



**Together.
Shaping the future**



Sustainability Report 2015

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BENTELER Automotive supplies components and modules for chassis, body, engine and exhaust systems. Our customers include almost all of the major vehicle manufacturers. We successfully implement new ideas and solutions in close collaboration with our customers.

BENTELER Steel/Tube develops and produces customized seamless and welded quality steel tubes. As a leading manufacturer, we offer our customers problem-solving expertise worldwide, ranging from material definition to process integration. We develop tube solutions for the automotive, energy and industry market segments.

BENTELER Distribution is a stockholding company for steel tubes with more than 320,000 square meters of warehouse space. We are a leading distributor thanks to our worldwide sales and logistics network. We offer our customers a full range of carbon steel and stainless steel tubes, short and flexible delivery times as well as comprehensive first-stage processing and customized additional services.

BENTELER Overview



Plant in Raufoss (Norway)
Chapter Company
page 06 f.



Plant in Holland (USA)
Chapter Environment
page 08 f.



Plant in Shanghai (China)
Chapter People
page 10 f.



Plant in Shanghai (China)
Chapter Society
page 12 f.

TOGETHER.

140 years of success, now owned by the fourth generation of the founding family

Approx. 30,000 employees worldwide, including 756 apprentices

161 locations, environmentally certified to ISO 14001 and/or ISO 50001

32 R&D locations in 18 countries

83 — PLANTS

78 — SUBSIDIARIES

40 — COUNTRIES



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Hubertus Benteler



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Isabel Diaz Rohr



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Boris Gleißner

Dear Reader,

The great challenges of our time call upon us all to stand together and to commit to continuous improvement – that is the spirit embodied at BENTELER since this family-owned company started out 140 years ago. With the fourth generation of the founding family now at the helm, we combine a commitment to economic growth with entrepreneurial responsibility. Our innovations capability and our flexibility help us succeed in a changing economic environment, bring highly efficient technologies to the market and optimize our production processes continuously. In this way we make an important contribution to sustainable development and stand alongside our customers as a guide and partner. Because we want to *shape the future together*.

For us *shaping the future* means continuing to develop our company – from an economic, environmental and social point of view, by developing and marketing innovative products and processes. Climate-friendly technology is a key component in this drive. Such technology helps to reduce demand for fossil fuels and, as a result, also the CO₂ emissions from vehicle exhausts, against a background of growing global demand for mobility. With our vehicle and materials competence we can, for exam-

ple, reduce the weight of vehicles and at the same time improve their stability and functionality. In this way we create an important basis for the future of electromobility and contribute significantly to saving resources. That applies, too, in production operations: In order to continually improve our processes in terms of their environmental impact and efficiency, virtually all production locations of BENTELER worldwide are certified in accordance with an environmental and energy management system.

Working together across a broad front means also building up a spirit of cooperation and trust with a range of partners. Our company's success rests above all on close collaboration with our customers: We know and understand their needs in depth and are therefore in a position to provide optimum support to them in the achievement of their goals. Around 30,000 dedicated and qualified employees at BENTELER are engaged in just that around the world, in 40 different countries. We offer these employees a culture of mutual respect, in which each individual can contribute to the success of the company through their own courage and efforts. This respect is reflected, too, in the way we approach people in the regions in which we are active around the world. In

those regions we make a contribution to society, especially through the support of children's and educational projects as we believe these themes to be critical in constantly improving quality of life and promoting a successful future.

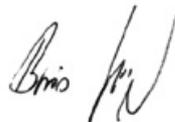
We also value long-term economic benefit based on the principles of sustainability. This includes systematic sustainability management and transparent reporting on our activities. We have started our reporting on this for the fiscal year 2015 and are now pleased to present our first Sustainability Report, in the form of this publication. It is oriented to the internationally recognized G4 guidelines of the Global Reporting Initiative (GRI) and contains mostly information relating to the Automotive Division. In the coming years we intend to successively include all the Divisions in our sustainability reporting.

We invite you, dear Reader, to accompany us on this road – we would welcome your feedback on it, criticism included.

Salzburg, August 2016



Hubertus Benteler,
Chief Executive Officer



Boris Gleißner,
Chief Financial Officer



Isabel Diaz Rohr,
Member of the Board

Together. Shaping growth

▼ In its 140-year history BENTELER has gone from strength to strength. As a family-owned company, now in the fourth generation of the founding family, long-term profitable growth is of central importance in order to secure our entrepreneurial independence in a sustainable way. Competence and peak performance are the key to our success: We develop customized ideas and solutions in close collaboration with our customers, at their locations. We are therefore not only a supplier, but also a proactive development partner. And as such we have in-depth knowledge of the needs of our customers, of the ever changing market and ongoing developments. Delivering constant peak performance in this market environment demands of us great agility, flexibility and constant dedication to improving our company's operations in all aspects. In this way we are then able to react in good time to changing conditions and grow successfully in the market over the long term.

INTERNATIONAL ORIENTATION

PROXIMITY TO CUSTOMERS

BENTELER supports its customers all along the value chain. Our production is closely integrated with that of our customers to ensure delivery in perfect compliance with their needs. With around 30,000 employees in 83 production facilities worldwide and 78 subsidiaries and stockholding companies, we offer development, production and services on the ground in almost all markets. No less than eight production facilities in the Automotive Division are located directly at the customer's own premises and 31 within a radius of less than ten kilometers. In China, where by 2025 around a quarter of worldwide vehicle production will take place, BENTELER Automotive already has nine locations. In Brazil and the US, too, we opened new production facilities in 2015. And with the new hot rolling mill in Shreveport, Louisiana, BENTELER Steel/Tube has expanded its status as an international partner in the market for steel tubes. This proximity to customers is critical for a partnership based on trust, for short transport routes and for a smaller environmental footprint. Together we develop new solutions for the markets of tomorrow.



SHORT ROUTES: The BENTELER plant in Shanghai is located only five kilometers away from its main customers.

UNDERSTANDING

TOGETHER FOR THE FUTURE

For us regular communication is a mark of trust and respect.

We therefore consult with our employees and their representatives, collect ideas and give orientation in a flexible market environment. One example of this is the sustainable industrial concept for the future of BENTELER in Germany, which we developed in 2015 in cooperation with the employer and employee associations in North Rhine-Westphalia and our works councils in the company. Together we created the basis for securing the competitiveness of the German components factories and for gearing them up to meet future requirements in the market.

By 2019 investments of around €200 million are scheduled to modernize and expand Industry 4.0 technologies in these production facilities. Also redundancies due to operational reasons are excluded up until 2021. At the editorial deadline for this report, many initiatives were already under way or had been completed. These include: the use of a collaborating robot in a pilot project, the fully automatic checking of soldered and welded seams, a new production line and digital management of replacement parts.

