

SUSTAINABILITY REPORT 2017

LADIES AND GENTLEMEN,

Global challenges such as climate change and urbanization demand solidarity and a value-based management – something which BENTELER has embodied for more than 140 years. As a fourth-generation family company we maintain a strong position in a fast-changing market with a spirit of innovation and agility. Together with our employees, customers, suppliers and the local communities at our locations we make an important contribution to sustainable development – and combine economic growth with corporate responsibility.

A key feature of our operations is the BENTELER Code of Conduct, which was developed further in 2017 and sets out the key aspects of our corporate responsibility for all employees in the form of mandatory requirements. Our corporate values of courage, ambition and respect are embedded in our policies. They form the basis for a performance-oriented corporate culture characterized by mutual appreciation. BENTELER also developed a strategic framework during the reporting year in order to adapt the company's sustainability management to the current environment. The requirements of stakeholders, regulations, the market, current standards and sustainability ratings were taken into account. With the involvement of the relevant departments and decision-makers we analysed existing structures and drew up recommendations for a corresponding set of measures.

We work jointly with customers to develop concepts for tomorrow's mobility, constantly improving our processes and products. We also develop system solutions, for example in the field of e-mobility. Key to this are technologies that contribute to energy efficiency and climate protection. During the reporting year, for example, we unveiled a comprehensive system for electric vehicles at Auto Shanghai, China's leading motor show. The system with integrated chassis, battery tray, safety structures and heat management offers customers a climate-friendly solution for emission-free mobility.



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

Long-term, sustainable value creation is of central importance for BENTELER. In addition to systematic sustainability management this also includes comprehensive reporting. The present report presents a transparent picture of our sustainability performance. In accordance with the standards of the Global Reporting Initiative (GRI) it comprises all the relevant facts and figures for the 2017 financial year. We wish you an informative read.

Salzburg, December 2018

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

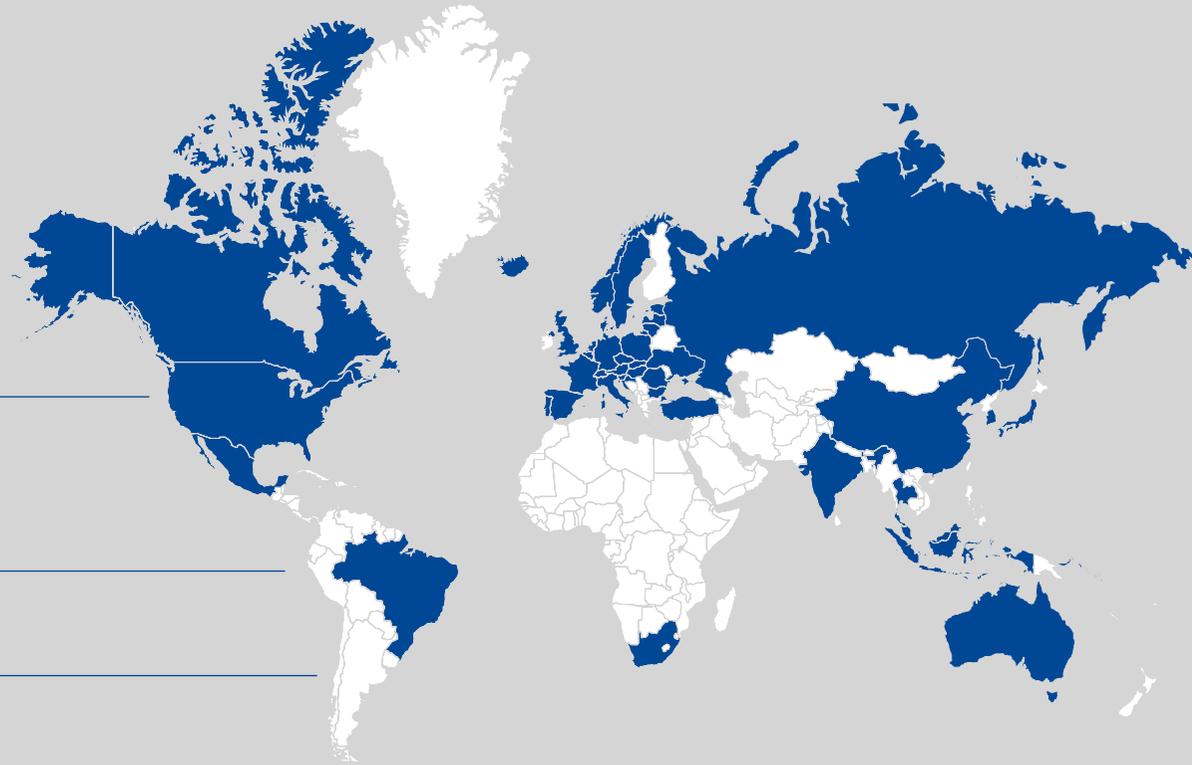


BENTELER OVERVIEW

30,000 employees

144 locations

39 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 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 30,000 employees at 144 locations in 39 countries offer first-class manufacturing and distribution competence, with passion and customer focus.

