

# BENTELER Sustainability Activities 2016



## Dear Reader,

The BENTELER Group, with its Automotive, Steel/Tube and Distribution Divisions, is synonymous with leading-edge competence in material, manufacturing and technology. As a family company we have striven for 140 years to combine financial success with social engagement, employee development, social responsibility and environmental awareness. With innovative products and processes we develop our business continuously and thereby create added value for our customers – in harmony with mankind and the environment.

The sectors which BENTELER serves are constantly evolving. We can take on these new challenges with confidence thanks to our experience, high quality standards and reliability. We safeguard our innovative capability and hence future viability by thinking and acting sustainably. This enables us to be open to change and to identify risks at an early stage. BENTELER develops its products, processes and services constantly in order to meet the requirements of all stakeholders.

2016 was a challenging year, which we coped with well through collective effort. After 25 years at the top of the Group, Hubertus Benteler was appointed to the Supervisory Board on 1 April, as a member of which he will oversee the development of the company. Since that date the new Executive Board has comprised Isabel Diaz Rohr, Ralf Göttel and Guido Huppertz.



Following the publication of our first sustainability report last year for 2015 we have further developed our work on sustainability. We publish our detailed sustainability report every two years. The current publication is therefore intended to provide a concise update on 2016, in which we highlight our progress, strategic direction and objectives in the intervening years. As in the case of our sustainability report, our account of sustainability activities in 2016 is based on in the internationally recognized G4 guideline of the Global Reporting Initiative (GRI).

From left to right:  
 Guido Huppertz,  
 Chief Financial Officer  
 Ralf Göttel, Chief  
 Executive Officer  
 Isabel Diaz Rohr,  
 Member of the  
 Executive Board

We wish you pleasant reading and cordially invite you to join us in our commitment to sustainability.

Salzburg, October 2017

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# Company profile

BENTELER is a global company that develops, manufactures and sells products, systems and services for the automotive, energy and mechanical engineering sectors. The company is owned by the fourth generation of its founding family. Our 30,000 employees at 153 sites in 40 countries offer first-class manufacturing and sales expertise, with passion and customer focus.

Under the strategic management holding company BENTELER International AG, registered in Salzburg, Austria, business operations are organized in three Divisions: BENTELER Automotive, BENTELER Steel/Tube and BENTELER Distribution. With technological excellence and effective implementation we develop solutions that make a difference – for customers, employees and society.

## Financial performance

In 2016 the BENTELER Group generated revenue of €74,423 million, representing a decrease of €74 million compared to the previous year. Adjusted for currency effects, revenue decreased by €8 million or 0.6% year on year.

### VALUE ADDED STATEMENT OF THE BENTELER-GROUP

In EUR	2015	2016
Revenue	7,597,651,188	7,423,354,316
Operating expenses	-5,958,264,832	-5,722,079,348
Wages and other operating payments	-1,483,836,557	-1,501,548,660
Payments to investors	-60,579,989	-62,110,678
Payments to the government	-27,770,229	-26,586,626
Investments in the community	-99,557	-83,879
Retained value	67,100,024	110,945,125

## Portfolio

The BENTELER Group supplies its products and services in three Divisions: BENTELER Automotive, BENTELER Steel/Tube and BENTELER Distribution.

BENTELER Automotive provides development, production and services for local customers worldwide – with a consistent focus on quality, safety and efficiency. Our products include components and modules for chassis, body, engine and exhaust systems as well as system solutions for e-mobility. Our customers include almost all major vehicle manufacturers. We successfully implement new ideas and solutions in close collaboration with our customers.

BENTELER Steel/Tube develops and produces seamless and welded quality steel tubes. As one of the leading manufacturers, we offer our customers problem-solving expertise worldwide, ranging from material definition to process integration. We develop tailor-made tube solutions for the Automotive, Energy and Industry market segments.

BENTELER Distribution is a stockholding company for steel tubes with more than 320,000 square meters of warehouse space. We are a leading distributor thanks to our worldwide sales and logistics network. We offer our customers a full range of carbon steel and stainless steel tubes, short and flexible delivery times as well as comprehensive processing and additional customized services. These services range from technical consulting and the development of logistics concepts through to project support for the construction or renovation of large industrial plants.



