
Corporate responsibility report 2006

Striving to make a difference

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How are we doing?

We take corporate responsibility seriously. Our results are improving, but we recognise that we still have further work to do.

Company profile

Corus is an international company, providing steel and aluminium products and services to customers worldwide.

Corus is Europe's second largest steel producer with revenues in 2006 of £9.7 billion and crude steel production of 18.3 million tonnes, primarily in the UK and the Netherlands.

Corus comprises four Divisions, Strip Products, Long Products, Distribution & Building Systems and Aluminium, and has a global network of sales offices and service centres, employing 41,200 people at the end of 2006.

Combining global expertise with local customer service, Corus offers value, reliability and innovation. The Corus brand represents a mark of quality, loyalty and strength.

Corus is a subsidiary of Tata Steel, the world's sixth largest and second most global steel producer. With a combined presence in nearly 50 countries, Tata Steel including Corus has 84,000 employees across five continents and a crude steel production capacity of 27 million tonnes in 2007.

Further information is available at www.corusgroup.com

Our performance in summary

Our objective is to be world class.

What have we achieved?

- We have further improved our health and safety performance – our lost time injury frequency reduced from 2.9 in 2005 to 2.5 in 2006.
- The high profile recognition of the importance of health and safety was maintained in 2006 – 147 Executive Committee safety tours were carried out, which exceeded our target of 140.
- A concerted focus on health contributed to an improvement in sickness absence rate from 4.2% in 2005 to 3.8% in 2006.
- We developed and launched four new mandatory health and safety standards during 2006.
- 100% of our European manufacturing operations have now been certified to ISO 14001.

- Our compliance with formal regulatory emission limits improved again during the year and we met our target of 99%.
- In response to the growing issue of climate change we have established a high level Climate Change Task Force which will develop our forward strategy in this area.
- We are continuing to play a leading role in a major European research project to investigate and develop breakthrough technologies for ultra-low CO₂ steelmaking.
- We launched an environmental intranet site during 2006 to promote good practice exchange within the Group.
- We substantially developed our Code of Ethics during the last year.

Where do we need to improve?

- Despite the overall improvement in our health and safety performance, we still had two fatalities in 2006 – health and safety therefore remains our first priority.
- We will continue to improve our energy efficiency and reduce our greenhouse gas emissions, building on the recommendations of our newly-formed Climate Change Task Force.
- We aim to consolidate our improved level of compliance with formal regulatory emission limits during 2007.

What do you think?

If you have any comments on what we have done so far or on how we can further improve, then please email us at feedback@corusgroup.com



Message from the Chief Executive

We take our responsibilities seriously. Whilst our performance continues to improve, we recognise that we have further work to do.

I have pleasure in presenting our latest corporate responsibility report. Our Restoring Success programme, which was launched in 2003, was completed during 2006. Corus today is much more robust as a result of this programme and through The Corus Way we will look to build on this following our acquisition by Tata Steel, by delivering value in steel and embedding a culture of continuous improvement in everything we do.

In 2005 we launched a Group-wide continuous improvement programme based on the principles of lean thinking. This gathered momentum during 2006 and, to date, around 300 coaches have undergone training to engage our employees in moving towards even higher standards of performance. This involved and committed workforce of passionate people will deliver The Corus Way in a safe and sustainable environment.

During 2006, we have seen a further 16% reduction in lost time injuries to employees and we have implemented a Group-wide safety awareness programme. All members of the Executive Committee, including myself, have continued to personally conduct health and safety tours – 147 were completed in 2006. This emphasises leadership and the widespread recognition of the importance

of health and safety across the Group. Regrettably, the year also brought two fatal accidents to Corus employees. Health and safety therefore remains our first priority.

Within our production processes, we have continued to improve our environmental performance. We have achieved our targets of 100% certification to ISO 14001 and at least 99% compliance with emission limits in 2006. We have set up a high level Climate Change Task Force in order to develop our forward strategy in this area. We are also continuing to reduce our greenhouse gas emissions by improving our energy efficiency, by participating in the EU Emissions Trading Scheme and through ULCOS (ultra-low CO₂ steelmaking), which is a EUR55m (£38m) research project to investigate breakthrough technologies to substantially reduce CO₂ emissions from the steelmaking process in the longer term.

Our products have inherent environmental advantages as they are durable, adaptable, reusable and recyclable. They are essential to modern life, being used, for example, in affordable and energy-efficient modular homes, as well as in lighter, stronger and safer transport systems. Any CO₂ emissions in production are often offset by reductions in

emissions elsewhere in the life-cycle through effective product design using the positive attributes of steel in the use phase and through recycling at end-of-life.

We therefore make a significant contribution to society in a variety of ways; through the employment we provide; as a result of the inherent social and environmental advantages of the products we supply; and in our positive interaction with the communities around our sites.

Our performance is also underpinned by strong ethical standards and conduct. A new competition compliance programme has enhanced the integrity and consistency of our business practices and we will look to build on this successful approach in 2007.

We have made good progress against the improvement targets we set last year and as part of our drive for continuous improvement we have developed some challenging new targets. Together with the Group's Board and Executive Committee and our new owners, Tata Steel, I am committed to ensuring that we continue to improve in order to meet our objective, which is world class performance.

Philippe Varin



Left: Philippe Varin (pictured centre) and our Executive Committee demonstrate leadership through a programme of health and safety tours.



How do we manage corporate responsibility?

Corporate responsibility is integral to the way we do business.

We take our corporate responsibilities seriously. Sound governance and effective management systems ensure that we deliver on our promises. Below we outline some key principles which underpin our business approach.

Accountability

Our Board provides overall direction for corporate responsibility. Our Executive Committee, chaired by the Chief Executive, sets health, safety, social, ethical and environmental policies and standards for the Group. It also monitors their implementation in each of our Business Units. Four independent non-executive directors sit on a Board-level Health, Safety and Environment Committee which reviews operational performance, anticipates potential future issues and provides support in setting direction and considering strategic options for improvement. Further review of our business safeguards is carried out by our Board Audit Committee, which also comprises four independent non-executive directors.

Each of our Divisions is responsible for implementing Corus' health, safety, social, ethical and environmental policies. They have the responsibility of putting systems in place that identify, assess, monitor and control hazards and minimise all relevant risks. In addition, functional health, safety, environmental and human resources teams provide a co-ordinated and effective specialist advisory service, supporting the Executive Committee, Divisions and Business Units in meeting their responsibilities.

In the end, no matter how effective our systems may be, individual accountability is critical if we are to achieve the very high standards we set ourselves. It is a key priority within the company to develop a positive attitude to health, safety and the environment among all our employees. We achieve this through our recruitment policies, by ensuring that all our employees receive appropriate levels of training and by fostering a culture where responsibilities are delegated to the point in the organisation at which they can be implemented most effectively.

Stakeholder engagement

As a large-scale international business, we maintain active dialogues with our main stakeholders – customers and suppliers, employees, trades unions, local communities and the general public. We engage with each of these in a variety of ways, many examples of which can be found throughout this report.

Management systems

We have established management systems to cover the quality, health, safety and environmental aspects of our operations. These systems allow us to manage our operations effectively. Our systems are largely certified in accordance with international quality, environmental and, increasingly, health and safety, management standards.

Management and measurement

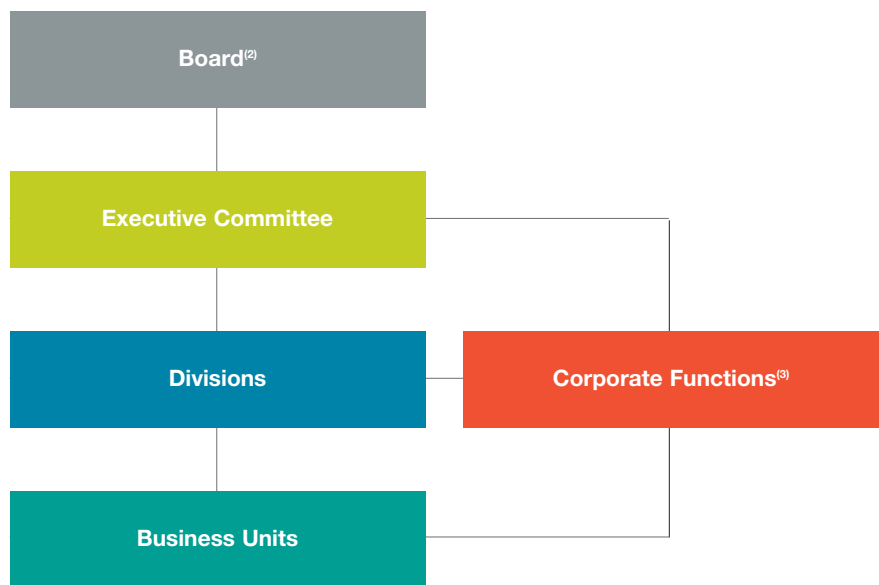
We manage our corporate responsibility performance against clear and objective criteria. We set targets for improvement and then monitor, review and report against these targets and other key performance indicators.

Development of these indicators has been informed by our Group policies, our commercial, social and environmental objectives, risk identification and assessment, emerging best practice and internal/external consultation.

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. We aim to provide products and services which contribute positively to society and improve the quality of life for our employees and the communities in which we operate.

Our organisational structure⁽¹⁾



⁽¹⁾ We are reviewing our corporate governance structure following the acquisition of Corus by Tata Steel.

⁽²⁾ Including Board Health, Safety and Environment; Audit; Remuneration; and Nominations Committees.

⁽³⁾ Including health and safety, environment, internal audit, human resources and technology/RD&T.



Left and right: The Corus Way aims to deliver outstanding value in steel in a safe and sustainable environment.





What does sustainable development mean for us?

We aim to balance the needs of our stakeholders by incorporating sustainable development principles into all aspects of our business.

Making a positive contribution

We make a significant contribution to society in a variety of ways – through the employment we provide; as a result of the inherent social and environmental advantages of the products we supply; and in our positive interaction with the communities around our sites.

Lighter, stronger, durable, reusable and recyclable products

The intrinsic advantages of both steel and aluminium equip them for a wide range of applications. Steel's excellent mechanical properties, combined with its high strength, contribute to improved safety performance. Aluminium offers lightweight solutions to design problems, allowing for products that use less raw material and energy.

Our products are durable, adaptable, reusable and recyclable. They are essential to modern life – for example, they are used in affordable and energy-efficient modular homes, as well as in lighter, stronger and safer transport systems. Through our research and development activities, we are continuing to develop products which give additional social and environmental benefits to our customers and society as a whole.

Recycling is sometimes promoted by new product “minimum recycled content” criteria, the intention being to boost the market for recycled materials. However, economic incentives to recycle already exist for steel and aluminium and high recycling rates are already being achieved.

The steel and aluminium in use today will be reused and recycled many times in the future. More than 40% of the world's production of “new” steel is, in fact, made from recycled steel without any loss of quality.

Sustainable solutions

Examples of how our products contribute to sustainable development through improved quality of life and reduced environmental impact are provided in the following sections.

Sustainable solutions: Construction

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

Why steel is good for construction

Steel buildings have been shown to be highly adaptable. Steel's strength provides large open floor areas, giving flexibility of use throughout the building. Steel buildings can be easily extended, unbolted and reconnected, modified, repaired, reused and recycled.

Efficient use of natural resources

Steel's inherent strength and high strength-to-weight ratio are exploited in resource efficient structures and buildings. The flexibility of steel construction systems make them ideal for renovating and refurbishing existing buildings. Modern steel roofing and cladding systems can be used to bring old buildings up to today's high standards of performance by re-cladding or over-cladding the existing building.

End-of-life options

When a building envelope comes to the end of its useful life there are a number of options available to the owner. These include redesign and reuse of the existing framework to extend the building life further or ensuring that the materials originally used in the construction of the building are safely recovered, reused or recycled with minimum impact both

economically and environmentally.

We have produced a series of guidance documents to inform the market on best practice for the end-of-life of buildings clad with steel. The sustainability of a building in terms of its material usage, construction, occupation and end-of-life is becoming an ever more important consideration. This is driven by the desire to provide a better quality of life for people, whilst protecting the needs of future generations.

