

Permit Number:

EPR/EP3830GH

Company:

Liberty Steel Newport Limited

Permit Condition:

4.2.2 (a)

A report or reports on the performance of the activities over the previous year shall be submitted to Natural Resources Wales.

The report shall include as a minimum:

A review of the results of the monitoring and assessment carried out in accordance with the permit including an interpretive view on data.

i. Overview

Of the main activities provided for within the Company's Environmental Permit, only the Hot Strip Mill (Activity Ref A1) and its associated Reheating Furnace (Activity Ref A2) were operated during the reporting period 2020.

Whilst capacity remains unchanged, the activity level was again reduced as a result of the COVID19 pandemic which resulted zero production for the months of April and May and only single week production from June to August (the business taking advantage of the governments 'furlough' scheme during this period) This provided for a reduction in throughput for the year, decreasing from the 129,590 mt's achieved in 2019 to a total of 98,570 mt's for the year 2020.

The impact of reduced manning generally has also contributed to a reduction in the generation and removal of wastes from site, which we will touch upon later in this report.

Operationally, production remained on a two-shift basis during the reporting period however following review in January 20, formal implementation of a continuous 96 hour run on a two weekly basis was agreed with the work force as part of an exercise resulting in excess of 72 positions being made redundant.

A significant benefit of the revised working pattern is the creation of a two week uninterrupted maintenance window, these non-production weeks providing the opportunity to improve upon mill availability and in turn the businesses efficiency in resource usage, particularly electricity, natural gas and water. Additionally, where 'cap ex' initiatives have been identified, these down periods for a number of projects to take place during the reporting year such as

Relining of key part of the reheat furnace including the full replacement of the hearth and sidewalls

Installation of variable speed drives to the furnace cooling tower and furnace fans.

In line with the reduction in production hours employee headcount has reduced across the site from 198 persons (January 19) to 130 persons (January 2020).

Recognising the need to maintain appropriate skills to continue to operate in a safe and efficient manner this 'right sizing' of manning was largely in 'ancillary' areas where traditional activities such as material movements were concentrated into the down weeks with no impact on the businesses ability to meet with its statutory obligations.

//. Secondary activities

During the previous year agreement was reached for the third party Broad Environmental to trade in RDF to the conditions provided for within the site's environmental permit (Activity Ref AR14) the activity commencing in July 2019

As a result of the global pandemic Broad has attempted to 'temporarily store' circa 1,400 of unbaled material 19-12-10 on site part of an SRF contract Broad Environmental have in place when material acceptance was curtailed.

Acceptance was ceased in July 2020 and the contract with Broad was cancelled this is the subject of CARNRW0037101 and remedial action has been shared with the Regulator including but not limited to litigation between the two parties.

Disposal of material currently on site restarted in February 2021 with a total of 121mts being removed at the time of reporting

Activities relating to the importing and storage of wastes and the recycling and reclamation of metals and metal compounds (Activity Ref AR15) have not been effected during the reporting year and there are no plans to introduce these activities in the short term

Of the aspects identified above those likely to have an adverse impact on the environment remain;

iii. The Process

The purpose of the process is to convert steel slabs into Hot Rolled Coils via a 300mt/hr natural gas fired reheat furnace and six stand finishing mill. A review of slab procurement has resulted in contracts being place with British Steel Scunthorpe. These slabs are delivered to site via the network rail infrastructure and so the need to import via sea from locations such as Russia, Turkey or Brazil has ceased, in turn significantly reducing the businesses carbon footprint.

Investment in excess of £600k provided for the relining of key parts of the reheat furnace including the hearth and side walls. This repair was implemented in September 2020 and has provided for a reduction in Natural Gas from an average of 1,179 kWh/mt prior to repair to 769 kWh/mt following completion, a further improvement in the use of resources.

Of the 48 production weeks available the activity operated for only 15 weeks a reduction of 10 operational weeks on the previous year. Given this significant 'non operational' period, the potential for any adverse impact on the environment, particularly through the release of fugitive emissions, has been greatly reduced.