### International presence

BENTELER supports its customers along the entire value chain. Our production is closely integrated with that of our customers. We not only cater to their specific needs, but also develop solutions in close collaboration with them. With around 30,000 employees in 81 plants worldwide and 72 subsidiaries and stockholding companies, we offer development, production and services on the ground in all relevant markets. Eight production facilities in the Automotive Division are even located directly on our customers' own premises and 31 within a radius of less than ten kilometers. In China, where around a quarter of worldwide vehicle production will take place by 2025, BENTELER Automotive brought its tenth plant on stream, at Shenyang, in 2016.

BENTELER Automotive opened its first plant in Poland during the reporting year, at Września, to take advantage of future growth in Eastern Europe. A new module plant started production at São Caetano do Sul in Brazil in 2017. The plans for 2018 include the opening of a component plant in the Czech Republic as well as further plants in China.

BENTELER is thus creating employment worldwide, making a direct contribution to economic and social prosperity through appropriate remuneration and payment of taxes and levies. In the 2016 financial year the BENTELER Group received government investment grants amounting to 0.2 million (2015: €5.6 million), which amount was deducted from the acquisition cost of the property, plant and equipment. In 2015 a performance-related grant of €2.4 million was awarded in connection with previously incurred costs for the construction of the new hot rolling

mill in the United States. The subsidy is conditional on investments of approximately €10 million being made in the hot rolling mill up to 2024 with specified minimum levels of jobs and personnel expenditure being maintained from 2016 to 2035. It can be stated with sufficient certainty that the conditions will be met. In the event of failure to fulfil the conditions, a proportion of the grants would have to be repaid.

An analysis by the regional headquarters of BENTELER Automotive in Germany, the Czech Republic, Spain, the US, China and Brazil showed that starting pay significantly exceeds the locally applicable minimum wage. This is guaranteed particularly at sites with collective bargaining. In China and the US, where there is no collective bargaining, BENTELER applies salary bands that take account of minimum pay and local market factors. Consequently here too the lowest pay is significantly above the applicable minimum wage.

Over 80% of the management personnel of BENTELER Automotive in the regional business centers in Germany, the Czech Republic, Spain, the US, China and Brazil are drawn from the country concerned.

**8 out  
of 10**

*managers come from  
the country in which  
they are working.*

### Regional engagement

We mainly purchase raw materials, goods and services in the regions where we manufacture. We thus contribute to the economic and social development of the locations in which we operate. A key objective is to further consolidate the regional added value and increase our local procurement to more than 80%. Within a continent the proportion of expenditure paid by the BENTELER Group to local subcontractors is already approaching 90% and within a BENTELER region (e.g. Western Europe, Southern Europe, North America) the figure is around 61%. With regard to localization within a country, the figure is around 56%. The selection of mainly local subcontractors results in shorter transport routes and hence lower emissions. This approach also boosts the regional economy and thus strengthens the region's bonds with BENTELER.

In order to fulfil its social responsibility, BENTELER actively engages with its local community through fundraising and sponsorship activities and through the social engagement of its employees. In particular we support children's, youth and educational projects. In the 2016/2017 winter semester, for example, BENTELER Automotive for the second time extended its support for the endowed chair in "Lightweight Construction in the Automotive Sector" that has been established for the last nine academic years at the University of Paderborn. At our regional headquarters in the Shanghai district of Jiading we provide financial support for the "Love under Blue Sky" charity campaign for socially disadvantaged groups. During the reporting period employees of the BENTELER Steel/Tube plant in Shreveport, US, donated their leisure time to help sick children. They dressed up as "Superheroes" to visit and play with the children at the local Shriners Hospital for Children.

The BENTELER Group sources production material from 2,950 suppliers and other goods and services from a further 18,620 subcontractors. The largest suppliers by purchase volume include steel companies. The company's purchases in the reporting year amounted to 5,083 million.<sup>1</sup>

<sup>1</sup> excluding suppliers and revenue of BENTELER Distribution and BENTELER Mechanical Engineering.