INDUSTRY 4.0

SUSTAINABLE PROCESSES THROUGH DIGITIZATION

Integrated concepts and Industry 4.0 technologies also offer potential for making production processes more sustainable, in both environmental and social terms. At BENTELER it is therefore important to prepare employees for the future demands of interconnected production, by providing training and carrying out test phases. For example in August 2015 the BENTELER plant in Ghent started testing smart glasses, and these have now been in regular use in production since January 2016 (see photo). Smart glasses have a digital heads-up display that provides the wearer with key information about the parts being handled. That saves hundreds of printed datasheets. A new, lightweight scanner, worn by the employee on his or her belt, instead of being carried in the hand, brings added ergonomic benefits to the working environment.



DIGITAL AND SMART: Key data on a heads-up display saves paper.

Together. Saving resources

Valuable resources are needed to be able to manufacture our products. The responsibility that goes with this, in terms of careful use of those resources and protecting the environment, is taken very seriously at BENTELER. Not least in our own best interests: Because something that makes environmental sense, often also makes economic sense. And that applies in particular at BENTELER: Efficient production processes and environmental technologies for our customers protect both the environment and our business. For that reason we use management systems across our company to help us manage resources more efficiently and more carefully. Through the use of sustainable technologies we help our customers to make their own products more environmentally friendly. The customers of BENTELER Automotive in particular benefit from our in-depth understanding of materials, design and processes, for example as regards lightweight components and modules. In this way we help them to constantly improve the efficiency of their products, to reduce emissions and to design the future of sustainable mobility (including e-mobility).



LIGHTWEIGHT BATTERY TRAY FOR E-MOBILITY:
Lightweight yet stable battery trays from BENTELER Automotive reduce overall vehicle weight, an important factor in promoting electromobility.



FOR CLEAN AIR IN THE CITIES:
BENTELER is developing a zero-emissions people mover.

LIGHTWEIGHT CONSTRUCTION AND E-MOBILITY

FUTURE OF THE AUTOMOTIVE INDUSTRY

In the coming years our customers in the automotive sector will have to implement significant reductions in CO₂ emissions. We are supporting them in this effort with the full extent of our vehicle and material competence.

This concentration of expertise enables us to keep developing new, customer-specific and material-independent solutions in the area of lightweight components and electromobility and thereby help reduce CO₂ emissions. One example is the prototype of a new kind of front axle carrier, presented in November 2015: Thanks to an innovative production process and the use of fiber-reinforced plastics, we were able to improve the structure of this carrier in such a way that the overall weight was reduced and also possibilities were opened up for further functional integration. Other developments in this area are lightweight battery trays for electric and hybrid vehicles which we are now producing in series.

For a fully automated, electric people mover made by the Dutch company 2getthere BENTELER has been responsible for all the development work and for building the prototype. At the end of 2016 this prototype will be presented in Singapore. Alongside our own in-house innovations management, we also made it possible to set up the Institute for Lightweight Construction with Hybrid Systems (ILH) at the University of Paderborn in June 2015. At this institute we support industry-related and production-oriented research, thereby creating the basis for future series production of innovative products. This is an example of the contribution BENTELER is making to the sustainable development of the automotive industry.

CERTIFICATION

WORLDWIDE ENVIRONMENTAL MANAGEMENT

In 2015 the production locations of the BENTELER Automotive and BENTELER Steel/Tube Divisions were certified to ISO 140001 for environmental management and/or ISO 50001 for energy management. Compliance with the requirements of these standards is monitored each year. In the process it has become clear that we have been improving continuously and that we have formulated ambitious goals for environmental protection and energy saving. These bring not only environmental gains, but through efficiency improvements and cost reductions there are also economic benefits.

KNOWLEDGE MANAGEMENT

STEPPING UP ENVIRONMENTAL PROTECTION

Every year we implement many energy-efficiency projects and measures to save resources in our production locations worldwide. The experience gained from these projects is shared across the Divisions in global teams. Successful measures are then rolled out in further locations. In 2015, for example, despite a rise in revenue, we were able to reduce our overall energy consumption.

Together. Nurturing talent



The employees at BENTELER are the foundation of our success. And so the theme of “people” plays a critical role in the work of the Executive Board and the senior management. Attracting the best talent and most experienced experts is just as important to us as ensuring they have access to continuing professional development. We take a lot of time choosing our employees and we actively support young talent. We also invest extensively in further training for the whole workforce. Our goal is to fill most leadership positions from within the company and in this way secure the achievement of our ambitious goals for growth. Company culture is therefore important – we work hard to create an environment in which our employees play a real role in the success of the company, through courage, performance and mutual respect. The physical environment at work is also important to us: Health and safety at work is not just a preventive measure, it is a key investment in the future of our company. For only with strong, proficient and motivated employees can we succeed in shaping our future, flexibly and therefore successfully.

YOUNG PEOPLE

ATTRACTING TALENT

Around the globe BENTELER offers many job opportunities for young people.

In Mexico, Brazil and Spain we take on young people and train them in German-style "dual" courses combining on-the-job training and study. This produces the next generation of skilled workers at BENTELER. Alongside this, we also need an increasing number of experts and managers. For this reason, in recent years, we have stepped up our collaboration with selected universities. In Germany we are also the main sponsor of the "UPBracing Team e.V.", a successful participant in "Formula Student Germany" competition (see picture); in Spain we sponsor the "Motostudent" team from the University of Burgos. These initiatives are an opportunity for ongoing engineers to try out their skills under real project conditions, because the students have to first build and then drive racing vehicles in international competitions in a series of disciplines. Programs like these position BENTELER as an attractive employer to the best and most motivated graduates from relevant specialisms. By employing these young engineers and offering them ongoing further development, we secure a strong management team for the future.



PROMOTING YOUNG TALENT: Students develop racing cars under real conditions

KNOWLEDGE

INVESTING IN THE FUTURE

The employees at BENTELER have many opportunities to learn and expand their knowledge base. In 2015 around 4,500 employees took part in our internal training program in Germany, 75 percent more than the year before. Comprising over 415 seminars, the program focused on themes like intercultural understanding, leadership, communication, health and safety at work and environmental protection. BENTELER also offers international training programs aimed at specific groups of employees, examples being the "Managers of Tomorrow" program which trains new managers in BENTELER Automotive Asia, the "Leadership Development Program"

of BENTELER Steel/Tube in the US and global sales trainings at BENTELER Distribution, which were rolled out in six European countries in 2015. In addition to this there are global programs which are conducted by our own employees, with the aim of sharing existing knowledge. These include the "Finance Academy" and the "BENTELER Talent Circles". This special development program involves not only training sessions, but also internal mentoring where people from other functional areas support the participants, which also leads to improved integration. Our employees can also take part in global exchange programs which give them a chance to gather experience at other locations. This package of measures and initiatives further strengthens our shared company culture worldwide.

