SUSTAINABILITY UPDATE 2020

BENTELER
makes it happen

DEAR LADIES AND GENTLEMEN,

At this point last year we reported on the uncertainty caused by the coronavirus pandemic. The issue remains relevant. At the same time, industry has continued to face changes and challenges in 2021 – such as the blocked Suez Canal, global logistics flows or the worldwide chip shortage.

The EU has been working hard to find ways of reviving the economy without neglecting climate protection. Meanwhile, the European Green Deal is being pushed forward in conjunction with immense reconstruction aid and extensive regulatory initiatives.

As a reliable partner to our customers and a responsible employer, we are adapting to the changed framework conditions. We have, therefore, intensified and accelerated our transformation. We have also consolidated our position as a system-relevant, reliable partner to the automotive industry. As a result, we won strategically important new orders, increased our cost efficiency and optimized our product portfolio.

In addition, we pushed ahead with numerous product innovations last year that will make the mobility of the future lighter, safer and more sustainable: Our electrically heated catalytic converter reduces pollutant emissions to almost zero during cold starts. Ready-to-process airbag tubes provide more safety. And in the field of e-mobility, the company, together with Bosch and Pininfarina S.p.A. has covered the complete development process of electric vehicles up to the start of production since 2020. Both established car manufacturers and new players benefit from modular e-mobility solutions, such as the Rolling Chassis from BENTELER and Bosch, as they can bring their products to market faster and more cost-effectively.

In this way, we are fundamentally shaping change in our industry and accompanying our customers into the future of mobility. At the same time, we take social and ecological responsibility seriously within our own company. To this end, we rely on digitalization, efficient processes, resource-saving technologies and investments in modern working methods in production. The path to Industry 4.0 is already helping us to avoid production stops and protect the environment. This is one of the reasons why we are adapting training occupations to new profiles with expanded technological knowledge.

To continue to set the right accents and be able to use our commitment as effectively as possible, we started working on a comprehensive sustainability strategy last year. For this purpose, a new analysis of key issues was carried out, which is already the basis of this sustainability update. This is again based on the guidelines of the Global Reporting Initiative (GRI) and presents the latest projects and key figures for the 2020 reporting year.

We hope you enjoy reading it and welcome your feedback.

Salzburg, August 2021

The Executive Board of BENTELER International AG

Ralf Göttel
Chief Executive Officer

Frank B. Jehle
Chief Financial Officer

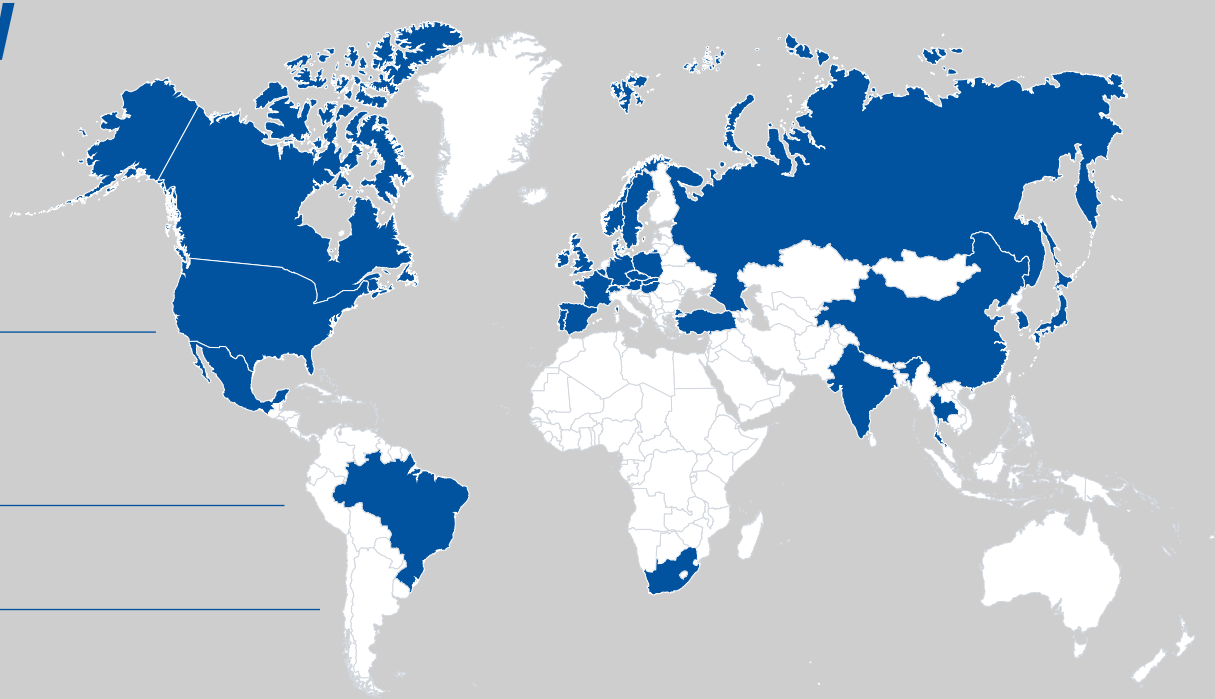
Michael Baur
Chief Restructuring Officer