# 2,950

Suppliers of  
production material

# Sustainable governance

The financial success of the BENTELER Group is directly bound up with corporate responsibility – for employees, the environment and society. We therefore see global developments such as climate change, urbanization and digitization as challenges, which we address through value-based governance, technical innovation and social engagement. Our Corporate Philosophy and Code of Conduct, which underpin our corporate responsibility, play a key role in that regard.

## Sustainability reporting

The reporting period covered by this update on BENTELER's sustainability management is the 2016 financial year, which corresponds to the calendar year. Other relevant events up to the editorial closing date of 15 September 2017 have been included, together with the relevant time details. The account of sustainability activities in 2016 is based on the guidelines of the Global Reporting Initiative (GRI) G4.

The issuer of the report is the BENTELER Group, while the qualitative and quantitative data relate principally to the BENTELER Automotive Division. Detailed information on BENTELER Steel/Tube can also be found in the sections entitled "Sustainable processes" and "Sustainable products". The BENTELER Distribution Division, representing 11.1% of revenue in 2016, is covered partly by this report and is due to be integrated into the reporting in subsequent years. Where individual data relate only to particular Divisions, this is stated accordingly



## GRI G4

Guidelines of the Global Reporting Initiative  
on sustainability reporting

## Key sustainability themes

The content of BENTELER's sustainability reporting was determined in 2016 on the basis of a materiality analysis to which relevant specialists in the company contributed. The materiality analysis has not been updated for this publication. On the basis of the sustainability aspects defined by the Global Reporting Initiative (GRI), a comparison with common challenges in the industry, our stakeholders' expectations and company-specific relevance, we determined the themes with which we wish to structure our sustainability reporting and develop it further in the future.

## Compliance

Compliance at BENTELER concerns the obligation to maintain integrity and ethical business conduct. This means complying with the law as well as other ethical standards and requirements set by the company itself. The latter are enshrined particularly in corporate values and in the Corporate Philosophy and Code of Conduct. Every BENTELER employee is responsible for ensuring that his or her actions comply with these principles. The managers also have a particular duty to act as role models in view of their personnel responsibility. Any infringement of these principles leads not only to possible legal penalties but also to disciplinary consequences.



Our Code of Conduct covers the following areas:

1. Social responsibility and legal compliance
2. Interaction with employees
3. Competition and antitrust law
4. Corruption, gifts and benefits
5. International trade
6. Environmental protection
7. Data protection
8. Relationships with business partners

The focal points of BENTELER's compliance management system are as follows:

- ▶ Antitrust and competition law
- ▶ Anti-corruption
- ▶ Export controls
- ▶ Anti-discrimination

BENTELER itself has given a commitment in its Corporate Philosophy and Code of Conduct to prevent discriminatory practices. We guarantee this among other things through training, guidelines, instructions, advice, legal advice and the appointment of equal opportunities officers.

The other focal points are also embodied in internal guidelines applying to the whole company and conveyed to employees through training programs. In addition, the four-eyes principle applies throughout the Group.

To implement the Compliance program and resolve any doubtful cases the BENTELER Group has an organizational structure with multiple compliance bodies. The Chief Compliance Officer reports directly to the chairman of the company's Executive Board. The compliance management system (CMS) underwent a successful external audit during the reporting period. The auditor confirmed that the CMS was well designed, effective and appropriate.

### Our compliance program specifies three overarching responsibilities

#### 1. Prevention:

Prevention of compliance violations by means of guidelines, trainings (classroom training, e-learning) and communication (leaflets, check-lists, newsletters, compliance newsletter)

#### 2. Detection:

Compliance checks (global standard and special checks by internal auditors in collaboration with the compliance organization), compliance investigations (monitoring of cases worldwide)

#### 3. Reaction:

Pursuit of infringements, global case tracking and, where applicable, optimization of existing systems

During the reporting period there were no dismissals or warnings due to corruption cases at BENTELER Automotive and BENTELER Steel/Tube. However, owing to a suspected conflict of interest, the contract with a logistics service provider was not extended at the end of its term. No procedures relating to corruption, anti-competitive behavior or anti-trust and monopoly practices were conducted at BENTELER in 2016 and no fines or non-monetary penalties were imposed.

