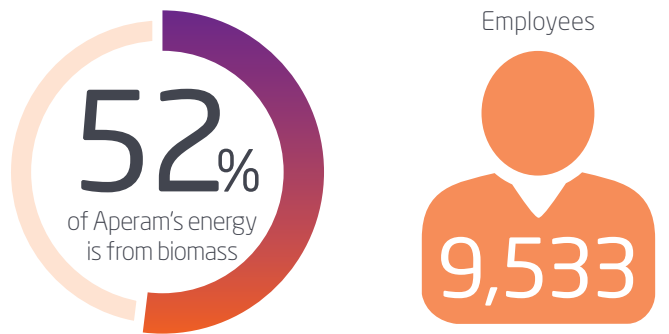
Cover employee image: Benny Brulmans, Aperam Genk
Cover pool image: HSB, stainless steel pools

PROFILE Who are Aperam?

- Aperam offers the widest stainless steel product range in the world
- Public limited company in Luxembourg



us\$5.2bn 2013 revenues in 40 countries (€3.7bn)



Principal operations including significant production plants



	2013 - US\$ million				
	Global Aperam ⁽¹⁾	Split by region and segment			
		Stainless & Electrical Steel	Services & Solutions	Alloys & Specialities	
		Europe	Brazil	All regions	Europe
Revenues	5,190	2,813	1,277	2,208	651
Operating costs ⁽²⁾	4,141	2,393	995	2,043	508
Employee wages and benefits	705	318	129	150	76
Payments to providers of capital	87	80	29	5	1
Payments to government ⁽³⁾	62	25	12	14	7
Community investments	1	-	1	-	-
EBITDA	292	76	136	9	60
Economic value retained	194	3	111	4	59
Direct economic value generated	5,190	2,813	1,277	2,208	651
Economic value distributed	4,996	2,816	1,166	2,212	592

1) The difference between "Global Aperam" and the sum of the different divisions includes our forest business in Brazil (Aperam Bioenergia) and eliminations between our primary operating segments.
2) Operating costs include R&D costs of US\$20m for Aperam Group (US\$11m for Stainless & Electrical Steel Europe, US\$4m for Stainless & Electrical Steel Brazil, and US\$4m for Alloys & Specialities).
3) Aperam is tracking the tax payments to the government following the same split by region and segment



A message from Philippe Darmayan

Making steel means something more than business. Whilst it has great uses for society, it also has an emotional impact. The people in this industry are proud to be part of an important transformation process. Our products are resilient, endlessly recycled and **'made for life'** – which is how we express the Aperam way of working.

In 2012, we described our focus on customer service innovation and pricing. We reorganised our business to add value to customers' business. In 2013, customers told us they are more satisfied with our commercial terms, an improvement shown in our 2013 customer satisfaction survey.

'Zero fatalities' is the crucial achievement for 2013, the result of the unstinting diligence of all employees. At all sites, behaviour and management leadership focused on not allowing a repeat of the unfortunate events of 2012. Equipment consignment was improved, operating procedures were completed and, more importantly, attitudes were changed on risk and safety management.

We report stable environmental performance. As a heavy industry it can be challenging to manage environmental impacts, go beyond compliance and propagate innovation, such as water conservation in our charcoal forest business. We are looking to motivate environmental behaviour change by taking what we learn from the achievements in safety behaviour change.

We are delighted to launch the Aperam Way: five commitments defined using employee engagement at site level. At the heart of the actions is a primary focus on safety and sustainable development principles.

This report complies with the GRI G4 reporting framework and the UN Global Compact, which we continue to support. I hope that after reading it you will agree that we are on the right track to a safe and prosperous future. By taking action together we will achieve results. We are on track, business is robust, but to maintain our strength we must act with agility and creativity.

Philippe Darmayan, Aperam CEO



our values, our environment

Local environmental champions

At the heart of a village on the Loire river we have shown our commitment to environmental stewardship, through decades of operation. Vital to this is training our people there in management excellence: **"People are the key resource in our structured approach to sustainability. By talking with local stakeholder groups, our team understands how to integrate sustainability into our core ways of working,"** says Bruno Boulogne, Head of Components Aperam Alloys & Specialties Division, and Sustainability Steering Committee member. And what better way to demonstrate the commitment than by the water recirculation investment at Imphy? It has resulted in 80% less water drawn from the Loire and less waste water discharged into it since 2010.

Leadership

We are on track to be the company that creates change in the stainless, electrical and speciality steels sector. At the heart of how we do this is a rigorous focus on product quality and innovation. Core issues of safety, employability, teamwork, eco-efficiency and leadership are what we focus on when doing this. Each day we apply our values of leadership, agility and ingenuity to show how Aperam and our products are ‘made for life’.

Since 2011 we have been systematically addressing the root causes of accidents, completing action plans and engaging with employees and contractors. Our robust approach helped us achieve zero fatalities in 2013 and we roundly commit to maintain this.

After a year of preparation, we launched the Aperam Way in 2013. The five commitments, expressed through the (we+do) programme, are to take action on safety, teamwork, employee development, transparency and leadership.

Positive community impacts result from our local economic, vocational training and environmental programmes. Again, steady progress is being made, particularly through the Aperam Acesita Foundation and the Oikós Environmental Center, both in Brazil.

With respect to our environmental responsibilities we are maintaining our robust management approach yielding a strong and stable performance, in compliance but gradually going beyond it.

Dialogue on what matters

To define this report’s content we used a structured process to identify our most material sustainability issues and where they have impacts, using Global Reporting Initiative (GRI) principles. An issue is material for us to report on if the potential impact on the business and sustainability impacts of the business are sufficiently important.

Stakeholder engagement takes place regularly and frequently at site level. We analysed stakeholder engagement in our six main production plants in 2013 using their local sustainability analyses (guided by GRI principles) of key issues and stakeholder concerns (see the stakeholder engagement graphic/wheel right).

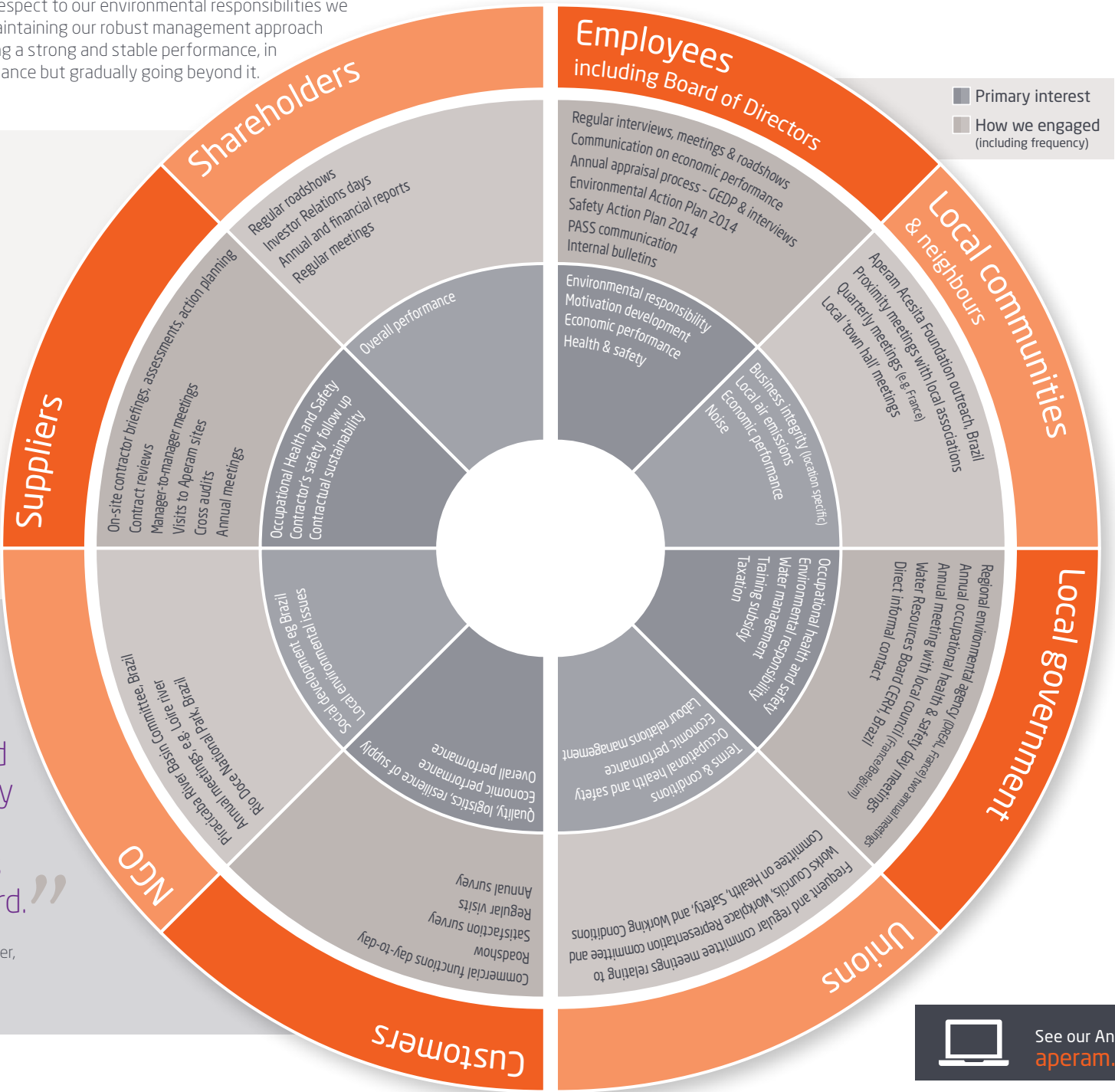
We then consolidated the risks and issues from the sites into ten sustainability ‘aspects’, which we cover in our report. Group level risks were considered in the process, assessed using our risk classifications and validated by the group Sustainability Steering Committee in January 2014.

voices



“The materiality exercise we have done in 2013 helped us to bring clarity and structure to the many initiatives we had already ongoing. This is a great step forward.”

Bernard Halleman, Site General Manager, Stainless Europe, Genk; member of Sustainability Steering Committee



“Sustainability is in our culture. We are committed to produce sustainably and generate wealth every day. Our Corporate Responsibility Committee evaluates and monitors all actions that have interface with stakeholders, environment, community and governance.”

Clênio Guimarães, COO, Aperam South America on accepting an accolade in 2013 as one of the most sustainable companies, from the renowned Editora Abril, publisher of the respected Exame Sustainability Guide.



Governance

We maintain high standards of integrity and accountability in line with the Luxembourg Stock Exchange’s Ten Corporate Governance Principles. A wide range of policies supports the Management Committee, covering areas such as business conduct, insider dealing, risk management and fraud.

Our governance structure comprises the Board of Directors (they define business objectives advised by the Management Committee), the chairman (not an executive officer), and the CEO who has ultimate accountability for sustainability performance and compliance.

Our Management Committee is entrusted with the day-to-day management of the company. Ten per cent of the performance bonus of the CEO and Management Committee members is linked to safety performance. Our Sustainability, Performance and Strategy Committee assists the Board’s decisions on sustainability: it met four times in 2013, with 100% attendance. A separate Sustainability Steering Committee guides sustainability management, risk, stakeholder relationships, reporting and assurance.

Suppliers as partners

Chains of supply for raw and non-raw materials must be managed appropriately because suppliers are vital stakeholders. The way we buy is guided by our Code for Sustainable Sourcing and other programmes. Global raw materials suppliers are surveyed every two years; programmes are developed locally with other suppliers. If required, they participate in meetings to form action plans. For example, Kleber Muratori, General manager of Sankyu, a supplier of engineering services summarises, “Sankyu developed a safety plan focusing on human behaviour and risk perception; Aperam values best practice by suppliers.”

In 2013 we assessed 137 suppliers for significant negative socio-economic impacts and risks. We recorded that 16% of our European raw material suppliers had potential negative impacts on labour practices (specifically health & safety); a watching brief and dialogue are in place as a result. We required 5% of our South American suppliers to implement improvement, such as publishing a formal health & safety policy. No contracts were terminated in 2013 as a result of the findings. We have no reason to believe there is any significant risk of negative impacts on the community. In 2013, 57% of total procurement for significant sites was from local suppliers (i.e. those located in the site’s host country or nearby cities).

“Exchanges with suppliers are continuous. They allow us to establish excellence in performance and improvement actions to benefit both parties. We assess suppliers on safety, quality, cost, technical efficiency and delivery terms in order to optimize the supplier management and the long-term partnership.”

Willem Marneffe, Aperam Head of Purchasing non-raw materials



See our Annual Report, materiality and boundary online content pdf at aperam.com/sustainability

performance

We provide in the dashboard an overview of performance for Aperam globally, as well as a snapshot for the four divisions of the company and the main industrial plants. The aspects and indicators shown are derived from a site-level process to identify the potential internal risks and external expectations of stakeholders. This was then validated at group level.

