

SUSTAINABILITY UPDATE 2018

LADIES AND GENTLEMEN,

The financial success of the BENTELER Group is directly bound up with corporate responsibility – for employees, the environment, and society. We address global challenges such as climate change and urbanization through value-based governance, technical innovation, and social engagement. We actively involve our employees in this process, with the constant aim of promoting sustainable thinking and action.

We focus particularly on solutions for climate-friendly mobility, for which we invest large sums in research and development. In the automotive sector a key focus is on electrification and lightweight construction. The lightweight design of BENTELER's components, modules, and steel tube solutions helps automobile manufacturers to meet the legal requirement to reduce the CO₂ emissions of their European fleets. We draw on more than 140 years of expertise in metal processing, with materials such as hot-formed, high-strength steel, aluminum, or combinations as a multi-material mix.

With the BENTELER Electric Drive System we help our customers to manufacture production electric vehicles rapidly and cost-effectively. This series-ready platform solution for electric vehicles is an example of our overall engineering and metal processing competence. We offer our customers complete system development and program management from the concept through to the start of production, helping them to develop flexible, zero-emission mobility solutions.



From left to right: Isabel Diaz Rohr, Guido Huppertz, Ralf Göttel,
Executive Board of BENTELER International AG

Long-term, responsible value creation is of central importance for BENTELER. Together with our employees, customers, suppliers, and the local communities at our locations we make a contribution to sustainable development. To ensure our operations as transparent as possible, we publish a detailed sustainability report every two years. The present publication is a compact update for 2018, in which we summarize the key facts and figures. We adhere to the internationally recognized standards of the Global Reporting Initiative (GRI). We wish you an informative read.

Salzburg, October 2019

The Executive Board of BENTELER International AG

Ralf Göttel

Chief Executive Officer

Guido Huppertz

Chief Financial Officer

Isabel Diaz Rohr

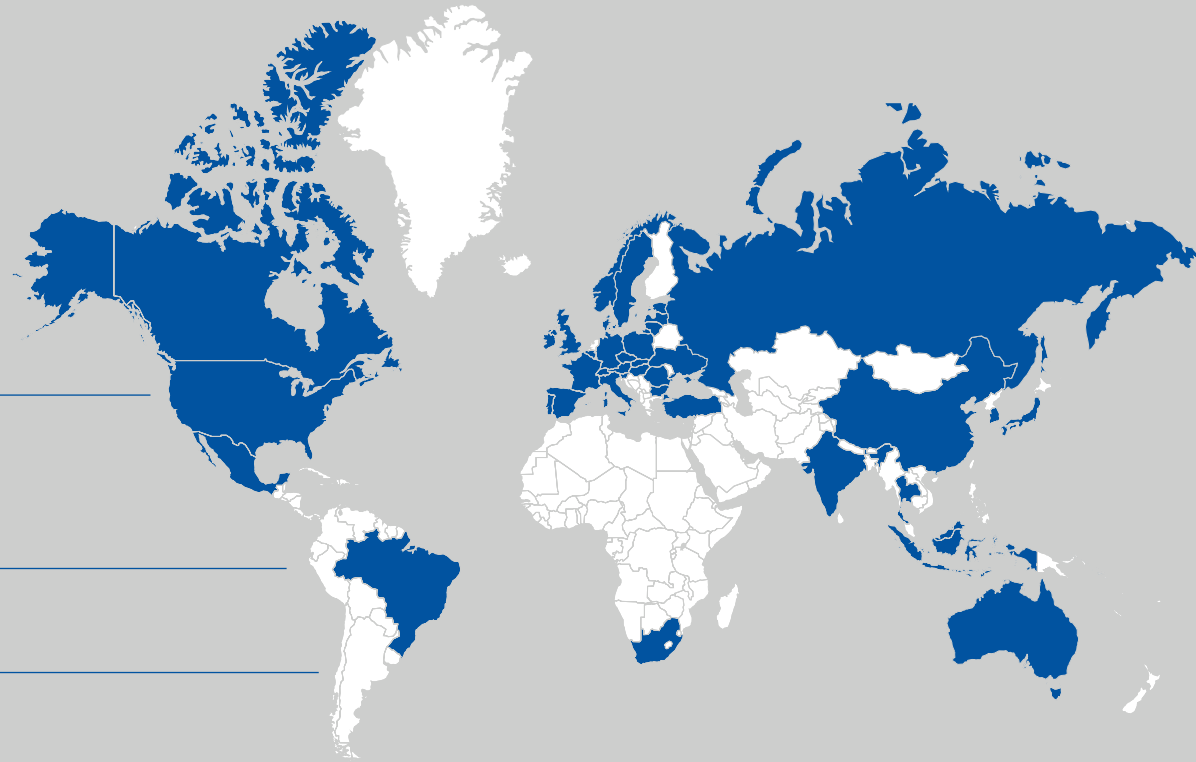
Member of the Executive Board

BENTELER OVERVIEW

Around **30,000** employees

141 locations

38 countries



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COMPANY PROFILE

BENTELER is a global company owned by the fourth generation of its founding family and serves customers in the automotive, energy and mechanical engineering sectors. As a strategically innovative partner, we design, produce, and distribute safety-related products, systems, and services.

