

# 5. SUSTAINABILITY STRATEGY

In its capacity as a globally leading steel and technology group with about 51,600 employees and about 500 Group companies and locations in more than 50 countries, voestalpine is conscious of its comprehensive economic, environmental, and social responsibility. Sustainability is a cornerstone of all of the company's decisions and actions. This affects areas as diverse as raw materials procurement, production, and product recycling; employee training and continuing professional development (CPD); all the way to employee health and diversity. It is no coincidence that voestalpine's mission statement is the basis for its code of values: "We are shaping a better, safer, and more sustainable future."

voestalpine adopted a "Corporate Responsibility Strategy" (CRS) in calendar year 2018 in order to consciously and consistently underscore the significance of sustainability to all its decisions and actions. Its Corporate Development unit has further refined the CRS in cooperation with the divisions' strategy units as well as the relevant specialist departments. In calendar year 2021, the revised version of the CRS was adopted as the Group's "Sustainability Strategy" in close coordination with both the Management Board and the Supervisory Board of voestalpine AG. The United Nations' "Sustainable Development Goals" (SDGs) provided the basic framework for the development of the Strategy.

As an integrative component of the Group's corporate strategy, sustainability as a concept is operationalized via individual strategies at the level of divisions, business segments, and functions. This takes the topic's growing significance to both internal and external stakeholders into account. The Sustainability Strategy is conceived as a wholly integrated roadmap based on a best-in-class approach.

## INCREASING FOCUS ON SUSTAINABILITY



Continuing climate change and growing awareness of it within society



Intensifying climate risks for companies and value chains



New guidelines, requirements, and goals



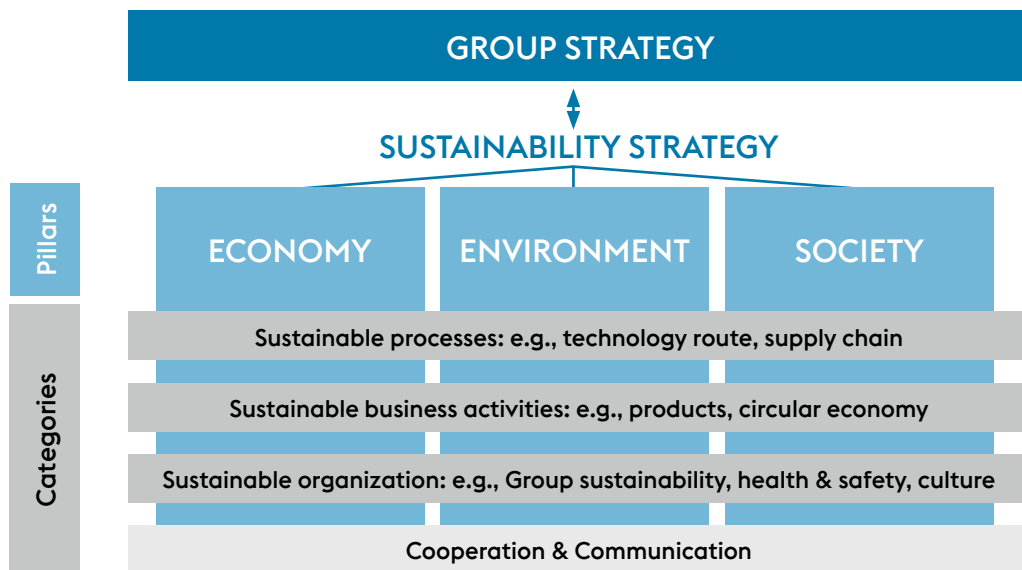
Increasing importance to internal and external stakeholders



Changing customer requirements

By laying out its Sustainability Strategy, voestalpine has also signaled that sustainability as an issue is becoming increasingly important to financial and capital markets alike. The ongoing development of the legal framework was considered as much as changing market and competitive factors. Strategic principles and objectives were fleshed out at the Group level for every sphere of action. The Strategy is designed to be comprehensive and thus encom-

passes three pillars: the Economy, the Environment, and Society. It is designed to be put into practice in both voestalpine's processes and business activities, as well as organizationally. Stakeholder management serves to ensure that the Sustainability Strategy and its progress are communicated both internally and externally. The following figure presents the Strategy's core elements and its integration into the Group's corporate strategy.