For the group

Aspect	Indicator	2013	2012
Economic performance	Direct economic value generated and distributed	us\$5,190m ⁽¹⁾	US\$5,345m
Procurement practices	Proportion of spending on local suppliers at significant locations of operation (%)	<div><div>57%</div><div>(2)</div></div>	n/a
Energy consumption	Energy intensity (GJ/t)	13.6*	13.5
Water consumption	Total water withdrawal by source (million m³)	22.5* (93% from local water courses)	22.7 (95% from local water courses)
Emissions	Greenhouse gas (GHG) emissions intensity (tCO ₂ e/t)	0.48*	0.51
	Significant air emissions (tonnes of ducted dust)	400*	312
Occupational health and safety	Lost time injury frequency rate (employees and contractors)	1.34	1.29
	• Severity rate	0.08	0.07
	• Absenteeism	2.05%	2.4%
	• Fatalities	0	3
Career development	Employees receiving regular performance reviews (%) (by employment category)		
	• Global exempts (GEDP)	96% ⁽³⁾	95% exempts
	• Blue Collar and White Collar workers	86%	
Supply chain labour practices	Percentage of suppliers having significant actual and potential negative impacts for labour practices (health & safety) for which improvements were agreed	16% (Europe) 5% (South America)	-
Impacts on local communities	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	<div><div>100%</div><div>(4)</div></div>	-
Product stewardship, customer service	Results surveys measuring customer satisfaction (score)	7.1 ⁽⁵⁾	7.1 (2011)

1) Note: Whilst this is compliant with GRI G4 reporting requirements for indicator EC1, the financial figures stated on p4-5 of this report differ slightly to those in the 2013 Annual Report p28.
2) Scope: Significant operating sites in Europe and South America (Genk, Châtelet, Gueugnon, Isbergues, Imphy, Timóteo) excludes Services & Solutions division. Non-raw materials only.
3) We do not break down this statistic by gender. The GEDP process is the same, regardless of gender. We are reviewing our data collection processes for blue collar and white collar workers according to stakeholder expectation and internal management risk assessment.
4) Scope: Significant operating sites in Europe and South America (Genk, Châtelet, Gueugnon, Isbergues, Imphy, Timóteo), excludes Services & Solutions division
5) Scope: European operations only. Collected every two years, the last available data for South America was in 2012 (score 8.05)

For the divisions				
	Stainless Europe	South America	Services & Solutions	Alloys & Specialities
	Belgium: Genk, Châtelet; France: Gueugnon, Isbergues	Brazil: Timóteo, Bioenergia	Worldwide: • 18 Steel Service Centres (SSCs) • Nine transformation facilities • 22 sales offices	France: Imphy, Amilly, Rescal, Imhua
Employees (FTE*)	3,151	3,233	2,050	1,046
Fatalities	Zero	Zero	Zero	Zero
Combined Lost Time Injury Frequency Rate (LTIFR)	2.6 ▲ up from 2.2 in 2012	0.4 No change from 2012	1.4 ▲ up from 0.9 in 2012	3.2 No change from 2012
Customer overall satisfaction score	<div><div>71%</div></div>	<div><div>83%</div><div>(2012)</div></div>	<div><div>71%</div></div>	<div><div>71%</div></div>
Trend in energy intensity (2012-13)	▼ 3.0%	▲ 3.3% (Timóteo)	▼ 12.0%	▲ 7.6%
Trend in carbon intensity (2012-13) (greenhouse gas emissions)	▼ 1.8%	▼ 0.9% (Timóteo)	▲ 3.1%	▲ 6.5%
Trend in local air emissions (2012-13) (dust)	▼ 14%	▲ 34% (Timóteo)	n/a	▼ 28%
Trend in water withdrawal (2012-13)	▼ 11.8%	▲ 1.9% (Timóteo)	▼ 12.7%	▲ 2.1%
% of manufacturing metal inputs from recycled sources	<div><div>77%</div></div>	<div><div>17%</div></div>	n/a	<div><div>63%</div></div>
% of procurement spend on local suppliers	<div><div>61%</div></div>	<div><div>47%</div></div>	n/a	<div><div>56%</div></div>
Site management system certification	100% of sites to • ISO 14001 • ISO 18001 • ISO 9001 • ISO 51001 Gueugnon (energy)	100% of sites to • ISO 14001 • ISO 18001 • ISO 9001	80% of sites to • ISO 14001 • ISO 18001 • ISO 9001	50% of sites to • ISO 14001 • ISO 18001 • ISO 9001
Direct economic value generated and distributed	us\$2,813m	us\$1,277m	us\$2,208m	us\$651m
	<p>“The materiality exercise we did in 2013 helped us to bring clarity and structure to the many initiatives we already had ongoing. This is a great step forward.”</p> <p>Bernard Hallemans, Aperam Genk General Manager, member of the Global Sustainability Steering Committee</p>	<p>“In order to be a world class company we have to be sustainable economically, socially and environmentally. We believe this is the best way to generate wealth for all stakeholders in the short, medium and long term.”</p> <p>Ilder Camargo da Silva, Aperam South America Head of HR, Communication & Sustainability, Global Head of H&S and member of the Global Sustainability Steering Committee</p>	<p>“Aperam’s corporate responsibility allows Services & Solutions sites to create an atmosphere of mutual respect and long-term sustainable partnerships with customers.”</p> <p>Bert Mestdagh, Head of Services & Solutions Industrial & Technical Performance and member of the Global Sustainability Steering Committee</p>	<p>“Since the creation of Aperam, our structured approach to sustainability has led to stronger relationships with our stakeholders.”</p> <p>Bruno Boulogne, Aperam Alloys and Specialities Head of Components and member of the Global Sustainability Steering Committee</p>

* There are 53 FTE in headquarters

environment

Our environmental efficiency

Stainless steel is 100% recyclable. As a result, we know that we have a duty to produce it in a responsible way. We are making good progress to improve our performance, but challenges lie ahead. We are part of a heavy industry, for which solutions will not appear overnight. And so we are investing to reduce our environmental impacts, not for short-term gains, but for the long-term sustainability of our company and our communities.

We are working hard to understand and meet the expectations of our customers and our other stakeholders. We are taking responsibility for our local impacts, as we know that we cannot solve our environmental issues on our own. So we work in partnership.

Indicator	We said	We did	We will
Energy consumption	We will drive improvements through monitoring, energy action plans and compliance actions. We will improve our data collection and reporting through a sound environmental data collection system	» ✓ On track	Review the use of interim targets to monitor our performance improvements
CO ₂ emissions		» ✓ On track	We will continue to invest in clean technology and performance improvements as required





our values,
our environment

Inherently agile

We are a low waste company – in production, and in terms of our product – because stainless steel can be endlessly recycled. It has superior performance when compared to other materials over its lifecycle. In 2013, we used 1.3 million tonnes of scrap material. This represents 49% of our total ferro and alloys material input.

“At Aperam, we are committed to environmental excellence and achievement. I think that this comes as a result of the nature of our product. Since our steel can last forever, we strive to live and manufacture with as little impact as possible”

Bernard Hebeisen, Aperam CTO

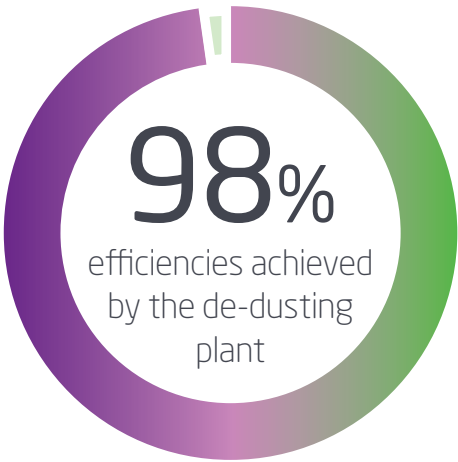


Clearing the air

In 2013, we emitted 400 tonnes* of ducted dust from our operations, 14% less in Europe but 34% more (up 93t) in Brazil from 2012. At the same time we have been taking steps to improve our air quality monitoring. At Timóteo we have moved from a semi-manual system to a real-time automatic monitoring system, which shows no negative impact on the city's air quality. At Genk, we have installed continuous dust measurement systems. Koen Gielen, our Head of HSSE & Central Lab at Genk, describes the benefits:

“The process engineers now use an alarm system when dust concentrations exceed the internal target limit, after which preventive maintenance actions are taken.”

And at Imphy, the de-dusting plant is achieving efficiencies of 98%. Such measures have significantly improved our understanding of local air quality and our performance.



voices

“ We welcome the strong decrease of heavy metal concentrations in the ambient air of the Genk-Zuid industrial zone. The measures taken by Aperam in recent years have clearly contributed to this dramatic improvement. The wider community counts on the continuation of the efforts to reduce emissions and maintain open communication. ”

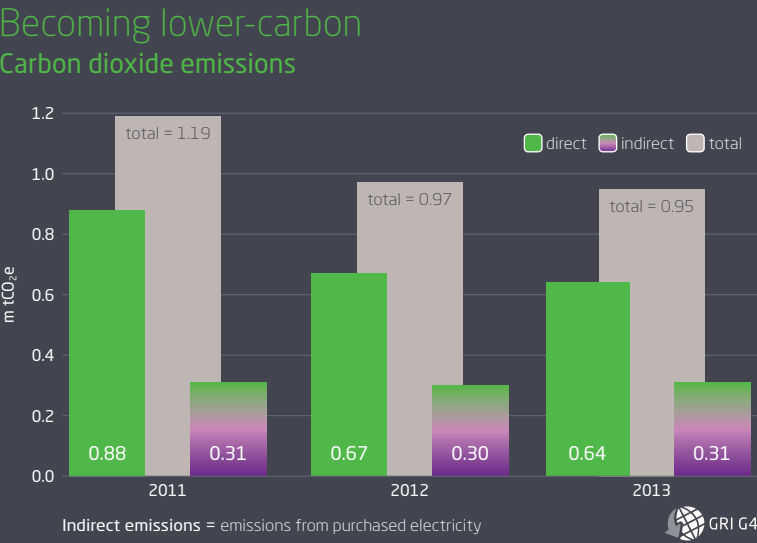
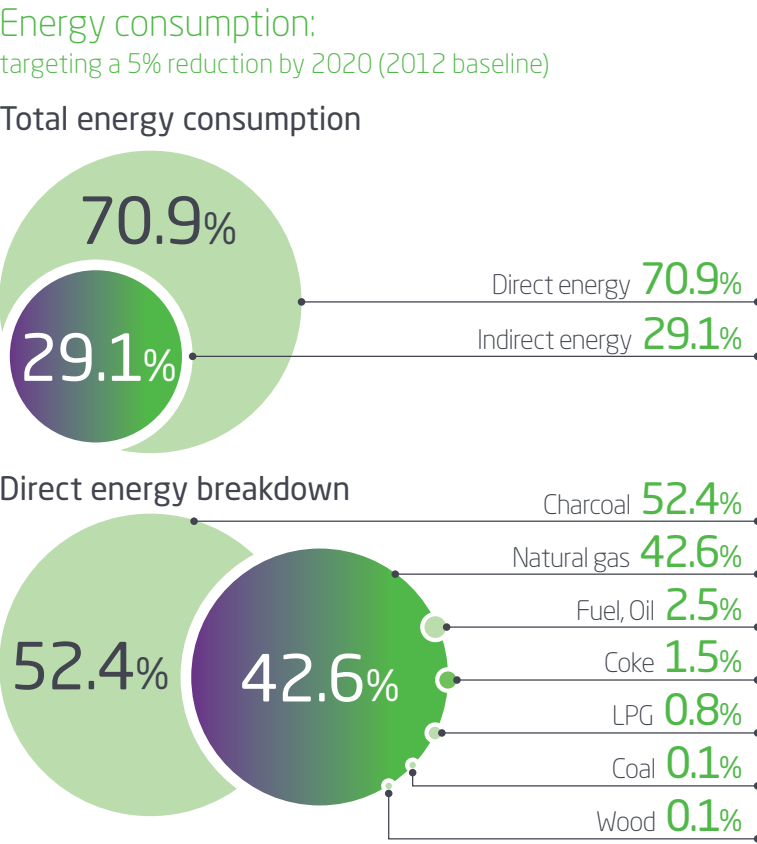
Wim Dries, Mayor and Joke Quintens, Genk Environmental Authority

Stable energy use, stable emissions

We set ourselves a target to reduce our energy intensity by 5% by 2020, compared to a 2012 baseline. In an industry such as ours, improvements do not usually happen suddenly. They must be carefully planned and investigated.

In 2013 we have performed relatively consistently in relation to the previous year. Our total energy consumption in 2013 was 19m GJ of direct energy and 7.8m GJ of indirect energy⁽¹⁾. We slightly increased our total energy consumption by 2.7% from our 2012 baseline. Nevertheless, per tonne of crude steel, we used 13.6 GJ*, an increase of 0.35% from the previous year.

In terms of emissions we emitted 0.95m tonnes of CO₂ equivalent (tCO₂e); which was made up of 0.643m tCO₂e direct emissions and 0.307m tCO₂e indirect emissions. This is a 2.2% reduction from 2012, and a 43.9% reduction from our 2007 baseline. As a relative measure, our emissions per ton of crude steel were 0.48 tCO₂e/t* in 2013.



1) Direct energy use is the primary energy (wood, LPG, natural gas, fuel, coal, coke, charcoal) consumed by Aperam and our products and services. Indirect energy is used to generate the electricity consumed by Aperam and our products and services.

Thinking widely on solid waste

Our production processes inevitably result in some waste. In 2013 we sent 82.2 ktonnes of waste for disposal; 31.8ktons of which was hazardous. We saw a decrease from the previous year on total waste weight mainly due to improvements in our pickling process in South America and an extended interruption of one of our lines in Europe.



Scrap material is a crucial raw material for us

Recyco – enhanced waste management

All waste dusts with nickel from our Belgian and French melt shops are now recycled through Recyco, at Isbergues. Recyco produces ferro-alloys that contain nickel and chromium; from the 42,500t of dust treated in 2013, 40% was recycled. This process reduces waste and raw material use. Recyco also recovers other wastes and by-product steams: manganese can be recovered from used refractory, electrode waste can be used by the carbon industry and waste slag in road construction. Zinc is recovered by another specialist company. Recyco take part in local stakeholder engagement, as **Jeanne Saffer**, Recyco Environmental Responsible, explains:

“Annual meetings allow local environmental issues to be discussed between local pressure groups, regulators, communities, unions and other companies in Isbergues. Compliance monitoring work by the local authorities confirms that the site is secure and responsibly managed.”



Ferro alloys tapping



Compliance testing in action

Water wise

In 2013, we consumed 22.5* million cubic metres in our manufacturing processes, equating to 11.5 cubic metres per tonne of crude steel. Some 93% of our water is from rivers and canals, the remaining 7% comes from a combination of groundwater (3%), rainwater (3%), and municipal sources (1%). At group level Aperam recycles 95% of water (Stainless and Electrical South America (Timóteo) recycles 94%, Europe 98% and Alloys and Specialities 96%). 

We also discharge water: at Imphy, on the Loire river, we monitor discharges carefully and take steps to prevent pollution of the river and its ecosystem. In 2013, we invested in specialist equipment to remove traces of potential contaminants, such as sand, dust, and oil prior to discharge. We are able to treat 1.3m cubic metres a year. Hydrocarbon content in 2013 was reduced to less than 5mg per litre. Further to the new water treatment station at Imphy in 2011, we have invested further in a closed loop water system there. This reduces water use and improves discharge quality by reducing pollutant loads by up to 60%. Total water intake at Imphy has reduced from 3.1 million m³ in 2008 to 0.67 million m³ in 2013.