Energy efficiency

Steel cladding systems produce thermally efficient building envelopes. Twin-skin (built-up) and composite steel systems are durable, and they achieve high levels of thermal insulation and air-tightness. By working with building designers and decision makers such as architects, we contribute to reducing emissions of greenhouse gases throughout the supply chain.

Life-cycle assessment

Corus RD&T has developed CLEAR, an extensive whole life-cycle assessment tool capable of analysing the environmental impact of a building. For example, we have used it to optimise the building envelope design of a large distribution facility, to assess different roofing options. Modelling demonstrated the

Right: The Dakota Hotel in Motherwell, Scotland, uses Colorcoat Prisma® pre-finished steel as part of the wall cladding.



ideal roof light content and position to maximise natural lighting and solar thermal gain, without overheating the building, thereby reducing overall energy requirements. The model is now being used to assess more innovative construction forms, to help developers to achieve more sustainable buildings.

Confidex Sustain™

Confidex Sustain™ offers a cradle-to-grave carbon neutral building envelope. This means that for every 1kg of CO₂ emitted by the pre-finished steel, cladding, fixings and insulation, Corus will offset 1kg in climate-friendly projects overseas through The CarbonNeutral Company. These have a social as well as environmental benefit and will see Corus investing in renewable energy and energy efficiency projects in various locations worldwide.

We have been working over a number of years to make Colorcoat HPS200® and Colorcoat Prisma® the leading sustainable pre-finished steel products on the market. The introduction of Confidex Sustain™ complements this and further adds to their sustainability credentials.

Importantly, Confidex Sustain™ will offset the impact from the entire cladding system rather than just one element such as the pre-finished steel or production of the cladding.

Using life-cycle assessment data for each part of the cladding system, we can accurately identify how much carbon has been emitted from steel production through to delivery of the finished cladding system to site. This assessment has now been completed for more than 20 different cladding systems.

Informing construction decision-makers

Development of improved cladding details and design practices can significantly reduce air leakage from buildings, and subsequently reduce heat loss and therefore minimise energy consumption. We have assessed a wide range of cladding systems, helping to develop best practice. A dedicated website has been launched to help architects meet recent legislative changes, and to design more energy-efficient buildings, (www.modeldesignsinsteel.com).

Waste minimisation

Steel construction generates very little waste. Any waste generated during manufacture, or on the construction site, is recycled. Steel itself is 100% recyclable and can be recycled again and again, without degradation of its properties or performance. The current recycling and reuse rate for steel construction products in the UK is 94%.

Steel construction systems are highly and inherently demountable. By building-in demountability at the design stage, steel structures can be easily disassembled and reused in new applications.

Community benefits

Steel construction is dry, dust-free, relatively quiet and requires few deliveries to site. Steel construction products are manufactured off-site under factory-controlled conditions that ensure high quality. Factory working is safer, faster and more efficient than site working, which reduces site construction times. As a result, steel construction minimises the impact on communities neighbouring construction sites.



Left: We are helping architects to design more energy-efficient buildings.

Sustainable solutions: Automotive

Our products help our customers build safer, fuel-efficient and more environmentally friendly cars.

In the global automotive industry, we are using our technology leadership to help to address key sustainability challenges such as cost-effective lightweighting for reduced CO₂ emissions and improved passenger/pedestrian safety. We collaborate with our customers at many levels, helping them to improve the environmental performance of their products.

Stronger, safer, more competitive

By combining our automotive and materials know-how, we have become a significant contributor to the current thinking regarding modern vehicle body structures. We are helping to engineer strong and stable platforms within which both passive and active safety devices such as front-end crash structures, air bags, knee bolsters and anti-submerging seats function effectively. We are also generating new innovations in engineering and manufacturing technologies, so that future cars can become more fuel-efficient and environmentally friendly, whilst remaining affordable.

One example is a new technique, Forming to Crash[®], which has been developed by our technologists to optimise the crash behaviour of cars built from our advanced high-strength steels.

Forming to Crash[®] simulates the additional strength that is induced into steel body structural panels during metal-forming operations, and then feeds these new stronger properties back into the car's functional design.

The resultant, more accurate, computer model is then used to engineer an optimum level of crash performance. The tool helps to minimise the structural weight and cost of manufacturing cars, and is also helping to reduce vehicle development lead times.

Safer roads

We have been a vehicle-restraint manufacturer for over 40 years, producing and testing the safety fences and bridge parapets that have become a familiar sight on the UK's major road networks. Corus Tubes has recently launched its range of Protect 365[™] highway bridge parapet systems, which offer robust solutions for elevated roadways, where re-direction of vehicles is absolutely essential for keeping them and their occupants on the bridge and away from the motorway, railway or other infrastructure below.

The new Protect 365[™] product family complements our existing award-winning Vetex[™] safety fence system. It not only meets relevant standards, but also has reduced complexity and installation time compared with older systems. This is a major advantage to road maintainers, resulting in reduced road and lane closures, which in turn reduces the exposure of road workers to the hazards of moving traffic.



Left: In August 2006 the JCB DIESELMAX team broke the World Land Speed Record for a diesel-powered car in Utah, USA. We are proud to have sponsored and supplied the steel tubing used in the construction of the chassis.

Achievable weight-down potential by vehicle type

Vehicle type	Typical potential weight savings per vehicle
C segment (Family cars)	5kg to 16kg
D segment (Luxury cars)	16kg
4x4 passenger cars	120kg

Recyclability

Steel is the world's most recyclable engineering material, which is an advantage to car makers. By using more steel they can help meet the recycling challenge posed by the EU End of Life Vehicle Directive (ELVD). When it comes to car components, building sustainability into a design involves finding innovative ways to use easy-to-recycle metals for parts, rather than plastics. A clutch pedal engineering study we carried out demonstrated that it is possible to maintain component performance and cost and improve recyclability at the same time. Engineering expertise like this is typical of the support that car manufacturers are turning to us for, as they strive to meet the 95% recyclability requirements of the ELVD by 2015.

Emissions challenge

There is a direct link between low vehicle weight and low CO₂ emissions. The Corus VAVE (Value Analysis/Value Engineering) tool is a proven method for evaluating and optimising the gauges, grades and coatings of vehicle body and chassis components in order to reduce the weight and costs of prototype and

production vehicles. The use of the VAVE tool commonly results in recommendations to use stronger, lighter, advanced high-strength steels or to select different design or manufacturing solutions. The summary above provides some results for achievable weight-down potential by vehicle type.

Use of technology

Our research and development activities continue to generate new ways of responding to the challenges the automotive marketplace poses. For example, whilst there is little doubt that steel will remain the material of choice for main vehicle body structures, our researchers have been responding to industry interest in finding ways to join steel to aluminium. For specific applications, such as the bonnet and roof, this offers potential advantages beyond straightforward weight reduction (such as optimising weight distribution to improve ride and handling) that are of interest to designers.

Where manufacturers need to rapidly bring a new design into full production, we are offering advanced tools, technologies and services like In-Form™ to reduce risk and wastage. In-Form™ is an innovative Corus computer aided engineering simulation technique, which is selectively offered to customers. It is used to reduce the number of practical iterations traditionally needed in fine tuning blank and tooling parameters at production start-up.

Using a state of the art 3D laser scanner, In-Form™ combines real press tool data with a forming simulation package to understand how steel blanks, like those used for large body panels, deform and flow as they are formed into shape. Use of this technique can significantly reduce press shop set-up lead times, in turn reducing material and energy wastage and saving start-up costs. It is a technique that is proving useful for new models, and in the introduction of different steel grades on existing models of car.

Right: We continue to develop products to assist our clients as they strive to meet their legal obligations.

Far right: Our steel significantly contributes to improved road safety and helps to reduce the number of serious injuries and deaths on UK roads.



Sustainable solutions: Packaging

Our products are fully recyclable and are highly recycled.

Taking a broad approach to recycling in the Netherlands

A steel packaging recycling rate of 84% has been achieved in the Netherlands through continuous improvement in the recycling chain, which has resulted in an integrated waste management system without separate collection programmes.

We are involved in a Dutch initiative to reduce litter. Because we believe litter problems are more related to people's behaviour than the packaging itself, we support national campaigns run by Nederland Schoon, an organisation which aims to prevent and combat litter.

As steelmakers our main concern is with beverage cans that, although only representing about 2% of all litter, are nevertheless a visible component. We have increased our anti-litter promotional activities with, for example, a Fishing for Litter project which encourages fishing vessels to bring ashore any litter they catch in their nets.

Canned food proves to be a sustainable top performer

A recent TNO study commissioned for the European steel packaging organisation (APEAL) has shown that food packaged in steel cans has a high sustainability performance compared to other packaging options. The study analysed the performance of packaged vegetables in terms of environmental impact, cost to the consumer and nutritional value. When assessed on this basis, vegetables sold in a steel can, frozen in a plastic bag or fresh-peeled, performed with above average eco-efficiency. Vegetables in a food pouch, laminate carton or frozen in a carton performed less well.

Packaging recycling in the UK

2006 was another good year for steel packaging recycling in the UK, with the recycling rate rising from 51.4% in 2005 to 57.3% in 2006. This was due, in no small part, to the work of Corus Steel Packaging Recycling (CSPR), based in South Wales.

One of the great advantages of steel in recycling terms is its magnetic properties. The ability to extract ferrous material from waste streams by the use of electromagnets, enables steel to be recovered from varied recycling technologies. Its magnetism enables steel to be very flexible when it comes to recycling, and allows for recycling opportunities that are not available to other materials.

As a result, we recycle steel packaging from kerbside collections and can banks, centralised waste treatment facilities and incinerators.

During 2006, CSPR worked with 32 organisations across the UK, donating recycling equipment and participating in local events to improve recycling rates. Over 90% of local authorities now provide recycling schemes for steel packaging, many of them with infrastructure donated by Corus.



Left: We work across the UK to promote recycling of steel packaging.

Far left: Steel is 100% recyclable.

Sustainable solutions: Consumer products

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

Improved environmental performance through use of pre-finished steel

Motiva™ is a range of pre-finished steel products specifically formulated for domestic appliances. Products are designed for specific applications and are suitable for wrap arounds, tops, doors and side panels on washing machines, refrigerators, dishwashers, tumble driers and many others. The Motiva™ range allows designers to exploit the unique benefits of pre-finished steel, offering a wide range of finishes and 100% recyclability.

New non-stick coating technology

We have developed new leading edge non-stick coatings which combine ease of cleaning with vastly improved robustness and durability, resulting in longer service life. These products are RoHS and WEEE Directive compliant, having been manufactured using hexavalent chromium-free pre-treatments that give excellent corrosion resistance.

By using an innovative reinforcement in the non-stick coating, the easy to clean benefits of non-stick can now be harnessed for oven parts and interiors, where a combination of high abrasion resistance and non-stick release properties is essential to replace traditional heat resistant coatings and enamel based systems.

Advances in anti-bacterial protection

Recent product improvement has enabled us to offer Assure® anti-bacterial technology for use in internal healthcare environments. The end result is an improved anti-bacterial additive which builds on the CES300 pre-finished steel with Assure® brand from Corus. CES300 with Assure® is suitable as a material for walls and ceilings in high dependency internal healthcare areas, including operating theatres, high dependency wards, intensive care units, bathrooms and ward washrooms. CES300 with Assure® protects against MRSA, E-coli and other bacteria, and offers the market 30 years durability in low risk areas such as wards and corridors and up to 10 years in high risk areas such as operating theatres and treatment rooms.



Left: Our advanced technology provides cost-effective and environmentally improved domestic appliances.

Right: We are helping the healthcare sector control bacteria such as MRSA, with our anti-bacterial pre-finished steels.





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 in 2006 our employee lost time injury frequency reduced by 16%.

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.

