

Working for a safe and sustainable future

Corporate responsibility report 2004



How are we doing?

Our objective is world-class performance. It is clear from our results in 2004 that we are on the right track, particularly in terms of health and safety, but we recognise that we have further work to do.

Company profile

Corus is an international metals group that manufactures, processes and distributes steel and aluminium products and provides related services in design, technology and consultancy.

Corus has manufacturing operations in many countries with major plants located in the UK, the Netherlands, Germany, France, Norway and Belgium, as well as sales offices and service centres all over the world.

Corus serves the construction, automotive, packaging, mechanical engineering, metal goods and electrical engineering sectors.

Corus is organised into four divisions (Strip Products, Long Products, Distribution and Building Systems and Aluminium) and employs 48,300 people. Turnover in 2004 was £9,332m (approximately €14,000m) and group operating profit was £582m (approximately €870m). Further, more detailed, information is available at www.corusgroup.com.

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Our performance in summary

This page highlights our main achievements in 2004 and the aspects of our business where we believe that further improvements can still be made.

Further details on our progress towards achieving the strategic targets and long-term goals set out in our previous health, safety and environment report, together with details of our new or updated targets for 2005 and beyond, are provided later in the report.

What have we achieved?

We have improved the frequency of lost time injuries to our employees from 15.0 per million hours worked in 2000 and 7.5 in 2003 to 3.8 in 2004.

We have developed additional new key performance indicators for health and safety, including total recordable incidents for employees and contractor lost time injury frequency.

The high-level profile and widespread recognition of the importance of health and safety across the company was maintained in 2004, during which 158 Executive Committee safety tours were carried out.

We have increased the number of our sites certified to ISO 14001 from 50% in 2000 to 83% in 2004.

We have developed and launched eight mandatory health and safety standards during 2004.

We have taken a lead role in establishing a multi-partner, €44m (£29m), European project to investigate and develop breakthrough technologies for ultra-low CO₂ steelmaking.

Our overall emissions to air and releases to water across the Group have been significantly reduced since 1999.

We have set up an internet-based supplier and contractor assessment system to evaluate and improve the environmental performance of our supply chain.

Life cycle inventory data is now available for 88% of our products.

Where do we need to improve?

Even though our lost time injury frequency has been significantly improved, we had two fatal accidents to contractors in 2004. This is unacceptable and we are continuing to take actions to improve the situation. Furthermore, our lost time injury frequency can and will be further improved.

We will establish additional key performance indicators related to social and ethical issues during 2005.

Certification to ISO 14001 is a fundamental aspect of our corporate governance system – our revised target is to have 100% of our manufacturing sites certified by the middle of 2006.

Despite improvements in 2004, our level of compliance with air and water emission limits has deteriorated over the last five years – we have set an improvement target of 99% compliance by the end of 2005.

Although we have reduced the amount of waste we landfill compared to 1999, we aim to become more resource efficient year on year and we have established a target to reduce our waste to landfill by a further 10% by the end of 2005.

We will continue to improve our energy efficiency and reduce our greenhouse gas emissions in line with our voluntary agreements and allocations under the EU Emissions Trading Scheme.



Left: Our integrated iron and steel plant at Port Talbot.

Message from the Chief Executive

We take our responsibilities seriously. By building on Restoring Success, our objective is world-class health, safety, social and environmental performance.

Following the publication of our first combined corporate health, safety and environment report in 2004, this year I have pleasure in presenting our first corporate responsibility report. We are continuing to report on health, safety and environmental issues but the scope of this report has been extended to incorporate the social and ethical aspects of our business.

Our Restoring Success programme was created to close the competitive gap with our European peers. We have now begun to look forward at how to differentiate Corus from its competitors, to grow the business beyond our original objectives.

The Corus Way is being developed to achieve this aim, encompassing three goals – best supplier to best customers, world class processes and selective growth, underpinned by the commitment of passionate people. A safe and sustainable environment, a clear organisation and an involved and motivated workforce will deliver the Corus Way.

Our health and safety performance is a key priority and during 2004 our lost time injury frequency, a good indicator of performance, improved by 50%. Regrettably, the year also brought two

fatal accidents to contractors. As a result we are continuing to develop new initiatives to improve our health and safety performance. Our areas of focus for this year will be on behavioural improvements, ensuring that we fully comply with our safe working procedures and that our line management has full ownership and accountability. To this end, we have launched a leadership course for our senior managers. Furthermore, the Executive Committee and I will continue to conduct high profile health and safety tours of all of our operations.

We make a significant contribution to society in terms of the products we supply, the employment we provide and in our positive interaction with the communities around our sites.

Within our production processes, we are continuing to improve our environmental performance. We recognise that climate change is a significant global issue and we are contributing to tackling the problem by improving our energy efficiency and by continuing to reduce our greenhouse gas emissions.

Our products have inherent environmental advantages, including

durability and recyclability. We are also continuing to develop products that give additional environmental benefits to our customers and society as a whole, for example stronger, lighter, steel and aluminium for transport applications that consume less energy in use and steel for construction applications which is adaptable, re-usable and recyclable.

As you will see from this report, we have improved our performance and while we are pleased with what we have achieved to date, there remains much to do. This report, therefore, sets out not only our achievements, but also where we need to improve. We have made good progress against the improvement targets that we set last year and we have set some challenging new targets. Together with the Group's Board and Executive Committee, I am committed to ensuring their delivery.

I look forward to further progress, and if you have any comments on what we have done so far, then please email us at feedback@corusgroup.com.



Philippe Varin



How do we manage corporate responsibility?

Corporate responsibility is an integral part of how we do business.

We take our corporate responsibilities seriously and we have effective management systems and sound governance practices to make sure that we deliver on our promises. This section covers some of the overriding principles which govern the way we do business.

Accountability

Our Executive Committee, chaired by the Chief Executive, is responsible for establishing health, safety, social and environmental policies and standards for the Group, and for ensuring their implementation by each of our business units. A Board Health, Safety and Environment Committee, which comprises three independent directors, assists in the task of corporate governance, reviewing operational performance, anticipating potential future issues and advising on strategic options for improvements.

Each of our business units is responsible for implementing Corus' health, safety, social and environmental policies and in doing so implements effective systems to identify, assess, monitor and control hazards and minimise risks. One of our primary goals is to ensure that

all employees have a positive attitude to safety, health and the environment. We seek to achieve this by delegating responsibilities to the point in the organisation at which they can be implemented most effectively, and by giving employees adequate training.

In order to assist the Executive Committee and business unit management in meeting their responsibilities, we have functional health, safety and environmental organisations responsible for a co-ordinated and effective specialist advisory service.

Stakeholder engagement

Our main stakeholders are our customers and suppliers, investors, shareholders, employees, trade unions, local communities and the general public. We engage with all of our stakeholders in various ways. Some examples are provided later in the report.

Management systems

We have management systems that cover quality, health, safety and environment. These systems focus on managing our operations effectively and are largely certified in accordance with international

quality and environmental management standards.

Business integrity

All business transactions on behalf of Corus are reflected accurately and honestly in our accounts in accordance with established practices and these are subject to independent audit and review. Furthermore, we condemn corrupt and fraudulent practices and require transparency, integrity and honesty in all aspects of our business.

Risk management

Minimising and managing risks are important components of our management systems. Potential risks are identified through techniques such as auditing, near-miss reporting and risk assessments.

Policy and guidance

For each issue that we have identified as material, we are working to ensure that we have a clear policy and strategy in place and that we understand their relevance to our business.

Management and measurement

In the same way that we manage any critical business activity, we set

We expect our suppliers and contractors to operate to the same standards as Corus.



How do we manage corporate responsibility?

targets for improvement, and then monitor, review and report performance against these targets and other key performance indicators. Development of these indicators has been informed by our values and principles, our commercial, social and environmental objectives, risk identification and assessment, emerging best practice and internal consultation.

Assurance

Effective internal assurance, through internal audit, is an integral part of our approach, helping to improve the effectiveness of our systems, strengthening our controls and ensuring the completeness and accuracy of information that is provided. External assurance

is obtained through our financial auditors, PricewaterhouseCoopers, through certification to standards such as ISO 9001, ISO 14001, OHSAS 18001 and ISRS and through the validation of this report by Enviros.

Commercial and economic prosperity

We need a strong financial base in order to be able to fulfil our social and environmental responsibilities and to ensure the sustainability and continuity of our business.

An integrated approach

We believe that the integration of environmental, social and economic factors within our business processes adds to the sustainability of our

operations. Our aims are to provide products and services which contribute positively to society and to improve quality of life for our employees and the communities in which we operate.

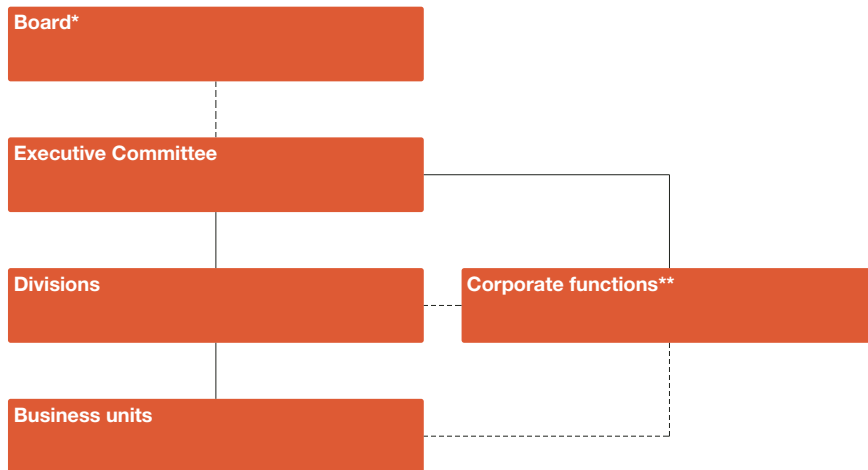
Customers and suppliers

We expect our suppliers and contractors to operate to the same standards as Corus. We avoid doing business with those customers whose business, policies and activities materially contradict those of Corus.