Water:

Product water use
11.5
m³/t crude steel
down from
11.8m³/t
in 2012

Total water use



Good neighbour in Brazil

At Timóteo we recognised that noise levels at night were too high, thereby disturbing local residents. We looked at ways to reduce noise at source but it wasn't enough, so we constructed a 3.5m high stainless steel acoustic barrier along our site boundary. Our monitoring shows that night time noise levels reduced by 7 – 10dB on average.

Noise levels
reduced by
7-10dB
on average

voices

“ We will use continuous improvement actions and the use of blast furnace gas to help us reach our energy intensity reduction target of 5%, by 2020 compared to 2012 levels. But our actions are not only based on new equipment. We have different working groups, involving site workers and technicians, to help develop ingenious solutions to reduce energy consumption. ”



Alain Menec,
Aperam Technical and
Environmental Expert



Preparing seedlings at Bioenergia

Aperam Bioenergia – from strength to strength

Last year we reported on Aperam Bioenergia in Brazil, which produces charcoal from cultivated eucalyptus to fuel our blast furnaces at Timóteo. Our charcoal continues to supply our energy needs, replacing 100% of coke with biomass charcoal. The process from forest to steel is a fully integrated operation, which gives us far greater control over the sustainability of our product. Using the forests for fuel means that we are using a clean and renewable energy source, in what would otherwise be a carbon-intensive operation. We pay close attention to our impacts – such as in terms of water conservation. We reuse water from our seedling nursery, having installed a recirculation system to help reduce our water use.

Finally, our R&D team works with organic methods to cultivate saplings and develops alternative biological pest control against natural predators in the eucalyptus forests.

“Sustainability is an intrinsic, inseparable part of the business. We strive to improve our operating performance, monitor our biodiversity, minimise adverse impacts of our activities and promote economic development in the regions where we operate.”

Thiago Augusto Dias Viana, Aperam Bioenergia Environment, Quality and Continuous Improvement Supervisor



safety

Serious progress on safety

Our goal is zero accidents and injuries. Employees have worked together to make real progress: in 2013 we eliminated fatal accidents after two challenging years. But we do not rest on our laurels. We focus on strengthening our resolve ever further to improve overall performance.

How have we achieved this? The tool-box talks, training, Health & Safety Day, continuous improvement challenge, news bulletins, and the learning from accidents: they all help. But personal commitment and shared vigilance do the rest, backed up by the competency framework to ensure people have the right skills and equipment to work safely.

Indicator	We said	We did	We will
Combined LTIFR (all regions)	1.3	1.34	↓ Reduce by 25%,
Employees and contractors			
Employees	Improve from 1.0 in 2012	1.0	Maintain at 1.0
Contractors	Improve from 1.9 in 2012	2.3	Achieve 1.9
Fair Play Policy	Implement Fair Play Policy, group wide	80% complete	100% completion by 2015



our values, our environment



Agility, literally: The Steel Valley mini eco-marathon

July 2013 saw runners starting a 20km half-marathon at 08h00 on Avenue Patative, in the Macuro district of Timóteo. The race, in aid of environmental education, is sponsored by Oikós and the Aperam Acesita Foundation. The run was first held in 1997 by the community and latterly supported by Aperam. The president of the foundation, **Venilson Vitorino**, said:

“We are in this journey together for health and nature. Such initiatives reflect some of the values that guide the business in Aperam South America.”

And it is growing, attracting more athletes each year as well as the support of Timóteo City Hall, the Police of Minas Gerais, and private industry sponsors.

Seeing the change

We are reinforcing the safety message again and again. We focus on managers and staff working together to do this.

It's a matter of everyone taking ownership of safety, of 'walking the talk'. Indeed, our CEO understands this at grass-roots level and practices what we preach to help drive safer behaviour. But, this 'visible felt leadership' is crucial at all levels, not just the senior management.

We start at the base of the 'safety pyramid' to head off accidents or incidents that could be serious. At Aperam we communicate why a safety risk control measure is in place, how it works and how it can help the operators.

Nurturing respect and dialogue – showing an interest in each other's work – can further improve safety performance. We can then confidently see the right connection between a certified management system and actually behaving safely.

Working in a safe environment is a basic right. A strong health and safety culture improves employee well-being, retention and productivity. Below we outline the four priorities for us in 2013.



Safer contractors

In 2013 we sharpened the focus on contractor safety: results show a decline in performance on combined LTIFR (up to 2.3 from 1.6 in 2011). Contractors may often be on-site infrequently, or only briefly. To ensure they follow procedures we are running an important series of actions. Best practice 'safety shares' and briefings all count: we have a new working group in 2014 to brief maintenance and procurement teams. The aim is Fatality Prevention Standard (FPS) level 3 using improved maintenance stops and purchasing controls. A 'toolbox' will ensure suppliers stick to safe practices; they will be subject to audit on it. The toolbox is a series of risk controls such as safety certification, site gate permits, a safety passport, and rules on using temporary workers.

“Improving safety performance of Fabricom is important because safety is the first of Aperam’s values, and good safety results improve economic performance.”

Philippe Masereel, Director, Cofely Fabricom



Fire safety: targeting zero incidents

Following a risk audit in 2013, each site completed a fire risk assessment and an action plan. We have consequently improved fire fighting systems, fire risk management responsibility and our Human Factors Risk Policy. As an example of training for emergency preparedness in 2013, we ran an acid leak simulation at our Isbergues plant with local fire and rescue services. The exercise involved 80 people and recorded excellent reaction times. In 2013 we restarted production at our Gueugnon site after a serious fire in 2012. Luckily there were no injuries and we saw a true collective effort with our stakeholders to reconstruct the production line affected.

“Industrial security is key: any event leads to a veritable trauma inside the organisation, so Aperam pays attention to the safety and security of its industrial assets in a similar way to its approach to the safety of its people.”

Christophe Ourliac, Continuous Improvement & Quality, Aperam South America



Isolation: safely shutting off power

In 2013, we focused on delivering the isolation Fatality Prevention Standard (FPS), backed up with training and good practice sharing in South America and Europe. We conducted a pilot audit at our Amilly site as part of this. In Europe we rolled out the isolation FPS for all sites: we are continuing in 2014 with further audits for the nine largest sites as well as deeper systematic checks of equipment. The updates we are making to maintenance processes are creating major change, for the better.

We are updating some equipment to meet the isolation standard and we are training people in good practice on topics such as isolation planning, legal constraints, and hydraulic and electrical fields.

“Whilst accidents relating to isolation are rare, they are usually severe, so we are using the ‘one man, one key, one lock’ approach so that the restart of equipment being maintained is under control of the person doing the maintenance.”

Thierry Callis, Health & Safety Aperam Corporate



Fair play: zero tolerance for silence

We want our workforce to show heightened awareness of risk, and a respect for procedures and rules. The Fair Play Policy aims to do this fairly and openly: to recognise the good behaviour, not just punish the bad. In practice it is done using training, senior managers getting involved, and ways to recognise good behaviour during the analysis of an incident. It is done at site level using a self-assessment process to achieve a level of excellence. So, for example, a site will reach 'level 3' if it complies with local laws and the Aperam Fair Play Policy by an agreed date.

“Fair play is vital to changing our mentality on procedures and rules, since most accidents are linked to human factors risk awareness; applying fair play is a very powerful tool to make our operations safer for every stakeholder.”

Bert Mestdagh, Head of Services & Solutions Industrial & Technical Performance



Safe behaviour is praised

Training focus

Training in various forms complements the visible leadership, the notion of taking ownership, and the individual's accountability.

Last year we committed to improve the quality of root cause analysis of all accidents. Training briefings provided greater coverage of this. For example, we are intensifying the training and briefings to subcontractors. The briefings will cover special procedures for the annual maintenance period, and exchange of best practices in a 'subcontractors' club', applying the General Health and Safety Instructions on all sites, and limiting the use of temporary workers.

We also brief drivers delivering to our sites. At Imphy, for example, we give them general driving safety instructions for the site relating to topics such as the use of mobile phones, minimum PPE required, and stowage equipment. And they now have to sign a 'punctual safety protocol', which will help them take responsibility for safety too.

In Timóteo, training underpinned the recent successful maintenance shut down with zero incidents. It was the result of working with subcontractors tenaciously, of careful planning and extensive training. We find it's never too much to talk about safety again and again.

See also (we+do) on p14

voices

“ I'm pleased that I had the opportunity to take part in a long-term educational training as a safety counsellor. Not only did it give me the necessary insights into safety, but it has also broadened my knowledge on risk assessment, incident analysis, and defining preventative action. These are tools I can use day-to-day and which I can pass on to my colleagues.”

Björn Lemmens, Environmental and Safety Counsellor



Our annual assembly on safety

“The Aperam Health & Safety (H&S) Day was a good opportunity to meet people and discuss their issues – for me, it was really interesting to discover in depth the plant, the process and the operators,” a contractor tells us at Aperam Alloys, Pont de Roide, in 2013.

His words bring to life our efforts to embed safe ways of working ever further in what we do at work and at home.

Employees and contractors across our global sites all paused work in April to join events, awards, activities, games, catering and even massage as part of our H&S Day.

A colleague from Aperam Services & Solutions Poland states, “Each H&S Day is more interesting and surprising – I learn a lot each time.”

Lectures covered a range of H&S topics such as risk control, personal fitness, isolation, fire safety, shared vigilance, hazard identification, risk assessment, drugs, driving and first aid.

From Amilly to Timóteo, and from Genk to Imhua in China, staff and contractors further embedded safety in their lives. See you next year!

Being heard, being represented

100% of the Aperam employees are covered by collective bargaining agreements. In Europe all employees are represented by local works councils. Employees, temporary workers and subcontractors are represented by their own trade unions; formal Health and safety agreements exist between Aperam and local trade unions.

proximity

People and community – the Aperam Way

Aperam is its people. The close working relationships of our employees, our customers, our products and our community is what makes our culture unique. We want this ‘togetherness’ to help motivate and engage the workforce. This is what we strive for.

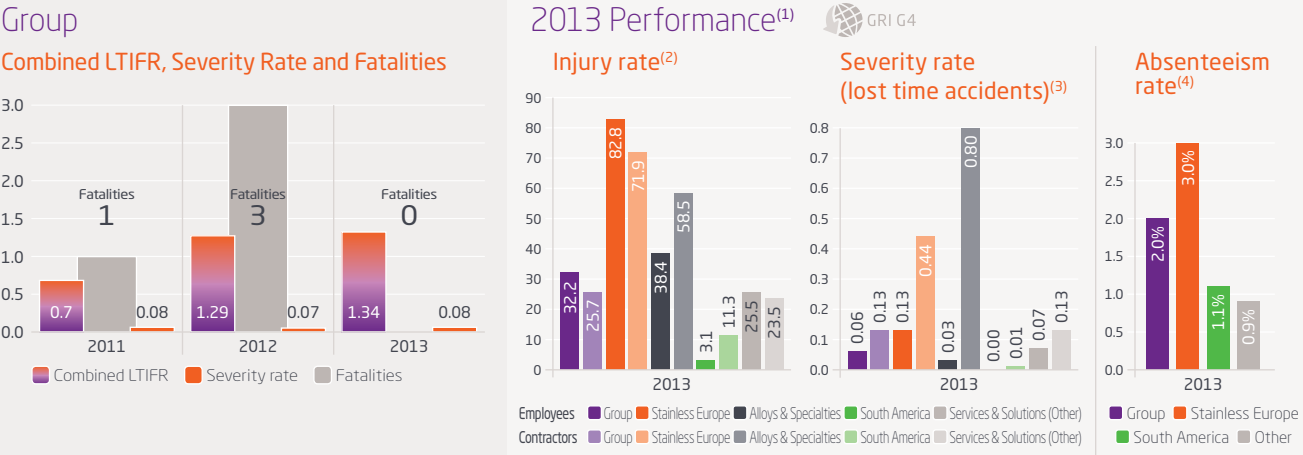
We have invested much time in 2013 listening to and understanding our people. We wanted to know what is important to them, and what we can do to maintain dialogue and commitment. When the market is challenging, we know that there is a risk that labour relations are strained more easily. But, despite the recent tough economic climate, in 2013, we recorded our lowest rate of absenteeism.

Indicator	We said	We did	We will
Percentage of employees receiving regular performance and career development reviews	Maintain GEDP for 100% of managers, achieve it for 97% of exempts	100% managers 96% exempts 86% of workers	GEDP for 100% of managers, 97% for exempts; improve annual interviews for workers in the main sites
Succession plans in place for management	Succession plan to fully cover Aperam management	100%	Succession plan review to fully cover Aperam management
Absenteeism	2.1%	2.05%	2.1% and improvement plan in sites where the average is lower



What happened in 2013?

How often and how serious were the reported incidents? Our combined lost time incident frequency rate (LTIFR) for employees and contractors was 1.34 injuries that resulted in lost time (per million working hours), slightly up on 2012 (1.29) and still short of our 25% target of 0.75 (the rate for employees was 1.0, and for contractors was 2.3). Our combined severity rate increased slightly from 0.07 in 2012 to 0.08 in 2013. The types of accidents recorded include hand injuries and back strain. See also the overview on p5 and p10.



Additional GRI reference documents aperam.com/sustainability

1) Excludes Occupational Diseases Rate (ODR); please see our online supplement C p3-4 for our management approach on this. Excludes breakdown by gender: women represent less than 3% of the blue collar population. We review annually the participation of women in our statistics, and if meaningful and significant we will report data by gender.

2) Total number of injuries / Total hours worked x 1,000,000: Injury rate calculation includes fatalities

3) Total number of days lost for accidents / Total hours worked x 1,000,000

4) See online supplement C p3-4 for Health & Safety disclosures on management approach (DMA) for detail on calculation

our values, our environment

Finding better ways

Our people are finding new and better ways to do things. When producing steel on coils we use a paper layer to protect the product. So at Gueugnon, we started to look at ways to reduce our consumption, such as changing the type of paper, process efficiency and new paper reuse facilities. As a result, we have reduced our paper use by 60%: the length of rolls saved is equivalent to 2.6 times around the equator of the globe.