Figure 1 Lost time injury frequency
Corus Group employees

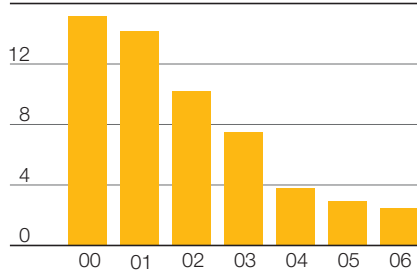
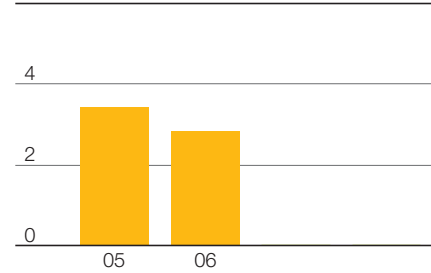


Figure 2 Lost time injury frequency
Corus Group employees and contractors



Recognising improving performance – IJmuiden

Corus Packaging Plus, IJmuiden, developed an improvement plan in 2006 which targeted improving their health and safety performance using four essential elements. These were:

- Leadership training
- Thorough investigation of accidents
- Improving sickness absence
- Promoting risk awareness

The results of this improvement scheme have been 12 months without a lost time accident up to February 2007 and a reduction in sickness absence from 5.8% in 2005 to 4.7% in 2006. The information developed through these processes is being shared across the Group and is being actively supported by senior management.

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 2.9 in 2005 to 2.5 in 2006. We also judge our performance on a combined employee and contractor LTIF.

This indicator, presented in *Figure 2*, shows an improvement in combined LTIF from 3.4 in 2005 to 2.8 in 2006. In line with a commitment we made in our Health, Safety and Environment Report 2003, from January 2005 all Corus Business Units commenced reporting employee recordable cases. The employee recordable case frequency, presented in *Figure 3* overleaf, improved from 17.1 in 2005 to 9.8 in 2006 – a 43% reduction.

These improvements reflect the continued commitment of all our Business Units to improve their health and safety performance and to reduce accident rates. It also demonstrates that we have been successful in maintaining recognition of the importance of health and safety across the Group in 2006.

Despite the improvement in LTIF, in 2006 we had two fatalities at our sites (*Figure 4* overleaf). This is unacceptable and we are continuing to take action to improve this situation.

In 2006, our sickness absence rate was 3.8%, which was an improvement from 4.2% in 2005.



Left: Through training all our employees contribute to improved health and safety performance.

Far left: An improvement plan at Corus Packaging Plus, IJmuiden, has resulted in a 20% reduction in sickness absence rates between 2005 and 2006.

Figure 3 Recordable case frequency
Corus Group employees

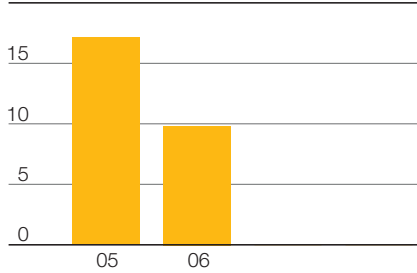
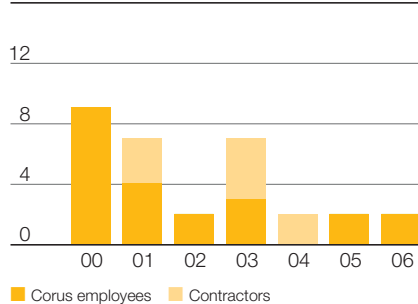


Figure 4 Fatal accidents
Corus Group employees and contractors



Key developments in 2006

Executive Committee safety tours

147 Executive Committee safety tours were carried out during 2006, which exceeded our target of 140. These tours demonstrate leadership, provide motivation, identify priorities for improvement and help share good practice across the Group.

Standards

In 2006 we developed and launched four new mandatory health and safety standards covering asbestos management, the control of legionella in water systems, on-site traffic and working at height.

Internal health and safety audits

In 2006 we introduced an internal audit programme for our health and safety standards, with the managing directors of each Business Unit leading an audit of another Business Unit. These audits assess compliance with our health and safety standards and identify opportunities for improvement. Each year three standards will be selected to be covered by this internal audit programme.

Competence

During 2006 our senior management training programme for health and safety, which was introduced in 2005, was developed to cover all levels of management and supervision. Four successful pilot exercises were run covering our five steelmaking plants. This will be extended to include in excess of 1,000 managers and supervisors during 2007.

Involving people – Skinningrove

Involving employees through a Managing Safely initiative at Corus Special Profiles, Skinningrove, has helped to improve health and safety performance within the business and to create a culture where all employees recognise that their safety and the safety of others is the priority.

Managing Safely has involved:

- Employee engagement and commitment
- Monthly safety focus meetings
- Area ownership
- Launching a Take 2 (take two minutes) to risk assess programme
- Safety Management Assessment Tours (SMAT)
- Safety improvement forms

Skinningrove has learnt lessons from other sites and has developed systems which involve, consult, encourage, support and mentor employees to get their continued commitment and support. The result has been that Skinningrove has won the RoSPA Gold Standard for safety for the past four years. Internally, Skinningrove won the Corus/trades unions JAPAC award in 2006 for the best safety committee and was recently announced as the winner of the Corus CEO Award for Health and Safety for 2006.

Right: Involved and committed employees at Skinningrove have brought about an improvement in safety performance that has been recognised with the Corus CEO Award for Health and Safety.



Health and hygiene

This year, as part of our Revitalising Health strategy, we have developed a comprehensive health and hygiene resource on our intranet site, CorusSafe. The strategy is underpinned by:

- **Prevention** – We provide practical advice to our employees on how to prevent ill health and injuries through hazard identification, risk assessment and control. CorusSafe has information on our key occupational hygiene issues around chemical, physical, biological and ergonomic hazards. Guidance is also provided on health and travel, deep vein thrombosis, display screen equipment assessments, keeping cool in the heat, and influenza prevention.
- **Re-integration** – Getting back to work is a big step to make after illness and we support our employees to achieve their recovery goals through occupational health support services and workplace adjustments. For example, at Corus Distribution & Building Systems UK and Ireland, we have introduced the IPRS Total Injury Solutions Programme to provide a cost-beneficial absence management service to employees.

The programme provides immediate access to assessment and treatment for musculoskeletal injuries, and is supported with objective measurement of overall function and ability. During the last 12 months, the programme has been instrumental in preventing an estimated 836 days of sickness absence.

- **Promotion** – We help to educate our employees on how to prevent illness, and how to prevent existing illness from becoming worse by living healthier lifestyles. CorusSafe provides guidance on diet, exercise, smoking and cancer prevention. For example, at Corus Construction & Industrial, Scunthorpe, the Occupational Health team has modernised its service with the multi-disciplined team now involved in the health maintenance strategies of our employees. Their Health 4 Life initiative focuses on the prevention of ill health through health surveillance, health promotion and sickness absence management.

Changing cultures – Gelsenkirchen

In 2001, two sites were amalgamated to form a Corus Service Centre at Gelsenkirchen, Germany. However, the change in site, uncertainty about the future and the difference in cultures between the two original sites were potential barriers to establishing a healthy and safe workplace. The team recognised that although they had a modern workplace, there was still an old fashioned attitude to safety. To promote a change in attitude, a health and safety improvement programme was launched, including a series of training sessions in different aspects of health and safety.

Health issues were a key focus of the programme: one initiative focused on the provision of hepatitis and influenza immunisation injections. In Germany, there is no free medical provision and through this initiative we were taking a proactive step towards looking after the health of our workforce. This had a knock-on effect of improving staff morale. Another initiative focused on awareness and training on epileptic seizures. This, along with the help of the medical services team, has helped the re-integration of one team member diagnosed with epilepsy back into the workplace.

The result of these combined initiatives has contributed to Gelsenkirchen achieving a LTIF of zero for the last four years.



Left: The Occupational Health team at Corus Construction & Industrial, Scunthorpe.

Right: Members of our team at Corus Service Centre, Gelsenkirchen.



People: Valuing our workforce

Our people and culture

In an ultra-competitive world, success does not just depend on employees' expertise and effort. It emerges from their personal engagement with their company. With this in mind, we are developing leadership and working practices to involve and engage all of our employees, and a culture in which continuous improvement becomes a way of life. This involves nothing short of changing the way we work. A Group-wide continuous improvement programme, based on the principles of lean thinking, was launched in support of The Corus Way in 2005 and this continued in 2006. We know that it is only by developing our people and by creating an environment in which they can focus their talents and expertise on serving our customers that we will be able to attract and retain the best people, passionate people, to successfully deliver our business goals.

Organisational responsibilities

The responsibilities of Divisions, Business Units and functions are clear. In summary, Divisions and Business Units are responsible for profit and loss; lead Divisions co-ordinate our approach to key markets; while some aspects of our commercial operations are co-ordinated from the centre. Some functional activities are managed centrally in order to capture the benefits of scale, expertise and efficiencies for the whole Group. Common rules are set through Group Policy Documents (GPDs) and Group Standards. GPDs address major corporate matters, risk areas and processes, while Group Standards set out what is expected from Business Units in implementing The Corus Way.

A novel approach to recruitment – IJmuiden

Our site in IJmuiden sponsors the premier division football club AZ Alkmaar. The city of Alkmaar is situated in the region of Noord Holland, the main recruitment area for apprentices and employees with an intermediate vocational education.

IJmuiden's recruitment department benefits from this sponsorship by placing advertisements in the AZ Newspaper, match booklets and field boarding. The main goal is to brand Corus as a successful and ambitious employer looking for new talent, and to highlight our careers website, www.corusjobs.nl. Last year, two selection days took place at the brand new AZ football stadium, built with steel from IJmuiden. Via AZ, we recruited 90 new employees for vacancies in manufacturing, maintenance services and logistics.

In the Netherlands, graduates consider Corus to be the third best manufacturing employer and the 15th best employer overall. Our vacancies database on the Dutch careers website received more than 136,000 unique hits in 2006.



Left and far left: We are developing leadership and working practices to involve and engage all of our employees.

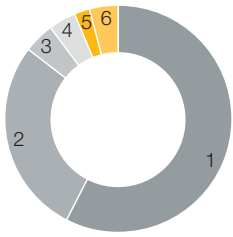


Figure 5 Employees by region

At end December 2006

1 UK	23,700
2 The Netherlands	11,500
3 Germany	1,800
4 France	1,600
5 Other EU	900
6 Other countries	1,700
Total	41,200

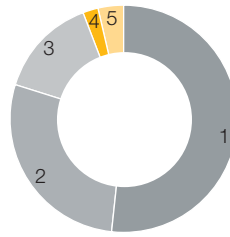


Figure 6 Employees by Division

At end December 2006

1 Strip Products	21,300
2 Long Products	11,600
3 Distribution & Building Systems	5,900
4 Aluminium	900
5 Central functions and others	1,500
Total	41,200

Staffing

We employed some 41,200 people at the end of 2006, compared to 47,400 at the end of 2005. The reduction of 6,200 employees in 2006 is due to the sale of our aluminium rolled products and extrusion businesses (4,700 employees) to Aleris and the divestment of Cogent Power's Lamination Division to Bavaria Industriekapital (1,500 employees). This has significantly reduced the number of our employees in Germany, Belgium, Hungary and Canada and concentrates the geographic distribution of our employees, presented in *Figure 5*, to 85% in the UK and the Netherlands, with another 10% in the rest of the EU. The distribution of our employees by Division is presented in *Figure 6* and by gender in *Figure 7* overleaf.

Recruitment of people with relevant skills and expertise continues to be challenging, but we are increasing our efforts in key areas and one of our successes is a further improvement of our ranking in the Times Top 100 best graduate employers in the UK. This is in the face of stiff competition from global companies in all business sectors, including banks and consulting companies.

Training, development and learning

We are continuing to invest in the training and development of our employees. Most training and learning is focused locally, supporting our Business Unit strategies. Business initiatives include apprentice schemes, induction programmes, graduate development (as well as at Group level), use of further education, and external and tailor-made internal training courses. These may lead to qualifications such as foundation degrees, Certificates from the Institute of Occupational Safety and Health (IOSH), ONCs and HNCs, or graduate and post-graduate degrees. Just a few examples include:

- Corus Construction & Industrial invested £150,000 in new equipment for a machine shop at a local education college. This will enable apprentices to train on like-for-like equipment in readiness for their job placements.