BENTELER OVERVIEW

About **27,000** employees

98 locations

28 countries



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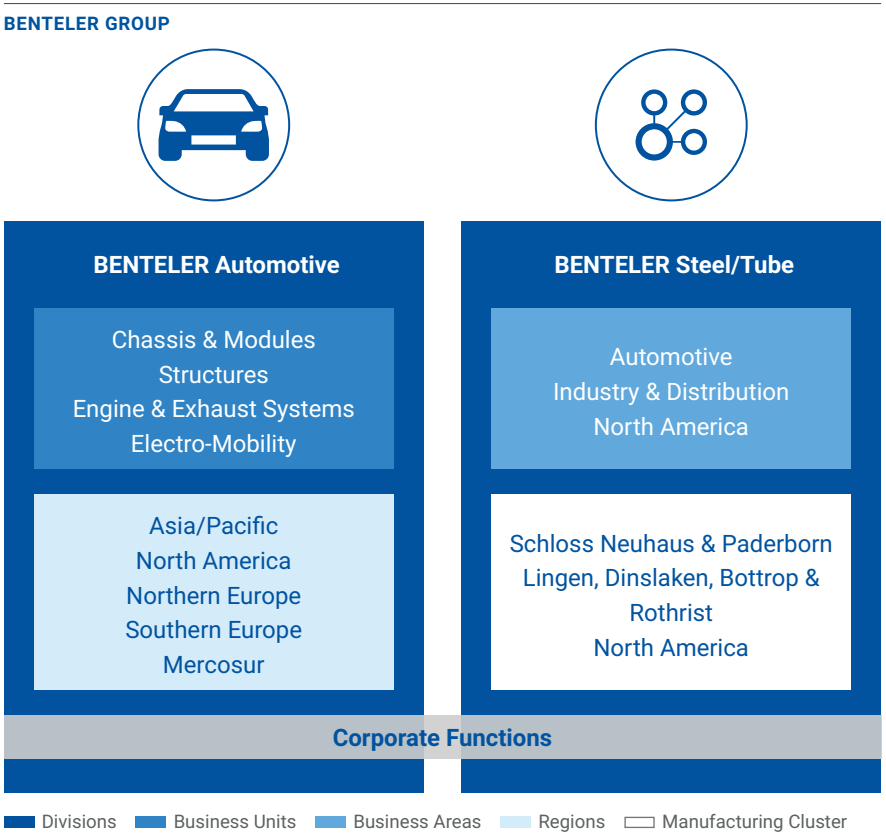
COMPANY PROFILE

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 metal processing specialists, we develop, 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 the divisions BENTELER Automotive and BENTELER Steel/Tube. In addition to BENTELER International AG, BENTELER Business Services GmbH, based in Paderborn (Germany), serves additional holding functions.

Around
900
employees worldwide are active in research and development.

Approximately 27,000 employees stand for first-class manufacturing and sales expertise – passionate and close to the customer. To ensure they are prepared for the future, around 900 employees work in research and development worldwide. In 2020, this work led to 38 new patent applications. The research and development budget was €85 million.



FINANCIAL PERFORMANCE

As a group, BENTELER generated revenue of €6.4 billion in 2020 (2019: €7.7 billion), with 89% coming from the Automotive Division. The continuing market weakness and the effects of the Corona pandemic have therefore led to a decline in sales of around one billion compared with the previous year.

PORTFOLIO

For more than 140 years, the BENTELER Group has been synonymous with leading-edge competence in material, manufacturing and technology expertise.

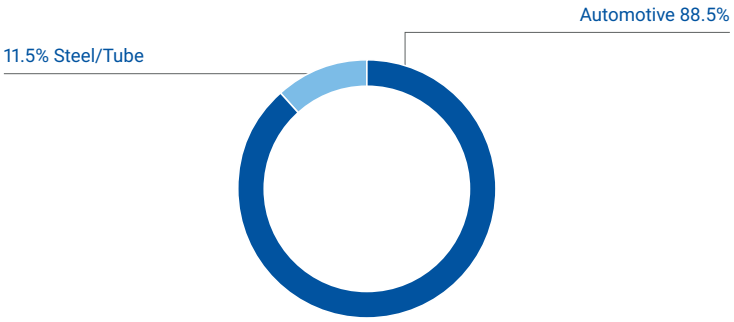
The Automotive Division is a leading global partner to the automotive industry. It offers customers tailor-made solutions, from components and modules for chassis, body and engine and exhaust applications to modular system solutions in the field of electromobility. In close cooperation with our customers, we continually and successfully implement new ideas and solutions in the Business Units Chassis & Modules, Structures, Engine & Exhaust Systems as well as E-mobility.

The Steel/Tube Division develops and produces quality steel as well as seamless and welded quality tubes. As a leading manufacturer, we offer our customers worldwide solutions along the entire value chain – from material development to tube applications and beyond. For example, through the latest environmentally friendly surface coatings and complex forming technology solutions, for products such as airbag tubes. We thereby provide tailor-made tube products for the automotive, energy and industrial markets.

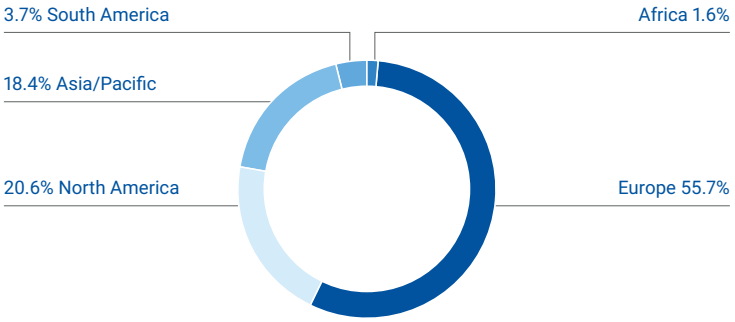
INTERNATIONAL PRESENCE

With 98 locations in 28 countries, BENTELER is close to its customers around the world – wherever they operate. However, our understanding of customer proximity is more than just in a geographical sense. BENTELER also supports its partners strategically – from the product idea to series production. With 82 production facilities and 16 subsidiaries around the world, the group offers global development, production, and services.

SALES BY SEGMENTS



SALES BY REGIONS



To meet actual demand, our production is closely integrated with that of our customers. Nine locations of the Automotive Division are even located on customers' sites and a further 30 within a radius of less than ten kilometers. In the year covered by this report, BENTELER Automotive opened a new plant in Goiana (Brazil).

Clear commitment to the region

Despite the challenging market situation in the steel tube market, BENTLER will continue its efforts to provide as many young people as possible with high-quality training. 50 apprenticeship places will, therefore, be made available in East Westphalia again in 2021 and 2022. The fundamental change in the industry is consistently taken into account and training profiles are geared to the future. As a result, mechatronics engineers and process engineers, for example, will be trained in a much more interdisciplinary manner and with an additional focus on digitalization. All occupational profiles are designed to be multidisciplinary and with a strong focus on Industry 4.0 topics.