(we+do) The Aperam Way

Over a year ago we launched a survey to understand the issues that really mattered to our employees. We wanted to understand our strengths and weaknesses in relation to these issues. So we established five working groups to analyse the responses to the survey. The Management Committee then used this to develop five commitments for Aperam. The outcome of this process is (we+do).

The logo is symbolic and 'we do' means 'taking action': the change our people want will not happen on its own. The '+' symbolises taking action together, and the (parenthesis) symbolises the proximity between our people.

safety
+
sustainability

Safety is our way of life and comes first in everything we do

teamwork
+
diversity

We value the contribution of every member of the team

competencies
+
employability

We promote employees' competencies and employability

transparency
+
reliable appraisal

We recognise people's performances and competencies in a transparent way

proximity
+
exemplarity

Our managers lead by example

Read more in the Health & Safety section: p10-12

Team work is vital in a family, as it is in Aperam. Our annual Continuous Improvement Challenge, which ran for the ninth year in 2013, brings teams together to solve problems and to innovate. This year's winner was Aperam Bioenergia for a project on tree trimming at our forest sites. The newly mechanised process eliminates the hazards of manual branch removal, improves the quality of our charcoal and saves costs.



Equipe: The winning team at Aperam Bioenergia

Congratulations once again to the team at Aperam Bioenergia, and we look forward to the tenth anniversary of the competition in 2014.

We established a task force, representing all parts of the company, to develop a series of fundamental 'people commitments' for Aperam. The challenge now is to transfer the commitment to our sites. Each one has been tasked with developing specific action plans to outline how the five commitments will be met. We are now moving from (we+do) the concept to (we+do) the reality.

It is vital that performance and competencies are evaluated in a robust and transparent way. The Global Exempt Development Programme aims at achieving this goal. Assessing performance on the basis of objective facts, data and competencies, with reference to reliable 'competency frameworks', enables a clear contribution to sustainable development. Annual interviews with workers throughout the organisation by line managers also contributes to the development of our competencies. This 'proximity' enriches the relations between people and allows Aperam teams to be even more motivated and engaged.

Of those employees to which GEDP applies, 96% received an annual performance review last year.

(we+do)

"This is not just a logo; this is our commitment to our people. It is not 'we can'; it is not 'we should'; it is not 'we will' ...it is 'we do'."

David Vanhoebroek,
Head of Leadership Development,
Compensation and Benefits and
International Mobility



What happened in 2013?

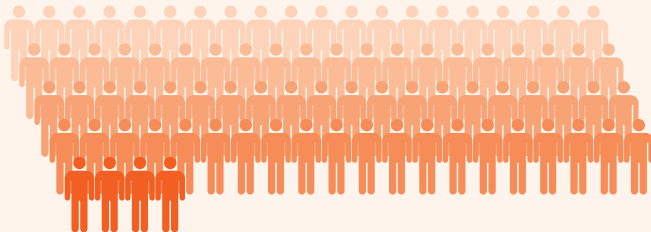
In 2013, we employed a total 9,533 people on a full time equivalent (FTE) basis, of which 99.5% were employed on a permanent contract.

Our employees are in Brazil (38.9%), France (27.5%), and Belgium (18.3%). The remaining 15.3% are located at smaller locations worldwide. We also employed 528 supervised workers: 348 in Europe, 160 in South America and 20 in other regions.


Employee Statistics:




Male

	Permanent	Fixed term	
Full-time	8,251	35	
Part-time	125	0	
Total	8,376	35	

Female

	Permanent	Fixed term	
Full-time	999	10	
Part-time	113	0	
Total	1,112	10	

	Full-time	Part-time	Total
	9,294	239	9,533

We also employ a variety of contractors to help us with maintenance and other specialist operations. This workforce is estimated to represent a further 1,300 FTE employees.

Our Employees – Quick Stats:

Proportion of women: 12%

Nationalities represented: 49

Contractors: 1,300 FTE



Reducing absenteeism


Aperam's absenteeism rate was 2.1% in 2013, down from 2.6% in 2011, reflecting an overall reduction in occupational disease, chronic health issues and work related stress from 2012.

In recent years we have been working hard to improve absenteeism at Pont de Roide. As Alain Juif, Head of Workshop, explains, "We provided our staff with information to explain their rights and duties, and openly communicated our performance on absenteeism rates."

We have started to benchmark performance internally and against a peer company within the region that shares our approach." We have supported this further by training managers to improve the return-to-work procedures. This has helped to raise awareness of the consequences of absences, and promotes more positive dialogue during an employee's absence. As a result, absenteeism reduced from 4.9% in 2012 to 2.8% in 2013.

In the community

We generated and distributed US\$5,190m to the global economy in 2013. In Brazil, the Aperam Acesita Foundation disbursed US\$1m in educational, environmental and cultural project funding.



The surrounding environment is critical to Aperam Bioenergia of course. We depend on the availability of woodland resources to produce a quality charcoal. We also depend on the social licence to operate – the trust of our neighbours here.

At work with communities, Bioenergia, Brazil

Our six main production sites conduct local community engagement activities. The Aperam Acesita Foundation sponsors vocational training and anti-drugs programmes, as well as thousands of hours of employee volunteering. **“The development of pupils is visible: a greater commitment to education, a higher self-esteem, something really productive”**, said one of our partners Graziela Gomes Pereira, Director, State School Hilda Osorio de Araújo Zauza, Timóteo. Another forceful example of engagement is through the Oikós Environmental Education Center which in 2013 welcomed 20,000 visitors.



Learning together at Oikós Environmental Education Center

A biodiversity winner
Aperam South America was recognised in 2013 for its biodiversity education at Oikós, the Aperam Acesita Foundation’s Oikós Environmental Education Center in Brazil. This was part of the business sustainability awards of Editora Abril, publisher of the Exame Sustainability Guide. For 20 years Oikós has been promoting environmental education.



Fire teams during Integrated Fire Prevention Week

Community fire prevention
With city mayors, council members, the police, public prosecutors, environment authorities and community leaders we ran the fourth Aperam Bioenergia Integrated Fire Prevention Week in August 2013. Community members, students and employees from 15 communities got together to understand how to prevent forest fires.



Contributing to valuable rural enterprise, Brazil

Also, in partnership with local beekeeping associations near our eucalyptus forests, we provide access, facilities and training to support this local enterprise. In 2013, over 90 families benefited from our forests, producing over 430 tonnes of honey.

voices

“ To improve emissions we adjusted how we operate the meltshop. Real progress has been made and plant managers are fully engaged with community stakeholders.”

Yves Bernis, Environmental Coordinator, Aperam Châtelet

“ Working in partnership with local communities supporting educational, cultural and environmental development as well as income generation projects gives us enormous pride and satisfaction.”

Regisllainy Cobucci Pena, Community Relations Analyst, Aperam Bioenergia





In Europe, examples of community engagement include dust emissions analysis with local authorities at Isbergues and collaboration with the local authority and community on environmental permit levels at Genk. Also, open discussion on dust and noise with local authorities and the community at Châtelet illustrate how the management are engaged, as Yves explains above.

In line with our commitments we are progressing our local supply chain engagement (p3) and we completed our formal review of community risks in Brazil. Also, all six main production sites worldwide implemented community engagement, impact assessments and development programmes. Examples include local educational projects, works councils (in Europe) and formal grievance processes such as at Châtelet and Imphy. Finally, there were no disputes on land use, local customary rights and indigenous peoples in 2013.



See more on local stakeholder engagement online at aperam.com/sustainability





Our customers and products

Our customers benefited in 2013 as a result of the changes we made in 2012. Changes such as protection against raw material cost volatility, tailored pricing solutions and technical support.

Customers demand quality products backed up by rigorous innovation practices. We continue to develop solutions as described in this chapter. Our research & development programme is shaped by emerging trends in society and the markets we serve, demonstrating how our products are ‘made for life’.

Indicator	We said	We did	We will
Pursuit of customer excellence	New customer survey in 2013 for European and South American markets	Survey completed in Europe as planned	Continue with the planned Brazil survey in 2014
	Review how commercial performance excellence is measured after the reorganisation in 2012	Replaced the project with a specialist product-related process management approach	Review related targets



our values,
our environment

Supplier commitment in South America

Quality delivery to customers relies on strong supply chain stewardship. Most of the suppliers serving Aperam South America have signed up to our Corporate Responsibility Commitments. Whilst delivering on it is where the real work is, the process is underway. They confirmed their intent to fully respect all of its requirements. The signature of the Commitment Term is a primary requirement to be qualified for the Supplier Qualification Program (SQP). The aim is to achieve continuous improvement on ethical conduct throughout the entire supply chain including environmental responsibility, safety, labour rights, compliance, community engagement, human rights and supplier evaluation.





Market strength

We have consolidated our market share in Europe despite competition from cheaper imported goods. The Outokumpu-Inoxum merger and subsequent re-sale of Acciai Speciali Terni is leading to a significant change in competition. In spite of this, Aperam remains focused on offering its customers a solid service and a diversified product portfolio. Our dynamic raw materials' sourcing strategy has protected

our customers against price volatility for materials like ferrochrome and nickel. Showing our agility, we have maximized the use of recycled stainless scrap and improved our purchasing conditions, allowing Aperam products to remain competitive against imported stainless steel. Additionally, tailored pricing, for example daily price quotes for alloys customers, allows us to adapt to customer requirements.



Working with Metalac Grupa, Serbia for stainless in Europe

A close working relationship and production demonstrations are at the core of our solid partnership with this kitchen equipment manufacturer. They use 500 tonnes of stainless steel each year to make saucepans and other cooking utensils.

Metalac is contributing to the European steel industry by launching their own 'Made in Europe' label on their products to promote the quality of European products against the pressure from imported goods.

Shining examples, 2013

We saw notable international examples of Aperam at work in heavy industries in 2013. Of particular note are the projects with CMPC Celulosa, (pulp and paper); Flexibras, (oil and gas services), from whom we won a star supplier award for customer service; and Sidem/Entropie, the world leader in sea water desalination.




UGINOX
made for life

Uginox's new surface finish

Our key launch in 2013 was the new Uginox surface finish. The specialist stainless steel finish is for architecture, building and construction applications.

Centre de Formation des Apprentis hôteliers (CFA)



Desalination at Al Zour North

Kuwait is building a huge desalination plant, the first phase of which began in 2014. We are working with Veolia's Sidem Group to supply Duplex stainless steel for the manufacture of the evaporators in their multiple effect distillation technology.

Poised and listening

We gauge customer requirements through regular surveys. They occur every two years most recent being in 2013, for Aperam Stainless Europe (the next Aperam South America survey is due in 2014). A good proportion of customers stated high levels of satisfaction and loyalty. They seek a combination of strong commercial relationships and high quality products. In 2013, Aperam Stainless Europe returned an overall satisfaction score of 7.1 (155 respondents). Even though it is similar to the score in 2011 we improved on several items.



Whirlpool award

We received sustainability awards in 2013 from Whirlpool, the global white goods appliance manufacturer. Whirlpool Latin America acknowledges the sustainability achievements of its suppliers. Aperam South America was recognised for its energy efficiency programme; it has saved enough energy to supply 8,000 houses for one year! Bioenergia's inclusion in the award was for charcoal quality, community engagement and environmental management.

Reinforcing customer collaboration and rolling stock

Since 2011 we have been working with the Brazilian mining industry to double the working life of iron ore railway wagons to 50 years. Typically, existing wagons are built of thin carbon steel sheets. Even thinner steel has been tested to save weight but they required too much maintenance. Over the years, the iron ore mining companies have switched to stainless steel which is stronger weight-for-weight compared to carbon steel. Out of the 12,000 wagons in use in the largest rail system for iron ore, 25% of them now depend on Aperam's products. Working with our customers there we are developing new applications.

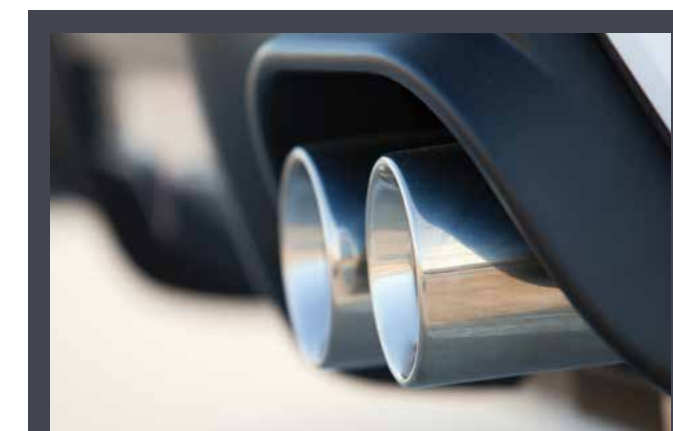
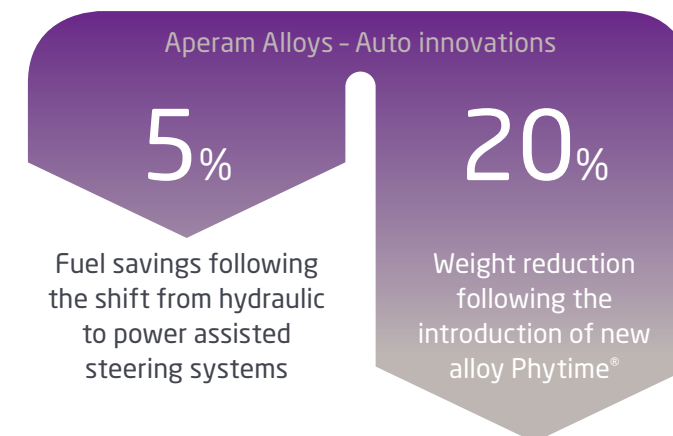
Change-making products

Stainless steel offers durability, resilience, resistance to corrosion and heat, as well as outstanding mechanical properties at high temperatures. It is perfect where hygiene is mandatory, it is endlessly recyclable and easily recycled, it is safe and it has an aesthetic attraction to many specifiers. The next 15 years will see shifts in global trends relating to scarcity of energy resources, ore, food and water as well as climate change and demographics, and our research teams work on future opportunities for Aperam constantly. In 2013 we maintained our annual US\$20m investment in innovation. We select some examples below.