SATISFACTION

A SAFE AND HEALTHY WORKING ENVIRONMENT

Continuous improvement in working conditions and employee satisfaction is an important concern at BENTELER. A wide range of initiatives supports this objective. For example, as a contribution to the health and physical fitness of our employees, we have for the last 25 years had a Sports Officer for the German locations. At an international level, too, BENTELER offers its employees a wide range of sporting opportunities: from running events to football and basketball, and even dragon boating. We also invest in initiatives such as ergonomic analyses and improvements to the workplace and in optimizing fire protection measures. And we have a clear commitment to consistently reducing the accident rate – in the last ten years we have managed to halve this rate. Not least we also hold regular events at the locations – jubilee ceremonies, family days, BBQs and joint meals to celebrate the end of fasting. All of this helps to improve the team spirit and boost motivation.



HEALTH & SAFETY: The health of our employees has top priority.



20 YEARS OF BENTELER IN THE CZECH REPUBLIC: Live music at a big party to say thank you to the employees.



Together. Supporting communities

▼ We take an active part in the communities in the locations where we have production facilities. Because 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 help shape that future, we engage especially in projects aimed at supporting children, young people and education.



ENVIRONMENTAL RESPONSIBILITY: Our trainees help in the local community.

RESPONSIBILITY

HOLISTIC APPROACH TO TRAINING

The young people at BENTELER not only learn the technical and specialist skills needed to do the job, they also learn the importance of taking individual responsibility for society and for others. The apprentices at BENTELER in Germany, for example, therefore regularly organize charity initiatives to support socially disadvantaged people and those in need. They also take part in an annual "Environment Day", when they clear waste and debris from areas around the local community.

SUPPORT

WATER DONATIONS TO THE NEIGHBORHOOD

Drinking plenty of water is important for health. In Auburn Hills, Michigan (US), BENTELER organized a "Water Challenge" in 2015. The aim was to collect donations for people in the neighboring district of Flint whose water supply had been contaminated. In total, almost 4,000 bottles of water were made available. The initiative also encouraged the employees at BENTELER to drink plenty of water.

TRAINING

PERSPECTIVES FOR YOUNG PEOPLE AND ORPHANS

In Puebla, Mexico, and in Campinas, Brazil, we have been offering a new perspective to socially disadvantaged young people. In our training centers in these locations young people have been able to apply for training placements in our company; these placements last for several years. In 2015 we were able to help 23 young people, 14 of them orphans, find their way into the world of work, despite them having had little school education. In total, at the time of publication of this report, there were still 31 people working at BENTELER who had completed the training program in Brazil or Mexico. That is around 61 percent of all those who have completed the program.

ENGAGEMENT

BENTELER FOR CHILDREN AND YOUNG PEOPLE

Many of our employees support social projects in the local communities around the BENTELER locations – from Paderborn in Germany to Gebze in Turkey and São Paulo in Brazil. In the reporting year 2015 many such projects were supported here and at other locations: The BENTELER–Bademli Brotherhood, an initiative launched by our employees in Turkey, puts together gift boxes for the 32 pupils at a junior school in the southeastern province of Kahramanmaraş. In Brazil a team of volunteers successfully completed not one but several charity projects: In the "Creche Estrelinha do Oriente" in São Paulo, a school for over 200 children aged between four and twelve from socially disadvantaged families, the BENTELER team painted the classrooms and set up a play room. Also a number of computers were donated to the school to give the children access to technology and thereby to the knowledge they will need for their own futures.



HAPPY CHILDREN: Pupils at a junior school in Kahramanmaraş, Turkey, are delighted with their presents.

Performance section

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Company profile

The BENTELER-Group is synonymous with leading-edge competence in material, manufacturing and technology in the Automotive, Steel/Tube and Distribution sectors. 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. The Company is owned by the fourth generation of its founding family and employs around 30,000 people in 83 production facilities worldwide, with 78 subsidiaries and trading firms in 40 countries.

Financial performance

In 2015 the BENTELER-Group generated revenue of €7,598 million, representing a rise of €41 million compared to the previous year. Adjusted for currency effects, revenue decreased by €191 million or 2.5% year on year.

Corporate culture

As part of an internationally based family company, BENTELER Automotive strives constantly to develop a culture in which employees contribute to the company's success through courage, effort, appreciation and mutual respect. In each region in which BENTELER Automotive operates, the company guarantees an attractive working environment with flexible conditions, for example through flexible working time models or the possibility of home-working. In that way employees can achieve an optimum work-life balance, harmonizing their career and life planning.

Responsible handling of resources, compliance with local laws and respect for regional characteristics are a matter of course for us. We are also proud to be able to contribute to the areas in which we operate as a company. As

well as providing economic stimulus through the due payment of taxes and levies, this mainly concerns international training and educational opportunities through to social engagement for charity institutions.

VALUE ADDED STATEMENT OF BENTELER AUTOMOTIVE

In EUR	2013*	2014	2015
Revenue	5,909,193,510	5,864,588,180	5,782,334,451
Operating expenses	-4,865,878,919	-4,755,746,235	-4,604,305,805
Wages and other operating payments	-1,031,330,047	-987,203,117	-1,031,646,064
Payments to investors	-47,114,368	-50,339,805	-40,375,053
Payments to the government	14,226,567	-18,890,613	-28,839,939
Investments in the community	-5,070	-13,835	-18,095
Retained value	-20,908,326	52,394,576	77,149,495

* Values shown are for the Automotive Division excluding the company BENTELER Engineering Services GmbH, which still formed part of the Division in 2013. Since 2014 this has been an independent Business Unit (BENTELER Engineering).

Portfolio

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

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

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

BENTELER Automotive provides development, production and services for local customers worldwide – with a consistent focus on quality, safety and efficiency. Our products include components and modules for chassis, body, engine and exhaust systems. Our customers include

almost all major vehicle manufacturers. 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
- ▶ MECHANICAL ENGINEERING:
Innovative machines, systems and tools for the automotive industry
- ▶ DEFENSE:
Development and production of protective solutions for various customers and market segments
- ▶ BENTELER SGL:
Innovative material composite concepts that optimize customized lightweight solutions

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. With 74 plants in 24 countries, BENTELER Automotive has a global production network that is being continuously expanded. Two new plants in China and in Brazil started production during the reporting year. Additional sites are under construction in Poland, the Czech Republic and China. BENTELER Automotive is thus creating employment worldwide, making a direct contribution to economic and social prosperity through appropriate remuneration and payment of taxes and levies.

An analysis of the regional headquarters of BENTELER Automotive in Germany, the Czech Republic, Spain, the US, China and Brazil shows that starting pay significantly exceeds the locally applicable minimum wage. In most cases the companies in these locations are bound by the local pay agreements, with the exception of China and the US. In China BENTELER applies salary bands that take into account the local market and minimum wage trends. In the US too, the lowest pay significantly exceeds the applicable minimum wage.

The management personnel of BENTELER Automotive at the regional business centers in Germany, the Czech Republic, Spain, China and Brazil are drawn predominantly (over 80%) from the country concerned.

Regional added value

The BENTELER-Group sources production material from over 3,300 suppliers and other goods and services from a further 23,100 subcontractors. The largest suppliers by purchase volume include steel companies. The company's purchases in the reporting year amounted to €4,900 million.