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 source materials, goods and services from more than 2,600 direct and 18,500 indirect suppliers. Steel companies are among the largest suppliers in terms of purchasing volume. The purchasing volume in the year under review was around €4.5 billion (2019: €5.6 billion). Raw materials, goods, and services are mostly sourced locally and therefore support the development of the local communities around our locations. This is one of the reasons why we are continuing to expand regional value creation and are pursuing a group average target of over 80% local procurement.

In the 2020 reporting year however, during the coronavirus pandemic, longer distances were needed to keep supply chains intact. Within a continent, the localization share, i.e., the share of expenses for local suppliers, was 86.7% for the BENTELER Group (2019: 86.5%) and within single BENTELER regions (e.g., Southern Europe, North America) 40.3% (2019: 54.7%) In terms of localization within a country, the rate is 48.6% (2019: 51.4%). By selecting mainly local suppliers, transport routes are shortened and emissions reduced. In addition, this approach strengthens the regional economy and thereby promotes BENTELER's bond with the respective region.

The jobs we create worldwide are mostly filled locally and appropriately remunerated. An analysis of the regional headquarters of BENTELER Automotive in Germany, the Czech Republic, Spain, the USA, China and Brazil showed that starting salaries significantly exceed the applicable local minimum wage. This is guaranteed particularly at sites with collective bargaining agreements. 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. As a result, here too, the lowest pay is significantly above the applicable minimum wage.

SOCIAL ENGAGEMENT

We cultivate good neighborliness and shape our common future in a sustainable way. The endowed chair in “Lightweight Construction in the Automotive Sector" has been established for more than 15 years at the University of Paderborn. In this way, BENTELER supports Paderborn as a research center and plays a part in ensuring a high level of education.

BENTELER trains new apprentices in its own training and further education center in Paderborn as well as other facilities. The more than 4,000-square-meter facility is equipped with a digital training workshop and six state-of-the-art production robots. BENTELER also cooperates with the employment agency and job center, makes training space available to them for retraining as well as for the qualification of trainees from other medium-sized companies in the region.

In Mexico and Brazil, BENTELER also supports young people with little previous schooling, regardless of their background or level of education. As part of this, a special training program specifically promotes career entry.

SUSTAINABLE GOVERNANCE

The commercial success of the BENTELER Group is directly linked with corporate responsibility – for employees, environment and society. For this reason, we see global developments such as climate change and urbanization as challenges that we address through value-based governance, technical innovation, and social engagement.

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.

CORPORATE CULTURE

As part of an internationally based 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. The mobile working model was used to great effect during the pandemic and will remain part of the corporate culture in the future. This enables employees to reconcile professional and private demands and achieve a work-life balance.

STRATEGY AND MATERIALITY

The fundamental transformation of the automotive industry is progressing rapidly. The coronavirus pandemic in the year under review did not change this course. Rather, momentum increased in some areas.

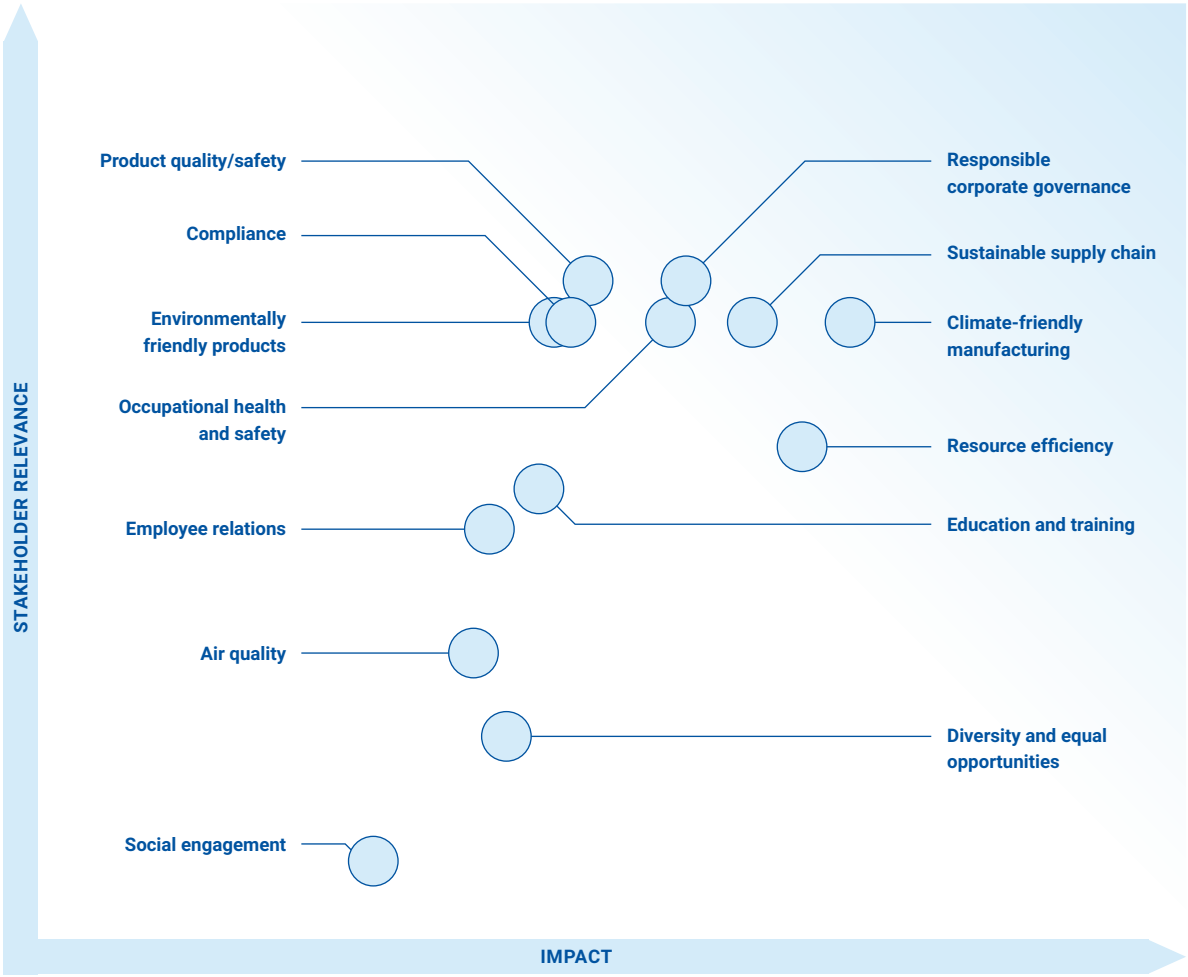
BENTELER's focus is on its core business as a metal processing specialist. Through restructuring and transformation programs, the company became more efficient and resilient and thereby proved itself in the pandemic. We report annually on a wide range of sustainability measures.

