



LEADING STARTS BY QUESTIONING.

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With its third sustainability report, RHI has taken another important step: The company reports in accordance with G4, the new standard of the International Global Reporting Initiative (GRI). In addition to dealing with the progress made and the objectives realized, this above all requires that the crucial issues are addressed.

THE PATH: DIALOGUE AND ANALYSIS

RHI did not take the easy way in the reflection of its requirements, challenges and problems. To obtain a comprehensive picture, the relevant internal and external stakeholder groups were systematically engaged in the identification of topics. RHI thus went beyond the materiality matrix required by the reporting standard.

The stakeholders were involved at four levels, which is reflected in the structure of this report. The first chapter, “RHI Sustainability Topics”, describes the process, outlines the materiality matrix and lists the resulting twelve topics. They are presented in detail in the three subsequent chapters – “Operating Responsibly”, “Environment and Energy” and “Employees”. Both the management approach and the activities and progress in the respective area are described.

THE TARGET: TRANSPARENCY AND INFORMATION

This report addresses all stakeholders who hold a share in RHI or are involved in its operating activities, and third parties (for example residents) who have an interest in the company. The focus is on all aspects of sustainability. The topics were prioritized based on their relevance for RHI’s operating activities and their impact on the environment and society. For comprehensive information on the economic activities and developments please refer to the RHI Annual Report 2013.

Facts and figures were compiled based on the GRI indicators and discussed in the RHI working groups (Environment & Energy, Human Resources, Health & Safety, Legal & Compliance, Social Commitment & Product Responsibility) together with the Sustainability Manager. The content of the report was presented to and approved by the RHI Management Board.

Progress in sustainability is not always easy to achieve, especially for an international company that operates in different cultures. RHI strives for maximum credibility and transparency in dealing with these topics. In its reporting, RHI endeavors to present the measures in a manner that is as accurate, current, reliable, comparable, clear and balanced as possible. Changes in the methods of data collection or data presentation are indicated where required.

This report meets the requirements of the G4 Guidelines Core of the Global Reporting Initiative, covers the activities of the RHI Group in the year 2013 and also includes the investment in the Indian company Orient Refractories Ltd. (ORL). Deviations from corporate report boundaries in the presentation of key figures are indicated, if applicable. No restatements were made. The first RHI Sustainability Report was published in the second quarter of 2012. RHI has since annually published a report in accordance with GRI in order to report on progress in sustainability management and target accomplishment on an ongoing basis.

Dolomite Franchi S.p.A., a wholly-owned subsidiary of RHI AG, published a separate sustainability report for the third time in 2014. This report is available on the RHI website www.rhi-ag.com in the section “Sustainability”.

As an external audit, the Materiality Matters Check of the Global Reporting Initiative was performed for this report. As of the end of July 2013, the company is also certified according to ISO 14001, ISO 9001 and OHSAS 18001.

LEADING STARTS BY QUESTIONING

G4-1

DEAR READERS,

In the past years RHI's sustainability management has evolved continuously. With the claim "Leading starts by questioning" we took it to the next level in 2013: We actively questioned our own position and engaged the stakeholders in a critical dialogue.

WHY DO WE QUESTION OURSELVES?

We deliberately did not take the easy way with this open approach. Rather, we wanted to fulfill our responsibility as a globally leading refractories supplier. In a systematic process, we defined the crucial topics for RHI with our internal and external stakeholders and put the sustainability management on a solid foundation.

The stakeholder forum held in October 2013 marked an important step. Together with the relevant players, we intensively discussed our responsibility in the three core segments of sustainability – economy, ecology and society. Based on the results, twelve essential topics were defined, which we illustrate for you in this report.

WHICH CHALLENGES DO WE SEE – AND HOW DO WE ADDRESS THEM?

Being a globally operating, resource and energy-intensive company, RHI is constricted by a tight corset with little room to move. Major challenges include the availability of raw materials and mining these materials while at the same time saving resources. The production of refractory materials requires great amounts of energy, and when the raw materials are processed, naturally bound CO₂ is released.