VALUE ADDED STATEMENT OF BENTELER GROUP

In EUR	2015	2016	2017
Revenue	7,597,651,188	7,423,354,316	7,856,113,681
Operating expenses	-5,958,264,832	-5,722,079,348	-6,085,445,277
Wages and other operating payments	-1,483,836,557	-1,501,548,660	-1,563,723,682
Payments to investors	-60,579,989	-62,110,678	-66,475,345
Payments to the government	-27,770,229	-26,586,626	-39,213,924
Investments in the community	-99,557	-83,879	-245,497*
Retained value	67,100,024	110,945,125	100,759,956

* 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 2017 the BENTELER Group generated revenue of €7,856 million, representing an increase of €433 million compared to the previous year. Adjusted for currency effects, revenue increased by €487 million or 6.6% above the previous year. In the 2017 financial year the BENTELER Group received government investment grants amounting to €0.8 million (2016: €0.2 million).

PORTFOLIO

The BENTELER Group, with its Automotive, Steel/Tube and Distribution Divisions, is synonymous with leading-edge competence in material, manufacturing and technology. With technological excellence and effective implementation we develop solutions that make a difference – for customers, employees and society.

BENTELER Automotive is the strategic development partner for the world's leading automobile manufacturers. 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 system solutions and modules for chassis, body,



engine and exhaust systems as well as systems for electric vehicles. We successfully implement new ideas and solutions in close collaboration with our customers in the following Business Units:

- › CHASSIS & MODULES: Lightweight optimized suspension components made of different materials as well as the design and assembly of highly complex modules
- › ENGINE & EXHAUST SYSTEMS: Powertrain systems and components to reduce emissions
- › STRUCTURES: Lightweight solutions for vehicle structures in steel and aluminum
- › E-MOBILITY: Complete, lightweight optimized system solutions for electric vehicles
- › MECHANICAL ENGINEERING: Innovative machines, systems and tools for the automotive industry
- › GLASS PROCESSING EQUIPMENT: Glass processing systems for the architecture, automotive and technical glass segments
- › LIGHTWEIGHT PROTECTION: Development and production of protective solutions for a range of customer and market segments

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. In that way we provide tailor-made tube products for the automotive, energy and industrial markets.

BENTELER Distribution is the international trading partner for high-grade steel tubes and associated services. For our customers in the automotive, hydraulics, energy, construction and shipbuilding industries we provide tailor-made tube solutions, comprehensive first-stage processing and customized additional services – from project support through to manufacture. We do so rapidly, reliably and globally. This is made possible by over 100 years of material expertise, combined with our global sales and logistics network comprising more than 50 locations in almost 30 countries.

INTERNATIONAL PRESENCE

The leading automobile manufacturers worldwide put their trust in the products and services of BENTELER Automotive. We develop and implement innovative ideas in close collaboration with our customers and along the entire value chain. In order to cater to actual demand, our production is closely integrated with that of our customers.

With 83 production facilities worldwide and 61 subsidiaries and stockholding companies, we offer development, production and services on the ground. Nine production facilities in the Automotive Division are even located directly on customers' own premises and a further 30 within a radius of less than ten kilometers. BENTELER Shenyang doubled its floor space in 2017 and is now the largest Just-in-Sequence (JIS) plant in the Asia-Pacific region. A new module plant in São Caetano do Sul, Brazil, also entered production in July. The first expansion and modernization of production capacities in the US was also completed at the Spartanburg site in October 2017.

With the new, state-of-the-art hot rolling mill in Shreveport, Louisiana, BENTELER Steel/Tube has established itself as an international partner in the steel tubes market. The plant supplies the US market with special seamless tube products for oil and gas production.

BENTELER Automotive also has a global network of internal trainers on a wide variety of themes such as finance, logistics, project management, quality, and information technology. In addition, 2018 the internal cross-division purchasing academy started operating.

Our production is focused closely on our customers. To achieve that, nine production facilities are located directly on customers' own premises and a further 30 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 15,400 indirect suppliers. The largest suppliers in terms of purchase volume include steel companies. The purchase volume in the reporting year amounted to more than €5,290 million. The local sourcing of raw materials, goods, and services therefore provides particular support for the development of the local community around our locations.

We mainly purchase raw materials, goods and services in the regions where we manufacture. A key objective is to further consolidate the regional value creation 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 approaching 87% and within a BENTELER region (e.g. Western Europe, Southern Europe, North America) the figure is around 62%. With regard to localization within a country, the figure is over 53%. 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.



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 locations 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 “Lightweight 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. We also support the establishment of young enterprises and promote the economic growth of the region, for example through partnerships with young enterprises and 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 with 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 updated in the reporting year.

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, Tax, Finance and Controlling, Law, 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. In addition to BENTELER International AG, BENTELER Business Services GmbH of Paderborn carries out additional holding company functions.



GRI Standards

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

The new composition of the Executive Board was decided on at the end of 2016. After 25 years at the helm of the company Hubertus Benteler moved to the Supervisory Board on April 1, 2017. The successor and new chairman of the Executive Board is Ralf Göttel, the former chairman of the Management Board of BENTELER Automotive. The successor to Boris Gleißner as Chief Finance Officer since February 1, 2017 is Guido Huppertz, formerly Executive Vice President Corporate Finance, Controlling and Accounting at BENTELER International AG. Isabel Diaz Rohr remains a member of the Executive Board.

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 during the reporting year. 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 analysed existing structures and measures and drew up 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. The key themes are:

- › Compliance
- › Data protection
- › Diversity and equal opportunities
- › Economic impacts
- › Education and training
- › Emissions
- › Employee relations
- › Occupational health and safety
- › Social engagement
- › Sustainability in the supply chain
- › Raw materials
- › Waste and Recycling
- › Road safety

RISK MANAGEMENT

The business activity of the BENTELER Group inevitably entails risks. Responsible management and close control of risks is a key element of the company's management. The primary aim is to take full advantage of all business opportunities while keeping risks constantly under control. Through our group-wide risk management system we limit all identified key risks. Appropriate precautionary measures were taken for residual risks. Comprehensive reviews of the risk management system are regularly conducted and the governance of the group is continually developed.