In spring 2021, work began on a comprehensive sustainability strategy, for which a materiality analysis was conducted. The issues that were identified form the basis of this Sustainability Update. In the first step, a list of all sustainability topics potentially relevant to BENTELER was drawn up for the materiality analysis. An industry analysis and generally relevant sustainability standards served as the basis. In the next step, this list was evaluated by a panel of experts who took different stakeholder perspectives and discussed key expectations for BENTELER.

The impact of BENTELER's business activities on the environment, economy and society was assessed in an online survey by internal experts. The results of the two surveys were then presented and validated to the newly formed Sustainability Steering Committee in a workshop. The result of the materiality analysis was then confirmed by the Executive Board.

Since the last materiality analysis, environmental issues have become more relevant. At the same time, the definitions chosen take better account of current challenges such as air quality or the resilience of companies.

RESULT OF THE MATERIALITY ANALYSIS 2021



RISK MANAGEMENT

As a globally active 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 improved.

COMPLIANCE

Compliance at BENTELER is 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. Managers also have a particular duty to act as role models in view of their personnel responsibility. Any infringement of these principles can 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 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 subjects are the focal points of the BENTELER Group's Compliance Management System.

Compliance in these areas is guaranteed among other things by training, guidelines, instructions and (legal) advice. 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. In line with the corporate structure, these include corresponding officers at country, regional and divisional level who ultimately report to the CEO of the BENTELER Group via the Chief Compliance Officer (CCO) of the holding company.

In 2020, three suspected cases based on actual misconduct were reported, which required disciplinary measures due to violations of the internal anti-corruption policy. There were no proceedings against BENTELER due to corruption, anti-competitive behavior or cartel and monopoly formation. Accordingly, no fines or non-monetary penalties were imposed.

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

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. Several reports were received through various channels during the reporting period. All tip-offs were reviewed and further steps were taken if necessary.

To promote a uniform understanding of compliance across the Group, BENTELER offers specific trainings and relies in particular on e-learning and face-to-face training. E-learning courses are offered on a rolling basis and compliance with the training deadlines is monitored by the Learning Management System (LMS). After initial training, which new employees must complete within six months of being hired, refresher training is provided at regular intervals. In 2020, 11,226 compliance training courses were successfully completed via e-learning.

TOPIC	PARTICIPANTS
Export control	2,029
Anti-corruption (basic training)	1,714
Anti-corruption (refresher training)	5,746
Cartel & competition law (basic training)	861
Cartel & competition law (refresher training)	876
Compliance training via e-learning, total	**11,226**

In addition, employees were trained on various topics, partly in person and partly via web conferences due to Covid-19: In China, on the topic of conflicts of interest (645 participants), compliance onboarding for new employees (389 participants) as well as on integrity (708 participants) and business ethics (1,082 participants).

SUSTAINABLE PROCESSES

As an international company, the BENTELER Group fulfills its responsibility for protecting the environment by designing sustainable products and processes, and continually improving them. Conservation of resources is part of the established business practice and on a par with maintaining the highest quality and safety standards as a corporate goal.

For sustainable added value, we consider the entire life cycle of our products – from the use of raw materials through development, production and use to disposal and recycling. We actively involve employees in this process. Our goal is to promote environmentally conscious thinking and behavior along the entire value chain. Our **Guidelines and Code of Conduct** form the basis of this.

ENVIRONMENTAL MANAGEMENT

BENTELER sees economic benefits and environmental aspects as closely intertwined, because anything that has a positive impact on the environment often makes economic sense. That's how we constantly strive for more efficient manufacturing processes and develop sustainable technologies in close cooperation with our customers.

BENTELER Automotive and BENTELER Steel/Tube's high-performance products and services are used in numerous industries. In many cases, they support our customers in reducing their own ecological footprints. All products have two core aspects in common: exceptionally high quality and above-average durability.

In corporate practice, environmental protection is a cross-sector task that involves all BENTELER Group's teams and locations. The scope of industrial responsibility is large. It ranges from water protection, immission control and waste management to energy management and emissions trading.

A BOOST for digitalization

In the BOOST 4.0 research project, BENTELER improved its Big Data infrastructure together with Fraunhofer IEM and ATLANTIS Engineering. Under the umbrella of the leading-edge cluster it's OWL, the project was completed after three years. It has created a technological basis for successfully implementing Big Data and Industry 4.0 strategies throughout Europe. As a result of the research project, the overall plant effectiveness of the machines under consideration was increased by five percent. The next step is to transfer the findings to all BENTELER plants worldwide. In this way, customer requirements can be met more quickly and reliably.

BENTELER naturally endeavors to comply with the applicable environmental laws and regulations. In recent years, legislative momentum has increased worldwide. New specifications and deviations are continuously identified and corrective measures are initiated. In the year under review, there were minor violations of limit values regarding wastewater. The causes were identified and measures were initiated. We use resources and investments in a targeted way to prevent the same or similar cases in the future. In addition, we communicate all events globally so that other locations can be checked based on the knowledge gained.

SAVING ENERGY

We use various energy sources for our production, such as electricity, natural gas, district heating and diesel. To control energy management efficiently, many sites work with a management system certified to ISO 50001. In 2020, the level of coverage for all BENTELER sites was around 50%, whereby predominantly Steel/Tube sites were certified due to their consumption patterns.

