



# voestalpine AG EMPLOYEE PARTICIPATION INTERNATIONAL



# DEAR EMPLOYEES

voestalpine AG is a successful international leading technology and capital goods group with combined material and processing expertise. Over 50,000 employees work for voestalpine AG in approximately 500 companies in circa 50 countries worldwide.

By offering this global Employee Participation Plan we are giving all our employees the opportunity to participate in the success of our Group of Companies.



**Wolfgang Eder**  
Chief Executive Officer

**Hans-Karl Schaller**  
Chairman of the European Works Council

## EMPLOYEE PARTICIPATION voestalpine AG

In Austria, at the Group's headquarters, we have developed an employee share plan in which more than 25,700 employees have already participated by way of their personal ownership of shares in the Group. Currently these employees own approx 14% of the Group's total voting shares. The opportunity has thus been created for the employees of voestalpine AG to make a strategic contribution to the stability and further development of the Group through their role as stakeholders. By way of this participation, it is possible for employees to benefit from any dividends that are paid as well as benefit from increases in the voestalpine AG share price.

### STRATEGIC TARGET:

MORE THAN **10%**  
SHARES





# OWN A SHARE OF THE COMPANY WITH SHARES

**With shares, employees can participate in essential company decisions and also share the Group's success.**



## INDIVIDUAL OWNERSHIP OF SHARES ...

Shares are securities, which certify the investment in a company. On purchasing a share you become a "co-owner" of voestalpine AG and therewith of the Group. The board of the voestalpine Group decides every business year whether the international model will be offered again. This is an offer for the purchase of discounted shares from the voestalpine Group, which have to be held for a minimum of 5 years. As a "co-owner" you can potentially benefit twice from the company's success: You can benefit with a dividend payment, if at the Annual General Meeting it is decided to distribute dividend payments. The amount of the payout depends on the company's economic situation and is decided at the Annual General Meeting. The share price is subject to fluctuations, however, if the share price rises over the period of the plan due to the company's success you can also benefit from its success. The Stock Exchange is volatile and therefore no guarantee can be given in relation to either dividend payouts or a certain share price and it is possible that share prices may go down (Please note the remarks on page 15).