Moreover, we have to meet requirements related to occupational health and safety and face up to political and social conditions in the individual countries. In addition, we have to mind our employees' requirements. They work in different cultures and experience increasing competitive pressure.

Growing with consideration, while at the same time handling resources fairly – that's the goal we pursue day by day. In this context, RHI is caught in the conflict between short-term profit orientation and long-term value increase. A balancing act, in which every action has an impact on people and the environment.

We build on four strategic pillars in order to meet these challenges: We count on profitable growth through quality and service. We rely on innovation as a driver of competition. We ensure business excellence by outstanding performance and processes. And we continue to invest in increasing our self-sufficiency level for magnesia raw materials.

WHICH ISSUES DID WE FOCUS ON IN 2013?

In the year 2013, we pushed ahead measures to achieve our sustainability targets. A systematic innovation process was developed to secure innovative power. In May, a Code of Conduct, which applies throughout the Group, entered into force. In this Code, we commit to the legal compliance requirements and advocate ethical standards.

In terms of product responsibility, the focus was placed on resource efficiency for customer operations and the development of substitute materials. In an ongoing survey, we are assessing customer satisfaction until mid-2014. The results should help us tailor our products to their needs even better than before.

We continued to improve the environmental standards further in 2013: We have added another site (Falconer, USA) to the global environmental management system and raised the share of locations with environmental reports to 70%. Self-supply with raw materials increased as a result of the expansion of the raw material capacities in Turkey and the newly established production capacities in Norway; the share of recycled materials rose to 5.4%.

At the same time, we advanced personnel management with a view to the future. It is still our objective to recruit top qualified people, train them and offer them secure and qualitative jobs.

HOW CAN WE MEET OUR RESPONSIBILITIES IN THE FUTURE?

Market framework conditions are getting more and more volatile and the regulatory and environmental requirements placed on production companies are increasing. Against this backdrop, we will consistently continue our sustainability process. We are currently extending our measures – for example in occupational safety – to our international sites.



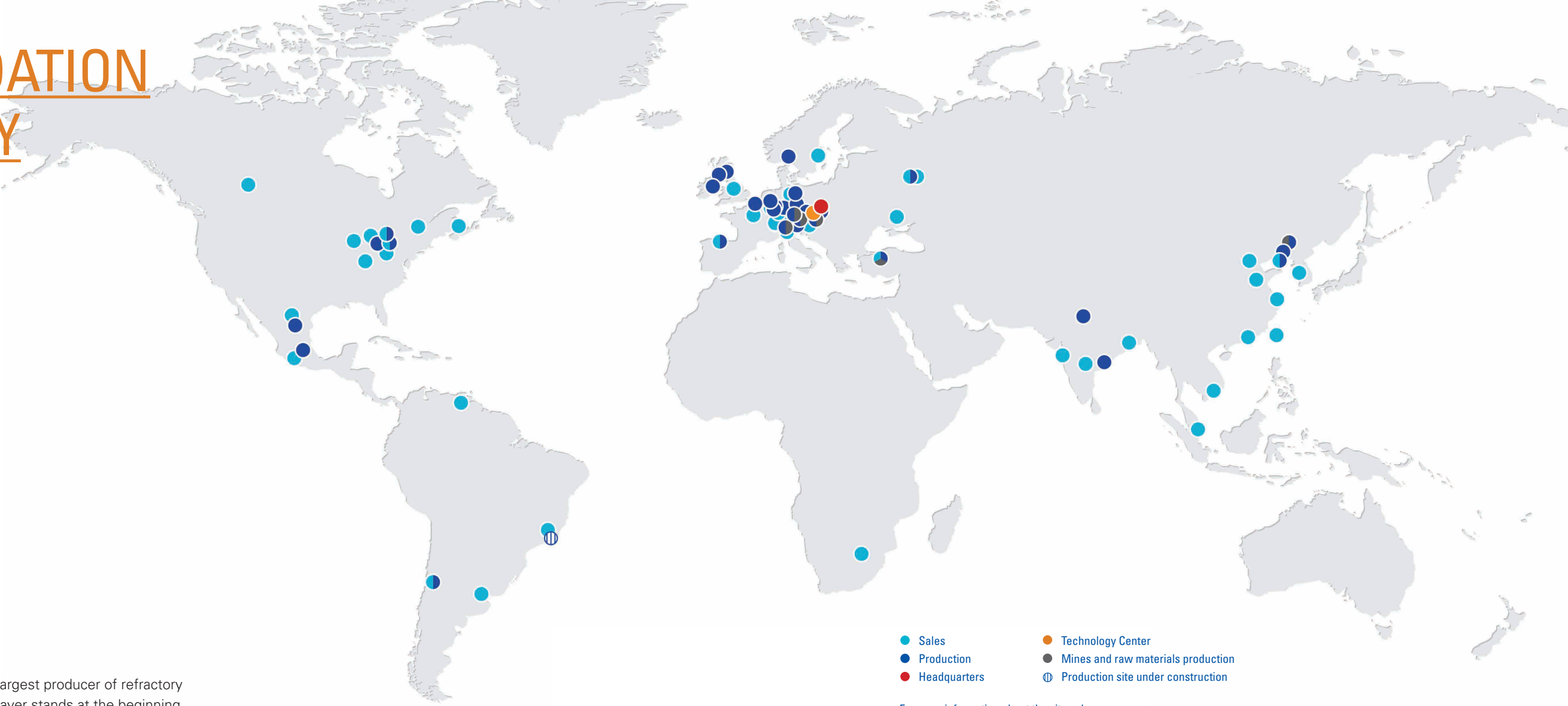
Furthermore, we will continue to count on the dialogue with the stakeholders and the ongoing strategy work. The sustainability report, which is published regularly, plays an important role in this process, both as a continuous indicator for the achievement of targets and as an internal pacemaker for this process.