Profitability and shareholder value are key to the long-term performance of a listed entity such as voestalpine. The commercially successful decarbonization of blast furnace-based steel production is at the heart of the climate protection measures designed to achieve the Group's target of net zero in 2050. The aim here is to minimize both the economic risk as well as the greenhouse gas emissions. The sustainabil-

ity strategy links economic aspects and objectives with social and ecological ones, which are viewed and managed in an integrated manner in terms of holistic risk management and the Group's resilience and future viability. The Group Sustainability department, which was newly created in 2023, acts as a central coordination point for implementation of voestalpine's sustainability strategy.

In terms of processes, the focus is on the contribution of internal processes and the supply chain in terms of the SDGs and in achieving the sustainable development goals as well as in achieving the company’s sustainability targets. Sustainable business activity focuses on developing innovative and long-lasting products for and with customers, and on pushing the concept of the circular economy, also known as “circularity.”

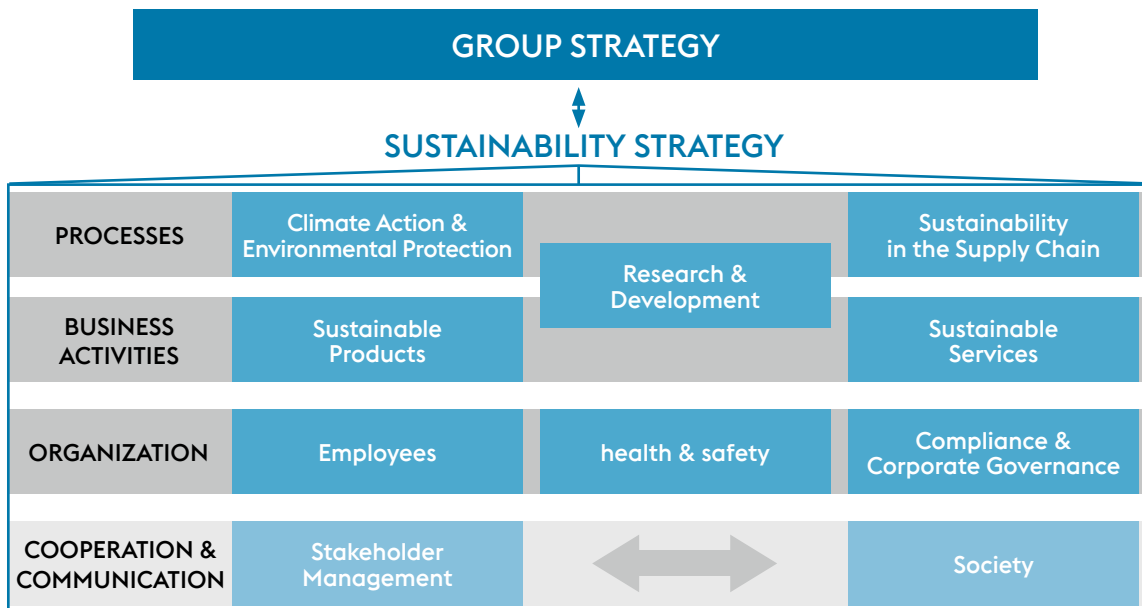
This helps to improve the environmental footprint of the products and therefore also that of the customers. Continuous development and expansion of the circular economy also reinforces the company’s security of raw materials supplies. The proportion of primary resourc-

es required in the processes and the volume of waste can be reduced even further by expanding material cycles and through processing by-products.