No complaints were received with regard to the privacy of third parties or data protection violations. We did, however, detect attempts to harm BENTELER through so-called CEO fraud. Employees around the world received written communications sent with fraudulent intent in order to obtain information or payments. We responded by raising awareness among employees and issuing appropriate information and warnings. No payments were made during the reporting period.

**9,000**  
employees have completed  
the anti-corruption training

BENTELER offers specific trainings in order to promote a uniform understanding of compliance across the Group. By December 2016 around 9,000 employees had taken part in internal anti-corruption training by means of e-learning. This figure also includes managers and all members of the Executive Board.

The latter also attended classroom training, as did employees working in potentially critical areas such as sales and purchasing. A combination of e-learning, subdivided into a basic course and refresher courses, and classroom training is also provided in the field of antitrust and competition law. Around 6,000 employees had completed the basic course by the end of 2016. Around 3,000 employees took the refresher course, which was offered for the first time in 2016. It is aimed at employees who completed the basic course in the years 2012 and 2013.





# Sustainable processes

As an international company, the BENTELER Group believes it has a responsibility to design sustainable processes and thereby protect the environment. Preservation of resources is an established business practice for us and as a corporate objective ranks on a par with the highest quality and safety standards. For sustainable added value we consider the entire life cycle of our products: from the use of raw materials and development, production and use of the product right through to disposal and recycling. Our objective, with the active involvement of our employees, is to promote environmentally aware thinking and action throughout the value chain. Our Corporate Philosophy and Code of Conduct form a basis for the pursuit of this objective.

## Environmental management

Environmental protection is a company-wide responsibility at BENTELER in which all teams and sites in the Group are involved equally – particularly in the fields of water protection and pollution control, waste management, hazardous goods transport, energy management and emissions trading. The effectiveness of the environmental measures taken is regularly assessed at plant, regional and global level.

In order to guarantee effective protection of the environment and resources, all BENTELER Automotive and BENTELER Steel/Tube production sites have certified environmental and/or energy management in accordance with ISO 14001 or ISO 50001.

No fines or non-monetary penalties were imposed on BENTELER for non-compliance with environmental laws and regulations in 2016.

## Materials

In 2016 steel and aluminum represented the largest proportion by weight of the raw materials used at BENTELER Automotive, at around 89% and 10% respectively. Carbon and additional purchased parts made up around 1%.

## Energy

We use various sources of energy for our production, such as electricity, natural gas, district heating and diesel. BENTELER Automotive uses a management system compliant with the ISO 50001 standard to ensure efficient energy management. The aim is to certify all sites worldwide in accordance with this standard, so as to constantly reduce energy consumption. Over 50% of our sites were covered in 2016.

Total energy consumption at BENTELER Automotive amounted to 995,617 MWh in 2016, representing a decrease of 3.6% compared to 2015. Natural gas consumption fell markedly compared to the previous year due to energy efficiency measures, while electricity consumption rose slightly. Energy intensity also decreased markedly compared to the previous year.



## ENERGY CONSUMPTION OF BENTELER AUTOMOTIVE

	2014	2015	2016
Natural gas (MWh)	472,310	456,500	408,121
Electricity (MWh)	583,139	576,516	587,496
<b>Total (MWh)</b>	<b>1,055,449</b>	<b>1,033,016</b>	<b>995,617</b>
<b>CO<sub>2</sub> intensity* (MWh/€m)</b>	<b>653.1</b>	<b>654.6</b>	<b>545.0</b>

\* Energy consumption relative to added value. Added value is equivalent to total revenue less inventory changes and use of material.

At the Talle plant in Paderborn the cooling system was optimized in 2016 with the installation of automatic control valves. This makes it possible to adjust the overall length of pipework in the cooling water system as required and eliminates the need to flush all consuming units. This generates savings of around 252 MWh annually during production.