We also want to integrate all those involved in the future and, ideally, act in concert with them. I thank all our employees for their great commitment and their loyalty. Many thanks also to our stakeholders: We are pleased that you are taking this exciting – and hopefully successful – path with us.

Yours,
Franz Struzl
Chief Executive Officer

RHI – FOUNDATION OF INDUSTRY

G4-3, G4-8, G4-9, G4-12



- Sales
- Production
- Headquarters
- Technology Center
- Mines and raw materials production
- ⊕ Production site under construction

For more information about the sites please visit the RHI website www.rhi-ag.com.

RHI AG is the world’s largest producer of refractory products. The global player stands at the beginning of the industrial value chain because the production of basic materials such as steel, cement, glass or aluminum requires refractory production facilities. Without the technologies and products of RHI, many things of our everyday life would not exist – from window panes to cars, from waste incinerators to power plants.

REFRACTORY MATERIALS FOR MANY APPLICATIONS

Industrial raw materials are made in high-temperature processes. To ensure that production facilities withstand the related severe stresses, they are lined with refractories. Only these products withstand the temperatures of more than 1,200 degrees Celsius, which are necessary in this process.

RHI produces more than 1.7 million tons of materials per year for industrial production. They are used for manifold applications: RHI supplies key industries such as the steel, cement and lime industries. In addition, refractories are also used for the production of glass, copper and aluminum, in environmental and energy technology as well as in the chemical and petrochemical industries.

CUSTOMIZED SOLUTIONS

RHI is the only supplier worldwide to support the entire process – from the selection of products, engineering, optimizing all steps and the construction of special machines to providing services. The refractories specialist relies on close cooperation with customers as this is the only way to provide solutions tailored to their requirements. In doing so, RHI helps customers increase the value added in their production.

With its global network, RHI is close to its customers and partners. The company operates 33 production sites and more than 70 sales and service sites on four continents. This ensures rapid availability of the products, personal support and the optimal use of products in all regions of the world. More than 10,000 customers in over 180 countries rely on the know-how of the international corporation.

