

4. STAKEHOLDER AND CR MANAGEMENT

voestalpine has numerous stakeholders with different interests and concerns. An important task of the company's management is thus to maintain relationships with them, to take up their concerns, and to reconcile divergent interests as best as possible. This orientation toward stakeholders has been the basis of voestalpine's successful and sustained development in the past and will become ever more important in the future.



Management of communities bordering the new special steel plant

voestalpine is building a state-of-the-art special steel plant in Kapfenberg, Austria, for supplying the most demanding customer segments. To engage in a dialogue with the local stakeholders, a comprehensive community management plan was developed even before the groundbreaking ceremony in 2018. The aim is to tie the local population proactively into the project, encourage a dialogue, and create a positive environment at the new site through established processes.

The project has its own website and dedicated phone number, and regular office hours and information events are scheduled as well. Display cases and a webcam provide information about the status of the construction work. The affected communities are notified early on of potential problems (e.g., excess noise), and complaints if any are handled rapidly on an individual basis through on-site visits.

4.1 STAKEHOLDER COMMUNICATION

Through its Management Board as well as executive and non-executive personnel, voestalpine is in regular contact with the stakeholder groups enumerated below. Numerous opportunities such as expert discussions and roundtables, conferences, trade shows as well as analyst and investor meetings are used to this end. Both the employee survey, which is conducted on a regular basis, and annual employee performance reviews are important settings for structured

communications with internal stakeholders. voestalpine is also represented on a wide variety of bodies serving advocacy groups, trade associations, lobbying campaigns, and platforms.

During the reporting period, communications with individual stakeholder groups took place in various settings and with respect to various topics as described below.

4.1.1 EMPLOYEES

The voestalpine Group currently has a global workforce of just under 52,000 people. In addition to annual employee performance reviews that are conducted with about 67% of the workforce, the employee survey that is carried out every three years (with the next one scheduled for the fall of 2019) plays a key role in this connection.

Following the last employee survey in 2016, a variety of measures were implemented with respect to issues such as information & communication, career development opportunities, and identification/employer.

4.1.2 CUSTOMERS AND SUPPLIERS

voestalpine maintains very open and close relationships with all of its business partners. Many of them are of long standing and form the basis of trustful and transparent cooperation. In turn, this enables the development of new processes and products that meet the requirements of all parties involved and ensure the responsible use of resources.

Issues of sustainability are increasingly moving to the center of our communications with customers and suppliers. Besides conventional supply chain management issues such as quality,

costs, availability, and delivery dates, increasingly the conversations are also focused on climate protection, energy and resource efficiency, or compliance with labor and human rights in production.

voestalpine's Code of Conduct is binding on all of the company's suppliers and business partners and forms part of the terms and conditions. Technical visits and viewings of the production facilities also take place on a regular basis. For more information on this issue, please see the chapter "Transparency in the Supply Chain."

4.1.3 ANALYSTS AND INVESTORS

voestalpine AG has been listed on the Vienna Stock Exchange since 1995. Institutional investors and analysts are among the company's key stakeholder groups. The members of voestalpine's Management Board and the managers of its Investor Relations department maintain close relationships with the company's shareholder representatives and investors through investor conferences, roadshows as well as individual visits in order to discuss current issues and the market situation. As regards sustainability, climate-relevant emissions are

among the key topics discussed with analysts and investors. Specifically, this concerns ways to represent the Group's CO₂ emissions and options for reducing them in the future—also taking into account the resulting negative impact on costs. At regular intervals, voestalpine holds so-called "Capital Markets Days," i.e., special investor events at which trends and developments related to a high-priority issue in the Group are presented.

4.1.4 RESEARCH INSTITUTIONS AND UNIVERSITIES

Working closely with universities and research institutions is essential, particularly in the field of research and development. voestalpine supports outstanding dissertations, master's theses, and research projects; it also endows

professorships. The company's Management Board regularly attends special student events at institutions such as the Montanuniversität Leoben to answer questions from the students.

4.1.5 NGOS, ADVOCACY AND SPECIAL INTEREST GROUPS, AND PLATFORMS

Representatives of voestalpine belong to various working groups and committees of special interest groups and platforms such as EUROFER, worldsteel, ASMET, and Estep. They contribute voestalpine's knowledge of and opinions on a wide variety of issues during EU consultations.

There are intensive, fact-based exchanges with NGOs, especially with respect to environmental issues such as energy and climate policies.

Since April 2019, voestalpine AG has been a member of ResponsibleSteel, an initiative that focuses on the sustainable production of steel and the sustainable procurement of both raw and other materials. voestalpine actively engages in the ongoing development of the standard on which this policy initiative is based.

4.2 CORPORATE RESPONSIBILITY MANAGEMENT

The Corporate Responsibility Steering Committee and the CR Manager are largely responsible for Corporate Responsibility Management (CRM) and the identification of topics relevant to CR as well as assessments regarding their significance to voestalpine.

Issues that stakeholders bring to the attention of voestalpine or that appear to be particularly important in the ongoing sustainability debate are regularly discussed on the Corporate Responsibility Steering Committee.

This Committee, which is chaired by the company's CEO, comprises the heads of the Group departments Compliance, Legal, Environment, Research, Communication, Human Resources, health & safety, Investor Relations, Procurement and Raw Materials Procurement as well as International Business Relations.

In its function as a management unit, Corporate Responsibility is a part of Investor Relations. The CR Manager represents voestalpine at a broad range of events and initiatives related to corporate responsibility and sustainability. As stated above, the company is a member of ResponsibleSteel, a non-profit initiative that is developing a standard for the sustainable development of the entire steel chain—from the mining of ore all the way to the end consumer—in a multi-stakeholder dialogue. As a delegate of voestalpine, the CR Manager participates in the preparation of this standard.