Each month, all Divisions report on their financial performance and highlight opportunities and risks that may affect planned results and future developments. An aggregate risk status report is also submitted to the management bodies every six months. Further details of the risk management system can be found on [pages 19–22 of the 2017 annual report](#).

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.

So that each person can give his or her best, 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.

Responsible handling of resources, compliance with local laws and respect for regional characteristics are a natural part of our operations. We are also proud to make a contribution in the areas in which we operate. As well as providing economic stimulus through the due payment of taxes and levies, this mainly involves international training and educational opportunities through to social engagement in the locations in which we operate.

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 fulfilment 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 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. Antitrust law and competition law
4. Corruption, gifts and benefits
5. International trade
6. Environmental protection
7. Data protection
8. Relationships with business partners

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

- › Cartel and competition law
- › Anti-corruption
- › Export controls



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

BENTELER itself has given a commitment in its guidelines 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. 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 who report directly to the regional management. 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. This organizational structure helps us not only to implement the compliance program of the BENTELER Group, but also to resolve all doubtful cases.

BENTELER offers specific trainings in order to promote a uniform understanding of compliance across the Group. By December 2017, 2,427 employees had completed the basic internal course and 3,750 had completed a refresher course in 'Anticorruption training by e-learning'. In addition, 87 classroom-based training courses were organized. The figures include managers and all members of the Executive Board. The latter also completed a classroom training course. The same applies to employees working in potentially critical areas, such as sales and purchasing. A combination of e-learning, subdivided into a basic course and a refresher course, and classroom training is also provided in the field of cartel and competition law. By the end of 2017, 1,439 employees had completed the basic course and 767 had completed the refresher course. There were also 98 classroom training courses on the subject.

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

6,177
employees received anti-corruption training by e-learning and 87 classroom training courses were also provided.

The Compliance department was notified of 10 suspicious cases at BENTELER Automotive in 2017. Eight tip-offs were received from known internal informants. One was submitted anonymously. One came from a known external informant, but who was acting as a messenger for a known employee. The large number of non-anonymous reports demonstrates the trust among employees in the BENTELER Group's compliance management system. All suspicious facts were investigated. Actual misconduct was identified in five cases and appropriate disciplinary measures were taken.

Minor violations of limit values for wastewater were recorded at various locations in 2017. These did not give rise to fines. The causes of all anomalies were identified in principle and corrective measures were taken. Resources and investments are being targeted to prevent identical or similar cases in the future. All events are made known to other locations around the world so that they can run checks based on the knowledge gained.

Grievances relating to possible compliance violations, any negative environmental or social impacts of BENTELER's business activities or in relation to acts contrary to 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 e-mail – to the respective Compliance Officers. No reports were received by this method during the reporting period.

SUSTAINABLE PROCESSES

As an international company, the BENTELER Group fulfils its responsibility for designing sustainable products and processes and thereby protecting 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 the development, production, and use of the product right through to disposal and recycling. 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. For example, as part of the BENTELER Automotive environmental policy we undertake among other things to comply with agreed customer requirements and to continuously improve the effectiveness and efficiency of our processes.

We guarantee effective environmental and resource protection by means of environmental management in accordance with ISO 14001 and/or energy management in accordance with ISO 50001. All BENTELER Automotive production locations and the European BENTELER Steel/Tube plants have been certified accordingly.

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 are always pushing ahead with more efficient production processes and developing sustainable technologies 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.

In order to guarantee effective protection of the environment and resources at our locations, all BENTELER Automotive production locations and the European BENTELER Steel/Tube plants have certified environmental and/or energy management in accordance with ISO 14001 or ISO 50001. At BENTELER Automotive work started in 2017 on certification of the environmental management system in accordance with ISO 14001:2015.

In everyday business practice, environmental protection is a responsibility incumbent on all teams and locations in the BENTELER Group. The range of industrial responsibilities includes aspects such as water protection, emission controls, waste management, and hazardous materials transportation, 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 96% and 1% respectively. Additional purchased parts make up around 3%.

The Division's own electro-steel plant processes only scrap steel and this 100% recycling makes a substantial contribution to sustainability. Furthermore, the by-products of steel production such as steel slag are processed into high-quality construction materials for roadbuilding – further relieving pressure on the environment through the preservation of natural resources.

The proportion of recycled materials in the procurement volume is not currently recorded. BENTELER concentrates on enabling cycles to be closed. An EU directive applying to the automotive industry requires at least 95% of a used vehicle to

be recyclable. For that purpose BENTELER is also affiliated with the International Material Data System (IMDS) for the exchange of environmentally relevant data in the supply chain.

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

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 locations worldwide in accordance with this standard, so as to constantly reduce energy consumption. Over 50% of our locations were covered in 2017.

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. These stipulate, for example, that BENTELER's transport service providers must comply with the Euro 5 emission standard. Uniform standards combined with sensible use of transport capacity ensure efficient logistics processes, thereby cutting costs and emissions. 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. The use of emission-intensive air freight must be excluded as far as possible through the use of clear, straightforward processes. Where it is essential, it is subject to a clearly defined confirmation process.

Total energy consumption at BENTELER Automotive amounted to 1,127,162 MWh in 2017, representing a rise of 13% compared to 2016. The various reduction measures were insufficient to offset the increase due to new locations. As a result of the start-up phases at the new locations it was not possible to increase added value to the same extent, so the energy intensity increased by 14%. The result for BENTELER Automotive is an energy intensity of 621.6 MWh per million euros of added value.