Reducing energy consumption and hence the associated emissions, efficiency and resource conservation are key components of BENTELER's integrated transport logistics. 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. In addition, emissions-intensive air freight is excluded as far as possible.

In 2020, BENTELER Automotive implemented several projects to increase energy efficiency and reduce costs. Among other things, we have consistently reduced leakage in our compressed air systems, which has significantly reduced the energy consumption at 15 sites. Another project was the continued optimization of hot forming lines and laser cutting equipment at the Goshen (USA) plant. The introduction of a nitrogen production plant has reduced the amount of nitrogen purchased by more than 60%.

In the year under review, energy consumption at BENTELER Automotive fell to 969,866 MWh (2019: 1,158,802 MWh) due to these and other projects and as a result of the coronavirus pandemic. This is a reduction of 16% compared to the previous year.

Fluctuating production capacity utilization often reduces the energy efficiency achieved so far because systems are used less optimally. It is therefore particularly pleasing that the energy intensity at BENTELER Automotive has been significantly reduced by around one third to approximately 399 MWh per one million sales (2019: 586 MWh/million euros). This was helped by the fact that all sites were able to reduce energy consumption that wasn't required due to the pandemic – for example, by significantly extending shutdown periods through improved order planning.

ENERGY CONSUMPTION OF BENTELER AUTOMOTIVE

	2018	2019	2020
Natural gas (MWh)	520,740	523,203	461,350
Electricity (MWh)	603,535	635,599	508,517
Total (MWh)	**1,124,275**	**1,158,802**	**969,867**
Energy intensity* (MWh/€ million)	608.0	585.6	398.7

* Energy consumption related to added value (equals total sales minus inventory changes and material use).

BENTELER Steel/Tube also uses various measures to increase energy efficiency. The main focus is on measures to optimize production processes.

The energy consumption at BENTELER Steel/Tube was 844,757 MWh in the reporting year (2019: 1,064,293 MWh). It fell by around 21% compared to 2019, with a decrease in tube production of around 31%. For a better understanding, the very different consumptions of the plants are shown separately.

ENERGY CONSUMPTION OF BENTELER STEEL/TUBE IN LINGEN STEELWORKS

	2018	2019	2020
Natural gas (MWh)	56,918	48,526	37,039
Electricity (MWh)	350,093	296,899	259,651
Total (MWh)	**407,011**	**345,425**	**296,690**
Energy intensity (MWh/tonne)	0.644	0.658	0.666

ENERGY CONSUMPTION OF BENTELER STEEL/TUBE EUROPEAN PIPE WORKS

	2018	2019	2020
Natural gas (MWh)	587,289	534,809	406,810
Electricity (MWh)	212,881	184,059	141,257
Total (MWh)	**800,170**	**718,868**	**548,067**
Energy intensity (MWh/tonne)	1.276	1.327	1.35

REDUCING EMISSIONS

All measures taken to reduce energy consumption have an equal effect on environmentally relevant emissions. The CO_2 emissions from production at BENTELER result mainly from the combustion of natural gas to generate electricity and process heat (Scope 1) and from additional purchases of energy (Scope 2).

Energy consumption has been converted into CO_2 equivalents (CO_2e) using the emission factors provided by the German Automotive Industry Association (VDA). Where resulting emission factors differ significantly from VDA data, we use the energy mix of the sites to better reflect real emissions. The calculation relates to the organizational units of BENTELER Automotive and BENTELER Steel/Tube plants and their limits. It's based on the total values for gas and electricity consumption and the district heating energy requirement.

CO_2 EMISSIONS OF BENTELER STEEL/TUBE

	2018	2019	2020
Scope 1 (t CO_2)*	153,833	138,674	111,124
Scope 2 (t CO_2)**	387,326	330,899	275,824
Summe (t CO_2)	**541,159**	**469,573**	**386,948**

* For plants not participating in the greenhouse gas (GHG) offset, the Scope 1 emissions are calculated using a factor of 0.2016 tons of CO_2/MWh for natural gas. For areas involved in GHG trading, the values of the German Emissions Trading Authority (DEHST) are taken into account.

** The Scope 2 CO_2 emissions have been calculated using an emission factor of 0.688 kg/kWh (according to VDA) since 2017.

Emissions at BENTELER Steel/Tube fell in 2020, due both to lower production and further environmental protection projects.

Our steelworks in Lingen has been equipped with an electric arc furnace for decades, which results in steel production with the lowest possible emissions. In this process, steel scrap is melted down with the aid of graphite electrodes. Additional material, such as alloy metals are then added to obtain the desired steel grade. This results in approximately 95% fewer direct CO_2emissions than production in a conventional blast furnace, and our customers benefit from CO_2-reduced seamless tube solutions.

The CO_2e index introduced in 2018 was established in all BENTELER Automotive plants in 2020. It provides for an annual reduction target of two percent from 2020.

CO_2 emissions in 2020 were 367,254 tons of CO_2e (2019: 469,704 tons of CO_2e).

CO_2 EMISSIONS OF BENTELER AUTOMOTIVE

	2018	2019	2020
Scope 1 (t CO_2)	106,204	114,582	93,857
Scope 2 (t CO_2)	368,751	334,251	273,397
Total (t CO_2)	**474,955**	**469,704**	**367,254**
CO_2 intensity* (t CO_2/FTE)	20.9	19.1	14.7

* CO_2 emissions based on the number of employees, in full-time equivalents (FTE).

MATERIALS

As in the previous year, steel and aluminum made up the largest proportion of the raw materials used at BENTELER Automotive with around 83% and around 14% respectively. Other purchased parts made up around 3% in total.

At BENTELER Steel/Tube, flat and long steel as well as steel scrap accounted for the largest proportion of the raw materials used, at around 97%, while alloys are used at around 1%. Other purchased parts account for a total share of around 2%.