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. Alongside BENTELER International AG, BENTELER Business Services GmbH of Paderborn, Germany, performs additional holding company functions. Our workforce of around 30,000 employees at 141 sites in 38 countries provides first-class manufacturing and sales expertise, with passion and customer focus.

VALUE ADDED STATEMENT OF BENTELER GROUP

In EUR	2016	2017	2018
Revenue	7,423,354,316	7,856,113,681	8,071,617,116
Operating expenses	-5,722,079,348	-6,085,445,277	-6,388,703,869
Wages and other operating payments	-1,501,548,660	-1,563,723,682	-1,567,934,421
Payments to investors	-62,110,678	-66,475,345	-74,421,654
Payments to the government	-26,586,626	-39,213,924	-9,009,053
Investments in the community	-83,879	-245,497*	-324,705*
Retained value	110,945,125	101,009,956	31,223,414

* Since 2017 the calculation has included both pure donations and the endowed chair in Paderborn.

FINANCIAL PERFORMANCE

We make a direct contribution to economic and social prosperity through the payment of taxes and levies. In 2018 the BENTELER Group generated revenue of €8,072 million, representing an increase of €216 million compared to the previous year. In the 2018 financial year the BENTELER Group received government investment grants amounting to €3.6 million (2017: €0.8 million).

PORTFOLIO

The BENTELER Group, with its Automotive, Steel/Tube and Distribution Divisions, is synonymous with leading-edge competence in materials, manufacturing and technology.

BENTELER Automotive is a leading global partner for the automotive industry. With around 26,000 employees and more than 70 production facilities in around 25 countries we develop tailor-made solutions for our customers: Our products include components and modules for chassis, body-in-white, and engine and exhaust applications through to modular e-mobility system solutions. We successfully implement new ideas and solutions in close collaboration with our customers in the Chassis & Modules, Structures, Engine & Exhaust Systems and Electro-Mobility Business Units.

BENTELER Steel/Tube develops and produces steel as well as seamless and welded quality steel tubes. As one of the leading manufacturers we provide solutions for customers around the world in every part of the value chain – from material development to tube applications – and even beyond it in areas such as environmentally friendly surface coatings and complex forming technology solutions, for example for airbag tubes. We thus provide tailor-made tube products for the automotive, energy and industrial markets.

BENTELER Distribution is the leading international trading partner for high-grade steel tubes and associated services. For our customers in the mechanical engineering, automotive, energy, construction and shipbuilding industries we provide tailor-made tube solutions, comprehensive first-stage processing and customized additional services. We ensure rapid, reliable supplies of steel tubes in different grades and dimensions: with Europe's largest high-bay warehouse, more than 310,000 m² of storage space worldwide, more than 50 sites in almost 30 countries and more than 100,000 tonnes of tubes in stock.

INTERNATIONAL PRESENCE

With 81 production facilities worldwide and 60 subsidiaries and stockholding companies, we offer development, production, and services on the ground, supporting our customers in every part of the value chain. In order to cater to actual demand, our production is closely integrated with that of our customers. Nine 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. BENTELER Automotive opened a new plant in China (Chongqing) and another in the Czech Republic (Kláštrec nad Ohří) during the reporting year. The production area at the Schwandorf site was also increased by approximately 50%.

The hot rolling mill in Shreveport, Louisiana, complements the BENTELER Steel/Tube portfolio. It supplies the US market with seamless tube products for oil and gas production.

Our production is geared closely to the customer's requirements: nine production facilities in the Automotive Division are even located directly on our customers' own premises and a further 31 are within a radius of less than ten kilometers.

CREATING VALUE FOR THE REGION

Our global presence and commercial activities bring a special responsibility. We take this seriously and therefore actively promote the social interests of all production locations.

The BENTELER Automotive and BENTELER Steel/Tube Divisions alone source materials, goods, and services from more than 2,800 direct and 19,500 indirect suppliers. The largest suppliers in terms of purchase volume include steel companies. The purchase volume in the reporting year amounted to more than €5,610 million. The local sourcing of raw materials, goods, and services therefore provides particular support for the development of the local communities around our locations.



We mainly purchase raw materials, goods, and services in the regions where we manufacture. A key objective is to expand regional value creation further and increase our local procurement to more than 80%.

Within a continent the proportion of expenditure paid by the BENTELER Group to local subcontractors already amounts to 87% and within a BENTELER region (e.g. Western Europe, Southern Europe, North America) the figure is around 51%. With regard to localization within a country, the figure is around 50%. 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.

Around
95%
of management
personnel worldwide
come from the region
in which they work.

The jobs we create are mainly filled locally and offer appropriate pay. 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.

