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# Made for life

Sustainability Report 2017

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# External Assurance

We declare this report in accordance with GRI G4 core level.

Material aspects and indicators are shown on p. 8 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 global operations from January to December 2017.

Aperam's production capacity is focused on:

- > 6 production sites in Brazil (Timóteo), Belgium (Châtelet, Genk), and France (Gueugnon, Imphy, Isbergues/Recyco). > 14 Steel Service Centres (SSC from our Service & Solutions segment)
- > 12 transformation facilities: 5 in Service & Solutions segment; Pont de Roide and BioEnergia from Stainless & Electrical Steel segment; Rescal, Amilly, Imhua and ICS from Alloys & Specialties
- > 16 sales offices: 10 for Service & Solutions segment and 6 from Alloys & Specialties
- > Registered office: 12C rue Guillaume J. Kroll, L-1882 Luxembourg

Safety data cover Services & Solutions and Alloys & Specialties, as well as on-site contractors. Human resources data exclude contractors.

Subject to the exclusions indicated below, environmental data covers all main industrial sites, SSCs and corporate offices. Environmental information is compiled locally and aggregated centrally. In our greenhouse gas emissions calculation we apply ISO 14404-1 and ISO 14404-2 standards, which state that biomass is considered to be carbon neutral. The CO<sub>2</sub> 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.

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.

## **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 2017.

The Report is composed of five items: the 'made for life report' and four Online Supplements – A, B, C and D. Our 2017 Report can be found on our website ([www.aperam.com/sustainability](http://www.aperam.com/sustainability)), together with 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 limitée 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 adherence of the disclosures in the Report to the GRI 'In Accordance Core' criteria and the appropriateness of the GRI Index on pages 51-52 of the Report and fair presentation in all material aspects in accordance with GRI Guidelines, of selected performance data, marked in the Report with a '':

- EN5: Energy intensity (pages 27 and 28),
- EN8: Water withdrawals (pages 27 and 32),
- EN18: CO<sub>2</sub> intensity (pages 26 and 27),
- EN21: NO<sub>x</sub>, SO<sub>x</sub> and other air emissions (dust only - pages 27-31),
- 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 (only LTIFR pages 11 and 12, and Severity Rate - LDR - page 11)

**Deloitte.**

# Contents



## About Aperam

**Opening words** from our Chief Executive Officer.

**Company profile** A global leader in Stainless and Specialty Steel serving multiple markets.

**Sustainability strategy** How Aperam's roadmap and reporting comply with GRI principles.



## Social: Our People

With safety as our top priority, Aperam aims to be a sustainable and profitable company. The key to achieving this is our productive and passionate workforce.

> See how our approach ensures the safety, development and well-being of our people.



## Environment: Our Planet

As part of an energy-intensive industry consuming metallic ores and other raw materials, Aperam takes our environmental stewardship seriously.

> Read about the many ways we are becoming a more sustainable company by reducing our industrial footprint and working to raise awareness about the issues.



## Governance: Our Stakeholders

From the energy of our subcontractors who assist our teams to the strong partnership built with our suppliers and our customers and up to the local infrastructures - our success is dependent on the communities we operate in. Knowing this, our Corporate Governance is based on the highest standards and complies with the most rigorous business ethics.

> See how we continually strive to develop in a way that benefits the public at large.



## About this report

### GRI Index

**Country Supplements** - Allow stakeholders from our three main countries of operations (Belgium, Brazil, France) to learn about Aperam's sustainability actions in local languages.

**Methodology Supplements** - United Nations' Global Compact reference; Report Materiality Process at Aperam; GRI Index for 2017 Report and Disclosures on Management Approach



# Opening Words

from **Timoteo Di Maulo**, Chief Executive Officer



2017 was a year of high achievements for Aperam. Despite challenging market conditions, we achieved the highest level of operational and financial performance since our creation. I believe this performance only partially highlights the success of our many initiatives aimed at making Aperam a sustainable safe and profitable company. But before turning to our fundamental principles and 2017 achievements in the field of sustainability, let me start with safety. After all, safety is - and will always remain - our top priority.

In 2017, our lost time injury frequency rate remained stable at 1.4. Although this performance is twice better than our industry average<sup>1</sup>, we continue to work hard towards achieving our ultimate objective of zero accidents. We do this via key actions focused on changing mindsets, improving procedures and training the entire organisation. It is simply not acceptable that anyone working for

Aperam could get hurt. This is the cornerstone of our commitment to sustainability.

Although we have had some significant improvements this year, I wish to focus on the key principles of our Sustainability roadmap and let you discover the details of our numerous and ingenious improvement projects further in this report.

**> First, the people.** To ensure that Aperam's innovative people are at the core of our strategy, in 2017 we conducted our first Employee Global Climate Survey. This survey, along with the subsequent discussions we held with our employees, confirm some of Aperam's key strengths. These include a strong focus on safety and a true adherence to our strategy. We are now building on these strengths to unlock the fantastic potential that I see everyday in our teams. Firstly, we have designed a new set of key competencies to help Aperam transform into a more resilient company. Secondly, we are rejuvenating our company, enrich our way of thinking and improve our diversity using all available means. We are rolling out a strong People roadmap focused on learning and job mobility to ensure our human capital remains agile and versatile and develops the competencies of the future. Throughout 2017, we have intensively hired new talent with a special focus on young graduates and apprenticeships, often with an objective to stimulate innovation and create a momentum for change. Although the branding of our industry as an employer does not often reflect the thrilling careers we offer, nevertheless, those that come to us are delighted by the passion in our teams and the many challenging opportunities we offer.

This vibrant energy is indeed the key to our success and we take great care in ensuring that this a renewable energy!

**> On the environmental side**, we also have quality assets. Speaking of renewable energy, did you know that more than 30% of our energy comes from renewables and that our 2017 carbon footprint was 50% lower than ISSF standards? This is why we can legitimately claim to produce the "world's greenest stainless steel. This performance is the combination of two factors: our Brazilian Blast Furnaces that substitute metallurgical coke with a charcoal produced from our FSC-certified forestry and our European EAFs that recycles a very high rate of scrap. In fact, being 100% recyclable, fit for all usages and maintenance-free, Aperam's stainless steel is a sustainable material of excellence. Building on this momentum, this year we continued our efforts to further reduce our environmental impact, as can be seen in our reduction of dust emissions.

**> Finally, on the governance side**, Aperam simply aims to exemplify best practices. In our dealings with all our stakeholders and in-line with our values, we show respect, benevolence and transparency. As a responsible company, we are keen to arrange regular engagement, build trust and cooperate on mutually profitable solutions. This means listening to our customers in order to understand and anticipate their needs and strive for the best solutions. In 2017, we also focused on improving the depth and agility of our interactions with our stakeholders, which you can learn more about in the following pages.

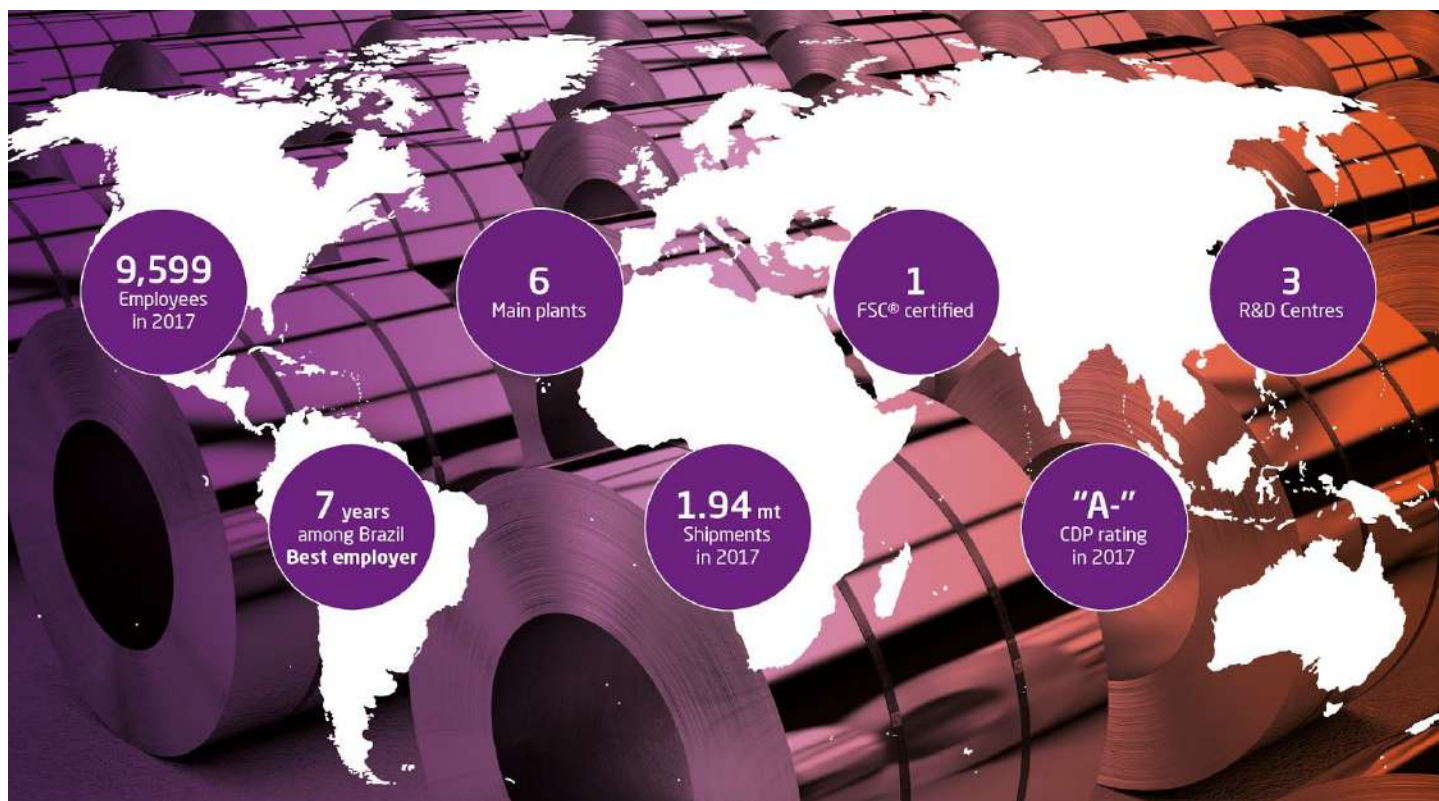
When I look back at our achievements, I clearly see that our success is built upon the kind of passion and innovation that is only possible when your employees are happy to work for your company and fully share in its values. This makes me very proud. So let's continue- and even accelerate - this trend in 2018!

Sincerely,



<sup>1</sup> 2.87 as per ISSF June 2017 report, most recent data for 2016

# Company profile



**Aperam is a public limited company listed on the Luxembourg stock exchange and on Euronext Amsterdam, Brussels and Paris**

## > 6 main plants

### >> 4 melting shops:

Timóteo (Brazil), Châtelet and Genk (Belgium), Imphy (France)

### >> 5 main cold rolling sites:

Timóteo (Brazil), Genk (Belgium), Gueugnon, Isbergues and Imphy (France)

**> 1 FSC®-certified BioEnergia** eucalyptus plantations and charcoal production facility (Brazil)

## Aperam Global Performance G4-EC1

USD millions unless otherwise stated <sup>(2)</sup>	2017	2016	2015	2014
<b>Shipments (mt)</b>	<b>1.94</b>	1.92	1.89	1.81
<b>Revenues</b>	<b>5,075</b>	4,302	4,739	5,485
Operating costs <sup>(3)</sup>	<b>3,819</b>	3,213	3,655	4,259
Employee wages & benefits	<b>599</b>	556	555	681
Payments to providers of capital <sup>(4)</sup>	<b>129</b>	107	26	65
Payments to government	<b>64</b>	60	70	67
Community investments	<b>1.0</b>	0.5	1.0	1.0
<b>EBITDA</b>	<b>619</b>	492	501	547
Economic value retained	<b>463</b>	366	439	393
Direct economic value generated	<b>5,075</b>	4,302	4,739	5,485
<b>Economic value distributed</b>	<b>4,612</b>	3,937	4,300	5,092

<sup>(2)</sup> Differences between "Global Aperam" and the sum of the different regions and segments (next page) are due to all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with inter segment eliminations and/or non-operational items that are not segmented.

<sup>(3)</sup> Operating costs include R&D costs of USD 20 millions for Aperam Group.

<sup>(4)</sup> Payments to providers of capital = Net Cash Interest and dividends paid to capital providers during the year, in line with amount of interest paid (net) of USD 8 millions and USD 10 millions and dividends paid of USD 121 millions and USD 97 millions stated in the cash flow statement of the 2017 and 2016 Annual Reports, respectively. In 2015 and 2014, payments to providers of capital only related to net cash interests as there was no dividend paid.

## Our multiple markets and applications



## Aperam Performance by Division G4-EC1

			Stainless & Electrical Steel		Services & Solutions	Alloys & Specialties
Aspect	Indicator	Unit	Europe: Genk, Châtelet, Gueugnon, Isbergues & Recyco, Precision	South America: Timóteo, BioEnergia	Worldwide: - 14 service centers - 6 transformation units - 16 sales offices	Worldwide Imphy, Amilly, Rescal Imhua (PRC), Indore -ICS (IN)
People	Own Staff (End of Period)*	FTE	3,213	3,335	1,778	1,204
Shipments	Steel shipments	kt	1,253	629	818	33
Economic Contribution	Revenues	million of USD	3,169	1,044	2,284	511
	Employee Wages & Benefits		307	101	105	70
	Payments to Providers of Capital <sup>(4)</sup>		-51	0	38	34
	Community Investments		0.0	1.0	0.0	0.0
	Payments to Government		35	7	13	6
	EBITDA		395	123	78	52
	Economic Value Distributed		2,682	923	2,251	493
Site Management System Certification	OHSAS 18001	% of sites	100	100	90	100
	ISO 14001		100	100	50 (excl. Sales offices)	100 (excl. Imhua)
	ISO 9001		100 (excl. Recyco)	100 (excl. Bio Energia)	95 (excl. Sales offices)	100 (excl. Imhua & indore)
	ISO 50001		60 (excl. Recyco)	0	15	0
	ISO TS 16949 / Others	% / total	80 / 0 (excl. Recyco)	100 (TIM) / FSC® CoC & M (BioE)	25 / 0	60 / 1 site ISO 26000 3 sites EN 9100

\* Gap between total workforce and workforce by division corresponds to Headquarters.



# Sustainability Strategy

Our sustainability strategy plays a key role in helping us realise our business ambitions:

> At Aperam, Safety always comes first. On the Social side, we rely on our People to transform this company from a traditional industry into a connected, agile and innovative organisation. For this, we need highly engaged, dynamic and inventive employees, and we are committed to making every effort to support the growth of our employees.

> On the Environmental side, we are not content to simply comply with regulations, we aim to exceed them. For example, our 2020 targets (-35% CO<sub>2</sub> intensity vs. 2008; -10% energy intensity vs 2012; -5% water consumption and -12% dust intensity, both vs. 2015) demonstrate our commitment to continuous improvement.

> Regarding Governance, our high ethical standards can be seen in our strict corporate governance rules and our structured compliance programme. Our relations with key stakeholders are based on transparency and respect. With customers, we aim to pre-empt needs and act as a partner. And we regularly engage with suppliers and communities to address concerns in a responsible way.



While continuing with the efforts we initiated from day one, we have also added new actions and refined our strategy.

## **Sustainability Strategy and governance in 2017**

The organisation, set up in 2015, remains valid and is comprised of:

- Members of the Board of Directors: in charge of the overall management of the Company. They decide on the direction taken based on proposals from the Leadership Team (LT), a group of nine senior executives headed by Mr. Timoteo Di Maulo, the Company's CEO. The Board of Directors has two committees, including the Audit and Risk Management Committee, which reviews are covering compliance and other sustainability topics on a quarterly basis.
- CEO: responsible for Aperam's sustainability performance and compliance.
- CHRO, Head of Communication and Sustainability: responsible for defining the Sustainability Strategy via discussions with and monitoring by our specific Environment, Social and Governance (ESG) Committee.
- ESG Committee : meets regularly to monitor progress, propose new work streams and lead validated projects, either in full committee or by dedicated sub-committees per topic.
- LT reviews: quarterly meetings are now held to ensure the involvement of the entire organisation and both support and challenge the ESG committee in their projects.

For environmental-related areas based on clear targets for 2020, in 2017 we started a working group. The group, in coordination with the responsible plant(s), is in charge of defining the best way forward and proposing viable directions for 2030. Although their work remains ongoing, some priorities have already been identified. For these, the working group is focused on phasing and assessing the costs of the necessary project steps.

## **First recognitions - but progress continues!**

Although we believe we can still improve, in particular regarding the overall awareness level of the Aperam brand, in 2017 we saw significant progress. For example, our Company is now ranked by many external analysts as being amongst the most sustainable players in our sector. This was reflected in the positive ratings from ESG analysts and various benchmarks (see p. 38). However, it is important to note that these rankings are not heavily factored into our customers' selection criteria.

Moving forward, we expect to see even more results as the Company further incorporates our sustainability roadmap into everyday decisions. To get there, awareness-raising actions will be accentuated. More importantly, to ensure alignment and prioritisation, in 2018 we will be implementing company-wide objectives across the organisation. To support these objectives, the first chapter of our CEO's personal objectives, which are to be echoed at all levels of the organisation, is entitled "Health & Safety and Sustainability" and encompasses topics clearly labelled as "Health" and "Sustainable industry with long-term Environment and Energy focus". It also includes business ethics labelled "Compliance and reputation". In addition, other standard sustainability topics like diversity (with a clear focus on gender) are also included as top priorities for the Group. This ensures alignment across the Company and clear progress during the course of 2018.

## **Working and reporting on the right topics**

Since 2013, we have used GRI4 standard principles (Global Reporting Initiative's sustainability reporting guidelines) to define our most material sustainability issues and the impact they have. The materiality of an issue is based on its potential impact on

both our business and our stakeholders. This assessment, based on a 4-level scale ranging from minor to critical, is regularly reviewed and updated:

- 2013 and 2014: defined the materiality matrix based on stakeholder input gathered at our six major sites.
- 2015: updated matrix based on a survey of Aperam's closest stakeholders - our employees.
- 2016: resumed the matrix update while expanding its scope. Thanks to the 11 matrices defined by the major sites from all our segments, we covered 85% of our global workforce.
- 2017: continued with our methodology to focus every-other-year on one specific stakeholder group.

In 2017, we also set up specific meetings to engage with local authorities at each of our main sites. This series of meetings were an opportunity to explain our strategy in detail, present short term action plans on stakeholder engagement at the local level and evaluate each of the material aspects of our GRI matrix in face-to-face meetings. Of course, our units' management regularly meets these key local leaders, but these meetings usually focus on hot topics, emergencies and other specific subjects. These matrix reviews were a time for a systematic assessment, with all the topics rated, even those that never raise the attention of the authorities because they are perfectly handled by Aperam.

■ This exercise allowed us to confirm and refine our vision, while adding a handful of topics seen as salient by these officials: "Urban Integration", "Industrial Security" and "Noise".

➤ The first of these topics, "Urban integration" was not previously on our radar, but it is clearly an area where our sites have a responsibility.

➤ The second topic, "Industrial Security", was already covered in previous reports, within the "Pollution prevention" chapter. Here we



described the protocols in place to ensure quick reactions in case of accidental pollutions. It is obviously clearer to distinguish these topics from matters of intrusions, such as European anti-terrorism efforts, which are covered by National programmes. “Pollution prevention and remediation”, on the other hand can deal with awareness, installations like retention basins or regular simulation exercises. Going forward, we will make sure to address the two topics.

> Although “Noise” was a topic tackled in view of our environmental permits, it was not identified among the most material. However, last year, with three Service Centres adding their input to the analysis, Noise and Traffic gained in importance in our matrix. At the specific request of representatives from Local Authorities, this year we added it.

Apart from these particular items, the key takeaway of this thorough review

with officials from the Local Authorities is that there is no need to revise our full matrix. Instead, in the table below, we have highlighted the key topics, the priority list derived from this particular stakeholder group with whom we have engaged this year, as well as the add-ins that they requested.

For full details of our final 2017 consolidated matrix and its variations, see our online methodology appendices.

Material Aspect 2017	Category	Ranking / feedback as per Local Authorities'	Page	Comment
Occupational Safety	People	#3	11-13	
Sustainably Profitable	Governance	#1 in the meaning of “Sustainable industrial presence”	38-40	+ Annual Report
(Occupational) Health	People	#7 with Health in general (not only occupational)	13-14	
Legal & Fiscal Compliance	Governance	Important only when the name of the City can be mixed	42-43	+ Annual Report (esp. p.38)
Customer Satisfaction	Governance		47-50	
Air & Dust Emissions	Environment	#2 with focus on “Inconvenient dust falls”	30-31	
Pollution Prevention >> Industrial Security	Environment	#6 with a distinct sub-topic: “Industrial Security” (new topic but already covered in previous reports)	34-35	Including Awareness-raising actions
Competencies & Employability	People	#14	16-20	
Employee Engagement	People		15	
Product Innovation	Environment		41	With Customer satisfaction
Energy Consumption	Environment		26-29	
Social Dialogue	People	#15, especially if strikes can block the city centre	40	Here in Governance
Fair Business Practices	Governance	#12	46-47	With Compliance
Anti-Dumping	Governance		47	+ Annual Report p.23-24
Waste/Recycling	Environment		33	
Cash, Debt & Financing	Governance		n/a	+ Annual Report (esp. p.44-51)
Raw Material Consumption	Environment		33	Within Waste/Recycling
Diversity & Equal Opportunity	People	#10	22-23	+ Annual Report p.62
Supplier Labor Practices	People		41	
Attracting talents to the industry	People	People	23-24	New item 2016
Water Consumption >> Water Quality	Environment	#5 with a complementary focus on water discharge quality, together with consumption level	32	
Community Engagement	Governance	#8, distinct from “Philanthropy & CSR”, ranked #21	43-46	
Urban integration <sup>NEW</sup>	Governance	#4 in Local authorities' perspective - new topic added, to be assessed in 2018 from Aperam's view	44	Add-in 2017
Transport emissions	Environment	#13 from Local Authorities' - present in Aperam matrix but lower in terms of priority.	36	
Noise	Environment	Not rated by all the officials met, but very consistently rated as quite important.	37	Add-in 2017

## Alignment on the United Nations' Sustainable Development Goals

Our strategy is fully in line with several of the United Nations' Sustainable Development Goals ('SDG'). We believe that we can legitimately state our full support of the goals listed below for two key reasons.

First, our management approach is based on the very principles that many of these goals are founded on. Hence, it is only natural that we support these principles when they are enacted as a global programme.

The second reason we adhere (more actively) to some of these Developments Goals is that often the inherent properties of our products can really serve the cause. As a

matter of fact, it is meaningful for Aperam employees to work in a company that brings products that are "socially useful" and can help solve some of the challenges of Sustainable Development. And so we consider ourselves supporters of these causes.

Below we discuss how and why our daily process and/or products contribute to each SDG.

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### Aperam supports the United Nations' Sustainable Development Goals



> **Product:** Stainless steel is a hygienic material by excellence[1], as it is easy to clean and disinfect. Stainless steel is also totally inert, meaning it does not impair the organoleptic properties (taste, colour and smell) of food or alter its chemical composition. Because of these properties, it is used in a wide range of food applications (cutlery, tableware, sinks, the food industry), and medical applications (hospital material, surgery and dental tools).

> **Process:** In an industry where heat, hazardous substances and the size of installations create risks of all sorts, Health & Safety is Aperam's primary concern and the priority in all our proceedings. For all these reasons, we heartily support SDG 3 - see p. 11-14.



> **Product:** N/A

> **Process:** Achieving a gender balance has been a historical challenge for the Steel industry, where physical strength and endurance were once a requisite. Although these times are long gone, the stereotypes still exist. This topic is

ranked high in our priority list as from 2017, and has received a special commitment from management, who decided to set up specific objectives for creating more gender balance in our workforce - see p. 23-23.



> **Product:** The inert nature of stainless, together with its cleanability, make it an ideal candidate for applications related to fresh water (incl. tanks and fountains, water boilers, sanitary piping systems, etc.) and water treatment (incl. sewerage, distillation, desalination).

Moreover, thanks to its immunity to aggressive media, stainless steel is a sustainable solution, allowing users to reduce leakage for long-lasting supply pipes and storage solutions. It also contributes to better management of the world's water resources.

> **Process:** In our forestry, located on hydric-stressed areas like our other plants, lowering water consumption and improving the quality of discharge are key elements of our Environmental strategy - see p. 32.



> **Product:** Among our affordable and highly conductive metals (Alloys, Electrical steels), some also offer magnetic properties. This has led to the development of clean energies through applications in fuel cells, wind turbines, etc. See p. 48.

> **Process:** More than 30% of Aperam's energy use comes from such renewables as biomass (charcoal) and, via pilot projects, wind and solar - see p. 28-29.



> **Product:** Our ubiquitous and robust products enable innovation and are able to overcome any challenge. New grades and surface finishes are used by our customers to create brand new looks in the automotive, building and construction, and power distribution

sectors - see how we address Innovation p. 48.

> **Process:** Research & Development and innovation are top priorities for Aperam. We also help our customers adapt their own processes (welding, stamping, etc.) to make the most of their tools. See p. 47-49.