50%
of the sites worldwide
have already been
certified in accordance
with ISO 50001, in order
to use energy even
more efficiently.

ENERGY CONSUMPTION OF BENTELER AUTOMOTIVE

	2015	2016	2017
Natural gas (MWh)	456,500	408,121	521,008
Electricity (MWh)	576,516	587,496	606,154
Total (MWh)	1,033,016	995,617	1,127,162
Energy intensity* (MWh/€ million)	654.6	545.0	621.6

* 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 rose by 7.4% compared to 2016, amounting to 1,209,085 MWh in the reporting year. The higher energy requirement is associated with a higher output volume in the Seamless Operating Unit. The production volume at the Linge plant, for example, rose by around 16% 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.

ENERGY CONSUMPTION OF BENTELER STEEL/TUBE*

	2015	2016	2017
Natural gas (MWh)	609,121	615,966	575,906
Electricity (MWh)	463,397	509,336	633,179
Total (MWh)	1,072,518	1,125,302	1,209,085
Energy intensity (MWh/tonne)	1.906	1.918	0.965**

* 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.

PROJECTS FOR THE ENVIRONMENT

The regular discussions in global teams and the further development of the knowledge bank at BENTELER Automotive were continued successfully with Division-wide exchanges as part of the “FM Journey” project.

It was consequently possible to launch further projects to boost energy efficiency in the company. An example of improved energy efficiency at BENTELER Automotive was the optimization of the hydropresses. Leakage losses in the system at the Schwandorf plant were identified and analysed. The previously elevated energy requirement will be avoided in future, saving over 400 MWh per year. A follow-up project for the tooling was then initiated, showing a further potential saving of 500 MWh.

The modernization of a cooling tower at the Talle plant will save a total of 125 MWh through the use of frequency-controlled drive motors.

At BENTELER Steel/Tube measures included the replacement of the lighting, increased insulation in the production halls and administrative buildings and process optimization with regard to the use of energy and residual heat. In addition to the process-related optimization measures adopted at all Steel/Tube locations to continuously increase energy efficiency, the production hall lighting at the Paderborn site, for example, was switched to low-energy LED technology.

Additional measures such as window replacement and the insulation of facades and roofing were carried out at the Paderborn and Dinslaken locations to increase the thermal insulation and thus reduce the heating energy requirement. Overall, it was possible to achieve a significant reduction in specific energy consumption and for the company to make a further important contribution to climate protection.

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.

CO₂ EMISSIONS OF BENTELER AUTOMOTIVE

	2015	2016	2017
Scope 1 (t CO ₂)	91,521	82,357	105,006
Scope 2 (t CO ₂)	333,817	336,467	352,458
Total (t CO₂)	425,338	418,824	457,464
CO ₂ intensity* (t CO ₂ /FTE)	19.9	19.6	20.6

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

CO₂ EMISSIONS OF BENTELER STEEL/TUBE

	2015	2016	2017
Scope 1 (t CO ₂)	144,148	150,215	154,486
Scope 2 (t CO ₂)	208,992	185,908	276,475
Total (t CO₂)	353,140	336,123	430,961
CO ₂ intensity* (t CO ₂ /FTE)	0.627	0.573	0.344*

* 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.

In 2018 a metric was implemented based on the absolute CO_{2e} emissions in metric tonnes in 2018. In the subsequent years reduction targets can thus be defined and corresponding measures implemented.

CO₂ emissions have also increased, in line with the increased total energy consumption. Due to the development of new plants and more energy-intensive processes, the emissions (Scope 1 and 2) in 2017 amounted to 457,465 tonnes of CO_{2e} (2016: 418,824 tonnes).

EFFLUENTS, WASTE, AND RECYCLING

Effluent volumes and waste from BENTELER's production activity are continuously recorded and analysed. Identified optimization potential is discussed, prioritized and implemented in decentralized, theme-based committees such as the occupational safety, environmental or energy teams. Depending on the priority, annual management objectives are defined and the results at the locations are systematically monitored. A cross-site evaluation of the projects is then carried out centrally. In addition, any anomalies are discussed in weekly meetings on a regional level and measures are taken where necessary.

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 AUTOMOTIVE WASTE

	2015	2016	2017
for landfill (tonnes)	11,000	5,925	6,418
for recycling and reuse (tonnes)	209,000	143,073	119,595
Total waste (tonnes)	220,000	148,998	126,013

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 WASTE

	2015	2016	2017
for landfill (tonnes)	153	2,682	618
for recycling and reuse (tonnes)	25,421	38,336	45,728
Total waste (tonnes)	25,574	41,018	46,346

Although it was possible to reduce the total waste volume in the reporting year, the waste taken to landfill as a proportion of total waste rose slightly to 5% (2016: 4%). This was due in part to projects reducing polluted water flows such as oil and water mixtures.

The total volumes also include fractions that originate not from regular production but from conversion and dismantling operations. This and partial production rises have an impact on total volumes. The waste volumes taken to landfill have nevertheless decreased.



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.

An example in the field of e-mobility is the BENTELER Electric Drive System (BEDS) in the Automotive Division. The comprehensive system for electric vehicles was unveiled at Auto Shanghai, China's leading motor show, in April 2017. It combines structural parts, crash-management systems, chassis systems, battery trays and a thermomanagement and thus enables customers to implement flexible emission-free mobility solutions.