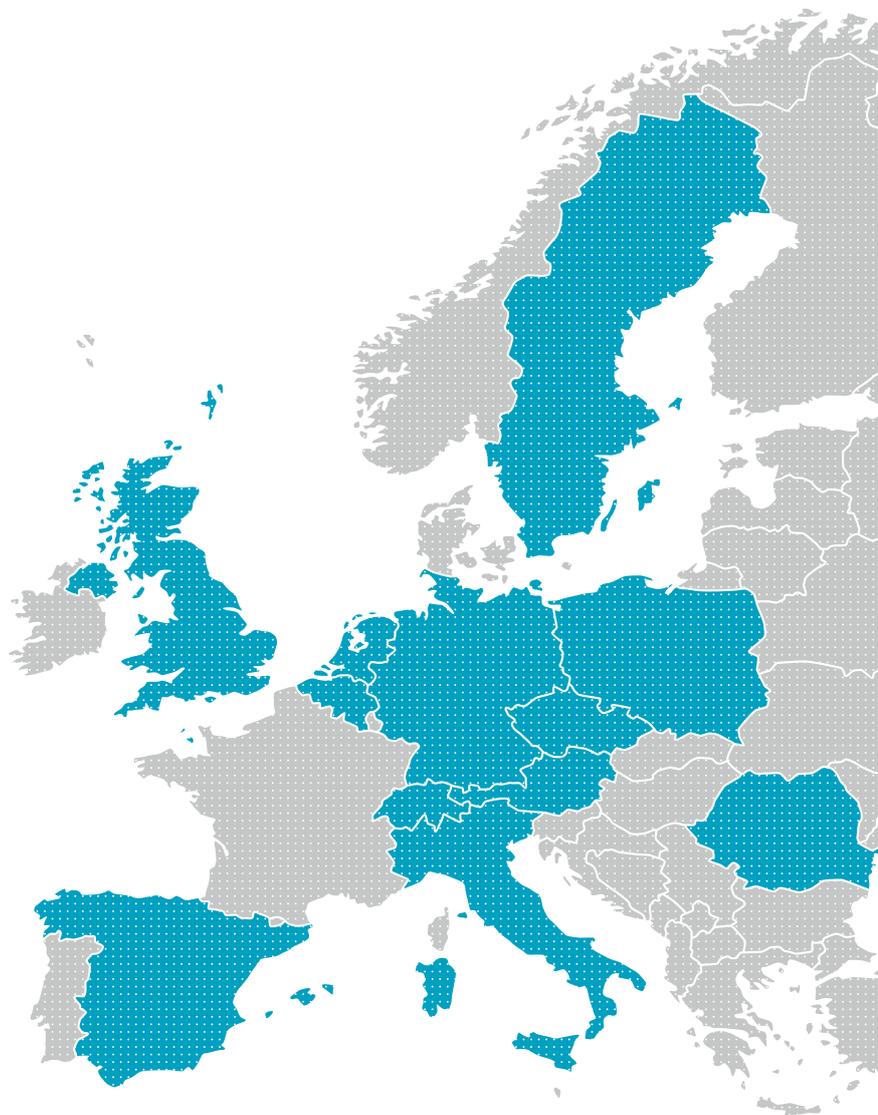


## ...AND COLLECTIVE VOTING RIGHTS

As a co-owner the shareholder can also vote on fundamental Group issues at the Annual General Meetings of all shareholders. So that the interests of all the employees of the Group, who are also shareholders, are represented jointly, the voting rights of all shares held by employees are bundled. This gives employees the opportunity to make a positive contribution to the development of the Group.

# THE GLOBAL PLAN

By offering share plans globally for the Employee Participation we are now able to give employees in countries outside of Austria the opportunity to take part in the Group's strategic Employee Participation Plan and to acquire shares of voestalpine AG. In future their shares will also help to have the interests of the employees incorporated in shareholders' decisions.



## BY PARTICIPATING AND BECOMING AN “EMPLOYEE SHAREHOLDER” ...

... you can enjoy the following benefits:

- » You can buy shares on preferential terms and for each three whole shares acquired by you, you receive one additional share, a “matching share”.
- » You may receive dividends on the shares you hold, if the Annual General Meeting decides to distribute a dividend payment.
- » If the share price increases, the value of your investment will increase.
- » In some countries tax benefits are offered for shares purchased in the company for which the employee works (see p. 9 to 15 for the individual taxation of shares and dividend payments).

# STEP BY STEP TO SHARING

The global employee share plan in the voestalpine Group is similar in all countries, in which shares are offered. This common framework will be illustrated using the following questions, however this framework is subject to the specific features of each individual country, especially the different kinds of tax law that may apply are described in more detail on pages 9 to 15.





## WHEN DO I GET A DIVIDEND?

If the Annual General Meeting decide to pay out a dividend payment, you may receive an annual dividend corresponding to the number of shares you hold in the plan. As far as national taxation is concerned please refer to pages 9 to 15. In general, dividend payouts take place after the Annual General Meeting (usually in July) and will be transferred by your Human Resources Department or payroll department.

## WHAT HAPPENS AT THE END OF THE REQUIRED HOLDING PERIOD?

At the end of the holding period you can either sell all the shares you purchased together with the matched shares or you can continue to hold them all, managed in the collective deposit of the trust. The selling of shares only takes place at the end of the month (please ask in your HR or Payroll department about the required instruction time), and this must include all disposable shares.

## WHO CAN PARTICIPATE?

All employees of the company, in which shares are offered, who have been working for the company for the qualifying period at the start of the offer will be invited to participate in the plan.

## HOW MANY SHARES MAY I ACQUIRE?

Each employee participating in the plan may invest between € 300 and € 3,000 of his own money in a yearly offer to purchase shares (local currency and possible specifications see page 9). The trust will use this money to purchase the corresponding number of shares, or portions thereof.