- 12 employees from Corus Construction & Industrial, Scunthorpe completed a foundation degree in Manufacturing Management (World Class Systems) which focuses on lean manufacturing and continuous improvement.
- 34 employees of Corus Engineering Steels gained IOSH certificates and 11 received Certificates of Business Language Competence.



Left: We are continuing to invest in the training and development of our employees.

Right: Promoting Corus as an employer of choice at a graduate event in the Netherlands.



Becoming an employer of choice at UK universities

Attracting suitably qualified graduates continues to be one of our key priorities. Our on-campus campaigns to raise awareness of the benefits of a career with Corus are creating impact. Each year more than 10,000 students or graduates apply to work for Corus in the UK. During the 2005–2006 recruitment year, our careers website received more than 69,000 unique hits, graduate registrations increased by 23% and Corus progressed in the prestigious Times Top 100 preferred employers for UK graduates list up to 74th place. Our UK university Ambassadors scheme further supported our target of becoming a top 20 employer at selected universities. This scheme benefits from volunteers committed to increasing the awareness of Corus at targeted universities and will receive further focus throughout 2007.

At Group level, support for continuous improvement (CI) remains a main focal point. Our six-week training programme for CI coaches continued throughout 2006 and the demand from the businesses has been such that around 300 coaches have been trained so far.

To support our CI philosophy, development effort for our senior managers has been focused on strategy deployment and engagement. Divisional and Business Unit workshops focus on strategic business priorities and how they will be deployed and translated into priorities at all levels of the organisation. In addition, we piloted and started to roll out a development programme for our Group Senior Managers which uses structured feedback from their direct reports to help them assess and develop their capability to engage and motivate their teams.

Employee relations and communication

Our consultation processes continue to follow our well established practices. We meet regularly with our European Works Council, and we have consultative structures and processes at country and Business Unit levels. In the UK, an information and consultation agreement with national unions provides a framework for consultation on strategic issues, and for regular updates on business performance. In addition to day-to-day business communication, we make efforts to increase formal, two-way communication. Extending the good practices with employee surveys in some of our Business Units, we have established Group-wide guidelines. These require each Business Unit to conduct employee surveys at least every other year and to include in their survey some 20 core questions to enable a comparison of responses across businesses. In particular, the positive responses to the health and safety related questions indicate that our training and awareness campaigns are making an impact.



Left: Prospective employees at a graduate recruitment event in the UK.
Right: Blast Furnace 6 at our IJmuiden site, winner of the Corus CEO Award for World Class Processes.



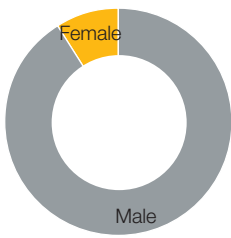


Figure 7 Gender breakdown

At end December 2006

Male	37,500
Female	3,700

Estimated based on data from over 95% of our operations

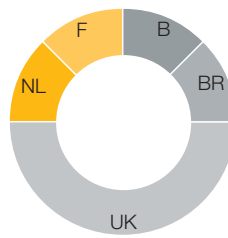


Figure 8 Executive Committee international breakdown

At end December 2006

Belgian (B)	1
Brazilian (BR)	1
British (UK)	4
Dutch (NL)	1
French (F)	1
Total	8

In early 2007 the composition of our Executive Committee changed following the acquisition by Tata Steel

The Journey – Port Talbot and Llanwern

2006 saw the major rollout of Corus Strip Products UK’s change programme, The Journey. Senior managers, trades unions and supplier partner management were already on board; they had looked at the way the business was, and decided they wanted to change it for the better. The challenge was to get every employee and other key stakeholders engaged in the change process in every aspect of the business.

25 man-years of effort were put into rolling out the Group-wide safety initiative, Time-out for Safety, in a new way; the engagement of people was how real change was going to be achieved. Throughout the year, at all levels of the business, people were involved in events, and communications throughout the business reached new levels as people everywhere started to get engaged in changing the business from the inside. There is now a new feeling in Corus Strip Products UK and a new determination to sustain the steel industry in South Wales. The Journey goes on and everyone has a part to play.

Recognition

The annual CEO Awards are the most prestigious awards in Corus. They recognise excellence and the outstanding contribution of employees to delivering The Corus Way.

There are three categories: health and safety, best supplier to best customers and world class processes. The judging panel looks for evidence of strategy deployment, and employee engagement and commitment, as well as examples of how continuous improvement tools and techniques have been used to secure outstanding results.

The high standard of entries during 2006 is a reflection of the considerable progress that is being made across Corus in each of the three categories and sets a new benchmark for 2007.

The winner of the award for health and safety in 2006 was Corus Special Profiles, Skinningrove (see case study on page 20). The judges were impressed by how the business had changed the attitudes of employees towards safety and achieved a significant improvement in safety performance as a result.

The winner of the award for best supplier to best customers was Corus Distribution & Building Systems, UK and Ireland, Metal Centres for work in generating excellent returns for Corus by providing a first-class local service to smaller customers around the UK.

The world class processes award went to Blast Furnace 6 in Corus Strip Products, IJmuiden, for reaching new levels of productivity excellence and demonstrating the benefits of sharing and learning across Corus.



Left: Steel slabs awaiting export from Teesside Cast Products, commended in the Corus CEO Award for Best Supplier to Best Customers.

Far left: Members of the team at our Myriad site in France, commended in the Corus CEO Award for Best Supplier to Best Customers.



How do we protect the environment?

Environmental protection is integral to the way we do business. We are committed to progressively reducing our impact through the adoption of sustainable practices.

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

The principles which demonstrate how we implement our policy are:

1 Compliance

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

2 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.

3 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.

4 Sustainable development

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

5 Product stewardship

To promote the recovery, recycling and reuse of our products, and to work with our customers to understand the environmental effects of our products throughout their life-cycle.

6 Monitoring and reporting

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

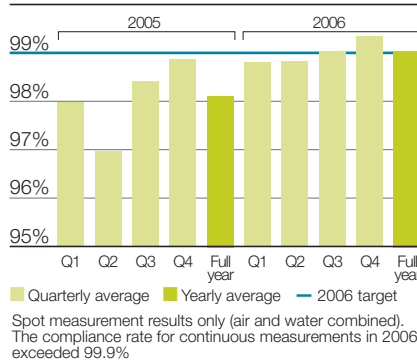
7 Suppliers and contractors

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

8 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.

Figure 9 Compliance with emission limits



Performance

Scope

The data presented in this section of the report covers all Corus Group manufacturing sites with the exception of a small number of facilities within Corus Distribution & Building Systems, which make only a minor contribution to our overall emissions inventory. Excluded from the data are any emissions from operations that were closed or sold during 2006, such as those in our aluminium rolled products and extrusions businesses. Where we have compared performance against that in previous years, we have used 2000 as a baseline wherever possible. During 2000, we produced just under 17.5 million tonnes of liquid steel in our integrated steelworks, compared to just over 18.0 million tonnes of liquid steel in 2006.

Compliance

Following on from our improvement in 2005, our compliance with statutory limits on both air and water emissions improved further during 2006 and we achieved our target of 99% compliance over the full year. We recognise that we need to maintain a high level of performance and for this reason, have established a target to consolidate our improved compliance in 2007. We will achieve this by continuing to develop high-level corrective action plans at sites

with an individual compliance rate worse than 96%; and through continuing scrutiny of compliance performance at Executive Committee and Board Health, Safety and Environment Committee meetings. *Figure 9* shows our improving compliance performance.

There were no environmental prosecutions or fines in relation to our activities during 2006.

Climate change and energy use

Climate change has assumed a prominent place at the top of the political agenda and is an issue of substantial public concern. Although typical CO₂ emissions from steelmaking per tonne of steel are now around 50% lower than 40 years ago, we recognise that our industry is still a significant contributor to global CO₂ emissions. For this reason, we are contributing actively towards achieving a worldwide solution.

Corus is a major partner in ULCOS (ultra-low CO₂ steelmaking), a European research project to investigate technologies that could bring about a step-change reduction in CO₂ emissions from the steelmaking process in the medium to long term. In the interim, our emphasis is on reducing emissions incrementally, wherever this is technically feasible and not prohibitively costly.

Delivering improvements in the accuracy of CO₂ emissions measurement

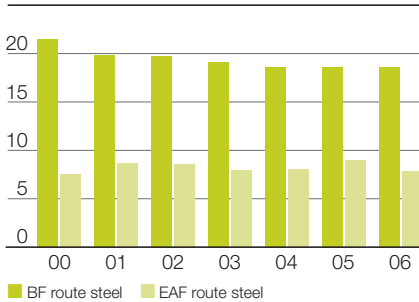
All of our integrated steelworks are in the EU Emissions Trading Scheme. To comply with the monitoring requirements of the scheme, and to provide maximum public confidence in our reporting procedures, during 2006 we invested in a range of improvements in the way that we measure CO₂ emissions from our three integrated steelworks in the UK. Working in close partnership with a leading consultancy in the field of gas measurement, EfficTech, we successfully attained the highest level of accuracy prescribed in European guidelines for the analysis of blast furnace gas (BFG) at all three sites. This involved EfficTech becoming the only organisation in the UK offering calibration services for BFG analysers accredited to the international ISO 17025 standard. The combustion of BFG accounts for over 75% of total CO₂ emissions from our integrated steelworks in the UK.



Left: Our steel is playing a key role in the development of renewable energy infrastructure.

Far left: Our involved and committed researchers play a vital role in developing innovative techniques for protecting the environment.

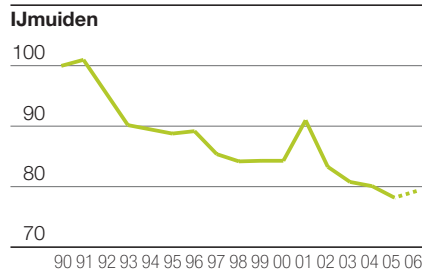
Figure 10 Energy consumption
GJ/tonne steel



In 2006 the EAF route accounted for approximately 5% of our steel production

The remaining opportunities to reduce our CO₂ emissions are limited as more than 80% of emissions from a typical integrated steelworks are irreducible process emissions. However, through optimising the use of process gases arising at our blast furnaces, coke ovens and steel plants, we achieve high levels of on-site generation of electricity (the effect of our efforts in this regard is a reduction in CO₂ emissions from the electricity generation sector) and we have largely displaced supplementary fossil fuels from most of our combustion applications, such as the furnaces used to heat steel prior to hot rolling and the boilers used to raise steam to provide blast air at our blast furnaces. We have also rationalised our steelmaking operations in the UK from six sites in 2001 to four in 2006. Some of the effects of these changes are illustrated in *Figures 10, 11 and 12*, which show (i) the improving trend in the energy intensity of our Group-wide steelmaking operations, (ii) the year on year reduction of non-process emissions of CO₂ (per tonne of steel) since 1990 at our integrated steelworks at IJmuiden, and, (iii) the reduction in the indirect CO₂ emissions (per tonne of steel) associated with electricity supplied to our integrated steelworks at Port Talbot.

Figure 11 Non-process CO₂ emissions
Index of specific CO₂ emissions (1990 = 100)



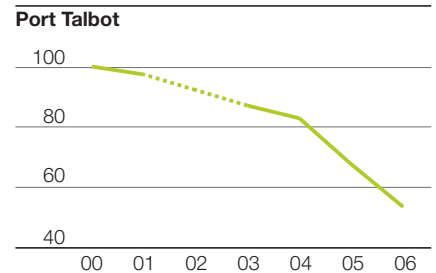
The 2006 figure has been adjusted to account for additional process gas flaring resulting from events beyond our direct control

Although our primary liquid metal production sites account for over 93% of our total energy use, we still recognise the importance of achieving energy savings across all of our operations. During 2006 we achieved further substantial improvements, for example:

- At Corus Packaging Plus, Trostre, we worked with the Carbon Trust to identify a range of energy optimisation schemes. We have now implemented a number of these schemes, including recovery of heat from process effluent in order to pre-heat rinse water on one of our electro-tinning lines and use of waste heat from a continuous annealing line to pre-heat boiler feed water. This partnership has culminated in the development of a Carbon Trust DVD, promoting the virtues of a joined-up approach to energy management.
- At Corus Distribution & Building Systems UK and Ireland, Wednesfield, the major steel industry trades unions are working closely with management, supported by the Carbon Trust, with the objective of delivering improved energy efficiency.