Political activities and contributions

We do not contribute to political parties or funds, nor do we take part in party politics.

Our organisational structure



*Including Board Health, Safety and Environment Committee and Audit Committee.

**Including health and safety, environment, internal audit and human resources.



Far left: We supported a charity cycling team in aid of Martin House Hospice in the UK.

Left: We assist the Special Needs Activity Centre, South Wales.

What does sustainable development mean for us?

We aim to incorporate sustainable development principles into all aspects of our operations.

Process improvements

Typical CO₂ emissions per tonne of steel are now around 50% lower than 40 years ago; energy consumption has fallen by approximately 40%; and iron unit yield has improved from 65 to 85% over the same period. For aluminium, perfluorocarbon (PFC) emissions have been reduced by approximately 90% and CO₂ emissions have also been significantly reduced.

Lighter, stronger, durable, re-usable and recyclable products

Steel has excellent mechanical properties, combined with high

strength, leading to improved safety performance in many applications. Aluminium offers lightweight solutions to design problems, conserving both raw materials and energy. We therefore make a positive contribution to sustainability by developing high-quality products which are lighter, stronger, require less energy to produce and, more importantly, consume less energy in use.

Steel and aluminium are two of the world's most recycled materials with, for example, around 40% of the world's production of 'new' steel

in fact being made from recycled steel without any loss of quality. The steel and aluminium in use today will be re-used and recycled in the same and different applications many times in the future.

Recycling is sometimes promoted by new product 'minimum recycled content' criteria; the intention being to boost the market for recycled materials. However, there is no point in such measures for steel or aluminium, as there are already economic incentives to recycle and high recycling rates are already achieved.



Case study Recycling in action

The old Lackenby open hearth steelmaking building at Teesside, which was built in 1953, was demolished in 2004. The steelplant had been in production until the 1970s, when a new BOS steelplant was built as a replacement. The building was then re-used as a store, but by 2004 had come to the end of its useful life. Following demolition, the scrap was recovered for steel production on site. The building contained over 15,000 tonnes of structural steel and cladding, which was then recycled at a rate of about

1,000 tonnes each week over a four-month period. In order to show how old steel can be recycled into new products and into higher quality applications, the steel made during this period was tracked through to end use. This study has shown that the recycled steel has gone into many applications, including automotive, construction, shipbuilding, wind turbines, rail track and earthmoving equipment. Specific projects included the new Wembley Stadium and the Channel Tunnel Rail Link.

How do we care for our people?

We are proud of our international workforce and their well-being is a high priority. We are continuing to improve our health and safety performance and, during 2004, our lost time injuries improved by 50%.



Everyone in Corus is responsible for sharing good practice.

People

Health and safety

Policy statement

- We believe that all our activities can be undertaken safely and we will never compromise safety.
- We will conduct our business in a way that ensures the health and well-being of our employees, contractors and any person affected by our activities.
- We know that continuous improvement of our health and safety performance is essential for a successful Company.
- Everyone in Corus has responsibility for their own and others' health and safety, but overall accountability lies with management.
- We encourage a health and safety culture in Corus.

Policy principles

The principles which demonstrate how we implement our policy are:

(1) Leadership

Lead by example

People at all levels in Corus have responsibility for their own health and safety and should set an example for others. Management is accountable for health and safety, and managers will demonstrate leadership of health and safety through personal example.

(2) Hazards, risks and control measures

It's worth not taking the risk

We will identify the hazards and risk associated with our activities starting with our major risks. We

will put in place appropriate control measures and challenge them in the context of change, so that we aim for continuous improvement.

(3) Health and well-being

Working for a healthy future

We will promote and improve the health and well-being of all Corus employees.

(4) Competence and behaviour

Understanding is the key to safe behaviour

We will ensure that all our employees are trained so that they are professionally skilled and qualified for their jobs and thereby can contribute to an improved health and safety performance. We will select contractors who can demonstrate competence and effectiveness.

(5) Incident analysis and prevention

It could have been avoided...

try telling the kids that

We will ensure work-related incidents and near misses are reported, investigated and analysed to prevent recurrence. Our investigations will focus on root causes and recommendations will be shared and implemented across the Company.

(6) Sharing and learning

I wish I'd said something...

I feel so responsible

Everyone in Corus is responsible for sharing good practice as well as learning from near misses. Sharing

experiences with others can help prevent incidents. We all have a duty to intervene.

(7) Contractors and joint ventures

A good relationship is based on trust

Our health and safety standards apply equally to contractors and Corus employees. We believe our joint venture companies should aspire to the Corus health and safety standards.

(8) Monitoring, audit and review

There's always room for improvement

We will establish systems for tracking our performance. We will regularly conduct internal and external audits of our risk control measures and management systems. We will monitor behaviours at all levels to ensure we create a successful health and safety culture in Corus.

Performance

Our primary key performance indicator is lost time injury frequency (LTIF). Our performance data, presented in Figure 1, shows an improvement in LTIF from 7.5 in 2003 to 3.8 in 2004, compared to our target of 5. This reflects the continued commitment of all our business units to improve health and safety performance in order to reduce accident rates. It demonstrates that we have been successful in maintaining the high profile and widespread recognition of the importance of health and safety across the Company during 2004.



We provide health checks for our employees.

Although our LTIF has been significantly improved, the number of fatalities at our sites, presented in Figure 2, is still unacceptable and we are continuing to take actions to improve the situation.

In 2004, our sickness absence rate (the number of hours lost as a result of sickness or injury as a proportion of total work hours) was 4.2% compared to 4.5% in 2003. We are currently reviewing our health-related key performance indicators.

Key developments in 2004

Executive Committee safety tours

158 Executive Committee safety tours were carried out during 2004, exceeding our target of 140. These tours demonstrate leadership, provide motivation, recommend priorities for improvement and assist in sharing good practices across the Group.

Standards

We developed and launched eight mandatory health and safety standards during 2004, these covering a range of issues such as sharing information and learning, risk assessment, incident investigation and internal health and safety reporting. Each standard is accompanied with a support package providing additional information and training.

Competence

We believe that we will only achieve a high level of health and safety performance if our employees are well trained and competent. The focus in 2004 was the development of health and safety competencies of senior managers. DuPont delivered basic training to all group senior managers in health and safety leadership and conducting safety tours. In addition, a broader health and safety training programme for group senior managers was developed (see case study on page 9). In the UK, the joint trade union/management consultative group on health and safety (JAPAC) delivered more courses to trade union members than ever before during 2004.

Maturity tool

A tool was developed during 2004 to allow our businesses to assess the maturity of their health and safety

performance against the eight principles in the Corus Health and Safety Policy in order to establish priorities for improvement.

Sharing good practice

Alert bulletins are used to share learning points about incidents. We have developed an intranet site dedicated to health and safety communication.

Performance indicators

In line with the target we set last year, employee total recordable incidents and contractor lost time injury frequency have been established as new key performance indicators. Data is now being gathered with a view to reporting against these indicators in 2005.

Figure 1 Lost time injury frequency – Corus Group employees

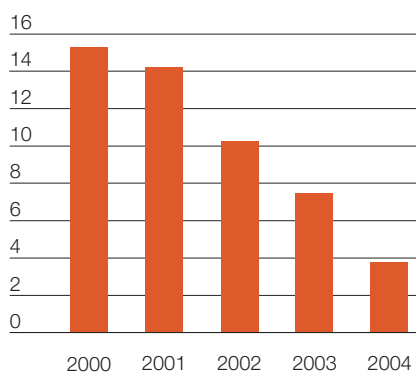
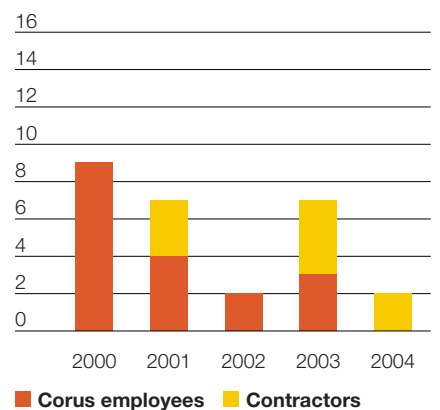


Figure 2 Fatal accidents – Corus Group



We ensure that our employees are trained so that they are professionally skilled and qualified to do their jobs safely.





Case study

Scrap supplier radioactivity detection audits

At the end of 2004, we published a Corus-wide standard on ionising radiation and radioactive substances. The main objective of this standard is to prevent radioactive scrap and orphan radiation sources from entering Corus sites. Amongst other things, scrap suppliers are required to monitor for the presence of radioactivity at their own sites and these arrangements have to be audited by us.

Corus Strip Products, IJmuiden in the Netherlands, has pioneered work in this area and only works with scrap suppliers and trans-shipment companies which have detection

systems at their sites. Audits were undertaken during 2004 in the Netherlands, Germany and Luxembourg and will have been extended to all scrap suppliers, including those in Belgium and the UK, by the end of 2005. The audits cover detection equipment capability and set-up, frequency of calibration and procedures if and when alarms are sounded, as well as competence and training of scrap supplier personnel. After an audit, feedback is given to the supplier and an action plan is agreed to improve the situation if necessary. The intention is to repeat these audits on a regular basis.



Case study

Safety and health excellence programme for group senior management leadership training

In order to further improve health and safety performance, our Executive Committee is sponsoring a safety and health excellence programme for group senior managers (GSMs). Its purpose is to identify the health and safety leadership behaviours that we require from our senior management. The programme runs over two days, with inputs from Corus, Dupont, and an in-house training organisation based at Ashorne Hill. The course is highly interactive and covers root cause thinking, contractor management (including a video made by contractors explaining what it is like to be a

contractor working for Corus), leadership and behaviour, turning policy into practice and commitment. Health and safety plans are scored using the Corus maturity tool for measuring improvement and delegates are then taken through the 'GSM Commitment', which is a personalised brochure containing an assessment of their current health and safety activities and behaviours. This is converted into commitments which each GSM is required to agree and sign off with their manager.