SOCIAL ENGAGEMENT

As our company grows in many regions around the world, we also have a growing responsibility – for good neighborly relations and for a shared future. To give lasting shape to that future, we participate in donation and sponsorship activities in the areas in which we operate and commit particularly to projects supporting children, young people, and education. An example is the endowed chair in “Light-weight Construction in the Automotive Sector” that has been established for more than 15 years at the University of Paderborn. BENTELER thereby strengthens Paderborn as a research location and helps ensure a high level of education.

In Mexico and Brazil we provide a special training program to provide targeted support for young people of low educational attainment. In Brazil alone a total of 70 young people have completed the program up to 2018. In this way BENTELER enables young people to start a career regardless of their background and educational level.

We also support the establishment of young enterprises and promote the economic growth of the region, for example through partnerships with start-ups, with which we conduct joint projects.

It is important to us that our activities are consistent with our corporate values, brand and compliance standards and at the same time support our corporate objectives. Against this background, we updated our donation and sponsorship guidelines in 2018.

SUSTAINABLE GOVERNANCE

The commercial 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 and urbanization as challenges which we address through value-based governance, technical innovation, and social engagement.

Key in that regard are our [Guidelines and Code of Conduct](#), in which we set out the binding principles of our corporate responsibility and which we developed further at the end of 2017.

The strategic management holding company BENTELER International AG controls the processes, structures, and objectives of the global business through the central functions of HR, Compliance, Taxes, Finance and Controlling, Legal, and Insurance, as well as Communication/Marketing and Strategy. The Executive Board, as the management body, is actively supported and supervised by the Supervisory Board. The operational business is divided into the BENTELER Automotive,

BENTELER Steel/Tube, and BENTELER Distribution Divisions. Alongside BENTELER International AG, BENTELER Business Services GmbH of Paderborn, Germany, performs additional holding company functions.

CORPORATE CULTURE

As part of an internationally based family company, BENTELER strives constantly to develop a culture in which employees contribute to the company's success through courage, ambition, and respect. That requires us to think collectively in an entrepreneurial way, to take responsibility for our actions and adopt a flexible approach to change.

BENTELER guarantees an attractive working environment with flexible conditions – for example with modern working time models and the possibility of homeworking. That enables employees to reconcile professional and private demands and achieve a work-life balance.



GRI Standards

The Global Reporting Initiative allows global transparency and comparability in sustainability reporting through the application of its guidelines.



STRATEGY AND MATERIALITY

In order to continue to develop the sustainability management in the company, BENTELER worked with an external sustainability consultancy to draw up a strategic framework in 2017. All the requirements of stakeholders, regulations, the market, and current standards as well as ratings were taken into account. With the involvement of the relevant departments and decision-makers we analyzed existing structures and measures and drew up recommendations for a corresponding set of measures.

The knowledge gained from the strategy work during the reporting year was also used to update the 2016 materiality analysis. This appears on page 08 f. of the [2017 Sustainability Report](#).

RISK MANAGEMENT

As an international company BENTELER is exposed to numerous risks. Responsible handling of risks and comprehensive risk management are therefore essential components of the BENTELER Group's corporate governance. Risk management is a responsibility of the Executive Board, which reports regularly on the Group's overall risk situation to the Audit Committee and the Supervisory Board. A systematic risk management process helps management bodies identify risks at an early stage and initiate appropriate measures to prevent, avoid, or reduce the risks. Comprehensive reviews of the risk management system are regularly conducted and the governance of the Group is continually developed. The risk management was further improved during the reporting year.

Further details of the risk management system can be found on pages 21-23 of the 2018 Annual Report.

COMPLIANCE

Compliance at BENTELER concerns the obligation to maintain integrity and conduct our business in an ethical way. This means compliance with legal provisions and the fulfillment of other ethical standards and requirements set by the company itself. The latter are enshrined particularly in the [Guidelines 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 may lead 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

BENTELER itself has given a commitment in its Guidelines and Code of Conduct to prevent corruption and comply with principles of fair competition and export control regulations. These three themes are the focal points of the Compliance

Management System of the BENTELER Group. Compliance in these areas is guaranteed among other things by training, guidelines, instructions and advice and legal information. 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 Group's Executive Board. In each of the Automotive, Steel/Tube and Distribution Divisions a Divisional Compliance Officer reports directly to the respective Division management. In the Asia, South America and North America regions there are also Regional Compliance Officers. In several countries the Divisional Compliance Officers of BENTELER Automotive and BENTELER Distribution are also supported by Compliance Delegates who deal with compliance matters in addition to their actual professional duties.

BENTELER staff with responsibility for the General Equal Treatment Act were notified by named informants of three suspected cases of discrimination or inequality in 2018. All suspicious facts were investigated, but no misconduct was detected. There were also reports of possible misconduct in other areas, which were investigated individually by the Compliance Department or by Audit Department after a plausibility check.