In early 2007, we established a high level Climate Change Task Force, with the objective of co-ordinating our response to the challenges presented

Figure 12 Indirect CO₂ emissions
Index of specific CO₂ emissions (2000 = 100)



The 2002 figure has been omitted as this coincided with a major blast furnace outage at Port Talbot which resulted in less on-site electricity production

by climate change. Activities to date have included a focus on understanding more closely the emissions from all of our operational sites and the emissions abatement potential that exists at each of these. Another key focus of the task force will be to disseminate information on climate change matters to all employees.

Along with the rest of the European steel industry, we are involved in the EU Emissions Trading Scheme (EU ETS), which requires EU Member States to establish national CO₂ emissions caps, to allocate emissions allowances to installations within industrial sectors and to encourage the development of a Europe-wide market in emissions allowances. 2006 was the second year of the first phase of the scheme. As in 2005, we experienced an overall surplus in allowances (that is, we emitted less CO₂ than our total number of allowances), principally as a result of our production plans not being realised.

The EU ETS prescribes stringent monitoring and reporting conditions that apply to all operators to ensure that emissions estimates are robust, accurate and verifiable. The case study on page 29 outlines the substantial improvements that we have made to our monitoring arrangements following investments in 2006.

Table 1 Emissions to air

Tonnes/year unless otherwise stated

Substance	2000	2006	Substance	2000	2006
CO ₂ *	29,600,000	29,350,000	Fluoride	200	141
PFCs	8.2	9.4	Arsenic	0.58	0.48
Particulate	14,600	12,650	Cadmium	0.87	1.10
PM10	no data	7,300	Chromium	4.5	2.1
Dioxin	42.4g	33.3g	Copper	5.0	3.1
PAHs	15.2	6.8	Lead	65.6	60.4
Benzene	96	70	Mercury	0.44	0.46
NMVOCs	1,350	1,100	Zinc	65.5	31.2
NO _x	30,100	24,850	*Not comparable to EU ETS allocations – different reporting scope.		
SO ₂	32,400	30,550			
CO	452,500	437,450			

Primary aluminium production is a significant source of perfluorocarbons (PFCs), which are potent greenhouse gases. Our two aluminium smelting plants, in the Netherlands and Germany, have reduced their PFC emissions by more than 90% over the past 15 years through significant process developments.

Management systems

Since we last reported, we have achieved our target of securing certification to the international environmental management system standard, ISO 14001, at all of our European manufacturing sites following successful implementation projects at our sites in Delfzijl (Netherlands), Voerde (Germany) and Durango (Spain). We are proud of this accomplishment: management systems provide us with a clear framework for managing compliance and environmental improvement in a structured and co-ordinated manner.

Investment in environmental protection

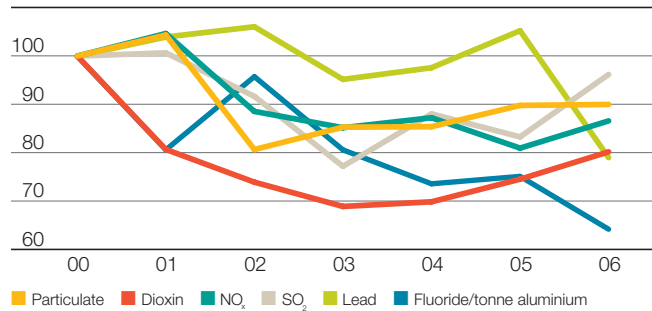
We are committed to reducing our environmental impact whenever it is practicable and cost-effective to do so. Of the £427m (approximately EUR640m) capital investment across the Group during 2006, we estimate that at least 10% was related to schemes that improved our energy efficiency or reduced our environmental impact in some other way.

Measurement

We are continuously investing in improving the quality of our measurement and modelling capability. For example, during 2006, approximately £1.5m (EUR2.2m) of our central research and development budget related to air and water measurement and assessment. The result of this investment is a much enhanced understanding of our processes and the inclusion of emissions from sources that were previously not included in our data inventory. In some cases our improved measurement capability has led to an apparent increase in emissions since the baseline year (for example, with emissions of cadmium and mercury).

Figure 13 Emissions to air relative to 2000

Per tonne of steel unless otherwise stated



Emissions to air

Our most significant releases to air, in addition to the greenhouse gases described previously, are particulate material (including fine particulate such as PM10), sulphur dioxide (SO₂), nitrogen oxides (NO_x), dioxin and fluoride, the latter being primarily associated with our aluminium smelting operations.

A combination of direct measurements and complex modelling work have demonstrated that our contribution to airborne levels of pollutants in the vicinity of our production facilities is generally not significant compared to background levels. Indeed, European air quality objectives are currently being met in the areas around all of our major facilities, with the exception of PM10 near some integrated steelworks. We continue to work closely with the relevant local authorities to improve our understanding of local air quality and our contribution to background levels.

Table 1 presents mass emissions to air data for 2006, compared to data from 2000. Figure 13 shows normalised emissions data for our most significant non-greenhouse gas emissions to air from 2000 to 2006.



Left: Corus RD&T, Rotherham, has achieved accreditation under the Environment Agency's MCERTS scheme to perform a wide range of environmental measurements.

Far left: Members of the team at our Layde site in Durango, Spain, following successful certification to ISO 14001.

Table 2 Emissions to water
Tonnes/year

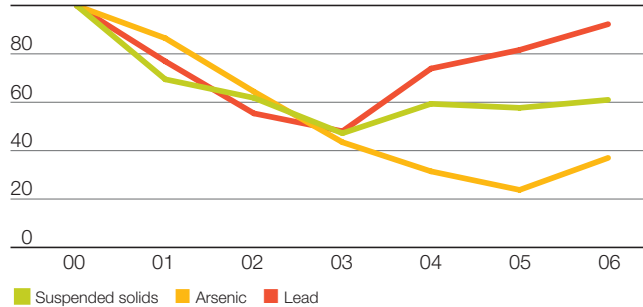
Substance	2000	2006
Suspended solids	2,950	1,430
Arsenic	1.00	0.26
Cadmium	0.08	0.16
Chromium	2.06	1.00
Copper	1.89	0.96
Lead	4.06	3.70
Mercury	0.02	0.03
Nickel	3.53	1.22
Zinc	15.54	19.24

Water consumption

Relatively large volumes of water are used to make steel, although the amount of freshwater that we use is difficult to quantify accurately. This is because our large sites have complex water distribution systems, which use and then reuse water from a variety of sources such as wells, rivers, canals and reservoirs. To reduce our overall water consumption we employ a wide range of techniques, such as recirculating cooling systems and effluent recycling. For example, at Corus Tubes, Corby, we have converted the three mill descaler systems to use recirculated process water and we have replaced every water-cooled hydraulic system with air-cooled hydraulics, thereby reducing total water consumption and further reducing the risk of pollution. Notwithstanding this commitment to reducing our water intensity, a significant proportion of the water that we use is taken from estuarine sections of rivers, where its abstraction has very little impact in terms of freshwater resource depletion.

The water consumption of our sites varies in proportion to local supply constraints. Corus Construction & Industrial, Scunthorpe, is our only non-coastal integrated steelworks and is also our least water-intensive. Here, we estimate that we consume approximately 3m³ of water per tonne of steel produced.

Figure 14 Emissions to water relative to 2000
Per tonne of steel



Water quality

Most of the water we abstract is used for non-contact cooling and is returned directly to the watercourse from which it was taken, with no deterioration in quality. To minimise the impact of our process effluents, and to achieve high levels of compliance with emission limits (and with environmental quality standards in the watercourses into which we discharge), we employ a complex range of biological, chemical and physical effluent treatment technologies at many of our plants. We are continuously improving our treatment capability. For example, during 2006, we invested approximately £0.7m (EUR1.0m) to enhance effluent treatment facilities at Corus Engineering Steels, Rotherham, in a scheme with a total value of £1.1m (EUR1.7m). In addition to effluent treatment, we also deploy a wide range of pollution prevention measures across all of our sites to ensure that potential pollutants such as oils, acids, raw materials and water treatment chemicals are stored and used in contained systems.

Table 2 presents data on emissions to water for 2006 and compares these with data from 2000. Emission data trends for certain pollutants are presented in normalised form in Figure 14.

Improving internal communication – Corus Environment Online

In any multi-site and multi-national company, it is an ongoing challenge to make sure that good practices in one part of the company are cascaded effectively to other facilities, so that a consistently high standard is applied at all locations. As one means of promoting the effective exchange of environmental good practice, and in order to provide an information and communication resource to all environmental practitioners around the Group, we launched an environmental intranet site in 2006. This complements the existing health and safety intranet site that was launched some years ago. In its first two months of existence, the environmental site had over 5,000 hits, with the most popular pages being those entitled “What can I do?”, a section of the site devoted to promoting good environmental practice, inside and outside of the workplace.



Left: We employ a complex range of treatment techniques to minimise the impact of our process effluents.

Right: Our new environmental intranet site will assist the exchange of good practice throughout the Group.



Figure 15 Waste to landfill
Thousand tonnes/year

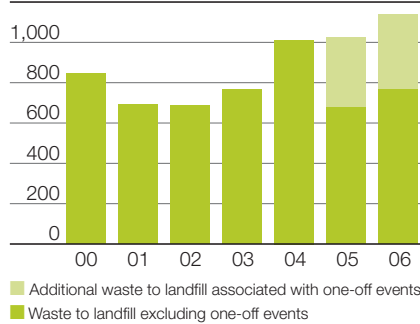


Table 3 Resource use
Million tonnes/year

	2006
BF route steel production	18.0
EAF route steel production	1.0
Primary aluminium production	0.20
Iron ore	26.0
Coal	12.0
Alumina	0.38

*tonnes liquid steel
Data is approximate and is shown only to illustrate typical usage.

Resource efficiency

We are committed to conserving all raw materials, particularly those which are non-renewable, such as iron ore, coal and oil. Our processes have been refined over many years to ensure that we optimise the consumption of materials within them. This makes good business sense as well as being environmentally responsible. For example, at Corus Tubes, Corby, we invested during 2006 in a complex cascade system in the process line that pickles and treats steel tubes prior to cold drawing. This has reduced the amount of acid that we use and the amount of waste that we produce. At our integrated steelworks, we have implemented and optimised systems such as briquetting to enable us to recirculate within our own processes any residue materials which contain valuable components such as iron and carbon.

Although we achieve a high level of conversion efficiency, some of our processes inevitably generate waste. The focus then shifts to ensuring that waste materials are either reused, recycled or otherwise recovered. We have found uses for many of our wastes in other sectors of industry. For example, in 2006 we diverted from landfill over 16,500 tonnes of dust from the gas cleaning systems at our site at

Corus Engineering Steels, Rotherham. This material is now treated off-site, where the high level of zinc is recovered in a form that becomes a valuable raw material for other processes. There are many other cases where we have found ways to maximise the recovery of valuable materials from waste, for example:

- At Corus Strip Products UK, Port Talbot, we have invested approximately £0.5m (EUR 0.75m) to develop a sophisticated waste sorting and recovery centre which is due to come on stream in 2007 with an anticipated reduction in waste to landfill of 4,000 tonnes per annum.
- At Teesside Cast Products, Redcar, the area responsible for maintaining the refractory-lined vessels (known as torpedoes) used to transfer molten iron from the blast furnace to the steel plant, established a waste minimisation programme which, since 2005, has resulted in a 95% reduction in waste arisings and the recovery of valuable high-carbon refractory bricks.

In some cases, we contribute to the wider goal of sustainable consumption by utilising secondary materials arising in other sectors of industry within our processes. For example, by using recovered fuel oil as a chemical

reductant in our blast furnace at Teesside Cast Products, Redcar, we have achieved a substantial reduction in our annual consumption of coke, with an associated CO₂ saving equivalent to more than 25,000 tonnes per annum.