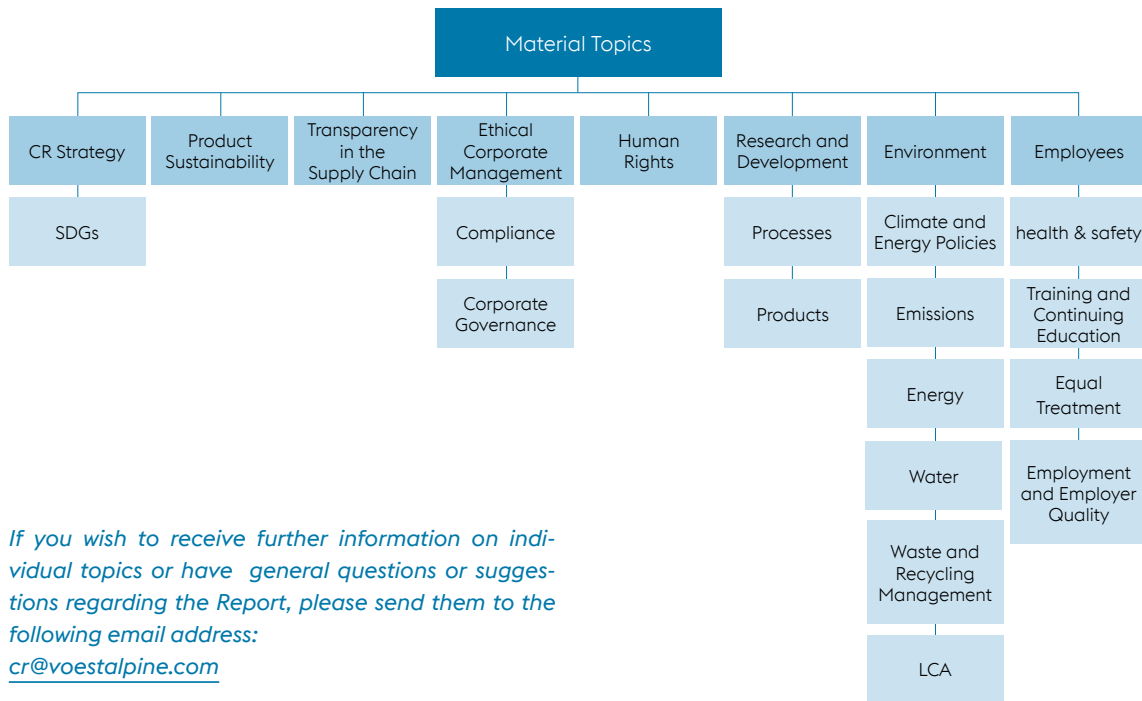
These intensive, bilateral exchanges between the CR Manager and the department managers—within the divisions and at the level of the holding company—serve to debate both current and particularly important issues of sustainability.

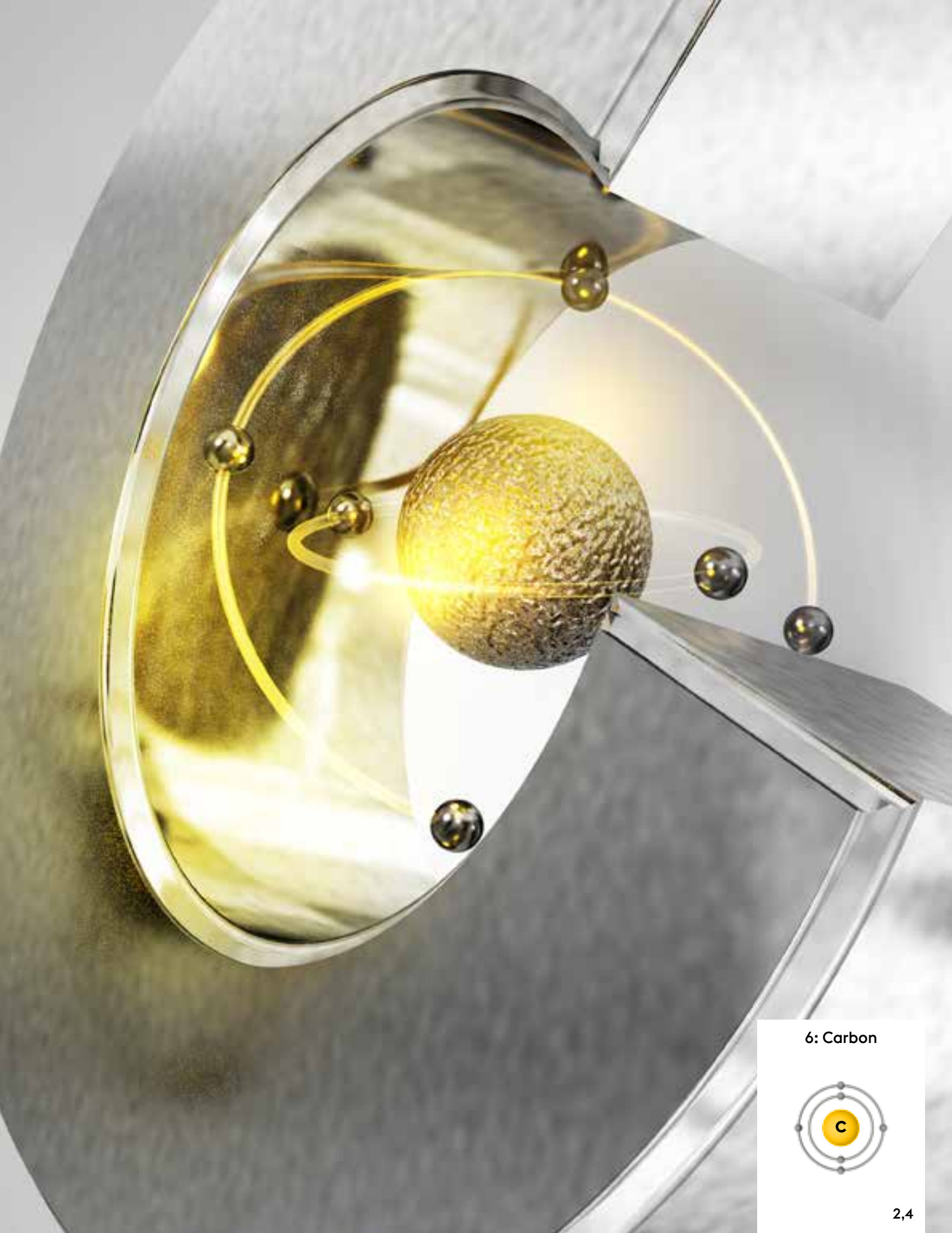
4.3 MATERIAL TOPICS

voestalpine uses its ongoing communications with internal and external stakeholder groups to identify those topics that are key to CR management and the relevant reporting.

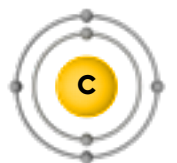
Information on voestalpine’s approach and performance regarding the material topics is published in the CR Report. The following topics have been identified as central to the Report:

A list of the topics that the stakeholder groups consider the most important is drawn up prior to the preparation of the annual CR Report and supplemented by those topics that have been identified in connection with the company’s work in relevant bodies as well as through analyses of trade communications and benchmark analyses of select competitors, suppliers, and customers.





6: Carbon



5. PRODUCT SUSTAINABILITY

The analysis of a product in terms of environmental, economic, and social criteria over its entire useful life is becoming ever more important—not just from customers' standpoint, but also at the political and legislative level. The effects on voestalpine's climate protection targets are particularly important in this connection.

Solid and workable data are the basis for any assessment of sustainability. They make it possible to provide transparent and quantifiable information on the sustainability of products to business partners, investors, trade and other associations, non-governmental organizations (NGOs), the public at large, and government agencies. These stakeholders use a wide variety of assessment and certification systems for the individual parameters. This poses a major challenge for a global technology group that operates in different segments. Among other things, therefore, voestalpine's activities also focus on helping to shape the legal framework for product sustainability, e.g., through legislation, the development of standards, the standardization of methods, etc.