> **Product:** Stainless steel not only gives a building's facades, stairs and lifts a decorative touch, it can be also found in road and pedestrian bridges. Its is commonly used in a structure's safety elements, such as handrails and banisters, as well as in the wires, cables

and tie rods of a suspension bridge. It is also recommended for deck and anchor elements, including those built in marine and polluted environments. Our metals also contribute to energy-efficient, low emission transportation (subway and rail cars, catalytic exhausts, electric cars), which helps make our cities more sustainable and breathable - see p. 48.

> **Process:** Aperam is committed to a sustainable cohabitation with our neighbouring communities, allowing host cities to thrive and addressing inhabitants' legitimate requests - see the entire report.



> **Product:** Stainless steel is the "green material" par excellence and is infinitely recyclable. Within the construction sector, its actual recovery rate is close to 100%. Stainless steel's longevity fulfills the requirements of sustainable construction. A suitable choice in terms

of grade, surface finish, installation and maintenance guarantees the user unrivalled service life. Construction components in stainless steel are delivered ready to install on site, reducing local pollution (noise, dust, etc.). Furthermore, during demolition, these can be salvaged for re-use in recycling, adding value. See p. 47.

> **Process:** Aperam stands as a recycling champion: it integrates a maximum amount of recycled material (not only scraps) in its production and also takes good care to leverage wastes and by-products in line with our zero-waste target - see p. 33.



> **Product:** Due to our preeminent use of scrap and charcoal, Aperam reports an almost unrivalled CO<sub>2</sub> footprint for its metal, which helps manufacturers and end users reduce their own carbon footprint - see p. 47.

> **Process:** Our BioEnergia FSC-compliant forestry, which produces sustainable charcoal as a substitute to extractive coke, acts as a carbon sink. Our plants are constantly driving down their energy use to reduce consumption and participate in our climate action plan - see p. 26-28.



> **Product:** Our products do not contain conflict minerals and they are not sold in violation of any enacted economic sanctions.

> **Process:** Ethics are a key component to Aperam's values. We comply with all applicable regulations, interact transparently with authorities and support the fight against corruption, money laundering and anti-competitive practices - among others - see p. 41-42 and 47.





# Our People

The safety of our people is non-negotiable and always our top priority. When we protect each other, we build team spirit and promote proximity at the same time.

In 2017, we kicked-off an ambitious People Transformation plan built around 3 axes: Performance Management, Learning and Development, and Internal Mobility. At the heart of the plan, the launch of a new Leadership Style puts managers and employees back at the centre of their professional development (starting with the roll-out of a company wide Human Capital Management system: *MyHR*), with an increased emphasis on bottom-up innovation and diversity.

## Health & Safety

### Occupational safety

Looking at the table on the next page, one can see that our lost time injury frequency rate did not significantly improve in 2017. This is primarily due to a poor performance in Q3 after the Northern Hemisphere's Summer stoppages.

Although some progress were made on the total amount of incidents, the actual severity rate (0.11\* vs. 0.09 in 2016) is still a concern. Aperam cannot be satisfied as some employees were injured at work - and some of the reported accidents could have resulted in much more severe after-effects.

In this context, the Leadership Team decided to continue with the six-pillar strategy depicted in last year's report, which has not yet met its full potential.



> 1. In terms of “**Alignment**”, some of the actions consisted of building common standards and a unique catalogue for personal protection equipment (PPE). The organisation was also revised with the addition of a

monthly H&S committee at the LT level, as well as an operational restricted committee with a few members from Divisions to jointly make decision and roll out systematically.

> 2. “**Training**” remained a key attention point for Aperam. The SAFE training initiated last year continued to be deployed, with the aim of changing mindsets, stimulating excellence in behaviours, and further leveraging best practices in the industry and within Aperam.

In 2017, 35,000 hours of training, 20 trainers and 1,000 trainees were recorded - and the feedback was really positive (see aside), so we will not stop here...

> 3. As for “**Behaviours**”, another key action for the year was the CEO message sent out in September to all Aperam employees, engaging all to refuse the poor Q3 H&S results and instead renew their focus and commitment.

In 2018, we intend to go one big step further with the launch of a three-year programme to assess the maturity of workers through one-week site audits.

> 4. Based on incident analysis (each is analysed in detail with the root cause identified, often using videos to explain the circumstances of the incidents), significant progress was made on the “**Audit**” pillar in 2017.

### Voices from SAFE trainees

“Initially, when registering to the SAFE training, I thought ‘One week: it will seem an eternity!’ But that’s not how it feels at all.”

“It is a very well conceived and lively training, mixing theory, discussion and field audits. Also, the fact that the group of trainees gathers employees with various profiles, from operators to office workers, joiners or managers, helps share experience and create awareness.”

“Some people may fear this is just about repression, but this is really to put everyone on the same page. And it addresses professional risks as well as personal life’s gestures. It’s nice - and useful.”

“I will take it again - and I really recommend everyone to take it.”

Aperam Gueugnon’s  
**Amandine** (Scheduling) and  
**Laurent** (Maintenance)



**Picture: Saint-Elói celebrations in Châtelet's Hot Strip Mill (Belgium):**

*On December 1st, to refresh a tradition while ensuring a safe and friendly team-building moment compatible with production imperatives, the site arranged barbecues within the workshops to celebrate the patron saint of goldsmiths, miners and metalworkers. All day long, all teams were able to enjoy brochettes, soft drinks and chats during breaks.*

#### At a glance (G4-LA6)

Indicator	Unit	Target 2017	2017	2016	2015	2014	Page
<b>Employee</b>	FTE	n/a	<b>9,599</b>	9,558	9,522	9,424	Workforce p. 25
Joiners		n/a	<b>793</b>	674	834	n/a	p. 24
Women	% staff	n/a	<b>11.9</b>	11.9	11.8	12.2	Diversity p. 22.
	% exempts	n/a	<b>20.2</b>	20.4	20.3	n/a	
<b>Fatalities - All</b>	#	0	<b>0</b>	0	1	0	Safety p. 11-13 (and Responsibility in the Value Chain p41)
Fatalities - Employees		0	<b>0</b>	0	1	0	
Fatalities - Contractors		0	<b>0</b>	0	0	0	
<b>LTIFR - All</b>	/1,000,000 hours	1	<b>1.42*</b>	1.46*	0.98	1.10	
LTIFR - Employees		1	<b>1.27</b>	1.60	1.03	1.24	
LTIFR - Contractors		Below 1	<b>1.75</b>	1.10	0.87	0.82	
<b>Absenteeism</b>	%	2.0	<b>2.19</b>	2.19	2.26	2.03	p. 40
<b>Employee Satisfaction</b>		n/a	<b>81</b>	n/a <sup>(1)</sup>	71 <sup>(2)</sup>	n/a <sup>(1)</sup>	p. 15
<b>Training hours</b>	hours/FTE	n/a	<b>34</b>	36	33	n/a	p. 20

\*Data highlighted with a star have received external assurance. (1) No Aperam-wide survey (2) Aperam-wide, Exempts only.



Work consisted of technical audits of key installations to identify remaining risks and develop action plans accordingly.

> 5. Amongst our “**Communications**” actions was a series of pop-ups that automatically ‘popped-up’ when logging on to a computer. Run over a 12 week period, the pop-ups showed employees sharing their personal reasons, in their own words, for making Health & Safety the undisputed priority at work. This new company-wide campaign was very well received, discussed among teams and supported by local actions.

> 6. For “**Technical Excellence**”, several topics are under way and will come to a conclusion in 2018. Among these is a modern reporting tool, as well as digital learning modules based on gamification.

With this extensive, multi-facet programme, 2017 can be seen as a year of turn-around, although some progress was noted toward the end of the year, and all efforts are being made to sustain this trend.



Our Chinese staff illustrating “One Aperam” Health & Safety logo.

For an example of the type of actions happening across our various units, we can look at a company-wide programme on motion and walkways. In most of our sites, more than half of the incidents reported involve motion and walkways, so special care was taken in 2017 to better mark pedestrian ways and ensure the rules were all respected.

In Châtelet, new posters (see aside) were arranged all over the site to keep safety principles front and centre and ensure risks are not disregarded when it comes to simple gestures like walking.

#### SAFE Training

**35,000 hours** of training

**20 trainers**

**1,000 trainees**

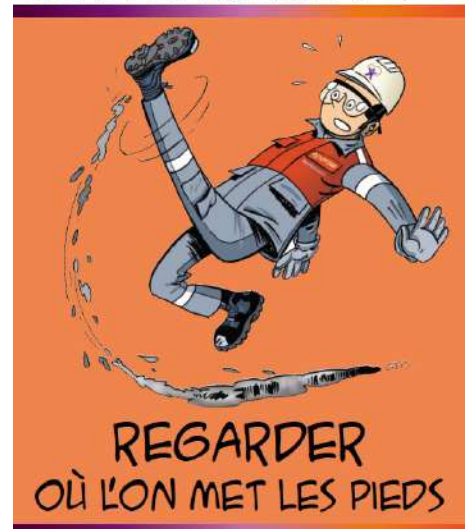
With Safety being a topic embraced by the entire company, from shop-floor to management, 31 executives from Germany and Austria asked themselves :

“Do you always take your responsibility seriously? What can YOU do before it is too late?” and, as to safety and third parties, “How to deal with temporary workers or with customers that have low safety standards?”

The discussions listed the causes for insecure behaviors: time pressure, false role models, self-satisfaction, wrong priorities, underestimation of risks, lack of knowledge... or lack of courage.

At the end of this workshop, all participants agreed that each of us is responsible for the life safety and the health of their colleagues during all company activities. We all have an important role to play, through communication and hazard identification... we have to act before it is too late.

**SÉCURITÉ...  
JE M'ENGAGE !**



Aperam Châtelet posters

#### 2017 Health & Safety awards

On page 32 of last year's Sustainability Report we highlighted the work done by Aperam Genk to reduce accidents and improve controls and safety in transport fleets, with very significant results and some carriers banned.

Since then, this programme won the second prize at our annual International Stainless Steel Forum, thanks to its multifaceted approach and engagement with all parties involved. As ISSF commented: "This is a timely reminder that our safety programmes are not confined only to the plants, but extend outwards along the routes taken by our transport."



#### Health and wellbeing

Although there is no formal group Health roadmap at Aperam, nonetheless it is a key objective for 2018. As a matter of fact, building a programme at Group level, providing clear orientations and increasing employee awareness is among the personal objectives of our Leadership Team members for the year. We expect to formally add the missing roadmap by end of this year.



In the meantime, as has always been the case, actions at our sites range from strong medical preventive programmes up to regular articles in newsletters. A number of units have organised several specific campaigns, which can have a great impact in terms of buy-in and awareness, as well as in terms of team building. The events at small sites like Turkey (55 employees) or Iberica (63 employees), which conducted a range of outdoor activities, illustrate this perfectly.

This year, we would like to highlight two action plans and give some news about the French “QVT” programme.

■ This year in Timoteo facility was launched the “Sou +” health initiative (with + representing healthier, safer and more sustainable). Starting in June, the site launched its own Health Promotion Centre, which is dedicated to employees and their families and covers all topics, free of charge, from pregnancy to disease prevention. During pregnancy, families can count on the “Pregnant Couple” course, where the health centre team provides helpful information about pregnancy, birth and infant care, along with proposing the ‘being parents’ exchange sessions between different couples.

As of December 2017, 8,992 medical checks and 3,645 odontological visits were registered, reaching 91% of the centre’s occupational yield - and figures continue to grow quickly.



*The new Health Promotion Centre in Timoteo*

■ At Campinas S&S site, the goal is to provide the customer with the best polished stainless steel. Since 2011, this has been done via a 20 kt capacity polishing machine. However, this useful machine does come with drawbacks.

Even if perfectly compliant with local regulations, the system was generating some dust, which was impacting the working conditions of the employees operating in the area close to the machine. In addition, the design of the system could not guarantee the absence of sparks. To improve both point, a specific investment was validated in 2017. The first improvement was to install a robust spark identification system, together with a waterjet system to extinguish any sparks. The second improvement involved a revamping of the aspiration system by changing the pipes’ diameter and the filters. Thanks to these actions, and after the air quality was measured and validated by the health team, the use of the dust masks were no longer needed. This tremendously improved the employees’ working conditions while keeping all precautions regarding their health.

■ In France, a specific collective agreement has been in force since 2015. In 2017, the implementation of the “Qualité de Vie au Travail” programme (QVT) focused on promoting quality of life at work. It did this through various actions.

The site-specific committees, comprised of representatives from Health & Safety, Human Resources, Management and the Unions, met regularly to analyse collective issues, determine priorities and built their own action plan, in addition to nationwide actions. For instance, some sites opted for complementary training on specific topics (eg. stress management) or to focus more on ergonomics to decrease work-related pain, etc.

In the course of 2017, 200 managers have been trained, which strengthened the general awareness of the stakeholders about the QVT. Furthermore, the outcome of the climate survey shared with each QVT committee allowed them to tailor their action plans accordingly. In addition, all the discussion sessions between management and team members were an opportunity to share opinions and difficulties related to well-being at work.

Among the to-dos for 2018 will be the renegotiation of the regulatory national agreements, in particular regarding “painfulness at work”. But this will be covered in our 2018 report.



*Aperam Turkey’s event on Health & Safety, including families.*

## A highly competent and engaged workforce

### Engagement

Aperam's workforce is made of 9,599 full-time employees, of which 10% are exempts and over 98% permanent as of Dec. 2017- see table p. 25 (G4-10).

### Getting our people's opinion

We firmly believe that having a highly engaged workforce is one of the most important contributors to the company's results. This is why, in January 2017, Aperam launched its first anonymous All-Employee Engagement survey, which recorded a 63% response rate and an overall Sustainable Engagement score of 81%. This score combines three dimensions measuring if our employees are Energized (81%), Engaged within Aperam (84%) and Enabled to perform their work (79%). To reach a thorough understanding of the results, Aperam built the survey to allow for a drill down from the consolidated global level down to the site level. In addition, we also benchmarked our responses with other international heavy manufacturing companies.



In the end, this survey confirmed some key Aperam strengths, including good scores overall on engagement. In particular, the figures show a strong global alignment on Safety as our N°1 priority (84% of answers) and on Aperam's strategy (83%), and highlighted among our assets the sense of responsibility (93%) and pride in the Company's products (91%).

Compared to other industrial groups, there is an even stronger emotional connection to Aperam, with 84% of employees willing to recommend our

company as a good place to work - which is six points above the Industrial norm!

Among the identified areas of improvement underlined by respondents was some lack of focus on diversity and the need for enhanced communications, as well as weaknesses in the recognition of achievements and the visibility of development opportunities.

### Employee Survey 2017

**91% are proud** of our products

**84% recommend** Aperam as a good place to work



### Committing to improve

Further to this analysis, the following commitments were made, with the aim of taking our employees' commitment to next level:

> **1-** Exchange on the proposed action plans at local level, so that every site and/or manager (reaching the minimum in term of size of teams to ensure anonymity) was able to analyse the results and organise collective sessions at the site level to show all figures, discuss the proposed action plan and get oral feedback.

> **2-** Improve existing communication channels and re-conduct this survey regularly. On this last point, we currently plan to organise a repeat survey every-other-year at minimum, with the next iteration taking place

before the end of 2018. Regarding other communication channels, it was decided to increase the frequency of communications and diversify the channels, using more videos (with subtitles!) to broadcast key messages within the Company. One example is the video used to clarify the new Aperam competencies released at the end of 2017. Other examples are the posters used to announce the survey results.

> **3-** Promote opportunities and internal mobility via a specific website. By the end of 2017, this website was already up and running (see next page) with all vacancies published internally before going external. This was open to exempt in a first pilot phase in July and then extended in September to the entire population. A large communication campaign supported the action, with the publication of posters with QR codes and the regular e-mailing of newsletters dedicated to Careers at Aperam. Initial results are already in and include a couple of successful internal mobilities set up.

> **4-** Increase our focus on Learning and Development as the key competencies of the future. We are convinced that the rapid evolution of technology, and the trend towards digitalization in particular, offers tremendous potential for our company.

To benefit from this potential, we must be able to pair our investments in technology with investments in the development of new competencies with our people. A Learning & Development roadmap has been developed towards the end of 2017 and will be rolled-out in the course of 2018 and beyond. The key elements of this roadmap are detailed below.

> **5-** Focus on Recognition. What is clearly a strong point in Brazil, perhaps partially because of cultural differences, remains a developing point in Europe. We can do a better job at using non-financial recognition to motivate our people and further increase their engagement. Rather

than opting for the roll-out of a company-wide employee recognition programme, we decided to focus on the role of the first line manager. This topic will be addressed as part of the 2018 roll-out of a company-wide leadership curriculum built around Aperam's eight core leadership competencies (see right), of which "Leader as a Coach" is a pivotal one. In addition to their role in organising the work, we expect our leaders to act as coaches for the development and engagement of our people.

### Aperam Leadership Style

- > ACCOUNTABLE
- > FASTER IN EXECUTION
- > CONNECTED
- > AWARE OF THE ENVIRONMENT
- > ABLE TO TRANSFORM BY LEARNING
- > INFLUENCING
- > LEADER AS A COACH
- > CREATIVE & INNOVATIVE THINKING

### People Transformation

How we manage our Human Capital is a critical factor that will determine the success of Aperam's transformation. We are convinced that the only way to become a Sustainable, Safe and Profitable company is through the realisation of our People Transformation Programme.

In 2017, we launched two fundamental elements of this programme: a new leadership style built around eight core competencies that are critical to our transformation and a new company-wide Human Capital Management system, branded MyHR, that puts the manager and the employee at the centre, when it comes to developing their competencies and career within Aperam.

The development of the new MyHR system started during the second half of 2017, with an official launch of the first modules to all exempts in January 2018. The MyHR system consists of the following modules: Core Data and

Reporting, Performance and Goals, Compensation, and Benefits, My Profile (competencies, experience and career aspirations) and Learning Management (LMS). As of 2018, all modules will gradually become available to all employees in the company.

*Video of CEO and CHRO explaining the Aperam People Transformation programme to all exempts.*



### The Aperam Leadership Style

In November 2017, we launched the new **Aperam Leadership Style**, a set of core behavioural competencies that we believe are fundamental to realising our transformation. Personal accountability forms the basis for the new behaviours that we want to develop, and the focus on Learning and Coaching skills ensures we put a stronger focus on the development of our people throughout the company. These eight new competencies are the first to be rolled-out to all Aperam exempts and will guide our evaluation of candidates for new positions and promotions. They will also help us to structure the development of our exempts. In 2018 we plan to launch a 360 degree assessment of all our top 100 managers and implement a leadership development curriculum built around these key competencies. By focusing on top management first, we intend to further disperse the new leadership style throughout the company.

As **coaching and mentorship** will be key instruments in the development of the new leadership style, we kicked the coaching and mentorship programmes off starting with senior management. A number of external certified coaches were assigned to selected senior managers.

On top of this, each member of Aperam's Executive Committee, our Leadership Team, decided to coach a talented senior manager that is not part of their organisation.

### Voices

#### Bert Lyssens, CHRO

*“ How we manage our Human Capital is a critical factor that will determine the success of Aperam's transformation.*

*This is why we are committed to delivering our Aperam People Transformation and to constantly measure our progress via the All Employee Engagement Survey that was organised for the first time in 2017. It was this survey that helped us to prioritise our actions: revisit our performance management, focus on internal career opportunities through the new Career Portal and increase our focus on Learning and Development to unlock our full people potential. ”*



## Performance Management

In the second half of 2017, the Aperam Leadership Team took up the challenge to redesign its Performance Management for exempts. After several brainstorming sessions and benchmarking with market best practices, it was decided to redesign the process based on the following principles:

- a) a stronger alignment between individual and organisational goals through the publication of organisational goals at the start of the Performance Management cycle. Individual employees are then invited to align their individual goals with the pre-defined organisational goals.
- b) more focus on continuous feedback
- c) focus on peer feedback so that employees are evaluated based on the feedback of their manager, other managers and the employees they regularly cooperate with.
- d) increased transparency, allowing managers to share their personal goals
- e) better follow-up by real-time status reporting on process completion

### 2017 Annual Performance reviews

Training	2017	2016	2015	2014
Blue Collars	68%	71%	65%	n/a
White Collars	84%	90%	85%	87%
Exempts	99%	95%	96%	95%
<b>Aperam</b>	<b>75%</b>	<b>77%</b>	<b>73%</b>	<b>n/a</b>

In 2017, our overall performance review rate was 75% (GR-LA11, see table above). We report an improvement for exempts and slight deteriorations for the other categories of employees. However, this global statement needs to be put into perspective by looking at the results reported by units. For instance, in Timoteo, over 99% of the some 1,500 workers get an annual performance review, whereas some smaller sites have no documented process in place.

Thanks to the deployment of the Performance and Goals module in the global MyHR system, we will now have the opportunity to gradually

extend the new process to non-exempts in the years to come. This will ensure a better alignment of performance management across the entire company and increased transparency on process completion (real time status reporting).

■ The new Human Capital Management System (MyHR), which was deployed in the second half of 2017, has already rolled out the modules related to Performance Management and Compensations & Benefits.

This means we are now able to embed our new vision and our revised set of competences into one company-wide tool, enabling us to cascade objectives from the CEO level down to the different teams. This creates a strong alignment around the same goals, starting with our prime objectives on Sustainable Development and Health & Safety. It will organise a fully transparent appraisal process, with strict workflows to ensure that the necessary discussions have been effectively held with the N+1. To fully leverage the benefits of our organisation, more people are combining local responsibilities with transversal roles, or sharing their time between one main role and participating in a project. To account for this, the new system can look at both matricial and functional relationships. In addition, it provides the possibility to enrich the performance analysis with feedback from 'internal customers', peers or functional managers. Finally, the new system will also link the yearly performance review with the personal development strategy that each employee defines for him or herself, resulting in a solid career path.

Overall, this new system will facilitate the deployment of the competencies that are at the heart of Aperam's transformation. More functionalities, especially related to Learning and Career Management, will be added in the course of 2018.



Poster highlighting the new career portal.

## Internal Mobility

Increasing internal job mobility is a key element in our People Transformation programme as it will increase the versatility and adaptability of our people. In July 2017 we launched a new Global Internal Mobility policy stating that all vacancies need to be published internally and employees are free to apply for internal vacancies (providing they have completed a minimum of two years in their current role). The transition to the new role should not take more than 3 months (with exceptions to be approved by Human Resources).

The new internal mobility policy was accompanied by the launch of the new Aperam Career Portal which was opened to all employees worldwide in September 2017. The career portal contains an overview of all vacancies, testimonials and frequently asked questions. Regular newsletters remind employees of new vacancies that are published on the portal.

■ For some examples of the development path that we love to see and accompany within our teams, read the four inserts focus on Lionel, Francisco, Jane and Sofie. They personify the commitment and learning ability that we wish to promote.



Our Gueugnon Site in Burgundy (France), with the new RB8 tower.

### Lionel's career tips

- **Keep learning:** this is essential to adding to our field experience.
- **Take advice** from a coach, his/her vast experience helps to go further and faster while avoiding mistakes.
- **Put your heart and soul into what you do!** Results do not come without effort, but with work and perseverance, we can achieve whatever we want!

### Career path: Lionel at Gueugnon



In 1980, Lionel started at the Gueugnon site's Training Centre as an electromechanic, before being hired as a finishing operator. By 1994, he had become finishing team leader, and continued to develop through different roles in Continuous Improvement held at the Long Slitting Workshop later in the 2000's. Next, he participated in a project dedicated to performance improvement ("a very rich experience," he stresses). Supported by the Gueugnon management team

and driven by his willingness to progress, he attended a two-year master program at EM Lyon (2011-2013). At the same time, he was named Head of Slitting, and in 2015, he became the Manager of the Finishing & Skin Pass Workshop, where he led the 200-people operation. Still, Lionel was not finished with his professional advancement. In April 2017, he left the operational side to start working as the site's Deputy Head of Human Resources.

*"Since the beginning, I decided to develop and go further in my career. I put all my efforts into that. But my career path is also linked to the fact that I do love problem-solving and dealing with people. This really corresponds to my personal interest, travelling and meeting people around the world, which allowed me to see how cultural diversity and riches can be fruitful to an organisation. This really consolidated my motivation.*

*Today, my new job is an amazing change as it gives me the opportunity to think from another perspective, without the urgency of a production line. Now, in order to start the week on a positive note with my team, we start every Monday with a debriefing about the success of the past week, then we go through the points still pending in a better mood, while always promoting exchanges within the team!"*

## Learning and Development

Learning and Development is a key component to Aperam's People strategy and it is the third axis of our People Transformation Programme. The transformation we want to accomplish requires everyone to shift to a new operating mode - one that is agile and better connected. This is true for everyone, from shop floor workers that will work in a more automated and data-driven environment to managers who are expected to act as agents of change. Furthermore, the results of our Employee Engagement survey confirm that personal development and future career perspective are at the heart of people's concerns.

### Our new Learning and Development roadmap

Aperam wants to evolve into a company where continuous learning is part of our culture. Learning is much

broader than training, as it involves all forms of learning, including on-the-job learning accompanied by mentorship. While formal training is expected to evolve more towards digital learning, on-the-job learning will be structured by coaching and mentorship provided by the manager.

Learning by doing can also be done in a safe, online and virtual environment. In 2017, we rolled out a game-based learning platform that prepares our sales team for the challenges of a more e-business driven environment. Two more gamification platforms are set to be rolled-out in 2018 and will focus on Health & Safety and bottom-up Innovation.