Total energy consumption at BENTELER Steel/Tube rose by 4.9% compared to 2015, amounting to 1,125,302 MWh during the reporting year. The higher energy requirement relates to a 90% increase in sales of

## ENERGY CONSUMPTION OF BENTELER STEEL/TUBE

	2014	2015	2016
Natural gas (MWh)	696,588	609,121	615,966
Electricity (MWh)	582,278	463,397	509,336
<b>Total (MWh)</b>	<b>1,278,866</b>	<b>1,072,518</b>	<b>1,125,302</b>
<b>CO<sub>2</sub> intensity* (MWh/€m)</b>	<b>2.003</b>	<b>1.906</b>	<b>1.918</b>

\* Energy consumption excluding Shreveport plant, US.

\*\* Energy consumption relative to the measured volume of tube and cold-rolled steel strip in tonnes. Excluding third-party sales of billets at the Lingen steelworks.

third-party billets at the Lingen steelworks compared to the previous year. The energy consumption of the steelworks accounts for approximately one-third of the total energy requirement. The specific consumption in the individual tube mills has improved or remained broadly unchanged.

## Emissions

The CO<sub>2</sub> emissions from production result mainly from the combustion of natural gas to generate electricity and process heat (Scope 1) and from additional purchases of energy (Scope 2). Energy consumption has been converted into CO<sub>2</sub> equivalents using the emission factors provided by the German Association of the Automotive Industry (VDA).

As in the case of the decline in total energy consumption, the CO<sub>2</sub> emissions of BENTELER Automotive also declined slightly compared to the previous year. Whereas in 2015 these amounted to 425,338 tonnes of CO<sub>2</sub>, in 2016 they stood at 418,824 tonnes, representing a decline of 1.53%.

CO<sub>2</sub> EMISSIONS OF BENTELER AUTOMOTIVE

	2014	2015	2016
Scope 1 (t CO <sub>2</sub> )	94,117	91,521	82,357
Scope 2 (t CO <sub>2</sub> )	337,875	333,817	336,467
<b>Total (t CO<sub>2</sub>)</b>	<b>431,992</b>	<b>425,338</b>	<b>418,824</b>
<b>CO<sub>2</sub> intensity* (t CO<sub>2</sub>/FTE)</b>	<b>20.0</b>	<b>19.9</b>	<b>19.6</b>

\* CO<sub>2</sub> emissions relative to the number of employees in full-time-equivalents (FTEs).

At BENTELER Steel/Tube CO<sub>2</sub> emissions declined in 2016 (336,114 tonnes of CO<sub>2</sub>) by 4.81% compared to the previous year (353,100 tonnes CO<sub>2</sub>). Whereas the Scope 1 emissions from emissions trading rose slightly, scope 2 emissions declined. This was due to a change in the supplier and a consequent change in the energy mix.

#### CO<sub>2</sub> EMISSIONS OF BENTELER STEEL/TUBE

	2014	2015	2016
Scope 1 (t CO <sub>2</sub> )	40,934	40,609	40,410
Scope 1 from emissions trading (ETS)	128,781	103,499	109,796
Scope 2 (t CO <sub>2</sub> )	432,341	208,992	185,908
<b>Total (t CO<sub>2</sub>)</b>	<b>602,056</b>	<b>353,100</b>	<b>336,114</b>
<b>CO<sub>2</sub> intensity* (t CO<sub>2</sub>/tonne)</b>	<b>0.888</b>	<b>0.627</b>	<b>0.573</b>

\* CO<sub>2</sub> emissions relative to the measured volume of tube and cold-rolled steel strip in tonnes. Excluding third-party sales of billets at the Lingen steelworks.

#### Waste and recycling

BENTELER draws a distinction between waste for recycling, reuse and landfill. Our aim is to minimize the proportion of landfill waste arising at our sites around the world. Landfill waste and the total waste volume are part of the annual management assessment in accordance with ISO 14001.

#### WASTE STREAMS AT BENTELER AUTOMOTIVE

	2014	2015	2016
<b>Total waste (t)</b>	<b>235</b>	<b>220</b>	<b>150</b>
Landfill (%)	4	5	4
Recycling and reuse (%)	96	95	96

The steel and aluminum components produced by BENTELER are 100% recyclable. We also deliver our products in reusable packaging that is 95% recyclable.