BENTELER's research and development budget in 2017 amounted to **€87 million.** 81 patent applications were filed in the same year.

CLIMATE-FRIENDLY AUTOMOTIVE TECHNOLOGY

BENTELER invests large sums in research and development to reduce the impact on the climate. In the automotive sector we focus particularly on electrification and lightweight construction on behalf of customers. 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 addition to numerous projects covering battery trays, thermomanagement and electrified axles, the BENTELER Electric Drive System (BEDS) features as part of a total system approach for customers. In the field of e-mobility the focus in 2017 was on axle concepts based on welded tubes. Lightweight solutions using optimized microalloyed or multiphase materials were developed jointly with customers. These largely offset the additional weight in electric vehicles resulting from the battery. Prototypes for a large electric vehicle platform were also developed with tubes from BENTELER Steel/Tube.

Every kilogram of mass that has to be transported requires energy. This is where the principle of lightweight construction comes in. BENTELER specializes in the development of high-tensile steel solutions that can be achieved with limited wall thicknesses due to high strengths and thus offer solutions for lightweight construction. Aluminum structures in the structural and axle areas also offer major potential in this regard. The latest developments involve hybrid systems in which two or more different materials can be combined to take full advantage of the material-specific characteristics of each constituent.

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 steel, aluminum, fiber-reinforced synthetics – or combinations as a multi-material mix. In the mono-material area there is potential for weight reduction averaging up to 10% and even up to 30% in the case of multi-material solutions.

In 2017 new, innovative lightweight steel materials were successfully implemented in thin-walled, welded drawn drive shaft tubes and also for tubular stabilizers in commercial vehicles. The targeted development of materials and processes enabled BENTELER Steel/Tube to secure a leading position for these products and applications with regard to dynamic load capacity. The production portfolio for seamless precision tubes is also being successfully expanded for truck chassis stabilizers. Hot-rolled axle tubes for commercial vehicles from the Dinslaken plant with materials developed for specific customers have been deployed since 2017 by a number of well-known manufacturers in Europe.

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 content is organized centrally: specially trained employees process and check all customer projects and supplier parts.

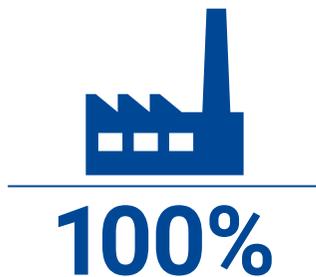
SAFETY AND QUALITY

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.



All BENTELER Automotive and BENTELER Steel/Tube locations 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.



of BENTELER Automotive and BENTELER Steel/Tube locations manufacturing automotive products have a certified quality management system in accordance with ISO/TS 16949.

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.

A central team from the BENTELER Group acts as a control and moderation body, supplemented by the information security managers and their factory teams in our regions. These teams are responsible for implementing and stabilizing the information protection.

BENTELER Automotive works with a cross-functional team in the information security area, in order to guarantee the protection, confidentiality, integrity, and availability of the data entrusted to us.

The BENTELER Automotive information security system is based on ISO 27001 and fulfils the requirements of the Trusted Information Security Exchange (TISAX). The first external audits for this new standard have already been conducted and passed. The basis of the audit is a sector-wide standardized questionnaire which BENTELER Automotive also uses for its internal verification. Annual internal audits are also conducted worldwide in accordance with the standard. Globally integrated learning units with classroom training and e-learning modules are also implemented on the most important content.

As a global company BENTELER is exposed daily to external attacks on its network. 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 close, long-term relationships with our customers, employees, suppliers, the local community at the locations, and the works council.

Successful collaboration relies on this trust-based dialog. Clearly communicated objectives, combined with innovative spirit and a willingness to change, help us to meet the expectations of our stakeholder groups, 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.

The BENTELER Group believes that with its strategy it is well placed to meet these challenges and continue its growth course. A key component in this objective is the continued development of the corporate culture towards a high-performance organization, because to achieve long-term success, BENTELER needs a strong, efficient workforce with employees who think in an entrepreneurial way, assume individual responsibility, and respond flexibly to changes. On the basis of our corporate values of courage, ambition, and respect, our employees develop solutions every day that make a difference. Their expertise and motivation are the keys to business success. We therefore constantly optimize our organization and continually develop our employees and managers. That also demands professionalism and excellence on the part of the HR management, because attracting and developing our workforce lays the foundation for our future. In a fast-changing world this is crucial in order to meet future challenges flexibly and hence successfully. Finally, the positive attitude and performance, skills, and commitment of each individual contribute to the success of the company as a whole.

WORKFORCE

On average over 2017, BENTELER had 27,955 FTEs (full-time equivalents) worldwide, 38 more than in the previous year. In the Automotive Division, the average workforce (in FTEs) rose by 629 or 2.9% to 22,190. In the Steel/Tube Division, the average number of employees rose by 4 FTEs compared to the previous year to 3,701 FTEs. In the Distribution Division, the average number of employees rose by 20 to 1,458 FTEs. The average number of employees in the other companies (including holding companies and BENTELER Glass Processing Equipment)

PRODUCTIVE EMPLOYEES OF BENTELER AUTOMOTIVE BY REGION

in FTE ¹	2015	2016	2017
North-East Europe	4,655.9	4,942.1	5,251
Western Europe	4,442.3	4,485.5	4,594
Southern Europe	3,055.1	2,969.5	2,998
North America	4,984.0	4,732.3	4,740
Mercosur (South America)	1,388.0	1,348.0	2,180
Asia-Pacific	3,043.5	3,174.5	3,144
Total ²	23,742.1³	23,973.4	25,335

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

² 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.