Our core learning process is built around five key roles:

1. the employee, at the centre, who takes accountability for his or her development;
2. the manager, acting as coach and providing open feedback on the

employees' competencies and development priorities;

3. the Human Resources Learning & Development organisation, focused on implementing a modern learning infrastructure that links development curricula to competencies;

4. business leadership teams, defining a strategic workforce and competency planning for the years to come; and

5. Learning Academies that provide functional knowledge and learning content.

As part of our Learning Strategy, we have decided to focus on the roll out of the following six Learning Academies:

- Maintenance Academy, IT Academy, Automation Academy (all three started in 2017),
- Project Management Academy, Leadership Academy, and Safety Academy (all three to be started in 2018).

## Learning

# embed in culture

70% internal training

6 Academies

34 h/FTE average 2017

### 2017: transitioning to a more global and integrated approach to Learning

Although our largest countries (Brazil, France and Belgium) have local learning management systems in place, we plan to consolidate this into a new global Learning Management System (LMS) that is fully integrated in the broader MyHR platform (see above) together with Competency Management, Learning and Career Development.

> The new global LMS will allow us to develop learning paths that correspond to the strategic competencies needed for each organisational function. It will consolidate all learning content, including generic material purchased externally, material developed in-house by internal experts. In 2017, only a minority (estim. 5% ) of the training hours were followed via e-learning modes, which proves that we have a huge unlocked potential to further increase our training coverage and efficiency.

To address this need, tools have been selected to build in-house online learning content, the first of which was rolled-out with the launch of the new MyHR platform.

Finally, globally consolidated reports will provide us with an overview of competency gaps and learning activities in a globally standardised format. This will enable us to steer our learning priorities and investments in the years to come.

As already indicated, on-the-job learning and coaching is being further strengthened in-line with our new leadership competency: "Leader as a coach".

In 2017, in-line with this ambition, 70% of recorded training hours were provided by internal employees (like for our SAFE programme or the induction sessions on the "World of Steel").

### Voices



**Marie-Pierre Duale,**  
Aperam Head of  
Learning &  
Development

*“ The evolution of technology offers us tremendous opportunities in the area of learning.*

*Our Learning and Development roadmap is built around this with an increased focus on digital learning, gamification and the roll-out of a company-wide Learning Management System as part of the broader roll-out of our new MyHR Human Capital Management system.*

*We used the roll-out of MyHR as a test case for this, starting with the first in-house created e-learning modules to teach employees and managers how to use the new system. ”*

### Our 2017 results in training

While preparing the roll-out of our new MyHR LMS in 2018, we still relied on a multitude of systems that provided rough data for 2017: see table on the next page.

Based on these estimates, we can note an increase in the number of

training hours at a global level, with significant increases in Belgium and France, compensating a decrease in Brazil; The last evolution was linked to cost containment measures in a difficult economic context.

Overall, we are satisfied that most of our training efforts are dedicated to our first priority, Safety: 55% of total recorded training hours. In addition, 26% of recorded hours relate to technical training, which is important in our ambition to achieve operational excellence.

In 2018, we expect to see these numbers reflecting a stronger focus on leadership (see above) and also going forward a continued increase of training related to technical competencies.

*On-the-job learning at Aperam in Europe*



### Career Acceleration Program

Since 2011, Aperam has implemented under the coordination of Human Resources a Career Acceleration Program (CAP) with the objective of using the Combined Assurance (Internal Audit) department as a training ground to develop future business leaders. This 2-year program focuses on ensuring young talents to gain a mastery of broad-based technical skills, familiarity with all business units, the ability to build networks across the company, and the professional and personal qualities needed to innovate and lead.

See Jane's testimonial p.25.



## 2017 Training follow-up

	2017		2016		2015		2014	
Country	Hours	Cost USD	Hours	Cost USD	Hours	Cost USD	Hours	Cost USD
Belgium	43,713	2,767.3	30,350	1,885.7	30,638	1,963.5	41,016	2,358.7
Brazil	176,243	850.8	191,148	823.3	186,788	868.4	193,984	1,232.9
France	78,122	988.1	71,123	974.0	56,481	979.7	55,384	1,173.1
Germany	5,576	104.1	3,395	108.0	2,965	94.2	1,880	112.8
Italy	6,203	54.2	3,575	47.9	3,831	39.9	4,579	47.8
RoW	19,168	249.5	16,780	304.4	16,500	234.5	17,812	280.8
<b>TOTAL</b>	<b>329,025</b>	<b>5,014.0</b>	<b>316,371</b>	<b>4,143.3</b>	<b>297,203</b>	<b>4,180.2</b>	<b>314,655</b>	<b>6,040.8</b>

Aperam consolidated. Total of external training hours and spent reported, without internal costs. (G4-LA9)



Training session on Leadership in Massalengo (Italy) in July 2017.

## Career path: Francisco at Châtelet

In 1997, at the age of 17, Francisco joined Aperam's Timoteo plant in Brazil as a trainee (SENAI) in the Cold Rolling Mill. He was then hired as an electromechanic-greaser, and later moved into several technician roles. After graduating as Mechanical Engineer (which he did by taking night courses over the course of four years), in 2009 he became Process Engineer at the Hot Rolling Mill and, later, Head of the Finishing Workshop. By 2016, Francisco was Head of Timoteo Hot Rolling Production and, when he graduated with a Master's in Business Master, Aperam granted him a 12 month specialisation course in Metallurgy.

With the aim of continuing to learn even after 20 years in Timoteo, in 2017 Francisco seized an opportunity to take part in a six month STA (Short-Term Assignment) and moved to Aperam Châtelet, in Belgium, with his wife and two kids.

*"When I was invited to stay in Châtelet at the end of the STA, we accepted with joy, glad to continue to live our dream, discover another culture and enrich our vision of the world. And even if starting a 'new life' in another country can be complicated, at first, I have been very well attended by attentive and benevolent people.*

*I believe that one of Aperam's main strengths is to give people the opportunity to grow and also to exchange with different cultures and experiences, extracting the best from its diversity.*

*Now, I am very proud to operate as Châtelet Head of Hot Rolling Production (which is two times bigger than Timoteo's) sharing day-to-day challenges and successes with a super positive team. Having started from operational functions enables me to better understand the context and level of difficulty of an operational problem - which sure helps when looking for solutions!"*

Châtelet Hot Strip Mill in action (below)



Francisco and his family (above)

### Francisco's career tips:

- Feel and act as the company's owner, not just selling eight hours of work a day for your entire life - you'll do a better job.
- You have to **love problems**. They happen every day and by solving them, we can go further and improve.
- Be available and **ready to help**.
- **Keep learning**: techniques, languages, soft skills, etc.





*Explaining our products and processes.*

## Site specific initiatives

In 2016, we reported in our report the initiative launched at S&S Brazil and Precision. Here are some news from them...

■ As we aim to spur innovation, our Precision unit at Pont de Roide has taken the lead and developed a complete programme where ideas are welcome. Here, people can share their ideas concerning three different topics: Safety, Progress and the site's "Emergence" plan.

The idea can be very simply shared via an online form, after which a monthly review is conducted by the site Management Committee. Once a suggestion is approved, it is then shared with a dedicated working group who, together with the originator of the idea, is charged with putting it in place. In 2017, an average of 50% of the some 260 suggested ideas were implemented, with Safety and Continuous Progress being the most popular topics. There were also three disruptive ideas for the "Emergence plan" that were implemented.

This shows why all ideas need to be prioritized according to their feasibility, the cost incurred and the time needed for implementation. Regardless of whether or not they need a design phase before execution, the necessary support team will be formed locally and the idea will be put in place.

And as icing on the cake, the "inventors" of the implemented ideas are also rewarded.

■ In our 2016 report, we also described a programme in Genk that looked at motivating employees to remain employed even when they are already entitled to their pension. In 2017, significant progress was made on this front.

Eighty-two blue collars workers, representing about 10% of the population, volunteered to participate in one of the six focus groups on "workable work and working longer". Each group included a mix of young and old people from different working areas and various shift systems. They were asked what they like - and don't like - about working for Aperam and what the company and they could do to keep them motivated until the end of their career.

Out of the 190 answers and 176 proposals received, the topics of Leadership and Communication, Working Tools, Workload, Work-life balance, Work systems and Training were the most often cited. Around these topics some actions are already taken, in consistency with our All Employee Engagement Survey takeaways, and other – short term as well as long term - actions will be developed in close collaboration with the social partners.

■ To take an example, Genk site took the time to elaborate on the topic of Leadership, which is also the core of Aperam's new competency framework (see above and in left-hand blue insert).

Indeed, in order to align and translate Aperam vision on leadership to the production environment, a competency framework was created explaining what "leadership competences" mean (and what they don't mean) for a line manager in the production environment. This leadership framework was the result of discussions within workshops consisting of five representative line

managers from different seniority and various working areas, facilitated by local HR and an external consultant. After validation by Genk Management committee, the result was presented to all line managers in an interactive workshop. Special attention was given to Safety, Communication and Change Management. Next year this framework will be used to formulate an action plan to strengthen the leadership competences.

■ To start diffusing a leadership style in line with Aperam's new framework, S&S Italy organised a specific training for a group of Second Line Managers from the two sites. The objective was to reflect on the difference between a "boss" and a "leader" and how to give effective feedback to their teams. The training session was very interactive, with participants learning from the trainer and from each other, thus building team spirit. At the end of the session, the trainees received specific tasks to perform with their team so they could put into practice all that they had learnt. During the follow up session, which took place in October, 2017, participants shared concrete experiences with using the new competencies they learnt during the first session.

In conclusion, the trainer stressed the importance that the learning does not stop at the end of the training. To grow as leaders, they can't just wait for the next training session, but must practice and make their new skills a part of their everyday work.

*Training in Massalengo Service Centre.*



## Promotion of diversity

Aperam employees come from over 54 different nationalities (2017). In the future, we will continue to boost cultural diversity by further increasing geographical and functional mobility (see the stories of Francisco, Jane and Lionel above). At the same time, we are rejuvenating our workforce by hiring young graduates and apprentices (see below: Attracting talents in our industry).

Nevertheless, we still have not significantly improved our gender balance. The need to promote workplace diversity as a key objective was also reflected in our All Employee Engagement Survey (see page 14).

In 2017, women made up only 11.9% of Aperam's total workforce (stable compared to 2016 and almost equivalent to 2013 at 11.8%), with a higher representation amongst exempts (20.2%, stable over three years). In Belgium, women account for 4.5% of the workforce and 13% of exempts, whereas at the other end of the range France counts 14% of women in total and 23% of exempts. Our Luxembourg headquarters boast

the best score with a 45% ratio overall. Following a series of workgroups, a series of improvement axis were defined:

- Correct salary gaps. In 2017, we finalised benchmarking the salaries of all exempts based on external market data. The new Compensation module in our MyHR system will allow us to better steer our annual salary reviews by focusing on internal and external pay equity.
- Introduce a diversity objective into the management's personal targets for 2018 (see new Performance Management).
- Steer the percentage of women selected for internal talent management programmes (40% of candidates for these programmes were female in 2017).
- Focus on making our industry more attractive to women as part of our recruitment and employer branding campaigns. Today, half our testimonials on recruitment platforms like LinkedIn and JobTeaser come from female employees.

■ In France, in addition to an existing local agreement, it was decided to build a programme at the national

level. In order to mobilise energies, it was formalised by a collective agreement and signed by all representative unions.

The efforts will focus on increasing the number of women across all jobs and fight against stereotypes, the latter of which will be extended externally through partnerships with NGOs such as "elles bougent". Joint work on awareness about "feminine skills" and jobs will be conducted at schools, and Aperam ambassadors for the programme will gather in a dedicated network.

As per the agreement, a shared methodology with specific monitoring criteria is set up in order to ensure fairness in treatment for each collective and individual situation. Action plans are being defined on all aspects: work conditions (accessibility of the workplace, clothes adapted to morphology...), equality at work (training opportunities, parental rights, wages), hiring strategy, etc. Clear targets in terms of increasing the number of women in the workforce have also been set up for each entity. More news to come in our 2018 report!

## Career path: Sofie, Steel Plant manager at Genk

In September 2002, after finishing a master in metallurgy, Sofie joined Aperam at its Genk site (Belgium) as an operational Support Engineer. Her joining aligned with the start-up of a huge revamping project that doubled the plant's capacity. She worked on the Argon Oxygen Decarburisation process, later becoming the line manager of AOD/VOD area where she oversaw 75 people.

Afterwards, Sofie added the responsibility of Process & Product Quality, later becoming the Head of Continuous Caster for five years. By 2015, she switched to the Cold Rolling Plant in the role of Operational Support - working more on such people management aspects as safety and evaluation interviews. In 2017, after having worked 12 years in the steel plant, during which time she also became the mother of two children, Sofie moved to Head of Customer Services. *"It has been a good experience to learn how to deal with our skills and constraints, aiming at the best response to customer expectations."*

Most recently, starting February 1<sup>st</sup> 2018, she accepted the challenge of becoming the Steel Plant Manager and member of the Site Management Committee. Sofie says *"despite it being considered a 'men's world', I see it as a place where I feel welcomed and I am very motivated to build together with this strong team a safe and sustainable steel plant ahead of competition."*

*I believe that Aperam understands how beneficial it is to adapt to this evolutive world, giving new generations the opportunity to utilise their energy and new ideas and combine it with all the experience accumulated over these years. To me, this is the best formula to keep on being a leader in our area."*



### Sofie's career tips

- Be open-minded;
- Have a strong will to work hard and build up experience, and in this way, through knowledge and commitment, gain the respect of the organisation and your colleagues; and,
- Treat everyone with respect.



But diversity and discrimination are not just gender equality. Last year, we mentioned the initiatives happening in Timoteo, and below we highlight other initiatives happening across the group.

■ In Genk, 2017 was marked by the DUOday programme, which asks participating companies “Do you dare to do a duo”? It is an initiative where people with an occupational disability or health problem get a chance to do a one-day internship within a company. Genk employees were enthusiastic about participating and decided to “host” a DUOday intern within the Health, Safety and Environment (HSE) central lab. Much thought was given to how such a day should be organised for somebody “with an occupational disability” so we could adjust our activities accordingly. However, as soon as we met the candidate ahead of the internship, it became immediately clear that it was us who remained “limited” in our way of thinking. The intern was 20-year-old Jonathan, who told us about his chemical background and his desire to expand his knowledge in this field. He also explained his ‘limitation’ - an autism spectrum disorder. When we picked up Jonathan at the reception on the D-Day, he was bursting with enthusiasm - which proved contagious! In the morning, wastewater samples were collected for analysis in the central lab (see picture). In the afternoon Jonathan assisted the Security department in preparing for an upcoming emergency drill and took part in a safety audit in the Melt Shop. After an intensive and pleasant day, Jonathan thanked the team for the opportunity and the educational experience - and we all thanked him for the same! This first initiative to put diversity in practice was heavily promoted in Genk’s print magazine (see picture).



Jonathan in duo in Genk's HSE lab - Extract of Aperam Genk's newsletter

■ At Campinas, in Aperam S&S Brazil site, a similar inclusion action was put into place some years ago, when APAE (Association of disabled persons' parents and friends) came to the site to train personnel. This was done in preparation for welcoming loece, an employee with a mental disability who was joining our cleaning team (about 6 people/shift). The only adaptation requested concerned the regularity of his activities: he should always be responsible for the same tasks every day. The biggest surprise for his co-workers was how conscientious loece is about his obligations, often reminding others to keep their workplace clean and even giving suggestions about safety rules. Today, loece is very well integrated into Aperam's community, known and appreciated by everybody on the site.

A second case to exemplify this site's openness is Janei's story, who joined the packaging section (two workers) in 2014. Being deaf, she is very efficient

in lip reading, but not enough to actively participate in the Finishing department's Flash Meetings. This meant that she was excluded from joining her 35 other employees in this exercise. In 2017, a business administration intern presented a possible solution during the SIPAT (Industrial labour accident prevention week, an annual health and safety event). Her idea consisted of two steps. First, interested people could sign up to learn sign language. Second, the structure of the Flash meetings was changed so that Janei and her post colleague can prepare a message before the meeting and both share it during the event. These initiatives have been a real success for all of the participants who showed how they are able to welcome diversity.



Janei at S&S Campinas

## Attracting talent to our industry

In 2017, we made attracting new talent a priority in order to bring some urgently needed and missing competencies on board. To do so, we piloted a Campus Recruitment strategy that initially focused on schools and universities in France. It was soon expanded to Belgium, Germany and Italy in order to attract international profiles.

The objective of the strategy was to improve our branding as an employer and position Aperam as a great place for young graduates to work. The effort paid off, with several new hires made right after events. We also

recognised that this was a unique opportunity to attract trainees looking for internships or vocational contracts in their country or abroad.

As a result, in 2017 we hired more than 20 trainees at Exempt level in vocational contracts in Europe and welcomed more than 10 young graduates in a VIE contract (French program called Volontariat International en Entreprise) in Luxembourg, Germany and Brazil. This represents a unique opportunity to invest in the development of young graduates and, ideally, offer them an opportunity to start their career with Aperam at the end of their contract.

► **793 joiners in 2017**

**80% in permanent contract**

**29 average age**  
(31 in 2016)

**17% are women**  
(same as 2016)



*Visiting campuses.*

That being said, in previous reports we highlighted the difficulty of finding some competencies on the market. This is true both because the academic path does not exist and because experienced people are not available. To address this need, some of our plants have developed an internal framework, such as Timoteo and Gueugnon, which focus heavily on apprenticeships, or Imphy and its internal school (see previous reports) that trains newcomers and enhances

the competencies of existing employees. In addition to these, some new initiatives are to be reported for 2017.

■ For example, the regional agency in charge of training at our Imphy plant (GRETA 58) has finalised an extensive 400-hour training programme on melting shop operations that targets job seekers. Built in cooperation with our in-house experts and the French Steel industry Training agency (ADEFIM), the training path covers technical modules on steelmaking processes, as well as transversal modules regarding quality management, maintenance, communications and of course safety. The programme took place between September and December and mixed theoretical courses and on-the-job sessions with a close monitoring by Aperam professionals on each tool.

From the 80 people attending the first informational meeting with the GRETA 58 in July to the selection of the eight trainees, the selection process included several phases of tests and interviews. Starting with no knowledge about the steel industry, by the end of the programme, the eight selected trainees (see picture) were offered a 12-month contract with Aperam. This contract included a continuous monitoring, an induction process and access to a specific sector-specific diploma “CQPM Operateur de Fusion”, which opened up new opportunities.



*The eight Imphy trainees and their instructors*

■ In the same spirit, Amilly unit (110 workers) is also having a hard time finding operators. They have

partnered with local Employment and Training Agencies to define a specific new “CQPM” diploma on stamping press operations (a 11-month programme combining courses and field training) with a pre-recruitment phase.

The latter was a true innovation as it relied on tailor-made simulation exercises (manipulations, questions) to assess competencies according to needs and identify potential candidates irrespective of their background. As a result, all pre-selected candidates were interviewed without any prior screening of their resumes, which allowed for much more diverse profiles, including women and even a former pastry cook. To ensure that the change in work environment would not be a roadblock, a one-week observation period at the plant was offered to some.

Now that the programme is over, 100% of the trained candidates have become permanent employees at Aperam Amilly. This combination of pre-recruitment by simulation and the “CQPM” training programme adds a lot in terms of experience and diversity!

■ To ensure that our joiners get the information they need to have a positive start in this complicated and fascinating industry, Aperam has put together company-wide induction programmes. In addition to the local schemes with strong Health & Safety capacity building and sessions on our Code of Conduct, European newcomers are invited to a tour of our main local sites. In 2017, the tour again dedicated time to safety, before drilling into the production process and ending with a presentation of our products. There was also time for networking, with several lunches with plant managers and members of the Leadership Team were also scheduled. These moments were excellent opportunities to establish a sense of belonging and openly discuss their first months at Aperam.

## Career path: Jane in Timoteo



Jane joined our Timoteo site at the age of 18, first as an intern, then as Production Assistant. Once she graduated with a degree in Finance and Controlling, she joined the Hot Strip Mill as Junior Analyst. In September 2007, she became Auditor, where she also followed a two-year Post Graduate programme in Cost Management. In 2010, she switched to Internal Audit (called Combined Assurance in Aperam). In line with Combined Assurance' aim to be a training ground for future business leaders, Jane travelled a lot over the World to run multiple audits on various processes, lead fraud investigations and present her recommendations in terms of action plans. She also took a one-year International Master course and graduated as a Certified Internal Auditor in 2013.

Beginning of 2018, she shifted to a new job as head of Compensation & Benefits in Brazil's Human Resources department. Jane is quite motivated about this drastic change in function: *"Being involved in so many different missions was a rich experience which is very helpful now. I am facing many challenges and I need to be open-minded to understand the different sites' procedures and manage to align them. I'm sure this year will be very challenging to me!"*

## Jane's feedback

*"My experience in Combined Assurance has been very enriching: I gained visibility on the company, its businesses and different processes, along with an inside perspective of its management levels. My missions allowed me to build trust and confidence with the stakeholders which is essential in my new position in the company. So overall, the move to Combined Assurance acted as a catalyst and a true career accelerator!"*

## A rejuvenated workforce

At the end of 2017, our workforce stood at 9,599 Full-Time Equivalent,

split with 97% Full-Time employees (9,333), as can be seen in the table below. This is a +0.4% increase (+40 FTE) versus 2016, but does not reflect more profound changes in our workforce - (G4-10).

> Primarily, workforce turnover was at a 241 net increase, mostly the result of onboarding 793 joiners (80% permanent contracts) and the departure of 552 FTE, with 24% leaving for pension or pre-pension.

Also to be noted is the divestiture of our Tube unit (Ancerville site in France), mentioned in last report and which has triggered a reduction in our workforce of 166 FTE in April 2017.

> Based on the 2017 workforce, the average seniority within Aperam is 15 years (considering the years prior to the spin-off, within Usinor, Arcelor or ArcelorMittal companies). In terms of age, 40% of our staff is over 45 years-old and 6% below 25. If we

compare these figures to those of our 2017 joiners, of which 28% were below 25 (ie. 221), it means that 38% of our employees below 25 were recruited in the course of the year. That's quite a refresh! This truly reflects the ambition for a deep renewal of our staff, considering our age pyramid and the new needs of our industry.

■ The mix of various generations (Y, Z...) can be seen as a challenge for both employees and their management. To address this, in 2017 our Imphy unit started dedicated workshops and specific actions to ensure that each generation understands one another, to optimise collaboration and to leverage everyone's motivation. A good example of how Aperam strives to have the most motivated workforce in our industry.

## Our Workforce

**97% full-time contracts**  
**10% exempts**

**793 Joiners ie 8% of staff**  
**552 Leavers, o/w 24% on pre-pension/pension**

**514 supervised workers**

## Aperam total workforce Aperam consolidated total of Full-Time Equivalent employees, at 31/12/2016 (G4-10)

2017	Gender	Full-Time	Part-time	TOTAL	exempts	N-exempts
Permanent Contract	Female	1,015	118	1,133	201	933
	Male	8,163	147	8,310	793	7,517
Fixed-term Contracts	Female	11	1	12	1	11
	Male	144		144	6	138
<b>TOTAL</b>	<b>All</b>	<b>9,333</b>	<b>266</b>	<b>9,599</b>	<b>1,001</b>	<b>8,598</b>
2016	Gender	Full-Time	Part-time	TOTAL	exempts	N-exempts
Permanent Contract	Female	1,007	112	1,119	196	922
	Male	8,126	136	8,262	768	7,494
Fixed-term Contracts	Female	17	0	17	2	15
	Male	161	0	161	8	153
<b>TOTAL</b>	<b>All</b>	<b>9,311</b>	<b>247</b>	<b>9,558</b>	<b>974</b>	<b>8,584</b>



# Our Planet

Metallurgy uses immense energy and hazardous substances to transform raw materials into the precise blend of alloys required by our clients. In turn, these Alloys can be used in making useful, affordable and long-lasting products, including vehicles and buildings, for a sustainable way of life.

Today, Aperam is continuing its journey to sustainability with milestones on energy, CO<sub>2</sub>, air and water - to name just a few. The ultimate goal is to ensure that our production processes impact the less possible the environment or our neighbours. We are proud to be providing the world's "greenest stainless steel".

## Industrial Footprint

### Energy and CO<sub>2</sub>

#### Carbon footprint

In the steel sector, which is one of the most energy-consuming sectors, Aperam's CO<sub>2</sub> footprint is driven by two factors: energy consumption, which impacts our Scope 2 carbon emissions (see below) and charcoal consumption, which reduces our Scope 1 emissions by avoiding the use of Coke in our Brazilian Blast Furnaces. Although the standard steel-making process demands that carbon add-ins are made during the melting process, Aperam's tools have been adjusted to accept carbonised (eucalyptus) trees instead of extractive coke.

As a result, our 2017 (scope 1+2) CO<sub>2</sub> footprint stands at 1,111 kilo-tonnes (769 +341 kt) or 0.49\* t/ tons of slabs, back to our 2013 best performance level. This also represents a 16% decrease vs. 2016 and a 34.5% decrease vs. 2008, in accordance with our 2020 objective - [G4-EN18](#).

The next step will be to perennialize this excellent performance by ensuring the reliability of our adjusted process, which requires a lot more care in the handling of the earth. This is actually why we temporarily reintroduced coke in 2015 to stabilise one of our blast furnaces. Thanks to a

very significant investment made in 2016, we hope to sustain this excellent operational performance using charcoal, which justifies us saying that we produce "the world's greenest stainless steel". Actually, Aperam is 50% lower than the latest ISSF standards, making us amongst the best players in our sector<sup>2</sup> - a position that we will strive to retain.