We mainly purchase raw materials, goods and services in the regions where we manufacture. We thus contribute to the economic and social development of the locations in which we operate. A key objective is to further expand regional added value and raise local procurement to over 80%. The proportion of expenditure paid by BENTELER Automotive to local subcontractors already averages 77% within a BENTELER region (e.g. Western Europe, Southern Europe, North America). With regard to localization within a country, the figure is 67%. 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.

PROPORTION OF LOCAL PROCUREMENT IN SELECTED COUNTRIES IN 2015

Country	Proportion of local procurement in percent	Country	Proportion of local procurement in percent
Belgium	99.5	Norway	54
Brazil	78	Portugal	41
Canada	100	Russian Federation	96
China	83	Slovak Republic	41
Czech Republic	29	Spain	68
Germany	84	South Africa	69
France	76	Sweden	93
Hungary	55	Thailand	100
India	95	Turkey	90
Japan	61	United Kingdom (UK)	94
Mexico	79	USA	94

Sustainable governance

The BENTELER-Group believes economic success is directly linked to 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. Our Corporate Philosophy and Code of Conduct, which underpin our corporate responsibility and are currently being further developed, play a key role in that regard.

Governance

The Salzburg-based strategic management holding company BENTELER International AG has the task of steering the company, particularly with regard to its strategic direction, financial management and personnel. The Executive Board is the strategic management body and is actively supported and monitored by the Supervisory Board. The operational business is divided into the BENTELER Automotive, BENTELER Steel/Tube and BENTELER Distribution Divisions. The service company BENTELER Business Services provides central support from Germany for the Divisions and Business Units worldwide.

Risk management

The company is exposed to a variety of strategic and operational opportunities and risks that can sometimes have a considerable impact on its assets, financial position and earnings. The BENTELER risk management system becomes especially important in periods of high market volatility. It regulates the ascertainment, assessment and management of defined risks and is fully integrated into the company's

strategy, planning and information processes. The risk management system is thoroughly reviewed on a regular basis and is developed continually to maintain its controlling effect within the Group. The systematic risk management process helps the management detect risks at an early stage and take appropriate precautionary measures to avert or avoid risks. Further information can be found in the risk report on pages 33–35 of the 2015 *annual report*.

Sustainability reporting

The reporting period of this first-ever BENTELER sustainability report is the 2015 fiscal year, which corresponds to the calendar year. It includes the details and times of other relevant events occurring up to the editorial closing date of 30 June 2016. The sustainability report is based on the guidelines of Global Reporting Initiative (GRI) G4.

The issuer of the report is the BENTELER-Group, and most qualitative and quantitative data relate to the BENTELER Automotive Division. The sections entitled "Sustainable processes" and "Sustainable products" in particular also contain detailed information on BENTELER Steel/Tube.

Where individual data relate only to particular Divisions, this is stated accordingly. The BENTELER Distribution Division, representing 13.7% of revenue in 2015, is not covered by this report, but is due to be integrated into the reporting in subsequent years. We are planning gradually to include all Divisions in our sustainability reporting in the forthcoming years. We are currently making preparations for the necessary data collection to that end.

Key sustainability themes

The contents of the present sustainability report were determined on the basis of a materiality analysis to which relevant specialists in the company contributed. On the basis of the sustainability aspects defined by the Global Reporting Initiative (GRI), a comparison with common challenges in the industry, our stakeholders' expectations and company-specific relevance, we determined the themes with which we wish to structure our sustainability reporting and develop it further in the future.

For the first year of our sustainability reporting we are not aiming for "In accordance" reporting under the guidelines of GRI G4, but we have based our selection of the reporting data on its requirements. The disclosures taken into account in this report can be found in the GRI content index starting on page 34.

MATERIAL ASPECTS FOR REPORTING

Theme	Materiality	GRI aspect for reporting
Waste and recycling	medium	– Effluents and Waste
Data protection	medium	– Customer Privacy
Social engagement	medium	– Local Communities
Sustainability in the supply chain	medium	– Procurement – Supplier Assessment
Diversity and equal opportunity	medium	– Diversity and Equal Opportunity – Equal Remuneration for Men and Women
Employee relations	high	– Employment – Labor/Management Relations
Occupational health and safety	high	– Occupational Health and Safety
Training and education	high	– Training and Education
Compliance	high	– Compliance – Grievance Mechanisms – Anti-corruption – Anti-competitive Behavior
Emissions	high	– Energy – Emissions – Transport
Raw materials	high	– Materials
Road safety	high	– Products and Services – Customer Health and Safety – Product and Service Labeling
Economic impacts	high	– Economic Performance – Market Presence – Indirect Economic Impacts

Compliance

Compliance at BENTELER means adhering to legal provisions and fulfilling other ethical standards and requirements set by the company itself. The latter are enshrined particularly in corporate values and in the *Corporate Philosophy* and *Code of Conduct*. They apply to all of the company's activities, both in internal cooperation and in dealings with business partners, government bodies and society as a whole. They describe the key principles which form the basis for legal and ethical behavior and for the personal integrity of all employees. Each 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
5. Gifts and benefits
6. International trade
7. Data protection
8. Relationships with business partners

BENTELER's compliance management system is designed to minimize the risks faced by the company. These include economic and legal risks, as well as reputational risks for the company and its employees.

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

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

These are 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.

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

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

Various compliance bodies are responsible for implementing the compliance program in the BENTELER-Group as a whole: 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. These are supported by a BENTELER Business Services GmbH Compliance Officer in the event of internal investigations. Within BENTELER Business Services GmbH this Compliance Officer has the same duties as a Divisional Compliance Officer. 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 profes-

sional duties. This organizational structure helps us not only to implement the BENTELER-Group's compliance program, but also to resolve doubtful cases.

During the reporting period a number of internal investigations into possible cases of corruption were initiated at BENTELER Automotive and BENTELER Steel/Tube. However, these revealed no notifiable cases. No procedures relating to anti-competitive behavior or anti-trust and monopoly practices were conducted in 2015 either at BENTELER Automotive or BENTELER Steel/Tube. Accordingly, no fines or non-monetary penalties were imposed for such offences. The same applies to non-compliance with environmental laws and regulations.

Grievances relating to possible compliance violations, any negative environmental or social effects 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. A number of reports were lodged in this way during the reporting period. These were assessed on a case-by-case basis and, if substantiated, led to internal investigations. There were few cases in which disciplinary proceedings and measures

were ordered to avoid future misconduct. In no cases were there grounds for notifying external bodies. No complaints were made with regard to the privacy of third parties or data protection violations.

BENTELER offers specific trainings in order to promote a uniform understanding of compliance across the Group. For the first time 105 managers at BENTELER Automotive completed a classroom-based refresher course on basic cartel and competition law during the reporting year. A further 77 employees were trained on the same subject at BENTELER Steel/Tube. The anti-corruption training was provided by means of e-learning for 5,967 employees of the BENTELER-Group during the reporting period.