## HOW MANY MATCHED SHARES WILL I GET?

For every 3 whole shares purchased by you the company will give you one matched share. The matching shares that you receive are conditional on you holding the shares that you purchased in the plan for the required period of time.

## HOW CAN I PAY FOR THE SHARES?

You can pay either in one lump sum or in the form of regular contributions which will be deducted from your salary. If you leave the company during the “savings” period (accumulation period) your contributions will be returned.

## MUST I PAY ANY FEES OR CHARGES?

The Group will pay all the fees and charges connected with the purchase of the shares, the portfolio management and the selling of your shares. You only have to pay fees and charges which become due if and when you transfer your shares to a personal share dealing account in case of leaving the company and you want to hold on the shares.

## HOW LONG DO THE SHARES HAVE TO BE HELD?

The shares that you purchase or are awarded through the plan have a holding period of five years. Please see the country specific guidance in the next section.





### **WHAT HAPPENS IF I LEAVE THE COMPANY BEFORE THE END OF THE REQUIRED HOLDING PERIOD?**

Should you leave the company before the expiry of the required holding period, the reason that you leave employment may affect the way that your shares are taxed. (Please also refer to specific national regulations, see pages 9 to 15). The question of any possible taxation is regulated differently from country to country. At the end of employment you may either instruct to sell of your purchased and matched shares, or to transfer them to your personal share dealing account, at the end of the month. The fees for share transfer differ nationally and will be charged to you. Selling and transferring of shares may take from 1 to 2 months.

### **WHO EXERCISES THE VOTING RIGHTS FOR MY SHARES?**

Your voting rights may be exercised on your behalf by your trustees, this is done by proxy. The voting rights of all shares held globally by employees are then strategically bundled on a trustee basis in the voestalpine Mitarbeiterbeteiligung Privatstiftung. You can request your employee representative of your Group company (if existing, otherwise you can request the office of the European Works Council) in relation to how you wish the vote to be directed at voestalpine's Annual General Meeting.

### **HOW WILL I BE INFORMED ABOUT THE STATUS OF MY SHARES?**

Once a year you will receive a personal annual statement in which your current shareholdings are listed in detail.

### **HOW CAN I TAKE PART IN THE PLAN?**

All documents and forms can be obtained from your HR or Payroll department. If you are interested in participating in the plan, please send the completed application form to your HR or Payroll department.

# EMPLOYEE PARTICIPATION IN THE UNITED KINGDOM

Variations in national legislation, taxation systems and currencies have to be considered for the implementation of the international model of the Employee Participation Plan. Hence the general award to all employees needs to be adjusted for each of the countries participating in the programme. Here you will find references to the specifics in your country.



## **BASIS OF THE OFFER: SHARE INCENTIVE PLAN**

The plan that operates in the UK is called the voestalpine AG Share Incentive Plan ("SIP") and gives employees who are UK resident the opportunity to acquire shares in voestalpine AG (the "Company") in a tax-efficient way. The SIP has a separate set of Rules, a copy of the Rules is available from the scheme's trustees for inspection. In the event of any conflict between the details set out in this document and the SIP Rules and the Trust Deed, the SIP Rules and Trust Deed will take precedence. All references to taxation are for guidance only.

Participation in the SIP offers various taxation benefits to UK employees, however, due to the different regulations there may be some minor differences from the global offer.

Each year that the Plan operates, the Company will decide to what extent and on what basis employees will be invited to apply for shares, however every employee will be invited on the same basis.