Minor violations of limit values for wastewater were recorded at various locations in 2018. These did not give rise to fines. As a matter of principle the causes of all anomalies are identified and corrective measures are taken. Resources and investments are being targeted to prevent identical or similar cases in the future. All incidents are disclosed to other locations around the world so that they can run checks based on the knowledge gained.

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, checklists, 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

No proceedings were brought against BENTELER relating to corruption, anti-competitive behavior or anti-trust and monopoly practices. Accordingly no fines or non-monetary penalties were imposed.

Grievances relating to possible compliance violations, any negative environmental or social impacts of BENTELER's business activities or in relation to breaches of the company's own Code of Conduct can be reported by e-mail to compliance@benteler.com. The contact function on the BENTELER website offers an anonymous means of reporting suspected violations. The presence and prominence of the Compliance Officers means that comments and complaints are usually directed – in person, by telephone, or by e-mail – to the respective Compliance Officers. A number of reports were received through various channels during the reporting period. All tip-offs were reviewed and further steps were taken if necessary.

6,177
employees have taken part in an anticorruption training course by e-mail.

BENTELER offers specific trainings to promote a uniform understanding of compliance across the Group. By the end of 2018, 1,185 employees had completed the basic internal course and 1,810 had completed a refresher course in 'Anticorruption training by e-learning'. In addition 399 employees took part in classroom training. A combination of e-learning, subdivided into a basic course and a refresher course, and classroom training is also provided on cartel and competition law. By the end of 2018, 2,194 employees had completed the basic course and 1,929 had completed the refresher course. A further 87 employees took part in classroom training on this theme. The participants also included all members of the Executive Board as well as managers and employees operating in potentially critical areas such as sales or purchasing. Training on export controls was provided worldwide by e-learning for the first time during the reporting year. 1,961 employees completed the training successfully, and 132 employees took part in classroom training.



All compliance bodies fulfil the primary tasks of prevention, detection, and response.

SUSTAINABLE PROCESSES

As an international company, the BENTELER Group fulfills its responsibility for designing sustainable products and processes and thereby protecting the environment. Preservation of resources is an established business practice and as a corporate objective ranks on a par with the highest quality and safety standards.

We assess our products from the use of raw materials and product development, production, and use of the product right through to disposal and recycling, so as to ensure sustainable value creation. We actively involve our employees in this process. Our objective is to promote environmentally aware thinking and action throughout the value chain. Our [Guidelines and Code of Conduct](#) form the basis for the pursuit of this objective.

In order to guarantee effective protection of resources and the environment at our sites, all BENTELER Automotive production sites and the European BENTELER Steel/Tube production facilities have certified environmental and/or energy management in accordance with ISO 14001:2015 or ISO 50001.

ENVIRONMENTAL MANAGEMENT

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 always pursue more efficient production processes and develop sustainable technologies in close cooperation with our customers.

The high-performance products and services of BENTELER Automotive, BENTELER Steel/Tube and BENTELER Distribution are used in numerous sectors. In many cases they help our customers to reduce their own environmental footprint. All BENTELER products have two core characteristics in common: extremely high quality and above-average longevity.

In everyday business practice, environmental protection is a responsibility of all teams and locations in the BENTELER Group. The range of industrial responsibilities includes aspects such as water protection, emission controls, and waste management, as well as energy management and emissions trading.

MATERIALS

Steel and aluminum represent the largest proportion by weight of the raw materials used at BENTELER Automotive, at around 83% and 14% respectively. Carbon and additional purchased parts make up around 3%.

Steel and alloys account for the largest proportion by weight of the raw materials used at BENTELER Steel/Tube, at around 97% and 1% respectively. Additional purchased parts make up around 2%.

With regard to materials BENTELER places focuses particularly on the theme of recycling (see Recycling on page 16).

BENTELER Steel/Tube has expanded the digitization of processes in order management, enabling us to save up to three tonnes of paper per year.

ENERGY

We use various sources of energy for our production, such as electricity, natural gas, district heating, and diesel. BENTELER uses a certified 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 2018.

In order to reduce energy consumption and hence the associated emissions, efficiency and resource conservation are key components of the integrated transport logistics at BENTELER. This is based on standard processes applied worldwide, setting out conditions for collaboration with logistics service providers. The transparency of all logistics processes is guaranteed by a system-supported transport management solution. Combined transport – for example by rail and ship – can be used where appropriate. Emissions-intensive air freight must be excluded as far as possible through the use of clear, straightforward processes.

Total energy consumption at BENTELER Automotive amounted to 1,124,275 MWh in 2018, representing a fall of 1% compared to 2017.

Due to price reductions, new start-ups and changes to plant capacity usage, added value did not change to the same extent as energy consumption. As a result energy intensity increased by 3%. The result for BENTELER Automotive is an energy intensity of 640.1 MWh per million euros of added value.

BENTELER Automotive introduced a number of projects in 2018 aimed at increasing energy efficiency. An example was the optimization of the tooling parameters of the hydropresses. Annual savings of over 500 MWh were thus achieved at the Schwandorf production facility.