In certain cases, disposal is the only cost-effective alternative for our wastes. This is always done in a manner that ensures environmental impacts are minimised. Landfill is our dominant disposal option, particularly in the UK, where our landfill sites are covered by the stringent requirements of the EU Landfill Directive.

Resource efficiency improvements at all stages of the waste management hierarchy can be measured by reference to raw material consumption and waste to landfill data.

Table 3 shows our consumption of raw materials (iron ore and coal for steel production, and alumina for primary aluminium smelting) during 2006.

Figure 15 shows waste to landfill performance between 2000 and 2006. The small increase in our total waste to landfill is mainly attributable to a continued focus on clearance of historic stockpiles of material at our steelmaking sites in the UK and the Netherlands.



Left: Our integrated steelworks at Port Talbot, Wales.

Table 4 By-product applications

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

By-products

Thanks to improvements over recent years in raw material selection and process control, our by-products meet tight quality control requirements that enable them to be used as alternative, or secondary, raw materials in sectors such as cement and chemicals. Non-renewable primary raw materials are thereby displaced and conserved. For example, granulated slag from our blast furnaces is used as a clinker substitute in the cement sector, reducing the extraction of virgin raw materials such as shales and limestone and reducing CO₂ emissions at the same time. Similarly, steelmaking slags are used in well-established civil engineering and agricultural applications, ferrous chloride solution is used in water treatment and tar and benzene are used within the chemicals sector. The established uses of these and other materials are summarised in *Table 4*.

Biodiversity

Due to a combination of factors, from our ownership of large tracts of relatively undisturbed ground, to the application of site-greening strategies at many of our sites and the efforts of enthusiastic employees, wildlife groups, schools and voluntary bodies, our sites provide a haven for a surprisingly rich variety of wildlife. For example, we have the largest colony of common terns in Wales at our site at Corus Colors, Shotton, and a large colony of sand martins at our site at Corus Construction & Industrial, Scunthorpe.

We respect the habitats that have grown up beside our operations and view these as something to be proud of. Consequently, ecological factors are increasingly being taken into consideration as part of the planning phase of maintenance and development works at our sites. During 2006, the environmental practitioners representing our UK manufacturing sites participated in an information seminar to further raise the profile of biodiversity.

The adjacent case study provides an example of some of the important biodiversity work that has been supported by Corus' financial contributions.

Supporting biodiversity – Teesside and Scunthorpe

We were a founder member of both the Teesside and Humberside branches of the Industry and Nature Conservation Association (INCA). Since 1989 we have worked closely with other industries, volunteers and experts from INCA to improve our understanding of the biodiversity in and around our Teesside and Scunthorpe integrated steelworks. Over recent years we have been the financial sponsor of the River Tees Seal Monitoring project. The project, started in 1989 by the Teesside Development Corporation but now being run by INCA, has studied the fluctuating fortunes of a colony of common (or harbour) seals that successfully resumed breeding within the Tees Estuary in 1994 for the first time since the early 20th century. Over the following 10 years, the population has risen steadily, culminating in a record eight seal pups being raised in 2006. The Tees is the only known estuary in Europe where common seals have re-colonised as a direct result of environmental improvements.

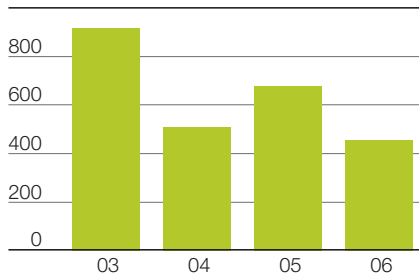


Left: Our granulated blast furnace slag is used as a valuable secondary material in the cement industry.

Right: A record eight common seal pups were raised in the Tees estuary in 2006.



Figure 16 Public complaints



Nuisance

Our processes are large and complex and many of our production facilities are located close to residential areas. We recognise our obligation to the communities in which we operate, and we face an ongoing challenge to ensure that we do not cause nuisance or distress to local residents. In our Corporate Responsibility Report 2004, we established a target to reduce public complaints by 10% by 2006 compared with 2003. We achieved this target, with a 50% reduction in the number of complaints (Figure 16). The reasons for complaints are varied and sometimes outside of our direct control (for example, wind strength and direction affect the way that noise travels). However, we are confident that the reduction in complaints since 2003 is at least partly attributable to our proactive approach to nuisance management. For example, at Corus Strip Products UK, Port Talbot, we spent approximately £0.3m (EUR0.4m) during 2006 to improve the wind-shielding of raw material handling operations, thereby reducing the risk of fine material being blown from the ship unloading area and causing nuisance in the local community. Our complaint management systems ensure that all complaints are thoroughly investigated, so that we can learn from our mistakes, implement corrective action and then provide feedback to complainants.

Supply chain

We believe that our responsibility for managing environmental impact goes beyond our manufacturing facilities. Downstream, the characteristics of our products, and the information that we provide to customers, can both have a profound effect on the environmental performance of our products during their in-use and end-of-life phases. The sustainable solutions pages earlier in this report provide some examples of the environmental advantages of our products, and how they can be used to best effect.

In the same way, we encourage our suppliers, all over the globe, to minimise the impacts upstream of our operations. As a large company we can use our size to influence our suppliers, and we expect them to have a high level of commitment to the environment. To support this principle we use an internet-based supplier assessment tool to help us to screen prospective suppliers and to encourage and monitor the improvement of existing suppliers.

The adjacent case study provides an example of the high standards we expect from our key suppliers, with an overview of the environmental controls applied by our main Brazilian iron ore supplier, CVRD.

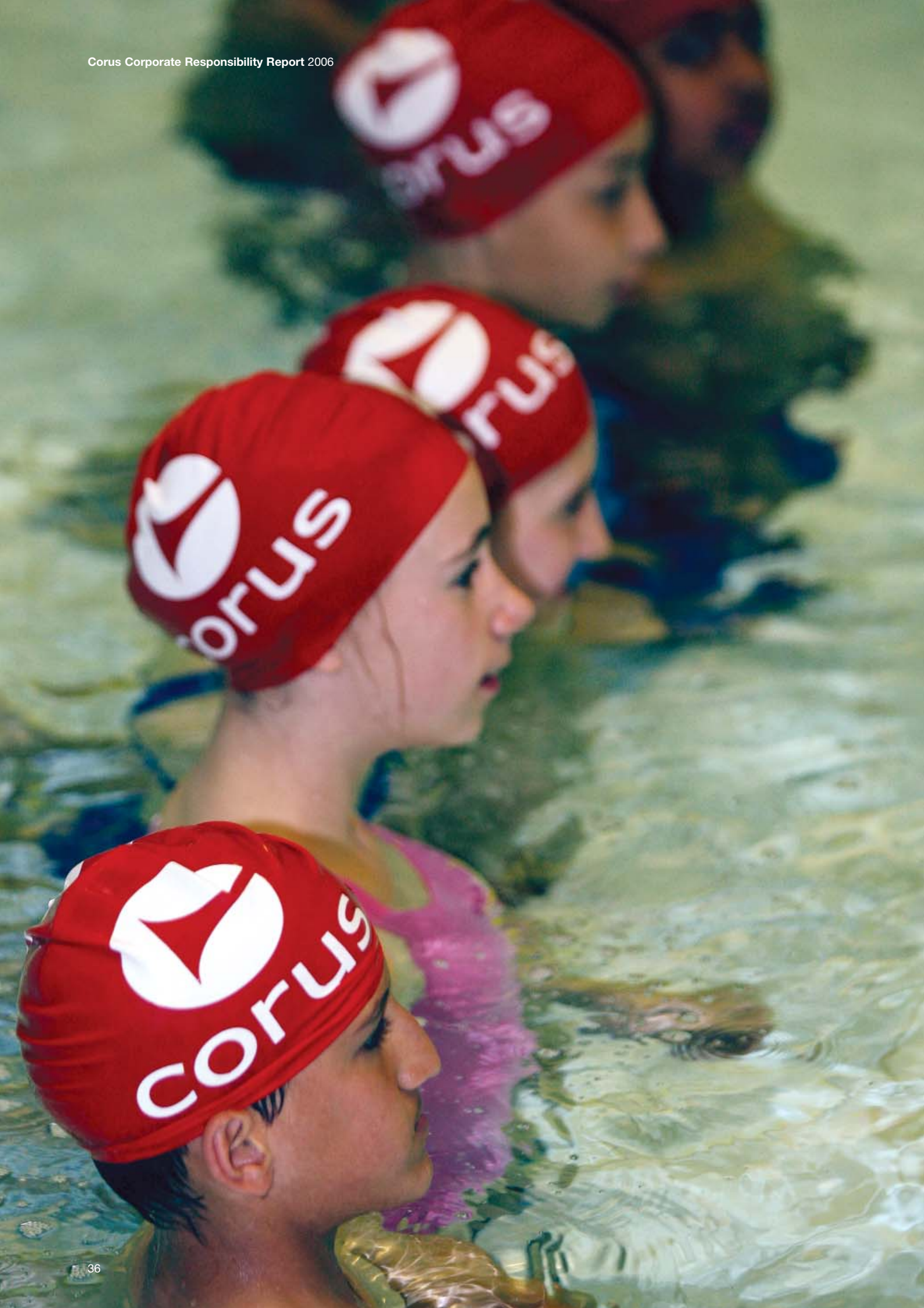
Environmental management up the supply chain

The environmental improvements at our facilities over recent years would be devalued if our activities were indirectly causing substantial environmental damage elsewhere. With this in mind, we aim to work in partnership with our key suppliers and encourage them to operate to the same standard as ourselves. This is certainly the case with the Brazilian Companhia Vale do Rio Doce (CVRD), our largest iron ore supplier, with whom we have a long-standing and successful relationship.

CVRD was one of the first Brazilian companies to implement ISO 14001 and, in 1998, its iron ore mines at Carajás were the first of their kind to receive ISO 14001 certification anywhere in the world. CVRD now has 15 certified facilities, including its mines and the seaports through which iron ore is exported to Europe. Additionally, the company helps preserve 1.2 million hectares of tropical forest. CVRD's corporate responsibility goes beyond maintaining high levels of environmental control and is demonstrated in its support for the Brazilian Government's Citizenship Action against Famine, Misery and in Favour of Life and the Zero Hunger Programme through which it has distributed food across the entire country.

Right: Corus supplier, CVRD, helps preserve 1.2 million hectares of tropical forest in Brazil and develops usage master plans for protected areas.





How do we support our communities?

We are major employers in many of the areas where we operate, and we are actively involved in a broad range of community initiatives. Our involvement can take the form of financial support, the provision of materials or the time, skills and enthusiasm of our employees.

Communities

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

Employment and economic development

At the end of 2006, we directly employed 41,200 people and many thousands more indirectly through our contractors and suppliers. We are also active in stimulating regional employment. For example, in the late 1990s we started to allocate around 100 hectares of our site in IJmuiden to boost regional economic development and several dozen small and medium sized companies are now established in the IJmond Business Park. We are active members of a number of local working groups, employers' associations and advisory boards. Amongst these bodies is the Enterprising IJmond Federation, a co-operative network set up to share the economic interests of its local members.

Regeneration – UK Steel Enterprise

Steel supply has predominantly exceeded demand over the past 20 years. To remain competitive, established companies in the steel industry, like Corus, have had to become more productive. This has resulted in the rationalisation and closure of some facilities. Where redundancies or plant closures are unavoidable, we work hard to minimise the impact on our employees and the communities in which we operate. We offer retraining, help with finding alternative employment and outplacement services.

Through UK Steel Enterprise, a wholly-owned Corus subsidiary, we try to support the economic regeneration of communities affected by changes in the steel industry. Since its establishment in 1975, UK Steel Enterprise has invested over £66m (EUR97m) in new and expanding businesses and £29m (EUR43m) in managed workspaces. We have supported over 4,400 small businesses and helped create 67,000 new jobs. In addition the company has provided over £5m (EUR7.7m) to assist numerous community initiatives and organisations assisting regeneration in steel areas. Over the years, the business has been able to attract additional external funding for its clients of over £300m (EUR450m). The case study on page 39 provides one example of how UK Steel Enterprise is supporting regeneration in steel areas.