The safety and health of our employees, their training and continuing professional development as well as a respectful corporate culture are material elements of sustainable organizations. The most recent crises sharpened our awareness of the fact that determined action is needed to overcome such events. This also applies to the climate crisis and other environmental, social, or economic force fields. voestalpine’s Sustainability Strategy prescribes which spheres of action are decisive to the company’s sustainable performance.

## 5.1 STRATEGIC SPHERES OF ACTION

The guidelines and goals specified and described below were defined for the strategic spheres of action.



## 5.1.1 CLIMATE ACTION AND ENVIRONMENTAL PROTECTION

**voestalpine continues to improve its carbon footprint by clearly committing itself to low-carbon production.**

voestalpine is also working towards the long-term climate goal of Net Zero 2050 through extensive research and development of new technologies, frequently via cross-sector cooperation agreements and projects. We also engage in an open and constructive dialogue with stakeholders such as political decision makers and environmental organizations.

Process-related emissions cannot be entirely avoided because existing production processes have certain chemical and physical properties. voestalpine operates its production facilities pursuant to the principle that the best available technologies must be applied as appropriate and in an economically viable fashion. We also develop new approaches that aim to both minimize environmentally relevant effects on the air, soil, and water as best as possible and optimize the use of resources. voestalpine also maintains its leading position in environmentally friendly steel production and taps into the additional potentials of the circular economy.

**We have defined a target corridor of between 4 MWh and 4.5 MWh per ton of product for the specific total energy consumption; the target corridor for the recycling rate is between 27% and 30%. Furthermore, the plan is to increase the use of scrap in crude steel production by 50% by 2030. By 2025, all relevant production facilities should have implemented a standardized environmental management system (EMS) and obtained certifications pursuant to ISO 14001 or EMAS.**

voestalpine is committed to the global climate goals and has a clear plan for decarbonizing steel production with its greentec steel program.

Hence the voestalpine Group undertakes as part of the Science Based Targets initiative (SBTi) to lower its greenhouse gas (GHG) emissions. SBTi reviews these targets and validates that they conform to the Paris Agreement’s climate goals based on the current state of the art in science.

**voestalpine achieves Net Zero by 2050.**

**As part of the Science Based Targets Initiative (SBTi), the voestalpine Group has undertaken to lower the sum total of its Scope 1 and Scope 2 emissions by 30% and its Scope 3 emissions by 25%—in each case by 2029 relative to the baseline year 2019. Achievement of the 2029 target is also subject to external factors and influencing variables such as raw materials, energy, and the economy.**

**The High Performance Metals Division has already put in place a steel production process that is based on the electric arc furnace (EAF) route. By 2029, it will have lowered its CO<sub>2</sub> emissions (Scope 1 and Scope 2) by 50%.**

**By 2035, the production activities of the Metal Forming Division—the Group’s center of competence for highly refined sections, tubes, and precision strip steel products as well as for ready-to-install system components made of pressed, stamped, and roll-formed parts—will be climate neutral.**



## 5.1.2 SUSTAINABILITY IN THE SUPPLY CHAIN

**We pay attention to transparency in the supply chain and work toward ensuring responsible procurement.**

### General Procurement

voestalpine believes that creating sustainable supply chains consistently makes an important contribution to the Group's Sustainability Strategy. We started to implement the multi-year "Sustainability in the Supply Chain" roadmap in June 2022 and will continually adjust this to changing parameters over time. In order to fulfill the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz (LkSG)), the implementation work began with those companies in Germany that are directly subject to the Act. voestalpine ensures that its selected suppliers comply with ecological and social principles based on a risk classification model that uses predefined sustainability criteria.

Both the requisite approach and the action steps are derived from this classification. The given requirements were included in voestalpine's Code of Conduct for Business Partners that was updated accordingly and adopted by the Management Board of voestalpine AG in March 2023. In 2024, suppliers worldwide will be informed about and made aware of the Group-wide sustainability goals, supply chain transparency requirements, and the updated Code of Conduct for Business Partners.