# Sustainable products

BENTELER sees economic benefits and environmental aspects as closely intertwined, since anything that has a positive impact on the environment is often also economically sensible. For example, we are always pushing ahead with more efficient production processes and developing sustainable technologies and product solutions in close cooperation with our customers. These have a positive impact on the environment and enable us to further develop our company economically. The high-performance, efficient products and services of BENTELER Automotive, Steel/Tube and Distribution are used in numerous sectors. In many cases they help our customers to reduce their own environmental footprint. All BENTELER products have two central characteristics in common: extremely high quality and above-average longevity.

## Climate-friendly automotive technology

BENTELER Automotive supports its customers in reconciling climate protection and individual mobility. A central focus is on the production of efficient vehicle components. These help to reduce emissions resulting from mobility and thereby support our customers in complying with emission standards.

One such solution is the BENTELER Electric Drive System produced by the Automotive Division, which we showcased for the first time at Auto Shanghai, China's leading automotive trade show, in April 2017: The system with integrated chassis, battery tray, safety structures and efficient heat management offers customers a comprehensive system for electric vehicles. This means we can offer customers environmentally friendly solutions for zero-emission mobility.

BENTELER contributes through its products to a climate-friendly and sustainable automotive industry. As one of the world's largest manufacturers of battery trays – with three series production programs for

well-known electric vehicle manufacturers – we are playing a significant role in the ongoing development and expansion of e-mobility.

In the chassis leaf springs segment BENTELER also supplies leaf springs made of glass fiber-reinforced synthetics. These save up to seven kilograms of weight per axle, thereby increasing vehicle range.



### Product labeling

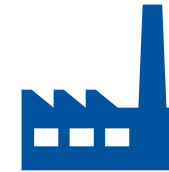
As suppliers to the automotive industry, BENTELER Automotive and BENTELER Steel/Tube provide their customers with full information on the constituents of the products and the associated volumes. This information is supplied industry-wide in the framework of the International Material Data System (IMDS), as prescribed by law. The analysis of the content is organized centrally: specially trained employees process and check all customer projects and supplier parts.

### Safety and quality

BENTELER Automotive and BENTELER Steel/Tube contribute to vehicle safety through their products: for example, rollover protection systems for cabriolets and crash boxes for crash management systems protect occupants in the event of a rollover or collision. Our tube solutions for airbags and tubes for crash management systems provide maximum protection in the passenger compartment thanks to their high rigidity. With our partial steel tempering process, which improves the crash characteristics of a component, BENTELER Automotive also offers a patented technology for passenger safety.

All BENTELER Automotive plants are certified in accordance with the ISO/TS 16949 international quality standard for the automotive industry. We also carry out quality controls during production and check production quality constantly. BENTELER Automotive once again initiated extensive process audits for selected projects in 28 plants in 2016, in addition to the planned audit scope.

The direct relevance of the installed components to the safety of vehicle occupants demands the highest quality. The uncompromising assurance of product quality is therefore one of the most important functions of BENTELER's risk management system.



## 28 plants

audited in addition to the planned audit scope.



# Sustainable relationships

The success of the BENTELER Group relies on the development and active maintenance of long-term relationships with our customers, employees, suppliers, the local community at the sites and the works council. We believe successful collaboration relies on trust-based dialog. Clearly communicated objectives, combined with innovative spirit and a willingness to change, help us to meet our stakeholders' expectations, continuously improve our work and thereby strengthen our competitiveness. The commitment and high qualifications of our 30,000 employees are a crucial differentiating factor for us: by means of comprehensive training and education, we open up long-term development prospects for them and thereby lay the foundations for the sustainable growth of our company.

## Our employees

In 2016 BENTELER Automotive had an average of 23,973 productive employees. This figure does not include apprentices, trainees, absent employees with a right to return and employees working temporarily in other plants or partner firms. This figure includes contract workers, who are not included in the other figures.

The turnover rate of employees and apprentices of BENTELER Automotive who left the company voluntarily stood at 6.4% in 2016. We see this low turnover rate as an indication of satisfaction with our efforts to develop and retain our employees.

High employee satisfaction:  
only

# 6.4%

leave us voluntarily.