Due respect for duplex

We have enlarged our duplex stainless product offering and made it more cost-effective. Duplex is used extensively for flexible tubes, vessels, tanks and connections in the petrochemical sector, for example, notably for strength, safety and structural integrity. Brazil is a leader in deep water petroleum exploration. As Aperam's Paulo Bálamo, Application Engineering and Market Development Manager explains, "To explore the new incredibly deep layers targeted means a jump from three to seven thousand metres below the seabed. This requires new materials and duplex stainless steel tolerates high pressure and acidity."

Duplex stainless steel is used in the production of paper and cellulose, chemicals and food, with applications also in bridges and viaducts, heat exchangers, oil and gas tubing, transportation storage tank systems, sea water systems and others.



Recirculating ideas

We are using different types of stainless steel to adapt existing diesel engine exhaust gas recirculation (EGR) technology to help improve petrol engine fuel efficiency. Ferritic stainless steel tolerates high temperatures and corrosive conditions. It also offers cost savings. Our teams at our research centre have been working hand-in-hand with customers on this improvement.



Aperam Alloy's Phytimé® - used in CVT technology

Auto innovations

The challenge for carmakers is fuel efficiency and environmental impact. Engine technology, light-weighting and electrification technology are the primary opportunities.

We are working with manufacturers on chassis components such as car suspension arms. Whilst carbon fibre and aluminium save weight, it is Aperam's press-hardened stainless MaX steel that is the preferred solution for passenger car chassis. It has double the endurance limit of high strength carbon steel and it is 20% lighter on average. That's quite a change, and an opportunity to apply elsewhere.

In many ways, alloys offer opportunities to carmakers to meet their challenges. In seeking cost-effective solutions, Aperam runs ambitious R&D investments (see box). For example, CVT technology allows best-in-class fuel efficiency, and Aperam Alloys Imphy supplies a key part of each unit.

"Aperam Alloys introduced Phytimé® on an industrial scale for this technology. Thanks to the outstanding properties of this new alloy, less material is used for the same power, giving a 20% weight reduction."

Pierre-Christophe Caille, Chief Marketing Officer of Aperam Alloys

Aperam Alloys Imphy also provides alloys with magnetic properties for use in torque sensor technologies in electric power assisted steering units. They are lighter and more efficient than hydraulic systems, giving a fuel saving of 5%. To provide the most competitive offer with full quality management, Aperam invested US\$2m in a brand new production line at our Amilly site in France.

US\$2m invested in a new production line at our Amilly site, France

About this report

We declare this report as in accordance with GRI G4 core level. Material aspects and indicators are shown on p4 and p20 of this report; detailed Disclosures on Management Approach (DMA) are in online supplement ‘C’. The scope of the information and data in this report covers operations in Europe and South America, from January to December 2013:

- Aperam’s production capacity is concentrated in six production facilities located in Brazil, Belgium and France: Genk, Gueugnon, Isbergues, Timóteo, Châtelet, Imphy
- 18 Steel Service Centres (SSC)
- Nine transformation facilities⁽⁴⁾
- 22 sales offices.
- Registered office: 12C, rue Guillaume Kroll, L-1882 Luxembourg

Safety data cover other sites relating to our Services & Solutions and Alloys & Specialities, as well as contractors on site. Human resources data exclude contractors.

Subject to the exclusions indicated below, environmental data cover all main industrial sites, SSCs and corporate offices. Environmental information is compiled locally, and then aggregated centrally. In our greenhouse gas emissions calculation we apply the standards of ISO14404-1 and ISO14404-2, which state that biomass is considered to be carbon neutral. The CO₂ emissions data relate to Scopes 1 and 2. The following exclusions apply to the environmental data:

- (1) Raw material data exclude packaging and miscellaneous parts;
- (2) Scope 3 indirect emissions.

CO₂ and absenteeism data are restated following improvements in data systems, with no material effect on comparability or timeliness.

The report represents our Communication on Progress relating to UNGC membership (see online supplement ‘A’). The report does not cover any joint venture operations or activities of partner organisations.

1) Including: Firminy, Pont de Roide, Jequitinhonha

Independent assurance statement

The ‘made for life’ report is a component (the “summary”) of our complete sustainability reporting (the “Report”) for the year ended 31 December 2013. The Report is composed of 5 items: the “made for life report” and four online supplements – A,B,C and D. Our 2013 Report can be found on our website on www.aperam.com/sustainability, accompanied by the four online supplements. The summary report provides part of the information required to satisfy GRI G4 “In Accordance Core”. Therefore, the summary should be read with its accompanying online supplements to constitute the complete Report.

Deloitte Audit Société à Responsabilité issued an unmodified opinion using ISAE 3000 limited level assurance with respect to the Report on the following subject matters: adherence to the Global Reporting Initiative G4 guidelines (the “GRI” or “GRI Guidelines”) with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness;



GRI Index	Disclosure	Title	References: this report, Annual Report and online supplements
Economic			
Economic performance	G4-DMA	Disclosure on Management Approach	Online supplement C - p1
	G4-EC1	Direct economic value generated and distributed	Inside Front cover, Annual Report p28
Procurement Practices	G4-DMA	Disclosure on Management Approach	Online supplement C - p1-2
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	p3-5
Environmental			
Energy	G4-DMA	Disclosure on Management Approach	Online supplement C - p2
	G4-EN5	Energy intensity	p7
Water Consumption	G4-DMA	Disclosure on Management Approach	Online supplement C - p3
	G4-EN8	Total water withdrawal by source	p9
Emissions	G4-DMA	Disclosure on Management Approach	Online supplement C - p2-3
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p6-7
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	p6-7
	G4-EN18	Greenhouse gas (GHG) emissions intensity	p6-7
	G4-EN21	NOx, SOx and other air emissions	p6-7
Labour			
Occupational Health and Safety	G4-DMA	Disclosure on Management Approach	Online supplement C - p3-4
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, total number of workrelated fatalities, by region and by gender	p10, p12, p13. Gender reference: online supplement C - p3
Training and Education	G4-DMA	Disclosure on Management Approach	Online supplement C - p3
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	p4, p13
Supplier Assessment for Labor Practices	G4-DMA	Disclosure on Management Approach	Online supplement C - p4
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	p3
Society			
Local Communities	G4-DMA	Disclosure on Management Approach	Online supplement C - p5
	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	p16, GRI Sector Supplement MM6 'Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples': p16
Product and Service Labelling			
Results of surveys measuring customer satisfaction	G4-DMA	Disclosure on Management Approach	Online supplement C - p5
	G4-PR5	Results of surveys measuring customer satisfaction	p18

Assurance statement and other detail online
aperam.com/sustainability

GRI Index note

To facilitate stakeholders' understanding of our corporate responsibility performance, our reporting follows the Global Reporting Initiative G4 framework, an internationally recognised set of principles and indicators for economic, environmental and social aspects of business performance. The GRI frameworwk helps companies select material content and key performance indicators. See www.globalreporting.org. We have duly accounted for the GRI mining & metals sector supplement (MMSS) in our report preparation; we refer to it in this Index (p20) as well as in the online supplement B.

General Standard Disclosure		Location: Page reference: made for life Report; Annual Report; online supplements																								
Strategy and Analysis																										
G4-1	CEO Statement	p1																								
Organisational Profile																										
G4-3	Name of organisation	Back cover																								
G4-4	Primary brands, products, and services	Annual Report p11 and aperam.com																								
G4-5	Location of headquarters	12c rue Guillaume Kroll, L-1882 Luxembourg																								
G4-6	Countries of operation	Significant sites: Brazil, Belgium, France																								
G4-7	Ownership and legal form	Public limited company in Luxembourg																								
G4-8	Markets served	Annual Report p11																								
G4-9	Scale of organisation	Annual Report p3, EBITDA US\$292m. 2.5mt flat stainless steel capacity, 9,500 employees. Aperam's production capacity is concentrated in six production facilities located in Brazil, Belgium and France, Steel Service Centres, transformation facilities and sales offices. See inside front cover.																								
G4-10	Employees and workforce Total number of employees by employment contract, including permanent employees and gender, total workforce by employees and supervised workers and by gender, total workforce by region and gender. Self-employed workforce; variations in employment numbers.	p13, Online supplement C - p3. Figures based on average FTE from December 2013, including Aperam Drosbach (53). Female workers: 12% of the Aperam overall; 3% of blue collar workers. Aperam is composed of employees from 49 different nationalities. Part of Aperam's work is done by contractors eg. maintenance, site utilities, security; estimated to be 1,300 FTE in 2013. We employed temporary additional workforce (Q1-Q3) after the fire at our Gueugnon site. The small workforce at Bioenergia in Brazil is also subject to variations due to seasonal factors (growing cycle of the trees: planting, harvesting etc).																								
		Own staff																								
		<table><tr><th>Total FTE</th><th colspan="2">Worker Gender</th><th></th></tr><tr><td></td><th>Female</th><th>Male</th><th>Total</th></tr><tr><td>Europe</td><td>643</td><td>4,557</td><td>5,200</td></tr><tr><td>South America</td><td>284</td><td>3,703</td><td>3,987</td></tr><tr><td>Rest of the World</td><td>195</td><td>151</td><td>346</td></tr><tr><td>Total</td><td>1,122</td><td>8,411</td><td>9,533</td></tr></table>	Total FTE	Worker Gender				Female	Male	Total	Europe	643	4,557	5,200	South America	284	3,703	3,987	Rest of the World	195	151	346	Total	1,122	8,411	9,533
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Total FTE	Total																									
Europe	348																									
South America	160																									
Rest of the World	20																									
Total	528																									
		FTE, end of period Employees on Aperam payroll (excluding temporaries, sub-contractors) Including only permanent and classical-fixed-term contracts (excluding for example trainees, internships, apprentices), available personnel (but excluding long-term illness) and people working for external entities.																								
G4-11	Collective bargaining agreements	p11. 100% of the Aperam employees are covered by collective bargaining agreements.																								
G4-12	Description of supply chain	Online supplement C - p1																								
G4-13	Changes to organisational profile	No significant changes in 2013.																								
G4-14	Precautionary approach	Our risk management process anticipates the impacts on stakeholders and the environment. The Sustainability Steering Committee members feed into such deliberations. Our products provide an opportunity for customers to apply a precautionary approach due to their properties (e.g. corrosion resistance, light-weighting, durability, hygiene, and energy efficiency applications).																								
G4-15	External initiatives	Signatory to the UN Global Compact. We operate in partnership with various organisations, principally via the Aperam Acesita Foundation in Brazil.																								
G4-16	Associations and advocacy organisations	The International Stainless Steel Forum (ISSF), World Steel Association., Brazil Steel Institute																								
Identified Material Aspects and Boundaries																										
G4-17	Entities included in consolidated financial statements	Annual Report_2013.pdf p134																								
G4-18	Process for defining report content	p3, Online supplement B - p1																								
G4-19	List of material aspects	p2-3, Online supplement B - p2																								
G4-20	Aspect boundaries within the organisation	Online supplement B - p1-2																								
G4-21	Aspect boundaries outside the organisation	Online supplement B - p1-2																								
G4-22	Restatements	CO ₂ and absenteeism data are restated following improvements in data systems, with no material effect on comparability or timeliness.																								
G4-23	Changes in scope and boundaries	No significant changes on scope and boundaries.																								
Stakeholder Engagement																										
G4-24	Stakeholder groups	p2, Online supplement B - p3																								
G4-25	Basis for identification and selection of stakeholders	Online supplement B - p3																								
G4-26	Approach to stakeholder engagement	p2, Online supplement B - p3-4																								
G4-27	Key topics and concerns	p2, Online supplement B - p3-4																								
Report Profile																										
G4-28	Reporting period	Calendar year 2013																								
G4-29	Previous report	Sustainability Report 2013. Calendar year 2012																								
G4-30	Reporting cycle	Annual																								
G4-31	Contact point	sustainability@aperam.com, raquel.faria@aperam.com																								
G4-32	Content Index	p20-21; reporting to GRI G4 in accordance at Core level.																								
G4-33	External assurance	Main report p20; and online supplement bundle.																								
Governance																										
G4-34	Governance structure	p3, Supplement D - p1, Annual Report 2013, p39																								
Ethics and Integrity																										
G4-56	Values, principles, standards, and norms	Codes of conduct – available at aperam.com/sustainability. A new development plan is to be deployed in 2014 as approved by the Board. It will involve a policy review, a dedicated compliance website and network supported by training programme.																								



For other GRI related reference documents, please see the online supplements at aperam.com/sustainability

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Disclaimer - Forward Looking Statements

In this Sustainability Report, Aperam has made certain forward-looking statements with respect to, among other topics, its financial position, business strategy, projected costs, projected savings, and the plans and objectives of our management. Such statements are identified by the use of forward-looking verbs such as 'anticipate', 'intend', 'expect', 'plan', 'believe', or 'estimate', or words or phrases with similar meanings. Aperam's actual results may differ materially from those implied by such forward-looking statements due to the known and unknown risks and uncertainties to which it is exposed, including, without limitation, the risks described in the Annual Report. Aperam does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. Please refer to the 'Summary of risks and uncertainties' section of the Annual Report page 35 as well as 'Risks related to the company and the stainless and specialty steel industry' page 142. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not necessarily be viewed as the most likely to occur or standard scenario. Aperam undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise.

Unless indicated otherwise or the context otherwise requires, references in this Sustainability Report to 'Aperam', the 'Group' and the 'Company' or similar terms refer to Aperam, 'société anonyme', having its registered office at 12C, Rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, and to its consolidated subsidiaries.



United Nations Global Compact references

To facilitate stakeholders' understanding and bench-marking our corporate responsibility performance, we show how our operations and strategy align with the UNGC's ten principles (www.unglobalcompact.org).

Our report represents our UNGC Communication on Progress (COP).

1. Our **Statement by the Chief Executive** is found on p1 of our Report.
2. Our main **made for life report** of sustainability performance and our **Disclosures on Management Approach (DMA)** online describe practical actions and policies to implement the Global Compact principles in the four issue areas of human rights, labour, environment, anti-corruption.
3. Our profile table on the inside front cover of the main **made for life report** and the Dashboard (p4-5) describe key **measures of outcomes**. These are backed up by detail provided in each performance chapter.