In November 2022, several virtual sessions were held to brief all of the voestalpine Group's buyers on the Group's Sustainability Strategy and related activities, particularly in procurement.

voestalpine ensures through Group-wide buyer conferences and the three-stage Purchasing PowerAcademy that its employees in procurement are given ongoing training and CPD opportunities with respect to sustainability and compliance and that they are made aware of these and other issues.

The procurement process is continually optimized in order to ensure compliance. The voestalpine Code of Conduct forms the basis for key actions and decisions in this respect. This ensures that active suppliers meet voestalpine's key sustainability criteria in the medium and long term.

### Raw Materials

The application of closed-loop concepts together with voestalpine customers guarantees maximum efficiency in the recycling process for raw and recyclable materials.

voestalpine faces the challenge of continually optimizing its supply chains jointly with its 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 efficient supply chains. New suppliers are assessed in terms of corporate responsibility, quality, and performance, and are included in the supplier portfolio when the evaluation findings are positive. The Sustainable Supply Chain Management (SSCM) project was used 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 mitigating risk over the long term.

Based on reports using the Conflict Minerals Reporting Template (CMRT), we ensure that all materials procured on behalf of the Group are “conflict free.”

**By 2025, voestalpine will evaluate 70% of the Group's total purchasing volume (especially 100% of all critical raw material deliveries) based on a defined rule book using sustainability criteria.**

**Our active suppliers meet voestalpine's sustainability criteria.**

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



### 5.1.3 RESEARCH AND DEVELOPMENT

**voestalpine develops innovative solutions for its customers and ensures that sustainability plays a key role in the development of both products and processes. Metallurgical know-how and processing expertise working in concert are the source of the company's high-quality products.**

voestalpine continually refines its products and processes, and conducts research on novel technologies, to ensure that it remains the benchmark for both resource efficiency and environmental standards.

We pursue active know-how management, both internally and externally, and consider this the key to our success in research and development. In its R&D activities, the company places great store in long-term and trusting cooperation arrangements not only with scientific partners, but also with customers and suppliers.

voestalpine itself attends to the training and continuing professional development of its researchers. Both the sharing of knowledge within the Group and exchanges among professionals leverage synergies. Knowledge available throughout the Group along with activities aimed at developing sustainable processes and products are successfully brought together in cross-divisional projects.

**Our R&D projects serve to achieve sustainability as per our innovation policies. Moreover, large projects also take specific sustainability criteria into account.**



### 5.1.4 SUSTAINABLE PRODUCTS AND SERVICES

voestalpine offers its customers sustainable products and services that make positive contributions—environmentally, economically, and socially—throughout their entire useful life. Certified life cycle assessments help to reduce the carbon footprint of voestalpine's customers.

**voestalpine supports holistic, comprehensive, and integrated analyses and assessments of materials (life cycle assessments/LCAs) as well as of all process and value chains within the parameters of the circular economy, also known as “circularity.” Life cycle assessments will be carried out for all key product groups by 2025, taking all phases of the value chain into account, in order to compile a catalog of their environmental impact.**



## 5.1.5 HUMAN RESOURCES

**High levels of commitment and above-average employee loyalty are key pillars of our success. We rely on a corporate culture that is defined by diversity and respect and on providing solid employee training and CPD to all groups of employees.**

**Corporate culture:** We create a respectful corporate culture in which we expect and encourage trust, diversity, self-determination, and personal responsibility. voestalpine's culture, as a symbol of its Group-wide identity, is continually being refined in this sense.

**Diversity:** We value the individuality of all our employees and their capabilities—irrespective of gender, age, origin, religion, sexual orientation, or potential neurodiversity & dis/ability—and create the conditions for equal opportunity as well as work that maintains people's health and is appropriate to life's different phases.