³ This figure differs from that shown in the 2015 sustainability report, which included contract workers.



amounted to 606 FTEs in 2017, representing a reduction of 615 compared to the previous year. This was due to the disposal of BENTELER Engineering Services at the end of 2016 with a total of 638 FTEs.

Further steps were taken during the reporting year to approach potential applicants on a targeted basis and enable them to participate in a modern, straightforward application process.

The BENTELER career website now offers a wealth of country-specific content and is constantly updated with information on engaging and relevant themes. The cooperation with universities was further intensified with a view to recruiting students and graduates at an early stage as future employees. BENTELER also increasingly approached potential candidates directly on social networks. Our successful employer branding campaign positions us as an employer with international promotion prospects and wide-ranging development potential.

In order to promote our own employees, a focal point of our work in 2017 was 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, it is ultimately our managers who play a decisive role in successful talent management. A cross-division talent management program for the first management level was therefore launched at BENTELER in 2017. The aim of the two-module workshop format is to enable our management to identify and promote talent and potential at an earlier stage. Because our objective remains to fill as many positions as possible internally.

The turnover rate of employees and apprentices leaving voluntarily stood at 6.3% at BENTELER Automotive and 3.2% at BENTELER Steel/Tube in 2017. The figures exclude contract workers. We see the low turnover as a reflection of our employees' satisfaction with efforts to boost employee loyalty and development and see it as a stimulus for further measures.

TURNOVER RATE OF BENTELER AUTOMOTIVE BY REGION

In percent	2015	2016	2017
North-East Europe	6.6	8.2	9.8
Western Europe	2.4	3.1	2.8
Southern Europe	3.2	4.6	2.0
North America	9.5	11.1	8.0
Mercosur (South America)	1.1	1.4	3.2
Asia-Pacific	7.8	8.1	10.2

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.

Quarterly meetings of the Occupational Health and Safety Committee are held at all German locations in accordance with the Occupational Health and Safety Act. This system operates at BENTELER Steel/Tube locations throughout Europe and at the international locations of BENTELER Automotive. Following close coordination with the works councils and the general works council, themes subject to codetermination, such as occupational health and safety, are finally incorporated into the group and site guidelines.

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.

Many of our plants are already certified in accordance with OHSAS 18001. By 2021 all BENTELER Automotive production locations are due to be certified in accordance with ISO 45001. Annual internal audits are conducted at the BENTELER Automotive plants to ensure compliance with the occupational health and safety management system and the legal requirements.

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. Training courses are planned to meet the needs of the specific employee and his or her job. More extensive measures include, for example, personal protection equipment that is made available free of charge to employees.

BENEFITS FOR EMPLOYEES

The BENTELER Group makes pension commitments in various forms to employees in Germany. In the other countries, the BENTELER Group pays into social security pension funds as required by law (government plans) for some of its employees. Alternatively, company retirement benefits are ensured by way of a Group foundation funded by the employees of member companies. Detailed information on pension plans can be found from [page 58 onwards of the BENTELER 2017 annual report](#).

The system of global job levels involves a uniform global assessment and grading of key professional tasks and regulates pay and contractual fringe benefits. Both part-time and full-time staff receive fringe benefits. Country-specific fringe benefits are regularly checked and adjusted as part of a market comparison. In specifying

the details BENTELER takes account of local conditions defined by the respective tax and social insurance system. The fringe benefits include a company pension, entitlement to the use of a company car as well as health and other insurance benefits. In China, for example, we offer additional insurance such as life assurance and medical expenses insurance. We also reimburse the cost of mobile phones at some sites.

DIVERSITY AND EQUAL OPPORTUNITIES

With regard to diversity and equal opportunity, the equal rights and promotion of women is a central theme for BENTELER. BENTELER guarantees equal opportunities by applying a gender-neutral assessment system.

We guarantee fair, competitive, and transparent remuneration for our employees by means of standards. These apply across departments and divisions, are in line with the market and based on performance and success. Remuneration is based primarily on the job evaluation against the background of the associated tasks and responsibilities. The job is graded independently of the person, solely on the basis of the necessary knowledge, experience and the degree of responsibility. The classification of jobs allows better internal and external comparability.

Remuneration evolves on the basis of sector- and country-specific market data and takes account of the individual performances of the employees concerned. 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.

In order to reinforce the theme of diversity, the BENTELER team in Brazil was the first to appoint a group of “Diversity Ambassadors”. Their role is to propose targeted actions and develop them in workshops. The first priority is to strengthen the communication on this theme. That is the only way to make employees aware of the significance and possibilities and enable them to form their own opinion. But it should also lead to a specific commitment on the part of employees. The first intermediate objective is to bring more women and disabled people on board.

In Germany the proportion of disabled employees at BENTELER Automotive was 6.7%.

To promote diversity in companies, men as well as women must be enabled to achieve work-life-balance. 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 AUTOMOTIVE EMPLOYEES WHO HAVE TAKEN PARENTAL LEAVE BY REGION IN 2017

	Western Europe	Southern Europe	North-East Europe	Asia-Pacific	Mercosur (South America)
Women	56	1	53	15	2
Men	109	135	8	120	66
Total	165	136	61	135	68

The rate of return into the company following parental leave is almost 100%.