Human Rights and Labour

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses Assessment, Policy and Goals

Aperam Policies and implementation are described in the Made for Life Report as well as in the online supporting documents, specifically:

- **made for life report** p3, p4 and p16 (supply chain labour practices and local community impacts)
- Code of Conduct available on www.aperam.com/sustainability
- Code for Sustainable Sourcing and Purchasing described in our GRI G4 DMA online supplement
- Annual Report Corporate Responsibility Statement p26
- Governance arrangements: online supplement 'Governance', and Annual Report p46

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation Assessment, Policy and Goals

Aperam Policies and implementation are described in the Made for Life Report as well as in the online supporting documents, specifically:

- **made for life report** p3, p4 on supplier labour practices, p11 on supplier safety, p12 on employee representation, p14 the Aperam Way (on diversity)
- Human Resources Policy available on www.aperam.com/sustainability
- Code of Conduct available on www.aperam.com/sustainability
- Code for Sustainable Sourcing and Purchasing described in our GRI G4 DMA online supplement
- Annual Report Corporate Responsibility Statement p26
- Governance arrangements: online supplement 'Governance', and Annual Report p46

Environmental

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals

Aperam Policies and implementation are described in the Made for Life Report as well as in the online supporting documents, specifically:

- **made for life report** pp6-9
- EHS Policy available on www.aperam.com/sustainability
- Code of Conduct available on www.aperam.com/sustainability
- Code for Sustainable Sourcing and Purchasing described in our GRI G4 DMA online supplement
- Example of procurement and the environment in Brazil p17
- Customer and product section p17-19 on environmentally friendly properties of stainless and electrical steel.
- Annual Report Corporate Responsibility Statement p26
- Governance arrangements: online supplement 'Governance', and Annual Report p46

Anti-Corruption

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

Aperam Policies and implementation are described in the Made for Life Report as well as in the online supporting documents, specifically:

- **made for life report** p4 (governance)
- Code of Conduct available on www.aperam.com/sustainability
- Code for Sustainable Sourcing and Purchasing described in our GRI G4 DMA online supplement
- Annual Report Corporate Responsibility Statement p26
- Governance arrangements: online supplement 'Governance', and Annual Report p46

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The Report Materiality Process at Aperam

Determining Report Content

To define the report content and the aspect boundaries and to implement the GRI G4 Reporting Principles for Defining Report Content, we follow a structured process to identify our most material sustainability issues and where they have impacts.

To determine if an Aspect is material for us to report on, an assessment is carried out based on the potential impact on the business and sustainability impacts of the business. The assessment evaluates potential financial and reputational risks to Aperam, the importance to stakeholders, and the links with our mission and goals. From our internal risk perspective, we identify risks using a scale from Minor risk to Critical risk, familiar to many corporate risk practitioners.

Stakeholder engagement took place at our six main plants in Europe and Brazil. In 2013 we developed a new approach whereby each site assessed its own local stakeholder inclusiveness and materiality. Each of the six main sites then produced what we called a local materiality dashboard. This process, including topics and concerns raised, is summarized in the table in the subsequent section below.

We then consolidated the risks and issues from the six main sites into ten sustainability Aspects, which we cover in our Report. The sites in the Stainless Europe division – Châtelet, Isbergues, Genk and Gueugnon – were consolidated into one dashboard representing Belgium and France. Group level risks were considered during the materiality workshops at site level, informed by our risk management processes (see below). The group Sustainability Committee then reviewed the outcomes of this process in January 2014.

One of the outcomes of the materiality process performed this year is the inclusion of sustainability indicators in our new Global Performance System (GPS) at European stainless steel plants. This is the nexus where sustainability meets strategy. A daily tracking of sustainability indicators is now possible.

The Boundary protocol

Aperam consists of operations in Europe and South America. Specific elements of Aperam subject to the materiality process are the six production facilities located in Brazil, Belgium and France.

Operations within the boundary of the report represent all main entities included in our consolidated financial statements (G4-17a).

The list of entities included in the consolidated financial statements is provided in Appendix I below and also shown on p134 of our 2013 Annual Report and summarised here:

- Six production facilities located in Brazil, Belgium and France
- Forestry operations at Bioenergia
- 18 Steel Service Centers (SSCs)
- Nine transformation facilities
- 22 sales offices
- Corporate HQ, Luxembourg.

There are entities included in our consolidated financial statements that are not subject to the sustainability reporting processes and coverage (G4-17 b):

- **Process:** as described, the materiality process relates specifically to the six significant sites. The resulting list of material Aspects derived from the process from those sites is then applied to the Group, including the Services & Solutions Division.
- **Materiality Process:** In some sites, noise impacts are also taken into account with a specific action plan (ex: Châtelet).

Additional information identified in the GRI MMSS is mildly relevant to Aperam's operations and reporting, for example, 'Additional disclosure requirements' for Economic and Environmental information is not relevant but for local community aspect we have included information as required by this indicator.

- **Coverage:** We report performance data for the Group (G4-17a) including our Services & Solutions Division.

Aspects, their indicators and the materiality boundaries are shown below. Disclosures on Management Approach (DMA) information is shown in the online DMA document.

		Material within the organisation	Material outside the organisation
EC - Economic performance			
KPI-EC1	Direct economic value generated and distributed	✓	
EC - Procurement practices			
KPI-EC9	Proportion of spending on local suppliers at significant locations of operation	✓	
EN - Energy consumption			
KPI-EN5	Energy intensity	✓	
EN - Water consumption			
KPI-EN8	Total water withdrawal by source	✓	
EN - Emissions			
KPI-EN18	Greenhouse gas (GHG) emissions intensity	✓	
KPI-EN21	Nox, Sox, and other significant air emissions	✓	
LA - Occupational Health and safety			
KPI-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender	✓	✓
LA - Training and education			
KPI-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	✓	
LA - Supplier assessment for labor practices			
KPI-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	✓	✓
SO - Impacts on local communities			
KPI-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	✓	
PR - Product and Service Labeling			
KPI-PR5	Results surveys measuring customer satisfaction	✓	

KPI LA6 on health & safety reports an impact outside the boundary of Aperam, i.e. it covers subcontractors working on Aperam sites where safety impacts occur. A change in the management approach is taking place to improve subcontractor safety as described in the safety section 'made for life' report on sustainability performance, 2013.

LA15 covers suppliers subject to significant actual and potential negative impacts for labor practices. It is relevant and material to Aperam specially Health and safety practices: our management approach as described in the DMA supplementary document covers our engagement and scrutiny of suppliers through surveys and meetings; our performance is covered on page 3 of the main Made for life report.

Safety data cover other sites relating to our Services & Solutions and Alloys & Specialty operations, as well as contractors on site. People data exclude contractors. Environmental data cover all main industrial sites, service centre operations and corporate offices, with the following exclusions:

- Raw material data exclude packaging and miscellaneous parts;
- We do not currently account for Scope 3 indirect emissions within our methodology.

Local Supplier information covers mainly industrial purchasing for our most significant operations in Europe and Brazil. It excludes Bioenergia and our Services and Solutions units, which have different needs in terms of purchasing.

Managing risk at Aperam

Risk management processes are embedded in the organisational culture. They support decision-making by the leadership, allow opportunity to be spotted and acted upon, and support continuous improvement. Our Combined Assurance risk management function facilitates the risk management process and prepares the Risk Management reporting documentation for both the Management Committee and the Audit & Risk Management Committee. Our framework for managing risk is based on:

- COSO Enterprise Risk Management Framework
- ISO31000 principles and guidelines for risk management
- Benchmarking with external companies.

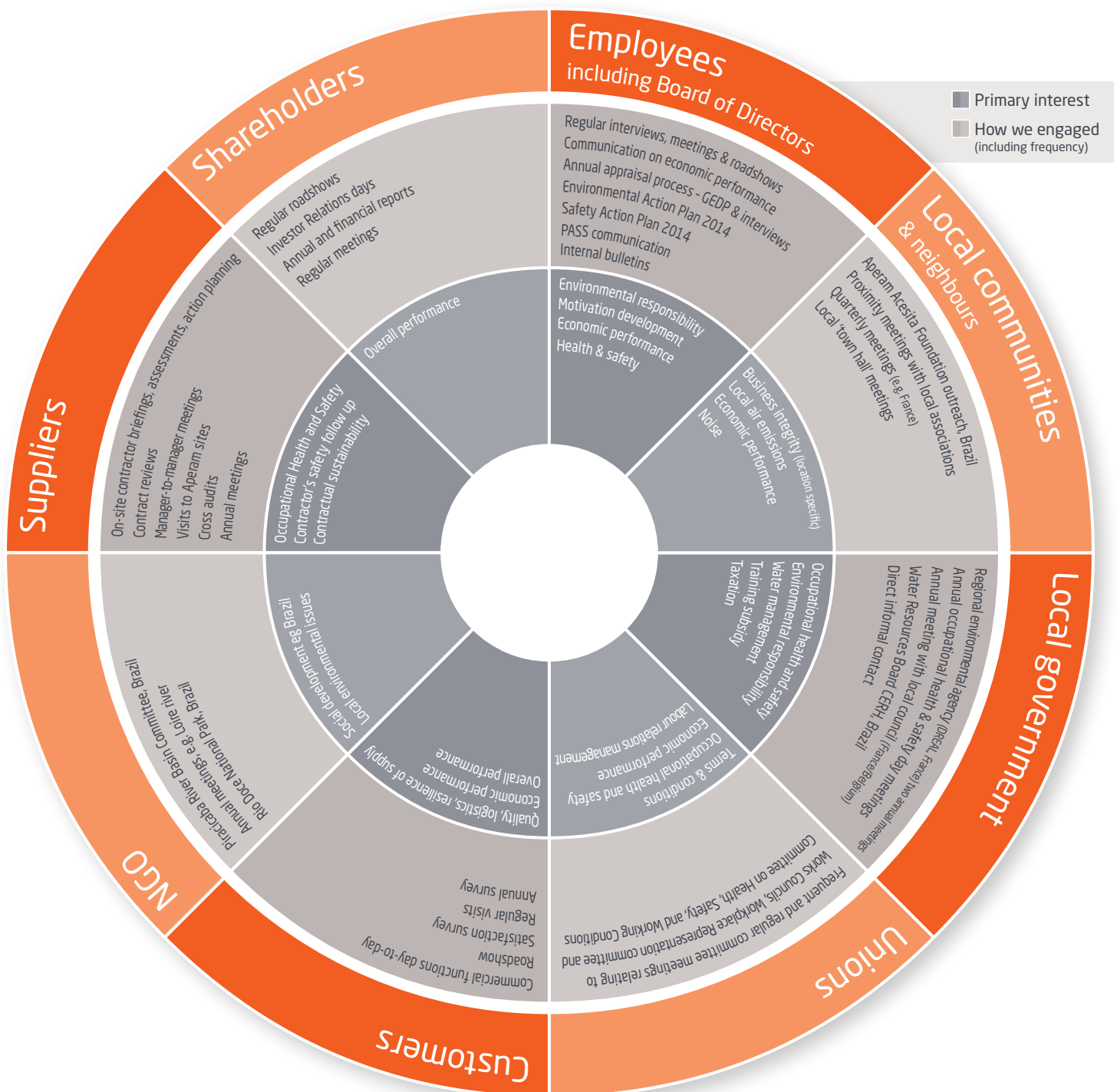
Our Audit and Risk Management Committee supports the Board of Directors in fulfilling their corporate governance duties relating to defining and reviewing risk, managing risk assessment, and risk audit. The Sustainability, Performance and Strategy Committee advises the Board on wider, sustainability risks. Page seven of our Risk Management Manual describes risk as a pillar of corporate governance and the organisational responsibilities for risk. Our Aperam Anti-Fraud Policy and Whistleblower Charter allow employees to raise concerns over possible irregularities in financial practices.

Stakeholder engagement at Aperam

Our key stakeholders are those who can influence our ability to deliver on our strategic objectives over the short-, medium- or long-term.

Below is a summary of the stakeholders we engaged with during the report preparation process in 2013. Locally, in our plants, stakeholder engagement is a continuous activity. The General Manager, or equivalent, of each site is responsible for site level stakeholder engagement. Even though our main sites are in different regions of the world, we are consistent in the way we engage with stakeholders.

How has Aperam responded to the key topics and concerns? We assess them in our materiality process. Criteria used in the assessment are guided by risk management classifications in place at Aperam. Key subject matter experts inside Aperam are informed if any new issues arise that require attention such as management commitments. We report on the material issues through the sustainability reporting. See also p2-3 on the main report.



To define our stakeholder groups we ran a series of seminar based training sessions covering GRI G4 standard guidelines, local dashboard studies, Aperam's overall sustainability process awareness and data collection. This took place at the six main sites to identify stakeholders, and then prioritise them using a weighting process. Each site then made its own analysis of local stakeholders based on this guidance. The results were then collated centrally to feed into the materiality process. The engagement was undertaken specifically as part of the report preparation process.

How did we determine the groups with which to engage and not to engage? Local engagement included the priority stakeholders, identified using a weighting process informed by who is affected by the key issues arising. Customers are subject to engagement on a commercial basis at a group level in the main. Suppliers, of both raw materials and non-raw materials, are engaged using supplier surveys according to the type of purchasing used, on a central and local basis.

