

WE MAKE PERFORMANCE
SUSTAINABLE.

High Performance Metals Division

SUSTAINABILITY AT HPM

With inSPire, our sustainability framework, we have an ambitious vision: integrating all pillars of sustainability in our daily operations to ensure long-lasting performance for current and future generations.

We are on a mission. As the world's leading supplier of high performance materials with a unique service network that ensures customer confidence, we establish sustainable performance beyond expectations for our planet and generations to come. With our integration of products, services and technical advisory we create a profound impact on our business area. Leading by example, we enable our customers to engage in sustainable initiatives while also driving our suppliers and partners to be at the cutting edge of essential transformation processes for tomorrow. Together, we inspire the change in our industries by always thinking and walking one step ahead.



OUR MAIN SUSTAINABILITY GOALS

Every transformation needs a vision. To bring that vision into action, a specific strategy and goals to drive daily operations are indispensable.

Reducing CO₂ emissions by 50% in our operations (Scope 1 & 2) by 2029



Our goals are clear, we seek to make considerable contributions in the areas of circular economy, climate impact and sustainable sourcing. This is why we have developed our very own sustainability framework outlining our four focus topics and respective sustainability actions while addressing all pillars of sustainability. As the voestalpine group works together with the science-based targets initiative (SBTi), we contribute to this project with our inSPire framework.

Contributing to the voestalpine group target of reducing CO₂ emissions by 25% in our supply chain (Scope 3) by 2029



Using over 90% of recycled scrap and secondary raw materials in our production processes by 2030



„WE VALUE SUSTAINABILITY AS AN OPPORTUNITY WHICH IS WHY WE HAVE SET OURSELVES AMBITIOUS TARGETS AS PART OF OUR SUSTAINABILITY STRATEGY.“

Philipp Horner,
Chief Sustainability Officer
voestalpine HPM

OUR VALUES

Within our inSPire sustainability framework we live and act according to the following values shaping and leading us in our daily actions and operations.

ROOTEDNESS. Being embedded in an established global organization, we have broad-based know-how and experience in our field. Linked to deeply rooted traditions, diverse cultures and proven technologies, this provides us with a solid base for our daily actions.

COLLABORATION. Connected through international partnerships, diverse cultures and individuals, we are dependent on a highly collaborative approach to provide durable, high performance materials for current and future generations.

COURAGE. The claim to be one step ahead requires us to actively pursue new paths and innovative solutions. Profound sustainable changes need the courage for cooperation rather than opposition between participants in the same industry.

PERFORMANCE. Our aim for high performance quality also includes the consideration of upstream and downstream processes of our solutions and the focus on creating added value for all participants along the supply chain and the climate.

FOCUS. Implementing sustainability, we are committed to specific goals and the determination to achieve them. This stems not only from the high standards we set ourselves, but also from our knowledge of necessary transformation processes for tomorrow.

EMPATHY. Value in the long-run can only be created through thoughtful cooperation and the respective thinking of all parties involved in our daily field of action. Thereby, it is important for us to consider the needs of all individuals in our surroundings.

OUR FOCUS TOPICS

Within our sustainability strategy, we focus on four different content pillars, connected to specific fields of action. Latter include specific initiatives and goals, leading us in our daily operations. Thereby, we are aiming for providing our customers profound sustainable products and solutions.

CIRCULAR ECONOMY



Ensuring supply security of key raw materials is at the heart of our circular economy activities. This is why we aim to decrease the need for primary raw materials by substituting a significant amount with secondary and recycled resources. We are continuously researching alternative raw materials and how to efficiently recycle by-products. In our melt shops, 81% of our input material already stem from recycled resources.

Within our focus topic Circular Economy we engage in following fields of action:

- » Material/Scrap Cycles
- » Alternative Raw Material Sources
- » Recycling of By-Products
- » Zero Waste

Our goals:

- » Achieving a recycling rate of over 90% secondary material in production by 2030 compared to our baseline year of 2019.

Scrap recycling within the division

The recycling of scrap is already lived and firmly established within the processes of the High Performance Metals Division and its customers. Many of our Value Added Services (VAS) companies are an active part of these initiatives. They ensure the sustainable supply security of scrap and other critical materials.

Recycling of EOL tools

Together with our customers, we are working on closed loop concepts for the recycling of end-of-life (EOL) tools from various applications (e.g. high pressure die casting, high speed steel tools,...). We strive to return these tools after end-of-life from our customers, to sort and process or dismantle them in cooperation with our scrap partners and thus to bring the valuable raw materials they contain back into our production process. In this way, we ensure sustainable supply security with key materials, reduce our usage of primary raw materials and improve our carbon footprint. Besides that, when taking back our own products, we benefit from knowing the original source of these materials and their high quality and composition.



CLIMATE IMPACT



Protecting our climate lies at the core of our sustainability ambitions. Against this backdrop, we have set out to become climate neutral by 2050. This will be possible by a broad focus on green energy and energy efficiency solutions. For this purpose, we are currently implementing a decarbonization pathway, with the highest priority being the reduction of our greenhouse gas emissions.