ACTING WITH FORESIGHT AND RESPONSIBILITY

RHI operates in a global environment where conditions change continuously. The challenges range from volatile energy prices and scarce resources over shortages of skilled labor, new demands in society and informational needs, to different legal and political requirements regarding environmental and climate protection.

The company is aware of its responsibility for the impact of its business activities in all three dimensions – in economic, ecological and social terms. The objective is a sustainable management which creates long-term value, prevents negative consequences for the environment and society and promotes positive effects.

READY TO WALK THE EXTRA MILE

RHI employs roughly 8,000 people around the globe. They share the willingness to create the best product and to go the extra mile to do so. Their motivation is reflected in high loyalty: employees stay with RHI for an average of eleven years, thus making a significant contribution to the company’s vision: “We lead the Industry. Everywhere. Anytime.”

RHI operates in a highly competitive market. In order to assert itself as the technology leader, the company invests roughly EUR 21 million in research and development. More than 160 research scientists work for the Group, the majority of them at the RHI Technology Center in Leoben (Austria). In the immediate proximity to the University of Leoben, they continuously develop refractory innovations and production processes.

STRATEGIC EDGE THROUGH OWN RAW MATERIALS

Another key to success is the access to high-quality raw materials. In order to secure this in the long term RHI continues to rely on increasing the self-supply with magnesita raw materials and considers the access to its own raw materials a strategic advantage. RHI has increased the self-sufficiency level to roughly 80% by expanding its raw material production capacities in Turkey and Austria and through acquisitions. An alternative raw material extraction from seawater is also in place.

RHI benefits from its technological and mining tradition. Its roots go back over 175 years: mergers of leading refractory companies – among them Radex and Veitscher Magnesitwerke – laid the foundation for the Group in its present form. Today, the umbrella brand RHI comprises numerous established trademarks such as Didier, Veitscher, Radex, Dolomite Franchi, Interstop and Monofrax.

PROFITABLE GROWTH AND VALUE CREATION

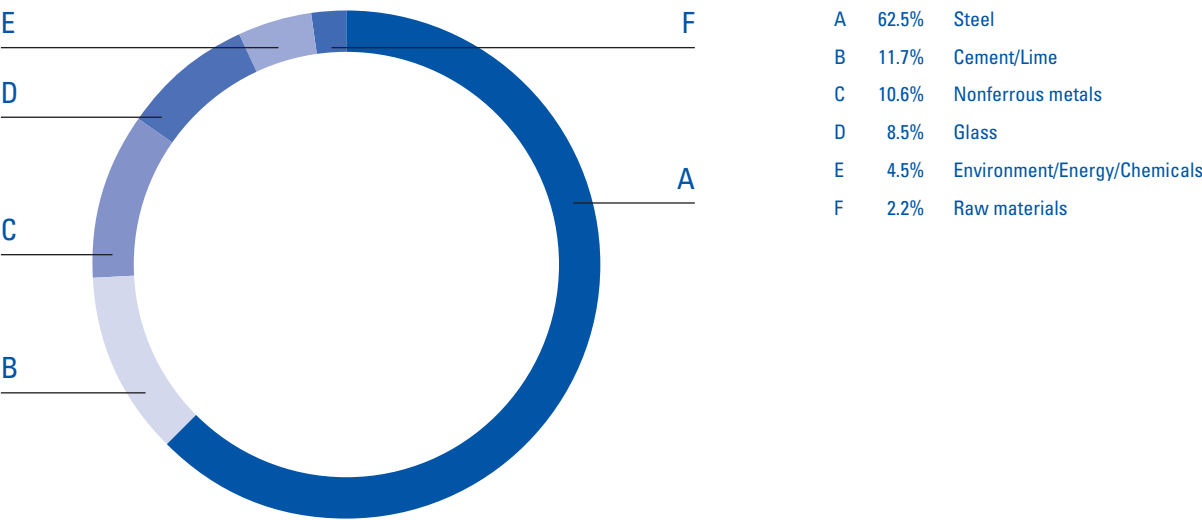
In order to expand its position in the world market, RHI has set itself clear goals by 2020: revenues of up to EUR 3 billion and generating an EBIT margin of 12% over the economic cycle. These target figures are based on economic growth as forecast in 2012. The essential strategic pillars are profitable growth, increased self-supply with raw materials, innovation and business excellence.