Appendix I - Scope of reporting entity (G4-G17), on 31.12.2013

Company Name	Country	Consolidation Method
SERVICE & SOLUTIONS		
Aperam Stainless Services & Solutions Argentina	Argentina	Full Consolidation
Aperam Stainless Services & Solutions Austria	Austria	Full Consolidation
Aperam Stainless Services & Solutions Brazil	Brazil	Full Consolidation
Aperam Stainless Services & Solutions Canada	Canada	Full Consolidation
Aperam Stainless Services & Solutions Changzhou	China	Full Consolidation
Aperam Stainless Services & Solutions Czech Republic	Czech republic	Full Consolidation
Aperam Stainless Services & Solutions France	France	Full Consolidation
Aperam Stainless Services & Solutions Germany	Germany	Full Consolidation
Aperam Stainless Services & Solutions Iberica	Spain	Full Consolidation
Aperam Stainless Services & Solutions International	France	Full Consolidation
Aperam Stainless Services & Solutions Italy	Italy	Full Consolidation
Aperam Stainless Services & Solutions Korea	South Korea	Full Consolidation
Aperam Stainless Services & Solutions Luxembourg	Luxembourg	Full Consolidation
Aperam Stainless Services & Solutions Mexico	Mexico	Full Consolidation
Aperam Stainless Services & Solutions Nordic	Sweden	Full Consolidation
Aperam Stainless Services & Solutions Poland	Poland	Full Consolidation
Aperam Stainless Services & Solutions Portugal	Portugal	Full Consolidation
Aperam Stainless Services & Solutions Precision .	France	Full Consolidation
Aperam Stainless Services & Solutions Precision Benelux	Netherlands	Full Consolidation
Aperam Stainless Services & Solutions Russia	Russia	Full Consolidation
Aperam Stainless Services & Solutions Singapore	Singapore	Full Consolidation
Aperam Stainless Services & Solutions Switzerland	Switzerland	Full Consolidation
Aperam Stainless Services & Solutions Tubes Brazil	Brazil	Full Consolidation
Aperam Stainless Services & Solutions Tubes Czech Republic	Czech republic	Full Consolidation
Aperam Stainless Services & Solutions Tubes Europe	France	Full Consolidation
Aperam Stainless Services & Solutions Tubes France	France	Full Consolidation
Aperam Stainless Services & Solutions Tubes UK	United Kingdom	Full Consolidation
Aperam Stainless Services & Solutions Tubes Uruguay	Uruguay	Full Consolidation
Aperam Stainless Services & Solutions UK	United Kingdom	Full Consolidation
Aperam Stainless Services & Solutions USA	United States	Full Consolidation
Aperam Stainless Services & Solutions Vietnam	Vietnam	Full Consolidation
ArcelorMittal Istanbul Paslanmaz Celik	Turkey	Full Consolidation
ArcelorMittal Stainless Service Andino	Colombia	Full Consolidation
Matthey Iberica	Spain	Full Consolidation

Appendix I – Scope of reporting entity (G4-G17), on 31.12.2013

ALLOYS & SPECIALTIES		
Aperam Alloys Amilly	France	Full Consolidation
Aperam Alloys Far East	China	Full Consolidation
Aperam Alloys Imphy.	France	Full Consolidation
Aperam Alloys Rescal	France	Full Consolidation
Aperam Alloys Service	France	Full Consolidation
Aperam Alloys Switzerland .	Switzerland	Full Consolidation
Aperam Alloys UK	United Kingdom	Full Consolidation
Aperam Alloys USA	United States	Full Consolidation
ArcelorMittal Stainless and Nickel Alloys China	China	Full Consolidation
Innovative Clad Solutions Private	India	Full Consolidation
STAINLESS & ELECTRICAL		
Acesita Argentina	Argentina	Full Consolidation
Acesita International	Cayman Islands	Full Consolidation
Aperam South America	Brazil	Full Consolidation
Aperam Stainless Belgium	Belgium	Full Consolidation
Aperam Stainless France	France	Full Consolidation
Aperam Stainless Europe	France	Full Consolidation
Al-Fin	Belgium	Full Consolidation
Aperam Recyco	France	Full Consolidation
Haven Genk	Belgium	Full Consolidation
OTHER		
AMO Holding	Luxembourg	Full Consolidation
Aperam Bioenergia	Brazil	Full Consolidation
Aperam Développement	France	Full Consolidation
Aperam HoldCo	Luxembourg	Full Consolidation
Aperam LuxCo	Luxembourg	Full Consolidation
Aperam Luxservices .	Luxembourg	Full Consolidation
Aperam	Luxembourg	Full Consolidation
Aperam Sourcing	Luxembourg	Full Consolidation
Aperam Treasury	Luxembourg	Full Consolidation
Aperam Treasury	France	Full Consolidation
Blue Sky Amercoeur .	Belgium	Equity Method
Corea	Luxembourg	Full Consolidation
Terni Invest	Italy	Full Consolidation
WiCo 1	Luxembourg	Full Consolidation
WiCo 2	Luxembourg	Full Consolidation

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made for life report

Reporting our sustainability
performance for 2013

Aperam GRI Index 2013 – DMA section Disclosures on Management Approach (DMA)

Economic

Economic performance

We recognize that the circulation of economic value generated by private industry provides a positive impact on local communities, regional economies and national trading balance sheets. It is the jobs created by our commercial activity that present the primary economic impact. Also, the taxation returned to state coffers thus is a an acknowledged positive contribution to society and government. Where we operate we understand that our presence has an impact on local communities – the programmes we run to improve social conditions are therefore a positive material impact. The returns to investors in our business are an important impact in order to retain their financial interest in Aperam.

We manage the legal, commercial and financial matters through appropriate governance and executive processes as described in our Annual Report p39. We do this in accordance with the laws of the Duchy of Luxembourg where we are listed. Our human resources teams manage the employment impacts through a wide range of policies and practices using trained experts. At our six main sites, community impacts are managed primarily through our Acesita Foundation in South America and through local engagement, meetings, needs identification, and managed implementation with local stakeholders at our European sites.

We assess the quality and effectiveness of our approach through internal audit and external assurance in accordance with our listing requirements. Community impacts management approach is described in the DMA paragraph relating to SO1. Auditors' comments are responded to via our Annual Report, see p154. No significant management approach changes are recorded as a result of comments on these Aspects in 2013.

In general, concerning the economic pillar of sustainability we seek the 'business case' for sustainability actions. We assess sustainability risks via our group risk register and management process (Annual Report, p39). Objectives and goals related to sustainability risks and opportunities are set to be delivered over a one to three year period.

Note [G4-EC1b]: To better assess local economic impacts, we report economic value generated regional levels (S America, Europe) and divisional levels (alloys, steel etc). This is the level of significance: we do not manage or measure the economic value generated at country level. This is the criterion used for determining significance and allowing the reader to have a view of our economic value generated in the main regions where we operate.

Indicator: EC1 Direct economic value generated and distributed

Procurement – Supply Chain

Our Code for Sustainable Sourcing and Purchasing communicates how we will work with our suppliers, and asks them to meet minimum health and safety, human rights (we continue to support the Universal Declaration of Human Rights), ethical and environmental standards. We encourage our suppliers to work with us to identify and develop on-going performance improvements to our sustainable procurement. In support of our company vision and of the United Nations' Global Compact principles, we will work with our suppliers to:

- Operate a lean supply chain that supports our corporate policies.
- Develop procurement solutions in line with customer, regulatory and wider stakeholder needs and expectations.
- Create long-term value and reduce risk for our business, our suppliers and our stakeholders.

We will achieve these objectives by setting sustainable procurement standards, by collaborating, innovating and embedding sustainable sourcing and purchasing into our business processes.

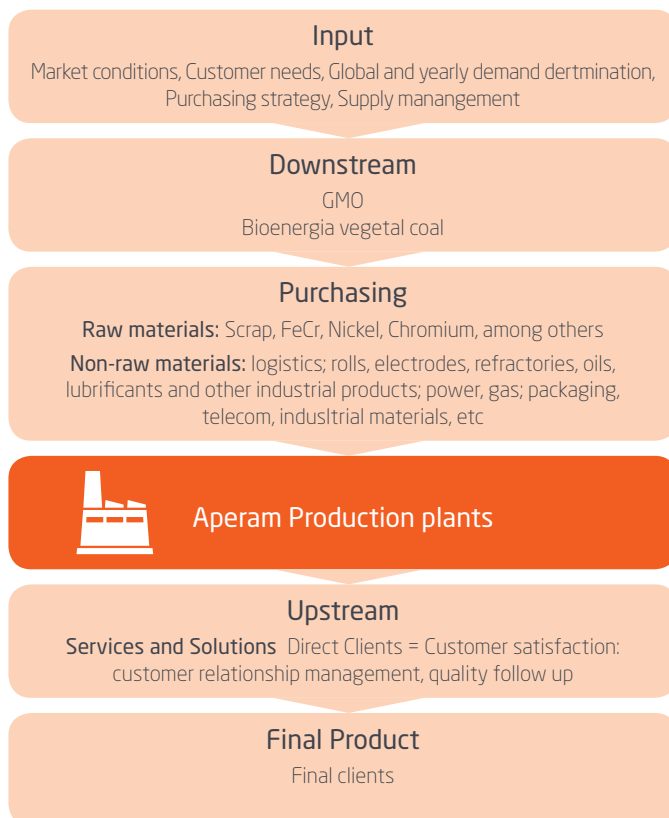
Aperam purchasing department is divided in non-raw materials purchasing and raw materials purchasing. Raw material procurement processes optimize the supply chain process management for raw materials and define best practice for local raw material supply chain management processes.

The key objective of non-raw material purchasing is to have an optimized and effective purchasing process for Aperam's industrial sites with a platform for central buying. Non raw-materials are mostly composed of operational products such as rolls, electrodes, refractories, industrial products such as oils, lubricants, logistic services (sea, rail, road, water, packaging), industrial services such as slag and slab handling, health and safety equipment, telecom, and IT services.

Our supply chain¹⁾ comprises companies providing raw materials such as recycled stainless steel, and non-raw materials such as goods and services. We use approximately 4000 suppliers. The total varies from month to month. Suppliers are established companies distributed around the world, and mostly local to where we operate. Subcontractors also work on our sites.

In South America we are conscious that smaller suppliers will be part of a community where economic development may be subject to limitations or even social deprivation. Our approach to how we manage community impacts is given below. Of course where we can influence matters through our presence we do so – for instance, we require that suppliers respect certain procurement criteria to support our community involvement practices.

1) GRI reference G4-12



We maintain a dialogue with them, as described in the **made for life report 2014** (Sustainability Report). Our General Purchasing Conditions²⁾ require our partners to respect quality, environmental, safety and labour practice regulations. Subcontractors that perform services on Aperam premises have to comply with the General Health and Safety Instructions (GHSI) to ensure they align with our self-imposed high safety standards.

In some specific cases Aperam helps suppliers to safeguard their business continuity if they face difficult economic conditions.

Indicator: EC9 Policy on spending on locally based suppliers

Environmental

Energy consumption

Steel making is an energy intensive process. As energy costs increased over the years and as environmental regulation progressed, we have invested in more efficient equipment. Our Environmental Policy commits us to a long-term approach to resource efficiency and sustainability and environmental performance.

Our Energy Policy covers all Aperam sites and operations. It promotes new efficiency programmes, and to work with our suppliers and customers to maximise the inherent energy efficient properties of our steel products. We identify and implement energy conservation measures to cut costs and protect both our customers and ourselves from price and supply volatilities.

Since production can vary, monitoring our energy intensity (alongside absolute energy use) is an important metric for our performance. We have in place two key targets that address our energy use and intensity:

- A 5% reduction in total energy consumption by 2020 (from a 2012 baseline).
- A 35% reduction in carbon intensity of our current sites by 2020 (from a 2007 baseline).

We monitor the effectiveness of our energy management based on data at a site level, and our performance relative to the two targets above.

Our new Global Performance System (GPS) allows us to view in a single place all site indicators showing management indicators daily. Whilst its focus is on productivity it also tracks quality, maintenance, HR, safety and energy.

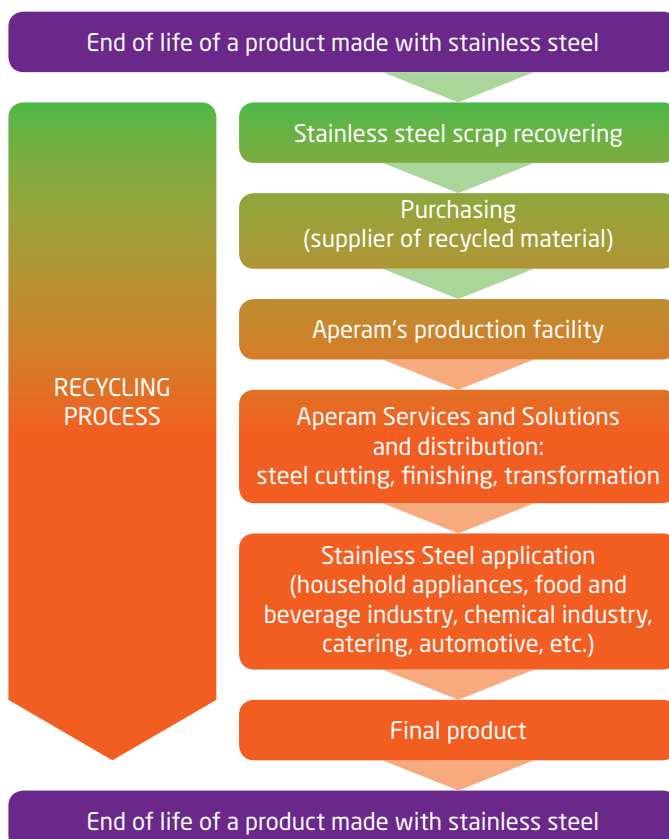
Indicators: EN5 energy intensity,
EN18 greenhouse gas (GHG) emissions intensity

Emissions

We recognise local air quality to be an important issue for our operations. Our Environmental Policy commits us to a long-term approach to resource efficiency and sustainability and environmental performance. Dust (particulate matter) is our main material issue, but we also emit volumes of NOx and SOx.

Our emissions are carefully monitored at source, through automated systems where appropriate. We also operate air quality monitoring stations, and work with regulatory authorities to support their air quality monitoring efforts. We operate in jurisdictions where air quality regulations are strongly monitored and enforced.

Lifecycle of stainless steel products



2) <http://www.aperam.com/about-2/aperam/purchasing>

We monitor performance constantly through our automated systems where appropriate, and are alerted to issues immediately. We monitor our annual performance in terms of dust, NOx and SOx in relation to our operating limits (as defined in regulatory permits) and our performance in past months and years. Since production can vary, we monitor performance using both absolute and relative metrics.

Our Global Performance System (GPS) allows us to view in a single place all site indicators showing management indicators daily.

At our Isbergues site, we received some complaints from the EQVIR Association (representing the environment and quality of life for Isbergues and its region) in northern France relating to emissions and noise. We ensure continuity of on-site measurements regarding environmental emissions and noise. Environmental regulations are continually tightening controls and we make sure we actively respond using our environmental monitoring. Aperam Isbergues has a core interest in maintaining contact with local stakeholders and strives constantly to improve communication.

Indicator: EN21. Nox, Sox, and other significant air emissions

Water

We recognise water as an important resource which is under stress in some parts of the world; Aperam significant sites of operation are not located in water-stressed regions. Bioenergia's plantations are technically within a water-stressed area. However Bioenergia meets its water related permit conditions as defined under local regulations. Our Environmental Policy commits us to a long-term approach to resource efficiency and environmental performance. We operate in jurisdictions where water quality regulations are strongly enforced.