Sustainable processes

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

Environmental management

In order to guarantee effective protection of the environment and resources, all of BENTELER's production sites, with the exception of those newly established during the past year, have certified environmental or energy management in accordance with ISO 14001 or ISO 50001 (see page 09). In particular the sites of BENTELER Automotive, which are intensive in terms of energy and the environment, operate in accordance with both management systems and were recertified in 2015.

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

Materials

Reasonable and economical use of basic commodities and materials is part of an integrated approach to resource protection at BENTELER.

We include purchasing at an early stage in the process of developing our products. In that way we ensure that new technologies and suppliers are also selected from the perspective of the most careful use of commodities and 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 total around 3%. For BENTELER's own steel production at the Lingen site, 500,000 tonnes of scrap are melted down for recycling every year, over 20% of which comes from the company's own plants in Germany.

Energy

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

BENTELER Automotive has embedded energy efficiency deep in its processes and management practices. The management undertakes to set regular targets to increase energy efficiency and to provide the necessary resources to that end. To achieve its targets, the company has appointed global, regional and local energy coordinators who implement efficiency measures at the sites.

The development and implementation of global standards, covering all the plants of BENTELER Automotive, play a central role in that regard, including through the setting of minimum requirements for shutdown management of machines, dealing with compressed air leaks and minimizing the consumption of shield gas in welding applications.

The energy coordinators also regularly exchange information across sites on the current status of projects. This enables successful measures to be rolled out to more locations. The exchanges of expertise between the teams at the

individual sites have been intensified since 2015 by means of a digital knowledge store as part of the "FM Journey" project.

Total energy consumption at BENTELER Automotive in 2015 amounted to 1,033,016 megawatt hours (MWh), representing a decrease of 2.1% compared to 2014. Natural gas and electricity consumption declined in comparison with the previous year, despite a slightly higher energy intensity in our production processes.

BENTELER AUTOMOTIVE

HIGHER LIGHT OUTPUT WITH LESS ENERGY

At the Schwandorf site the factory lighting was improved in 2015 with a concomitant saving of energy. Mercury box-type luminaires with an output of 450 watts were replaced with modern 196-watt lamp bodies. As a result of the high light output of the new lamps, the plant now requires only 290 lamps instead of the original 435. The service life of the lamp bodies is also four times longer.

BENTELER AUTOMOTIVE

IN-PLANT HEAT AND POWER GENERATION

A cogeneration unit at the Talle plant in Paderborn has cogenerated power and heat since 2012. With an output of 380 kilowatts (kW) the power unit provides electricity for the plant's power network. The resulting waste heat supports the heating system in the winter and both the hot degreasing plants and the paint shop in the summer.

ENERGY CONSUMPTION OF BENTELER AUTOMOTIVE

	2013	2014	2015
Natural gas (MWh)	456,614	472,310	456,500
Electricity (MWh)	544,267	583,139	576,516
Total (MWh)	1,000,881	1,055,449	1,033,016
Energy intensity* (MWh/million €)	636.9	653.1	654.6

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

ENERGY CONSUMPTION OF BENTELER STEEL/TUBE

	2013	2014	2015
Natural gas (MWh)	708,149	696,588	609,121
Electricity (MWh)	558,916	582,278	463,397
Total (MWh)	1,267,065	1,278,866	1,072,518
Energy intensity* (MWh/tonne)	2.057	2.003	1.906

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

BENTELER Automotive has developed and implemented numerous projects to improve energy efficiency over the last few years. These have included measures to use waste heat from production processes, optimization of lighting and ventilation and automatic control devices. This has made it possible to reduce both energy consumption and CO₂ emissions.

Total energy consumption at BENTELER Steel/Tube fell by 16.1% compared to 2014, amounting to 1,072,518 MWh during the reporting year. The lower energy requirement is

BENTELER STEEL/TUBE

ENERGY-EFFICIENT BOILER PLANT

BENTELER had already commissioned the full renewal of the boiler plant for the generation of steam for pickling and the drawing shop at the Schloß Neuhaus plant in 2013. The modern plant increases energy efficiency by means of calorific value and vapor heat exchangers. This enables the plant to save 2,500 MWh of natural gas each year. The renewal of the energy system was based on detailed steam consumption values obtained by the retrofitting of measurement and data transmission technology.

associated particularly with a decline in production at BENTELER Steel/Tube in 2015 due to the strained economic situation in the oil industry. The price of steel tube saw a massive slump as a result of high overcapacity in the market.

BENTELER STEEL/TUBE

USE OF WASTE HEAT IN STEEL TUBE PRODUCTION

Temperatures up to 900 degrees are required for the further processing of steel tubes. To this end some of the steel tubes are repeatedly heated in continuous heat-treatment furnaces. BENTELER uses the resulting waste heat in the plant at Rothrist (Switzerland) for space heating and hot water and as process heat for the pickling plant. This is made possible by a heat recovery system which had already been installed in simple form when the furnaces were constructed. In addition to the recovered waste heat, the plant required around 200 tonnes of heating oil annually up to the year 2002. In order to preserve resources and reduce costs, BENTELER comprehensively upgraded the heat recovery plant in a total of eight stages up to 2014. The entire requirement for space heating and process heat for the pickling plant is now being met by the waste heat generated within the plant.

BENTELER Steel/Tube also implemented measures to cut energy consumption: these included the renovation of machines, the introduction and adaptation of control systems and adjustments to electric drive technology and air conditioning. In some cases employees submitted suggestions in these areas as part of the company suggestion scheme (see page 33).

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).

CO₂ EMISSIONS OF BENTELER AUTOMOTIVE

	2013	2014	2015
Scope 1 (t CO ₂)	91,368	94,117	91,521
Scope 2 (t CO ₂)	320,160	337,875	333,817
Total (t CO₂)	411,528	431,992	425,338
CO₂ intensity* (t CO₂/FTE)	18.4	20.0	19.9

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

As in the case of the decline in energy consumption, the CO₂ emissions of BENTELER Automotive also declined compared to the previous year. Whereas in 2014 these amounted to 431,992 tonnes of CO₂, in 2015 they stood at 425,338 tonnes, corresponding to a decline of 1.54%.

CO₂ EMISSIONS OF BENTELER STEEL/TUBE

	2013	2014	2015
Scope 1 (t CO ₂)	42,083	40,934	40,609
Scope 1 from emissions trading (ETS)	126,734	128,781	103,499
Scope 2 (t CO ₂)	467,254	432,341	208,992
Total (t CO₂)	636,071	602,056	353,100
CO₂ intensity* (t CO₂/tonne)	0.878	0.888	0.627

* CO₂ emissions relative to the measured volume of tube and cold-rolled steel strip. Excluding third-party sales of billets at the Lingen steelworks.

CO₂ emissions at BENTELER Steel/Tube declined markedly in 2015 (353,100 tonnes of CO₂) compared to the previous year (602,056 tonnes of CO₂). Indirect energy-related greenhouse gas emissions (Scope 2) in particular declined by 51.7%. This was due to the change in power supplier and the associated change in the purchased power mix.