Case study

Lisburn, Northern Ireland, Chief Executive's Safety Award

Having achieved big improvements in health and safety, the Corus Distribution and Building Systems site in Lisburn, Northern Ireland, won the 2004 Chief Executive's Safety Award. The judges admired a 'huge and tangible improvement, demonstrating a high degree of change which involved all employees'.

In just three years, the site has cut its LTIF from 43 to zero. It has also achieved ISRS Level 8 external accreditation. 'We succeeded because we had good teamwork

and a spirit of involvement from everyone in the company' said Clare O'Neill, Corus Ireland's Health and Safety Facilitator. 'That team spirit is now a permanent fixture on-site'.

The site has improved in other areas too: delivery reliability increased from 83% in 2001 to 98% in 2004, and productivity improved by 24% over the same period. Whichever way you look at it, the site's continuous improvement culture is a winner.



Case study

Scunthorpe Administration Centre Health and Safety Committee, JAPAC Award

The Corus Construction and Industrial, Scunthorpe, Administration Centre Health and Safety Committee's mission is to make health and safety as important in the offices as it is in production areas. Staff are encouraged to come forward to be fire wardens, first aiders and visual display screen assessors, and training programmes are arranged for them. The 'near miss' programme within the Administration Centre was relaunched with renewed vigour and everyone was encouraged to use it. Safety audits are undertaken each month to keep health and safety clearly in the spotlight.

As a measure of how far the Administration Centre has come, the committee was presented with the Joint Accident Prevention Advisory Committee (JAPAC) Award on behalf of Corus management and trade unions in November 2004. As part of the award, the committee also received a cheque for £2,000 (€3,000), which was presented to the Scunthorpe Samaritans to assist in bringing their office up to current disabled access standards.



People

Valuing our workforce

We are proud of our workforce and recognise that our success depends on their expertise and contribution. We strive to win the hearts and minds of all our employees, to get the full benefits of their passion and involvement.

With that aim, we seek to develop leadership and working practices throughout the Company, which enable 100% employee involvement and a culture in which continuous improvement becomes a way of life.

Communication

We seek positive and constructive dialogue with employees and their representatives in line with local legislation and best practice. Open dialogue is encouraged between employees across all levels and functions within the organisation.

We are committed to enhancing working conditions and encourage all employees to make suggestions for improving working methods and to contribute to the search for innovation and continuous improvement in the way we work.

The use of employee satisfaction surveys and employee focus groups is widespread across Corus at country, business unit and site level. We use these to develop plans to improve communications, safety and team working.

Employee development

Our ambition to achieve managerial, technological and operational excellence demands high and sustained levels of competence and skill. This is the driving force behind our recruitment policy and our investment in the training and development of all employees, who on average received five days of training in 2004. When assessing candidates for recruitment or promotion we focus on skills, knowledge, competence, performance and work experience.

Long-term employability depends upon the continuous development of employees' skills and capabilities. Recognising that this is a joint responsibility, we strive to be a true learning organisation where people feel inspired to invest in personal development.

Diversity

We are committed to providing an environment that:

- Recognises and values the differences in employees' backgrounds and skills and provides equality of opportunity for all employees regardless of gender, race, creed, colour, national or ethnic origin, disability, marital status, sexual orientation, religion, political views or age.

- Maximises the benefits available from a diverse workforce.
- Recognises that effective practices to promote work-life balance will benefit the organisation and its employees; and
- Respects local customs and good practice in different countries and regions.

We seek to support our employees' caring responsibilities outside of the workplace. For example, in the UK we have introduced a range of improvements to our family friendly benefits, including those covering maternity, paternity and adoption.

Integrity and conduct

We expect the highest standards of integrity and conduct from our employees and expect them to exercise scrupulous care in maintaining these standards when engaged in transactions of any nature on the Group's behalf. Business is carried out on the basis of free and open competition.

Dignity at work

We believe that everyone should be treated with dignity and respect at work. Bullying and harassment of any kind is not tolerated within our workplace. All complaints of harassment are treated seriously and confidentially.



We strive to be a true learning organisation. In 2004 we invested over £50m (€75m) in training.

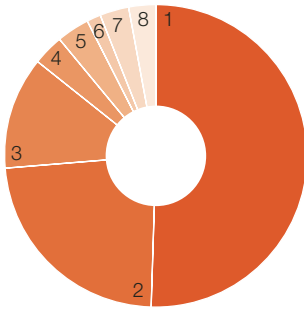


Figure 3 Employees by region

At December 2004

1 UK	24,400
2 The Netherlands	11,200
3 Germany	5,800
4 France	1,600
5 Belgium	1,700
6 Scandinavia	700
7 North America	1,500
8 Other countries	1,400
Total	48,300

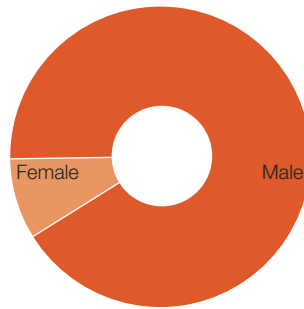


Figure 4 Gender breakdown

At December 2004

Male	44,100
Female	4,200

Estimated based on data from over 95% of our operations

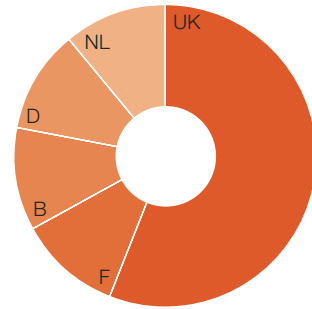


Figure 5 Executive Committee international breakdown

At December 2004

Belgian (B)	1
British (UK)	5
Dutch (NL)	1
French (F)	1
German (D)	1
Total	9

Human rights

We aim to support and uphold fundamental human rights, principles and practices. We do not employ children except as part of government-approved youth training schemes (for example, work-experience programmes).

Consultation

We have well developed procedures which operate in all parts of the Group for the purposes of consulting and negotiating with the trade unions and our employee representatives. These procedures are used extensively in discussions on any substantial changes to working practices and the number of employees that are affected as a result of any restructuring programme or major closure. Approximately 84% of our UK employees are members of trade unions, with trade union membership in IJmuiden estimated to be about 45%.

In the UK, regular consultation takes place at national, divisional, business and site level. In the Netherlands, Germany and Belgium there are formal Works Council structures in place in line with national requirements. We also have a European Works Council (see case study on page 13).

We operate in over 40 countries worldwide.





Case study

Employee satisfaction survey – IJmuiden

Employee satisfaction surveys were carried out at our site at IJmuiden in 2002 and 2003. These provided an objective measure of employee satisfaction as well as identifying areas for improvement. Each survey was carried out by an independent research bureau and measured satisfaction in relation to seven aspects: leadership, colleagues, working conditions, organisation, work activities, development opportunities and remuneration.

Prioritised improvement plans were developed based on the survey results. In 2003, these focused on development opportunities, including performance evaluation interviews, personal training plans and career development, and aspects relating to company image, including trust in the management team, employment security, pride and communications. In 2004, there was a strong focus on work evaluation interviews, reviews of staff performance, development and training. A third survey will be carried during 2005.



Case study

European Works Council

Our biannual European Works Council is our main information and consultation forum in Europe and is chaired by our Chief Executive, with participation from other members of our Executive Committee. Subjects of trans-national interest are discussed, including reorganisations, new investments, health and safety, company strategy, our commercial position and financial results.

Our employee representatives come from the UK, the Netherlands, Germany, France, Belgium, Spain, Sweden, Denmark and Norway. The majority of representatives are also trade union members, whilst some are also members of National Works Councils. Our employee representatives also have an extensive pre-meeting and training programme prior to each consultation forum.

How do we support our communities?

We provide employment for many thousands of people, we use local suppliers, and we actively participate in community initiatives.



We teamed up with a local school in Scunthorpe to develop and organise a maths challenge designed to help pupils bridge the gap between primary and secondary school education.

Communities

We aim to play a positive role in the communities within which we operate and recognise that our operations influence these communities and societies in many ways. We promote and encourage economic, environmental, social and educational development where possible. We support our employees' involvement in local initiatives.

Employment, economic development and regeneration

We directly employ 48,300 people and indirectly employ many thousands more through our contractors and suppliers. We are also active in stimulating regional employment. For example, at our site in IJmuiden we have used around 100 hectares of our land to boost regional economic development and a number of small and medium sized companies have now established themselves in the IJmond Business Park. We are also active members of a number of working groups, employers' associations and advisory boards. Amongst these bodies is the Enterprising IJmond Federation, which is a cooperative network set up to share the economic interests of its local members.

Steel supply has predominantly outstripped demand over the past 20 years. To retain competitive advantage, established companies in the steel industry, like Corus, have become more productive. This has resulted in the rationalisation and closure of some

facilities. In the regrettable event of redundancies or plant closures, we make every effort to minimise the impact on our employees and the communities in which we operate. This includes retraining, helping to find alternative employment or providing outplacement services. One example is UK Steel Enterprise (see case study on page 16).

Charitable donations

We have continued to finance international and local projects, contributing towards a number of initiatives. We donated over £250,000 (€375,000) to provide aid to the victims of the Asian tsunami.

Many of our businesses make donations to local good causes following periods without a lost time injury. For example, £1,000 (€1,500) was donated by Corus Engineering Steels in the UK to the cancer research unit at Rotherham General Hospital.

In the Netherlands, we have deep roots and a strong link in Kennemerland and the IJmond region. Within the region we support cultural, social, educational and sporting activities that contribute to the well-being of residents, both in the immediate vicinity of our IJmuiden plant and elsewhere within Kennemerland. We organise the local Corus Chess Tournament, sponsor the Stormvogels/Telstar football club and have helped to improve safety around the Gildespoor railway line.

In the UK, we make use of our Landfill Tax credits to enable us to release other funding sources for community initiatives. A number of projects have been supported, including community sports facilities on Teesside and in Scunthorpe; improved facilities for Scunthorpe schools and church halls; and improved access to new woodland and open spaces, together with the involvement of schoolchildren in nature projects, at Stocksbridge.