ENERGY CONSUMPTION OF BENTELER AUTOMOTIVE

	2016	2017	2018
Natural gas (MWh)	408,121	521,008	520,740
Electricity (MWh)	587,496	606,154	603,535
Total (MWh)	995,617	1,127,162	1,124,275
Energy intensity* (MWh/€ million)	545.0	621.6	640.1

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

Total energy consumption at BENTELER Steel/Tube was almost unchanged compared to 2017, amounting to 1,211,689 MWh in the reporting year. The energy intensity, at 0.97 MWh per tonne of production, is at the same level as in the previous year.

BENTELER Steel/Tube is taking various measures to increase its energy efficiency. These measures extend from process optimization and thermal insulation measures in the building area through to improved light technology by means of a gradual switch to LED technology.

A project was completed to supply heat to the city of Paderborn in 2019. The city has been supplied with process heat from the steel tube plant in the Schloss Neuhaus district since March 2019. As part of the "Klima-Expo.NRW" initiative the North Rhine-Westphalia regional government commended BENTELER's exemplary commitment to climate protection.

ENERGY CONSUMPTION OF BENTELER STEEL/TUBE*

	2016	2017	2018
Natural gas (MWh)	615,966	633,179	648,166
Electricity (MWh)	509,336	575,906	563,523
Total (MWh)	1,125,302	1,209,085	1,211,689
Energy intensity (MWh/tonne)	1.918	0.965**	0.973**

* European Steel/Tube locations

** With effect from 2017 the energy intensity is determined on the basis of the total production volume in tonnes, excluding the measured volume of tube and cold-rolled steel and excluding third-party sales of billets.

EMISSIONS

All measures taken to reduce energy consumption have an equal effect on environmentally relevant emissions. The CO₂ 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 CO₂ equivalents using the emission factors provided by the German Association of the Automotive Industry (VDA). The calculation relates to the organizational units of BENTELER Automotive and BENTELER Steel/Tube plants and their limits. It is based on the total values for gas consumption, electricity consumption and the district heating energy requirement.

In 2018 BENTELER Automotive implemented a metric based on the absolute CO₂ emissions in metric tonnes. In the subsequent years reduction targets can thus be defined and corresponding measures implemented. As a result of a shift in energy consumption and adjustments to supply contracts, the CO₂ emissions rose on a net basis compared to the previous year and amounted to 474,955 tonnes of CO_{2e} in 2018 (2017: 457,464 tonnes).

Since the beginning of 2019 the BENTELER site at Kleinenberg has been connected to the local Asselner Windpark in Lichtenau. The production facility thus meets part of its electricity requirement from wind power, improving its CO₂ balance.

CO₂ EMISSIONS OF BENTELER AUTOMOTIVE

	2016	2017	2018
Scope 1 (t CO ₂)	82,357	105,006	106,204
Scope 2 (t CO ₂)	336,467	352,458	368,751
Total (t CO₂)	418,824	457,464	474,955
CO ₂ intensity* (t CO ₂ /FTE)	19.6	20.6	20.9

* CO₂ emissions relative to the number of employees in full-time equivalents (FTEs).

CO₂ EMISSIONS OF BENTELER STEEL/TUBE

	2016	2017	2018
Scope 1 (t CO ₂)	150,215	154,486	153,833
Scope 2 (t CO ₂)	185,908	276,475	436,868
Total (t CO₂)	336,123	430,961	590,701
CO ₂ intensity* (t CO ₂ /FTE)	0.573	0.344*	0.474*

* With effect from 2017 CO₂ emissions are determined on the basis of the total production volume in tonnes, excluding the measured volume of tube and cold-rolled steel and excluding third-party sales of billets.

The rise in scope 2 emissions at BENTELER Steel/Tube is primarily due to a change in the electricity supplier, which has used a significantly higher conversion factor compared to the preceding years. The next adjustment to the conversion factor is due in November 2019.

WATER AND EFFLUENTS

The BENTELER Group acknowledges its responsibility to preserve resources. Water is a key factor and also plays a crucial role in safe production processes. A particular focus is on countries such as South Africa, which is experiencing severe droughts. BENTELER uses water recirculation at a number of sites to reuse water in production processes. Wastewater is purified and then returned to the process water, reducing water extraction as well as costs. BENTELER monitors and analyzes water consumption at all its sites.

A large proportion of the wastewater arises as a result of contamination or mixing with other media such as hydraulic, greasing, or lubricating oil, as well as dirt. It is therefore purified in wastewater treatment plants such as vacuum evaporators, centrifuges, or a chemical-physical waste treatment plant. That minimizes the waste and enables the treated water to be used in production or returned to the public system.

BENTELER Steel/Tube uses state-of-the-art recirculation systems to provide water for cooling and rinsing processes. Process and cooling water is used several times and purified by in-house treatment plants so that it can be returned in the highest quality to the environment.