An eligible employee of any participating UK subsidiary of the voestalpine Group can join the SIP by completing their Partnership Share Agreement and submitting it to the respective payroll department during the invitation period. An employee can contribute up to a maximum of £1,800 (or, if lower 10%) of salary per annum without any tax or National Insurance Contributions (NIC) being deducted, thus reducing the employee's taxable income. The contributions will be held in a Trust for a period of 12 months, starting on 1st April, (Accumulation Period) and will then be used to buy voestalpine shares (Partnership Shares). voestalpine will match any Partnership Shares purchased by an employee through the SIP on a 3 to 1 basis (i.e. for every 3 whole Partnership Shares any employee buys voestalpine will give the employee an additional share (Matching Share)). All Matching Shares, which are awarded through the SIP, will not be subject to tax or NIC when they are awarded. According to the Rules of the SIP, participation in the Plan is possible if an employee has worked for a UK subsidiary for six months prior to the start of the Accumulation Period.



## VOTING

Each share represents one vote on all the issues set out at the Annual General Meeting of voestalpine AG. Voting on the Annual General Meeting of voestalpine AG is done by proxy and is exercised on the employee's behalf by the Trustees.

## CONTRIBUTION AMOUNTS

The UK SIP is slightly different from the global plan. To gain the tax benefits the minimum annual contribution is £120 (£10 per month) and the maximum is £1,800 (£150 per month). Employees will find the following contribution options printed on the agreements that they sign to participate in the SIP:

Annual Contribution	Monthly Contributions
120 £	10 £
300 £	25 £
600 £	50 £
900 £	75 £
1,200 £	100 £
1,500 £	125 £
1,800 £	150 £

With an annual contribution of £1,800 (monthly contribution £150) you can get the maximum tax benefits from the SIP. You may stop and start deductions from your salary once during the Accumulation Period by giving notice to the payroll department. Unless a later date is specified in the notice, the notice will take effect 30 days after receipt. If you withdraw from the Plan before shares are bought, your accumulated contribution will be paid to you net of PAYE and NIC deductions (i.e. the same amount you would normally have received).



## SHARE PRICE USED TO PURCHASE SHARES

At the end of the Accumulation Period the share price payable by participating employees is calculated using the lower of:

- » the share price at the start of the Accumulation Period; or
- » the share price on the 'acquisition date' at the end of the Accumulation Period

(The share price is calculated with the foreign exchange rate on the respective day.) Under the Rules of the SIP it is only possible to acquire full shares. Your contribution will be used to purchase as many whole shares as possible. The remainder will be added to next years' contribution or will be paid out in case of no participation in the next year's program at the same time as the next dividend payment. To achieve one Matching Share it is necessary to acquire three whole Partnership Shares. Shares that cannot be matched in one year will be matched in the following period.

## HOLDING PERIOD

The Holding Period relates to the period the employee must hold the shares within the SIP.

This means that during your employment:

- » Partnership Shares may be taken out of the SIP at any time (there is no holding period). Taking out of Partnership Shares before the end of the five year holding period must include all shares in the SIP at once, there is no possibility to split or select only shares of one year.
- » If you want to take Partnership Shares out of the SIP within the first three years after purchasing shares, in the case of continuing employment, you forfeit all associated Matching Shares and your Partnership Shares will be taxed. Income tax and NIC will be calculated on the market value of the Partnership Shares at the time of taking them out of the SIP.
- » If you want to take your Partnership Shares out of the SIP in the time between the third and the fifth year after purchasing shares, you will retain the associated Matching Shares, but you must pay tax on all relevant shares. The income tax and NIC on the Partnership and Matching Shares will be calculated on the lower of their value at the time of award and their market value at time of taking them out of the SIP.
- » Partnership Shares and the corresponding Matching Shares may be taken out of the SIP after the five year Holding Period. You will not have any income tax and NIC to pay on Partnership or Matching Shares that have been held in the SIP for more than five years.