Helping in kind

We believe that community investment means more than simply providing money to help others. In some cases we are best able to support good work with gifts in kind, by providing materials, specialist skills or the use of our facilities.

For example, we supplied over 50 tonnes of steel, at a cost of £8,500 (€12,750), to a project to restore HMS Trincomalee, which was built in 1817. Following this donation, HMS Trincomalee now serves as a popular tourist attraction at Hartlepool Historic Quay.

Supporting local education

We recognise that we have a positive role to play in supporting the educational development of the communities of which we are a part. In both the Netherlands and the UK, we work in partnership with education providers, engaging in a wide range of activities to bridge the link between



Left: We helped to restore HMS Trincomalee.

industry and education. The primary purpose of this is to encourage interest in, and enthusiasm for, the study of materials science and its application in engineering, manufacturing and technology-based industries. The activities in which we are involved include developing learning materials, providing sponsorship and scholarships, awarding prizes and grants, and utilising the imagery and usage of steel to explain key concepts and learning points. Our support can vary from helping young children with literacy and numeracy, to explaining forces and motion to college students. In the UK, we sponsor teachers as well as student prizes in material

science subject areas in association with, among others, the Armourers and Brasiers Livery Company, the Institute of Physics and the University of York's Science Education and Research Department. We have also sponsored the regional finals of the highly successful Formula 1, which is a schools' competition that provides a computer aided design and manufacturing challenge for 11 to 16 year old students to design, produce and race their own Formula 1 racing car.

In addition to our involvement in national industry/education initiatives, we have extensive connections with our local schools and communities. In the UK, much of this work is done

via employees becoming accredited Science Engineering Ambassadors and through partnership arrangements with local Education Business Partnership Networks.

The successful Engineering Doctorate scheme in Wales celebrated its tenth anniversary in September 2004. The scheme forms a unique partnership between the University of Wales, the Engineering and Physical Sciences Research Council and Corus. With this initiative we have given leading graduates, who aspire to key positions in industry, the opportunity to gain experience in technical and engineering disciplines at Corus while pursuing doctorate research studies.

Case study UK Steel Enterprise

Established in 1975, UK Steel Enterprise, which is a subsidiary of Corus, has invested over £50m (€75m) in new and expanding businesses in steel areas and over £20m (€30m) in managed workspaces. We have supported over 4,000 small businesses and helped create 65,000 new jobs. Our approach is designed also to support the acquisition of funding from other sources and the £50m UK Steel Enterprise funding has leveraged an additional £300m (€450m) of investment from the public and private sectors.

A good example is the Ebbw Vale Innovation Centre in South Wales. In the short term, the centre will lead to the creation of 220 jobs, and in the longer run will be a catalyst for the growth of spin-off companies with the accent on technology and innovation.

The centre has been designed with the regeneration plan for the area in mind, and UK Steel Enterprise has worked closely with Blaenau Gwent County Borough and the Welsh Development Agency throughout the project.



In the Netherlands, we maintain contact with schools offering preparatory intermediate vocational education (VMBO). To encourage interest in technology, and to enable technical pupils and apprentices to find out about us, we have started an ‘Adopt a School’ project and several of our operating units in IJmuiden have adopted a VMBO school. These schools are invited to visit our plant, where they also receive materials, overalls and toolboxes. We have also joined JetNet (Jongeren en Techniek – Young People and Technology), a government initiative aimed at encouraging young people to choose a career in technology.

In Germany, in co-operation with the Fachhochschule Bonn-Rhein-Sieg (University of Applied Science), Corus Mannstaedt in Troisdorf supported the project ‘SUN – Schools and Companies for Sustainability’ which was developed by the university. This initiative was designed to explore a local enterprise network to support sustainable development in the region.

In France, local schoolchildren have been given the opportunity to form a ‘Cadette Industrie’ (Junior Company) for a year. Pupils visit our plant in Myriad, meeting and talking with operators to find out about our company and the workers’ roles. The pupils can then produce articles that are presented as prototypes and later sold to Myriad.

Our people in action

A company is only as good as its people and we recognise that the value of good corporate citizenship comes through our people. We therefore encourage our employees to volunteer to assist in local initiatives. As a result, our employees have been involved in a range of community projects, including the following:

- A team of our employees in Rotherham took part in a ‘books and beyond’ scheme, spending one hour a week helping local schoolchildren to learn to read.
- Our employees participated in recycling mobile phones and printer cartridges.
- Our employees helped to raise money for a variety of charities, including over £1,250 (€1,875) at Skinningrove in the UK for causes such as the National Lifeboat Association.
- Fifty graduates and placement student volunteers combined efforts to build a sensory garden at the National Autistic Society’s School in Rotherham. Over four days, the team created a garden that offers day and residential learning for over 100 children with autism.
- We provided sponsorship and our employees took part in a Sports Award Conference, to help recognise, reward and promote sporting achievement among the youth of Corby.

- A group of graduates acted as volunteer stewards at the 2004 Disability Sport England swimming event in Sheffield.
- Our employees in Germany donated gifts to local people, local churches and institutions such as schools and old people’s homes.
- We sponsored the Big About Music project to encourage youngsters to continue to have an interest in music.

Schoolchildren in Lisburn, Northern Ireland, were given the opportunity to play their part in a joint venture between Corus and the Woodland Trust, transforming an area of derelict land.



How do we protect the environment?

Respect for the environment is critical to the success of our business and we aim for continuous improvement in our performance. Whilst we have already significantly reduced our environmental impact, we have established additional challenging improvement targets.



Encouraging biodiversity at our integrated iron and steel plant at Scunthorpe.

Environment

Policy statement

We are committed to minimising the environmental impact of our operations and our products through the adoption of sustainable practices and continuous improvement in environmental performance.

Policy Principles

Compliance

– to meet the requirements of relevant legislation in the countries and regions in which we operate.

Management systems

– to implement effective environmental management systems and to ensure the environmental awareness of our workforce, encouraging every employee to act in an environmentally responsible manner.

Continuous improvement

– to improve the environmental performance of our processes and products through research and development of new technologies, preventing and reducing emissions and releases, minimising waste and controlling noise.

Sustainable development

– to contribute to sustainable development by using energy, water and raw materials more efficiently, thus optimising our use of natural resources.

Product stewardship

– to promote the recovery, recycling and re-use of our products and to work

with our customers to understand the environmental effects of our products throughout their life cycle.

Monitoring and reporting

– to monitor/audit environmental performance and to report progress on policy objectives and improvement targets on a regular basis.

Suppliers and contractors

– to encourage suppliers and contractors to behave in a responsible manner and to maintain sound environmental practices.

Local communities and biodiversity

– to respond to the concerns of local communities and other interested parties on environmental issues and to respect the general environment and wildlife habitats in and around our sites.

Performance

Scope

Overall emissions data for Corus Group is based on that submitted to

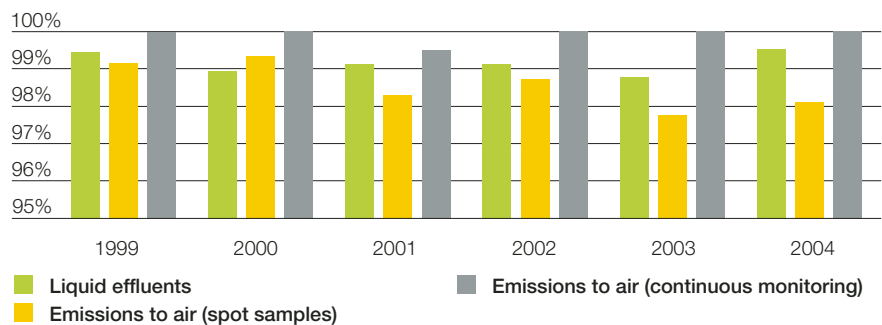
the UK Pollution Inventory and similar reporting systems in other countries where we operate. In addition, this year we have expanded our reporting to cover our smaller manufacturing sites. Whilst individual emissions from these sites are often insignificant, in combination, they can have a material effect for some reporting parameters. The increased reporting scope has led to our emissions appearing to increase in some areas as 2004 data is not directly comparable to earlier years' performance.

Compliance

Figure 6 shows that our compliance improved in 2004 compared to 2003. However, we recognise that our performance has to be improved further and every effort is being made to ensure that we achieve our target of 99% compliance by the end of 2005.

At Executive Committee level, we now conduct a comprehensive monthly review of our compliance

Figure 6 Compliance with emission limits



We have set an improvement target in this area (see page 35).

We conduct comprehensive assessments of the environmental impact of our processes.



performance. When one of our sites breaches an emission limit, the affected site is required both to perform an investigation into the breach and then to instigate effective measures to minimise the risk of a recurrence.

Despite our efforts, the complex and wide-ranging nature of our worldwide operations has contributed to a small number of incidents that have resulted in legal or regulatory action being taken against us during 2004. We received fines totalling €15,835 (approx. £10,000) following incidents that occurred in 2002 at Corus Strip Products, IJmuiden and Corus Primary Aluminium, Delfzijl, in the Netherlands. In the UK, we were served with two improvement notices by the Environment Agency in relation to an acid leak at Corus Colors, Cookley and slag handling operations at Teesside Cast Products. In a separate incident, the Environment Agency varied the conditions of our Teesside Cast Products environmental permit in relation to the control of fine dust during iron ore handling.