BENTELER Automotive consumed 2,256,336 m³ of water (drinking water and process water) in its production facilities in 2018. Differentiated analysis methods are being devised to allow better comparison of consumption at specific plants in future.

BENTELER Steel/Tube consumed 299,463 m³ of water (drinking water) in the reporting year. Where possible process water is used in closed-loop systems in production processes, to ensure that water is used as efficiently as possible.



WASTE AND RECYCLING

Waste from BENTELER's production activity is continuously recorded and analyzed. Identified optimization potential is discussed, prioritized, and implemented in decentralized, theme-based committees such as the occupational safety, environmental or energy teams.

BENTELER draws a distinction between waste for recycling, reuse, and landfill. Hazardous waste arises, for example, due to painting work carried out during production. The fundamental goal is to reduce all waste as far as possible. Waste assessments are also part of the annual management audit in accordance with ISO 14001.

BENTELER concentrates on closing cycles. The steel and aluminum components produced by BENTELER are 100% recyclable. The Steel/Tube Division's own electro-steel plant processes only scrap steel and thus makes a substantial contribution to the circular economy.

The total volumes of waste at BENTELER Steel/Tube also include fractions that originate not only from regular production but also from conversion and dismantling operations. In addition, since 2018 the waste from the BENTELER Steel/Tube plant in Shreveport, USA, has also been included in the balance sheet. This factor and production increases have an impact on the total volumes.

BENTELER AUTOMOTIVE WASTE

	2016	2017	2018
for landfill (tonnes)	5,925	6,418	6,378
for recycling and reuse (tonnes)	143,073	119,595	110,264
Total waste (tonnes)	148,998	126,013	116,642

BENTELER STEEL/TUBE WASTE

	2016	2017	2018
for landfill (tonnes)	4,100	2,183	4,235
for recycling and reuse (tonnes)	36,918	44,163	52,303
Total waste (tonnes)	41,018	46,346	56,538

Around
95%
of the total waste
was recycled and
reused.

SUSTAINABLE PRODUCTS

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

BENTELER invests large sums in research and development to reduce the impact of mobility on the climate. In the automotive sector we focus particularly on electrification and lightweight construction on behalf of customers. BENTELER produces battery trays for production electric vehicles on behalf of several renowned automobile manufacturers and thus makes a key contribution to the continued development and growth of e-mobility.

CLIMATE-FRIENDLY AUTOMOTIVE TECHNOLOGY

An example in the field of e-mobility is the BENTELER Electric Drive System 2.0 (BEDS) in the Automotive Division, a series-ready platform solution for electric vehicles. We showcased this for the first time at Auto Shanghai, China's leading

BENTELER invested
€96 million
 in research and
 development in 2018.

automotive trade show, in April 2019. The BENTELER Electric Drive System 2.0 is the result of the continued development of the first prototype, which BENTELER presented in 2017. It is scalable for different vehicle segments and includes tested and validated crash management as well as optimized axle systems for high drive comfort and handling. All interfaces with the bodywork are optimally coordinated. BENTELER offers complete system development and program management from the concept through to the start of production – providing its customers with flexible, zero-emission mobility solutions.

Development in 2018 was focused on the lightweight construction, particularly in the e-mobility area, where we conducted research on connection technology for hybrid structures. Other notable products include our innovative solutions for battery trays, such as the folded battery tray. This is a particularly light and modular product that can be adapted to any battery size. As part of the EU-backed "Alliance" project we worked with vehicle manufacturers on hybrid crash structures and innovative lightweight structures for vehicle doors.

With their lightweight construction BENTELER's components and modules help automobile manufacturers to meet the strict legal requirement to reduce the CO₂ emissions of their European fleets to 95 grams of CO₂/km by 2020. We draw on our experience with various materials, such as hot-formed high-strength steel and aluminum – or combinations as a multi-material mix. For example, innovative lightweight steel tube solutions from BENTELER Steel/Tube enable customers to

achieve weight savings of up to 35% across a range of components. For special components we use tubes with variable internal diameters: These save a further 15% of component weight in the vehicles.

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. In order to achieve the maximum degree of safety, the analysis of the product 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. The improved crash characteristics are achieved through targeted heat treatment. For the partial steel tempering process, BENTELER Automotive also has a patented technology for increased passenger safety.

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.

With the BAH120plus® material BENTELER Steel/Tube is supporting a large German utility vehicle manufacturer in the field of crash management. The combination of the two material characteristics of weldability and strength considerably reduces the weight of the roll cage and at the same time improves the crash performance.

All BENTELER Automotive and BENTELER Steel/Tube sites that manufacture products for automotive use are certified in accordance with the requirements of ISO/TS 16949 and have been prepared for the switch to the new IATF 16949 standard. We also carry out quality controls during production and check production quality constantly.

PROTECTION OF CUSTOMER DATA

Protection of information is an integral part of the management system at BENTELER. Particularly in the context of digitization and the development of autonomous driving, data are an increasingly important and precious asset for BENTELER Automotive in terms of added value.

