



# The Evraz Highveld Customer News

## MAKING THE WORLD STRONGER –

EVRAZ HIGHVELD AND ITS CUSTOMERS

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They say that change is the only true constant, and for Evraz Highveld, now in its fifth year under the EVRAZ mantle, this certainly seems to be true. We officially changed our name to Evraz Highveld Steel and Vanadium in 2010 and have undergone a complete rebranding exercise. We sharpened our focus on safety and the environment, and implemented a strong strategy that puts our people, our communities and our customers at the core of everything we do. As part of this it was recognised that a customer newsletter would be a suitable platform to start sharing information about Evraz Highveld, about our people, our projects and initiatives that impact on our customers.

The EVRAZ Values permeate everything we do, and our customer value states:

Value created for our customer – continually improving our products and services, we strengthen our long-term partnerships with our customers. We view all our customers as partners, partners in making the world stronger, safer and cleaner.

With our new outward focus we would like to include news about our customers in our newsletter, so please let us know what's happening at your operations.

We also love feedback and welcome any comments.

Enjoy the read,

A handwritten signature in black ink, appearing to read "Eileen".

Eileen Pretorius

General Manager Marketing and Sales



## MEET OUR EXECUTIVE TEAM



**Michael Garcia**

*Chief Executive Officer*

Mike joined Evraz Highveld last year from Evraz North America to take up the role of Chief Executive. No stranger to South Africa, Mike has and continues to travel across the country pursuing his interest in wildlife photography.

**Jan Valenta**

*Chief Financial Officer*

Jan joined us from EVRAZ Vitkovice Steel in Czech Republic. This Chartered Accountant was previously at Deloitte providing audit and management consulting services to clients in the manufacturing sector.



**Cathie Lewis**

*Company Secretary and Investor Relations*

Cathie joined the company in 2007 and has been responsible for numerous regulatory and legal successes to the benefit of the company. She lists reading, travel and mountain biking amongst her interests.



**Malcolm Simpson**

*GM: Operations*

Malcolm combines his chemical engineering background with his extensive public sector management experiences to ensure the success of large complex projects. Outside of work Malcolm enjoys a fast-paced game of tennis.

**Jaco de Klerk**

*Deputy Chief Operating Officer*

After 15 years at Flat Products, Jaco enjoyed a successful career in the Middle East, before returning to Evraz Highveld. Jaco is another of the exco team's keen travellers and photographers.



**Johannes Maepa**

*Acting GM Mapochs Mine*

Johannes's management positions in the South African mining industry have provided the perfect foundation for his current role at Mapochs Mine. A sporting enthusiast, Johannes enjoys both soccer and boxing.





**Eileen Pretorius**

*GM Sales and Marketing*

Eileen leads the commercial team responsible for sales and marketing at Evraz Highveld. She is the first woman to be appointed to the SAISC Board and is the current vice-chairman.

**Kefilwe Mothupi**

*GM Procurement*

Previously at Transnet, Kefilwe was appointed to Evraz Highveld's executive committee in May 2011. Amongst her career highlights is her achievement in being the first black woman appointed to the board of the South African Shipper's Council.



**Jerry Molefe**

*GM Human Resources*

A chartered HR practitioner and registered senior mentor with the South African Board for People Practices, Jerry is currently responsible for the formulation and deployment of HR strategies and performance management systems. His down time includes adventure and social and community work.



**Franz Holy**

*Chief Operating Officer*

Franz is a well-travelled and experienced steel technology expert used to managing international enterprises in the steel industry. At home his passions lie in horses, farming, music and reading.



**Malcolm Curror**

*Director: Vanadium Operations in SA*

Vanadium is a cornerstone of EVRAZ's business, with the company holding 30 to 35% of the world's target market. Outside of his role at Evraz Highveld, Malcolm is also the Vice President of Vanitec, the international technical and scientific committee on vanadium.



**Douw de Leeuw**

*GM: Corporate Security*

Responsible for the complex security and safety operations at Evraz Highveld, Douw has a no nonsense approach to the management and auditing of systems required for loss prevention.





# FROM SANS TO EN SPECIFICATIONS

Historically, local structural steel was produced against the SABS/SANS 1431 specification. The SAISC promoted the use of 300WA type steels and reflected this in the construction handbook. In the early 2000s the international trend was to move to higher strength steels and the use of SANS 1431 – 350W grade was promoted locally and construction guidelines were changed. By 2009 the SABS specification – SANS 50025 – was published, being the equivalent of the international EN 10025 specification. The EN 10025 specified the use of S355 grades which were the SANS 1431 350WA/WC equivalent.

The SANS 1431 specification covered only two strength grades i.e. 300 and 350 (referring to minimum required yield strength). The standard provided for the toughness properties to be certified based on impact test results obtained at either 0°C or -30°C. The postfix WA was used for material supplied without any certified toughness properties. The postfixes WC and WDD were used for grades with properties determined at 0°C and -30°C respectively. The specification didn't allow for any heat treatment of the material and normalising was not mandatory for the grades.

On the other hand, the EN 10025 specification specifies three strength grades i.e 235, 275 and 355 (referring to minimum required yield strength). The postfix JR indicates that the toughness properties of the material is not certified. The toughness properties of grades with a postfix JO, J2 and K2 are guaranteed and have been determined at 0°C for JO grades and -20°C for J2 and K2 grades. The specification also prescribes the supply condition of all grades, with +AR grades referring to material which can be supplied without any heat treatment carries out and =N grades require normalising of the material.