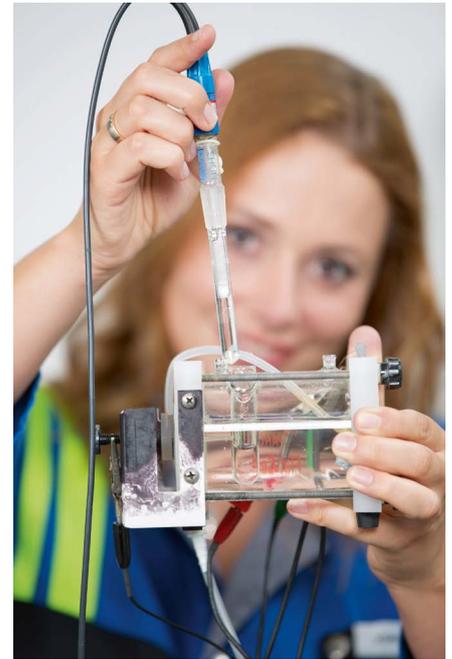
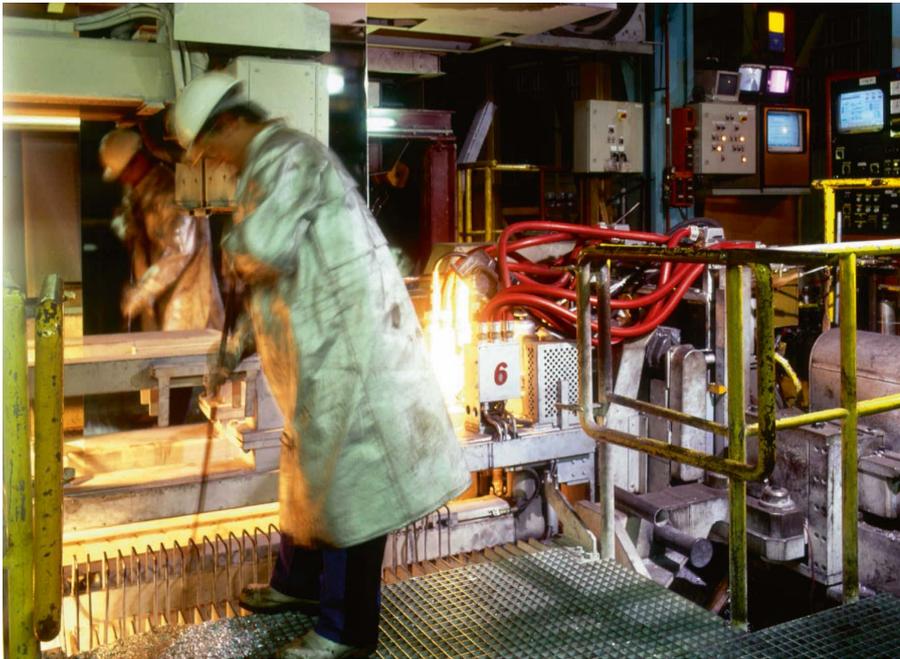
### **If your employment comes to an end:**

» If you leave the company, for whatever reason, you will not forfeit your associated Matching Shares.

- Due to one of the following reasons: injury or disability, redundancy, transfer under TUPE, change of control of the employer, retirement on or after the retirement age (the retirement age for the purposes of the SIP is 50), or death – there is no income tax and NIC payable on any of the shares.
- Due to your resignation or dismissal all the shares are liable to income tax and NIC if they have been held for less than five years.

All shares have to come out of the Plan if your employment ends for whatever reason.

# EXAMPLE OF POTENTIAL BENEFITS FROM PARTICIPATING IN THE SIP



Firstly there is the tax benefit which means contributions aren't taxed. Contributions are also based on your gross salary and deducted pre-tax and pre-NIC, therefore reducing your taxable income. voestalpine then gives you an additional Matching Share for every 3 whole Partnership Shares you hold, this increases your share portfolio. You may also receive an annual dividend payment, if voestalpine declares a dividend at the AGM. The table below illustrates the value at award of the Matching Shares against the level of contribution you make as an employee to the SIP.