Liberty Steel Newport Ltd (LSN) remains committed to monitoring environmental performance by recording a number of Key Performance Indicators and comparing these with previous years. (See Appendix 1) Additionally LSN has, as part of its Environmental Management System, identified certain parameters with a view to targeting reductions of 10% on the previous year (See Appendix 2)

Having recovered from a temporary cessation in activities since production resumed in October 2015 further matters such as BREXIT and the global COVID19 pandemic, have had a detrimental effect on process utilisation and so the benefits of comparison against previous year data is again limited. That said it remains appropriate to continue this comparison as a useful method of benchmarking going forward.

a. Raw Materials Handling

Raw materials are limited in the main to steel slabs which are transported via rail directly to the plant. Whilst the opportunity to import directly across LSN's private berth on the R Usk remains it is envisaged that this will be a fallback requirement only, which will significantly reduce the requirement to operate diesel fuelled mobile plant. The Port Facility remains in a state of readiness to operate in accordance with LSN's Port Facility Waste Management Plan, approved by the Maritime & Coastguard Agency, which makes provision for each vessel visiting the berth to advise upon wastes likely to be disposed and in turn feedback on the suitability on facilities provided.

Additionally all dunnage used in the packaging of delivered product is appropriately debarked, heat treated, and marked prior to receipt in compliance with ISPM15 standards. All stored dunnage continues to be spot

checked by Forestry Commission representatives on an ad hoc basis. There have been no issues arising during the reporting year.

The potential for fugitive emissions arising in this area is limited to activities where mobile plant is utilised. LSN has now rationalised mobile plant used on site and this is now the subject of a maintenance programme outsourced to a third party.

b. Reheat Furnace

Stack monitoring continues to be undertaken at appropriate quarterly intervals (Permit Condition S4.1). Processes relating to emission points A1 and A2 have remained offline during the reporting year and hence no monitoring has been undertaken therefore all monitoring of emissions to air relates to emission point A5.

Permit requirements remain;

Parameter	Reporting Period	Limit
Oxides of Nitrogen	3 Monthly	400 mg/m ³

LSN can report that the maximum measurements obtained during all quarterly monitoring regimes remain below 200 mg/m³ and well within reporting parameters. A quarterly trend of the previous four reporting periods is provided in graphical form (Appendix 3) illustrating this continued improvement in performance.

For the purpose of benchmarking releases to air, monitoring has been extended to include metals deemed to be appropriate to the current process. These are identified as KPI's within the Company's EMS and are compared annually with those of the previous year (Appendix 1) with results against targeted reductions being favourable for the reporting period.

c. Roughing Mill and Finishing Mills

VOC's may be generated as a result of transient hydraulic and lubricating oils lost to process water during scale removal (Activity Ref A11) The main area presenting a risk of oils entering the closed water system is at the 12 back up roll oil seals. A robust maintenance programme is in operation to reduce the risk of seal failure and in turn contamination of process water. Additionally a programme for the replacement of oil carrying pipework for the six finishing mill stands is well advanced, to date pipe work has been fully replaced on Stands 1 to 4. Where oil is lost to these closed systems this is recovered and recycled for further use. The effectiveness of such a programme can be demonstrated in the oil usage levels recorded annually which again are targeted in the company's EMS (Appendix 2)

d. Cooling Section and Cooling System.

During normal operations cooling water is retained in closed water systems each of 60,000m³ which can be operated in separation or in tandem. Losses from

these systems are limited to evaporation and depending on seasonal variations can be as high as 5,000m³ per operational day

Recognising the need to use resources efficiently LSN remains committed to establishing a reliable source of grey water. Arrangements with 'Dwr Cymru' to receive grey water directly from 'Nash' Water Treatment Complex are now in place providing a significant reduction in water of drinking quality water now used primarily for welfare purposes (Appendix 1)

- e. LSN continues to operate a water treatment programme in full compliance with HSG 274 Parts 1 — 3. There have been no issues with compliance during the reporting year.

f. Surface Water

Analysis of site run off water continues to be undertaken at monthly intervals by means of spot sampling at the appropriate discharge point (Permit Condition S3.2) and reported on a quarterly basis to the Regulator. A twelve monthly review of results are provided in graphic form (Appendix 4) There have been two incidents of reporting levels being breached in the Both relating to PH (highest recorded 10.7 — permit allowance 10.0).

Mass releases to water per kg of product are calculated at year end. These are identified as KPI's within the Company's EMS and are compared annually with those of the previous year (Appendix 1) targeted reductions being favourable for the reporting period.

g. General Waste

The potential for fugitive emissions arising from the storage of wastes on site has reduced relative to the number of personnel on site and the level of activity. This is reflected in the report on annual KPI's (Appendix 1) Disposal streams are in place to manage waste in an appropriate manner. These are also reported annually via the Pollution Release and Transfer Register (PRTR) and National Atmospheric Emission Inventory (NAEI) reporting system.

R STEED