## PRODUCTIVE EMPLOYEES OF BENTELER AUTOMOTIVE BY REGION (IN FTE)<sup>1</sup>

Country	2015	2016
North-East Europe	4,655.9	4,942.1
Western Europe	4,442.3	4,485.5
Southern Europe	3,055.1	2,969.5
North America	4,984.0	4,732.3
Mercosur (South America)	1,388.0	1,348.0
Asia/Pacific	3,043.5	3,174.5
<b>Total<sup>2</sup></b>	<b>23,742.1<sup>3</sup></b>	<b>23,973.4</b>

<sup>1</sup> FTE: full-time equivalent including contract workers; average value on 12-month basis

<sup>2</sup> The total includes additional productive employees not allocated to regions. These amounted to 2,173.3 employees in 2015 and 2,321.5 employees in 2016.

<sup>3</sup> This figure differs from that shown in the 2015 sustainability report, which included contract workers



**TURNOVER RATE OF BENTELER AUTOMOTIVE BY REGION**

Country	2015	2016
North-East Europe	6.6	8.2%
Western Europe	2.4	3.1%
Southern Europe	3.2	4.6%
North America	9.5	11.1%
Mercosur (South America)	1.1	1.4%
Asia/Pacific	7.8	8.1%

**Employee representative bodies**

Our collaboration with employee representative bodies is based on the legal provisions applying worldwide. BENTELER bases its approach on the Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively (ILO Convention no. 98). We have worked respectfully and constructively with employees' interest groups worldwide for many years on this basis.

Codetermination has traditionally been a high priority at BENTELER. BENTELER Automotive informs the employee representatives promptly and comprehensively about important operational changes. All legal information obligations are complied with.

The good cooperation contributes to the company's future viability. For example, in December 2016 the Steel/Tube Division reached an agreement with the employee representatives to secure the German production locations. The agreement will be in place for five years.

The conclusion of the Future Dialog between BENTELER Automotive, the Metall NRW employers' federation, the IG Metall NRW trade union and the works councils in February 2016 provided a foundation for securing the necessary competitiveness for all German component plants on a sustainable basis and focusing them on future market requirements. Investments of around €200 million have been agreed for this purpose, some of which have already been mobilized. They are concentrated mainly on the introduction of measures and technologies for 'Industry 4.0'. The company also plans to invest in appropriate qualification measures for the workforce to prepare employees for the related demands of increasingly networked production.

**Work-life balance**

In 2016, 130 employees of BENTELER Automotive in Germany took parental leave, including 46 women and 84 men. A total of 9.5% of female employees and 1.7% of male employees took parental leave. The proportion of women returning to the company after parental leave in 2016 was around 37%. In the case of men the figure was 92.9%. At the editorial closing date, of the employees who returned, 97.8% of the women and 97.6% of the men were still employed at BENTELER Automotive.

BENTELER is investing around  
**€200 million**  
 in its competitiveness  
 in Industry 4.0.

### Diversity and equal opportunities

With regard to diversity and equal opportunity, the equal rights and promotion of women is a central theme for BENTELER. The proportion of female senior and middle managers at BENTELER Automotive amounted to 10% in 2016. Since 2016, following the appointment of Isabel Diaz Rohr, there has been a woman serving on the Executive Board of BENTELER International AG. All the members of the Supervisory Board of BENTELER International AG are male. As a fundamental principle we pursue the objective of constantly increasing the proportion of women at BENTELER – including in our management.

### Education and training

The global market in which we operate is characterized by growing competitive pressure, increased internationalization of business and an increasingly changeable economic environment. We are convinced that we can only meet these future challenges and pursue our growth course with highly trained employees. For that reason BENTELER invests systematically in the continuing development of its employees.

For example, we train young people worldwide in a broad range of apprenticeships: 764 in 2016, 756 in the previous year. With regard to continuing education and management development, the employees of BENTELER Automotive took part in a total of 545,498 hours of training in 2016. That means that every employee spent an average of 23 hours per year in continuing development.

Every employee spent an average of

# 23 hours

per year in education and training.