Environmental, social, and economic aspects must be considered and included in any comprehensive product assessment—specifically, in each case across the given products' entire useful life, from the extraction of the raw materials all the way to the products' reuse and recycling.

Product sustainability thus encompasses all three pillars of sustainability along the entire supply and value chain, even though the requirements currently tilt the focus in the direction of ecological issues.

Environmental Aspects

- >> Life cycle assessment (LCA) for determining the environmental effects (the "carbon footprint") of voestalpine's products, such as a given product's carbon or water footprint and the provision of verified environmental balance sheets in the form of Environmental Product Declarations (EPDs).
- >> Material compliance: Information on the handling of relevant substances and substantiation of compliance with the applicable statutory requirements, e.g., "Registration, Evaluation, Authorization, and Restriction of Chemicals" (REACH); the "Restriction of Hazardous Substances Directive" (RoHS); the "Global Automotive Declarable Substance List" (GADSL); and the EU Directive on End-of-Life Vehicles.
- >> Circular economy: Development and creation of closed-loop substance, materials, and value-added chains to boost resource and energy efficiency (e.g., utilization of waste and recycled materials stemming from the production of steel, creation of recycling chains for product and secondary raw materials in the supply chain).

Social Aspects

>> Disclosure of and transparency regarding the use of so-called conflict minerals along the entire supply chain pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). voestalpine applies the internationally standardized and accepted “Conflict Minerals Reporting Template” (CMRT) of the Responsible Minerals Initiative (RMI) based on information from the upstream supply chain.

Economic Aspects

>> Provision of solid and workable information for various assessment and certification systems that are included in supply chain decision-making processes and can be utilized all the way to the end consumer as conveyors of information.

5.1 ENVIRONMENTAL PRODUCT ASSESSMENT: LCA IN THE voestalpine GROUP

A life cycle assessment is a methodology for systematically determining the environmental impact of products. It always involves analyzing several impact categories such as the carbon footprint (CO₂), the acidification potential (SO₂, NO_x), primary energy needs as well as the utilization of land and resources.

While the “cradle-to-grave” concept (i.e., all life stages including distribution, use, and disposal) is typically used to define the system limits of products destined for end consumers, the “cradle-to-gate” approach generally applies to industrial products, because these products are turned into end products outside of a company’s own facilities. This is also how voestalpine applies the procedure in most cases. The findings of such an analysis can be used by the given industrial customer to compute a complete life cycle assessment for a specific product.

An LCA of voestalpine products also shows the potential gained from recycling, because doing so avoids engaging in new primary production. Steel scrap (e.g., from end-of-life autobodies)—which is an important raw material in steel-making and can be turned back into high value

product qualities during the production process—is a typical example of this approach.

Environmental Product Declarations (EPDs) are important tools in this regard: They deliver transparent and neutral information on the environmental impact of a product based on its environmental balance sheet. voestalpine already has prepared and published EPDs for a variety of products such as colofer®, heavy plate as well as hot-dip galvanized strip steel. They are based on EN 15804 and ISO 14025, were verified by independent auditors, and have been published in the declarations program of the Austrian Institut Bauen und Umwelt (IBU), an association of building product manufacturers. For example, additional information and data on assessments of a product’s sustainability, which voestalpine makes available to its customers on a regular basis, serve as pre-chain data for customers’ products. They also serve as a basis for different sustainable building certification systems; supply chain reporting (e.g., the Carbon Disclosure Project, CDP); international product-related standards (e.g., the Framework Standard for Responsible Sourcing (BES 6001)); or national initiatives such as the Netherlands’ History Database of the Global Environment.

5.2 THE DECARBONIZATION CHALLENGE

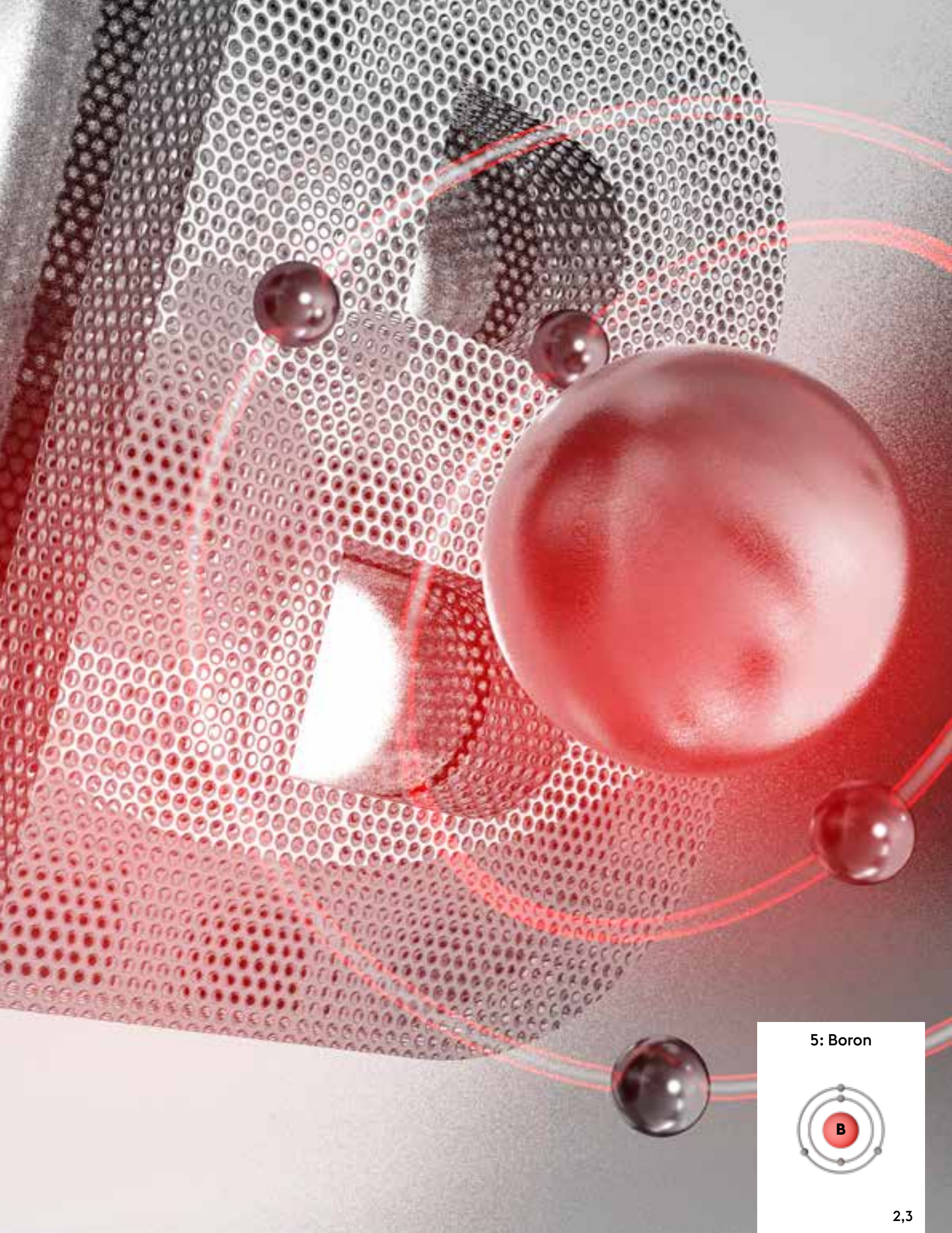
The long-term decarbonization of the economic and social system plays a role in environmental product assessments also, especially in the context of the so-called “circular economy,” which refers to sustainable recycling, taking value chains into account. EU legislation is addressing this topic too, e.g., through tightened limits on emissions up to 2030 and beyond.

