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9th March 2018

Mrs E A Parr
EPR Compliance Assistant
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Our Ref: w:\Environmental\IPPC\Environment Agency Reporting\Permit Reporting\Section Mill>Returns\Annual\2016 \4.1.5 Annual Returns 2017.doc

Dear Mrs Parr,

RE: Section Mill EPR Permit BV0767 4.1.5 Annual Returns 2017

In accordance with CELSA Manufacturing UK Ltd Environmental Permitting Regulations (EPR) Section Mill Permit BV0767, permit condition 4.1.5 requires the following:

4.1.5 Where the Operator has a formal environmental management system applying to the Permitted Installation which encompasses annual improvement targets the Operator shall, not later than 31 January in each year, provide a summary report of the previous year's progress against such targets.

The following information summarises the CELSA's Section Mill EMS Objectives and Targets for 2017.

1.0 Reduce gas consumption (kWh/tonne) by 3% based on 2016

This objective was to reduce gas consumption to 422 kWh/tonne at the Sections Mill.

Unfortunately, the Sections Mill could only achieve a consumption of 437 kWh/tonne. The main issue is the large range of products and resulting high number of changeovers, which affects efficiency of the furnace. Similarly, the vast product changeovers affect the ability to fully implement 'hot charging' within the mill.

The gas consumption target of 422 kWh/tonne has been left unchanged for 2018.

2.0 Reduce electricity consumption (kWh/tonne) by 1% based on the 2016 result

The objective was to reduce electricity consumption to 90 kWh/tonne at the Sections Mill, which was a 1% reduction, compared with 2016 consumption.

The Sections Mill achieved their electricity consumption target with a result of 87.8 kWh/tonne in 2017.

A target to consume no greater than 88 kWh/tonne of electricity has been set for 2018.

3.0 Reduce general waste production (tonnes per month) by 5% compared to 2016

The objective was to maintain general waste tonnage below 6.3 tonnes per month at the Sections Mill.

Unfortunately, the Sections Mill only achieved 7.4 tonnes per month of general waste. Similar improvements have been carried forward from 2016 including improved communication both through improved signage and in the monthly EMS meetings. Monthly walkabout actions are now recorded on Prosafety, which includes any actions related to waste segregation. Continual efforts are being implemented to remove wood and mixed recycling from the general waste stream. Pre-shutdown discussions are aimed to ensure that any other waste streams are appropriately segregated and not sent off site as general waste. Environmental awareness (ISO14001) training and quarterly learning lessons were also rolled out to all L1-3 employees in 2017 which covered waste reduction and correct segregation.

A general waste target has been set for 2018 at 7 tonnes per month.

4.0 Reduce commercial water consumption (m³/tonne per month) by 3% compared to 2016

The objective was to consume no greater than 0.27m³ per tonne per month of commercial water in the Sections mill. Unfortunately, the Sections Mill did not achieve this target, with a figure of 0.32m³/tonne per month.

The commercial water consumption target has been set to 0.32m³/tonne per month for 2018.

5.0 Reduce oil consumption (l/tonne per month) by 10% compared to 2016

This objective was to consume no more than 0.30 litres/tonne of finished product (per month) at the Sections Mill. Unfortunately, the Sections Mill did not meet the target, consuming 0.32 litres/tonne per month on average.

An oil consumption target of 0.29 litres/tonne has been agreed with the engineers for 2018, which will be a 10% reduction compared with 2017.

6.0 Train 100% of Level 1-3 employees in the new Environmental Awareness Training (ISO14001) (% employees)

The objective was to roll out training to all CELSA Level 1-3 employees on the new Environmental Awareness Training (ISO14001). The training covers a range of environmental topics, including the content of the new ISO14001:2015 standard, waste generation/segregation, energy and water use, emissions to air, land and water, oil & grease use and noise emissions. The employees are then tested

on their knowledge of the contents. The Sections Mill successfully achieved this target, with 100% of Level 1-3 employees having completed the training.

Should you require any further information regarding these objective and targets please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'R. Lewis'.

Richard Lewis
Environmental Manager