Effluents, waste and recycling

The company continuously records and analyses the volume of effluents and waste arising from the production activity of BENTELER Automotive. Any identified optimization potential is then incorporated in the annual environmental targets of the respective plant. The plant manager then monitors the achievement of the targets with the aid of an action plan. 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 corrected as necessary.

BENTELER draws a distinction between waste for recycling, reuse and landfill. Our aim is to minimize the proportion of landfill waste arising at our sites around the world. Over the past two years we have been able to halve the key performance indicator for "zero landfill". Landfill waste, along with the total waste volume, is part of the annual management audit conducted in accordance with ISO 14001.

WASTE STREAMS AT BENTELER AUTOMOTIVE

	2013	2014	2015
Total waste (in 1,000 t)	222	235	220
Zero landfill (%)	10	4	5
Recycling and reuse (%)	90	96	95

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

Transport

The compatibility of economic efficiency and resource preservation is a central feature of BENTELER's integrated transport logistics. 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. In order to further increase the transparency of all logistics processes, BENTELER introduced a system-supported transport management solution in 2014. Among other things this allows better tracking of intermodal transport – for example by rail and ship.

In addition, assessment tools for the strategic selection of transport service providers, taking fuller account of quality and environmental protection criteria, are due to be introduced in 2016. The use of emission-intensive airfreight will be excluded as far as possible by clear processes and, if essential, will be subject to a clearly defined confirmation process.

Sustainable products

BENTELER sees economic benefits and environmental aspects as closely intertwined, since anything that has a positive impact on the environment is often also economically sensible. For example, we are always pushing ahead with ever 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 find application in a wide range of sectors. In many cases they help our customers to reduce their own environmental footprint. All BENTELER products have two central characteristics in common: extremely high quality and above-average longevity.

Climate-friendly automotive technology

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

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. The replacement of coil springs by leaf springs made of glass-fiber reinforced synthetics, for example, allows the total vehicle weight to be reduced by up to 40 kilograms. Our product solutions for the after-treatment or cooling of exhaust gases can also bring about a further reduction in harmful emissions from traditional engines.

With a focus entirely on weight and emission reduction, we have also developed lightweight battery trays for electric and hybrid vehicles, which are now in series production. We are thereby taking account of the growing market for e-mobility, which requires particularly lightweight vehicle components.

Long-life steel tubes

Seamless and welded quality steel tubes are a central component in numerous products in the Automotive, Energy and Industry market segments. BENTELER Steel/Tube develops innovative tube solutions for these sectors in close collaboration with its customers. The utmost priority is precision and longevity. BENTELER is thus able to provide efficient, resource-friendly technology for the widest range of applications.

In engine manufacturing, for example, we have developed a new type of material which combines optimum weight characteristics with high strength and long service life. We use these in precision camshaft tubes for engines, which serve as a track for the roller bearings. As a result of lower friction losses and a more compact design, the precision tubes reduce fuel consumption and hence CO₂ emissions.

During the reporting year we also developed tubes with a particularly environmentally friendly surface under the Zista® Seal brand name. The coated tubes for hydraulic and automotive applications are extremely corrosion resistant – and hence particularly durable and resource-friendly – but do not require the use of seals containing chromium VI that is harmful to health.

Product labeling

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

Safety and quality

BENTELER Automotive and BENTELER Steel/Tube contribute to vehicle safety through their products: for example with active rollover protection systems for cabriolets, active

crash boxes for crash management systems and tube solutions for airbags or tubes for crash management systems. 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 the company's risk management system.

BENTELER Automotive guarantees the subsequent quality of the product right from the development process by means of a milestone system and key performance indicators (KPIs). This includes the use of feasibility studies, failure mode and effects analysis (FMEA) as well as product and process simulations. Integrated supplier management and supplier development programs, as well as randomized goods inward checks, guarantee the quality of purchased parts. We also carry out quality controls during

production and check production quality constantly. In 2015 BENTELER Automotive initiated appropriate process audits for selected projects in 41 plants.

If quality defects arise, the course of action is determined in accordance with a standardized process definition. The primary objective is to eliminate the cause as rapidly as possible, and this is achieved through close collaboration between the various functional areas and the plant. BENTELER also analyses claims in order to learn from them and constantly improve process steps. The company has also taken out insurance to limit any residual risks in cases of liability or damage.

Sustainable relationships

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

Our employees

In December 2015 BENTELER Automotive had 21,326 productive employees (full-time equivalents). This figure does not include apprentices, trainees, absent employees with a right to return and employees working temporarily in other plants or partner firms. Nor does it include contract workers and employees seconded temporarily from other plants or firms.

The turnover rate of employees and apprentices of BENTELER Automotive who left the company voluntarily stood at 5.4% in 2015 and thus remained almost constant compared to the previous year (5.3%). We see this as an indication of our employees' satisfaction and conclusive evidence of the success of our efforts to develop and retain our employees.

PRODUCTIVE EMPLOYEES OF BENTELER AUTOMOTIVE BY REGION

In FTE ¹	2014	2015
North-East Europe	4,582.9	4,588.2
Western Europe	4,104.5	4,130.9
Southern Europe	2,324.3	2,525.7
North America	4,828.0	4,604.9
Mercosur (South America)	1,848.7	1,484.1
Asia/Pacific	1,696.6	1,896.6
Total²	21,561.1	21,325.9

¹ FTE: full-time equivalent excluding contract workers; average value on 12-month basis.

² The total includes additional productive employees not allocated to regions. These amounted to 2,176.1 FTEs in 2014 and 2,095.6 FTEs in 2015.

TURNOVER RATE OF BENTELER AUTOMOTIVE BY REGION

In %	2014	2015
North-East Europe	6.1	6.6
Western Europe	1.3	2.4
Southern Europe	4.0	3.2
North America	8.8	9.5
Mercosur (South America)	2.5	1.1
Asia/Pacific	10.0	7.8

Employee representative bodies

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

Codetermination has traditionally been a high priority at BENTELER. Regular exchanges take place in a climate of trust between the employee representatives and the management. BENTELER Automotive informs the employee

representatives promptly and comprehensively about important operational changes. All legal information obligations are complied with.

In the framework of the participation rights specified by law, BENTELER is in constant constructive dialog with the works council established for the European sites. The Central Works Council brings the sites of BENTELER Automobiltechnik GmbH in Germany together in a single body.

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

Employee benefits

BENTELER offers its employees comprehensive benefits. Many employees, for example, can take advantage of a company pension, which provides a valuable supplement to the state pension.

The system of "global job levels" in use at BENTELER involves a uniform global assessment and grading of key professional tasks and regulates pay and contractual fringe benefits. These include, for example, the amount of company pension, entitlement to the use of a company car as well as other health and insurance benefits. The 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.