Since we consider it our duty to focus firstly on our industrial footprint, we are currently not studying carbon offset via CO<sub>2</sub> sequestration (beyond what our eucalyptus forestry naturally does). Our carbon footprint is currently calculated according to the latest standard in use (enacted by ISO 14404 and supported by our professional organisation WorldSteel), whereby our forestry is supposed to be carbon neutral.

But this means that all the leaves and branches that fall in the forest and that we let degrade into humus to broaden always more the layer of breeding soil are not counted.

For us, our BioEnergia forestry is actually carbon positive. This means Aperam's carbon footprint should be even better, but the figures we disclose are based on this commonly used methodology that is actually detrimental to us.



*Eucalyptus at our BioEnergia forestry.*

That being said, with no technological breakthrough in sight to substantially change the carbon intensity of our industry, our focus remains primarily on our charcoal usage (see above) and Energy consumption (see next section).

As a side topic, we are also starting to pay greater attention to our Scope 3 emissions. At Aperam, we started to estimate these based on our transport and IT emissions, both start to reduce. In 2016, our Scope 3 footprint related to transport and IT, as reported to the CDP, was at 513 kt of CO<sub>2</sub>e and 6,3 kt of CO<sub>2</sub>e respectively.

<sup>2</sup> ISSF 2015 average footprint 0.92tCO<sub>2</sub>e/tcs (latest information available)



### CTLES - Pierre L'Excellent - Antonin Damon

*Picture: The extension of the existing CTLES ("Centre Technique du Livre de l'Enseignement Supérieur" - a French body in charge of preserving and communicating materials for Parisian higher education establishments) building was entirely made using Aperam 304L stainless steel with the Uginox Bright surface finish. Such a surface finish on the facade reflects the environment, which changes throughout the day, as the light changes, and when the observer moves. The material's texture provides varying degrees of reflection intensity depending on the viewing angle, modulating from striped echoes like those found in impressionist works, to a pristine mirror image. The nature surrounding it is its main playground; trees and sky become merged with the building's surface until it fades away.*

### Aperam's environmental footprint at a glance

Indicator	Unit	2020 target	2017	2016	2015	2014	Page
<b>Energy consumption</b>	GJ/ t cs <sup>(1)</sup>	-10% intensity vs. 2012 (ie. 12.2)	<b>12.4*</b>	12.8*	12.8*	13.0*	Energy p. 28-29
<b>CO<sub>2</sub> emissions</b>	t / t cs <sup>(1)</sup>	-35% intensity vs. 2007 (ie. 0.49)	<b>0.49*</b>	0.58*	0.54*	0.48*	CO <sub>2</sub> p. 26-28
<b>Dust emissions</b>	t g / t cs <sup>(1)</sup>	- -12% intensity vs 2015 (ie. 211)	<b>343.2*</b> <b>151</b>	549.8* 242	520.9* 240	441.8* 213	Dust emissions P. 30-31
<b>Wastes</b> (landfilled)	kt	Zero waste for landfill	<b>116</b>	115	103	110	Waste & Recycling p. 33
Recycled input in production	%	n/a	<b>27</b>	27	30	28	
> Reuse rate	%	100% reused or recycled	<b>94.2</b>	93.3	93.5	93.4	
> Wastes: hazardous	kt	Zero waste for landfill	<b>51</b>	51	36	54	
> Wastes: non- hazard.			<b>65</b>	65	67	56	
<b>Water</b> - intakes	million m <sup>3</sup>	-5% vs. 2015 (ie. 21.1 millions m <sup>3</sup> )	<b>22.6*</b>	23.0	22.1*	22.3*	§ Water p. 32.
> Water intake	m <sup>3</sup> / t cs <sup>(1)</sup>		<b>10.1</b>	9.9	10.0	10.5	
> Water recycling	%	n/a	<b>95.3</b>	96.3	95.4	95.5	
> Water discharge	million m <sup>3</sup>	n/a	<b>15.8</b>	14.9	14.7	16.9	
> Suspended solids into water	t <sup>1)</sup>	n/a	<b>390</b>	355	204	379	
> Metal discharge into water		n/a	<b>8.1</b>	7.6	6.4	10.7	

EN5 EN6 EN8 EN18 EN21 EN23 - \*Data highlighted with a star have received external assurance. <sup>(1)</sup> ton of Crude steel.



## Impact of Carbon markets

All over the world, a growing number of jurisdictions are setting up incentives to make emitters cut their CO<sub>2</sub> emissions. Until now, only our European operations (which represent 43% of our emissions) were subject to such conditions (ETS quota allocation). Taking into account existing ETS rules and current prospects, our latest projections do not anticipate a quota shortage before the mid-2020s.

Brazil does not have a CO<sub>2</sub> market or a carbon tax - and no plans for one in the near future.

To support the transition to a low carbon economy in our own way, we have implemented an internal price of CO<sub>2</sub> (based on scope 1+2 emissions), which we apply to all investments we envisage. This internal price was initially set in 2016 at 15 US\$/ton. Even though this is already much higher than current market prices in Europe, we anticipate raising it even higher for a more powerful incentive.

## Energy

Steelmakers are big consumers of energy, and savings are primarily achieved through three key types of initiatives:

- General process optimisation,
- New technologies, like Alternative Current (or asynchronous) motors,
- Specific energy optimisation (fatal energy re-use, etc.)

Aperam is using these three initiatives to continuously improve its energy efficiency in line with our -10% 2020 target. In 2017, we are pleased to see our consumption decrease significantly in terms of absolute value (-3.9%), as well as in energy intensity (12.4\*Gj/ton of crude steel, -3.0% compared to 2016), primarily thanks to a very positive performance in Brazil (-8.5%) (G4-EN5).

In 2017, 32% of our energy mix (see next page) came from renewable sources notably charcoal biomass.

> **Regarding process optimisation**, we have several active programmes in place. In Europe, we are rolling out strong management systems, often through ISO 50001 certification. In Brazil, with the help of the Viridis System, we are increasing our vigilance on consumption. Both of these projects continued to bring additional savings in 2017. Also in 2017, we launched specific programmes that had a high impact on energy consumption. Led at the Group level by dedicated teams, one project focused on reliability. As unplanned stoppages generate heat losses, which in turn demand warm-up energy during restart and result in a much higher consumption than necessary in the normal run, it is important to increase the machine's reliability. Thanks to this project, we saved some 28 MW in 2017. In addition, a central Energy programme was launched and has a high potential for savings.

■ In 2017, the project achieved an important result concerning the use of Variation Speed Drive (VSD) and high performance motors. At the Timóteo Melt Shop, VSD were installed in two big motors of the dedusting system of MRPL, resulting in more than 60% reduction in electricity consumption and saving 9.7 GWh. The same solution is now being applied to other big motors in Brazil (EAF) and Châtelet (AOD).

■ Another important subject covered by the energy project is LED lighting. In 2016, our Genk site started replacing old lamps with LED, which resulted in 182 MWh of energy savings in 2017. Now, this subject has been brought to the corporate level as part of the Energy Efficiency project, with the goal of speeding up its implementation and ensuring the entire Group reaps the benefits of improved energy use, safety, purchase and maintenance costs and on working conditions.

> **Another large stream of energy savings came from the replacement of key equipment or the set-up of new technologies.** A good example is the replacement of two of our European Hot Strip mill engines (see picture).

■ Shipped by river from Germany to Belgium during the annual maintenance shutdown in August 2017, these new 12 MW Alternative Current motors represent a 50% increase in nominal power over their predecessors - not to mention lower consumption and maintenance costs. These motors, and others in the Hot Rolling process, necessitated a major investment and a three-week installation using an enormous crane - a process that garnered significant coverage by national TV and newspapers. As a result, we saved 2.2 Gwh in 2017 and expect additional savings in 2018 for a full-year impact. Today, Aperam's Châtelet location is home to two of the largest roughing motors anywhere in the world!!



Giant motors of 12 MW at Châtelet..

## Energy

**32% Renewable energy** used in 2017

Consumption intensity vs. 2012

**-10% target** (2020)

**-8.4% achieved** (2017)



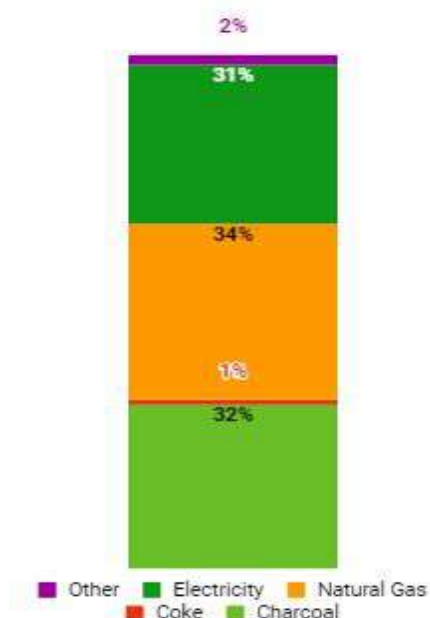
**> In terms of specific energy optimisation**, we can recall the re-use of blast furnace gas in Timoteo, a project that concluded in 2016 but generated 200 Gwh of additional savings in 2017. The project focused on the increased use of BFG to replace NG and LPG in the Ladle Heating of Melt Shop. It included improvements on automation and control, reliability, work conditions and safety - and it became a truly innovative solution once a flex burner was developed. The project was recognized in Timóteo with several awards in 2017. The complete modification in the Ladle Heaters fostered savings of 66.5 GWh/year.

■ To ensure the systematic identification of similar opportunities, the Isbergues site partnered with the French Environmental Agency (ADEME) to conduct an analysis of the energy either consumed or generated on this industrial platform. The site not only hosts Aperam's LC21 rolling mill (a state-of-the-art automatised line), our waste-to-value Recyco subsidiary, a Service Centre and one of our R&D hubs, but it also provides shelter to other independent businesses either historically attached to the plant or recently added and all benefiting from this industrial-friendly and well-equipped centre. As a result, 43 sources of fatal energy have been identified, with 17 presenting more potential. As to the latter, to clarify the type of heat (steam or water) and the temperature, simulations have been run and seven scenarios have been defined to leverage either internally or externally this energy- equivalent. Finally, the technical projects have also been converted in financial terms to identify those offering the best return on investment. Amongst the projects under study with Aperam are the recuperation of fumes from the LC2I, either to ensure the heating of the Aperam Service Centre and Finishing Mills or to reduce the consumption of natural gas at the start of the process. Another option is to design an urban heating network for the city of Isbergues/Saint Venant

based on the heat recovered from the furnaces of Recyco and Weee Metallica (one of the host companies). All options have been shared and discussed with the various stakeholders, including Regional Authorities, and decisions should be made in 2018.

■ To expand on the project for a better use of the gases generated by the wood pyrolysis and following the pattern implemented in Lagoa Unit, BioEnergia in Brazil invested in a second gas burner in 2017, this time for Palmeiras Unit. It consists of a complex incineration system designated to burn gases with a capacity of 11,700 Nm³ of gas per hour and withholding temperatures of up to 1200 °C. With the new burner, 55 carbonisation kilns are now neutralised, in addition to the 42 at the Lagoa Unit. This has resulted in two key achievements. Firstly, we can observe the environment impact with the reduction of CO<sub>2</sub> emissions from the charcoal production (although not counted according to WorldSteel methodology). Second, there is the potential economic gain when we start to use the heat from the burning gas to dry the wood or to generate electricity - which will start in 2018.

**Aperam 2017 energy split (%)**  
G4-EN5



■ Looking forward, we have to remember that our energy intensity depends on the metallurgical blend we are producing not all metals melt at the same temperature. Also, when we “sophisticate” our products, especially during downstreams operations (eg. strings, thinner coils, bright surface finish), we consume more power per ton of crude steel and our indicators deteriorate, even if we reach the highest possible energy efficiency. As an example, our Alloys unit consumes almost two times more energy by slab than our pure Stainless European units. This means that historical series are not that easy to interpret without a mix indication, and that our strategy to always produce more value-added products for our customers may cause our energy intensity ratio to deteriorate...

*Blast Furnace in action in Timoteo (Brazil).*



*Operations in progress at Châtelet.*

## Dust and air emissions

When we look at our materiality matrix, and even in discussions with our stakeholders, dust (rather than more general air emissions) remains the key area where our responsibility is challenged. This is why we do not consider it sufficient to simply comply with local regulations.

Starting several years ago, we set up an initial target of -12% reduction in intensity of our ducted dust (compared to 2015) to address the legitimate requests of our neighbours.

We believe that our two Belgian melting shops have developed what are now best-in-class routines that aim to have the most efficient management of dust emissions (see previous reports). These routines are continuously improving our diffuse dust emissions, notably in 2017, when we added new roofs or buildings to shelter operations in the Genk and Châtelet slag yards (see picture).



*Erecting the building for the "cold" zone of our slag yard at Châtelet in summer 2017.*

Our other Aperam units are starting to apply these best practices, in line with our new 2016 roadmap and methodology, starting with the intensification of measures and an enhanced maintenance plan of our dedusting installations.

### Key 2017 developments

■ Our Timoteo unit, which is our largest unit and the only one operating blast furnaces, represents around 90% of Aperam's dust emissions. Thus, it is our primary focus. To be fair, the courageous and environmentally-friendly decision to replace coke by charcoal has complicated dust containment. Charcoal comes in much thinner

blocks than coke and disaggregates more easily. The fact that it is lighter means it is easily blown by the wind, thus dust reduction is even more challenging. Overall, with the installations as they are, our filtering is not effective enough to avoid dust and coloured smoke at difficult stages of the process, and the suction is not always sufficient to attract the particles - resulting in diffuse dust and an inconvenience for the neighborhood.

Knowing this, in 2016 we conducted an external consultancy study and a new methodology to identify the priority systems to be enhanced. This decision was based on a stress test (in worst conditions) to estimate the limits of our tools. Principal areas of focus are the charcoal loading/unloading systems, conveyors and the blast furnaces, on one side, and the melting shop, on the other.

> Short-term actions were launched in 2017 on critical chimneys and key dedusting systems. Some important investments were also validated to upgrade motors or order new filtering bags for a higher efficiency of installations. A key achievement was the full covering of charcoal conveyors, replacing clogged or leaking ducts and many (thousands!) filtering bags. Over the past three years, maintenance on the blast furnaces' dedusting installation has tripled.

> Next steps include a five-year roadmap, which will be fine-tuned early 2018. It will integrate carefully phased revamps of installations and important investments, with significant reengineering and stoppages of production to plan well ahead. As a first step, a list of priorities has been planned for 2018, starting with the setting up of online monitoring (pressure, etc.) to implement more effective preventive maintenance and keep upgraded installations in good conditions until a full refurbishment can be made.



*Dedusting installation at Timoteo (the size of 6-floor building) and renovation works in progress with new pipes ready to duct dust.*

■ At our Imphy unit, the situation is different, because of the addition of new equipment. Still, the actions undertaken in the course of the year are part of a multi-year roadmap to go beyond compliance and apply best standards. They focus on two actions: increase monitoring; reduce diffused dust though enhanced capturing.

## Dust

**-38%** emissions vs. 2016

**Maintenance** tripled in Timoteo and doubled in Imphy since 2015 & **investments**



> As a matter of fact, a first key improvement was made in this area during 2017 summer stoppages with the setup of a ducting hood for the fumes emitted by the casting ladle. The collected dust is channeled through bag filters before going to Recyco for a 100% recycling. Further work streams are also planned through 2021, including an extraction to be installed directly as a fourth hole onto the EAF, ducting to be organised at the oxycuting station, and some operations to be confined (see also our focus on Imphy Slag yard) and the repair of existing leakages.

> On the measuring side, systems have been strengthened with respect to both ducted and diffused dusts. Since 2014, diffused dust falls are monitored at six stacks scattered in the urban area around the plant. The unit decided to address the concerns expressed by some neighbours and put itself in a position to prove its performance. To do so, continuous monitoring of the emissions will be needed, with alerts in case of anomalies. Measures will also be used to regularly report to all interested parties.

Starting in 2017, continuous measuring systems have been installed and calibrated at the melting shop and, in the medium term, all chimneys will be covered.

This enhancement project, designed with the help of external and internal experts and local authorities, will demand significant investments as and accrued maintenance expenses, but Aperam aims for more than compliance - this is our responsibility.

## 2017 results in dust emissions

> Overall, considering all these initiatives, we are happy to report a significant reduction in our dust emissions, even in times of increased production. Our total emissions consolidated using regulatory methodologies indicate a -38% reduction, with 343\* tons emitted (ducted and part of diffused), which is a 151 g/t cs in intensity. This figure is

partially the result of conjunctural events (temporary suspension of some tools, brand new filtering sleeves), but we do believe that our dust emissions have been significantly reduced YoY thanks to a very clear programme in Timoteo and in our other plants, most notably Imphy, which saw a -10% decrease in absolute value. This encourages us to continue with our efforts to consistently reach a performance below our target - (G4-EN21).



*Imphy melting shop: recovery of the dust in bags ready to be sent to Recyco.*

> What is also a significant progress is that our Brazilian stress-test with abnormal conditions (377 +22 tons worst case scenario ie. -37% vs. 2016) reflects the system enhancement occurred during 2017. We are confident that improvement will continue in 2018, especially with the addition of a new vigilance among teams in production workshops.

> To increase transparency on this topic, and to show that we do not pretend that dust is our only type of emissions, we decided to disclose more data regarding our air emissions. This year, for the first time, we are also providing NOx and SOx figures for our European units only, as

we are currently not technically able to provide such figures for our full scope. These measures confirm that we are fully compliant with our local permits and national regulations. We aim to progress and will get a more complete coverage as new monitoring is being set up in our plants according to our strategy.

## NOx/SOx emissions (Europe)

tons	2014	2015	2016	2017
NOx	844	917	783	910
SOx	75	83	55	48

## Dust settles on the Slag yard

Last year, we reported about the tensions at the Imphy slag yard. The increase in activity fostered accrued dust falls in neighbouring gardens and a ten-fold increase in truck trips. Although the aim of this activity was for a “good cause” (i.e. the clearing of historical slag stocks), it was clearly an inconvenience to neighbours.

As of early 2018, we can report a complete change in the situation. Firstly, our former subcontractor's contract has not been renewed. Instead, a new firm, one that will treat the slags in a closed building far from our plant, has been selected. This means that most of the disturbances related to noise have ceased and truck movements will soon be drastically reduced. The operations that currently remain on this piece of land are limited to emptying the melting pots, sorting the metallic parts and loading the trucks. However, even these activities could cease definitely towards the end of 2018. In fact, starting January 2019, we have committed that these operations will be performed in a closed building and with strict thresholds in terms of dust emissions. We are currently finalising the decision regarding the future location of this process.

To be continued in our next report.



## Water

We see this topic as moving up in our priority list. Our discussions with local authorities this year have confirmed that dry seasons may soon foster more problems regarding water availability and that restrictions might be necessary in some places, even in Western Europe.

Aware of this fact, we have defined a -5% reduction target in terms of water consumption compared to 2015. While we are starting to infuse new habits at central level, all action plans are still site-specific for the moment. They start with a review of existing infrastructures, repair of leakages, and better monitoring of consumption to make sure only the necessary water is withdrawn, in line with production needs.

In this respect, our Châtelet site provides a flattering example. It reports a 98% closed circuit consumption and a constant reduction in water intakes over the years (-13% in 2017).

In fact, the plant needs large volumes of water to cool down the slabs and hot rolled coils. These streams are collected and treated in a large water treatment installation, including a vast open air decanter, the management of which was recently re-internalised by the site.

To operate on a sound basis, in late 2016, work began to revamp ducts, check pumps and proceed to a heavy cleaning up of filtering and tanks, among others.

Results of these actions came very quickly. By the first semester of 2017, drastic reductions in leakages, energy consumption and volume being pumped from the Sambre River (see picture) were achieved.

More work is planned to finalise the full revamping of the installation and to get a perfect reliability of the system, with the necessary pressure and quality for operations and an even better environmental impact. Other equipment will also undergo a similar review.

In 2017, the Isbergues site conducted a full study with an external company and the French Water Agency. Currently, the site reports a 77% consumption in closed circuits for its Cold Rolling tool (LC2I), which is lower than the Group average, and an excellent 99% ratio for the Recyco unit. It collects rainwater on an area of 27 hectares and uses two water intakes from the canal.

The situation is clearly complex, and to fully understand it, the study drilled into the overall water intakes and discharge quality, looking for opportunities for further improvement in recycling circuits or rainwater collection.

In terms of intake reduction, the conclusions submitted in early January 2018 identified several improvement areas, such as the extension of rainwater collection (some six hectares are at stake) and the rehabilitation of a former decanter as an intermediate storage pool. Such actions could lead to a few points reduction in volume intake and drastically cut our discharge, thereby also reducing the risks of accidental pollution.

In terms of water treatment efficiency and water discharge quality, more work - and more investments - will be necessary as the overall layout of equipment is suboptimal and some add-ins (buffer pool) could really make a difference.

The decision on the action plan will be made by summer 2018.



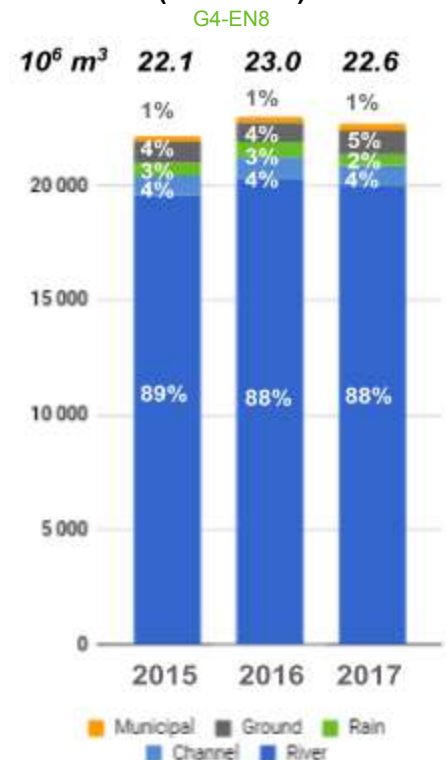
The river Sambre next to our Châtelet plant.

Overall this year, we are slightly disappointed by these results as some of the actions undertaken last year, in particular in Brazil, have not yet provided clear savings. With the activity of the plants being the main driver for water consumption, the rise in production has not been offset by sufficient progress in terms of closed circuits. It has also been impacted by different technical issues.

After a continuous decrease between 2012 and 2015, consumption has gone up by 3% in 2016 and is stable in 2017 (-1.7% in absolute value), with closed circuits down from 96.3% in 2016 to 95.3% in 2017.

In terms of water quality, which we started to report on only last year, we constantly monitor our discharge into the nearby rivers, both visually and with chemical analysis. We hope to see more progress soon.

### 2015-2017 Water use by source (m<sup>3</sup> and %)



## Waste & Recycling

With steel being endlessly reusable, it is both an input in our industrial process as well as our end product. With a dedicated unit in Europe (Recyco) whose business is to treat melting shop dust to recover the metallic content and send it to melting shops, it is no stretch to say that Aperam is a recycling champion!

But our work does not stop here. To further bolster our commitment to recycling, we are working towards becoming a zero-waste (for landfill) company. Although there is no company-wide programme for achieving this yet, all units are dedicated to addressing the hazardous wastes that can come in the form of slags (mud), dust or acids. With 26.6% of the input of our process already coming from recycled sources (G4-EN2- including scraps, refractories, reconditioned electrodes, pallets, etc.) it is not that easy to create a second life for some aggressive by-products such as acids. To do so, our technicians and R&D team must work with external firms to find proper solutions.



Scrap yard at Timoteo

So in 2017, we report that 88% of our wastes are recycled and 2% reused - which means 4% of our wastes are still being stored in wait for solutions (as proves the Cruzinheiro project below), and 6% only landfilled - with a small 0.9 points improvement over 2016 (G4-EN23).

But let's give some update about the actions undertaken last year.

■ The Cruzinheiro project in Timoteo, which started in 2016, is extracting ancient dust that our predecessors

had stored back in the 1970s and that can now be efficiently treated. In 2017, we recovered 89 tons, up 15% from 2016, and we expect to continue until the full stock is gone, presumably in 2021.

■ Last year we mentioned the start-up collection of beverage cans in Châtelet. In 2017, this programme grew substantially. The unit collected approximately 20,000 cans from offices and restrooms that were directly recycled in the melting shop. This represents nearly half the annual estimated consumption.

In addition, the plant introduced a few complementary collection routines: one for plastic bottles and cups and several channels for domestic or heavy batteries (see pictures). For the latter, the recycled weight has already reached nine tons!

In the course of 2018, more waste will be collected, including printers' cartridges, styrofoam and other material. The unit is even looking at recycling suits and shoes!

In addition, over the summer the unit a heavy cleaning to recuperate the sludge from the Hot Strip mill water treatment station (see above). More than 500 barrels have been filled, which will then be sent to external recovery centres.

The new storage of plastic at Châtelet.



The new collection of batteries at Châtelet.

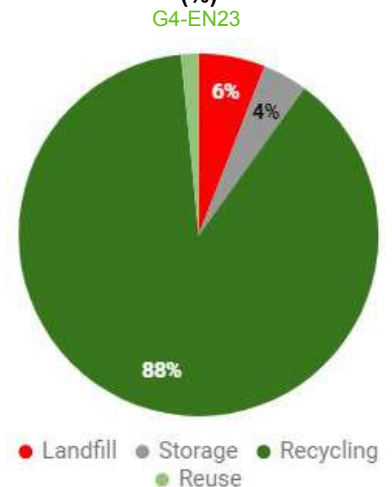


■ At Aperam Gueugnon, two major achievements can be noted for 2017. The first concerns the cooling system of an old pickling line stopped in 2011. When in use, the cooling system had generated hundreds of tons of slag loaded with metallic oxides. The collection tank used to be regularly cleaned, but when the machine was discontinued, the remaining slag was left behind. In 2017, a first batch of slag was removed and sent to a specialised centre for treatment. A similar operation is planned in 2018 to finalise the removal of this hazardous waste.