**Training and continuing professional development (CPD):** Targeted measures help voestalpine's employees gain qualifications and thus broaden their career opportunities. We believe, furthermore, that both training young people and encouraging lifelong learning are long-term determinants of the company's success.



**Employee loyalty:** To ensure long-term employee retention, we regularly evaluate the level of their commitment to the company through a worldwide employee survey. To increase this value over the long term, we develop suitable measures after analyzing the survey findings and continually track and measure implementation and target achievement. voestalpine also takes measures to ensure the availability of qualified and motivated employees in line with demand and for the long term.

**We create the general framework for equal opportunities and work to raise the percentage of women in executive positions, technical fields, and among technical apprentices. voestalpine has set itself the goal of increasing the proportion of women in management positions from 14% to 18% by 2030.**

**We ensure a diverse and international range of target group-specific training and further training courses, continuously increase the number of apprentices and trainees in line with demand, and also offer internal management training courses.**

**We carry out employee surveys at regular intervals. The aim is to increase the engagement value in the long term and to increase employee loyalty.**

### 5.1.6 health & safety

**We promote our employees' health and continually enhance the safety of our workplaces. Employee safety and health are key concerns at voestalpine and thus have highest priority.**

We work to further reduce the frequency of accidents and to improve the health of all employees of the voestalpine Group—wherever they work, whatever their position.



We see Group-wide safety standards as the foundation of a successful health & safety-related corporate culture.

**Zero Accidents strategy:  
moving towards our vision of “zero fatalities, zero accidents at work, and no occupational illnesses.”**

**We are continuing to work on reducing the lost time injury frequency rate (LTIFR), which is set to fall by a further 30% to 5.5 by 2030. The LTIFR indicates the frequency of accidents based on the number of reportable workplace accidents entailing more than three sick days per one million hours of work performed. Further information can be found in the chapter “health & safety.”**

### 5.1.7 COMPLIANCE AND CORPORATE GOVERNANCE

#### Compliance

**We have implemented an efficient Compliance management system that comprises “risk analysis/prevention,” “identification,” and “reaction.”**

We commit to complying with all applicable laws in all the countries in which voestalpine operates. We believe that Compliance is the expression of a culture rooted in ethical and moral principles.

We commit to upholding human rights in accordance with the International Bill of Human Rights and the UN Guiding Principles (UNGPs) on Business and Human Rights, and we support the UN Global Compact (UNGC).



**Compliance violations must be prevented. It is our goal, therefore, to sensitize all employees to these issues and ensure that they know the Group's policies.**

#### Corporate Governance

In order to ensure that managing and controlling the Group responsibly serves to create sustainable shareholder value in the long term, the Group's Management Board and Supervisory Board undertook as early as 2003 to comply with the Austrian Corporate Governance Code (the “Code”). In the business year 2023/24, voestalpine AG complied with the Code's mandatory “L Rules” as well as with the “C Rules” (excepting C Rule 39 from which it deviated) and all “R Rules.”

## 5.1.8 STAKEHOLDER MANAGEMENT

**voestalpine is in contact with all relevant stakeholders and engages with them in a responsible, solution-oriented, and transparent dialogue. Stakeholder management at voestalpine is based on established sustainability criteria and standards.**

voestalpine is in regular contact with a wide range of stakeholder groups through its Management Board, as well as its executive and non-executive personnel. Numerous formats such as professional discussions and expert

roundtables, conferences and trade shows, as well as analyst and investor meetings are used to this end. Subject to its Code of Conduct, voestalpine actively participates in a wide variety of bodies serving advocacy groups, trade associations, and lobbying campaigns, but also presents the company's concerns to these bodies. voestalpine also supports international and local platforms as well as initiatives that serve to promote climate-neutral and competitive economic centers.