Climate change

Global warming is potentially one of the most serious challenges facing the world in the 21st Century. Whilst there is still some uncertainty over the science linking greenhouse gas emissions and global warming, there is a growing consensus that more has to be done to control emissions. The

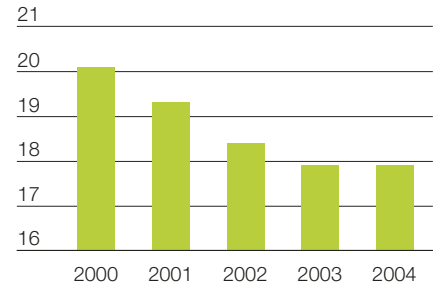
global steel industry is a significant emitter of greenhouse gases, particularly CO₂, and we recognise that we have to contribute to achieving a global solution. This is why we are investing significantly in a €44m (£29m) multi-partner research project to investigate technologies to substantially reduce CO₂ emissions from the steelmaking process (see case study on page 22). In the short to medium term, our emphasis is on reducing emissions wherever this is practicable and cost effective to do so.

CO₂ emissions are closely linked with energy use and we are on course to achieve our improvement targets in this area (see page 34). Figure 7 shows the improvement in energy efficiency at our steelmaking sites for the five years from 2000.

2005 is the first year of the EU Emissions Trading Scheme. The objective of the scheme is to set a cap on CO₂ emissions from various industrial sectors and to establish a market in CO₂ allocations. Within the UK, our CO₂ allocation for Phase 1 is challenging but achievable. In the Netherlands, it is likely that the allocation will be insufficient.

Short of achieving a technological breakthrough, the European steel and aluminium industries are almost at the point where improvements in energy efficiency and CO₂ emissions are at the theoretical limit. It is crucial that

Figure 7 Energy consumption (GJ/tonne steel)



The data for 2000 – 2003 has been adjusted since we reported last year to align reporting protocols between UK and Dutch sites.

national governments recognise this fact when setting future allocations. Steel and aluminium are globally traded commodities and if Corus and other European producers are set unrealistic and unachievable targets, this could distort international trade and result in a shift of global production to countries that are less efficient in terms of energy and greenhouse gas emissions.

Emissions to air

Our most significant releases to air, in addition to greenhouse gases, are particulates (including PM10s), dioxins, NO_x, SO₂ and fluorides.

Comprehensive environmental impact assessments indicate that our contribution to air-borne levels of pollutants in the vicinity of our major production facilities is generally not significant compared to background levels. Air quality objectives are being



Right: We have developed novel measurement systems to improve the understanding of our emissions.



met in the areas around all of our major facilities, with the exception of PM10s in the Port Talbot area, where we are continuing to work very closely with the authorities to better understand our contribution to the problem.

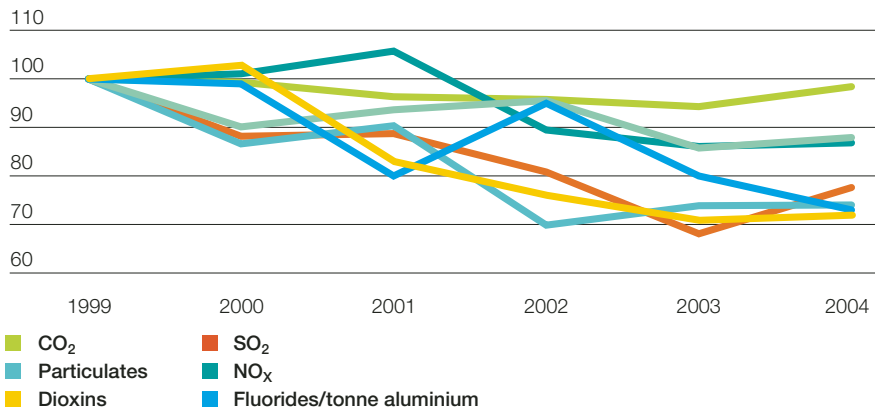
We are committed to reducing our impact as far as is practicable and cost-effective. We invested £312m (€468m) in 2004, of which approximately 10% was related to environmental improvements.

For example:

- At our primary aluminium smelter in Delfzijl, we reduced fluoride emissions from an average of 97 tonnes per year to 73 tonnes in 2004.
- At Corus Tubes, Hartlepool, investment in a new pipe-coating process has led to a six-fold reduction in organic solvent emissions between 2000 and 2004.

We have established a significant programme of research and development, both to improve our understanding of our emissions and to develop new emissions control technology. Some examples of our achievements during 2004 are described in the case study on page 25.

Figure 8 Emissions to air relative to 1999 (per tonne of steel unless otherwise stated)



We have set ourselves a target to identify and assess our contribution to ambient air concentrations of fine and ultrafine dust particles (PM2.5s and PM0.1s). To this end, we are the lead organisation in a multi-partner European research project that aims to quantify fine and ultrafine emissions from previously unmeasured sources using new measurement methodologies.

The effect of our improvements in emissions control can be seen in Table 1, which compares emissions in 2004 with those in 1999. Figure 8 presents normalised emissions data for our most significant releases to air from 1999 to 2004.

Table 1 Releases to air – Corus Group (tonnes/year unless otherwise stated)

Substance	1999	2004
CO ₂ *	32,500,000	29,200,000
PFCs	12.3	10.6
Particulates	18,500	12,200
PM10s	no data	5,900
Dioxins	45g	29g
PAHs	7.5	4.0
Benzene	130	60
NMVOCS	1,700	1,200
NO _x	32,500	25,900
SO ₂	40,000	28,400
CO	552,000	317,000
Fluorides	206	150
Arsenic	0.76	0.28
Cadmium	1.03	1.12**
Chromium	6.3	2.7
Copper	5.4	3.7
Lead	78.9	63.0
Mercury	0.43	0.46**
Zinc	93.9	36.6

*Not comparable to EU ETS allocations – different reporting scope.

**The apparent increase compared to 1999 for mercury and cadmium is due to improved monitoring and extended reporting.



Our aluminium production plant in Duffel.

Case study ULCOS – Ultra low CO₂ steelmaking

ULCOS is a €44m (£29m), part EC funded, multi-partner research & development initiative to investigate new steel production processes that would drastically reduce CO₂ and other greenhouse gas emissions compared to current production methods.

The ULCOS consortium comprises 48 European companies and organisations led by a core group of steel producers including Corus. The consortium is further composed of suppliers to the steel industry, research institutes, small/medium sized businesses and universities.

Breakthrough concepts for making steel that have the potential of reducing specific CO₂ emissions by 30 to 70% will be investigated. These include technology based on recycling blast furnace gas after removal of CO₂ (including CO₂ capture and storage technologies), electrolysis, use of hydrogen, and utilisation of biomass.

The initiative will start with a five year exploratory phase, followed by a five year pilot phase and then, depending on the outcome of the development work and technical/economic viability, commercial implementation.



Case study Internet-based supplier assessment

In order to assess the environmental credentials of our suppliers and contractors and to help 'green' our supply chain, we have developed an internet-based supplier assessment system. This paperless electronic system automatically scores the answers given to a series of questions on items such as policy, management systems, performance, training, awareness, accountability and auditing. Scores are then weighted to ensure that issues such as persistent non-compliance are recognised and are given due consideration.

The completed questionnaire with its automatic score is then assessed in more detail. At this stage, further information may be requested, before either accepting or rejecting the supplier/contractor, who is informed of the outcome of the assessment.

Based on scores falling within given ranges, various improvement actions are recommended. A low score can result in a physical audit if appropriate. Although some suppliers/contractors are rejected, most are encouraged and helped to improve in line with ISO 14001.



Table 2 Releases to water – Corus Group (tonnes/year)

Substance	1999	2004
Suspended solids	3,500	1,750
Arsenic	1.27	0.31
Cadmium	0.14	0.07
Chromium	2.01	1.36
Copper	1.18	1.27*
Lead	4.64	2.65
Mercury	0.06	0.04
Nickel	1.79	1.87*
Zinc	8.18	21.76*

*The apparent increase compared to 1999 for some heavy metals is due to improved monitoring and extended reporting.

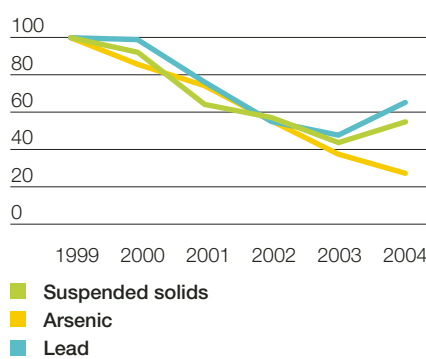
Water

Relatively large amounts of water are used during the manufacture of steel, although this is difficult to quantify. We estimate that our iron and steelmaking sites use between 5 and 10 m³ of water per tonne of steel produced.

Water conservation is a key objective at many of our sites and significant improvements have been made over recent years. For example, Apollo Metals in the USA, which is part of Corus Special Strip, has developed a novel vertical rinsing system that has reduced water consumption by more than 50%, whilst improving both energy efficiency and product quality.

Most of our water is used in indirect non-contact cooling circuits or is treated before discharge back into natural watercourses.

Figure 9 Emissions to water relative to 1999 (per tonne of steel)



We aim to minimise the impact from our effluents wherever this is cost effective and practicable. For example, at Corus Strip Products, IJmuiden, we installed a new treatment unit at our pellet plant during 2004 to remove arsenic. In addition, releases of chromium, copper, nickel, mercury and cadmium have also been reduced.

Table 2 compares releases to water in 2004 with those in 1999. Some of our key emissions are also presented in normalised form in Figure 9.

Resource effectiveness

We are committed to improving the efficiency with which we use the earth's resources. This is a fundamental aspect of sustainable development and is one of our key policy principles.

Table 3 Resource use (million tonnes/year)

	1999	2004
Steel production	21	19.3
Aluminium production	0.5	0.5
Iron ore	29	26
Coal	12	10.6
Coke	0.5	1.3
Fuel oil	0.6	0.3
Limestone/lime products	4.4	3.8
Alumina	0.5	0.4

Data is approximate and is shown only to illustrate typical usage.

Our primary raw materials for steel production are iron ore, coal, coke, limestone and oil. Alumina is the primary raw material in the aluminium smelting process. Table 3 shows our consumption of these materials during 2004. We have developed systems to maximise the internal recycling of materials containing iron and/or carbon that are unavoidably produced in our steelmaking processes (for example, the briquetting of dust collected in our emissions control equipment). We have not set a specific target to reduce our consumption of raw materials, but we have set a target to reduce our waste to landfill. This target will largely be achieved through increased recycling rates within our processes, which will also result in reduced raw materials consumption.