The second achievement involves the cold rolling line, which also generates a lot of waste and materials contaminated by hydrocarbons. All this waste is normally collected and sent to an appropriate processing facility. In 2017, the unit has fully renovated the storage area used for this waste. The work has also improved the collection of rainwater from the concerned area in order to avoid the flows being polluted by the contaminated waste and ending up in the natural environment.

Both achievements were highly appreciated by local environmental agencies.

2015-2016 Residues split (%)





## Other initiatives Industrial Security

In previous reports, we discussed the frequent exercises and simulations that we run at our sites (Timoteo in last year's report, Isbergues and Gueugnon in 2015). This year, we would like to highlight the measures taken on a permanent basis to ensure the security of our sites. Although there are central guidelines on this topic, the action plans are determined at the unit level and in line with site's risk analysis and local regulations and in coordination with local or regional authorities.

In 2017, several of our sites strengthened their anti-intrusion measures. Here we report on two interesting examples.

■ In Isbergues, new measures have been taken within the context of new regulations applicable to SEVESO sites. On this 101 hectares historical site that also host external companies, the complete action plan encompassed topics related to lightning, identifying vulnerable zones (storage of acid, electrical transformer, etc), upgrading the information system and setting up enhanced 24/7 video monitoring. As a result, 14 new cameras have been placed on strategic places to ensure night detection, offering powerful focus and 360 degrees monitoring of the necessary areas (see example).

*Images from Isbergues' new video cameras.*



All of these images are broadcast into the guard post that is located at the site entrance and in constant liaison with the emergency unit. As a result, the team is now better able even to quickly detect any intrusion or

abnormality and raise the alert as necessary.

■ In Pont de Roide, the desire to apply the best standards has led to the proactive modification of several security points. The first one is related to the site's only entrance point, which is enclosed in the city and bordered by the river. In 2017, a new badging system was set up for employees going through the guard post and pedestrian turnstile. Complementary barriers and video cameras were also installed, and a security firm was appointed to provide better control of all carriers and external providers entering the site.

Furthermore, as this site operates with a low volume of Fluoride Acid, a robust training programme dedicated to both internal and external firefighters is in place. Organised every three years by the site's security team and with the help of external experts, the training consists of an accident and victim treatment simulation. It has been attended by four groups of about 12 people (see pictures), with the last training happening in 2017.



1) Preparation of the exercise (above).

2) Acting: simulation of a faintness (below).



A third significant security improvement area can be found in the Precision unit's replacement of 21 tonnes of Ammonium that was previously used to produce DiHydrogene. Since 2016, the presence of this element had classified our site as "SEVESO - low" under European regulations, with a risk over a seven kilometre perimeter. In this unit, DiHydrogene is used for the bright annealing furnace and thus does not justify a SEVESO classification in itself. In 2017, Aperam Precision eliminated the entire stock of Ammonium and switched to DiHydrogene, which is now delivered weekly to the site. Furthermore, the site is organised not to keep more than what is necessary.

## Awareness-Raising

In 2017, the Group decided to make sure the company's targets were fully clear to all employees. To start, an awareness-raising campaign was launched during the week of the United Nations' World Environment Day.

*World Environment Day "Let's commit to action together" with Aperam targets - in German.*



The campaign used a poster detailing our targets and asking all employees to "commit to action - let's do it together!" (see above). This was combined with a quiz inviting employees to assess their maturity



level and pick-up a few ideas on how to “commit to action” at home and at work. These ideas included such simple things as reporting leakages or turning off PC screens at lunch, up to such things as purchasing food in bulk (to reduce packaging waste), using electric or hybrid cars rather than thermal engines... or even adopting a hen to transform waste into eggs! Unsurprisingly, this last action was clearly the less popular from the list, as per our respondents! Another action prepared in 2017 will bring its fruits in 2018.

Considering the importance of information technologies, a specific “Green IT study” analysed existing operating modes and defined areas for improvement. Together with the optimisation of infrastructures, user training was recognised as being key. In 2017, teasers were released (see igloo ad) to promote the ‘greener’ IT tips that would come starting in 2018.



Green IT project 2017 Teaser - French.

■ For years, our Timoteo site, with the support of our Foundation (see p. 47), has organised events to celebrate World Environment Day with workers and their families. In 2017, Timoteo teams added a new “Organisation & Property” programme. This cleaning marathon started in the workshops with the goal of cleaning the whole site of useless material, furniture and equipment. The operation ran from November to January and also included a repagination of the entrance, internal roads, parking, gardens and site signalistics. As per employee comments: “it is quite stimulating to

come to work at such a cleaner, nicer and even safer site!”. And this is not the end! The goal now is to keep this same level of cleanliness and continue to improve resource efficiency. The next step is to reduce the amount of garbage being generated by keeping in mind the 3Rs Reduce, Reuse, Recycle.



■ Aiming to spread awareness regarding environmental topics amongst our operational staff, we started a pilot project in the Gueugnon workshop responsible for transforming coils into disks (which will be further stamped into cookers). They were about 40 employees who benefitted from this experience and learnt the ABCs of sustainability (why care about biodiversity, what are Greenhouse Gases, what are the consequences of climate change). This was also an opportunity to clarify Aperam's policies and mid-term targets while also highlighting sustainability as a major challenge - and an extraordinary opportunity - for the company. During two-hour sessions held for each group, exchanges covered day-to-day activities within the company and in personal life, making clear our impact on the planet and the responsibility each of us has. After some first “Why bother?” reactions, talks fostered the desire to go further and spur sustainable projects at the workshop level. Further deployment of this pilot is envisaged.

■ At Aperam Genk, 2017 saw the introduction of a bicycle leasing plan. With this programme, employees can get a company bike, including insurance and maintenance, for a period of three years for a small salary participation. At the end of the leasing contract, they can buy the bike for a fraction of its initial price. Employees can not only opt for a city bike, but also chose a mountain bike, a race bike or an electric bike. This is what we call “moving green”.

## Bee-ing aware of the environment

For the past two years, the Isbergues site has monitored its air emissions using bees. The site installed three beehives of 250 000 bees that gather pollen from an average distance of three kilometers from the site.

Set up in partnership with the Bee City company, this project allows us to verify on an annual basis that there is limited metal constituents in the collected pollen. This is not only another check of our air emissions, it also contributes to the protection of the biodiversity and, more specifically, insects and bees. Aperam personnel are invited to participate in the work, which helps raise awareness. Even though bees are a major actor in providing the pollinisation that our food depends on, they suffer from severe mortality. In France, it is estimated that four million beehives are needed, but only slightly more than one million are to be found. In 2017, the full harvest of over 30 kilos was offered to Isbergues staff as a token of Aperam's commitment towards sustainability.

From weighing honey (below) to distributing packed honey (bottom) in Isbergues.



## Transportation impact

This is the second year that we are reporting on Group estimates related to the impact of our Freight Transportation.

Overall, Aperam's freight has moved from an 87 to 88% truck share (excluding maritime), +1 percentage point vs. 2017 with a slight improvement on waterways (in particular from our Genk site to the Port of Antwerp. However, in order to address delivery constraints, some units have been forced to use more air connections.

We see that some units have increased the share of transport made by rail or multimodal (rail + last kilometers by trucks) for costs reasons. Sometimes, this increase was the result of wanting to build an alternative to trucks, thus reducing our dependence on monopolistic local carriers or to address a shortage in fleet and/or drivers. This was exactly the case in Brazil (+4%, excl. oversea sales), where economic conditions have caused many carriers to go bankrupt, thus significantly reducing the panel of available partners.

In terms of loading optimisation, we report an 88.8% rate with a minor slippage compared to 2016. This decrease is due to a slightly less good loading rate from Genk (85%), Gueugnon and out Italian Service Centre.

However, these small decreases were almost compensated for by an improvement of +1% at our Timoteo plant (95%) and +5% in Sersheim (Germany) (83%). Overall, many of

our units are already next to optimum, but some are still trying to improve.

■ In 2017, our Pont-de-Roide site underwent a specific logistics audit with the help of a consultant. This study provided a global view of the material flows, allocation of packages, storage zoning, evolution and organisation. Among the first benefits to come from this exercise was an optimised warehouse distribution, thanks to the resizing of our pallet racks and the redesign of our packaging area that resulted in a gain of space and time saving. Further improvement will come in 2018 with a new Material Planning method, which is currently being implemented, and the use of new lift trucks that are better adapted to our material. Transport performance was also analysed from the standpoint of packaging weight, flows and end destinations. We consulted 49 potential freight suppliers, seven of which met our expectations in terms of service performance (which was defined based on quality, time, price, environmental management and fleet age).

> In 2017, we made the decision to terminate our contracts with two road transport companies. Although our purchasing economic performance was affected in Genk and Gueugnon, we decided that our priority was to stick to our business rules and ensure the safety of our employees and deliveries. The first contract terminated was for repeat Health & Safety violations by the drivers within one of our plants, after several failed

attempts to obtain an efficient action plan and results from the company. The second was terminated for ongoing violations of our safety rules and labour laws and because of a lack of financial transparency.

These figures are reported within the overall **G4-LA6** indicator on page 44.

### 2017 Carrier seminars

Following the Safety Carriers Day organised in Genk in 2015, our Gueugnon and Isbergues sites organised a similar Safety Day with all road carriers in 2017.

The Safety Day in Gueugnon took place in October and brought together 18 transport companies. The plant tours and the exchanges between participants allowed everyone to generate ideas on improving site safety, especially in the parking lots and on the roads. Some actions have already been implemented, if not completed.

The Safety Day organised at Isbergues in December gathered all carriers operating for Aperam, along with other external companies present on the site (esp. Weee Metallica and Thyssenkrupp). In addition to road carriers, the National Police came to present their process control on trucks. Finally, awards were given to carriers in several categories, with the Best Carrier Award going to Transports Blanquart for their remarkable achievements and performance in safety.

### Transportation impact (estimates, excluding maritime)

Indicator	Unit	2017	2016	Comments
Rail traffic*	% shipments (except Maritime)	11	13	
Road traffic*		88	87	
River/Other traffic*		1	<1	
Trucks average loading*	%	88.8	89.5	with lower rates in S&S
Safety inspections at site*	% outbound	100	100	

\* Estimations in millions tons.km based on major plants and the five largest Service Centres: Germany, Italy, Brazil, France, BeNeLux.

Transport Day in Gueugnon







LED-illuminated workshop in Timoteo.

## Noise

Although we have been dealing with the subject locally for years, it has not yet been reflected in our Sustainability Report. As discussions with local authorities have indicated an insert, we have included it this year.

Our basic principle is very simple. Firstly, we manage our plants with a view to be fully compliant with our environmental permits and with the working conditions mandated by labour regulations. Secondly, we try to be reactive in case of complaints. This also means that we give clear instructions to our subcontractors, particularly those that are active in scrap yards. Sometimes we also arrange our schedule to avoid disturbances, postponing operations that can cause noise or vibrations to the day time.

In some instances, on our largest sites surrounded by inhabitants, we have pushed the logic further. In Genk, for example, microphones have been installed around the site to make sure the proper operators (eg. crane drivers, etc.) are alerted of any abnormal situations. Beyond certain limits, alerts are automatically generated via texts triggered on the

operator's control devices. As the system is "clever" enough to identify echos, the situation has improved a lot over the past years. But there has been some examples of birds nesting close to the microphones that have triggered alerts!

However, noise is not always so simple to handle. Oftentimes root-causes can be difficult to track due to echoes with nearby buildings and activities, not to mention varying atmospheric conditions. When the problem is recurring and the root cause clearly identified, sound walls (like those set up in 2017 at Genk and Châtelet) or encapsulation can be organised to address noise. The benefit of such actions can be seen in the work undertaken in one of our German Service Centres in 2017.

■ The Duisburg (Germany) Service Center is located in a residential area and operates a cut-to-length line that can cut metal sheets. Needless to say, when sheets of stainless steel weighing up to one tonne are dropped, it makes some noise! In fact, measurements have given a maximal value of 86 dB (A) near the "dropped sheets".

Employees are of course protected with appropriate protection equipment.

But from the start, there has been a lot of complaints from the neighbours about noise pollution. To address these concerns, in 2015 we decided to invest in a new stacker.

With the new stacker fully functional by early 2016, noise pollution has already been significantly reduced. But a new measurement campaign proved that the performance was still insufficient, and the need for a soundproof enclosure around the stacking line was quickly confirmed - especially if the unit wanted to organise night shifts.

Several companies were invited to help install the necessary soundproof shelter, including an expert in noise pollution and a firm specialised in noise control measurements. In order to maintain good visibility in the enclosed production process, cameras have also been installed and extra windows added (see picture). Thanks to the soundproof shell, noise pollution has been reduced to 30 dB (A) in the workshop in 2017, which also means a significant improvement in employee working conditions. Sascha Glaser, site manager, looks back at the results with satisfaction: "I am very pleased that everything worked out just fine, because we have faced a lot of scepticism at the beginning of the project. With this new investment, we will be able to significantly increase our operational flexibility while ensuring the satisfaction of everyone." Since early 2017, there are three shifts operating in Duisburg - and no complaints from the neighbours.



German sound-proof enclosure.



# Interacting with our Stakeholders

We aim to achieve best practices in governance and apply the strongest business ethics. These are the keys to building trust with our customers, our employees and the communities we work in, to protecting our market position and license to operate, and ensuring our ability to thrive.

Our strong customer focus, with innovation and R&D being key pillars, is testament to the fact that we are good at listening and able to find the right solutions - a pattern we repeat in our social dialogue and stakeholder engagement.

## Sustainably profitable

Aperam is transforming itself into a 21st century industry. Key to this is the Phase 3 of the Leadership Journey® - the Transformation Program - to achieve the next structural profitability improvement, which involves leveraging the digital revolution and the power of big data to further enhance our operational efficiency and customer service offering.

## Long-term strategy

### Efficiency as a responsibility

Since Aperam's creation, we have been successful in an early restructuring of our downstream operations in Europe to adapt to changing market conditions. As a result, we are better able to face headwinds and are already well on our way to building a sustainable future for our teams. To do this, we have reorganised our tools, reduced from 29 to 17 and, when necessary, downsized our staff in a fully responsible way (see previous reports).

As a result of its operational and financial turnaround, Aperam is now well-positioned to seize the benefits of the long-term growth perspectives of our stainless and specialty-steel markets. This responsible strategy and its efficient delivery are now recognised and often applauded by many of our stakeholders. It was reflected again in 2017 with our CEO Tim di Maulo being named Stainless

Steel Executive of the Year by the Metal Bulletin's Stainless & Special Steel Conference.



*Metal Bulletin's 2017 Stainless & Special Steel Conference named Aperam CEO Tim di Maulo Stainless Steel Executive of the year.*

■ In addition, we take pride in getting positive feedback from stakeholders who look at us from very different perspectives. Our good performance is acknowledged in unison by financial and ESG analysts (see aside), and we were happy to hear from the mayor of Châtelet that *"Having a company like Aperam, is a gift for our city"*.

Actually, as a responsible company, what we bring to surrounding communities is primarily a support to local economy in the form of taxes and salaries and in local purchases.

As a responsible company, what we bring to surrounding communities is primarily support to the local economy in the form of taxes, salaries and local purchases. In 2017, we channeled \$599 million in salaries and \$64 million in taxes to local economies (G4-EC1 - see also our three country supplements) and, at our largest sites,

local purchases represent 57% of total spent (exc. raw materials, G4-EC9). In addition, we also participate in local cultural life through our community engagement initiatives (see page 44). Being aware that we are such a major contributor to the local communities we operate in reinforces our sense of responsibility and our duty of efficiency.

### 2017 recognitions

- Reconfirmed as **"AA"** (Leadership level) by



- Rated **"A-"** (Leadership level) by



- Listed in **Excellence register**



- Rated **Gold** by EcoVadis





**Picture:** Aperam Stakeholder Day in Gueugnon (“Journées Portes Ouvertes”), with well-equipped visitors of all horizons discovering the site under the guidance and protection of volunteer employees.

Aperam employees are keen to show their plants and can explain with passion the noble art of producing steel and alloys. In 2017, we saw a number of our sites opening their doors to external visitors, families of employees, students from local institutions, authorities or simply curious neighbours.

#### At a glance G4 PR5 - GRI, G4 SO1 - GRI

Indicator	Unit	2017	2016	2015	2014	Page
Customer satisfaction: Alloys	Rate on 10	8.8	9.3	9.2	9.1	Customer & Innovation focus p. 47-50.
Customer satisfaction: Stainless		7.1 <sup>(1)</sup>	n/a	7.4 <sup>(1)</sup>	7.8 <sup>(2)</sup>	
Innovation (R&D spent)	\$m	20	18	18	20	
New products in Sales	Index base 2015	122	125	100	n/a	Sustainably profitable p. 41.
EWC committees <sup>(3)</sup>	#	4	4	4	4	
Fraud allegations reported	#	17	7	11	9	Risk management and Compliance p. 42
Forensic cases founded	#	4	2	5	3	
-- o/w significant cases <sup>(4)</sup>	#	0	0	0	0	
Local purchase at main sites	%	57	57	58	62	Stakeholder relationships p. 44-47
Sites with exhaustive Stakeholder engagement policy	% of main sites	50	n/a	n/a	n/a	

(1): Europe , (2): Brazil , (3): EWC (European Work Council) initiated in April 2013 , (4): Following review by the Audit & Risk Management Committee.



## Building our sustainable, safe and profitable future

However, to remain sustainably profitable and keep ahead of global competition, we need to embrace fully all new technologies, automation, digitalization and innovate through a fully connected organisation, building upon our skilled and passionate workforce. This is why several new projects came to life in 2017, while key milestones were also announced within the phase Three of our Leadership Journey.

Amongst the projects that will shape Aperam's future are the development of new capacities. This will be done in hot rolling, at our Belgium plant in Châtelet where we aim to implement a fourth shift and for which we are recruiting new workers. It will also happen in cold rolling, with a new investment project at our Genk plant consisting of new Cold Rolling and Annealing and Pickling Lines. The latter aims to establish state-of-the-art modern lines using the latest technology. Among the expected benefits will be a widening of our product range to the most demanding applications, improved lead-time and flexibility to market demand, and a significant increase in the efficiency and cost competitiveness of our assets. These objectives will be conjugated with clear breakthroughs in terms of health, safety and environmental impact.

In 2017, we already launched the renovation of some of our lines using state-of-the-art technologies, highlights of which are listed below.

■ The traditional work on slitting lines operated in many of Aperam's Service Centres are still characterised by handwork.

Our Sersheim site, in Germany, is the first service center at Aperam where a tool robot was installed for slitting lines. After a one-week training course for six Aperam machine operators at the Supplier's and support during the week of the launch, the "Twin-Tooling

Robot" now provides two slitting lines at the same time.

Not only does this improve productivity, but is also a major milestone for the ergonomics and safety of employees. A similar system has also been implemented in Belgium at our Genk Service Centre in the course of the year.



*Automatic system for slitting lines at S&S Germany (Sersheim).*



*Monitoring pulpit on the shopfloor (Gueugnon).*



*Monitoring cabin (Genk).*

## Responsible employer

Clearly, some of our transformation projects are going to change the way work is performed within Aperam, which is why we had such a large reshuffle to our Human Resources policies.

Already, visitors are surprised to see so few operators in plants the size of cathedrals, as only a dozen employee are needed to monitor a melting phase, which can be done while comfortably seated in front of numerous screens in closed control rooms far from the heat of the

furnaces. In the future, automation will continue to revolutionise our industry and change the daily tasks of our employees, reducing harmfulness and repeat tasks. Our training and development strategy are there to help our people evolve in line with this trend. Furthermore, our hiring practices reflect this indisputable shift towards specialists, automation, digital maintenance, etc.

In this context, social dialogue is obviously a key component to engaging with our people, in addition to such efforts as our global Employment Climate Survey. Employee representatives and unions are a natural intermediary for our staff, as they also are a familiar business partner in discussions regarding the organisation of operations.

For this reason, we promote a positive dialogue, ensure the right to collective bargaining at our sites and have collective labour agreements in place throughout Aperam.

We believe our operations run in a sound social climate, without major social conflicts or disruptions in 2017 and with an absenteeism rate of 2.1%, which is in line with 2016.

In 2017, we had four meetings with our European Work Council, which recently reactivated a committee dedicated to Health & Safety.

## Responsibility in the value chain

### Overall Supply chain CSR risk assessment

In continuity with the supplier assessment system initiated in 2016, we have put in place additional actions leading to a better alignment across the different sites and countries concerned.

> Starting with the raw material supply chain, we have assessed 5% more suppliers this year (ie 94 in total). In 2017, we decided to update our methodology and incorporate questions derived from the SA8000 standards together with other



questions related to Aperam's environmental objectives.

After review of the responses received (a 81% response rate), we took the decision to withdraw European companies from the list of the entities presenting a risk on the ground that local regulations were providing sufficient protection with respect to severe Human Rights risks (Labour laws). On this basis, we are glad to see a significant reduction in the total of suppliers presenting potential Health and Safety (3, ie. -6.8 pts) or Environmental risk (4, ie. -3.7 pts). Regarding Human Rights aspects (in particular related to labour), we see an stable number of suppliers where the topic is considered as material, leading us to put higher focus on this point for the coming year.

> Regarding non raw material suppliers, in 2017 we conducted an assessment with a slightly different scope in terms sites covered, amid decision to only report suppliers campaigns undertaken in the new global tool (SAGA) - from 2018 all surveys will be undertaken in this tool. As a result, among the total number of 186 suppliers assessed (13% less than in 2016), we identified 11 suppliers with a potential risk regarding Health and Safety, eight regarding Environmental impacts and six concerning Human Rights (other than Health & Safety, which are rated separately) - **G4-LA15/EN33**.

These suppliers are notified of the assessment results and, where Aperam has identified specific concerns, a careful monitoring is setup by our purchasing teams. However, two of our freight suppliers did not respond to our alerts and were replaced (see details on page 36).

Overall, although this assessment provides only a partial view, it contributes to a change in mindsets at the purchasing department level.

In view of the above, we continue to work to raise the awareness of the teams involved in purchasing or suppliers' quality assessment so they have a better understanding of Aperam's expectations regarding its

suppliers' Human Rights policies. Starting in 2018, we are putting in place informative meetings based on the SA8000 referential for all our main sites and countries. This will better prepare our teams to use the new supplier's audit referential, which now includes a specific focus on Health & Safety, Human Rights, and Environment - all in line with Aperam's sustainability commitments.

### Key 2017 developments

Important as it is, by no means does Aperam limit ourselves to asking questions and sending audit questionnaires.

We also have very clear guidelines in our General Conditions of Purchasing and specific commitments that must be signed by subcontractors operating on our sites, all of which can be found on our official Group internet site. However, as these are just documents signed at headquarters by people that may never physically come to our sites, it is important that we also continue to engage with our suppliers directly.

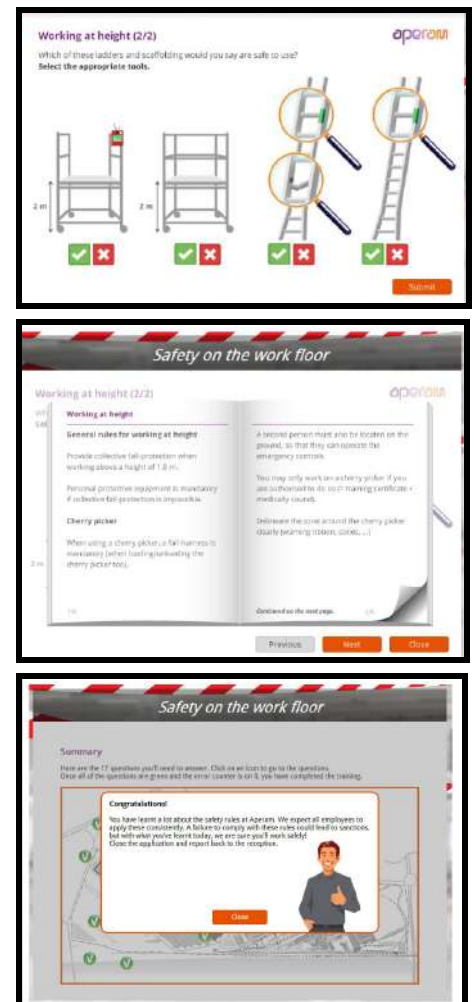
■ To make sure that safety comes first in real life, the Genk plant has used since 2006 a specific test to assess the awareness of every single contractor entering the premises. In 2017, a fully revised version was adopted, in the form of an interactive test offered in four languages and covering 17 safety and environmental topics. When the respondent doesn't know the right answer, he or she must study the rules in the digital leaflet in relation to each topic and find the right answer.

The new test was introduced during summer maintenance. A total number of 600 contractors passed the test. The average time needed was 27 minutes, although some contractors needed more than one hour.

■ On a different topic, but still related to our supply chain, our Brazilian colleagues again paved the way for Aperam. Wanting to make sure that the suppliers that work for us in Timoteo and BioEnergia units are fully

compliant with laws and business ethics, the Brazilian team ran an extensive analysis, screening around 400 different supplier companies coming from all fields. They used a methodology where each entity was checked for possible fines and sanctions, and also verified media for possible litigations related to corruption, labour conditions or the environment.