WASTE AND RECYCLING

Waste from BENTELER's production activity is continuously recorded and analyzed. We differentiate between waste for recycling, reuse, and landfill. Hazardous waste arises, for example, due to painting work carried out during production. The goal is to reduce all waste as far as possible. The waste accounting is also the subject of the annual audit as part of our environmental management system, which is certified in accordance with ISO 14001. Identified optimization potential is discussed, prioritized, and implemented in decentralized, theme-based committees such as the occupational safety, environmental or energy teams.

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

One focus is on closing loops because the steel and aluminum components used by BENTELER are 100% recyclable. The Steel/Tube division's own electric steelworks only processes steel scrap and thus makes a significant contribution to the circular economy.

BENTELER AUTOMOTIVE WASTE

	2018	2019	2020
for landfill (tonnes)	6,378	5,928	4,543
for recycling and reuse (tonnes)	110,264	101,640	83,255
Total waste (tonnes)	**116,642**	**107,568**	**87,798**

At BENTELER Steel/Tube, the total amount of waste also includes fractions that come not only from regular production operations, but also from rebuilding and dismantling measures.

BENTELER STEEL/TUBE WASTE

	2018	2019	2020
for landfill (tonnes)	4,235	2,732	1,533
for recycling and reuse (tonnes)	52,303	44,597	31,742
Total waste (tonnes)	**56,538**	**47,329**	**33,275**

WATER AND EFFLUENTS

Our goal is to preserve resources. Water is a key factor and plays a crucial role in safe production processes. A particular focus is on countries such as South Africa, where long droughts predominate. 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 locations.

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 Automotive consumed 1,702,556 m³ of water (drinking and process water) in its manufacturing plants in 2020 (2019: 2,103,396 m³). We are working on recording water consumption in a more differentiated manner to be able to better compare the consumption of certain systems and implement measures in a more targeted manner in future.

BENTELER Steel/Tube uses water for cooling and rinsing processes and uses the most modern circulation processes. The process and cooling water is reused several times and purified in the company's own wastewater treatment plants so that it is only released into the environment in the highest quality. In the reporting year, 211,131 m³ of potable water was consumed (2019: 263,369 m³).

SUSTAINABLE PRODUCTS

BENTELER supports its customers in reconciling climate protection and mobility. A central focus is on the production of efficient vehicle components. With our products and solutions, we contribute to making future mobility lighter, safer and more sustainable, independent of the form of drive.

To reduce mobility's impact on the climate, BENTELER invests extensively in research and development. In the automotive sector, we focus particularly on electrification and lightweight construction for customers. To develop specifically optimized component solutions, we analyze relevant influencing factors for electric vehicles using, among other things, partial and full vehicle simulations. For concept analyses, new simulation techniques, which reduce the complexity of the simulation models and significantly shorten computation times are used.

Expertise in lightweight construction called for

In Schwandorf, we produce lightweight battery trays for electric cars. To be able to meet the needs of an additional car manufacturer, the plant was expanded for the second time in autumn 2020 – by around 7,500 m².

The targeted selection of materials has a decisive influence on weight and costs, as well as on a vehicle's CO_2 balance. Therefore, BENTELER Automotive is working to drive product development through life cycle analyses – from the provision of raw materials through production and vehicle use to recycling. We have been conducting various case studies at the component level since 2016 and using the results to develop strategies for reducing environmental impact. In this way, for example, the selection of suitable materials can contribute to climate protection. In the future, we intend to carry out further case studies to cover all important product families in the portfolios.

Life Cycle Assessment (LCA) is an approach to environmental accounting and management that considers all aspects of resource use and environmental release. The results of the life cycle assessment depend heavily on the assumptions needed to carry out the analysis. These must be coordinated between the various interest groups (e.g., suppliers and OEMs) in order to obtain a common understanding of the environmental impact. An LCA can be performed in absolute or comparative terms. Comparative LCAs are more widely used because they whelp decision-makers weigh the advantages and disadvantages of alternative approaches.

The main focus of development at BENTELER Steel/Tube is the identification of innovative materials and processes and their successful implementation on the market.

Another building block in the development of new types of steel and tube solutions is innovation management. This enables relevant trends and developments to be quickly captured, shared within our organization and translated into new products for customers. Intensive cooperation with external partners, such as universities and customers, enables us to further expand our innovative strength.

CLIMATE-FRIENDLY AUTOMOTIVE TECHNOLOGY

The change to electromobility is happening rapidly. BENTELER sees this change as an opportunity and is working with strategic partners specifically on solutions for low-emission mobility.

There is strong demand in the market for support in the development of e-vehicles. Not only because new players are pushing into the market, but also because the skills in the field of e-mobility are often still low, even in established companies. As a system supplier for e-mobility, we offer services along the entire value chain. These include complete system engineering for platform development, battery pack and integrated e-chassis modules. All independent of production by BENTELER and also as individual components and subsystems.

Electric vehicles have a completely different architecture to cars with internal combustion engines. The reason for this is the complex electric drive train, which must be integrated into the vehicle for maximum functionality and efficiency. Our solution is the BENTELER Electric Drive System (BEDS). It's an open platform that we have introduced worldwide together with our cooperation partner, Bosch. The platform combines our e-mobility systems such as integrated e-chassis modules and our modular battery pack.

BENTELER produces battery trays for series electric vehicles for several well-known automobile manufacturers – and thus plays a key role in the further development and spread of electric mobility. In the field of battery storage, BENTELER is researching new modular and therefore scalable solutions, because these can be adapted for applications in different vehicles with little effort. This is even more important as high production volumes in the e-mobility market have not yet materialized.

Together for optimal electromobility

Total vehicle expertise, specialist metalworking knowledge, undisputed electronics expertise and legendary design: The cooperation between BENTELER, Bosch and Pininfarina covers the entire development process of an electric vehicle up to the start of production, including the construction of prototypes.

So far, aluminum has mainly been used for battery trays. Given the increasing cost pressure that can be expected for mass-produced electric vehicles, BENTELER is researching variants made of sheet steel – with the aim of offering attractive solutions. An additional advantage is that the use of stainless steel sheet eliminates the need for complex and expensive corrosion coatings.