We are continually developing techniques for reducing water use.



Table 4 By-product applications

By-product	Application
Granulated blast furnace slag	Cement industry
Air cooled blast furnace, EAF & BOS slag	Civil engineering and agricultural fertiliser industries
Tar	Chemical industry
Benzene/toluene/xylene	Chemical industry
Ammonium sulphate	Artificial fertiliser industry
Sulphuric acid	Artificial fertiliser industry
Iron oxide	Electronics, cement industry and paint industries
Ferrous chloride solution	Water treatment, effluent and dye industries
Zinc and tin dross	Non-ferrous metal recovery industries

By-products

Processes such as blast furnaces and coke ovens generate a range of different by-products. Although these are sometimes classed as wastes by the authorities, we treat them as valuable products. In fact, thanks to improvements over recent years to the way in which raw materials are selected and our processes are controlled, our by-products meet tight quality control requirements for use as alternative raw materials in sectors such as cement and chemicals, thereby conserving non-renewable primary raw materials. Table 4 provides examples of where our by-products are typically used.

Figure 10 shows the progress, since 1999, in the proportion of all of our steel-related by-products that are re-used, recycled and recovered. The apparent reduction in recycling rate in 2004 is attributable to events associated with our capital investment

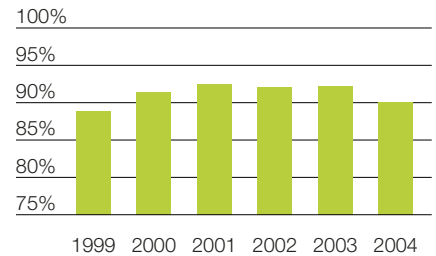
programme that resulted in one-off increases in waste to landfill.

Waste minimisation

The first priority of our waste management strategy is to optimise the consumption of materials within our processes. Most of our sites have established targets for waste minimisation and have already made significant progress. For example:

- Corus Construction and Industrial, Dalzell, reduced its oil consumption by 80% between 1997 and 2004 by reducing losses from its mill lubrication systems.
- At Corus Special Strip, Tyseley, investment in a new nickel recovery system has improved effluent quality, reduced the amount of filter cake being produced and significantly reduced consumption of nickel.

Figure 10 Re-use, recycling and recovery of our by-products (% by weight)



Re-use, recycling and recovery

In certain conditions, it is neither technically possible nor cost effective to prevent waste from being generated and the priority shifts to ensuring that the waste is re-used, recycled or recovered. To this end, many of our sites have now developed waste segregation measures. For example, at Corus Mannstaedt in Germany, approximately 80% of all waste arising during 2004 was segregated and then recovered in some way.

Waste disposal

In those cases where there is no alternative, we ensure that waste is disposed of in a manner that does not cause harm to the environment. By far the most common disposal option we use is landfill. A small amount of our waste is incinerated.

Most of our sites now segregate hazardous and non-hazardous waste and dispose of these separately,



We granulate our blast furnace slag so that it can be used to make high quality cement.



Case study

Developments in sinter plant pollution control

Sinter plants are an essential part of the integrated iron and steelmaking process. Their principal purpose is to convert fine iron ores into a clinker-like agglomerate (sinter) for use in the blast furnace.

In seeking to develop techniques for improved pollution control in iron ore sintering, demonstration plant projects are being carried out at two UK sinter plants.

At Corus Strip Products, Port Talbot, a fully engineered system has been installed to evaluate the use of urea for the suppression of dioxin emissions.

This technique offers a cost-effective means of reducing dioxin emissions by suppressing formation, rather than 'end-of-pipe' collection.

A one-tenth scale high temperature metallic filter has been constructed at Corus Construction and Industrial, Scunthorpe, to investigate its potential for reducing particulate emissions.

These two emerging technologies are mutually compatible and offer a coherent approach for further reducing emissions of particulates, heavy metals and dioxins from sinter plants.



Case study

Transport modal shift

There are numerous examples across Corus where there has been a shift from road to rail or barge/ship. These include:

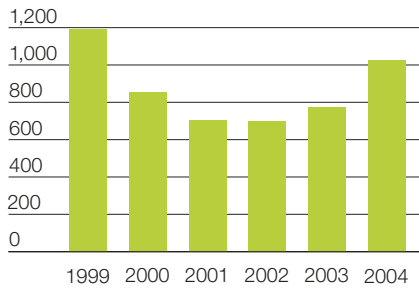
(i) At Corus Strip Products, IJmuiden, during 2001 and 2002, there was a shift from road to barge/ship of over 260,000 tonnes of steel and a shift of around 155,000 tonnes from road to rail. This equates to a total of 13 million road kilometres saved.

(ii) A new wharf facility has been built on the River Don alongside our Corus Engineering Steels site in Rotherham and steel is shipped directly to Goole, saving approximately 3,000 road journeys each year.

(iii) At Cogent Power, Orb, an on-site wharf and a railhead have recently been re-commissioned which have almost eliminated the road haulage of goods from the nearby Newport Docks through local built-up areas.

(iv) At Corus Construction and Industrial, Scunthorpe, we increased our average despatch load from 21 tonnes in 2003 to 23 tonnes in 2004, resulting in an annual reduction of 1,490 loads for the same output.

Figure 11 Waste to landfill (ktonnes per annum)



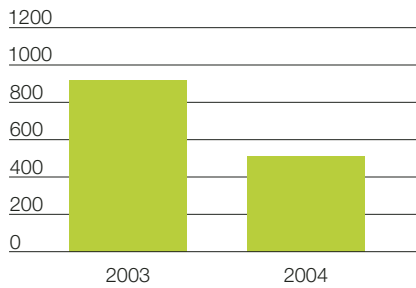
thereby ensuring that the wastes that pose most risk to the environment are only deposited in landfills of the very highest engineering design.

Waste to landfill is a useful measure of resource efficiency and we have set ourselves a target in this area. Figure 11 shows how we have performed over recent years. The data indicates that we are behind schedule to achieve our target of a 10% reduction from 2003 levels by the end of 2005. This is attributable to some one-off events in 2004 associated with our capital investment programme and we are still confident of achieving our target in 2005.

Nuisance

Many of our production processes are located close to residential areas. We have recognised nuisance as a key issue and have established a target to reduce public complaints by 10% by 2006.

Figure 12 Public complaints



We take a proactive approach to noise management. All new equipment is required to conform to a procurement specification for noise. In addition, many of our sites have noise management plans that include a range of control measures backed-up with periodic measurements of noise levels in local communities to confirm that our controls are effective.

Examples of the improvements we have made in controlling nuisance include:

- At Corus Special Profiles, Skinningrove, a noise management plan was developed. This included re-orientation of a production line, double-cladding of the production building closest to neighbouring houses and replacement of vehicles with a quieter automatic conveyance system.
- At Corus Strip Products, IJmuiden, we changed our process for desulphurisation at the steel plant. As a result, nuisance odour has decreased almost to zero.

- At Corus Aluminium Rolled Products, Cap de la Madeleine, Quebec, kerosene-based rolling oils have historically resulted in odour-related complaints. Significant investment has been made to connect all cold rolling mills to air cleaning systems, thereby almost eliminating any odour.

The results of our efforts to manage nuisance impacts are shown in Figure 12.

Biodiversity

We respect the wildlife habitats in and around our sites and, over many years, we have worked at a local level with community organisations, wildlife groups, schools and voluntary bodies to identify and develop such habitats.

We recognise the need to assimilate ecological considerations into the way we manage our business activities, such as site development, maintenance and river dredging.

Chemicals

The European Commission has developed proposals for a new chemicals policy, known as REACH, which will require importers and manufacturers of substances to perform extensive testing to further characterise the risks that those substances may pose to human health and the environment. We are supportive of the broad objectives of the new policy but believe that

Wildflowers at our steel plant on Teesside.



elements of the proposals may impose an unnecessary burden on our industry. We have made positive suggestions for the current proposals to be improved in a way that still delivers all of the environmental and health benefits expected of REACH whilst reducing unnecessary testing requirements for materials that are already well characterised or whose uses are already tightly regulated under other regimes.

Performance against sector benchmarks

We are always keen to understand how our performance compares with other leading companies. The International Iron & Steel Institute published a set of sustainability related performance indicators in October 2004. Table 5 shows how we compare with the rest of the world steel industry, using data published for 2003.

Awards

Since we last reported, our environmental achievements have been recognised with a number of awards:

- Corus Strip Products, IJmuiden, was presented with an award for Best Dutch Environmental Report by the Dutch State Secretary for Economic Affairs.
- Corus Colors was presented with a Business Commitment to the

Table 5 IISI Environmental Performance Indicators 2003

Performance indicator	Unit	Indicator result		Comments
		Corus	World average	
Greenhouse gas emissions	Tonnes of CO ₂ /tonne crude steel	1.46	1.6	Corus significantly better than world average
Material efficiency	%	96*	96.8	Corus in line with world average
Energy intensity	GJ/tonne crude steel	18.4	19	Corus better than world average
Environmental management systems	% of employees and contractors working in certified production units	93**	85	Corus significantly better than world average

*Our by-product re-use, recycling and recovery rate, reported in Figure 10, is calculated differently from IISI's material efficiency, and is not directly comparable.

**We base our own figure on number of certified sites rather than percentage of employees and contractors.

Environment Premier Award for sustainable product development by the UK Energy Minister.

- Corus Construction and Industrial, Scunthorpe, won the 2004 Lincolnshire Environmental Award for creating an artificial nesting ground for hundreds of migrating sand martins.
- Corus Tubes, Corby, was awarded the Manufacturing Excellence Award for Resource Efficiency by the UK's Institute of Mechanical Engineers.

Supply chain

We have established an internet-based supplier and contractor assessment system to assess and improve the environmental performance of our supply chain (see case study on page 22). We also provide our customers with advice and guidance on the use, re-use and recycling of our products.