At the end of this thorough screening, the dedicated working group reported only seven cases where the screened suppliers raised significant issues in terms of business ethics. Each one of these cases were discussed on the local compliance committee.



Screenshots of the e-Learning test for Genk's contractors.

## Policies based on international standards

Our Company policies, available on our website, were inspired by international references:

- International Labour Office
- United Nations Human Rights Charter
- United Nations Global Compact
- United Nations Convention Against Corruption
- OECD Guidelines for Multinationals
- ISO standards (Quality, Energy, etc.)
- SA 8000

## Risks and Compliance

### Risk monitoring

In 2017, there were 17 allegations relating to fraud, which were referred to the Group's Combined Assurance Department for investigation. At the end of 2017, 11 forensic cases had been finalised, with four cases founded and seven unfounded. An additional three were under discussion and three remained in progress. Following review by the Audit and Risk Management Committee, none of the four founded cases had a material impact on Aperam accounts.

Our Risk Management process is based on a quarterly review of our main risks and mitigation action plans for all key risks. It encompasses all possible areas, from tax to natural disasters, via topics such as corruption, electricity prices, etc. which are discussed at our Board's Audit and Risk Management Committee.

All the top risks are disclosed within our Annual Financial Report (page 51 and 52), all of which are analysed, weighed and assigned a strategy.

### Restructuring our Compliance approach

In 2017, our Compliance Framework went one step further by restructuring itself entirely and completing its network of correspondents for a better

local presence. To get an optimal efficiency and make ethics and compliance the backbone of any decision, the programme was redefined based on six pillars: Alignment, Communication, Behaviour, Audit, Technical Expertise, and Continuous Improvement. Without going into the details of each, let us just highlight the 'Communication' and 'Alignment' pillars.

In terms of Communication, new routines were set up so that repeat messages and regular actions made a permanent impression on mindsets. Among the new routines are two annual, company-wide actions. In 2017, the concept was inaugurated with a short six-question, web-based quiz on Aperam's Code of Conduct, which was rolled out in 10 languages and accompanied by a message from our CEO during the summer. This action was an effective first move because it received over 3,200 individual responses, with many sites reaching a 100% rate on white collars. It was also a success as the average rating given by the respondents was a four out of five, with a lot of very positive comments supporting the action.



*Pop-up inviting all employees to join Aperam and the United Nations' fight against Corruption, here in Italian (10 languages available).*

Another strong move of 2017 (and second company-wide action) was the anti-corruption awareness-raising

action organised for the United Nations Day against Corruption (Dec. 9th). Again built in 10 languages to reach Aperam employees everywhere, a pop-up was triggered on all screen (see aside) to recall the ethical need supported by Aperam to combat corruption, which fuels criminality and hinders global development.

In this period of preparation of year-end celebrations, it was also an opportunity to remind all employees of Aperam's new No-Gift policy.

To improve alignment, several actions have been combined. Firstly, onboarding of top management was improved starting with a specific video-conference chaired by our CEO. We also added a "compliance certificate" that summarises the actions of the year, allows one to report breaches to our Code of Conduct and to touch base on the unit's adhesion to the compliance programme. To take this one step further and address ethics at the local level, our Brazilian unit decided to dedicate a full-day seminar to the topic (read insert). In addition, a compliance training path was defined jointly with the Heads of Functions to ensure that all employees in one specific function were aware of the relevant policies when they join and are also regularly trained in accordance with the risks identified and with the existing awareness level.

Other actions dealt with such topics as insider dealings, home-made e-Learning modules and antitrust exercises for key managers, as well as work-streams related to anti-corruption and anti-money laundering (in line with Loi Sapin II in France and other increasingly stringent regulations in Brazil and elsewhere). We also started to embrace the topic of Global Data Privacy regulations, which is a significant challenge for a cloud-based company organised into digital functional platforms irrespective of the employee's location.



## “Let’s talk about Ethics” seminar in Brazil

For the first time, an Aperam unit hosted a half day seminar on ethics and compliance. The seminar, which was held in August 2017, included lectures from a professor of ethics and education and presentations from the NGO Transparency International (see picture) and the Brazilian Compliance Officer of ArcelorMittal. Topics covered ethics, transparency and integrity, how to build a culture of effective integrity, and Aperam policies.

All contributions highlighted the role of individuals as “integrity is everyone’s role” and were followed by a Question & Answer session moderated by the Chief Operation Officer Stainless and Electrical Steel South America Frederico Lima.

The seminar was attended by more than 200 employees, either physically or through web conferencing. Further deployment of the messages to all employees was also organised, thanks to a specific manager’s guide and four videos covering the main topics discussed.



## Stakeholder relationships

### Focus of the year 2017

We are very keen to maintain a close relationship with our stakeholders. For us, doing so is both fully consistent with our values and simply good business management. During the recent economic crisis, some of our sites had to discontinue regular encounters and routines with their usual stakeholders. In Brazil, however, these actions never really halted, which is underscored by the focus on our Acesita Foundation, which you can read about in the left-hand insert. In Genk, the annual Juniors’ Day also continued to take place. But in 2017, we saw a swell of actions as many European sites resumed such communication actions after years of suspension.

■ It had been three years since Aperam organised a Stakeholder Day in Imphy, which we last reported on in our 2015 Sustainability Report. The first initiative had been much appreciated and the plant decided to re-organise one in June. The event welcomed representants from local authorities (city, region and officers from environmental agencies), as well as groups of students and any individual having registered. The event provided an opportunity for a visit of the site’s workshops. In

particular, the special exhibits with photos from local association and educational boards regarding the environmental and social impacts of the process and the mitigation measures implemented over the years were much appreciated.

A more technical presentation was also given by the management in a specific meeting with representatives from local authorities, with a particular focus on planned investments. This meeting was followed by a tour of the plant, highlighting all the improvements implemented in the past few years to limit dust emissions and improve water management.

*Imphy’s Open Day: visit of the plant.*



■ In Gueugnon (France), the event was even larger (3000 visitors). It had been 14 years since the unit last organised an Open Day of a similar magnitude, so they decided to make this edition count. The four-day event was organised in June and necessitated the involvement of many employees, subcontractors and local associations.

After a safety welcome, neighbours, former employees, students and other guests were properly equipped and invited to a tour of the workshops. The visits were led by employee volunteers of all ranks, and operators explained the process at their own workshops with the help of explanatory boards. Additionally, stands showcased various applicants, presented our environmental results and served as a temporary museum with historical photos.

The event was covered by media (see the headlines) and generated a lot of enthusiasm, both on the visitors’ side and from our internal staff that was proud to show off their plant.





The Service & Solution division is mostly constituted of units below 200 employees, with many only gathering 50 to 100 employees, on one single site in the country, and many different countries scattered on the planet. It is not so easy to build a company culture in such conditions.

Last year we presented the program aimed at raising the pride and sense of belonging to this part of Aperam. This year, we saw that they also took up the opportunity to show their pride locally.

■ At the Genk Service & Solution Centre, only a few miles away from the entrance of the Genk plant, a family day was organised (see picture). In Poland, employees organised an open day with a local primary school and a celebration for the unit's 10th anniversary (see below).



*S&S Genk Family Day*



*S&S Poland visited by primary school*



*S&S Poland celebrating its 10th anniversary.*



*S&S Italy celebrating Podenzano' 20th anniversary.*



*Welcome speech by Sascha Klömpges (co-CEO) and Sascha Glaser (site manager).*

In Italy, the S&S team celebrated the 20th anniversary of the Podenzano unit, which opened in September 1997. Unique in Europe, the Podenzano Service Centre is one of the two S&S sites in Italy and focuses on the requalification of stored material and second choice from our European mills. In Duisburg, Germany, we marked the 25th anniversary of the site, which will soon be transferred to the nearby city of Haan for a new chapter in its history.

### Urban integration

Based on our discussions with officials from local authorities, we decided to include this new topic in our report. As some cities have grown up around our plants, the parallel expansion of our industrial premises on one hand and of the residential zones on the other, have not always always happened harmoniously. Some of the problems related to noise or dust are directly linked to the close proximity between our tools and the residential houses.

When you add to the equation the increasing number of individual cars and traffic and the shortage of parking spaces, it gets even more tricky. With a trend towards revitalising city centres, you understand that the situation can be complex and that there is often little room, in both meanings of the word, for an easy solution.

Some of these topics are still under discussion, as is the case for a new parking area in the city centre of Gueugnon, and we will follow-up on these. But some have finally been solved to the satisfaction of all. Let's see the example of Châtelet.

■ Although our Châtelet site is not new, it has undergone expansion. In 2004 a new melting shop was added to the original Hot Rolling Mill. The initial layout of the newly enlarged site included an entrance that soon started to raise discontent amongst locals, due to the traffic congestion generated by the parking of inbound trucks.

Further to discussions with all concerned parties, and in particularly with the urban communal authorities, it was decided to fully reconsider the entrance layout and adjust the traffic lanes accordingly. A few years later, the entrance was fully reshuffled, with the waiting area moved in front of the pedestrian entry, where truck drivers can rest safely and wait until they receive a specific code (via a printer for the drivers at main gate) inviting them to direct their vehicle to the raw material yard - or anywhere they are expected.

Today, there are no more trucks waiting on the road from Châtelet to Pont-de-Loup. Even if this modification required the closing of a bridge that was a popular shortcut for local residents, all agree that the situation has been changed for the better, improving the safety and reducing the traffic congestion around the site.



*Rotterdam Central, Netherlands  
Team CS: Benthem Crouwel Architecten,  
Amsterdam MVSA Meyer en Van Schooten  
Architecten, A'dam West 8, Rotterdam  
© Jannes Linders  
Stainless 316L Uginox Mat finish*

*Picture: A new bird landed in Rotterdam in 2014 with the grace of origamis. It structures the urban landscape, covering ways and platforms, nesting solar cells and restoring to the population the large square initially designed in front of the station in the 50s and demolished since then. The roof of this International Railway station is covered with Aperam bright stainless steel.*

## New policy

In line with the survey conducted in 2016 (see also, last year's report), we have formalised the Aperam way for conducting stakeholder engagement. This was approved by our Leadership Team in September 2017. The objective is to provide a framework for the existing engagement modes, ensure they cover the key stakeholder groups, and strengthen exchanges where they are less structured. To do so, Aperam guidelines will clarify the pattern for effective communications with key groups of stakeholders (depending on the size of the site) and suggest frequency and operating modes, leveraging existing

communication channels: paper magazine, yearly celebrations, neighbour's newsletter, etc.

■ As part of this new stakeholder engagement policy and to promote transparency, all of Aperam's main sites will be provided with two additional communication tools. The first is a standard poster to be displayed at a site's entrance in order to provide the public - visitors as well as neighbours - with key facts about our plants. Our annual safety performance will be released, together with our main environmental indicators, to materialise our commitment to improvement. Also on the poster will be a QR code, leading to a brand-new online contact form, which will serve as a portal to channel all enquiries to the relevant people. The idea is that anyone can easily reach us so that any problem can be solved before it escalates into a crisis. As a web-based tool, it will be available 24/7 and will provide a means to contact the site in the local language while remaining fully auditable and secure.

All of these initiatives were presented to local authorities, together with our country pages, and area testament to

our efforts to ensure the best neighbour relationships with our communities

Thanks to these guidelines, it will also be possible to rigorously define which sites do not comply with our standards and to measure in a fully transparent way the number of sites that have a consistent stakeholder engagement mode, as the GRI suggests.

For this last exercise, this year we ran a preliminary assessment. We have rated the grievance mechanisms in place according to demanding criteria (including 24/7 availability) and we also looked at the public disclosures of results. After analysis, we decided that local development plans may not be necessary at sites where the local communities do not expect it. For instance, given the very flattering comments from the Châtelet mayor, the fact that no systematic development programme exist is not seen as a problem: it simply does not correspond to local needs. Today, only three of our sites have a consistent local development plan: our Timoteo and BioEnergia units, which rely on the Foundation for a very impactful programme (see also next page); and Isbergues, which continues to develop activities in line with the revitalisation agreement started some years ago (see previous reports).

Overall, based on this challenging definition, we consider that 50% of our main sites have fully compliant and cohesive stakeholder engagement routines (G4-SO1).

Among the gaps identified are the public disclosures and grievance systems. The two communication tools previously discussed are meant to fill these gaps.

With the envisaged measures, we could reach 100% next year on the same scope and add more criteria for a continuous improvement of our engagement practices.



## Aperam' Acesita Foundation in Timoteo ...



In Brazil, Aperam places a high priority on Corporate Responsibility and social impact investing, in line with the joint interests of the company and of the neighbouring communities.

In 2017, our Aceita Foundation continued work on its many social programmes. Based on a request from municipal authorities, we invested in a partnership with the local association called *Junior Achievement Minas Gerais* for the project *"Entrepreneurship in the School"*. In order to develop Junior's entrepreneurship skills and employability, the project aims to prepare the next generation for their professional careers by promoting behaviours based on ethics and citizenship. In 2017 alone, 1,245 students received training, which was provided by 69 volunteer instructors over the course of 644 hours. The training focused on best practices, improving the skills needed to build an environmentally friendly, economically feasible and socially fair business, irrespective of its status as an individual or collective enterprise.

Always attentive to include employees' family in Aperam programmes, the Brazil foundation also launched two events based on the "Sou +" programme (*"I am +"*, also described in *People*, p.14 ):

> *Oikos "Sou+"*, : Playing, Making and Learning at Oikos with pedagogical workshops and actions focused on "being+" i.e. being healthier, safer and more sustainable. This happened at the end of July as a warm up before going back to school in August. Thousands of people visited this three-days event!

> *"Sou + Família Aperam"* (*I am + Aperam family*): 90 employees' children, from 10 to 16 years old participated in this three day event organised in October. Participants learnt about the 'Sou+' concept, which aims at stimulating them to apply safe, healthy and sustainable behaviour at home... with a lot of fun (see above)!

For more, visit [www.brasil.aperam.com](http://www.brasil.aperam.com)

## and in BioEnergia



As in past years, our unit worked actively on many environmental and social programmes, sharing with its employees and local communities:

> "Health Blitz" happens throughout the year, taking every occasion to reinforce internally Aperam's message about Health & Safety. These activities include April International Day for Health & Safety, the "S" day in August, (S for "Saúde", which is health in Portuguese), participation in National Traffic Week, the SIPIN (Integrated Week for Fire Prevention, see last year's report) or SIPAT (Integrated week for the labour accident prevention) in December. This year, Bio Energia put in place an itinerant "health stand", which toured across neighbouring towns with a team ready to speak about healthy and nutritious diets and to calculate visitors' Body Mass Index and blood pressure. This was organised in parallel to the workshop visits, where the safety of equipment was checked and general information on safety best practices was shared.

> The topics of Water and Energy were covered by the "Preserve water: avoid life leakage" and the "Turn on these tips" campaigns. As part of the campaigns, Aperam distributed "tips flyers" to employees and visitors, with best practices on how to reduce water or energy consumption.

> BioEnergia also held the annual SimBio. This year the event focused on the theme "Admire, respect and care: putting in action our best intentions" and aimed to highlight the different ways to preserve nature and local biodiversity. The public was invited to this event, where they could ask questions, learn about environmental protection, and participate in recycling workshops. People could also visit various stands explaining the local flora and fauna, about the hydric resources and the recovery of degraded areas or even about apiculture. Over 500 people visited the BioEnergia stands.



# Customer and Innovation Focus

## Committed to Innovative Products and Sustainable Service

### Innovation as the strategic driver

One pillar of Aperam's Top Line strategy is to meet the next generation of customer needs according to megatrends by providing a better product offering. As to our product offering, Aperam's portfolio of innovative stainless steel applications includes a range of value-added niche options. Furthermore, our Alloys and Specialties segment specialises in the design, production and transformation of

various nickel alloys and specific stainless steels. These applications are intended for high-end applications and are often used for specific customer demands, especially in the aerospace, electronics and petrochemical industries. All of our products are backed by a network of proximity service centres with state-of-the-art tools tailor-made to meet our customers' every need (to read more about Aperam's new cut-to-length line in Isbergues and the revamping of our German service centres, see p. 41).

### The World's Greenest Steel

Sustainability is part of Aperam's DNA. We are the only steel mill in the world that produces steel using 100% charcoal instead of extractive coke in Brazil. In Europe, most of our production comes from scrap, 80% for austenitics particularly. Because it is produced from a clean and renewable energy source, we classify our product as 'Green Steel'. By doing so, we maintain a relationship of respect with the surrounding environment.

### Materials and their recycling rate in packaging waste - Europe



### The Product Front

Stainless steel is much more than just a metal – it's a ubiquitous part of our lives. From the alarm clock that wakes you up to the kettle that makes your night-time tea, stainless steel can be found in many of our home appliances, cooking utensils and other everyday objects. It also plays a prominent role in an array of important industries, including energy production, transportation and automotive, building and construction, heating, food, chemical, and electronics. Thanks to its recyclability, durability, versatility, ease-of-use, cleanliness and aesthetic appeal, stainless steel is the material of choice for applications of every kind. Furthermore, many of the applications that will soon define how we live more sustainably, such as fuel cells, wind turbines and low emission vehicles, are embracing the benefits of

stainless steel – making it the material of the future.

Knowing that stainless steel can serve as a valuable substitution for other materials, and also taking into account its low environmental impact (see graph above and the chapter on Environment), our R&D team of 130 researchers is committed to developing innovative new applications. Aperam's R&D centres design value-added products and solutions in terms of grade, surface aspect, functionality and properties to address the unresolved challenges of our customers. This is also reflected in our \$20 million in investments and in our 2017 sales, where new products represent an increasingly large share (18% more than in 2015).

New products* in Sales	2015	2016	2017
(Volumes, Index 2015)	100	125	120

\*New products defined as products being sold for less than 5 years.

Our innovation abilities extend way beyond the product facet. Aperam operates using a systematic combination of products and services that extends from the design or co-development stage to the product's production and end use. As our goal is to make your life easier, we take a collaborative approach to R&D and base our product offerings on our customers' needs.

### EU Anti-dumping Update

In an effort to modernise European regulations, social and environmental standards will be taken into account when calculating the injury margin in anti-dumping investigations. For goods originating in countries with lower social and environmental standards, the cost incurred by EU companies to comply with such standards will be included in the calculation of the injury margin.

## AREAS OF FOCUS



### *Stainless Steel in Buildings*

<< **PANEUM:** If you happen to be in the Austrian village of Asten, chances are you noticed the shiny, futuristic PANEUM building. The building's metallic bubble gets its iconic shine thanks to it being clad with Aperam's versatile stainless steel shingles.

PANEUM - House of Bread II - Asten, Austria - COOP HIMMELB(L)AU © Markus Pillhofer



### *Stainless Steel and Alloys in Transportation*

<< **Fuel Cell:** a key component to fuel cells, a sustainable alternative to the combustion engine, are bipolar plates.

However, as producing these bipolar plates is a time consuming and costly process, the viability of fuel cells remains in question.

AION, Aperam's cost-effective high-value solution for fuel cells has been developed, making hydrogen vehicles economically viable.

### **Direct injection systems >>**

to support the market's shift towards green vehicles, Aperam developed an Iron-Cobalt alloy grade specifically tailored for direct injection systems. It offers high saturation magnetisation to meet high pressure exposure, high electrical resistivity for high dynamics and short switching time, and high corrosion resistance to gasoline.



### *Electrical Steels and Alloys in Energy*



### **<< GoCore for lower consumption energy generation and transportation:**

Launched in 2017, the new production line installed in our Timoteo plant integrates the production of oriented grain (GO), non-oriented grain (NGO), and the novelty of super-oriented grain (HGO) steel. This innovation places Aperam in a select crowd of world producers of HGO.

GoCore HGO is a more permeable steel with better energy efficiency, aligned with the trend of greater demand for more efficient products and resulting in lower consumption of electricity. For the energy generation and distribution sectors, this means smaller and more efficient electrical power transformers.

### **Efficient power transmission cables >>**

STACIR/AW (also known as HSTACIR/AW) is an innovative new cable technology that transports twice as much energy as traditional cables. It accomplishes this by using an Aluminium clad strengthened Invar core.

As the discoverer of Invar®, Aperam Imphy played an important role in the development of this new cable technology. Its new DURINVAR® grade is a reinforced Invar with a very low coefficient of thermal expansion. This allows the core to bear the cable's weight when working at high temperatures by doubling the current flow. DURINVAR is currently being validated - proving the power of pairing customised solutions with comprehensive technical assistance.



## The Service Front

To monitor how well we are meeting these needs, Aperam regularly surveys customer satisfaction to:

- > Measure satisfaction across all aspects of the customer relationship
- > Understand the importance of each of these aspects
- > Identify basic expectations and priority actions, detect future needs and then build a competitive advantage for Aperam
- > Assess the level of knowledge that our customers have about Aperam's products and services

### Customer focus

**Proximity** via our integrated distribution network

**Service & agility** (technical assistance, e-platform)

**Product innovation**

**\$20 m R&D spent**

In 2017, Stainless & Electrical Steel and Alloys underwent a comprehensive review of their

customer service. Out of 10, Aperam scored 7.1 for Stainless in Europe, 7.2 in Brazil and Alloys was rated 8.8 (G4-PR5). The first results for 2018 for Brazil already show a +0.4 improvement.

But these surveys are about more than just numbers – they serve as a catalyst for change. All of our departments, from our industrial sites to the commercial sales force, use this feedback to improve our customer service offering.

■ For instance, noting a demand for enhanced supply-chain support, Aperam developed a comprehensive portfolio of digital services geared specifically towards meeting our customer's supply chain needs. On the customer side, this Industry 4.0 approach includes:

- > e-aperam.com: online service platform offering 24/7 eCommerce and eServices
- > Electronic Data Interchange (EDI): an efficient way for customers and suppliers to build a fully automated and integrated supply chain
- > Automatic Inventory Replenishment: to get real-time updates on order books and deliveries.



■ We know that our success depends on our customers being confident in their use of stainless steel. For this reason, Aperam is dedicated to supporting each customer through technical assistance, product co-development and skill sharing. Our global presence includes 20 sales offices and 14 service centres, meaning no matter your location, Aperam can provide local, on-the-ground assistance. For more technical requests, we also offer the opportunity to benefit from the support of our Stainless Steel Research Centre, the Força Inox training in Brazil and Atelier Inox training in Europe (see below).



**Stainless Steel Research Centre:** a one-stop-shop for all technical questions relating to the production and use of austenitic, ferritic, martensitic and duplex stainless steels, along with Iron Nickel and Iron Cobalt products. Located in our Isbergues production plant (Stainless) and in Imphy (Alloys), the Research Centres are the heart of our global technical network that includes research centres across Europe and Brazil and that work in partnership with several world-renowned universities and expertise centres. Through this network, our customers have access to: support in optimising their processes; devices for tool and part modelling; welding and forming support; and the latest grades offered by Aperam.



**Co-development:** by listening to our customer's demands and collaborating with them, together we develop the high-quality, innovative products they need to stay at the forefront of an always-evolving industry. Our engineers assist in the design and execution of new medium- to long-term projects. Aperam also helps optimise our customers' manufacturing process, evaluate how they can reduce costs, enhance the skills of their personnel, and provide their team with the technical training needed to succeed.



### Força Inox & Atelier Inox Training:

Atelier Inox 2.5-day introduction to stainless steel programme focused on the versatility of our wide range of grades, with the aim of helping customers identify the best possible solution for their needs. Brazil's Força Inox training offers different options, from a one-week technical training to spot seminars. Both programmes include opportunities to get hands-on experience with the grades, along with workshop visits. Topics covered include corrosion resistance, welding, forming and stamping. The targeted audience ranges from design offices up to production technicians.





## Your Preferred Supplier

Whether it's an innovative, high-performance stainless steel solution, providing local technical assistance or co-developing a new product, every one of our actions shares the same goal: to be your Preferred Supplier.



### ***ISSF award-winning Aperam Stainless Steel for Chernobyl clad***

The troubled nuclear reactor at Chernobyl is now covered by a domed sheath made from Aperam's 316L stainless steel. This new application was given the Gold Award by the International Stainless Steel Forum (ISSF), in recognition of how stainless steel can be used to benefit the environment and the public at large.

### ***Aperam South America as best steel mill supplier***

In 2017, Aperam customer Raizen, a leader in the sugarcane and fuel distribution sectors in Brazil, named in 2017 Aperam South America as the best steel mill supplier.

Last year, Aperam delivered 332 tons of stainless steel to Raizen without any supply problems. Based on the Supplier Quality Index (SQI) that Raizen uses to evaluate delivery punctuality and quality, Aperam earned a perfect score.



### ***Imphy Alloys earns a Gold Recognition Award from EcoVadis***

In 2017, Aperam Alloys Imphy's commitment to social responsibility earned a Gold recognition from EcoVadis. The assessment analysed the quality of the company's CSR management system in the areas of environment, social, ethical and responsible purchasing. The ranking places Aperam among the top 5% of companies rated by EcoVadis (see also p. 39).

### ***Alloys' Imhua's performance applauded by Siemens***

In April 2017, Imhua (Aperam's Alloys unit in China) welcomed a Siemens Audit Team, which conducted a full production audit with an impressive 87% final score, noting amongst the unit's strengths a strong focus on Environment, Health and Safety. Aperam Alloys plans to leverage these very satisfactory results to help increase its downstream cores business – including from Siemens.