In the automotive industry, for example, emissions assessments over a vehicle’s entire life cycle (so-called “life cycle emissions”) are being discussed in this connection. voestalpine cooperates intensively with its customers on these issues in order to describe the contribution of steel as a material and devise long-term concepts for CO₂-minimized steelmaking as well as to compile data on the joint potentials of the value chain.

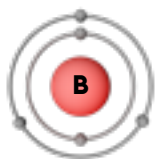
5.3 AN ISSUE OF GROUP-WIDE SIGNIFICANCE

voestalpine believes that both corporate responsibility and product sustainability are key aspects of the sustainability of a company and its products, and aims to bring about a coordinated and intensive collaboration of its divisions in this respect. The first-ever product sustainability workshop in April 2019 signaled the start of

specific steps: Representatives of all divisions and numerous operating companies as well as managers of the Strategy, Research, Sales, Corporate Responsibility, Environmental Management, and Communications departments participated in the workshop that was designed to facilitate an exchange of information.



5: Boron



6. CLIMATE PROTECTION

The production processes of the steel industry are energy intensive and thus emissions intensive. voestalpine actively engages in research and development projects to reduce CO₂ emissions and to contribute effectively to climate protection. Aside from voestalpine's innovation activities in metallurgy itself, its joint projects with the energy sector are becoming increasingly significant too. The political framework that is decisive to the actual implementation of new decarbonization technologies in the long term must be fleshed out simultaneously at the global, European, and national level.

6.1 THE POLITICAL FRAMEWORK

The continued implementation of the World Climate Agreement; EU requirements regarding energy, climate, research, and trade policies; as well as Austrian projects such as the national hydrogen strategy are the essential parameters of voestalpine's activities.

The company actively supports its core interests, both directly and through advocacy groups. This includes promoting innovations; coordinating EU-wide energy policies (expansion, electricity & natural gas infrastructure); safeguarding fair competition rules; and securing cost reductions in energy-intensive sectors during the transition to new technologies.

Austria held the presidency of the European Council in the second half of 2018. voestalpine participated in a multitude of related events and thus had the opportunity to draw attention to its challenges, approaches to solutions, and ongoing projects aimed at decarbonizing the production of steel in the long term. These activities included the unveiling of the company's hydrogen projects in the Austrian Pavilion at the Conference of Parties (COP 24) in Katowice,

Poland; its participation together with K1-MET (a metallurgical competence center) in the "Wind of Change" conference that the EU Commission had organized in Brussels, Belgium, on the issue of energy in future steelmaking; and its participation in the Strategic Energy Technology (SET) Plan conference in Vienna. The high-level conference, "Charge for Change: Innovative Technologies for Energy-Intensive Industries," was held in September 2018 at voestalpine Stahlwelt in Linz as part of an informal meeting of the EU Council of Energy Ministers. During this event, attendees from both the political realm and industry, including then EU Commissioner for Energy and Climate Action, Miguel Arias Cañete, toured the H2FUTURE electrolyzer facility that had been installed at voestalpine's Linz plant.

Numerous renowned industrial companies—including voestalpine's H2FUTURE project partners, VERBUND and Siemens—as well as voestalpine itself signed the European Hydrogen Initiative that the Energy Ministers had adopted. Austria's hydrogen strategy, which is based thereon, is currently being prepared at the national level.

Five of the existent working groups that comprise key stakeholders are looking into technical, regulatory, and economic aspects of the infrastructure required for generating hydrogen with the help of electricity from renewable sources as well as into options for storing hydrogen. The

Austrian Federal Ministries for Sustainability and Tourism (BMNT); Traffic, Innovation, and Technology (BMVIT); and Finance (BMF) are coordinating the work. voestalpine chairs the working group on “Hydrogen in Industrial Processes” at the invitation of the BMNT.

6.2 EU EMISSIONS TRADING

On paper, the Directive on the EU Emissions Trading System (EU ETS) provides for adequate no-cost allocations of allowances for the “best” facilities, i.e., those that are aligned with the benchmarks established by the EU.

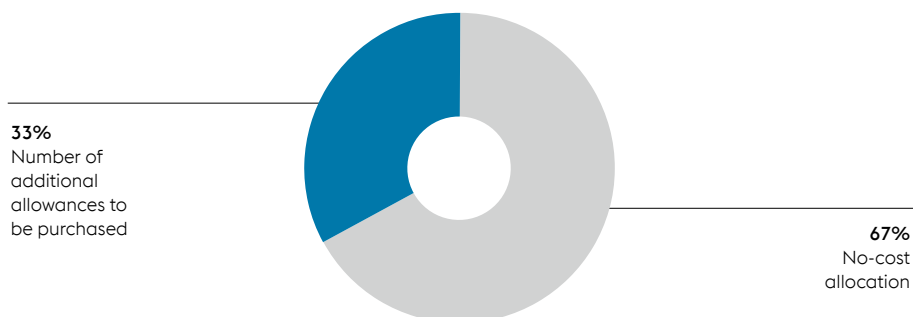
This so-called “carbon leakage” protection is intended to prevent the shifting of emissions-intensive industries from the EU to regions where climate protection requirements are weaker. In actual fact, however, the European steel industry must purchase allowances for about one

third of its emissions both in the current trading period (up to 2020) and in the subsequent one (up to 2030).

At this time, the voestalpine Group’s expense under the EU ETS is about EUR 100 million per year. Assuming that the CO₂ price will stay at least at the current level of about EUR 30 per ton of CO₂ in the long term, voestalpine’s total expenditures during the next trading period (2021 – 2030) will exceed EUR 1 billion.