Transport

In order to make steel and aluminium, we have to transport many millions of tonnes of raw materials, intermediate and finished products. This, together with on-site transfers and business travel, consumes fuel, releases CO₂ and can have an impact on traffic congestion within the communities in the vicinity of our operations. Some examples of how we have reduced the transport of our products by road are outlined in the case study on page 25.

Ore unloading facilities at our site in Port Talbot.



Sustainable solutions

Construction

The environmental and social advantages of our products are demonstrated in all forms of construction, from multi-storey offices to light steel framed buildings for affordable housing.

Why steel is good for construction

Steel's strength allows large open floor areas, giving flexibility of use throughout the life of a building. Steel buildings are adaptable too, since they can be easily extended, unbolted and reconnected, modified, repaired, re-used, or recycled as necessary.

The environmental advantages of using steel in construction are:

- Recyclability (over 90% of steel used in construction is re-used or recycled at the end of the building's useful life).
- Minimum use of materials.
- Clean and dust-free fabrication and erection.
- Minimum waste.
- Off-site fabrication in a controlled environment which reduces site construction time.
- Minimised disturbance from construction for communities surrounding sites.

- Adaptability and flexibility over the lifetime of a building.
- Effective end of life options such as refurbishment, dismantling and re-use or recycling.

Steel construction is inherently sustainable and steel's environmental advantages are demonstrated in all forms of construction, from traditional steel framed buildings used for multi-storey offices or flats, to more recent developments with modular systems.

A modular approach to high quality buildings

Corus Living Solutions is a new business focused on modular high quality buildings. The benefits of this approach include:

- Reduced site complexity and risk – resulting in less noise and disruption, tidier sites and potential for improved health and safety performance.

- Quicker construction – build programme times are reduced by typically 20-50%.
- Reduced environmental impact – energy efficiency in use is high and waste volumes are reduced with recycling opportunities within the factory. Furthermore, at end of life, the modules can be relocated rather than demolished.

The modules are manufactured at Shotton in North Wales on a semi-automated production line. Engineering excellence is applied to the construction, with a structured and repeatable process that builds in quality. The light steel frame system



Right: Our steel was used in the Eden Project in Cornwall, UK.



is highly insulated and therefore creates energy efficient structural modules, which have a 60-year design life and meet UK building regulation requirements.

Innovative solutions for multi-storey homes and offices

We have developed a more resource-efficient flooring system for multi-storey buildings. Called Slimdek®, it allows the integration of structural and service zones in a building. This minimises construction depth, so that more floors can be included without affecting the dimensions of the floors themselves.

Green on the outside

Kalzip® Nature Roof™, our aluminium roof system, provides a safe and solid basis for landscaped roofs and garden roof features. They look good,

provide habitats for insects/birds, improve thermal and acoustic performance, consume CO₂, reduce rainwater run-off and are recyclable. Furthermore, we offer energy generating photovoltaic systems that are fully compatible with Kalzip.

Informing construction decision makers

We have launched a website to enable architects, engineers and other specifiers to understand the benefits of using steel in construction (www.sustainablesteelconstruction.com).

Reduced risk of on-site accidents and reduced life cycle environmental impact

Colorcoat HPS200®, which is a pre-finished steel product for roof and wall cladding, reduces the risk

of fall-related accidents as it is maintenance free and eliminates the need for annual inspections or regular maintenance. Furthermore, with its unique paint formulation for corrosion resistance and 30-year Confidex® guarantee, *Colorcoat HPS200* also has superior durability compared with other pre-finished steels. This minimises environmental impact and reduces building life cycle costs. *Colorcoat HPS200* was specified for the groundbreaking Brighton Earthship project. Earthships are autonomous buildings built with sustainable materials, that are able to service their own needs in conjunction with natural elements. The environmental profile of *Colorcoat HPS200* has been published in an Environmental Product Declaration (EPD), which is available at www.colorcoat-online.com.



Sustainable solutions

Automotive

We are helping the automotive industry to build cars that are both safer for passengers and pedestrians and more fuel efficient and environmentally friendly.

Stronger, safer, lighter and more efficient vehicles

By combining engineering and materials science know-how, Corus is helping the automotive industry build cars that are not only safer for passengers and pedestrians but which are also affordable, fuel efficient and more environmentally friendly.

Take, for example, the Ultra Light Steel Auto Body – Advanced Vehicle Concept (ULSAB-AVC) project. Begun in 1999 by a global steel industry consortium, including Corus, this \$10m research programme explored new vehicle concepts, building on previously successful ultra-light steel initiatives for the body structure, closures and suspension systems. It demonstrates the potential of combining new steels with the latest manufacturing and joining technologies. The ULSAB-AVC project shows that structurally efficient design in a steel-intensive car can significantly enhance passenger and pedestrian

safety while achieving major reductions in fuel consumption and CO₂ emissions without compromising vehicle performance or manufacturing cost. Further details can be found at www.ulsab-avc.org.

Furthermore, Corus is helping automakers to design and produce their cars using stronger, and consequently lighter, 'dual-phase' steels. Another example was a combined materials and vehicle engineering study that helped LDV reduce the weight of their recently launched 'Maxus' light commercial vehicle.

Improved safety barriers

Corus has developed products that will help the highways infrastructure industry meet new EN1317 European legislation to improve containment and protection of car occupants in the event of a crash, including roadside and bridge parapet safety barriers.

Towards a completely recyclable car

By 2006 at least 85%, and from 2015 at least 95%, of the mass of end of life vehicles will need to be recycled or re-used, in line with the EU End of Life Vehicles Directive. We are helping our automotive customers to meet this target by making the most of highly recyclable steel and aluminium to meet these ever-tougher recycling targets. In part, we do this by investing in research to examine how parts currently made of plastic can be made cost-effectively from far more recyclable steel or aluminium. The Directive also restricts the use of heavy metals such as lead, mercury and cadmium. Our automotive products comply with these restrictions and we provide declarations to this effect for our automotive customers, in addition to supporting the initiative of some automakers to define the materials makeup of their vehicles by supplying our products to International Materials Database System (IMDS) standards.



Far left: Our products improve road safety. Left: We are helping the automotive industry build safer cars.

Where aluminium has been the material of choice, Corus Aluminium Rolled Products at Duffel, Belgium, has developed new materials such as Ecolite, which is not just lightweight and strong, but importantly uses the same alloy as other panels on a car, enabling it to be recycled more effectively and efficiently. Such aluminium product developments have been possible thanks to a €50m (£34m) investment at Duffel in a unique continuous annealing line, and other investments to offer even wider sheet to car makers for use in bonnet and roof applications.

Greener fuel tanks

To help vehicle manufacturers develop emission-free fuel tanks that meet future environmental legislation and recycling targets for end of life vehicles, we have developed Neotec. A lead-free metallic (tin/zinc alloy) coated steel, Neotec has a number of advantages over single or multi-layered plastics for fuel tanks. Steel not only contains recycled material, but also it is the most recycled material in the world, with an established and robust recovery route. Given the recycling targets in the EU End of Life Vehicles Directive and probable new environmental legislation requiring vehicles to have zero fuel evaporative emissions, there has never been a better time to switch from plastic to lightweight

and recyclable steel fuel tanks. We have already had a very positive response from the industry, with Neotec being used by Ford and Proton, amongst others.

Contributing to a quieter world

Corus Engineering Steels has developed cleaner steels for use in advanced diesel injection systems that have been fundamental to the refinement of diesel engines and lean-alloy steels that are used in the manufacture of improved vehicle transmissions. As a result, surface tolerances have improved, which is leading to less noise, vibration and harshness from these components, with consequently less noise both inside and outside the vehicle.



We are members of the ULSAB-AVC consortium.

Sustainable solutions

Packaging

We provide recyclable packaging solutions and we actively promote the recycling of our products.



Taking a broad approach to recycling in the Netherlands

A metal packaging recycling rate of 82% was achieved in the Netherlands in 2003, compared to the Dutch recycling target of 80%, which was required to be met by the end of 2005.

In the Netherlands we are involved in a programme to reduce litter. Whilst some ascribe litter problems to packaging, and propose the introduction of deposits on one-way drinks containers, we believe that the problem is related to people's behaviour. As a result, we support national campaigns managed by Nederland Schoon, an organisation which aims to prevent and combat litter. For example, together with Heineken, we have put can crushers on beaches and our delivery vehicles carry the national slogan of Nederland Schoon, promoting the anti-litter message *Keep the Netherlands Clean*.

Packaging recycling in the UK

Corus Steel Packaging Recycling has been helping to recover steel cans from household waste for recycling, with the result that 46% of steel packaging was recycled in 2004, compared to 25% in 1998. During 2004, we funded 35 local authority and community recycling schemes, investing in separation magnets, balers, can handling equipment, can banks and collection boxes for householders.

Sustainable and food safe product development

Protact® consists of a steel substrate and a polymer coating. This polymer coating is VOC-free, substitutes traditional coatings and thereby eliminates VOC emissions. *Protact* is recyclable, meets or exceeds food safety standards and is the best available food safe packaging solution.

Right: Steel can recycling in practice.



Sustainable solutions

Consumer products

We work closely with our customers and suppliers to develop products that are better for consumers and the environment.

Recyclable pre-finished products

Pre-finished steels such as those supplied by Corus for the consumer products market are both recyclable and more environmentally efficient compared to post-finished steel coating.

Compliance with the RoHS Directive

Our products comply with the requirements of the Restriction on Hazardous Substances (RoHS) Directive. We have conducted extensive development work over the last two years in partnership with both suppliers and customers to refine our production processes to eliminate the need for hexavalent chromium based pre-treatment of pre-finished steels. Typical applications include electrical and electronic products for customers such as Sony. Our proactive approach to environmentally responsible

process and product development, as illustrated by this example, was endorsed by a Business Commitment to the Environment Premier Award for Corus Colors in 2004.