To actively meet the challenges arising from the digitization of the world of employment, BENTELER works with a range of institutions including the Fraunhofer Institute IeM and the Heinz Nixdorf Institute of the University of Paderborn: During the reporting period a total of 11 workshops with 16 experts from eight disciplines were conducted to identify the effects of Work 4.0 on BENTELER. The resulting knowledge led to the first concrete results for training: since the summer of 2016 BENTELER has trained the first production technologists, who are carrying out process-oriented work at the interface between man and machines.

#### BENTELER AUTOMOTIVE TRAINING HOURS PER EMPLOYEE 2016 BY REGION

Country	Average training hours
North-East Europe	19
Western Europe	14
Southern Europe	23
North America	25
Mercosur (South America)	24
Asia/Pacific	38



### Occupational safety and health management

The health and safety of our employees is of the utmost importance to us. To promote it we rely on numerous initiatives, which we see as a crucial investment in the future of our company.

To meet this requirement, BENTELER Automotive implemented a world-wide occupational health and safety management system in 2011, which is regularly subjected to internal audits. Various plants in the Asia-Pacific, Southern Europe and North-East Europe regions are certified externally. Occupational safety targets exist both at plant level and on a regional and global level. The implementation of a "safety-first philosophy" at all sites worldwide is intended to reduce the accident rate across the Divisions over the long term. In 2016 the accident rate was 4.4 (2015: 5.0). The absolute number of notifiable accidents in 2016

was 203, representing a decline compared to the previous year (223). The severity of accidents and the resulting days of absence also decreased. Fortunately there were no fatal accidents in 2016. The plant at Porto Real (Brazil) had been completely accident-free for more than 2,200 days at the end of 2016. At the editorial closing date at the end of September 2017 the plant at Fuzhou (China) had been accident-free for no fewer than 3,000 days.

Plant in Fuzhou:  
Accident-free for

**3,000**

days.

### Supplier relations

BENTELER expects its suppliers to comply with the same social and environmental standards as those to which it is committed. We have also enshrined that in our Corporate Philosophy and Code of Conduct. These form the basis for our contracts with suppliers. In addition, as part of our business partner assessment, we check whether active suppliers appear on any sanctions lists.

In the supplier assessment and approval process, all suppliers of production material are also required to answer a self-assessment questionnaire including the following themes:

- ▶ Environmental, safety and energy management
- ▶ Prohibition of child and forced labor
- ▶ Guaranteeing freedom of association
- ▶ Ensuring fair competition
- ▶ Corruption prevention
- ▶ Data protection

We record our suppliers' certifications in individual management systems, such as the ISO 14001 environmental management system. By requesting this information we also emphasize to our suppliers the relevance of integrated environmental management. In 2016, such certificates had been recorded for 28% of the active production suppliers of BENTELER Automotive.

We also conduct regular quality audits of our suppliers, including questions relating to social responsibility. This is done in accordance with the standard for process audits of the German Association of the Automotive Industry (VDA 6.3).

### Stakeholder dialog

Communication with our stakeholder groups is very important to us in order to understand their needs and constantly improve our performance.

The following groups are of particular significance to BENTELER:

- ▶ Customers
- ▶ Employees
- ▶ Trade unions/works councils
- ▶ Potential new employees
- ▶ Suppliers
- ▶ Press
- ▶ Local communities at our sites
- ▶ Public authorities

We systematized the target groups, themes and communication channels for the first time as part of a Group-wide communications strategy in 2015. This will be implemented in the years ahead – first in internal communication and then externally.

The focus during the reporting period was on internal communication. The aim was to achieve closer involvement and integration of employees, enabling them to play a part in the development of the company. The intranet is currently undergoing a complete overhaul and being made more interactive and dialog-based in the same way as social networks and collaboration platforms. The next step is to implement a digital suggestion scheme in order to increase employee participation. For employees without a PC/laptop (blue collar) feedback boxes have been introduced at company sites.

A highlight of the involvement of external stakeholders was BENTELER's research and development: In 2016 it focused particularly on innovation management and communication. In addition to intensified communication of research results, both internally and with our customers, modern innovation methods were used in selected projects. For example, targeted use was made of "external" ideas by means of crowdsourcing. The results provide very positive examples for future collaboration with external stakeholders.



## Crowdsourcing

a highlight of the  
involvement of external  
stakeholders in 2016 in  
research and development

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