As a result of the implemented processes and thanks to active technical experts, no customer data has so far knowingly been stolen or otherwise damaged. In addition, no complaints were received with regard to the privacy of third parties or data protection violations.



SUSTAINABLE RELATIONSHIPS

The success of the BENTELER Group is based on active, long-term relationships with customers, employees, suppliers, the works council, and the local community at the locations.

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. In addition to fierce competition the current challenges include increased internationalization of the business, changing market conditions, and an increasingly changeable economic environment.

WORKFORCE

On average over 2018, BENTELER had 28,578 FTEs (full-time equivalents) worldwide, 623 more than in the previous year. In the Automotive Division, the average workforce (in FTEs) rose by 543 to 22,734. In the Steel/Tube Division, the average number of employees rose by 109 FTEs compared to the previous year to 3,810 FTEs. In the Distribution Division, the average number of employees rose by 43 to 1,501 FTEs in 2018. The average number of employees in the other companies (including holding companies) amounted to 533 FTEs in 2018, representing a reduction of 72 FTEs compared to the previous year.

In order to promote our employees, we worked in 2018 on the further expansion of professional talent management, for which existing processes and tools were further professionalized and new programs were developed and expanded. While HR management plays a key role in implementation, our managers ultimately have shared responsibility for successful talent management. Once again during the

year we raised their awareness of this important task and offered them appropriate preparation through a wide range of events and formats. Our objective remains to fill as many positions as possible internally.

The turnover rate of employees and apprentices leaving voluntarily stood at 8.0% at BENTELER Automotive, 8.3% at BENTELER Steel/Tube, and 7.4% at BENTELER Distribution in 2018. The figures exclude contract workers.

PRODUCTIVE EMPLOYEES OF BENTELER

in FTE ¹	2015	2016	2017
Total	27,917	27,955	28,578

¹ FTE: Full-time equivalent including contract workers; average value on 12-month basis

EMPLOYEE REPRESENTATIVE BODIES

Codetermination has traditionally been a high priority at BENTELER. Representative groups such as the general works council in Germany or the European works council have worked with the management on a respectful and constructive basis for many years. The cooperation results in regular, trust-based exchanges that contribute to the future viability of the company. It is based on the legal requirements that apply around the world. 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). Employee representatives are informed promptly and comprehensively about important operational changes. All legal information obligations are complied with.

BENEFITS FOR EMPLOYEES

We offer our employees competitive rates of pay. In addition to basic salary this includes the usual market bonus and a range of fringe benefits, depending on the grouping. The system of global job levels involves a uniform global assessment and grading of key professional tasks and regulates pay and contractual fringe benefits. The fringe benefits include a company pension, entitlement to the use of a company car as well as health and other insurance benefits.

DIVERSITY AND EQUAL OPPORTUNITIES

The way we treat all employees is based on respect. Nobody should be personally discriminated against – neither because of national origin, skin color, gender, religion, handicap nor lifestyle. We also respect the need to achieve a better work-life balance for women and men. BENTELER therefore supports flexible working hours, the possibility of part-time employment, or use of the company's own child day care center. Numerous additional fringe benefits are focused on the needs of employees and on the particular site and employment relationship concerned. In Spain, for example, childcare costs are funded as part of a 'flexible benefit system', whereby employees can choose between various tax-exempt or tax-privileged

fringe benefits within a remuneration conversion model. BENTELER guarantees equal opportunities by applying a gender-neutral assessment system and fair remuneration. Additional local requirements are taken into account in some countries. In Spain, for example, it is mandatory to have an "Equality Plan" for plants with more than 250 employees. For some of our Spanish plants we therefore explain the measures taken to ensure equal treatment in this plan.

BENTELER AUTOMOTIVE EMPLOYEES AND MANAGERS BY EMPLOYEE CATEGORY, GENDER, AND AGE IN PERCENT IN 2018

	Managers		Employees (excluding managers)	
	Women	Men	Women	Men
Under 30	5.3	3.12	24.25	22.17
30 – 50	78.41	73.18	59.75	57.47
Over 50	16.29	23.71	16.01	20.36

In 2018 the Executive Board had three members, including one woman.

EDUCATION AND TRAINING

The global market is characterized by growing competitive pressure and an increasingly changeable economic environment. We are convinced that we can only meet these and all future challenges and pursue our growth course with highly trained employees. We therefore invest systematically in the continuing development of our employees.

BENTELER Automotive has a global network of internal trainers on themes such as finance, logistics, project management, quality, and information technology. In addition, the internal cross-division purchasing academy started operating in 2018. With individually adapted trainings it will help employees move into employment in the company and, at the same time, help BENTELER to build up, retain, and develop in-house knowledge.

In this regard it is important that the individual strengths of the employee are recognized and promoted. BENTELER therefore provides tailored courses that enable employees and managers to exploit their professional potential to the full. Employees and managers take part in regular feedback discussions to develop tailor-made education and training.