Guaranteed performance with Assure®

Assure is a pre-finished steel with antibacterial protection which has been developed to tackle the risk posed by cross-contamination within food processing and healthcare environments such as kitchens, cold stores, operating theatres, washrooms and hospital wards. *Assure* is effective against a broad range of potentially harmful organisms and hospital acquired infections such as MRSA, E-coli and salmonella.



We work with our customers and suppliers to produce RoHS-compliant products.

Summary of progress against targets

Target	Commentary	
Reduce mean lost time injury frequency to 5.0 per million hours worked in 2004.	Achieved	Our lost time injury frequency was improved to 3.8 per million hours worked in 2004.
Establish additional health and safety related key performance indicators during 2004.	Achieved	Total recordable incidents for Corus employees and contractor lost time injury frequency have been established as new key performance indicators.
Achieve at least 99% compliance with formal regulatory emission limits for both emissions to air and releases to water by the end of 2005.	On target	Our 2004 results were: air (continuous) 99.98%, air (spot) 98.07%, liquid effluent 99.50%. We expect to achieve the target by the end of 2005.
Achieve 95% certification to ISO 14001 for all Corus European operations (excluding interim mergers and acquisitions) by the middle of 2006	On target	83% of our sites are currently certified. We will achieve our target when our operations at Corby (UK), Delfzijl (the Netherlands) and Voerde (Germany) achieve the standard.
Reduce total energy consumption in the UK by 11.5% compared to 1997, by 2010 and become one of the world's top steelmakers and primary aluminium producers (in the comparable technology class) in terms of energy use in the Netherlands by 2012	On target	In the UK we achieved our 2004 climate change agreement milestone target to reduce energy and are on target to achieve the target for 2010. In the Netherlands we currently outperform the best international standard in terms of energy use.
Reduce emissions of perfluorocarbons from the primary aluminium production process by 50%, compared to 1990, by the end of 2005	Achieved ahead of schedule	PFC emissions have been reduced by more than 90% (from approximately 170 tonnes in 1990 to around 10 tonnes in 2004).
Install a demonstration plant for the evaluation of the suppression of dioxin emissions from the iron ore sintering process by the middle of 2004	Achieved	A demonstration plant has been installed at our Port Talbot sinter plant. Trial work is scheduled to be completed by the end of 2005 (see case study on page 25).
Identify and assess our contribution to ambient air concentrations of fine and ultrafine dust particles (PM2.5s and PM0.1s) and evaluate options for improvement where necessary by the end of 2006	On target	We have established a strategic R&D project to identify and assess our fine and ultrafine dust emissions.
Reduce the number of complaints from the public related to our activities by 10% compared to 2003 by the end of 2006	On target	Public complaints in 2004 were more than 10% lower than in 2003 (512 compared with 920).
Reduce waste to landfill by 10% from 2003 levels by the end of 2005	Currently behind schedule	Our waste to landfill increased in 2004. This is attributable to some one-off events during the year associated with our capital investment programme.
Carry out life cycle studies to ensure that LCI (life cycle inventory) data to the factory gate is available for at least 70% of Corus products by the end of 2006	Achieved ahead of schedule	Life cycle inventory data is now available for 88% of our products.

Future targets

- Further substantially improve mean lost time injury frequency in 2005 compared to 2004.
- Establish additional key performance indicators related to social and ethical issues during 2005.
- Achieve at least 99% compliance with formal regulatory emission limits for both emissions to air and releases to water by the end of 2005.
- Achieve 100% certification to ISO 14001 for all Corus European manufacturing sites (excluding interim mergers and acquisitions and sites with fewer than 50 employees) by the middle of 2006.
- Reduce total energy consumption in the UK by 11.5% compared to 1997, by 2010 and become one of the world's top steelmakers and primary aluminium producers (in the comparable technology class) in terms of energy use in the Netherlands by 2012.
- Identify and assess our contribution to ambient air concentrations of fine and ultrafine dust particles (PM2.5s and PM0.1s) and evaluate options for improvement where necessary by the end of 2006.
- Reduce the number of complaints from the public related to our activities by 10% compared to 2003 by the end of 2006.
- Reduce waste to landfill by 10% from 2003 levels by the end of 2005.
- Increase the steel packaging recycling rate in the UK to 54% by 2008 (compared with 46% in 2004) and continue to work with organisations such as Nederland Schoon to reduce litter from packaging in the Netherlands.
- Launch an environmental intranet site as a means of improving the dissemination of environmental good practices across Corus business units and manufacturing sites.



Validation statement

Enviros has conducted an independent validation of the Corus Corporate Responsibility (CR) Report 2004 to provide assurance on the completeness, transparency and accuracy of the report and to review systems for data collection. Enviro has not carried out a formal verification of qualitative statements and quantitative data. The validation process was conducted through interviews with staff responsible for the data collection and reporting at a central corporate level and from a selection of representative sites.

Opinion

We are pleased to see the developments made by Corus in presenting its first CR report covering social issues in addition to environmental and health and safety performance. It is acknowledged that the social reporting aspect is embryonic at present and that Corus intends to build on this area over 2005.

There is a structured framework for collating and reporting health and safety data. This provides accurate and complete data with transparency throughout the reporting process. Reporting of regulated environmental data was also found to be robust.

However, whilst no material inaccuracies are reported for non-regulated data, focus on the internal assurance process is needed to provide a clearly verifiable data audit trail.

We are pleased to see that Corus has extended the coverage of the report to include a greater majority of its sites, only a few smaller sites being excluded. In addition, some data has also been presented in normalised as well as absolute terms. We encourage these developments but note that the extended coverage of the report has made the comparison of year on year performance more difficult.

Recommendations for future reports

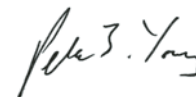
We recommend that Corus develops further internal guidelines which clearly set out the methodology and responsibilities for CR data collection, particularly for social and non-regulated environmental aspects.

In order to give ongoing confidence regarding the quality and accuracy of non-regulated data, an increased level of consistency and automation may be required incorporating internal assurance checks to provide

a transparent audit trail. A central database or spreadsheet system, as currently used to record health and safety data, could assist with this process.

Consideration should also be given to the future presentation of data in the report to ensure that progress against targets remains clear and transparent regardless of any changes to the scope and coverage of the report.

During 2005 it will be important for Corus to consider the scope and direction of its reporting process. Further stakeholder engagement could help in the development of appropriate future improvement targets and indicators covering environmental, health and safety and social aspects. This will allow Corus to monitor and report on progress alongside developing long-term CR strategy objectives.



Peter J Young
Managing Director
Enviros Corporate Division

Glossary

Assure: A pre-finished steel with antibacterial protection

BOS: Basic oxygen steelmaking

Benzene, toluene and xylene:

By-products from cokemaking

BF: Blast furnace

CO: Carbon monoxide

CO₂: Carbon dioxide, a gas released in combustion and other industrial processes, which contributes to the enhanced greenhouse effect

Colorcoat HPS200: Pre-finished steel product for roof and wall cladding

Corus Steel Packaging Recycling: A Corus department dedicated to promoting recycling of steel packaging in the UK

CR: Corporate responsibility

CSR: Corporate social responsibility

Dioxins: A group of organic compounds formed in industrial and combustion processes

Dross: Secondary products from galvanising and other metal coating processes

EAF: Electric arc furnace

Ecolite: A strong, lightweight aluminium product for the automobile sector

EMS: Environmental management system

EU: European Union

Ferrous chloride solution: Residual material from the steel acid-pickling process

Fluorides: Fluorine-containing compounds

Fugitive: Releases from non-stack sources

Greenhouse gases: Gases which contribute to global warming

GSM: Group senior manager

Heavy metals: Metals such as cadmium, copper, mercury, nickel, chromium, lead and zinc

IISI: International Iron and Steel Institute

IMDS: International material database system

ISO 14001: International environmental management system standard

ISO 9001: International quality management system standard

ISRS: International safety rating system

JAPAC: Joint Accident Prevention Advisory Committee

Key performance indicators: Parameters which are important indicators of how well we perform

Landfill Tax: A UK tax on materials which are landfilled

LCA: Life cycle assessment, a method of identifying the environmental impact of a product. The whole life cycle of a product is considered

LCI: Life cycle inventory, a part of LCA

LTIF: Lost time injury frequency, the number of lost time incidents per million hours worked

Neotec: Lead-free, metallic coated steel for fuel tanks

NMVOs: VOCs excluding methane

NO₂: Nitrogen dioxide, one of the oxides of nitrogen

NOx: Oxides of nitrogen, compounds that contribute to acidification

OHSAS 18001: International occupational health and safety management system standard

PAHs: Polycyclic aromatic hydrocarbons, a collective term for tar-like compounds

PFCs: Perfluorocarbons, a family of greenhouse gases

PM10: Particulate matter less than 10 microns in diameter

PM2.5: Fine particulate matter less than 2.5 microns in diameter

PM0.1: Ultrafine particulate matter less than 0.1 microns in diameter

REACH: Proposal for a European regulation on the registration, evaluation and authorisation of chemicals

Sickness absence rate: the number of hours lost as a result of sickness or injury, reported as the number of hours sickness absence as a % of the number of hours scheduled

Slags: Secondary products from ironmaking and steelmaking

SO₂: Sulphur dioxide, a compound that contributes to acidification

SSSI: Site of special scientific interest

ULCOS: Ultra-low CO₂ steelmaking

ULSAB-AVC: Ultra light steel auto body – advanced vehicle concept

Urea: An ammonia-based compound, which is often used in fertilisers

VOCs: Volatile organic compounds, such as solvents

GRI (Global Reporting Initiative) performance indicators

This report includes data for performance indicators in line with the GRI core elements for the mining and metals sectors where available and appropriate. Financial data is available separately in our Annual Report. This report and a full checklist against the GRI core elements is available on our website (www.corusgroup.com).

Feedback

This report has been designed to meet the anticipated needs of our stakeholders and we encourage feedback on the report, including suggestions on where and how we can make improvements. Please contact us by email at feedback@corusgroup.com.

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