

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 an unique service network that ensures customers 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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*





# 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.



„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 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.



### Recycling of scale

Scale forms as an oxide layer on the surface of the steel and is mainly produced during forging and rolling. During these processes, the scale flakes off and falls into collection containers. The scale contains the alloying elements of the processed steel grade in oxidized form and is therefore a valuable usable production waste to replace primary input material. At some production sites in our Division, we have succeeded in recycling scale and thus saving a proportion of purchased alloying elements. This also reduces our Scope 3 emissions.

### Recycling of EOL tools

Together with our customers, we are developing 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,...). Our aim is to return these tools after end-of-life, to sort and process or dismantle them, in order to bring the valuable raw materials they contain back into our production process. In this way, we ensure sustainable supply with key materials, reduce the usage of primary raw materials and improve the carbon footprint of the new tools. 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



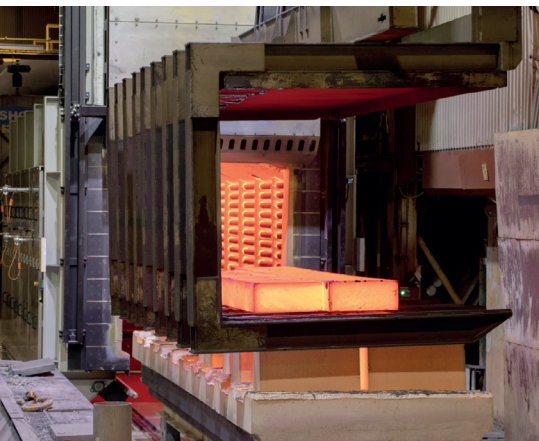
Protecting our climate lies at the core of our sustainability ambitions. Against this backdrop, we have set out to become climate neutral by 2050. This will be possible by a broad focus on green energy and energy efficiency solutions. For this purpose, we are currently implementing a decarbonization 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 CO<sub>2</sub>-footprint (kg/t) for all products & services



## Sustainable & efficient: A clear course and comprehensive expertise for the future

With clearly defined roadmaps based on individual projects, we are paving the way to a sustainable future. Continuous monitoring and the strict pursuit of our energy efficiency targets have led to impressive energy savings of over 800 GWh in the last 10 years - equivalent to the average annual consumption of around 250,000 households! The electrification of the industrial furnaces at Uddeholm in Sweden has been a complete success and this know-how is now being transferred to other sites. Another focus is on the use of green gases, like biomethane or hydrogen. In this way, we are facing up to the diverse challenges of the energy transition and focusing on innovative solutions.

Our extensive expertise in the decarbonization of industrial processes forms the basis of our work. We develop and implement tailor-made solutions for every need and continuously optimize them for maximum efficiency.



## State of the art steel plant in Kapfenberg

The integration of new resource-saving technologies in our processes allows us to annually reduce CO<sub>2</sub> 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. 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 dialog groups, we feel responsible to contribute to society in a positive way, explicitly concerning current and potential employees, communities and our global internal and external stakeholders along our value chain. In this context, we work together on initiatives based on four key areas of action: Family Friendliness, Health, Education and Community, and Diversity.

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

- » Diversity & New Talent
- » Education and Community
- » Family Friendliness
- » Health

**Our goals:**

- » LTIFR 5,5 or less by 2030
- » Increase the share of female managers from 14% to 18% by 2030 (on group level)



## Social Impact program „Formare“ at Villares Metals in Brazil

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 not only to hire, but also to invest in the individual development of our outstanding women. Our international Female Leadership Community – one of our many female empowerment initiatives – strengthens women in the industry, makes them visible and supports their path to leadership with an empowering network. With 40 current participants, we aim to expand this opportunity to more women globally.

# 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 of the „Compliance and Corporate Responsibility Checklist“ by 2025. The target of 100% is to be achieved by 2030.
- » Reducing 25% of Scope 3 CO<sub>2</sub> emissions by 2029 compared to 2019 (group target).



## Integration of ESG Criteria in Supply Chain Assessment

We in the High Performance Metals Division aim to enhance sustainability by integrating ESG (environmental, social, and governance) criteria into our entire supply chain. This involves the development of our specialized sustainability assessment process and self-evaluation questionnaires, expanding these methods, and collaborating closely with our critical suppliers. The goal of the voestalpine group is to review 70% of total purchasing volume based on ESG criteria by 2025 and to repeat the evaluation process at regular intervals. By 2030, 100% of active suppliers are to be reviewed.

## Reduction of Scope 3 Emissions in Supply Chains

Another key action on voestalpine group level is the commitment to reduce Scope 3 emissions by 25% by 2029. This involves understanding and addressing emissions generated outside of our production processes, such as those from suppliers and their production and transportation. We are actively working on this by leveraging state-of-the-art database values, gradually transitioning to verified supplier data, and strategizing to minimize or prevent Scope 3 emissions throughout the supply chain.



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