OCCUPATIONAL HEALTH AND SAFETY 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. We have also integrated this approach in our [Guidelines and Code of Conduct](#): "Everyone must ensure that the health and safety of all employees is guaranteed."

To meet this requirement, BENTELER has implemented a worldwide occupational health and safety management system, which is regularly subjected to internal audits. All production facilities in the Western Europe region underwent external certification in accordance with OHSAS 18001 in 2018.

At BENTELER Distribution global safety standards (GSS) have been developed and introduced in the major organizations in Germany, Great Britain, Sweden, and

Switzerland since 2015. This internal standard is focused on the requirements of OSHAS 18001 as well as the new ISO 45001 standard. Further implementation, particularly in the countries of Eastern Europe, is planned for 2019/20.

BENTELER Steel/Tube also uses a management system that draws heavily on existing standards.

BENTELER ACCIDENT FIGURES

	2016		2017		2018	
	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents
BAT	4.4	203	3.6	193	4.8	224
BST	9.9	66	8.4	57	7.6	55

* per million working hours

BENTELER Automotive has taken numerous technical and organizational measures to protect employees. In addition, all employees are given training on possible hazards as soon as they join the company. More extensive measures include, for example, personal protection equipment that is made available free of charge to employees.

The employees and their representatives also make direct improvements to occupational safety in our plants. They are encouraged to report unsafe jobs and practices and to proactively suggest improvements. They can do this by taking part in the suggestion scheme, compiling hazard assessments or carrying out incident and accident investigations.

SUPPLIER RELATIONS

BENTELER expects its suppliers to comply with the same social and environmental standards as those to which it is committed. This attitude is embedded in our [Supplier Code of Conduct](#) and thus forms the basis for contracts with suppliers.

As an international company BENTELER is committed to upholding human rights in the company and in the supply chain. We have therefore undertaken to develop, maintain, and improve the appropriate systems and processes. The way we do that is set out in the [BENTELER Modern Slavery Statement](#), which can be inspected on the company's website.

Having regard to the size of our purchasing budget and the importance of close partnerships with our customers, systematic supplier management is crucial. Our business partner assessment therefore includes checks to ascertain whether any 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 means of this survey we communicate the importance of integrated environmental management to our suppliers. Such certificates have been recorded for 22% 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 stakeholders is very important to us in order to understand their needs and constantly improve our performance. Our aim is to shape the future of our company in cooperation with all stakeholder groups.

The following groups are of particular importance to BENTELER:

- › Customers
- › Employees
- › Trade unions/Works councils
- › Potential new employees
- › Suppliers
- › Press
- › Local communities at our locations

The Group-wide communication strategy defines the target groups and themes of the communication as well as appropriate communication channels.

The aim of the internal communication is to achieve transparency for the BENTELER employees and strengthen their bond with the company. 2018 saw the introduction of the "Business Update" dialog-based communication format, in which the Executive Board talks directly to the workforce, in some cases by video message. This enables it to provide regular information on the market and the company's position. This provides better guidance in a fast-changing market and forms the basis for agility and long-term corporate success. Since May 2018 the redesigned Intranet has provided a much more interactive and communicative platform for our employees.

The overarching objective of the external communication is to further develop brand awareness among all relevant target groups. To this end a comprehensive digital strategy has been in place since 2018, involving greater use of the existing online media and the addition of more channels.

Wherever we operate, we exchange information regularly with local communities on themes relevant to the company, economic development or current social issues. The departments engage in a dialog with stakeholder groups through various committees, associations, specialist groups, or press releases.

Stakeholders engaged in dialog with BENTELER in various ways in 2018: Employees can suggest improvements with regard to ergonomics, safety, processes, and the environmental friendliness of their workplace by means of the BENTELER suggestion scheme. A total of 12,240 suggestions were received through the company BENTELER Automotive suggestion scheme in the reporting year. The implementation of the suggested improvements not only made our jobs safer and environmentally friendlier, but also enabled BENTELER Automotive to save around €1,270,000 in the same year, less bonuses for the suggestions. Employees in the German, British, Belgian, and Eastern European plants are currently able to submit suggestions through the central system. There are plans to further optimize the suggestion scheme, introduce it into other regions and implement new software.



REPORT PROFILE

ABOUT THE REPORT

This Sustainability Update 2018 was published in October 2019. It is based on the standards of the Global Reporting Initiative. The reporting period is the 2018 financial year, which is the same as the calendar year. The most recent comprehensive [2017 Sustainability Report](#) was published in December 2018. Where qualitative or quantitative information applies only to a particular Division, this has been stated accordingly. Calculation corrections may occasionally require amendments to be made retrospectively to the previous year's figures.

The report covers 112 fully consolidated companies. Where figures do not (yet) apply to the Group as a whole, this has been stated accordingly. Detailed information and changes relating to the scope of consolidation can be found on page 52 of the [2018 Annual Report](#).



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