Within our focus topic Climate Impact we engage in following fields of action:

- » Decarbonization
- » Green Energy (purchase & production)
- » Energy Efficiency

Our goals:

- » Reducing 50% of Scope 1 & 2 emissions by 2029 compared to 2019.
- » Increasing energy efficiency by 2% annually.
- » 3rd party validated CO₂-footprint (kg/t) for all products & services

Climate neutral week at Uddeholm



In December 2021, Uddeholm ran for a trial period of producing climate neutral tool steel, which resulted in the successful reduction of 90% of CO₂ emissions. This was achieved by first replacing liquefied natural gas with fossil-free liquefied bio gas. Second, internal transportation was carried-out by fossil-free electricity or diesel. Since currently there are no fossil-free substitutes for carbon in metal and graphite, Uddeholm decided to offset remaining carbon according to the United Nations Gold Standard. This successful project will continue with the aim to make Hagfors' production site carbon neutral by 2030 and its value chain by 2035.

State of the art steel plant in Kapfenberg



The integration of new resource-saving technologies in our processes allows us to annually reduce CO₂ emissions by 4,000 tons which equals 1,800 flights from Vienna to New York. „The new special steel plant will set new benchmarks worldwide in terms of sustainability and energy efficiency. As a result, this investment is also an essential part of our overall sustainability strategy,“ emphasizes Franz Rotter (Board Member voestalpine). The electric arc furnace is powered by 100 % renewable energy. Thanks to closed cooling circuits, a reduction of up to 90 % in required cooling water can be achieved. Additionally, the efficient recovery system ensures that the generated heat is being reused within the plant and fed into the public district heating network.

SOCIAL IMPACT



Acting on a global scale in interaction with various stakeholder groups, we feel responsible to contribute to society in a positive way, specifically concerning current and potential employees, communities and other stakeholders along our value chain. In this context, we set goals to increase social engagement, qualify leaders, foster individual worktime opportunities and strengthen our female workforce.

Within our focus topic Social Impact we engage in following fields of action:

- » Personal Growth & Development
- » Female Leaders
- » Community Engagement
- » Flexible Working Models

Our goals:

- » Reaching the LTIFR-target of -50% by 2030 compared to 2019.



Social Impact program „Formare“ at Villares Metals

Aprendiz Formare is an innovative professional training program of the Fundação lochpe accredited by the Ministry of Labor and Employment in Brazil. The program is inspired by Germany's dual technical education model, which takes place both in schools and businesses. But this program goes further: Formare combines social inclusion and business engagement in the field of volunteering. The selected participants are between 18 and 20 years old and come from socially weak areas. The program offers a secure future through access to a professional education. Villares Metals has been one of the partner companies since 2016 and offers a 10-month course on machine operation. The curricula consists of various topics, such as business organization, health and safety, applied mathematics, science as well as engineering of metal material and more. Additionally, profound on the job learning in the production areas takes place.

Female leaders

Our commitment to equality for women is reflected in our efforts to not only hire but also invest in the individual development of our outstanding women. Currently we are developing a global female leaders program. This will be a powerful resource that provides individual training, coaching, mentoring and networking opportunities for women. Even though today 36 women are already in the pilot program, we aim to enable more women to experience their own learning journey and become active members of the global female community.

SUSTAINABLE SOURCING



As an internationally active company, we have a major environmental and social responsibility in both the upstream and downstream supply chains. We are aware of the responsibilities this entails and therefore rely, among other things, on strong monitoring in raw material and general purchasing. In addition, we focus on a continuous dialogue and collaboration with our suppliers.

Within our focus topic Sustainable Sourcing we engage in following fields of action:

- » ESG Criteria (Environmental, Social and Governance)
- » Scope 3 Emissions
- » Capacity Building & Engagement

Our goals:

- » On group level, 70% of the total purchasing volume must fulfill the ESG criteria „Compliance and Corporate Responsibility Checklist“ by 2025.
- » Reducing 25% of Scope 3 CO₂ emissions by 2029 based on group level.



How we translate Sustainable Sourcing into reality

Code of Conduct & Sustainability Criteria:

Both the Group's Purchasing Terms and Conditions and the Code of Conduct, that apply to all suppliers, contain numerous criteria aimed at sustainable procurement and, in particular, compliance with human rights.

Sustainable Supply Chain Management (SSCM):

Furthermore, the voestalpine Group has implemented a procedure for raw materials procurement to identify sustainability risks in the supply chain and to avoid as well as mitigate any negative effects. Through the SSCM project, a typical steel production supply chain was screened for risks relating to materials, countries of origin, and suppliers. This involved internal and external experts as well as long-standing suppliers in order to identify possible negative impacts in the supply chain. The findings were integrated into a matrix highlighting possible risk potential, so-called „hotspots“, which can also be found in the current voestalpine CSR Report. In 2019, the analysis was expanded to include the High Performance Metals Division and our production sites Kapfenberg and Hagfors. The analysis will be rolled out to include our remaining production sites.



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