Work-life balance

We offer our employees numerous support services to promote work-life balance. These are geared to the needs of the individual locations and to the employment relationships. Employees at the Paderborn site, for example, can have their children looked after at BENTELER's "Rohrspatzen" nursery. The places are allocated to the shop-floor and office staff of the various locally based Divisions according to availability. In Spain too 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. At our sites in Norway, we pay a proportion

of the costs of some medical treatments for the children of our employees that are not met by the government. For example, the company contributes 50% of the costs of a prescribed dental brace.

In 2015, 141 employees of BENTELER Automotive in Germany took parental leave, including 40 women and 101 men. A total of 10.9% of the women and 1.9% of the men took parental leave. The proportion of women returning to the company after parental leave up to 31 December 2015 amounted to 61.1%. In the case of men the figure was 98.9%. Twelve months after their return from parental leave, 91.7% of male employees and 95.6% of female employees were still employed at BENTELER.

Diversity and equal opportunities

BENTELER operates worldwide with a varied product portfolio. Around 30,000 employees from numerous nations and different cultures work for the company. We value the variety of cultural characteristics and see the diversity of our employees, who show commitment to the Group as a whole, as a major strength of BENTELER. Our commitment to diversity is also embodied in the *Corporate Philosophy* and *Code of Conduct* which state among other things: "Respect towards all employees is the keystone of interacting with each other. We do not allow any personal discrimination based on nationality, skin color, gender, age, religion, disability or private lifestyle."

With regard to diversity and equal opportunity, the equal rights and promotion of women is a central theme for BENTELER. As a fundamental principle we pursue the objective of constantly increasing the proportion of women at BENTELER – including in our management. Since 2016, following the appointment of Isabel Diaz Rohr, there has been a woman serving on the Executive Board of BENTELER International AG. All the members of the Supervisory Board of BENTELER International AG are male. The proportion of female senior and middle managers at BENTELER Automotive amounted to 11% in 2015.

We ensure fair, competitive and transparent remuneration for our employees by means of standards that result in market-compliant cross-sector remuneration while also rewarding performance and success. Remuneration is based primarily on an evaluation of the job and duties it entails as well as the employee's performance. It is paid regardless of the holder of the position, on the basis of the required knowledge, the necessary cognitive ability and the degree of responsibility of the position. The classification of jobs on the basis of these categories assists with internal and external comparability.

Education and training

The global market in which we operate is characterized by growing competitive pressure, increased internationalization of business and an increasingly changeable economic environment. We are convinced that we can only meet these future challenges and pursue our growth course with highly trained employees. In this regard our employees' readiness to adjust to new situations and assume responsibility in an agile and open way will be of great importance in the future. For that reason the company invests systematically in the continuing development of its employees.

For example, we train young people worldwide in a broad range of apprenticeships: 756 in 2015, 759 in the previous year. With regard to continuing education and management development, the employees of BENTELER Automotive took part in a total of 510,434 hours of training in 2015. To ensure access to young talent, the cooperation with technically focused universities in the proximity of German BENTELER sites was also strengthened. At BENTELER Automotive there was a central focus on the development of an organization for the Asia-Pacific region. To that end, for example, Chinese graduates of European universities were also recruited with a view to implementing the growth plans for the Asian market.

BENTELER AUTOMOTIVE TRAINING HOURS 2015 BY REGION

Country	Total training hours
North-East Europe	67,251
Western Europe	44,553
Southern Europe	83,651
North America	132,430
Mercosur (South America)	35,798
Asia/Pacific	107,407
Others*	39,344

* Others includes training hours in the areas of BENTELER Mechanical Engineering, BENTELER Defense, BENTELER Basket and the BENTELER-SGL joint venture, which cannot be allocated to particular regions.

In order to fulfill our growth objectives, around 20 additional management positions will need to be filled in middle management at BENTELER Automotive alone by 2020. The required future managers will be recruited principally from the company's own employees. We are therefore investing a lot of energy in programs to develop our management. The management development program consists of the three modules "management", "strategy" and "finance/controlling" and is being carried out in collaboration with the renowned Zurich International Business School.

The training of employees and experts without management responsibility is very important to us. In each Division an in-house personnel and organization development team deals with the specific interests of the employees. At BENTELER Automotive, in addition to a global team for personnel development matters, there are managers in all regions who provide the trainings and further measures for ongoing development of the employees. They collaborate with local trainers and institutes to ensure that country-specific and cross-culturally adapted training offers are available.

BENTELER Automotive also has a global network of internal trainers on themes such as finance, logistics, project management and information technology. There are also internal academies for production processes, finance and controlling, supply chain management and technology. Individually adapted trainings are designed to help employees move into individual jobs within the company. A further program is available to the more than 70 plant managers worldwide. As part of the "Plant Manager Development Program" a large number of the plant managers have already been trained in overarching themes such as materials management, finance, controlling and plant-specific production technologies.

In this regard it is important that the individual strengths of the employee are recognized and promoted. For this reason BENTELER provides tailored offerings 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. The range of programs we offer our employees on a tailor-made basis includes the following:

The **"HR Global Performance Management System"** allows targeted support for high performers and high potentials – in a way that is standardized and transparent worldwide.

"Talent circles" provide a targeted means to support and develop aspiring managers, preparing them intensively for middle or senior management positions.

Various useful tools for management and further personal development are provided for new and existing managers in the three modules of the **"Foundation of Leadership"** program.

In order to develop tailor-made education and training, regular performance assessment is essential. 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 quality of collaboration is thus highlighted and can be improved accordingly.

Occupational safety and health management

The health and safety of our employees is of the utmost importance to us. To promote it we rely on numerous initiatives, which we see as a crucial investment in the future of our company. We have also embedded this approach in our Corporate Philosophy and Code of Conduct: "Everyone is to assure that the health and safety of all employees are assured."

To meet this requirement, BENTELER Automotive implemented a worldwide occupational health and safety management system in 2011, which is regularly subjected to internal audits. Various plants in the Asia-Pacific, Southern Europe and North-East Europe regions are certified externally. Occupational safety targets exist both at plant level and on a regional and global level. The implementation of a "safety-first philosophy" at all sites worldwide is intended to stabilize the accident rate across the Divisions over the long term. In 2015 the recordable accident rate was five. The absolute number of notifiable accidents in 2015 was 223, representing a decline compared to the previous year (279). The severity of accidents and the resulting

days of absence also decreased. The plants at Porto Real (Brazil) und Fuzhou (China) had been completely accident-free for 2,000 days in 2015.

We deeply regret, however, that in December 2015 a fatal accident occurred at our plant at Rumburk (Czech Republic). An employee was fatally injured when making adjustments to an automated manufacturing cell. Following this tragic occurrence we further optimized the processes for machine planning and acceptance. We have also introduced a global system to improve safety-conscious behavior on the part of employees.