This strategy supports the long-term objective to increase the value of the company for all stakeholders. In the past year, RHI generated an economic value of approximately EUR 1.797 billion. Less EUR 1.662 billion for cost of sales and personnel costs as well as payments to shareholders, outside creditors and public sector entities, the residual economic value is roughly EUR 136 million. In the year 2013, RHI's investments in communities totaled some EUR 257,000. This total includes all donations throughout the Group.

Further information on the corporate structure and management as well as financial key figures are provided in the RHI Annual Report 2013: www.rhi-ag.com > Investor Relations > Financial Reports.

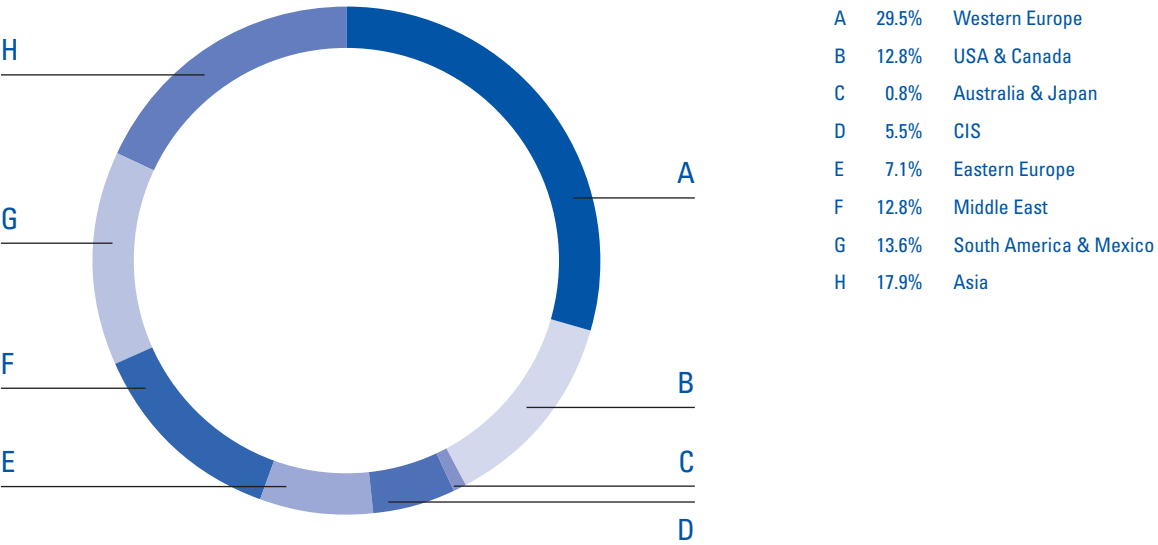
EXTERNAL REVENUES

RHI customer industries: external revenues 2013



REVENUES BY REGION

Global RHI market coverage: revenues by region 2013



KEY FINANCIAL INDICATORS ACCORDING TO GRI

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED ¹

in EUR million	2011 ²	2012	2013
Revenues and other operating income	1,769.0	1,848.2	1,791.1
Interest income and dividends	8.9	8.7	6.1
Total	1,777.9	1,856.9	1,797.2
Cost of sales (excl. personnel costs, depreciation and other taxes)	-1,209.70	-1,217.1	-1,152.4
Personnel costs	-350.40	-397.1	-402.6
Payments to shareholders	-19.90	-29.9	-30.3
Payments to outside creditors	-16.20	-19.6	-18.2
Payments to public sector entities	-32.60	-44.3	-58.1
Residual economic value	149.10	148.9	135.6

¹ The presentation corresponds to the definition of GRI. These are the financial flows derived from the income statement. This explains possible deviations from the annual report.
² Restatement. See Annual Report 2012.