At BENTELER Automotive the number of managers as a proportion of the workforce was 7.7%, of which 13% were women. The global proportion of locally recruited managers at BENTELER Automotive and BENTELER Steel/Tube is around 95% and at BENTELER Distribution almost 90%. Any person who instructs other employees is deemed to be a manager.

BENTELER AUTOMOTIVE EMPLOYEES AND MANAGERS BY EMPLOYEE CATEGORY, GENDER, AND AGE IN PERCENT IN 2017

	Managers		Employees (excluding managers)	
	Women	Men	Women	Men
Under 30	7.2	3.7	25.7	23.5
30 – 50	75.5	73.7	58.7	57.3
Over 50	17.3	22.6	15.6	19.2

In 2017 the Executive Board had three members from Germany and Austria, including one woman. During the reporting year the Supervisory Board comprised six men, including three from Germany. Switzerland, Austria, and the Netherlands were also represented.

EDUCATION AND TRAINING

The global market is characterized by growing competitive pressure, greater internationalization of business 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. Our employees' readiness to adjust to new situations and assume responsibility in an agile, open way will be of great importance in the future. We therefore invest systematically in the continuing development of our employees.

BENTELER believes it is very important to develop young talent in the company and offers young people a variety of apprenticeships. 688 young people around the world started a training program in 2017 (previous year: 764). In order to recruit academically qualified employees, the cooperation with technical universities in the vicinity of BENTELER locations in Germany was reinforced. The development of an organization for the Asia-Pacific region was also a focal point for the 2017 reporting year.

Continuing education for employees and experts without management responsibility is important to us. Their specific interests are addressed by an in-house personnel and organization development team in each Division. At BENTELER Automotive, in addition to a global team for personnel development matters, there are managers in all regions who provide the training and further measures for ongoing employee development. They work with local trainers and institutes to ensure that country-specific and cross-culturally adapted training is available.

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 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. All key personnel themes and processes are based on the BENTELER competence model. This consists of three successive levels encompassing various competences necessary for different positions. Regular performance assessment is essential in order to develop tailor-made education and training. For this reason, an open feedback culture is maintained at BENTELER. Employees are assessed by their superiors and can also give feedback to their managers, colleagues as well as customers and business partners, in personal discussions or anonymously with 360-degree feedback. This highlights the quality of collaboration, which can be improved accordingly.

BENTELER introduced the potential model to complement the competence model in 2017. It serves as a basis for assessing the potential for further developments and career steps and supporting all managers and employees on a targeted basis.

The required future managers will be recruited principally from the company's own ranks. We therefore invest a lot of energy in programs to develop our management. The management development program consists of three modules – “management”, “strategy”, and “finance/controlling” – and is being run in collaboration with the renowned Zurich International Business School.

Global talent management was introduced at BENTELER Automotive in 2017. Management teams meet in Development Councils and discuss their employees' potential and possible development steps. These meetings take place in all regions, business units, and central functions. Depending on the assessment of potential, the employees may be nominated for four different High Potential Pools. Members of these pools are prepared for their management role by means of target group-specific development programs.

BENTELER AUTOMOTIVE AVERAGE TRAINING HOURS PER EMPLOYEE BY REGION

	2016		2017	
		Women	Men	
North-East Europe	19	19.80		21.70
Western Europe	14	16.90		9.40
Southern Europe	23	21.75		18.43
North America	25	26.19		26.90
Asia-Pacific	38	46.6		36.7
Mercosur (South America)	24	23*		

* Training hours are not being reported by gender in the Mercosur region.

BENTELER applies a uniform global system for performance assessment for all employees not covered by collective bargaining and for senior managers and executives. For employees covered by collective bargaining there are also systems which take into account local and/or collective bargaining requirements.

To actively meet the challenges of digitization, BENTELER works with a range of institutions including the Fraunhofer Institute IEM and the Heinz Nixdorf Institute of the University of Paderborn. The theme of Industry 4.0 and qualifications of skilled employees also played a major role in the reporting year. Training consequently remained highly interdisciplinary, incorporating content from the electrical, metallurgical, IT and commercial fields.

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 embedded 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 Automotive has implemented a worldwide occupational health and safety management system, which regularly undergoes internal audits. All plants in the Western Europe region underwent external certification in accordance with OHSAS 18001 in 2018. Occupational safety targets exist at plant level and on a regional and global level. The implementation of a "safety-first philosophy" at all locations worldwide is intended to stabilize the accident rate over the long term.

At BENTELER Distribution global safety standards (GSS) have been developed since 2015 and introduced in the major organizations in Germany, Great Britain, Sweden, and Switzerland. This internal standard is focused very closely on the requirements of OSHAS 18001 as well as the new ISO 45001 standard. Further implementation is planned for 2019/20, particularly in the Eastern European states. BENTELER Steel/Tube also uses a management system that draws heavily on existing standards.

At BENTELER Automotive the accident frequency in 2017 was 3.6 accidents per million working hours (2016: 4.4). The absolute number of notifiable accidents in 2017 was 193, representing a decrease compared to the previous year (203), in terms of both seriousness and the number of days lost. Despite this positive trend, a fatal accident sadly occurred in November 2017, when an employee of an external cleaning company was fatally injured. The incident was subsequently analysed and an improvement program was initiated at all locations in order to avoid similar accidents in the future.

BENTELER ACCIDENT FIGURES

	2015		2016		2017	
	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents
BAT	5	223	4.4	203	3.6	193
BST	19.4	115	9.9	66	8.4	57

* per million working hours



A good example in the field of occupational health & safety is the plant at Fuzhou (China), which by the end of 2017 had been free of accidents for 3,092 days.