EMISSION TRADING ALLOWANCES: FORECAST FOR voestalpine

Number of additional allowances to be purchased: about 45 million



The considerable expenditures for the EU ETS allowances are not available to research-intensive companies such as voestalpine for investments in low-carbon technologies.

voestalpine thus suggests that the EU ETS expense be refunded in full to such energy-intensive companies for earmarked purposes, i.e., subject to the requirement that the funds be utilized for taking innovative steps in the direction of environment and technology optimization programs aimed at lowering CO₂ emissions. Moreover, the competitive distortions resulting from divergent regulations throughout the EU in connection with the so-called electricity price offsets must be eliminated.

Under applicable EU state aid law, member states may grant offsets out of their proceeds from the national auctioning of ETS allowances to industrial consumers of electricity which, in some countries, account for up to 60% of the proceeds. This serves to offset higher electricity prices resulting from the energy sector's pass-through of the EU ETS expenditures to its customers. In Austria, however, this option has not yet been put into practice. At a CO₂ price of EUR 30, voestalpine's current cost disadvantage relative to its EU competitors is approximately EUR 40 million per annum.

6.3 DECARBONIZATION: voestalpine's OPTIONS AND PROJECTS

Coal and coke—the fossil raw materials on which conventional steelmaking is based—simultaneously are the main source of energy that is converted in the form of process gases into electricity in our own plants. In this way, our integrated steel facilities in Linz and Donawitz generate up to 80% of their electricity needs themselves; in other words, thanks to highly complex internal energy cycles they are largely independent of the external grid.

The energy equivalent for the crude steel production facilities in Linz and Donawitz is about 33 terawatt hours per year, which will have to be replaced by renewable energy from the external grid and/or by hydrogen generated with the help of renewable energy once the conversion to CO₂-minimized technologies has been completed.

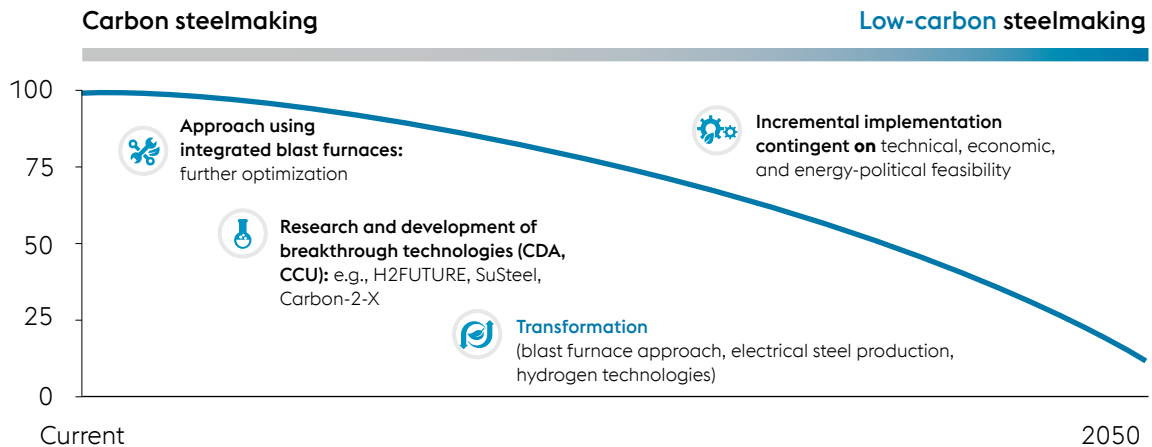
Several factors thus pose a challenge for the steel industry. In a first step, the industry must develop novel production technologies through research and innovation focused on metallurgy and process technology based on the use of renewable energy (e.g., green hydrogen) and upscale these new technologies. Subsequently, the industry will have to make heretofore unimaginable investments to convert existent production processes and, finally, competitively operate the new production technologies on a global scale.

While research and development are integral to companies' metallurgical know-how, the economic framework required for the broad-based implementation of novel technologies can only be created by way of a fundamental restructuring of the energy system.

6.4 TECHNOLOGY SCENARIOS

LOW-CARBON STEEL PRODUCTION: THE voestalpine SCENARIO

CO₂ emissions (in %)



As already described in detail in the previous CR Report, voestalpine is largely pursuing a concept that directly avoids CO₂ emissions (e.g., carbon direct avoidance (CDA)).

>> **voestalpine's decarbonization concept** aims to lower CO₂ emissions through the partial transformation of carbon-based steelmaking that requires integrated blast furnaces into electrical steelmaking that requires both the combined, flexible use of raw materials and an increase in the use of hydrogen (in the form of natural gas, coke gas, or pure hydrogen) and renewable energy. Depending on issues of technical and economic availability, in the long term the amount of hydrogen will be increased so that, in the end, the CO₂ emissions can be reduced by more than 80%.

>> **Research and development activities** including **upscaling** for the large-scale use of breakthrough technologies (e.g., H2FUTURE, SuSteel, Carbon-2-X):

> **H2FUTURE:**

Pilot plant in Linz serving to produce and test the industrial feasibility of green hydrogen. This EU showcase project at voestalpine's Linz facility receives major support from the Fuel Cells and Hydrogen Joint Undertaking (FCH JU) as part of the Horizon 2020 project.

> **Breakthrough technologies:**

Sustainable Steelmaking (SuSteel): Smelting reduction using hydrogen plasma and development of the technology in cooperation with a research facility at the Donawitz plant. The aim is to produce steel directly from iron ore without an intermediate step. This multi-year research and development project, which is supported by funds from the Austrian Research Promotion Agency (FFG), among others, is still at the bench scale.

>> **Bridging technology:**

Natural gas as a reducing agent in a direct reduction plant (currently in Texas, USA). Subsequently, this may be followed by the incremental use of green hydrogen (manufactured using renewable energy).

>> **Transformation of steelmaking in its current form**, i.e., from the carbon-based approach using an integrated blast furnace into electrical steelmaking that requires the combined, flexible use of raw materials (pig iron, scrap, hot briquetted iron (HBI)) and an increase in the use of both hydrogen and renewable energy.

>> **Incremental implementation** of the breakthrough technologies contingent on their large-scale technical maturity and the technically assured availability of renewable energy at competitive costs. These measures are intended to enable CO₂ reductions of more than 80% in steel production.

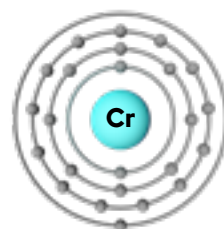
Aside from these carbon direct avoidance (CDA) options, voestalpine is also exploring the possibilities of carbon capture and usage (CCU). Ongoing and conceivable projects with respect to Carbon-2-X concern the conversion of CO₂ from process gases and the utilization of such gases along with hydrogen in both the energy and the chemical industry.

Above and beyond the technical feasibility, the use of raw materials and energy (using natural gas and hydrogen) in future steelmaking operations are material prerequisites for both CDA and CCU.