## 5.1.9 SOCIETY

**voestalpine's Group companies are not just successful worldwide: They also engage socially with the environment in which they operate.**

The company's relationships with key local stakeholders that have evolved through the years provide insight into social, cultural, and environmental issues facing the given communities. voestalpine reviews specific opportuni-

ties for action in order to strengthen the social compact and enhance the well-being of humans and the natural environment that are affected by its activities. voestalpine supports non-profit projects pertaining to educational, youth-centered, cultural, and social affairs. We are committed to a shared set of values and aim to improve the lives of people in the areas surrounding our locations.



## 5.2 OPPORTUNITY MANAGEMENT

A materiality analysis was used in the 2023/24 business year to systematically identify Group risks and opportunities in connection with social, societal, and environmental aspects, and assess the impact of these. (Further details regarding the material risks can be found in the chapter “Risk management,” and further information on the materiality analysis can be found in the chapter “Stakeholder and CR Management”).

voestalpine analyzes the current market and competitive environment as well as new technological developments in regular environment analyses as part of the Group-wide strategy process. Risks and opportunities for the Group are derived from this before being evaluated.

This enables opportunities to be seized rapidly and in a targeted manner in a challenging and dynamic market environment. This supports the Group’s value-enhancing growth and contributes towards the continuous improvement of voestalpine’s competitiveness. Some examples of the opportunities identified for voestalpine in connection with the developments towards decarbonization and the establishment of a circular economy can be found below.

### 5.2.1 DECARBONIZATION AND GREEN TRANSFORMATION

voestalpine is entering the next generation of steel production with greentec steel. The Group is investing in one green electricity-powered electric arc furnace each in Linz and Donawitz for this purpose. These enable the electrification of energy-intensive processes and the reduction of around 30% of CO<sub>2</sub> emissions. This represents almost 5% of Austria’s entire annual CO<sub>2</sub> emissions, making greentec steel the largest climate protection program in Austria.

This flagship project provides an opportunity to participate in the growing market for green products in the long term and to play an active role in shaping this. The transformation towards “net zero” also opens up some attractive options, with many customers already showing a strong interest in climate-friendly steel products, including improving their own carbon footprint by using high-quality CO<sub>2</sub>-reduced premium steel. For example, voestalpine already supplies almost 40 companies from various industries

with high-quality steel products from the greentec steel edition, which have a reduced carbon footprint. Direct emissions can be reduced by optimizing the manufacturing process. This is achieved through an innovative mix of raw materials in which coke, for instance, is replaced in part by reducing agents that contain hydrogen.

The green transformation and the increasing focus on sustainability also offer attractive growth potential for voestalpine. This applies to the energy segment, which is characterized by strong growth rates in renewable energies and sustainable technologies, as well as the rise of electromobility and the continuous trend towards rail transportation. In the Railway Systems division, voestalpine is developing into a global rail infrastructure provider with digital plant monitoring and logistics as well as service solutions for all customer segments. In addition, the topic of sustainability and the ESG impact of the value chain is becoming an increasingly important

subject for debate within society as well as in the procurement strategies of many companies and on the financial markets, particularly in Europe. The consistent positioning as an economically and ecologically sustainable company, together with the focus on top-quality products and services with a low ecological footprint, creates

opportunities for price premiums and the potential to distinguish us from the competition, as well as in relation to securing public funding in the fight against climate change and promoting the transition.

## 5.2.2 CIRCULAR ECONOMY

Further development and expansion of the circular economy is an important pillar for voestalpine in terms of reducing emissions, conserving resources, and securing raw materials supplies. voestalpine is pursuing the goal of closing, slowing down, and reducing the loops on three levels, thereby actively contributing towards climate and environmental protection. This is achieved by:

- >> the further expansion of scrap circuit loops and the increasing use of internal and external scrap in steel production, which is to be increased by 50% by 2030,
- >> the processing and reuse or marketing of by-products and the extension of the service life of products, e.g., by repairing used turnouts, and
- >> the increased use of renewable energy sources and the recovery and recycling of energy, e.g., by extracting and utilizing waste heat.