Sponsorships and charitable donations

Many of our businesses have strong links to their neighbouring towns and surrounding regions. We support cultural, social, educational and sporting activities that contribute to the well-being of residents, both in the immediate vicinity of our plants and elsewhere. Our IJmuiden site in the Netherlands, for example, fulfils its ambition to become the best neighbour to the surrounding communities through a number of sponsorships in the areas of art/culture and sport/recreation. Apart from the longstanding sponsorship of the world renowned Corus chess tournament in Wijk-aan-Zee (see the case study on page 41), we also sponsor the premier division football club AZ Alkmaar and the local football club Stormvogels/Telstar. We were also the key supplier of building material for the new AZ football stadium, which was opened in 2006.

Again in co-operation with the village of Wijk-aan-Zee, one of the largest sculpture parks, Zee van Staal (Sea of Steel) in the Netherlands was created in 1999. It is located in the dunes between the industrial zone of Corus and the village and features a number of large and heavy steel sculptures, which were created in our workshops by prominent European artists, assisted by craftsmen from Corus. We are also the main sponsor of the annual Havenfestival



Left: Participants enjoying the annual round the pier swim (and run) in Port Talbot.

(harbour festival), during which people from the neighbouring areas can enjoy all kinds of culinary and cultural events as well as finding out about the different economic activities in and around the harbour.

Corus Packaging Plus, Trostre, has been running its community award scheme for over four decades. In 2006, the scheme continued to support local organisations, ranging from amateur sporting groups to local branches of national charities.

In 2006, over 80 organisations benefited from the Community Awards of Corus Strip Products UK, South Wales. Amongst other events, we sponsored the Festival of the Horse at Margam Country Park, the Corus Great Welsh Run in Cardiff Bay, the Tredegar House Folk Festival in Newport, the Aberavon and New Sandfields Beach Festival in Port Talbot and the Iron Pour Project at the Victorian Ironworks in the Parc Tondy Heritage Centre.

Corus Engineering Steels, Rotherham; Corus Construction & Industrial, Scunthorpe; and Teesside Cast Products donated several thousand pounds for the benefit of local schools, hospitals and charities. Beneficiaries of their donations included:

- Scunthorpe Sea Cadets (funds towards renovation of their boat station)
- Middlesbrough Red Jazz Band – 36 children aged 4–18 (contributions towards travel costs)
- Barton Town Band
- Scotter School (support for a nature trail and pond)
- Priory Lane Junior School (contributions towards an activity trail)
- Teesville Youth Club (contributions towards a pool table)
- Pallister Park School (for maths games and equipment)
- St Hugh’s School (support for a sensory room)
- Keadby and Althorpe School (support for a sensory garden)
- The Police Lifestyle Project (which encourages community activities for local children during the school holidays)
- The Industrial Mission
- Whirlow Hall Farm Trust in Sheffield.

Promoting safety in the community

More than 22,000 children in the Neath Port Talbot area were equipped with reflective safety wristbands in a campaign organised and sponsored by Corus and assisted by the Safer Neath Port Talbot Partnership and Neath Port Talbot County Borough Council.

UK Steel Enterprise

Through UK Steel Enterprise (UKSE), we support the economic regeneration of communities affected by changes in the steel industry.

Hartlepool Innovation Centre is the latest flagship development. The centre opened in 2006 and is now nearly fully occupied, with 33 businesses and more than 120 people already working there.

The Innovation Centre was built following approaches for assistance from the local authority who were keen to attract a UKSE development to the town. Hartlepool Borough Council and the Regional Development Agency One NorthEast, worked in partnership with UKSE to ensure the project was a success.

The 27,500 sq ft innovation centre, one of eight such developments by UKSE around the UK, has 14 workshop units from 200 sq ft up to 1,200 sq ft and 30 offices from 150 sq ft up to 800 sq ft. Facilities include well-equipped meeting rooms, a manned reception area, free parking, high security, 24 hour access, the very latest broadband connection and digital telecom systems, photocopying and a gym.

The concept for all the centres is to make it as easy as possible for young companies to concentrate on their core business by providing the facilities and support they need without the requirement of signing a long lease. Through this development, new long term jobs and innovative companies have been brought to the area.



Left: School children in the Neath Port Talbot area showing off their new reflective safety wristbands.

Far left: Former Corus employee Paul Edmondson at his new Utopia Kennels in Cumbria, which he established with investment from UK Steel Enterprise.

Supporting local education

In addition to monetary donations, we also support the educational development of the communities of which we are a part. Our primary purpose is to encourage interest in, and enthusiasm for, the study of materials science and its application in engineering, manufacturing and technology-based industries. In this context, we have committed £60k over the next three years to preserve, and open to the public, the British Steel archives – donated by Corus to Teesside Archives.

We develop learning materials, provide sponsorship and scholarships, award prizes and grants, and utilise the imagery and usage of steel to explain key concepts and learning points. As one example, we sponsored a Uses of Steel project, in partnership with the Rotherham Arts Festival and the Arts and Business Council. School based workshops, run by a professional artist, helped students think about the different uses of steel in every day life and the recyclability of steel, before transforming these ideas into billboard posters, which are displayed outside the main office at Corus Engineering Steels, Rotherham.

In the UK, we sponsor teachers as well as student prizes in material science subject areas in association with various institutes and universities.

Many of our sites have educational liaison programmes. At Corus Colors, Shotton, this covers local senior schools and includes work experience, interviewing skills courses, industry days and the Engineering Education scheme.

Corus Distribution & Building Systems UK and Ireland, based in the West Midlands, does this via the Young Enterprise Awards, by taking part in the judging, hosting the awards dinner and through the creation of the Corus Award for the Most Innovative Product.

Through a unique partnership between the University of Wales, the Engineering and Physical Sciences Research Council and Corus, a successful Engineering Doctorate Scheme gives leading graduates the opportunity to gain experience in technical and engineering disciplines at Corus while pursuing doctorate research studies.

In the Netherlands, we have established an Adopt a School project. Schools are invited to visit our IJmuiden plant, where they 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 France, local school children have been given the opportunity to form a Cadette Industrie (Junior Company) for a year. Pupils visit our plant at Corus Colors, Myriad, to find out about our Company and the roles of our employees.

Our people in action

Our people are our ambassadors and it is their individual and collective efforts that continue to build and maintain our reputation. They volunteer to assist in local initiatives and we are grateful for their continuing efforts, a few of which are listed below:

- A team of 25 graduates and placement students transformed the Gillian Banks Theatre School at Maltby, Rotherham, through extensive redecoration. By forging links with local businesses, project leader Joe Fennell was able to source materials at reduced rates. In recognition of his efforts, he received the Corus Corporate Social Responsibility Graduate Achievement Award.

Right: School children from Chernobyl, Ukraine, on a visit to our site at Llanwern.

Far right: Helping Captain Beanie to raise funds for the Keep Wales Tidy campaign.



- A number of our businesses run Ambassador Award schemes which offer employees up to £250 for a broad range of community initiatives – from helping local junior sports teams to being school governors.
- £19,000 was raised in 2006 for Lindsey Lodge Hospice in Scunthorpe through a broad range of activities including a charity ball, raffles, sponsored cycle rides and marathon running.
- £8,000 was raised in 2006 for Zoe's Place Hospice in Teesside.
- A group of volunteers from Corus Engineering Steels, Rotherham, returned to the Robert Ogden School for Autistic Children in Thurnscoe, to continue the work of creating a sensory garden, which was initiated two years ago by a group of graduate volunteers.
- Almost £5,000 has been raised through various events for the Help a Hallam Child Read to Succeed initiative.
- Three colleagues from our Thrybergh Bar Mill in Rotherham completed a 200 mile coast-to-coast walk from St. Bees to Robin Hood's Bay in aid of the Bluebell Wood Children's Hospice, raising over £1,000.
- Three colleagues from Billet Finishing, Stocksbridge, successfully completed the Great North Run, raising £445 for Yorkshire Cancer Research, £769 for the Multiple Sclerosis Society and

£635 for the Western Park Hospital Cancer appeal.

- Employee volunteers at Stocksbridge took part in the Monmouth Raft Race for the 14th consecutive year and, in total, have raised over £34,000 for Weston Park Hospital, Sheffield.
- Colleagues from Lisburn, Northern Ireland, linked up with the Lisburn Woodland Trust's Tree for All campaign and donated bulbs for local school children to create a nature garden on the site.
- Employees and contractors from Port Talbot and Llanwern raised over £40k for the Cystic Fibrosis Trust during the Corus Great Welsh Run in Cardiff Bay.

Triathlon sponsorship

Corus Kids of Steel is a UK wide initiative to bring Corus' sponsorship of triathlon to the communities in which we operate. Corus Kids of Steel is a series of events designed to give children the chance to have a go at a triathlon in a safe, fun and non-competitive environment whilst encouraging activity and learning about healthy lifestyles. Corus employees have been getting involved in the series by volunteering for events, getting local schools involved and helping to set up local children's triathlon clubs where they don't exist already. Over 5,000 children will take part in the first series, with this number set to grow.

Chess tournament – IJmuiden

In 2008, we will be staging the world renowned Corus Chess Tournament for the 70th time. Once started as a nice event in the cold winter days by members of the chess club of Hoogovens, it is nowadays welcomed as a major event in Wijk-aan-Zee. In the summer this little village has seaside visitors, but in the winter it receives thousands of chess-loving guests.

Whether they play chess themselves, or they just watch the world famous players, everybody enjoys the unique atmosphere. In Wijk-aan-Zee every hotel and every restaurant is fully booked in January. Corus is the proud sponsor of this world class event.



Left and far left: Local children enjoying the Corus Kids of Steel event at Crystal Palace, London.



How do we safeguard our business?

Business ethics are integral to the way we operate. We are strengthening our compliance culture and further embedding our business principles in everything we do.

Business ethics

A framework for business integrity

Integrity and honesty are at the heart of our business dealings. We are constructing an improved framework for the conduct of our business generally and the strengthening of our business integrity processes in particular.

We do not tolerate corrupt or fraudulent practices and expect transparency, integrity and honesty in all aspects of our business, from our employees, contractors and other business counterparts. The tone is set through the commitment made by our most senior management and is integrated into the induction of new employees.

Code of Ethics and Anti-fraud Programme

In 2006, we committed to improve our Group-wide Code of Ethics, its communication and implementation. It was recognised that an important factor in the success of any ethics programme is its understanding and acceptance amongst employees. Such a programme is, in our view, valued more if it goes beyond basic compliance with legal and regulatory requirements and truly reflects and embeds values that are firmly held throughout the organisation at all levels.

The process started with a review of our existing code of conduct to assess the extent to which it met the Group's current and expected future objectives. This included an evaluation of the level of awareness of its content, and the current policies and practices that were in place to support the code. We also benchmarked ourselves against a number of comparable companies, both within and outside the metals sector. We looked to other model codes, guidelines and examples of best practice for inspiration. Amongst other sources, the Global Reporting Guidelines, the UN Global Compact and guidance from the Institute of Business Ethics were helpful to us in formulating our approach and in setting the level of our ambition.

A draft Code of Ethics was prepared. Alongside this, we also developed an Anti-fraud and Prevention of Corruption Manual which addressed the specific challenges of combating corruption and would underpin the already strong ethical practices prevailing in our commercial activities. These documents were the foundation for an internal stakeholder engagement programme designed to seek the views of senior managers and commercial colleagues across a broad representative sample of businesses in the Group. The objective was to ensure we had a Code of Ethics and supporting materials which included

real business situations in practical case studies, so that they were truly meaningful for individuals and for the Group's operations as a whole.

Approximately 70 senior managers were interviewed as the first phase of the internal stakeholder engagement process. A questionnaire was used as a framework for these one-to-one interviews and the results were collected to identify common themes and opportunities for improvement of the programme. The process itself also served to strengthen the commitment of these senior managers as future sponsors and communicators of the ethics programme.