The funding requirements for all phases of this transformation are massive. Decarbonization also hinges fundamentally on the incremental restructuring of the energy system in the direction of a system where renewable energy is available in adequate quantities and on financially feasible terms so that the technologies available at the time can actually be operated competitively.



24: Chromium



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7. TRANSPARENCY IN THE SUPPLY CHAIN

voestalpine practices active supply chain management. This involves systematically collecting data on and evaluating the social and environmental effects and risks of suppliers' activities as well as considering them in the development of supplier relationships. Both general and raw materials procurement are integrated into the Corporate Responsibility Strategy.

General Procurement

When selecting its suppliers, voestalpine ensures that they comply with environmental and social principles. Sustainable supplier management has been integrated into its procurement processes to maintain long-term partnerships.

voestalpine ensures that those of its employees who work in purchasing receive ongoing training through information events such as the Purchasing Power Day as well as the three-stage Purchasing Power Academy, which the company itself developed.

The procurement process is continuously optimized in order to ensure compliance. The Code of Conduct forms the basis of business actions and decisions in this respect.



Raw Materials Procurement

Applying a life cycle approach (“closed loop”) together with our customers guarantees the highest levels of efficiency in the process of recycling our raw and reusable materials.

We face the challenge of permanently optimizing our supply chains jointly with our suppliers. Regular visits to the sources of raw materials and pre-materials, especially mines and deposits, are a fixed element of this process. Together, we develop methods for designing a supply chain that is efficient and meets the

corporate responsibility guidelines (CR Guidelines). New suppliers are assessed in terms of CR, quality, and performance and, depending on the outcome of the evaluation, are included in the portfolio of suppliers. The Sustainable Supply Chain Management (SSCM) project serves to screen our raw material supply chains from the bottom up, examining key factors pertaining to corporate responsibility. voestalpine ensures that absolutely all of its raw materials are subjected to this process, thus minimizing risk over the long term.

We require all suppliers from whom we source materials and that are subject to the Dodd-Frank Act to act in accordance with the latter's provisions. CMRT reports ensure that all materials procured on behalf of the Group are "conflict free."

competitive supply of both raw materials and energy. A high degree of integration into upstream and downstream processes, scenario planning, and adaptive supply concepts serve to minimize potential risks.

The primary responsibility of raw materials procurement management is to secure the long-term,

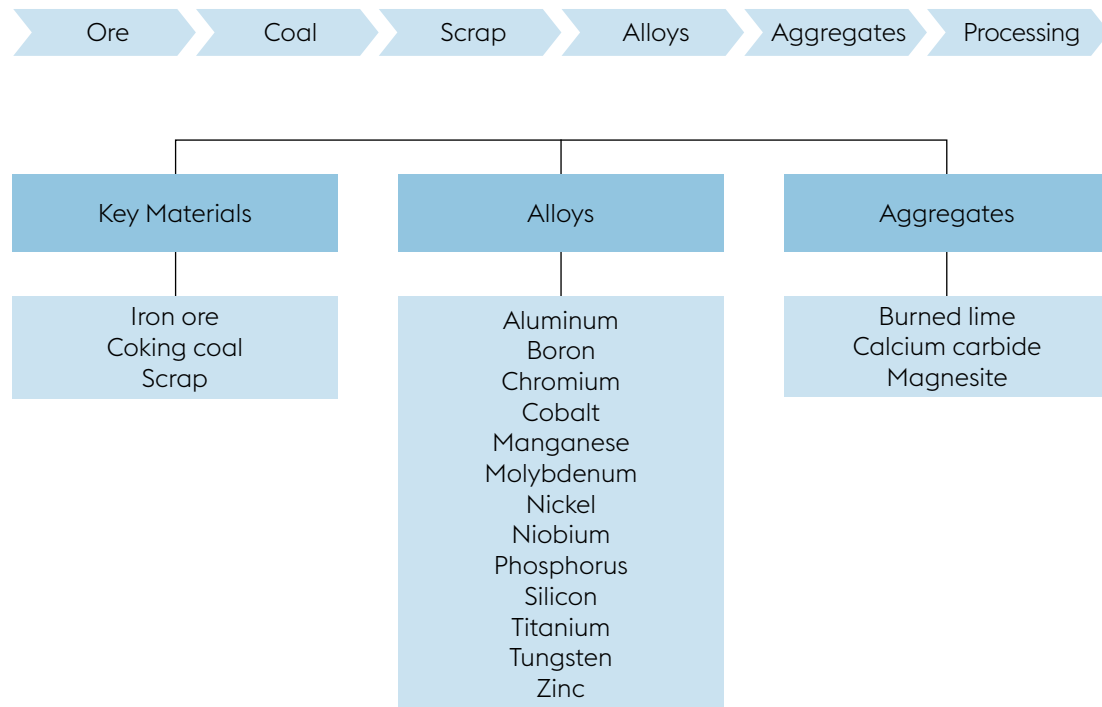


7.1 STRUCTURE OF THE SUPPLY CHAIN

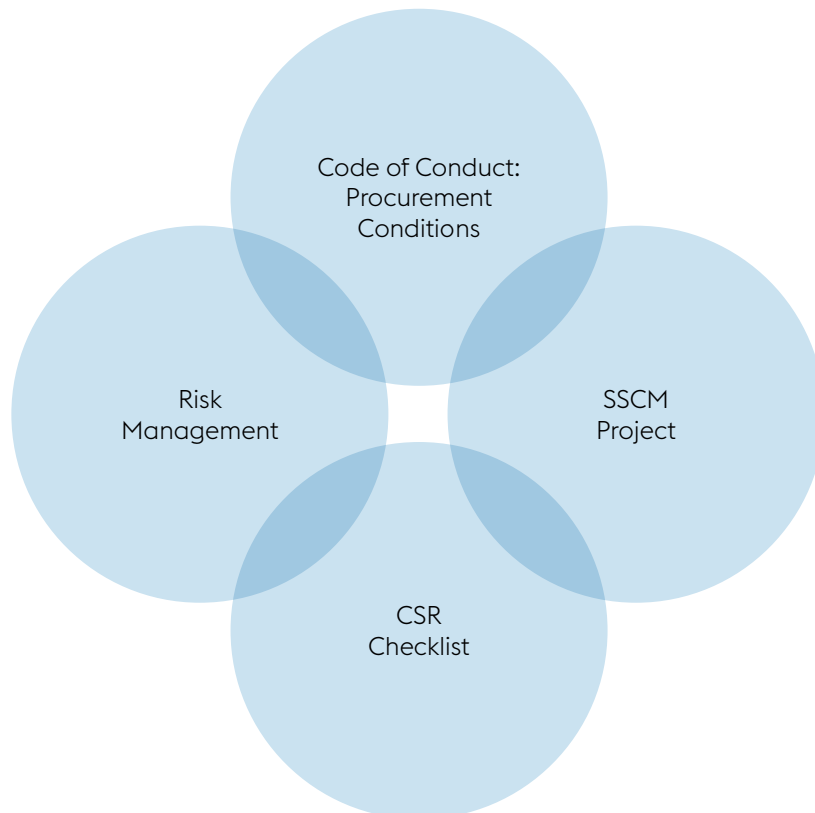
voestalpine works with a large number of suppliers that deliver the most diverse range of materials or products. Supplies are purchased either by the companies themselves or in centralized fashion for several facilities jointly, the latter particularly in connection with raw materials for the production of steel.