Batteries and electric drives increase the weight in the area of the chassis. If the drive is integrated into the rear axle, the complexity of the axle design also increases. For these challenges, hydroformed tubes offer optimal potential for designing space-saving axles while also meeting the operational demands. For series applications of large European platforms, steels with higher strength and lower weight are used. For these lightweight construction solutions, the BENTELER Steel/Tube Division is increasingly using novel micro-alloyed and multi-phase material concepts in a strength class of up to 800 megapascals. In addition, we have intensified the new and further development of materials with higher static and dynamic strengths to exploit additional potential for lightweight construction.

Almost
100%
of pollutant emissions are removed by the newly developed electrically heated catalytic converter.

Higher strength materials also reduce the component weight: In cold forming, steel manufacturers are providing a new generation of high-strength, yet easily formable grades. We have analyzed and evaluated these in internal tests. The key points are the simulative design of the components and the reproducible behavior of the significant springback typical of these materials. There is also a trend towards higher strengths in hot forming. BENTELER has therefore developed and qualified the hot-formed steel BTR2000, which is even stronger. It offers the potential of around 15% lighter construction compared to conventional hot-formed grades.

85% of the product portfolio at BENTELER is drive and technology independent. This is why we don't limit ourselves to e-mobility but offer low-emission solutions for all types of drive. Our electrically heated catalytic converter cleans harmful emissions from exhaust gases during cold starts. It consists of a stacked metal structure that is welded into the exhaust system between the turbocharger and the normal catalytic converter. It can be used for all cars with combustion engines – regardless of whether they are petrol, diesel or hybrid powered.

TRANSPARENT 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 amounts of them. This information is supplied industry-wide within the framework of the International Material Data System (IMDS), as prescribed by law. 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, 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.

We produce components of the highest quality because they are directly relevant to passenger safety. 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 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. Furthermore, we also carry out quality controls during manufacturing and check production quality constantly.

PROTECTION OF CUSTOMER DATA

Data protection is an integral part of BENTELER's management system. Particularly in the context of digitalization 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 regarding 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.

The basis of successful cooperation is trusted dialogue. Clearly communicated goals combined with innovation and willingness to change help us to react to market developments and position the BENTELER Group for the future in these challenging times. We are improving our work and the competitiveness of BENTELER as a whole through targeted investments in growth areas.

WORKFORCE

During 2020, BENTELER had on average 24,908 FTEs (full-time equivalents, excluding contract workers) worldwide, 2,079 fewer than in the previous year (2019: 26,987).

In the Automotive Division, the average number of employees, including the BENTELER Glass Processing Equipment business segment, decreased by 1,659 FTE to 21,214 (2019: 22,873) FTE. In the Steel/Tube Division, the average number of employees decreased by 402 FTE to 3,428 (2019: 3,830) compared to the previous year. Other companies, including holding divisions, employed 266 FTEs in 2020, 18 fewer than in the previous year.

A central goal continues to be able to fill as many positions as possible internally. Because our managers share responsibility for successful talent management, we have continued to raise their awareness and prepare them for this important task in the exceptional year 2020.

The fluctuation rate of employees and trainees who left the company voluntarily was 5.1% in 2020 for BENTELER Automotive (2019: 7.1) and 3.1% for BENTELER Steel/Tube (2019: 3.4). The key number does not take temporary workers into account.

PRODUCTIVE EMPLOYEES OF BENTELER

in FTE*	2018	2019	2020
Total	**28,578**	**26,987****	**24,908**

* FTE: Full-time equivalent including contract workers; average value on 12-month basis
** Sale of the BENTELER Distribution Division on November 29, 2019

EMPLOYEE REPRESENTATIVE BODIES

Co-determination by representative bodies has always 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's based on the legal requirements that apply around the world. Furthermore, BENTELER is oriented to the Convention on the Application of the Principles of the Right to Organize and the Right to Collective Bargaining (ILO Convention No. 98). The employee representative bodies are comprehensively informed about important operational changes in good time. All legal obligations to provide information 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. We regulate the evaluation and grading of core tasks, pay and fringe benefits globally with a uniform system. Dependent on location or country, fringe benefits include company pensions, entitlement to the use of company cars as well as health and other insurance benefits.

DIVERSITY AND EQUAL OPPORTUNITIES

We treat all employees on the principle of mutual respect. No one may be personally discriminated against – whether because of their country of origin, skin color, gender, age, religion, or because of disabilities, sexual orientation or political and trade union activity. We have implemented appropriate guidelines as well as organizational precautions to ensure respectful interaction within the organization and with business partners. Among other things, there is a representative for the General Equal Treatment Act (AGG). As in the previous year, no AGG violations such as mobbing or discrimination were reported in 2020.

We promote work-life balance so that all employees have the opportunity to take advantage of their professional opportunities. To this end, BENTELER supports flexible working hours, the opportunity to work part time, and childcare in its own day care center in Paderborn. Numerous additional fringe benefits are based on the needs of the employees as well as the respective location and employment relationship. In Spain, for example, the costs for childcare are supported as part of a "Flexible Benefit System". As part of deferred compensation, employees can choose between various tax-exempt or tax-privileged fringe benefits. BENTELER ensures equal rights and the advancement of women by means of a gender-neutral evaluation system and fair remuneration.

AGE STRUCTURE OF BENTELER AUTOMOTIVE EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER IN PERCENT

	Management				Employees (excl. management)			
	Women 2019	Women 2020	Men 2019	Men 2020	Women 2019	Women 2020	Men 2019	Men 2020
Under 30	6.27	3.3	4.06	2.7	24.32	18.6	22.76	17.8
30 – 50	76.47	80.3	70.73	72.9	57.92	62.7	55.13	59.1
Over 50	17.26	16.4	22.76	24.4	17.76	18.7	22.11	23.0

AGE STRUCTURE OF BENTELER STEEL/TUBE EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER IN PERCENT

	Management				Employees (excl. management)			
	Women 2019	Women 2020	Men 2019	Men 2020	Women 2019	Women 2020	Men 2019	Men 2020
Under 30	6.7	0	2	1.3	24.5	22.8	20	17.3
30 – 50	60	44.4	52.4	46.2	49	46.2	44.9	44.2
Over 50	33.3	55.6	45.6	52.5	26.5	31.1	35.1	38.5

EDUCATION AND TRAINING

The global market is characterized by increasing competitive pressure and a changing economic environment. We are convinced that we will only be able to successfully meet these and future challenges with excellently trained employees. That's why we systematically invest in their further development.