The vast majority of our water (more than 90%) is sourced from surface waters – local rivers and canals. The rest is sourced from rainwater harvesting, groundwater and municipal supplies. We do not receive waste water from any other organisation. We monitor water consumption carefully at each site, through automated metering wherever possible. Through this we are able to accurately measure our consumption (in cubic metres) on a monthly basis at significant sites of operation.

Where we are abstracting water, this must be in accordance with the conditions of our abstraction license. We are subject to period inspections from the relevant authorities to ensure compliance.

We monitor the effectiveness of our water management based on data recorded at site level, and in terms of our total annual consumption (in m³) and our relative consumption per tonne of crude steel (in m³).

Our new Global Performance System (GPS) allows us to view in a single place all site indicators showing management indicators daily. Whilst its focus is on productivity it also tracks quality, maintenance, HR, safety and energy.

Indicator: EN8 total water withdrawal by source

People

The workforce of Aperam is an asset for the company, as well as a significant part of the costs. Therefore it is key to the competitiveness of the company. The FTE of the total workforce is used to calculate several KPIs, including "productivity" (ton/FTE) and "competitiveness" (total cost of employment / ton). Achieving our targets on these KPIs is vital for the sustainability of Aperam.

Details such as the employment contract, employment type, gender, region, also give us a view of the structure of the workforce. We have stated in our "Aperam Way" our commitments to promoting diversity, the development of each employee.

HR data are consolidated at Corporate level monthly. The data are reported by dedicated HR Reporting Partners in each entity in a unique HR system. HR concepts are defined in a unique document, shared with the HR Reporting Partners at each site. Consolidated data are made available through a database tool. The internal workforce is measured by FTE at the end of the period, with little variability. External workforce (including supervised workers) is usually measured by the average FTE on the period, this workforce can vary a lot (seasonal variations, scheduled annual maintenance ...). At Corporate level, the supervised workers are counted as part of sub-groupings but not statistically consolidated on an individual basis. We therefore do not report their split by gender or employment type.

Occupational Health and safety

Nobody working for, or with, us should have their health and safety compromised in any way. There are three drivers for good management of our health and safety performance: legal, moral and financial.

Our health & safety management and practices are governed by our Health & Safety Policy. Vigilance is central to the commitments in Aperam's Health & Safety Roadmap.

Aperam people are briefed and trained on safety. It is central to the Continuous Improvement Challenge. It is a vital part of customer visits. There is an annual Health & Safety Day which is well attended and there is a competency framework to make sure people have the right skills and equipment to do their job safely.

Heightened vigilance is reinforced: our Management Committee instigated four key safety priorities: visible leadership, root and branch risk evaluation, clear understanding of good practice to achieve fatality prevention, and safety auditing for managers

We have monthly, senior level health & safety global conference calls to discuss general performance, management response required and individual incidents using detailed descriptions, root causes and photographic evidence.

This is a check on how well we are managing safety. Also, we collect comprehensive data to track performance. We use a combined Lost Time Injury (LTI) Frequency Rate which incorporates the impact of lost days as well as restricted work (RW) from occupational ailments such as stress. For this reason we do not collect distinct data to report an Occupational Diseases Rate (ODR).

To comply with the Aperam safety standards, all accidents are only counted once, and are put in highest category. So, if the incident resulted in a fatality it is categorized as such but if not we assess if the person was absent from work for at least one day, excepting the day of the incident. If this is the case then the incident is categorized as a lost time incident (LTI). If not we assess if the person did 'adapted work' as prescribed by a medical professional. If this is the case then the incident is categorized as an incident requiring medical aid. If not it is counted as an incident requiring first aid. The calculations used for injury and severity rates are shown on p12 of the 'made for life' report.

The absenteeism rate is monitored only for our employees, excluding supervised workers. The rate is defined as the number of hours of absence for illness < 6 months divided by the number of theoretical to-be-worked hours. The computation is based on the time & attendance data reported each month by each entity. Also, small entities are not included - the workforce of small entities is 3% of the workforce of Aperam. At the Corporate level, the time & attendance data are consolidated only per site.

Currently our data collection does not differentiate between men and women because our operational workforce at the six main sites is predominantly male. If/when the female proportion becomes significant we will review this.

Upon detecting a trend that requires our attention we respond thoroughly. For example, as a result of declining contractor safety performance we have in 2014 set up a working group, analysis of the safety management tools, a shared safety risk toolbox, refresher on our General Health and Safety Instructions (GHSI), practices to strengthen relationships such as boss-to-boss meetings, and review surveys on progress.

Safety is a material impact inside Aperam as well outside the organisation³⁾. Subcontractors are entities effectively operating outside of Aperam for whom safety is a material aspect.

Our new Global Performance System (GPS) allows us to view in a single place all site indicators showing management indicators daily. Whilst its focus is on productivity it also tracks quality, maintenance, HR, safety and energy.

Indicator: LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Training and education

People are at the heart of Aperam and we want to retain talented employees. It is important that we listen to our employees and that we support them so that they are equipped to develop themselves and deliver innovative and high quality products. It is vital that we have a competency framework and management system that works and that is recognised by our people.

Through our talent development programme – Global Exempt Development Programme (GEDP) – we provide our employees – exempts and managers with annual performance and career development reviews. Through this, at the annual appraisal, a manager assesses whether or not

an individual has achieved agreed goals and expectations in their career plan. Career plans are tailored to specific roles, and by measuring an individual's performance annually, the manager and the employee can formally evaluate performance against the plan.

We monitor the number of annual appraisals conducted, and in the past two years have exceeded our target of 90% for relevant employees.

We also monitor Blue Collar and White Collar workers through annual interviews, which are organized locally. 86% of workers were assessed on motivation and engagement topics.

Indicator: LA11 percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Local Communities

Supplier assessment for labour practices

The way we do this is guided by our Code for Sustainable Sourcing, a Supplier Qualification Program, supplier commitment programmes, supply chain risk assessment, supplier awards, on-site contractor rules and our General Terms and Conditions. They govern how we work with suppliers to understand performance and improvements, how we support them and how we focus on key areas for improvement.

Suppliers and subcontractors are subject to pre-qualification reviews and on-site induction and training, audit and dialogue, principally on health and safety labour practices, but nominally on wider human rights and ethical standards.

Our supplier survey is the means by which we identify suppliers for assessment of impacts for labor practices, supported by improvement action plans and boss-to-boss discussions, for example.

The actions taken with subcontractors on site include action plans on site safety, briefings on site access, the use of temporary workers, for example.

Expectations are described in such action plans, but also they are enshrined in the contractual documents which are subject to our procurement policies described above.

No incentive schemes per se exist to encourage going beyond compliance. We do not have in place any measure to assess the impact of terminating a relationship with a supplier as a result of assessing impacts for labor practices.

The Supplier Qualification Program was launched in 2000 for all suppliers. Our raw materials supplier survey covers health & safety management, respecting human rights, business ethics, environment management, reach, conflict materials. Since 2010, in line with our values and our role in the community, Aperam began to evaluate suppliers; strategic suppliers in Latin America signed the Commitment to Corporate Responsibility Aperam South America. In 2013 we awarded a Certificate of Quality Assurance to 78 suppliers in South America.

Indicator: LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken

3) G4-18 Boundary protocol

Impacts on local communities

We contribute to the economic livelihoods of those who work for us directly and those in the supply chains serving us, we pay company taxes where we operate, and we operate community involvement and donations through our Aperam Acesita Foundation in Brazil for example. In Europe, we continue to focus on specific partnerships and relationships on more of an ad-hoc basis. In order to promote sustainability in its host locales, Aperam South America operates the Aperam Acesita Foundation with projects in culture, education, environment and social promotion. The foundation has helped integrate us deeply into the history of Timóteo. Since 1994 the Foundation has deployed projects with partners such as government (federal, state and city), international independent agencies, government and non-governmental organisations, foundations and institutes. Our team there runs projects using volunteers as well as funded programs to promote development in education, training, youth services, citizenship, and the environment.

Community needs assessment in Brazil is done by the Foundation team, using feedback from grass roots stakeholders, employees, local partners, BioEnergia and our Environmental Education Centre (Oikós). We do not currently monitor the number of discrete assessments within the ongoing process.

In Europe, we do not run specific community needs assessment: we participate in community projects as a result stakeholder feedback at the six main sites. At a minimum, we have a meeting with community stakeholder group representatives annually.

Our approach to community relations is guided by our values and by frameworks such as the UN Global Compact.

MM supplement: We are only working on the impact assessment while operating in the community thanks to a long standing community engagement process.

Indicator: S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs

Products

Product and Service labelling

Health and safety impacts of products are assessed at the metallurgical design stage and certification relating to materials safety in the use phase is in place. This applies to all significant products. Stainless steel is manufactured and independently certified according to international standards such as the EN, ASTM and UNS series. We are regularly audited on these certifications. Our latest material safety data sheets confirm the absence of health or toxicological hazards. We meet European regulations and French ministerial decrees relating to materials intended to come into contact with food. Finally, Aperam Stainless Steel Europe achieved compliance with EU REACH regulations again as our products do not contain any substance listed on the Candidate List of the European Chemical Agency.

Product information of this type is provided to customers. Regular product sheets and brochure documentation disclose the raw materials – it is the balance of Nickel and Chromium for example that generates the properties of the steel desired by the customer.

We have no recorded incidents non-compliance relating to product information.

In 2012, Aperam adopted and launched a new commercial and sourcing function. By joining sourcing, sales and R&D into one single organization, we gave ourselves the possibility to improve the use and yield of our production capacities, to target higher added value products, to better serve our existing customer base and to market new products.

Customer satisfaction is of paramount importance to us for business reasons and as part of our collaborative approach to R&D. We survey customer satisfaction regularly, usually every one to two years globally. This enables us to monitor how well we are meeting their requirements. Results are discussed by the Management Committee.

Indicator: PR5 Results surveys measuring customer satisfaction

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Corporate Governance at Aperam

Governance Structure

Aperam places a strong emphasis on corporate governance. The Board of Directors is in charge of the overall governance and direction of the Company.

This Management Committee is entrusted with the day-to-day management of Aperam, and monitors corporate governance requirements to ensure best practice is adopted, such as the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

The Articles of Association provide that directors are elected and removed by the general meeting of shareholders by a simple

majority of votes cast. Directors are appointed for a maximum term of three years and are automatically eligible for reappointment at the end of such period. Any director may be removed with or without cause by a simple majority vote at any general meeting of shareholders. Further governance details are published in the 2013 Annual Report.

The Chairman of the Board of Directors is not an executive officer, and none of the members may hold an executive position or executive mandate within the Company or any entity controlled by the Company. Aperam's Board of Directors for 2013 is summarised below, and in the Annual Report, p16.

Name	Age	Gender	Position within Board	Status	Sustainability, Performance and Strategy Committee	Audit and Risk Management Committee	Remuneration, Nomination and Corporate Governance Committee
Mr Lakshmi N. Mittal	63	M	Chairman	Non-independent			
Mr Romain Bausch	60	M	Lead Independent	Independent		Yes	Chair
Mr Joseph Greenwell	62	M	Member	Independent		Yes	Yes
Ms Kathryn A. Matthews	54	F	Member	Independent	Yes		Yes
Mr Aditya Mittal	37	M	Member	Non-independent			
Ms Laurence Mulliez	47	F	Member	Independent	Yes	Chair	
Mr Gonzalo Urquijo	52	M	Member	Non-independent	Chair		

The Board of Directors has 3 committees (Annual Report p44) to support its activities:

- Audit and Risk Management Committee.
- Remuneration, Nomination and Corporate Governance Committee.
- Sustainability, Performance and Strategy Committee.

Further details of the Audit and Risk Management Committee, the Remuneration, Nomination and Corporate Governance Committee are published in the 2013 Annual Report. The Sustainability, Performance and Strategy Committee is described below.

The Board of Directors conducts an annual self-evaluation in order to identify potential areas for improvement of the Board and its Committees. Details of this evaluation are provided in the 2013 Annual Report.

It is the Chief Executive Officer that has ultimate responsibility and accountability for sustainability performance and compliance in Aperam.

Shareholders can provide recommendations to the highest governance body via standard routes such as the shareholders' meeting. Employees can engage with the Management Committee and CEO on a monthly basis on matters relating to sustainability.

The Board of Directors holds physical meetings at least on a quarterly basis as five regular meetings are scheduled per year. The Board of Directors holds additional meetings if and when circumstances require, in person or by teleconference. The Board of Directors held six meetings in 2013.

During 2013, the Sustainability, Performance and Strategy Committee met five times. The average attendance rate at the Sustainability, Performance and Strategy Committee meetings held in 2013 was 100%.

Sustainability, Performance and Strategy Committee

(Annual report p45)

The Sustainability, Performance and Strategy Committee is composed of three directors, which are appointed by the Board of Directors each year after the annual general meeting of shareholders.

The Committee assists the Aperam Board's approach to sustainability, and is responsible for reviewing on a regular basis our sustainability, financial and industrial performance and strategy. It takes decisions by a simple majority. During 2013 this committee met five times, with an attendance rate of 100%.

The three members of the Sustainability, Performance and Strategy Committee are Mr. Gonzalo Urquijo, Ms. Kathryn Matthews and Ms. Laurence Mulliez. Mr. Gonzalo Urquijo is the Chairman of the Sustainability, Performance and Strategy Committee. Ms. Kathryn Matthews and Ms. Laurence Mulliez are independent directors in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

Health and safety performance, as a key priority to Aperam, is the first agenda item reviewed at each meeting of the Sustainability, Performance and Strategy Committee. The Committee will also review Aperam's overall sustainability approach, its environmental impacts, and its social performance.

Sustainability Steering Committee

A separate Sustainability Steering Committee is in place to guide sustainability management, risk, stakeholder relationships, reporting and assurance activities. The Sustainability Steering Committee of nine senior members of staff. At a day-to-day level they are responsible for driving and managing sustainability at Aperam and works on the strategic approach to sustainability and the company's overall sustainability vision. The Management Committee sets the long term ambition for this committee.

Aperam

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