The conventional steel supply chain that provides the basis for many of the Group's value chains is depicted schematically below.

SUPPLY CHAIN EXAMPLE: STEEL PRODUCTION



7.2 SUPPLY CHAIN MANAGEMENT AT voestalpine



In order to firmly establish voestalpine's expectations and standards in a given supply chain, the company's Code of Conduct is an integral part of the purchasing terms and conditions that are binding on all suppliers. voestalpine's risk management continually examines and evaluates a variety of risk categories based on pre-defined checklists, updating them as necessary. The Sustainable Supply Chain Management

(SSCM) project, which was already described in the two preceding Corporate Responsibility Reports, will reach yet another level in the business year 2019/20. In addition to the raw materials for the steel supply chain, henceforth the alloy elements purchased by the High Performance Metals Division will be subjected to a detailed analysis too.

This analysis comprises the following alloy elements:

- Boron
- Chromium
- Manganese
- Molybdenum
- Nickel
- Niobium
- Phosphorus
- Tungsten
- Vanadium
- Zinc

These countries of origin will be examined as part of the expanded project:

- Albania
- Canada
- Chile
- China
- Czech Republic
- Finland
- Great Britain
- Kazakhstan
- Mexico
- Norway
- Russia
- Sweden
- Switzerland
- South Africa
- South Korea
- Ukraine
- USA
- Vietnam

In keeping with the existent SSCM activities, the review shall be conducted based on the following criteria:

Environmental Topics	Social Topics Human Rights	Labor Standards	Governance Topics
Waste & recycling	No discrimination	Working times	Compliance (incl. anti-corruption work)
Wastewater & water contamination	No child labor	Occupational health and safety	
Biodiversity	No forced labor	Fair compensation	
Soil emissions	Collective bargaining agreements Freedom of association		
Airborne emissions	Health and protection of the local population		
Use of energy			
Water consumption			

The intensive research will be rounded out by discussions among experts. As is already the case with respect to the steel supply chain, the findings will be entered into a matrix containing various hot spots. These hot spots show the extent to which potential effects are deemed egregious, the extent of the probability of negative effects occurring as well as the extent to which the examined sources are valid.

The hot spots will be discussed in workshops and necessary steps will be taken, subject also to the inclusion of the respective suppliers.

The next CR Report will describe the findings.

Corporate Social Responsibility (CSR) Checklist

One of the measures derived from the first completed phase of the SSCM project for the steel supply chain concerns the preparation of a checklist of topics related to corporate responsibility that serves as a binding guideline to be used during regular on-site visits at suppliers' facilities.

Aside from general information on the given entity, the checklist comprises topics such as compliance, working conditions (including

workplace safety) as well as environmental issues in regards to which the suppliers must provide information and, if available, submit certificates and guidelines.

The results are then fed into a database that is regularly updated and thus always provides a current overview of the CSR performance of voestalpine's raw materials suppliers.

7.3 SUPPLY CHAIN MANAGEMENT IN ASSOCIATIONS AND INITIATIVES

Industry initiatives and trade associations are also increasingly focusing on transparent, responsible supply chains. In particular, worldsteel (the World Steel Association) and ResponsibleSteel (an advocacy organization) are intensively dealing with this topic. voestalpine is party to the ongoing development of transparency

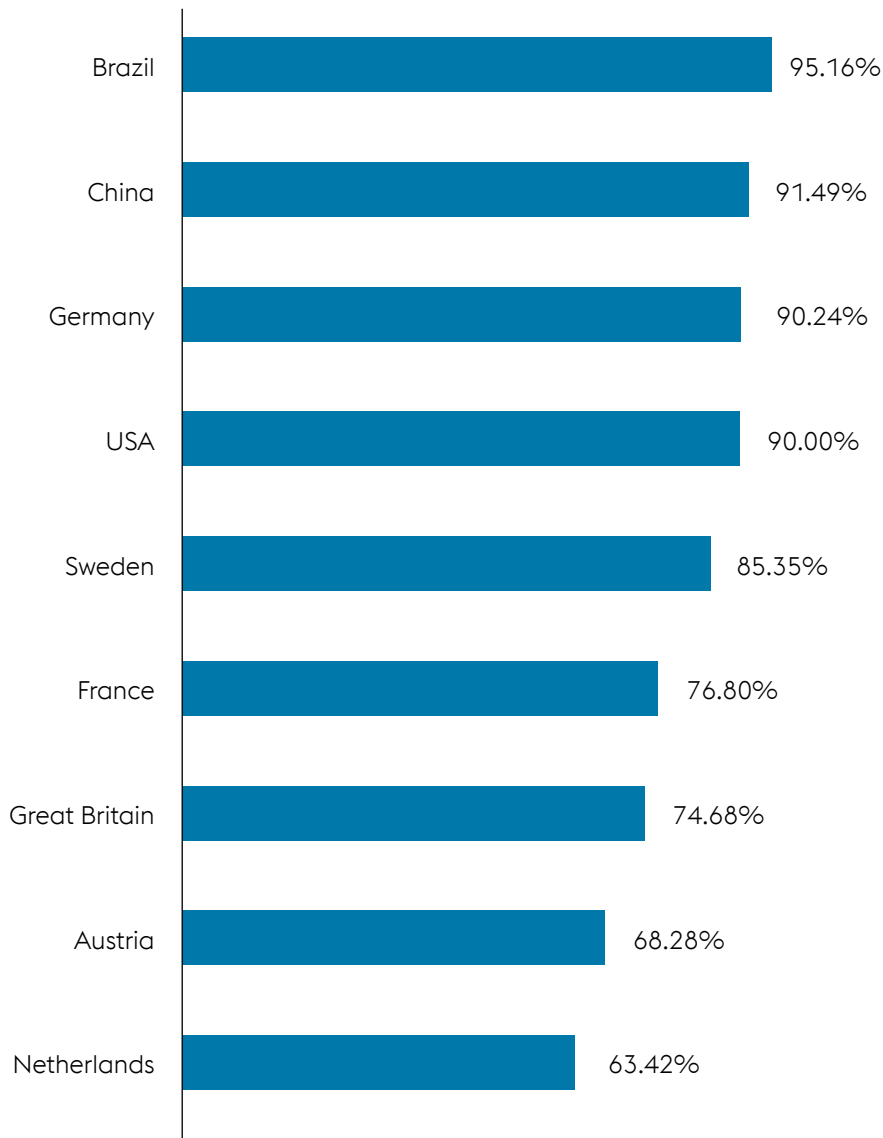
requirements in global supply chains, either because it belongs to these organizations' working groups or because it collaborates in the design of new standards. Hence the company can contribute the experience it has gained through the SSCM project to these activities in the form of current and in-depth inputs.