The Code of Ethics and Anti-fraud and Prevention of Corruption documentation was then further refined to take into account the findings from this initial phase. An online training module was also developed and tested on a trial audience. This includes case studies and business-focused question and answer pages.

The second phase will involve deployment of the final, developed, ethics documentation to the entire population of senior managers in the Group. The final phase will involve communication sessions (through management, department and team meetings) with all employees.



Left: We encourage our suppliers and contractors to operate to the same standards as ourselves.

Far left: We substantially developed our Code of Ethics during 2006.

The framework for our business principles

1. General conduct

Business decisions should be made objectively, based on facts, and free from any bias or conflict of interest.

2. Compliance with legal and financial regulations

Corus expects its managers and employees to comply with all applicable government laws, rules and regulations in each jurisdiction in which it does business.

3. Protection of Company property

Employees are expected to respect and protect Corus' property from damage, theft and misuse.

4. Responsible trading practices

Corus will not tolerate unlawful or unethical business practices.

5. Proactive employment practices

Corus will communicate in a clear, consistent and timely manner with all its stakeholders.

6. Good employment practices

Every manager is responsible for creating a work environment in which employees are safe, feel valued and are able to contribute.

7. Concern for the environment

Corus will adopt sustainable practices and continuously improve its environmental performance.

In light of the impending change of control of Corus Group, it was decided to suspend implementation of the programme in order to ensure its alignment with the policies and procedures of the new owner. Completion of the acquisition of Corus Group by Tata Steel, and change of control, took effect on 2 April 2007. This work is therefore now an objective for later in 2007.

Suppliers and contractors

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

Independent financial audit

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.

Operating model

We have developed a range of Group Policy Documents – the policies that underpin our operating model. These cover the essential elements of our operating procedures and the way we wish to conduct our business – including financial policies, processes for committing to sales and purchases, compliance with laws and regulations, the development of our employees, our identity as a company and the security of our operations. Each policy document has been

rewritten in clear, concise language to allow easier and more consistent deployment throughout the Group.

Whistleblowing system

We have an established system in place for the management of confidential reporting (whistleblowing). We have raised employees' awareness of its availability and have a programme to refresh awareness, through articles in the internal magazine for employees and other communication methods, as well as to improve ease of access to this confidential system.

The underlying matters identified through the whistleblowing line and reports received through other confidential channels, are regularly reviewed so that the lessons learned can be incorporated into improved working practices. In response to some of the confidential matters reported, our internal audit and asset protection units carry out investigations as required.

An independent review is assured through a quarterly report to our Board Audit Committee, which comprises four independent non-executive directors.

Political activities and contributions

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

Risk management

We take an integrated approach to the management of the diverse risks which might affect our business. Potential risks are identified through techniques such as auditing, near-miss reporting and risk assessments. The process of minimising and managing risks is built into our management and reporting systems.

Our internal audit programme, our policies and our standards provide a framework for a healthy compliance culture.

Policy and guidance

For each potential risk 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 its relevance to our business.

Assurance

Internal assurance is achieved through an audit process aimed at strengthening our controls and ensuring the completeness and accuracy of information. External assurance is obtained through our financial auditors, PricewaterhouseCoopers, through accredited certifier's in relation to standards such as ISO 9001 and ISO 14001 and through the validation of this report by Enviros.

Right: We work with our customers so that together we understand the environmental effects of our products.



Progress against targets

Category	Target
People Health and safety	Further substantially improve lost time injury frequency in 2006 compared to 2005.
	Substantially improve combined employee and contractor lost time injury frequency in 2007 compared to 2006.
	Substantially improve sickness absence rate in 2007 compared to 2006.

Category	Target
People Valuing our workforce	Measure employee commitment by regularly conducting employee surveys and focus groups.

Category	Target
Environment	Achieve at least 99% compliance with formal regulatory emission limits by the end of 2006.
	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 production waste to landfill by 10% from 2005 levels by the end of 2007.
	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.
	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 intranet site to improve the dissemination of environmental good practices across Corus Business Units and manufacturing sites.

Category	Target
Community	Establish additional key performance indicators related to social and ethical issues during 2006.

Category	Target
Business ethics	Deliver a strengthened Code of Ethics in 2006.

Status	Comments	Forward action
Achieved	Our employee lost time injury frequency improved to 2.5 per million hours worked in 2006 (compared to 2.9 in 2005 and 3.8 in 2004).	New target: Further substantially improve employee lost time injury frequency in 2007 compared to 2006.
-	-	New target
-	-	New target

Status	Comments	Forward action
Achieved	We carried out a programme of employee surveys across the Group during 2006 as part of a continuing exercise.	-

Status	Comments	Forward action
Achieved	Our level of compliance improved to 99.0% (spot measurements) and >99.9% (continuous measurements) in 2006.	New target: Consolidate our improved level of compliance with formal regulatory emission limits in 2007.
Achieved	100% of our sites are now certified to ISO 14001.	-
On target	In the UK we achieved our 2006 Climate Change Agreement milestone target to reduce energy and we are on target to achieve the target for 2010. In the Netherlands we currently outperform the best international standard in energy use.	Target carried forward
Achieved	We have completed an R&D project to identify and assess our fine and ultrafine dust emissions. This has shown that the main emission source is low level windblown dust. As a result we are looking at ways to improve our management systems to reduce these emissions.	-
Achieved	The number of complaints received in 2006 was 50% below the number received in 2003.	-
Progressing	Our waste to landfill, excluding one-off events, was 17% higher in 2006, compared to 2005. We are taking steps to address this.	Target carried forward
Achieved	Life-cycle inventory data is now available for 88% of our products.	-
On target	57.3% of steel packaging in the UK was recycled in 2006.	Target carried forward
Achieved	Corus Environment Online was launched in December 2006.	-

Status	Comments	Forward action
Achieved	We have established an improved system for recording details of corporate giving.	-

Status	Comments	Forward action
Substantially achieved	We substantially developed our Code of Ethics during 2006.	Target carried forward

Validation statement

Enviros has conducted an independent validation of the Corus Corporate Responsibility (CR) Report 2006 to provide assurance on the completeness, transparency and accuracy of the report, and to review systems for data collection. The validation process involved interviews with staff responsible for data collection and reporting at both the central corporate level and from a selection of representative sites.

Opinion

The Corus CR Report 2006 structure is very similar to the 2005 report and action taken to address the recommendations we made last year was affected to some extent by impending changes in ownership in the latter half of 2006. For example, there was no formal stakeholder engagement in relation to CR at Corus in 2006 to help identify material issues to be reported.

We consider that the text and data in the report represent an accurate and materially complete account of Corus' CR performance during 2006.

There are structured frameworks in place for collating and reporting health, safety and environmental data. Data is reported on safety in relation to contractors as well as Corus employees and this is welcomed. It is recognised that this data is difficult to collect and relies on reporting from contractors.

The environmental data collection was extended to the smaller Corus sites during 2005 and this has helped those sites that are not heavily regulated to consider their material environmental issues in more detail. Guidance on environmental data collection has been implemented and this has helped to improve the consistency of environmental reporting from the sites.

Corus was aiming to identify possible additional material issues to be reported in 2006 in respect of employees, community and ethical business practices to further strengthen the report in these areas. This continues to be an area of weakness. Corus businesses are relatively autonomous in how they support their communities and Group wide co-ordination in respect of community related activities is not undertaken, except in specific cases. Additional data could be provided on diversity, but it is recognised that this is not easy to address.

Recommendations for future reports

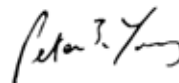
It will be important to review who Corus' key stakeholders will be for CR reporting in 2007 as a privately owned subsidiary of Tata Steel and to engage with them to identify the material CR issues relevant to the new business structure. Appropriate improvement targets and indicators will also need to be chosen.

Best practice requires Corus to continue to consider its influence on the supply chain.

Should there be any material changes to the portfolio of sites within the company such that the integrity of the overall emissions data is potentially affected, baselines should be presented for absolute data values against which the reader can clearly understand performance irrespective of these changes.

Attention should be focussed on site level data collection systems to ensure that methodologies and responsibilities for data collection and recording are transparent and resilient to key staff changes.

Corus should review the presentation of data around employees, community and ethical business practices to ensure that any material issues are reflected in the report.



Peter J Young
Strategy Director



Glossary

APEAL	The European steel packaging trade association	ISO 9001	International quality management system standard
BOS	Basic oxygen steelmaking	JAPAC	Joint Accident Prevention Advisory Committee
Benzene, toluene and xylene	By-products from cokemaking	Key performance indicators	Parameters which are important indicators of how well we perform
BF	Blast furnace	Landfill Tax	A UK tax on materials which are landfilled
CO	Carbon monoxide	LCA	Life-cycle assessment, a method of identifying the environmental impact of a product. The whole life-cycle of a product is considered
CO₂	Carbon dioxide, a gas released in combustion and other industrial processes, which contributes to the enhanced greenhouse effect	LCI	Life-cycle inventory, a part of LCA
Corus Steel Packaging Recycling	A Corus department dedicated to promoting recycling of steel packaging in the UK	LTIF	Lost time injury frequency, the number of lost time incidents per million hours worked
CR	Corporate responsibility	NMVOCS	VOCs excluding methane
CSR	Corporate social responsibility	NOx	Oxides of nitrogen, compounds that contribute to acidification
Dioxins	A group of organic compounds formed in industrial and combustion processes	NO₂	Nitrogen dioxide, one of the oxides of nitrogen
Dross	Secondary products from galvanising and other metal coating processes	OHSAS 18001	International occupational health and safety management system standard
EAF	Electric arc furnace	ONCs and HNCs	Vocational qualifications in the UK
EMS	Environmental management system	PAHs	Polycyclic aromatic hydrocarbons, a collective term for tar-like compounds
EU	European Union	PFCs	Perfluorocarbons, a family of greenhouse gases
Ferrous chloride solution	Residual material from the steel acid-pickling process	PM10	Particulate matter less than 10 microns in diameter
Fluorides	Fluorine-containing compounds	PM2.5	Fine particulate matter less than 2.5 microns in diameter
Fugitive	Releases from non-stack sources	PM0.1	Ultrafine particulate matter less than 0.1 microns in diameter
Greenhouse gases	Gases which contribute to global warming	RD&T	Corus Research, Development and Technology
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		

Recordable case	A fatality, days away from work case, restricted workday case or medical treatment case
Recordable case frequency	The number of recordable cases per million hours worked
RoHS	Restriction of Hazardous Substances – an EU Directive
RoSPA	Royal Society for the Prevention of Accidents
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 to be worked
Slags	Secondary products from ironmaking and steelmaking
SO₂	Sulphur dioxide, a compound that contributes to acidification
SSSI	Site of special scientific interest
TNO	A Netherlands organisation for applied scientific research
ULCOS	Ultra-low CO ₂ 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
WEEE	Waste Electrical and Electronic Equipment – an EU Directive

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. More detailed financial data is available separately in our Annual Report. This report and a full checklist against the GRI core elements are available on our website (www.corusgroup.com).

What do you think?

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

British Triathlon sponsorship

Corus is the premier sponsor of British Triathlon. Triathlon is a young but rapidly growing sport and the sponsorship will invest in medal winning success at major worldwide events and will help address the competition needs of emerging elite triathletes.

At a grassroots level, Corus is supporting a number of community-based initiatives, including a nationwide programme to develop triathlon for school age children through Corus Kids of Steel. 14 events will take place throughout the UK during the summer, encouraging children to be active and giving them the opportunity to experience and access an Olympic sport.

Corus' sponsorship will go towards helping all aspects of the sport, with the aim of developing strong future athletes at all levels including children, disabled and elite.

The sponsorship includes a new series of televised elite events created for the UK in 2007 – known as the Corus Elite Series. This series will provide triathletes with an opportunity to compete against some of the world's best competitors and will help raise the profile of triathlon.

Corus sees triathlon as an opportunity to demonstrate its commitment to the health, safety and well-being of its employees and their local communities by getting involved in sport and encouraging participation in triathlon.

www.corustriathlon.com



www.corusgroup.com

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