The table below compares the EN 10025 and SANS 1431 grades.

| EN 10025 specification | SANS 1431 specification | Minimum yield strength | Toughness properties              | Supply condition |
|------------------------|-------------------------|------------------------|-----------------------------------|------------------|
|                        |                         |                        |                                   |                  |
| S235JR+AR              | No equivalent           | 235                    | Not certified                     | As rolled        |
| S235JR+N               | No equivalent           | 235                    | Not certified                     | Normalised       |
| S235JO+AR              | No equivalent           | 235                    | Guaranteed 27J min at 0 degrees   | As rolled        |
| S235JO+N               | No equivalent           | 235                    | Guaranteed 27J min at 0 degrees   | Normalised       |
| S235J2+AR              | No equivalent           | 235                    | Guaranteed 27J min at -20 degrees | As rolled        |
| S235J2+N               | No equivalent           | 235                    | Guaranteed 27J min at -20 degrees | Normalised       |
| S275JR+AR              | Similar to 300WA        | 275                    | Not certified                     | As rolled        |
| S275JR+N               | Similar to 300WA        | 275                    | Not certified                     | Normalised       |
| S275JO+AR              | Similar to 300WC        | 275                    | Guaranteed 27J min at 0 degrees   | As rolled        |
| S275JO+N               | Similar to 300WC        | 275                    | Guaranteed 27J min at 0 degrees   | Normalised       |
| S275J2+AR              | Similar to 300WDD       | 275                    | Guaranteed 27J min at -20 degrees | As rolled        |
| S275J2+N               | Similar to 300WDD       | 275                    | Guaranteed 27J min at -20 degrees | Normalised       |
| S355JR+AR              | Similar to 350WA        | 355                    | Not certified                     | As rolled        |
| S355JR+N               | Similar to 350WA        | 355                    | Not certified                     | Normalised       |
| S355JO+AR              | Similar to 350WC        | 355                    | Guaranteed 27J min at 0 degrees   | As rolled        |
| S355JO+N               | Similar to 350WC        | 355                    | Guaranteed 27J min at 0 degrees   | Normalised       |
| S355J2+AR              | Similar to 350WDD       | 355                    | Guaranteed 27J min at -20 degrees | As rolled        |
| S355J2+N               | Similar to 350WDD       | 355                    | Guaranteed 27J min at -20 degrees | Normalised       |



## SORT, SCRUB, SAFETY, SET IN ORDER, STANDARDISE AND SUSTAIN

In 2011 EVRAZ began to roll-out the Lean Manufacturing principle across its global operations and Evraz Highveld embraced the 6S's of the business system with gusto. The progress made at the eMalahleni operations has been remarked upon by the Senior Vice President and Head of International Business Pavel Tatyatin and is held as an example to other operations across the globe.

### So what are the 6S's?

The 6S's are designed to increase value-added work by eliminating waste and reducing incidental, or unnecessary, work. Eliminating waste makes the job easier too. Typical wastes are injuries, transportation, inventories, motion, waiting, over production, over processing and defects. These wastes cost time and money. When implemented it also helps to decrease delivery times and increase profitability, customer satisfaction, throughput time and employee morale.



Before

|                     |                                                                                                                                                        |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sort</b>         | Unpack the entire area, decide what should be kept, returned to stores or discarded. Spares should not be in offices.                                  |
| <b>Scrub</b>        | Clean the entire area thoroughly.                                                                                                                      |
| <b>Safety</b>       | Do a risk assessment and mitigate any safety issues. Safety automatically improves with sorting and setting in order.                                  |
| <b>Set in order</b> | Mark and label all storage areas and repack in a logical order.                                                                                        |
| <b>Standardise</b>  | All areas should use common colour coding, labelling and checklists.                                                                                   |
| <b>Sustain</b>      | Make an individual responsible for an area. Hold all individuals using the area responsible. Set up routine inspections with other area participation. |



After

## PROJECT REPAIR

May 2012 saw the start of Project Repair at Evraz Highveld. In light of an increasing cost structure, a tough market and production inefficiencies, Evraz Highveld embarked on a programme to reverse the situation and ensure future sustainability.

Significant elements of the project include stabilisation of production, increased focus on domestic customers, the implementation of a 4-shift system, and strict cost cutting targets for all divisions across the company.

Evraz Highveld is drawing from its proud 55 year history and the strength of its parent company to create an improved, efficient and better future for its people and the industry.



# B-BBEE VERIFIED RATING

Evraz Highveld has sustained its Level 5 B-BEEE rating following certification by SANAS accredited B-Logic. Evraz Highveld will continue to pursue improved ratings across the B-BBEE scorecard to maintain – and where possible improve on - this level in line with the DTI's six to ten year targets



# DID YOU KNOW

Global steel production was 4.2% higher in May at 130-million tons compared with the same month last year, according to the World Steel Association.

Evraz Highveld mines titaniferous magnetite ore at its Mapochs Mine operation at Roossenekal, Limpopo.

Evraz Group S.A. is a large vertically-integrated steel, mining and vanadium business with operations in the Russian Federation, Ukraine, Europe, the USA, Canada and South Africa.

Evraz subsidiaries are located in 19 time zones.

In the USA, Evraz is the number one producer of rails, one of the largest producers of plate, and the No1 producer of tubular products.

In February 2012, Evraz Highveld concluded a 20 year gas supply agreement with Air Liquide, following the termination of the current gas supply agreement.

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