# About this Report

This report is based on Aperam figures, unless otherwise stated, and is intended to materialise our commitment to transparency and responsible business behaviours. It is based on our interpretation of the following initiatives:

- United Nations Global Compact
- Carbon Disclosure Project
- ISSF Sustainable Charter
- WorldSteel Sustainable Charter
- Global Reporting Initiative - for which an Index is found below

GRI Index		Disclosure code and label		Information or reference	
Economics					
Economic Performance	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 1.	
	G4-EC1	Direct economic value generated & distributed		Present report - page 4-5 ; Annual report 2017 page 3-4.	
Procurement Practices	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 1-2.	
	G4-EC9	Proportion of spent on local suppliers at main sites		Present report - page 38-39.	
Environmental					
Material	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 2.	
	G4-EN2	Percentage of materials used that are recycled input material		Present report - page 27, 33.	
Energy	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 3.	
	G4-EN5	Energy intensity		Present report - page 27, 28.	
Water	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 4.	
	G4-EN8	Total water withdrawal by source		Present report - page 27, 32.	
Emissions	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 3.	
	G4-EN18	Greenhouse gas (GHG) emissions intensity		Present report - page 26-27	
	G4-EN21	NOx, SOx and other air emissions		Present report - page 27, 30-31.	
Wastes	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 2	
	G4-EN23	Weight of waste by disposal method		Present report - page 27, 33.	
Labour					
Occupational Health & Safety	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 4.	
	G4-LA6	Rate and gravity of injury, occupational diseases, lost days, and absenteeism, number of work related fatalities, by region and by gender		Present report - page 11-12	
Training & Education	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 5.	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category		Present report - page 17, 19-20.	
	G4-LA11	Percentage of employees receiving regular performance reviews, by gender and by employee category		Present report - page 17.	
Supplier Assessment for Labour Practices	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 5-6.	
	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken		Present report - page 36, 40-41.	
Society					
Local Communities	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 6	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes		Present report - page 39, 45-46.	
Product and Service Labelling					
Customer Satisfaction	G4-DMA	Disclosure on Management Approach		Online Supplement C - page 6.	
	G4-PR5	Results of surveys measuring customer satisfaction		Present report - page 39, 49.	

General Standard Disclosure		Information or comment	Reference
<b>Strategy &amp; Organisation</b>			
G4-1	CEO statement	Opening Words.	Current report, p. 3
G4-3	Name of organisation	Aperam	Cover
G4-4	Primary brands, products, and services	Aperam Annual report 2017, p. 8.	Current report, p. 5
G4-5	Location of headquarters	12c rue Guillaume J. Kroll, L-1882 Luxembourg.	Back Cover
G4-6	Countries of operation	Production facilities are listed by geography in Aperam Annual Report 2017, p 9.	
G4-7	Ownership and legal form	Public limited company in Luxembourg	
G4-8	Markets served	Key markets and sales by destination.	Current report, p. 5.
G4-9	Scale of organisation	Aperam Annual report 2017, p. 8.	
G4-10	Employees and workforce	<b>Employees</b> Figures based on FTE as of December 2017, Full time own employees at year-end including Aperam Drosbach Headquarters and excluding Haven Genk. Female workers: 12% of the Aperam overall; 20% of exempts. The small workforce at BioEnergia in Brazil is subject to variations due to seasonal factors (growing cycle of the trees: planting, harvesting etc.). Alloys ICS is included starting 2015 reporting.	
G4-11	Collective bargaining agreements	100% of the Aperam employees are covered by collective bargaining agreements	
G4-12	Description of supply chain	Description of supply chain available within our Online Supplement C – p1	
G4-13	Changes to organisational profile	Divestiture of Aperam Tubes France (Ancerville) in April 2017.	
G4-14	Precautionary approach	See our risk management	Current report, p. 42.
G4-15	External initiatives	We also operate in partnership with various organisations, principally via the Aperam Acesita Foundation in Brazil.	Current report, p. 51.
G4-16	Associations and advocacy organisations	EUROFER, Brazil Steel Institute, ISSF and WorldSteel.	Annual Report, p. 38.
<b>Identified materials aspects and Boundaries</b>			
G4-17	Entities consolidated in financial statements		Annual Report, p. 162.
G4-18	Process for defining report content	In line with the GRI-G4 framework.	Current report, p. 6-7, Online Supplement B.
G4-19	List of material aspects	Description of our Stakeholders groups as well as our reporting process and materiality analysis is to be found within our Online Supplement C – p1.	Current report, page 8 Online Supplement B – p1-2
G4-20	Aspect boundaries within/ - and without/ the organisation		Online Supplement B – p1-2.
G4-22	Restatements	Restatements may result from: Mergers or acquisitions, change or scope of segments (eg. precision), change of base years or periods, nature of business, measurement method.	
<b>Stakeholder Engagement</b>			
G4-23	Changes in scope and boundaries	No significant changes on scope and boundaries	
G4-24	Stakeholder groups		
G4-25	Identification and selection of stakeholders	Description of our Stakeholders groups as well as our reporting process and materiality analysis is to be found within our Online Supplement C.	Current report, p. 7, and Online Supplement B.
G4-26	Approach to stakeholder engagement		
G4-27	Key topics and concerns		
G4-28	Reporting period		
G4-29	Reporting cycle	Calendar year 2017 (Annual) is reported into Made for life Report 2017.	
G4-30	Previous report	Previous issue reported on calendar year 2016	
G4-31	Contact point	<a href="mailto:sustainability@aperam.com">sustainability@aperam.com</a> or <a href="mailto:contact@aperam.com">contact@aperam.com</a>	
G4-32	Content Index	Reporting to GRI-G4 in accordance at Core level.	Current report, p. 1.
G4-33	External assurance	Main report, and online supplement bundle.	Current report, p. 1.
<b>Governance, Ethics and integrity</b>			
G4-34	Governance structure	Current report, p. 7, Supplement D – p1, Annual Report, p. 58.	
G4-56	Values, principles, standards, and norms	Aperam Code of conduct – available on the web in multiple languages	Current report, p. 46.

For other GRI-related reference documents, please see the Online Supplements at [aperam.com/sustainability](http://aperam.com/sustainability).



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For more information please visit our  
website: [aperam.com/sustainability](http://aperam.com/sustainability)

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**Disclaimer - Forward Looking Statements** In this 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 its 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 principal risks and uncertainties to which it is exposed, including, without limitation, the risks described in this report. Aperam does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. 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 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.

## Aperam Sustainability Report 2017

### Online Supplement A

#### United Nations Global Compact references

To facilitate stakeholders' understanding and benchmarking of our corporate responsibility performance, we show how our operations and strategy align with the UNGC's ten principles ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

Our Sustainability Report and specific additional items (as noted) represent our UNGC Communication on Progress (COP).

1. Our Statement by the Chief Executive is on p3 of our 2017 Sustainability Report.
2. Our practical actions to implement the Global Compact principles in the four key issue areas of human rights, labour, environment and anti-corruption are described in our Sustainability Report, as well as in online supplement C which covers our Disclosures on Management Approach (DMA).
3. Our measurement of outcomes is described in the performance dashboards "at a glance" of each sections, on p12, 27, 39 of our Sustainability Report.

Further detail is provided in each chapter:

#### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.

##### >> Assessment, Policy, Goals and Implementation:

Our policies and how we implement them are described in all our Sustainability reports and in the online supporting documents, specifically:

- Sustainability Report p42-45 (Supplier impact, Risk and Compliance, Stakeholder relationships) and Online Supplement C (Economic; Supply chain management);
- Code of Business Conduct, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code for Sustainable Sourcing and Purchasing, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Annual Report Corporate Responsibility Statement p;
- Online Supplement D on 'Corporate Governance at Aperam' and Annual Report p36-38; and
- Human Rights Policy, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies.

#### 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, Goals and Implementation:

Our policies and how we implement them are described in the 2017 Sustainability Report and in the online supporting documents, specifically:

- Sustainability Report p21-22, 42-45 (Promotion of diversity, Supply Chain, Risk and Compliance) and Online Supplement C;
- Human Rights Policy, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code of Business Conduct, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code for Sustainable Sourcing and Purchasing, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies
- Annual Report Corporate Responsibility Statement p37; and
- Online Supplement D on 'Corporate Governance at Aperam'

## United Nations Global Compact references continued

### Environment

**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, Goals and Implementation:

Our policies and how we implement them are described in the 2017 Sustainability Report and in the online supporting documents, specifically:

- Sustainability Report p26-37 (Environmental impacts) and p47-48 (Product & Customer responsibility);
- Environment, Energy, Health and Safety policies, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code of Business Conduct, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code for Sustainable Sourcing and Purchasing, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Annual Report Corporate Responsibility Statement p37-38; and
- Online Supplement D on 'Corporate governance at Aperam'.

### Anti-Corruption

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

#### >> Assessment, Policy, Goals and Implementation:

Aperam Policies and implementation are described in the 2017 Sustainability Report and in the online supporting documents, specifically:

- Sustainability Report p42 (Risks and Compliance);
- Code of Business Conduct, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Code for Sustainable Sourcing and Purchasing, available on [www.aperam.com](http://www.aperam.com) under sustainability and corporate policies;
- Anti-corruption and bribery policy on [www.aperam.com](http://www.aperam.com) under Corporate Governance and Compliance;
- Annual Report Corporate Responsibility Statement p38; and
- Online Supplement D on 'Corporate Governance at Aperam'.
- Anti-Money laundering policy
- Tax policy

In addition, Aperam underlined in its 2017 its full support to the United Nations Sustainable Developments Goals. In particular, the reasons for our unconditional support to nine of them, which are listed below, are detailed within our Sustainability report page 9-10.





## Aperam Sustainability Report 2017

### Online Supplement B

#### The Report Materiality Process at Aperam

2017 Group matrix - Very similar to 2016



P1 Occupational Safety  
 S1 Sustainably Profitable  
 P6 Occupational Health  
 S2 Legal & Fiscal Compliance  
 S3 Customer Satisfaction  
 E4 Air & Dust Emissions  
 E5 Pollution Prevention/ E12  
 Industrial Safety <sup>NEW</sup>  
 P5 Competencies & Employability  
 P2 Employee Engagement  
 E8 Product Innovation

E2 Energy Consumption  
 P3 Social Dialogue  
 S6 Fair Business Practices  
 S4 Anti-Dumping  
 E3 Waste/Recycling  
 S5 Cash, Debt & Financing  
 E1 Raw Material Consumption  
 P8 Diversity & Equal Opportunity  
 S7 Supplier Labour Practices  
 P12 Attracting talents  
 E6 Water Consumption

S8 Market Dynamics  
 S10 Data Privacy and cyber-criminality  
 P4 Community Engagement  
 E9 Transport Emissions  
 E7 Climate Change  
 S7 Economic Sanctions  
 S9 Supplier Environmental Practices  
 E10 Biodiversity  
 E11 Noise <sup>NEW</sup>  
 S11 Urban Integration <sup>NEW</sup>  
 P9 Philanthropy

## Determining Report Content

We follow a structured process to identify our most material sustainability issues and determine the content of our report.

This is based on the GRI G4 Reporting Principles for Defining Report Content. To determine if an Aspect (topic) is material for us, we assess its potential impact in sustainability terms and on our business. This assessment evaluates potential financial and reputational risks to Aperam; the importance to our stakeholders and the links with our mission and goals. From our internal risk perspective, we evaluate the magnitude of the impact using a scale from Minor risk to Critical risk.

> In 2014, further to regular stakeholder engagement at our six main plants in Europe and Brazil, we updated the 2013 assessment and improved our local and Group-level materiality dashboards and we identified 12 sustainability Aspects for the Aperam. Building on this, we have decided not to conduct a full review in 2015 but to drill down on a specific stakeholder group: Aperam employees.

The idea was to make a refresh of our Materiality matrix making a focus on our Employees' view and to make sure that we are addressing the key topics, from their specific perspective. This approach could be extended to other kinds of stakeholders going forward.

> In 2015, as a result, we used a specific Survey, asking our people to prioritise topics on the three pillars of our Sustainability strategy: Aperam people; Environment; Governance.

The responses collected from our worldwide staff from all Divisions confirmed that our previous matrix was still valid, with Health & Safety undisputedly the primary focus of the Company and Aperam employees fully supporting the action plans deployed to that regard. The survey also highlighted two additional topics, "Local Pollution Prevention" and "Quality of Life at work", which were then added to our matrix and 2015 report.

Also in 2015, we received enquiries of several ESG-rating agencies or shareholders' associations.

We have taken these elements into account both for our internal focus on some areas and for our 2015 Sustainability reporting.

> In 2016, our matrix has been updated resuming the 2014 methodology and topic ranking, but taking into account the answers from our 11 major sites including three sites for Service & Solutions (Brazil, Germany and Italy) and two additional industrial units with more specific business, Précision in Pont-de-Roide and BioEnergia. The Group matrix had finally been consolidated using each of the matrices defined by our units and weighing their responses based on the number of their employees. A final fine-tuning was performed using the feedback of our Leadership Team to reflect also the opinions of those of our stakeholders that interact more with central functions than plants (Professional Associations, Large Industrial customers, ESG analysts, etc.).

Thanks to this process, we had expanded the scope to cover 85% of our global workforce and managed to reflect the diversity of our sites, stakeholders and material topics.

> In 2017, we decided to continue with our methodology to focus every other year on one specific Stakeholder group and we set up specific meetings to engage with local authorities at each of our main sites.

This series of meetings were an opportunity to explain our strategy in detail, present short term action plans on stakeholder engagement at local level and evaluate each of the material aspects of our GRI matrix in face-to-face meetings. Of course, our units' management regularly meets these key local leaders, but the debates are usually focused on topicalities, emergencies and other specific subjects. Then was the time for a typical "helicopter view" exercise where the important points which are perfectly handled get no less attention than the less important areas where some issues need solving. This exercise allowed us to confirm and refine our vision, while adding a handful of topics considered as salient by these officials: "Urban Integration", "Industrial Security" and "Noise".

> The first one, "Urban integration", was not in our matrix and had never arose until then, but it is clearly an area where our sites have a responsibility.

> The second topic "Industrial Security", we had already covered in previous reports, within the "Pollution prevention" chapter. Indeed, we were describing the protocols in place to ensure quick reactions in case of accidental pollutions. It is obviously clearer to distinguish these two topics as matters of intrusions are also covered by National programs, in particular with the

European anti-terrorism context whereas "Pollution prevention and remediation" can deal with awareness, installations such as retention basins or regular simulation exercises. We will make sure to address the two topics going forward. > "Noise" was a topic tackled in view of our Environmental permits, but not identified among the most material. Already last year, with three Service Centres adding their input to the analysis, Noise and Traffic had gained in importance in our matrix. This year, some of the representatives of Local Authorities have requested to add it specifically and so we have.

Apart from these particular items, the takeaway of this thorough reviews with officials from the Local Authorities is that there is no need to revise entirely our full matrix but only to add the missing items and highlight the new topics introduced further to our discussions..

The final matrix is available on the first page of this Supplement, with the new topics inserted with an estimated positioning and highlighted with dotted lines. A recapitulation highlighting the comments and topics of interests as per the interrogated officers from our Local Authorities is also page 8 of main report.

## The Boundary Protocol

Aperam operates in Europe and South America. The specific operations that are subject to the materiality process has been expanded from six to eleven production facilities, located in Brazil, Belgium, France and now also in Germany and Italy.

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

This list of entities is provided in note 26, p162 of our 2017 Annual Report. However, there are entities included in our consolidated financial statements that are not subject to the sustainability reporting processes and coverage (G4-17b). These are as follows:

■ **Process:** As described, the materiality assessment is based on the eleven significant sites and the views of the ESG Committee. The resulting list of material Aspects is then applied to the whole Group.

■ **Materiality Process:** The materiality process highlights topics that are material for the Group and does not supersede local analysis and specific site-based action plans;

## The Report Materiality Process at Aperam Continued

- Additional information identified in the GRI G4 Mining and Metals Sector Disclosures document is somewhat relevant to Aperam operations and reporting; for example, 'Additional disclosure requirements' for Economic and Environmental information is not relevant but we have included information for the local community aspect; and
- Coverage: We report performance data for the Group (G4-17a).

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

GRI Index	Disclosure code and label		Information or reference
Economics			
Economic Performance	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 1.
	G4-EC1	Direct economic value generated & distributed	Present report - page 4-5 ; Annual report 2017 page 3-4.
Procurement Practices	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 1-2.
	G4-EC9	Proportion of spent on local suppliers at main sites	Present report - page 38.
Environmental			
Material	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 2.
	G4-EN2	Percentage of materials used that are recycled input material	Present report - page 27, 33.
Energy	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 3.
	G4-EN5	Energy intensity	Present report - page 27, 29
Water	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 4.
	G4-EN8	Total water withdrawal by source	Present report - page 27, 32.
Emissions	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 3.
	G4-EN18	Greenhouse gas (GHG) emissions intensity	Present report - page 26-27
	G4-EN21	NOx, SOx and other air emissions	Present report - page 27, 30-31.
Wastes	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 2
	G4-EN23	Weight of waste by disposal method	Present report - page 27, 33.
Labour			
Occupational Health & Safety	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 4.
	G4-LA6	Rate and gravity of injury, occupational diseases, lost days, and absenteeism, number of work related fatalities, by region and by gender	Present report - page 11-12
Training & Education	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 5.
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Present report - page 17, 19-20.
	G4-LA11	Percentage of employees receiving regular performance reviews, by gender and by employee category	Present report - page 17.
Supplier Assessment for Labour Practices	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 5-6.
	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Present report - page 36, 40-41.
Society			
Local Communities	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 6
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Present report - page 45-46.
Product and Service Labelling			
Customer Satisfaction	G4-DMA	Disclosure on Management Approach	Online Supplement C - page 6.
	G4-PR5	Results of surveys measuring customer satisfaction	Present report - page 49.



## The Report Materiality Process at Aperam Continued

### Reporting notes

#### General reporting notes:

Safety data covers our Services & Solutions and Alloys & Specialty operations, as well as contractors on site. People data does not include contractors.

Environmental data covers all main industrial sites, service centre operations and corporate offices, with the following exceptions: raw material data excludes packaging and miscellaneous parts.

#### Specific indicators notes:

■ EC9: Local supplier information covers mainly non-raw materials industrial purchasing for our most significant operations in Europe and Brazil. It excludes BioEnergia and our Services and Solutions units, which have different purchasing needs. From 2016 reporting, we have started to include non-raw materials suppliers but we are still in a progressive learning phase, trying to strengthen our methodology and improve our scope.

■ EN21: Only dust emissions are reported as this indicator is relevant to our local stakeholders. NOx, SOx and other pollutants are monitored according to our regulatory permits but not fully reported - they are highly sensitive to specific metallurgic grades production, so measured emissions can vary considerably from day to day and the reliability of the measurement is difficult to sustain. In 2016 and 2017, we have improved our measurement protocols, increasing the frequency of our measures and introducing a logic of stress-test with the aim to ensure compliance at all times. We will continue in that direction in 2018.

■ EN23: Steel production is based on the melting of different raw materials and processing of slabs into coils or smaller formats of steel (such as sheets, tubes, bar and wires). The process generates by-products, such as slags or scraps, together with industrial wastes (such as dust, slag, sludge, oils, acid, refractories and paper).

These residues, many of which have a metallic content, are considered valuable so they are sorted and considered as potential materials for reuse or treatment.

Usually they are reused in the process or sent for treatment at Recyco or an external firm, but in some cases they are simply stored for the future or land-filled.

All these elements are taken into account in our calculations and zero-waste target. Since 2015, we have improved our overview of Aperam total wastes and have finalised the mapping; as a consequence, we are able to report the hazardous and non-hazardous wastes and the EN23 on its entirety.

■ LA6: This health & safety metric covers also sub-contractors working on Aperam sites.

■ LA9: This training indicator is currently provided only in total and by country, with estimates regarding the split in terms of topics, status or gender as the reporting systems are not aligned across Aperam. We hope to be able to provide more detailed follow-up as the Human Resources platforms get rolled-out.

■ LA11: This career development indicator is currently provided with the split by exempts / non-exempts.

■ SO1: This indicator reflects the proportion of our sites that conduct active stakeholder engagement, of the eight main sites analysed in greater detail (see section 1). Because our appreciation of 'active stakeholder engagement' was still too qualitative, and not specific enough to assess objectively the level of responsiveness of local stakeholders, we decided to build a pragmatic but clear stakeholder engagement policy with predefined conditions to fulfill to be considered having an "active stakeholder engagement".

Based on the extensive mapping of existing practices conducted in 2016 over 30 of our sites, we validated what are Aperam corporate guidelines in terms of stakeholder engagement. Thanks to this assessment, we were able to calculate a preliminary view of the SO1 indicator, based on several clear criteria:

- > High end grievance mechanisms (including a 24/7 availability)
- > Public disclosures of results.
- > Practices of Stakeholder engagement beyond legal requirements.

After analysis, we disqualified the criteria linked to local development plans which did not seem necessary everywhere, in particular in Europe.

This last point was also confirmed through our round of discussions with officials from Local Authorities, which have not expressed high expectations in terms of philanthropy or development plans..

With our new official guidelines, and the foreseen implementation of additional communication tools, we define improvement areas and help our sites to progress.

### Managing risks at Aperam

Risk management processes are embedded in the organisational culture. They support decision-making and continuous improvement, and allow us to identify and act on opportunities. Our Combined Assurance risk management function facilitates this 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;
- ISO 31000 principles and guidelines for risk management; and
- 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, all the above including also sustainability risks. Page 7 of our Risk Management Manual describes risk as a pillar of corporate governance and the organisational responsibilities for risk.

Our numerous Aperam Policies and Whistleblowing protocols allow employees to raise concerns over possible irregularities and malpractices on various topics such as fraud, corruption, money-laundering.

In addition, the compliance programme set up in 2014 (including a network of local champions and a full set of policies) has pursued its roll-out, with a focus on Code of Conduct and Anti-Corruption in 2017. Amongst the significant aspects of the program was the enacting of a specific internal Gift policy that was not only communicated within Aperam but also dispatched to our external business partners.

The implementation of these actions was accompanied by extensive local communications and training, carried out in liaison with our Combined Assurance risk management function.

## The Report Materiality Process at Aperam Continued

Our Stakeholders' list for 2014, still valid until 2017. Below is a summary of the stakeholders we engaged with, when building our 2014 Materiality Matrix that also served as a basis for the preparation of this report.

Stakeholder engagement is an ongoing activity at each site, and it is the responsibility of the site's General Manager or equivalent. Any new issues that require attention is shared with key subject matter experts within Aperam and is then included in our materiality assessments.

<p><b>Employees &amp; Management</b> Unions, Educational Institutions &amp; trainees, Retired Aperam employees, Students and potential joiners</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Collective agreements including CSR based incentives</li> <li>– Proximity meetings</li> <li>– HR and Human Rights policies</li> <li>– Data Privacy policies</li> <li>– H&amp;S programmes and H&amp;S days</li> <li>– Yearly performance appraisals</li> <li>– People development plans</li> <li>– Training plans &amp; catalogues</li> <li>– Professional Committees</li> <li>– Climate Surveys, Sustainability and other surveys</li> <li>– Newsletters incl. Bonus letters</li> <li>– Videos on Company results and campaigns.</li> </ul>	<p><b>Authorities &amp; regulators</b> Governments and local authorities Competition Authorities Standardisation Authorities</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Regular meetings with local authorities</li> <li>– Policies and formal procedures eg. Anti-Trust, Anti-Money Laundering, Economic Sanctions.</li> <li>– Compliance programmes and trainings, including specific intranet</li> <li>– Regular measurements, certifications and risks prevention protocols</li> <li>– Combined Insurance audits and alerting systems</li> <li>– Diligent responses to enquiries</li> <li>– Support of global initiatives such as CDP, Global Compact.</li> </ul>	<p><b>Communities</b> Neighbours &amp; Communities, NGOs &amp; Local Associations, Local Media, local Academics, Local economic players</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Stakeholder day or meetings</li> <li>– Site visits or open days</li> <li>– Specific newsletters or internet pages</li> <li>– Press releases and interviews</li> <li>– Acesita Foundation programs</li> <li>– Preference and support of local suppliers</li> <li>– Environmental &amp; Human Rights policies</li> <li>– Pollution prevention training exercises</li> <li>– Local development and student fairs</li> <li>– Social media</li> <li>– Our new Stakeholder engagement policy and internal guidelines.</li> </ul>
<p><b>Customers</b> Customers, End Consumers Subscribers</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Code of Business Conduct</li> <li>– Meetings, site visits, trade fairs and technical customer trainings</li> <li>– General Sales Conditions</li> <li>– Product documentation</li> <li>– Antitrust &amp; Anti-Corruption policies</li> <li>– Economic sanctions policy and protocols</li> <li>– Requests for quotations and annual contract negotiations</li> <li>– Customer satisfaction surveys</li> <li>– R&amp;D partnerships.</li> </ul>	<p><b>Financial partners</b> Shareholders Banks &amp; investors Stock Exchanges</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Code of Business Conduct</li> <li>– Policies on Anti-Fraud, Insider dealings, Money-Laundering, Double-Signature protocols</li> <li>– Regular assessments, certifications and risks prevention protocols</li> <li>– Combined Insurance audits and alerting systems</li> <li>– Earnings &amp; press releases, IR meeting &amp; IR day, interviews</li> <li>– Shareholders meetings, general meeting, etc.</li> </ul>	<p><b>Business partners</b> Suppliers and Subcontractors, Trade Associations, Audit &amp; Certification firms,</p> <p><u>Our engagement is reflected in:</u></p> <ul style="list-style-type: none"> <li>– Code of Business Conduct</li> <li>– General Purchase Conditions</li> <li>– Environmental policies</li> <li>– Sustainable Sourcing charter</li> <li>– Associations, working groups and exchanges on H&amp;S best practices</li> <li>– Subcontractor Safety Charter</li> <li>– Requests for quotations and annual contract negotiations</li> <li>– Congresses and trade fairs</li> <li>– R&amp;D partnerships</li> <li>– Certification audits and site visits</li> <li>– Direct dispatch of general communications such as Sustainability reports or Gift policies.</li> </ul>

## Aperam Sustainability Report 2017

### Online Supplement C

#### Aperam GRI Index 2017 – DMA section Disclosures on Management Approach (DMA)

##### Economic

###### Economic performance

The circulation of economic value generated by private industry has a positive impact on local communities, regional economies and national trading balance sheets, primarily as a result of the jobs created by our commercial activity.