It's therefore important to recognize and promote the employees' individual strengths. For this reason, BENTELER offers tailor-made courses that enable employees at all levels to fully exploit their professional potential. To develop tailor-made training and further education measures, employees and managers conduct appropriate feedback discussions as part of their annual performance assessments.

BENTELER has a global network of internal trainers for many different topics such as finance, logistics, project management, quality and information technology. In 2019, we introduced a Learning Management System (LMS) to manage the implementation of training courses more efficiently and systematically. We have already initiated e-learnings for defined target groups on a wide range of topics. These include, for example, anti-corruption, antitrust and competition law, export controls, supplier codes of conduct and information security.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The health and safety of our employees is important 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. A total of 52 locations in the Automotive Division are certified in accordance with OHSAS 18001 or ISO 45001.

BENTELER Steel/Tube also works with a management system based on the international ISO 45001 standard. The typical work processes at automotive suppliers differ significantly from those in steel production and hot processing. BENTELER has implemented numerous technical and organizational measures in all corporate divisions to protect employees. In addition, all employees are trained in occupational safety and potential hazards before they commence work.

Additionally, employees and their representatives also improve work safety directly in our factories. They are encouraged to point out unsafe workplaces and practices and to actively suggest improvements. Opportunities for this are provided by the internal suggestion scheme, participation in the preparation of risk assessments, incident and accident investigations or meetings of the health and safety committee.

BENTELER ACCIDENT FIGURES

	2018		2019		2020	
	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents	Accident frequency*	Absolute number of accidents
Automotive	4.8	224	2.8	134	2.4	93
Steel/Tube	7.6	55	8.0	52	7.7	37

* per million working hours

BENTELER Automotive achieved a particularly low accident frequency rate of 2.4 accidents per million working hours in the year under review. Detailed accident analyses based on the experience of our employees and regular assessments of accident occurrences at all relevant management levels have contributed to this. In addition to individual improvement programs, various plants contribute to the Walk-Observe-Communicate (WOC) system that was introduced for the appreciation of safe behavior and thus to this significant improvement. This raises the awareness, behavior and working methods of the participating employees in that they "walk, observe and communicate the observation".

In the 2020 reporting year, the frequency of accidents at BENTELER Steel/Tube was lower than the previous year. The core element is a behavior-based method, which consists of a feedback process for work behavior and thus creates more awareness among employees of the dangers in the workplace. This can strengthen the occupational safety culture.

SUPPLIER RELATIONS

We expect our suppliers to comply with the same social and environmental standards as those to which BENTELER is committed. In particular, we respect and support the observance of internationally recognized human and children's rights and reject modern slavery, i.e., all forms of forced and child labor. This attitude is embedded in our **Supplier Code of Conduct** and forms the basis for contracts with suppliers. By signing our framework delivery contract, they also confirm knowledge and acceptance of, and compliance with our code of conduct for 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. We describe how we do this in the **BENTELER Modern Slavery Statement**, which is updated annually and can be viewed on our company website.

Among other things, we have created a comprehensive risk management system. In particular, we analyze specific risks of modern slavery in our business and supply chains. In doing so, we primarily adhere to the criteria in the 2019 global slavery index specified by the "Walk Free Foundation" and developed on a geographical basis.

The identified risks are reduced by BENTELER's group-wide internal control system (ICS), which includes organizational controls, procedures and system reviews. Furthermore, BENTELER's internal audit department regularly reviews all business areas of the entire group and checks compliance with guidelines, the robustness and efficiency of processes and reporting, and the functionality of the risk management system.

Given the size of our purchasing budget and the importance of close partnerships with our customers, we also rely on systematic supplier management. Among other things, as part of the business partner audit, we pay attention to whether active suppliers are on sanctions lists. All suppliers of production materials must also answer a detailed self-assessment questionnaire on the following topics, among others, as part of the supplier evaluation and approval process:

- Environmental, safety and energy management
- Prohibition of child and forced labor
- Freedom of association and fair competition
- Prevention of corruption and data protection

We document 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 a certificate was recorded for 21% of BENTELER Automotive's active series suppliers (2019: 20%).

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 as it enables us 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/media
- Local communities at our sites

The Group-wide communication strategy defines target groups and topics as well as appropriate communication channels. This is updated annually. As far as our employees go, the aim is to provide transparent information and to strengthen their bond with the company. For example, the "Business Update" communication format is regularly published on the intranet, shown on screens in plants and communicated to all employees by managers. In it, the management board also sends a video message directly to the employees and talks, among other things, about the current market and company situation. Every employee has the possibility to provide feedback to supervisors, the corporate communications team or directly to the Executive Board. This form of orientation and coordination also promotes active and flexible action in a rapidly changing market environment. And thereby contributes to the long-term success of the company.

As in the past, employees were last year able to use the BENTELER suggestion system to suggest improvements in the ergonomics, safety and environmental friendliness of workplaces or processes. In the 2020 reporting year, 5,264 suggestions were submitted via BENTELER Automotive's company suggestion scheme (2019: 10,160). The implementation of suggestions for improvement not only made workplaces safer and more environmentally friendly, but BENTELER Automotive was able to save around 515,000 euros (2019: 1,380,000 euros). The decline is due in particular to the coronavirus pandemic and the resulting temporary plant closures.

Wherever we operate, we exchange information regularly with local communities on subjects 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 and press releases.

REPORT PROFILE

ABOUT THE REPORT

This 2020 Sustainability Update was published in August 2021. It is based on the standards of the Global Reporting Initiative. The reporting period is the 2020 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.

PUBLICATION DETAILS

Publisher
BENTELER International Aktiengesellschaft, Salzburg | Austria

Concept, text and layout
akzente kommunikation und beratung GmbH, Munich | Germany
www.akzente.de

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