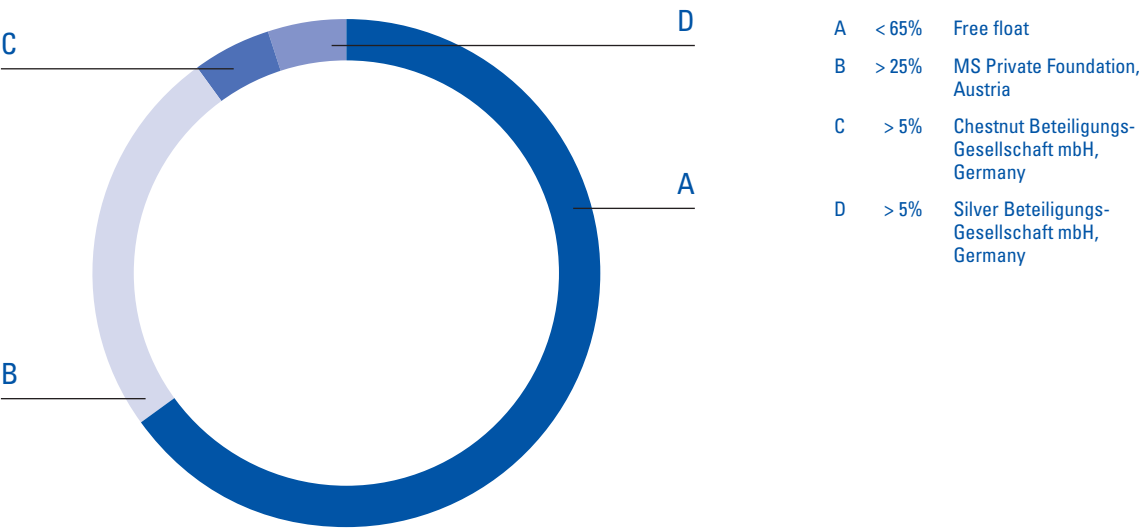
RHI AT A GLANCE (AS OF 12/31/2013)

Company	RHI AG
Headquarters	Vienna
Management	Current members: Franz Struzl (CEO, since 7/1/2013 also CSO Industrial Division) Franz Buxbaum, MBA (COO), since 7/1/2013 Barbara Potisk-Eibensteiner (CFO) Reinhold Steiner (CSO Steel Division), since 7/1/2013 Former members: Giorgio Cappelli (CSO Steel Division), until 6/30/2013 Manfred Hödl (CSO Industrial Division, CTO), until 6/30/2013
Stock Exchange	Prime Market of the Vienna Stock Exchange (ATX)
Employees	8,121 employees
Description	Globally operating supplier of refractories
Business	Development, production and service of refractory products and systems
Divisions	Steel, Industrial, Raw Materials
Products	Refractory bricks, mixes, mortars and functional products
Production	33 production sites in Europe, North/South America and Asia More than 1.7 million tons of refractory products per year
Raw materials	Seven own raw material sites, 1.27 million tons of magnesia and dolomite/year
Sales	More than 70 sales offices on four continents

RHI FINANCIAL INDICATORS 2013

Revenues	EUR 1,754.7 million
EBIT	EUR 111.1 million
EBITDA	EUR 261.5 million
Profit	EUR 63.4 million

RHI SHAREHOLDER STRUCTURE



PRODUCT RANGE AND SUPPLY CHAIN

REFRACTORY PRODUCTS

The RHI product range comprises more than 120,000 individual items and consists of raw materials, unshaped materials, shaped refractory products and functional products for specific industries and applications.

Ladle bricks (steel industry)



Rotary kiln bricks (cement industry)

Fused magnesite



Caustic magnesite



Slide gate plates (steel industry)



Functional products

RHI develops functional products for specific industries and applications, which are used for steel casting ladles, cement kilns, glass melting furnaces or copper converters.



Purging blocks (steel industry)



Basic mixes

Unshaped products

RHI also offers its customers unshaped refractory materials such as repair mixes, construction mixes, castables and mortars for further processing. They are used for example for lining electric arc furnaces in the steel industry.