By joint agreement between Human Resources and the Safety, Health & Environment (SHE) area at BENTELER Automotive, a program was launched on the themes of ergonomics and preventive healthcare as a new focal point for health protection activities at the end of 2015. Minimum requirements and standards, including for the ergonomic assessment of jobs, were defined and further developed. Activities during the past year also focused on the promotion of healthy lifestyles and care in cases of psychological stress – predominantly in the Western Europe region. At German sites BENTELER Automotive offers various facilities to maintain the health of its employees, including health days, subsidies for sports activities, company sports, vaccination advice from the company doctor and flu vaccinations.

In accordance with the Occupational Health and Safety Act, meetings of the Occupational Health and Safety Committee are held at the German sites. This system operates at BENTELER Automotive and at international sites. The code-termination practiced in Germany also applies to the occupational health and safety area. Close cooperation takes place with the works councils and the Central Works Council on these matters. Occupational health and safety matters are incorporated in the guidelines applying to the Group and to individual sites. Their approval process in Germany involves participation by employee representatives on matters for which codetermination is mandatory. At site level there are various guidelines with occupational health and safety content.

Supplier relations

BENTELER expects its suppliers to comply with the same social and environmental standards as those to which the company is committed. We have also enshrined that in our Corporate Philosophy and Code of Conduct. These form the basis for our contracts with suppliers. In addition, as part of our business partner assessment, we check whether active suppliers appear on any sanctions lists. In the supplier assessment and approval process, all suppliers of production material are also required to answer a self-assessment questionnaire including the following themes:

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

We record our suppliers' certifications in individual management systems, such as the ISO 14001 environmental management system. By requesting this information we also emphasize to our suppliers the relevance of integrated environmental management. At the end of April 2016, such certificates had been recorded for 23% of the active production suppliers of BENTELER Automotive.

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

In order to attract a diverse range of suppliers, BENTELER Automotive in the US offers "minority suppliers" – companies managed by national minorities, women or veterans – fair opportunities to take part in tenders.

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 significance to BENTELER:

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

BENTELER regularly exchanges information with these on themes relevant to the company, economic development or current social debates. The technical areas engage in dialog with the stakeholder groups through various committees, associations, specialist groups or by means of press releases. We systematized the target groups, themes and communication channels for the first time as part of a Group-wide communications strategy in 2015. This will now be implemented progressively in the years ahead.

The aim of the internal communication is to convey the appreciation of the BENTELER employees and strengthen their bonds to the company. There is also a regular supply of information that enables employees to understand the

STAKEHOLDER DIALOG 2015

Group	Key themes 2015	Channels/formats
Customers	Sustainable governance, development themes (e.g. product development, material mix, services), sustainable supply chain, data protection, sustainable products, product information, raw materials procurement, sustainability in general, macroeconomic developments	Individual discussions, workshops, strategy dialogs, trade fairs & tech days, certifications, VDA events, media (mainly specialist media)
Employees	Sustainable governance, personnel development, employment conditions, health and health management, social program, corporate development, market situation, change themes, securing locations in Germany	Individual discussions with managers, events, company suggestion scheme (internal tool), intranet, employee newspapers, social media
Trade unions/ Works councils	Future of employment, sustainable governance, occupational safety, health, responsible business practices, securing locations and employment in Germany	Individual discussions, works meetings, exploratory talks, negotiations, conferences
Potential new employees	Sustainable governance, development possibilities, social benefits, internationalism, equal opportunities	Cooperation in higher education, university fairs, cooperation with schools, career fairs, BENTalent trainee retention program, print media (news-papers, specialist media), social media and career portals
Suppliers	Sustainable governance, sustainable supply chain, raw materials procurement, data protection, communication of customer requirements (including with regard to sustainability), employee satisfaction (of suppliers' employees), compliance with occupational safety and social standards	Individual discussions/dialogs, negotiations, trade fairs, business partner assessment, minority certification, supplier self-assessment, supplier audits in accordance with VDA 6.3 standard, producibility assessments of purchased parts, focus program
Press	Sustainable governance, changes, new products and services, investments, education	Individual discussions, interviews, trade fairs, press releases, annual report, website
Local communities	Employment, sustainable governance, social benefits, social projects, regional development, environmental management, education	Events (such as open days), social projects, press releases (mainly in local/regional media), 2014 annual report, website, social media

market and the company context, so that they can contribute to the success of the company through their personal duties. This allows familiarization with a changing market environment and provides a basis for joint adaptation to future market requirements.

The aim of the external communication is to be seen as an attractive employer, to retain good employees, to enthruse new employees and to gain customers, suppliers and business partners.

The key themes covered in the stakeholder dialog in 2015 and the channels and formats used are shown in the table on page 33.

Our various stakeholders engaged in dialog with BENTELER in various ways in 2015: using the BENTELER suggestion scheme, employees can suggest improvements to a range of areas including the ergonomics, safety and environmental friendliness of jobs or processes. In 2015 a total of 8,556 suggestions were submitted through the company suggestion scheme of BENTELER Automotive. The implementation of the suggested improvements not only made our jobs safer and more environmentally friendly, but also enabled BENTELER Automotive to save around €1.3 million in the same year, less bonuses for the suggestions. Employees in German, British, Belgian and Eastern European plants can currently submit improvement suggestions through the central system. In future the suggestions will be rolled out Division-wide to give all employees a chance to participate.

The main concern of the trade unions and the works council in Germany in 2015 related to the securing of locations and employment. This concern was addressed through the conclusion of a forward-looking industrial plan by BENTELER Automotive with the Metall 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 electromobility. Close cooperation ensures that customers' feedback and ideas are taken into account in the development of products and services.

In addition to the direct dialog with the stakeholders, BENTELER Automotive participates in many associations and interest groups. The following list is a representative sample:

Germany

- ▶ Association of Supply Chain Management, Procurement and Logistics
- ▶ German Logistics Association (BVL)
- ▶ German Association for People Management (DGPF)
- ▶ German Institute of Compliance (DICO)
- ▶ Thuringia Sustainability Agreement
- ▶ Stifterverband für die Deutsche Wissenschaft
- ▶ German Engineering Federation (VDMA)
- ▶ German Association of the Automotive Industry (VDA)
- ▶ Centre for Occupational Health, Safety and Medicine

USA

- ▶ American Society of Metals
- ▶ Automotive Industry Action Group
- ▶ National Association of Foreign Trade Zones
- ▶ Original Equipment Supplier Association
- ▶ Society of Automotive Engineers
- ▶ Society for Human Resource Management

Brazil

- ▶ American Chamber of Commerce for Brazil

China

- ▶ The German Chamber of Commerce in China
- ▶ EU Chamber of Commerce in China

South Africa

- ▶ Automotive Industry Development Centre

GRI content index

The 2015 sustainability report of BENTELER entitled "Together. Shaping the Future" is based on the internationally recognized guidelines of the Global Reporting Initiative (GRI). It includes the following standard disclosures in

accordance with Version G4 of these guidelines which have been valid since May 2013. If not all requirements of an indicator have been entered in full, it is because the omitted information is not material in the case of BENTELER.

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