The tax we pay to the state and the programmes we run to improve social conditions in communities where we operate also make an important positive contribution to society. In addition, the returns we pay to our investors facilitate their continued financial interest in Aperam.

We manage our potentially negative impacts via a range of suitable channels. Our legal, commercial and financial matters are managed through appropriate governance and executive processes in accordance with the laws of the Duchy of Luxembourg where we are listed, as described on p56 of our Annual Report.

Our human resources teams manage the employment impacts through a wide range of policies and practices in line with our values and using trained experts. We manage our community impacts primarily through our Acesita Foundation in South America and through meeting and engaging with local stakeholders at our European sites.

We assess the effectiveness and quality of our approach through internal audit and external assurance, in accordance with our listing requirements.

Our general approach is to seek the 'business case' for our sustainability actions. We assess sustainability risks via our group risk register and management process (see p58 of our Annual Report), and set four-to five-year targets to meet our environmental objectives and usually shorter-term targets (two- to three-year) on social and governance action plans.

We report the economic value generated at Group level with some sub-indicators at divisional level. We do not manage or measure the economic value generated at country level. Operationally, we follow some of them also at regional level for Stainless & Electrical Steel Division (Europe and Brazil) but we have chosen not to disclose them in this report as they are less relevant to our external stakeholders.

However, starting 2017, we have released three Country supplements for our three largest countries of operations and have included some elements pertaining to local economic contributions, such as the salaries paid and will improve going forward.

>> **Indicator: EC1** Direct economic value generated and distributed.

##### Procurement – Supply Chain

Our Code for Sustainable Sourcing and Purchasing describes how we work with our suppliers and asks them to meet minimum health and safety, human rights (we support the Universal Declaration of Human Rights), ethical and environmental standards. We encourage our suppliers to work with us to identify and develop ongoing improvements to our sustainable procurement.

In support of our company vision and of the United Nations' Global Compact principles, we 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; and
- Create long-term value and reduce risk for our business, our suppliers and our stakeholders.

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

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



## Aperam GRI Index 2017 – DMA section

### Disclosures on Management Approach (DMA) continued

The key objective of non-raw material purchasing is to have an effective purchasing process for Aperam industrial sites with a platform for central buying. Non raw-materials are mostly composed of operational products (such as rolls and electrodes), industrial products (such as oils and lubricants) and various services including logistics, industrial and IT services (see next page for the diagram).

Our supply chain comprises companies providing raw materials such as recycled stainless steel, and non-raw materials such as goods and services. (G4-12)

We use approximately 4,000 suppliers, though the exact number varies from month to month. Suppliers are located around the world, mostly close 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 limited or where they may be social deprivation. We explain our approach to managing community impacts below.

Of course, where it is possible for us to exert a positive influence we do so – for instance, one of our procurement criteria is that our suppliers support our community involvement practices.

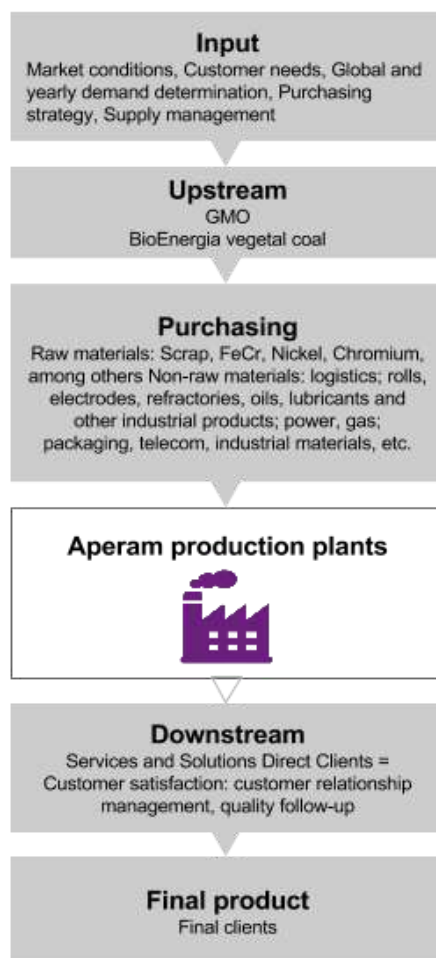
Our General Purchasing Conditions require our partners to respect quality, environmental, safety and labour practice regulations, and subcontractors that perform services on Aperam premises have to comply with our General Health and Safety Instructions (GHSI) to ensure they align with our high safety standards.

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

#### >> Indicator:

**EC9** Percentage of spending on locally-based suppliers.

#### Supply chain



Secondly, the properties of our various grades, as well as our energy intensity, depend upon the right dosage of the different ores. Also, our production process generates a lot of different residues (e.g. sludge, dust, slag), many of which still contain valuable chemical elements and can be treated for internal re-use or sales.

Finally, our melting, rolling and shipping processes request more diverse materials than simply metals, and our purchases encompasses consumables such as gas, refractories (made from silica, alumina, etc.), oil or acids, that can often be recycled. As a result, on a day-to-day basis, we are striving to avoid any type of waste, we are promoting recycling and reuse and trying to reduce total consumptions as much as possible.

We have committed to become a zero-waste company and are actively looking for various options to leverage all types of waste and extract value out of them. We are partnering with external firms and have also implemented our own recycling channels, notably through our fully-owned Recyco subsidiary.

To monitor the deployment of this policy in Aperam, we use various indicators followed at site level and reviewed by the management on a monthly basis.

Amongst them are the scrap usage ratio (metallic recycled input material at the melting phase) and our yield indicators (in all our transformation sites), which we do not disclose for confidentiality reasons.

As a consequence, the total input breakdown (EN1), is material but not disclosed.

We are also monitoring our Waste recycling ratio and our Recycled Manufacturing input ratio, which takes into account products ranging from scraps to paper, via refractories or electrodes (EN2), and we have finalised the exhaustive breakdown of Aperam waste by type in 2015 (EN23).

#### >> Indicators:

**EN2** recycled manufacturing input, **EN23** waste breakdown

## Environmental

### Materials

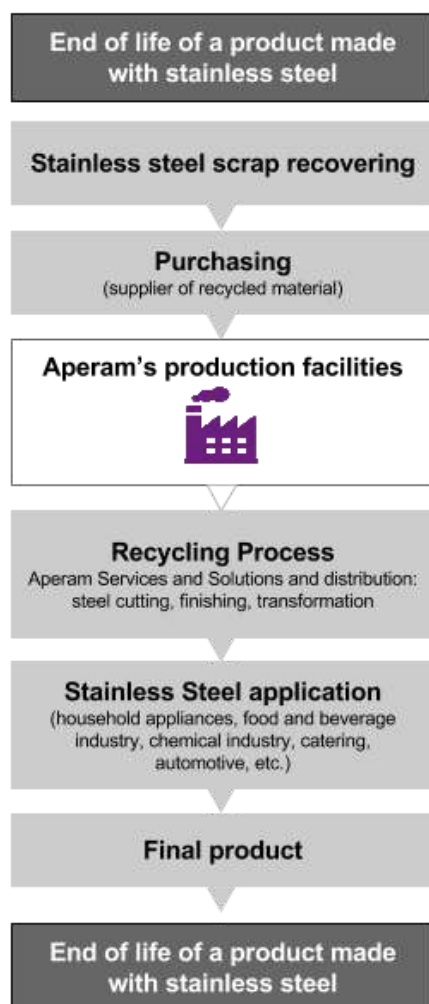
Stainless steel is 100% recyclable and its production process requires various extractive materials. For a stainless steel producer the right usage of input materials is key.

Firstly, extracting minerals and ores is more costly than collecting scraps (for us as well as for the community as a whole). As a consequence the usage of recycled metallic input has a positive impact on our profitability.

## Aperam GRI Index 2017 – DMA section

### Disclosures on Management Approach (DMA) continued

#### Lifecycle of stainless products



#### Energy consumption

Steel making is amongst the most energy-intensive industrial processes. As energy costs have increased and environmental regulations progressed, we have invested in more efficient methods and equipment.

Our Environmental Policy commits to a long-term approach to resource-efficiency and sustainability. Our Energy Policy covers all Aperam sites and operations. It promotes new efficiency programmes, and tight collaboration with suppliers and customers to maximise the energy efficiency 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 (together with absolute energy use) is a key metric for our performance. We have in place two targets that address our energy use:

- Revised (from 5%) to a 10% 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 site level, and our performance relative to the two targets above.

#### >> Indicators:

**EN5** energy intensity,  
**EN18** GreenHouse Gas (GHG) emissions intensity.

#### Emissions

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

These are carefully treated and monitored at source. We 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. As a consequence, we monitor our annual dust, NOx and SOx performance in relation to our operating limits (as defined in regulatory permits) and our performance trends. Since our level of production can vary, we look at our performance using both absolute and relative metrics.

Diffused dusts are measured periodically to evaluate the leakages and identify the areas for improvement and dust falls are also a relevant additional indicator, as it reflects directly the nuisances caused to local populations. But this last metric is impacted by external factors such as the wind, or alternative sources of pollutions (agriculture, traffic, ..), rendering the interpretation subject to debates. So we only report externally dust emissions.

With the aim to change mindsets, improve the reliability of our measurements and ensure that progress is continuous, we have set up an action plans with global Aperam target and we started to conduct more frequent measurements.

We aim for a -12% decrease of our dust intensity in 2020 compared to 2015.

#### >> Indicator:

**EN21** NOx, SOx, and other significant air emissions (Dust).

## Aperam GRI Index 2017 – DMA section

### Disclosures on Management Approach (DMA) continued

#### Water

Water is an important resource which is under stress in some parts of the world; Aperam's significant sites of operation are not located in water-stressed regions, except for BioEnergia's plantations. However, BioEnergia meets its water-related permit conditions as per 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 wastewater 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 periodic 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 m<sup>3</sup>) and our relative consumption per tonne of crude steel (in m<sup>3</sup> per tonne of crude steel). We have an Aperam target of -5% reduction of water intakes in 2020 compared with 2015 (ie -8% versus 2012).

In 2017, we have also started to report on water quality.

>> [Indicator:](#)

**EN8** total water withdrawal by source.

#### People

The workforce of Aperam represents 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' (tonne/FTE) and 'competitiveness' (total cost of employment/tonne).

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 and the development of each employee.

HR data are consolidated at the 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 special document, shared with the HR Reporting Partners at each site. Consolidated headcount data are made available through a database tool. We measure the internal workforce by FTE at the end of the period – this number varies only a little.

The external workforce (including supervised workers) is usually measured by the average FTE in the period and this workforce can vary a lot (due to seasonal variations and scheduled annual maintenance, for example). At the 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. This is Aperam's top priority across the Company, for anyone at any moment. 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, as well as subcontractors, are briefed and trained on safety. It is central to the Continuous Improvement Challenge. It is a vital part of customer visits. There is a well attended annual Health & Safety Day and a competency framework to make sure people have the right skills and equipment to do their job safely.

Our Leadership Team has reinforced this heightened vigilance by establishing 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, the 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 occupational disease. 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 the highest category. So, if the incident resulted in a fatality (as sadly was the case in 2015), it is categorised 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.



## Aperam GRI Index 2017 – DMA section

### Disclosures on Management Approach (DMA) continued

If this is the case then the incident is categorised 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 categorised as an incident requiring medical aid. If not we count it as an incident requiring first aid.

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 up to a maximum of six months divided by the number of theoretical to-be-worked hours. We calculate this based on the time and 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 and attendance data are available by site, country and Division. 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 more significant, we will review this.

When we uncover an ongoing issue, we establish a thorough management response. For example, in 2014, we had set up a specific working group to tackle the declining contractor safety performance. In 2015, we have responded to the fatality occurred at Châtelet with an additional specific program aimed at involving the entire staff worldwide. Leveraging on the collective motion in order to make the entire staff reflect on their own reflexes and mindsets, this program also allowed Aperam to collect news ideas and try new methods for the needed change management.

Safety is a material impact inside Aperam as well outside the organisation (cf. G4-18 Boundary protocol). Subcontractors are entities effectively operating inside or outside of Aperam but for whom safety is a material aspect.

#### >> 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 a quality-work. So 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 exempts and managers with annual appraisals and career development reviews. Through this, at the annual review, a manager assesses whether or not an individual has achieved the yearly goals and the expectations from their career plan. The latter are tailored to specific roles, and by measuring an individual's performance annually, both the manager and the employee can formally evaluate performance against the plan and find the best ways to move further.

We monitor the number of annual appraisals conducted yearly and we make sure that our internal targets are constantly met or exceeded. We also monitor Blue Collar and White Collar workers through annual interviews, which are organised locally. We report the information for the group and by employee category.

We also provide our workforce with the necessary tools to maintain and upgrade their competencies and their behavioural skills via external training or on-the-job learning experiences. To monitor our efforts, we are also putting in place a new Human Resources system, which is currently under deployment. As a result, in 2017 we can only report estimates of training hours by country. We hope to be able to report the indicator entirely in 2019.

#### >> Indicators:

**LA11** percentage of employees receiving regular development reviews, by gender and by employee category ;

**LA9** average training hours by region, by employee, by category and by gender.

## Stakeholders

### Supplier assessment for labour practices

The way we assess our suppliers and subcontractors is guided by our Code for Sustainable Sourcing and Purchasing, 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 evaluation is the tool by which we assess suppliers on business performance, and decide on improvement action plans and boss-to-boss discussions, for example. The actions taken with subcontractors on site include action plans on site safety, briefings upon site access and the use of temporary workers, for example.

Expectations are described in such action plans, but they are also 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. In addition to our preventive measures, we have procedures in place for terminating a relationship with an existing supplier in case of detection of non-respect of any rules on labour practices.

Since 2010, we also assess sustainability practices of our raw material suppliers. Our raw materials supplier survey covers topics such as health & safety management, human rights, business ethics, environmental management, REACH and conflict materials. In addition, in Latin America, strategic suppliers sign the Commitment to Corporate Responsibility Aperam South America.

## Aperam GRI Index 2017 – DMA section

### Disclosures on Management Approach (DMA) continued

In 2016, we have started to use the same approach for non-raw materials suppliers. Firstly, SAGA, a global tool has been designed (and implemented early February 2016) to assess suppliers with a systematic form including a series of questions related to Human Rights, Health & Safety or Ethics. The aim was to allow to assess (potential) suppliers, to red-flag those with mediocre scores and to follow-up on any remediation action requested by Aperam, further to on-site audits.

In 2018, we have continued with this project but the improvement envisaged have been perturbed by other programs launched in parallel within the Purchasing function. As a result, the schedule of the suppliers' reviews organised by our sites was not always compatible with the deadline for our Sustainability reporting and consequently the scope of our 2017 reporting is not improved as we expected last year.

We have still continued with the reporting but on a different scope in 2017 with a view to keep up with the efforts of some of our sites.

#### >> Indicator:

**LA15** Significant actual and potential negative impact for labour practices in the supply chain and actions taken.

#### 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 in line with our values and with frameworks such as the UN Global Compact

In addition, in order to promote sustainability in its host regions, Aperam South America operates the Aperam Acesita Foundation with projects in culture, education, environment and social promotion. Since 1994 the foundation has helped integrate us into the community of Timóteo, partnering with NGOs (non-governmental organisations), governments at federal, state and city level, global agencies, foundations and institutions.

Our team there runs projects using volunteers as well as funded programmes to promote development in education, training, youth services, citizenship and the environment. They conduct community needs assessment, using feedback from grassroots stakeholders, local partners and our Environmental Education Centre (Oikós). We do not currently monitor the number of discrete assessments within the ongoing process.

In Europe, we continue to focus on specific partnerships on more of an ad-hoc basis. We do not run specific community needs assessments: we participate in community projects as a result of stakeholder feedback at the six main sites.

In 2016, we have decided to homogenise our practices and organised an inventory for 30 sites. The result of this analysis will be guidelines which will allow us to have specific criteria to base future SO1 assessments.

In 2017, we have defined and validated these guidelines and prepared the implementation which include the roll-out of additional communications tools to interact efficiently with communities. Based on these preliminary works, we were able to formalise a clear methodology to assess in a fully auditable manner the number of sites that meet the criteria proposed by the guidance elements regarding the GRI SO1 indicator. But also, and more importantly, this will help us follow up on improvements in this area.

#### GRI G4 Mining and Metals Sector Disclosures:

We are only working on impact assessments while operating in the community. We do this through a long-standing community engagement process.

#### >> Indicators:

**SO1** Percentage of operations with implemented local community engagement, impact assessments, and development programmes (See specific note in our Supplement B - Aperam Sustainability Report 2017) ,

**EC1** Economic contribution,

**EC9** (see above)

## 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 of non-compliance relating to product Information. In 2015, Aperam further enhanced its joint R&D, marketing and commercial platform with the aim to spur and accelerate innovation.

Customer satisfaction is of paramount importance to us for business reasons and it is part of our collaborative approach to R&D. We survey customer satisfaction regularly, usually every one to two years, overall, and in line with our market approach. This enables us to monitor how well we are meeting their requirements. Results are discussed by the Leadership Team.

#### >> Indicator:

**PR5** Results surveys measuring customer satisfaction.

## Aperam Sustainability Report 2017

### Online Supplement D

#### 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. The Leadership Team is entrusted with the day-to-day management of Aperam, and monitors corporate governance requirements to ensure best practice is adhered to. This includes 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 this 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 2017 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.

The composition of Aperam's Board of Directors for 2017 is summarised hereafter, and in the Annual Report, p27-28

#### Composition of the Board of Directors:

Name	Age <sup>(1)</sup>	Position within Company <sup>(2)</sup>	Date joined Board	Term Expires
Mr. Lakshmi N. Mittal	67	Chairman, Non-independent member of the Board of Directors	December 2010	May 2019
Mr. Romain Bausch <sup>(3) (4)</sup>	64	Lead Independent Director Independent member of the Board of Directors	January 2011	May 2019
Mr. Philippe Darmayan	65	Non-independent member of the Board of Directors	May 2015	May 2018
Mr. Joseph Greenwell <sup>(3) (4)</sup>	66	Independent member of the Board of Directors	May 2013	May 2020
Ms. Kathryn A. Matthews <sup>(4)</sup>	58	Independent member of the Board of Directors	December 2010	May 2019
Mr. Aditya Mittal	41	Non-independent member of the Board of Directors	December 2010	May 2019
Ms. Laurence Mulliez <sup>(3)</sup>	51	Independent member of the Board of Directors	May 2011	May 2020

Company Secretary: Mr. Laurent Beauloye

#### Notes:

(1) Age on December 31, 2017.

(2) See section Corporate Governance/Board of Directors of the Annual Report for the status of independent Director.

(3) Member of the Audit and Risk Management Committee.

(4) Member of the Remuneration, Nomination and Corporate Governance Committee.



In 2017, two committees supported the Board's activities: the Audit and Risk Management Committee, and the Remuneration, Nomination and Corporate Governance Committee. Further details of the first two Committees are published in the 2017 Annual Report.

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 2017 Annual Report.

The Board of Directors meets in person at least quarterly and holds additional meetings if and when circumstances. Further governance details are published in the 2017 Annual Report. The Board of Directors held four meetings in 2017. Each Director attended 100% of the Board meetings.

Shareholders can provide recommendations to the highest governance body via standard routes such as the shareholders' meeting. Employees can engage with the Leadership Team and CEO on through regular forums, in particular via various surveys organised throughout the year.

### **The Audit and Risk Management Committee**

At Board level, sustainability topics are covered on a quarterly basis within the Audit & Risk Management Committee, which is responsible for ensuring the risks are well assessed, in particular with the long-term perspective suitable for Sustainability, and appropriately addressed. The Audit and Risk Management Committee reports its findings to the Board of Directors.

The Audit and Risk Management Committee is composed of three Directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders.

During 2017, the Audit and Risk Management Committee met four times. The attendance rate of the Directors at the Audit and Risk Management Committee meetings held in 2017 was 100%.

The three members of the Audit and Risk Management Committee are Ms. Laurence Mulliez, Mr. Romain Bausch and Mr. Joseph Greenwell. Ms. Laurence Mulliez is the Chairperson of the Audit and Risk Management Committee. Each of these members is an independent Director in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

### **Environment, Social and Governance Committee**

At management level, an Environment, Social and Governance Committee was set up in 2015 to take over from our previous Sustainability Steering Committee and accelerate progress. Comprised of seven members, of which three are from the Leadership Team, this committee is chaired by the Head of Human Resources, Communications and Sustainability. This Committee proposes Aperam's Sustainability strategy, steers and monitors action plans and validates our mid-term objectives and reporting activities. This senior management commitment greatly supports progress in our most material topics and makes sure that key messages cascade across the organisation. At a day-to-day level this Committee is responsible for driving and managing sustainability at Aperam and making progress towards our overall sustainability vision. The Leadership Team sets the long-term ambition for this Committee. The Chief Executive Officer has ultimate responsibility and accountability for sustainability performance and compliance at Aperam.

During 2017, we kept overall unchanged our governance of sustainability-related issues and only decided to add periodical reviews at the Leadership Teams monthly meetings.

To the Management of  
Aperam S.A.  
12C, rue Guillaume Kroll  
L-1882 Luxembourg  
Grand Duchy of Luxembourg

## **INDEPENDENT ASSURANCE REPORT ON THE SUSTAINABILITY REPORT OF APERAM S.A. FOR THE YEAR ENDED DECEMBER 31, 2017**

### **Objectives and scope of work performed**

This report has been prepared in accordance with the terms of our engagement letter dated January 23, 2018 to provide limited assurance on the Made For Life - Sustainability Report and its online Supplements for the year ended December 31, 2017 (the "Report") of Aperam S.A. (the "Company") on the following subject matters (the "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;
- adherence of the disclosures in the Report to the GRI "In Accordance Core" criteria and the appropriateness of the GRI Index on pages 51 and 52 of the Report and;
- fair presentation in all material aspects in accordance with GRI Guidelines, of selected indicators (the "Indicators"), marked with a "\*" in the Report, which are:
  - EN5 : Energy intensity (pages 27 and 28)
  - EN8 : Total water withdrawal by source (pages 27 and 32)
  - EN18 : CO2 intensity (pages 26 and 27)
  - EN21 : NOx, SOx and other air emissions (only dust emission - pages 27 and 31)
  - 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 (only LTIFR pages 11 and 12, and Severity Rate - LDR - page 11)

### **Responsibility of the Management of the Company**

The Management of the Company is responsible for the preparation of the Report in accordance with GRI and for the information and statements contained within it. The Management is responsible for determining the

Company's sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

### **Responsibility of the Réviseur d'Entreprises Agréé**

Our responsibility is to conduct a limited assurance engagement on the Company's Sustainability Report and draw conclusions on the Subject Matters based on the work we performed.

We carried out our procedures on the Subject Matters in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000").

In order to draw our conclusions on the Report, we undertook the following procedures:

- analysing and testing, by sampling, of the processes related to stakeholder inclusiveness;
- assessing the suitability of the reporting criteria and their consistent application;
- interviewing Management, corporate sustainability team, data owners and those with operational responsibility at the Company's head office;
- visiting selected operational sites;
- understanding through inquiries, analytical reviews, observation and other applicable evidence gathering procedures, by sampling, the key structures, systems, processes, procedures and internal controls relating to the collation, aggregation, validation and reporting of the Indicators presented in the Report;
- checking that the GRI Index contains the relevant indicators for each of the standard disclosures required by GRI to be In Accordance "Core", and;
- reviewing the content of the Report against the findings resulting from our procedures.

### **Limitations**

The accuracy and completeness of the information disclosed in the Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our independent assurance report should therefore be read in connection with the GRI G4 Guidelines as well as with the Company's definitions and basis of reporting of the indicators as described in the Report which is only available on [www.aperam.com/sustainability](http://www.aperam.com/sustainability).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance audit. Accordingly, we do not express an audit opinion.



## Conclusion

Based on our work conducted as above, nothing has come to our attention that causes us to believe that:

- the Report of Aperam S.A. for the year ended December 31, 2017, does not adhere to GRI Guidelines with respect to the Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness;
- the disclosures in the Report do not adhere to GRI In Accordance Core criteria and that the GRI Index as presented on pages 51 and 52 of the Report is not appropriate;
- the selected Indicators marked with a “\*” on pages 11, 12, 26, 27, 28, 29, 31, and 32 of the Report and enumerated above are not presented fairly, in all material aspects, in accordance with GRI Guidelines.

For Deloitte Audit, *Société à responsabilité limitée*

*Cabinet de révision agréé*

Marco Crosetto, *Réviseur d'Entreprises Agréé*

Partner

April 18, 2018

560, rue de Neudorf

L-2220 Luxembourg

Grand Duchy of Luxembourg