Research and development (see also the chapter “Research and development”) plays a key role in promoting the circular economy as it provides an important link between the strategic sustainability goals and voestalpine’s products and services. The key tasks here involve identifying and developing future opportunities and new potential for the circular economy in the companies and divisions. The focus is on the treatment and reuse of by-products from production processes, CO<sub>2</sub> reduction, improving resource efficiency, and the development of innovative product and service solutions for voestalpine customers. The recycling and recovery of materials provides economic benefits. In light of growing markets and changing legal standards that support renewable materials, voestalpine aims to successively increase its market share with innovative sustainable products and services. A circular economy can generate business opportunities, create jobs along the entire value chain, and also ensure better living and working conditions.

## 5.3 voestalpine's VALUES

**Shared values are a strong anchor that provides security, support, and orientation. They also are an important and positive factor in the success of our corporate culture and define us as a company. These values provide guidance for employees and strengthen their sense of belonging and unity. They also support implementation of the Group's strategy, reinforce initiatives at the level of its divisions, and represent an important measure of commitment.**

This is why the Group's Management Board and Human Resources Management have designated "Values & Culture" as a strategic field of action for the coming years. The following three corporate values were defined in a first step:

**>> Entrepreneurial Mindset:**

We are guided by success. Our approaches and actions are entrepreneurial. Our passion for solutions and innovation provides the basis for joint action. We are team players primed for success because we always seek the best possible outcome together. In so doing, we always work to our customers' benefit while also considering our other stakeholders. We always strive for excellence in our actions—and let it be our guide.

**>> Appreciation in the Workplace:**

We build upon our diversity as a team. We are respectful and fair toward each other, our customers, and our partners. We trust each other and align with values common to us. We create a motivating work environment infused with team spirit, where respectful cooperation is at the core of our actions, day in and day out.

**>> Sustainable Action:**

We perform our jobs responsibly. In our daily work, all of us act autonomously within defined responsibilities, demanding and fostering high degrees of individual responsibility. We remain curious and do not rest on our laurels; instead, we evolve together to bring about continual improvements. Our actions are sustainable, proactive, and forward looking.

The new value structure has evolved from employees' existing needs and desires. We have extracted the essence of the existing cultural initiatives and identified those values that unite us across the Group and distinguish us as voestalpine. The values that shape the divisions and the company on the whole thus provide the load-bearing walls, so to speak, and the values practiced by the Human Resources department represent the overarching roof.



*It is also important to internalize that all three values are equally important and are a lived reality. No one value can offset another. Defining a shared value system unique to voestalpine and provides the basis for a long-term cultural*

*campaign that is shaped and supported by our employees. This is because instead of just defining them, we need to make the values more visible in our daily activities and work together to bring them to life.*

## 5.4 SUSTAINABLE DEVELOPMENT GOALS



The Sustainable Development Goals (SDGs) were drawn up by a United Nations working group, together with thousands of stakeholders, and adopted by a UN General Assembly Resolution during the United Nations Sustainable Development Summit in New York on September 25, 2015. A total of 193 UN member states committed to the 17 goals and 169 targets for global sustainable development and the related specific objectives.

The SDGs were put into effect as of January 1, 2016, and are designed to cover a period of 15 years (up to 2030). Particular emphasis was placed on the private sector's role in reaching these goals.

As part of its business activities, voestalpine actively contributes to the implementation of the following 12 SDGs:

- Goal 3: Good health and well-being
- Goal 4: Quality education
- Goal 5: Gender equality
- Goal 6: Clean water and sanitation
- Goal 7: Affordable and clean energy
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation, and infrastructure
- Goal 11: Sustainable cities and communities
- Goal 12: Sustainable consumption and production
- Goal 13: Climate action
- Goal 16: Peace, justice, and strong institutions
- Goal 17: Partnerships for the goals



greentec  
steel