## CONTRIBUTIONS

Employee contribution (gross salary)		voestalpine contribution	Total
Annual	Monthly		
120 £	10 £	40 £ (net)	160 £
300 £	25 £	100 £ (net)	400 £
600 £	50 £	200 £ (net)	800 £
900 £	75 £	300 £ (net)	1,200 £
1,200 £	100 £	400 £ (net)	1,600 £
1,500 £	125 £	500 £ (net)	2,000 £
1,800 £	150 £	600 £ (net)	2,400 £

## DIVIDEND

If the company made a profit for the year then it can declare a dividend payment to its shareholders (i.e. it's a distribution of the profits to its shareholders). Payments of dividends cannot be guaranteed. In the tax year 2019/20, you do not pay tax on the first £2,000 of dividends that you get in the tax year. This is from 6 April to 5 April the following year. Above this allowance the tax you pay depends on which Income Tax band you're in. Dividends above £2,000 are taxed at 7.5% (basic rate), 32.5% (higher rate) and 38.1% (additional rate). Please note that a withholding tax of 15% of the dividends are delivered to the tax office in Austria.



## GROWTH IN SHARE PRICE

If you keep the shares in the plan until they are sold there will be no capital gains tax to pay. If you keep the shares after they cease to be subject to the plan and sell them later, the costs for capital gains purposes is the market value on the date the shares are sold. Your capital gain will be the difference between the purchase price and the market value of the shares on the date they are removed from the SIP. For the tax year 2019/2020 the first £12,000 of all net chargeable gains is exempt from income tax.

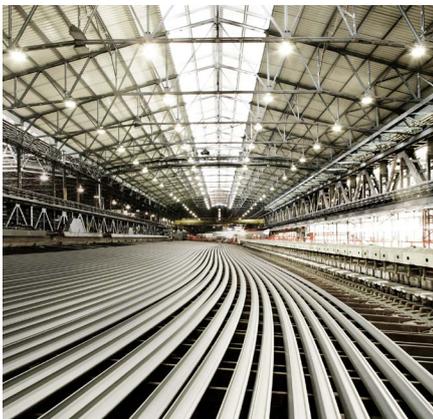
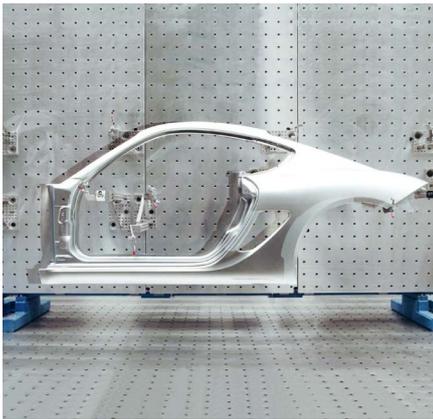
## DISCLAIMER

The tax treatment described in this guide is general in nature and applies to an employee who is resident and ordinarily resident in the UK. If you are not resident (or not domiciled) in the UK, your tax position may be different and you should take professional advice on your tax position. The implications described are based on the tax law in force at the time when this guide is issued but you should always bear in mind that tax law is liable to change and this may affect your tax position.



# GENERAL INFORMATIONEN

The employee representatives and the Human Resources Department of your company will be pleased to advise you on any questions relating to the employee share plan. You also find information on our intranet side <https://mitarbeiterbeteiligung.voestalpine.net>.



» The offer to purchase shares through the plan is a voluntary offer made by the Group, no right for a repetition of the offer arises therefrom. Even if the offer is repeated on several occasions no entitlement to a new plan can be derived therefrom. There is no right to future participation in the voestalpine Employee Participation program after ending employment within the voestalpine Group.

» The receipt of the Matching Shares does not effect the termination agreement.

» The national regulations, in particular tax laws have to be taken into account by the each individual employee. The information included in this booklet is a guidance only and each employee is responsible for the correct taxation of his benefits.

» Like any shares in public limited companies voestalpine AG shares are subject to price, credit and liquidity risks. Particular attention is drawn to the fact that shares are subject to price fluctuations, that past performance is not a guide to future performance and that the risk of losing the whole investment cannot be excluded.

» voestalpine AG plans, if possible, to make an annual invitation for employees to participate.

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**voestalpine**

ONE STEP AHEAD.