The accident frequency at BENTELER Steel/Tube in the reporting year was 8.4 (2016: 9.9). The absolute number was 57 (2016: 66). In December 2017 a long-serving employee at the Dinslaken plant unfortunately suffered a fatal work-related accident.

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. All suppliers of production material are also required to answer a self-assessment questionnaire in the supplier assessment and approval process, including the following subjects:

- › 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 29% of the active production suppliers of BENTELER Automotive (2016: 28%) 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 employees
- › Suppliers
- › Press
- › Local communities at our locations

We systematized the key target groups, themes and communication channels for the first time as part of a Group-wide communications strategy in 2015. Target groups were defined and appropriate communication channels were identified. BENTELER has also developed central core messages and a new brand positioning that reflects our corporate culture. A corresponding brand concept was devised and rolled out during the reporting year. The three new corporate values of courage, ambition, and respect were also introduced. Specially developed workshops for managers were introduced, followed by workshops for all employees. The teams were thus able to take a creative approach to the personal and company-specific understanding of the values.

The aim of the internal communication is to convey the appreciation of the BENTELER employees and strengthen their bond with the company. Information is also regularly made available to make it easier for employees to understand the market and company context. This provides better guidance in a fast-changing market and forms the basis for responsiveness and long-term corporate success. The intranet was also relaunched as part of the new communication strategy. Since May 2018 the state-of-the-art platform has facilitated much more interaction and communication among our employees.

In the coming years, brand awareness is to be further expanded among all relevant target groups. This will include a comprehensive digital strategy involving more intensive use of existing online media and the addition of further digital 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 dialogue with stakeholder groups through various committees, associations, specialist groups, or press releases.

Stakeholders engaged in dialogue with BENTELER in various ways in 2017. Employees can suggest improvements with regard to ergonomics, safety, and the environmental friendliness of their workplace by means of the company suggestion scheme. A total of 11,153 suggestions were received through the company suggestion scheme of BENTELER Automotive in 2017. The implementation of the suggested improvements not only made our jobs safer and environmentally friendlier, but also enabled BENTELER Automotive to save around €900,000 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. It is also planned to introduce the suggestion scheme in other regions. To this end the suggestion scheme concept is being further developed and will be supported by advanced software in the near term.

BENTELER COMMUNICATION

Group	Channels/Formats
Customers	Individual discussions, workshops, strategy dialogs, trade fairs & tech days, certifications, VDA events, media (mainly specialist media), congresses
People	Individual discussions with managers, events, company suggestion scheme (internal tool), intranet, employee newspapers, social media
Trade unions/ Works councils	Individual discussions, works meetings, exploratory talks, negotiations, conferences
Potential new employees	Cooperation in higher education, university fairs, cooperation with schools, career fairs, BENTalent alumni retention program, print media (newspapers, specialist media), social media and career portals
Suppliers	Individual discussions/dialogs, negotiations, trade fairs, business partner assessment, minority certification, supplier self-assessment, supplier audits in accordance with VDA 6.3, producibility assessments for purchased parts, focus program, supplier days
Press	Individual discussions, interviews, trade fairs, press releases, annual report, website, press days
Local communities	Events (such as open days), social projects, press releases (mainly in local/regional media), annual report, website, social media

The main concern of the trade unions and the works council in Germany in 2017 related to the securing of locations and employment. To address this concern BENTELER Automotive engaged in a forward-looking dialog with the NRW employers' federation, the IG Metall NRW trade union and the works councils. The customers' central concerns, in addition to efficiency and benefits, mainly relate to themes such as vehicle safety, climate and environmental protection and e-mobility. Close cooperation ensures that customers' feedback and ideas are taken into account in the development of products and services.

In addition to direct dialogue with various stakeholders, BENTELER supports Initiatives such as the ILO (International Labour Organization) or Ethical Trading Initiative. BENTELER is also involved in many associations and representations of interests. The following list is a representative selection:

- Germany
 - German Logistics Association (BvL)
 - German Association for People Management (DGPF)
 - German Institute of Compliance (DICO)
 - It's OWL Clustermanagement GmbH
 - Thuringia Sustainability Agreement
 - German Engineering Federation (VDMA)
 - German Association of the Automotive Industry (VDA)
 - Centre for Occupational Health, Safety and Medicine

- USA
 - American Society of Metals
 - American Society for Quality
 - Automotive Industry Action Group
 - German American Chamber of Commerce
 - National Association of Foreign Trade Zones
 - Society of Automotive Engineers
 - Society for Human Resource Management

- Brazil
 - American Chamber of Commerce for Brazil

- China
 - The German Chamber of Commerce in China

- South Africa
 - Automotive Industry Development Centre

REPORT PROFILE

ABOUT THE REPORT

The [Sustainability Report 2015](#) was published in August 2016 and was followed by a condensed [sustainability update for 2016](#) in October 2017. The issuer of this Sustainability Report 2017 is the BENTELER Group. Where qualitative or quantitative information applies only to a particular Division, this has been stated accordingly. The reporting period is the 2017 financial year, which is the same as the calendar year. This report has been compiled in accordance with the GRI Standards: Core option. No reformulation of information from previous reports was necessary. This report has not been externally audited, but some information is covered by the aforementioned external audits, for example that relating to the environment or occupational safety.

The report covers 118 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 from [page 49 onwards of the 2017 annual report](#). There were no significant changes in the supply chain.



GRI CONTENT INDEX

The BENTELER Sustainability Report 2017 follows the internationally recognized guidelines of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option.

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