7.4 LOCAL SUPPLIERS

voestalpine places great value on regional procurement. Wherever possible and meaningful, Group companies make their purchases from suppliers in the vicinity of their facilities. For example, more than 95% of the suppliers used by

Brazil-based voestalpine entities are domiciled in the country. Such a high percentage of local procurement is not achievable in resource-poor countries. The following graph shows the respective percentages of regional suppliers.

LOCAL SUPPLIERS



14. SOCIETY

voestalpine's companies engage with their regional environment in multifaceted ways. At the Group level, two projects above all were intensely supported and promoted.

Formula E

Starting with the 2018/19 season, voestalpine has been the main sponsor of all European races of the ABB FIA Formula E Championship. The so-called "voestalpine European Races" are street races that feature cars powered by fully-electric drive technology and link true motorsport ambiance with sustainability. voestalpine is the perfect partner for this up-and-coming racing series: After all, the technology group has been driving the future of mobility for years through continuous development of innovations and new product solutions.

In the 2018/19 season, the "voestalpine European Races" took place in Rome, Paris, Berlin, Monaco, and Bern. The driver who came out on top after all five races was awarded the trophy that voestalpine had manufactured using 3D printing technology.

For more information on the collaboration between voestalpine and Formula E, visit:

<https://www.voestalpine.com/formele/home/>

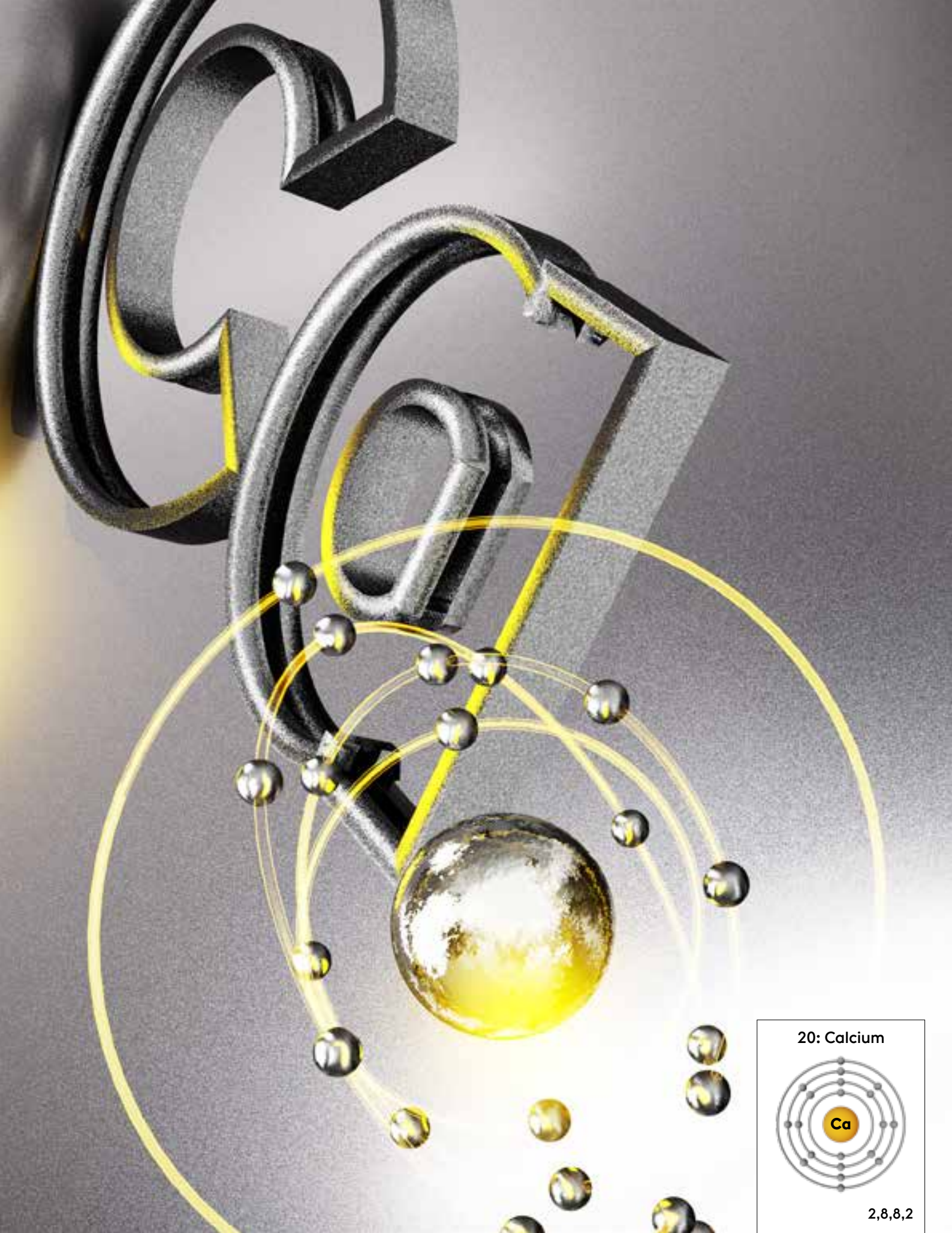
Apprenticeships for young asylum seekers

When it comes to promoting young, skilled workers, voestalpine has an excellent reputation. Young people entitled to asylum in Austria have had the right since 2016 to benefit from the company's thorough apprenticeship program. These apprenticeships are part of voestalpine's refugee and integration action package. The Group believes that education and access to the labor market in particular are important elements of integration.

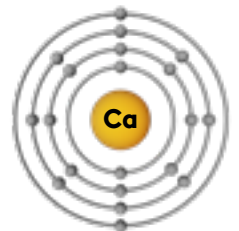
The apprenticeships were established above and beyond the existent allotments and are available solely to young people who have been

granted asylum so as to ensure that no apprenticeships have to be abandoned at some point. Currently, 14 young asylum seekers are being trained at voestalpine's facilities in Linz, Donawitz, and Kapfenberg. They can take language courses in their free time above and beyond the formal German language instruction that is part of their training.

The apprentices show a great deal of commitment and willingness to learn, have made significant progress both linguistically and professionally, and are performing very well in vocational school.



20: Calcium



2,8,8,2