THE SUPPLY CHAIN

RHI's supply chain is orientated toward market requirements and customer needs. RHI takes an integrated approach to the entire processes – from the respective demand to raw material procurement, materials and services, to the manufacturing and delivery of products. The objective is to offer every single customer the optimum solution for their requirements.

Supply chain processes

The RHI supply chain comprises three main processes: acquisition, procurement and production and distribution. During each of these steps, the company asks crucial questions:

- Acquisition: Which specific requirements does the customer place on the service? When does the customer need RHI's products and services?
- Procurement: Which resources does RHI need for production? Which raw materials can be procured from internal production and procurement sources and which require external sources?
- Production and distribution: How does RHI supply the customer with products and services in due time and the correct quantity?

Product service life and delivery times

The service life of the refractory products depends on the individual industries: With periods from 20 minutes to two months, the steel industry has the shortest intervals between product replacements. In the cement industry, the replacement cycle amounts to roughly one year and in the glass industry to up to ten years. In the production of nonferrous metals, refractory products last one to ten years on average, and five to ten years in the chemical and environment industries.

RHI offers its customers solutions specifically tailored to their needs and production processes. In total, 90% of the delivery volume are made to order. Delivery times vary depending on product and raw materials:

TYPICAL DELIVERY TIMES: MAKE TO ORDER

Product	Delivery times
Mixes and mortars	2–6 days
Unfired bricks	4–6 weeks
Fired bricks	8–12 weeks
Special products	Up to 6 months

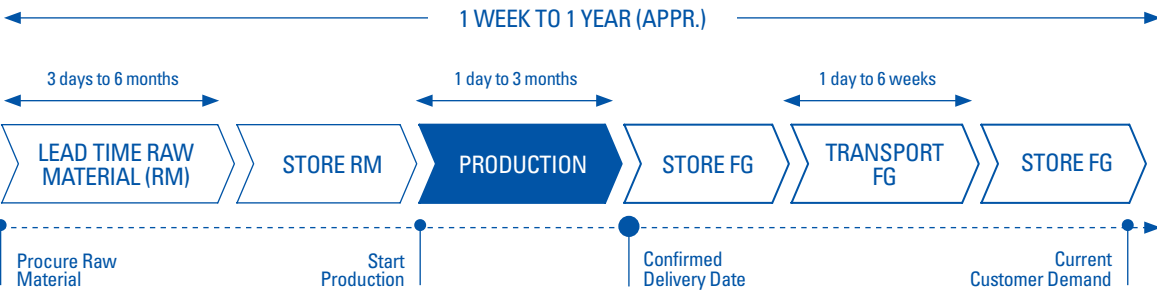
Changes in the supply chain in 2013

In the year 2013, the following events and developments had an impact on the supply chain: RHI continued to increase raw material procurement from its own sources. The production capacity installed at the site in Porsgrunn, Norway, covers the Group's own fused magnesia requirements outside of China despite difficulties during the start-up of operations, making RHI independent of Chinese suppliers. The transport routes are significantly shorter as these raw materials are processed and turned into finished products at RHI plants in Germany and Austria. Customers in the steel industry appreciate the high quality of this fused magnesia and consider it unique. Magnesia is extracted from seawater using a process specifically developed for this purpose.

In addition to the new plant in Norway, existing raw material production capacities were also expanded in Austria and Turkey. At the Hochfilzen plant in Austria, the planning and construction of a facility to recover fine tailings started. Roughly 1.8 million tons of tailings, which date back to the time when a flotation plant was operated in Hochfilzen, are stored at the site. The construction of this new facility serves to return these residual materials to the production process, thus reducing costs and increasing the useful life of the mine. The commissioning of the facility is scheduled for late 2014.

Another influence is related to the customer industries themselves. Their demand for refractory products is getting increasingly volatile. That means that the planning periods, for example in the steel industry, are getting shorter. Being a supplier directly dependent on customer production, RHI consequently also has to be able to respond more rapidly to changes in the volume of consumption.

THE RHI SUPPLY CHAIN: TIME AND DISTANCE



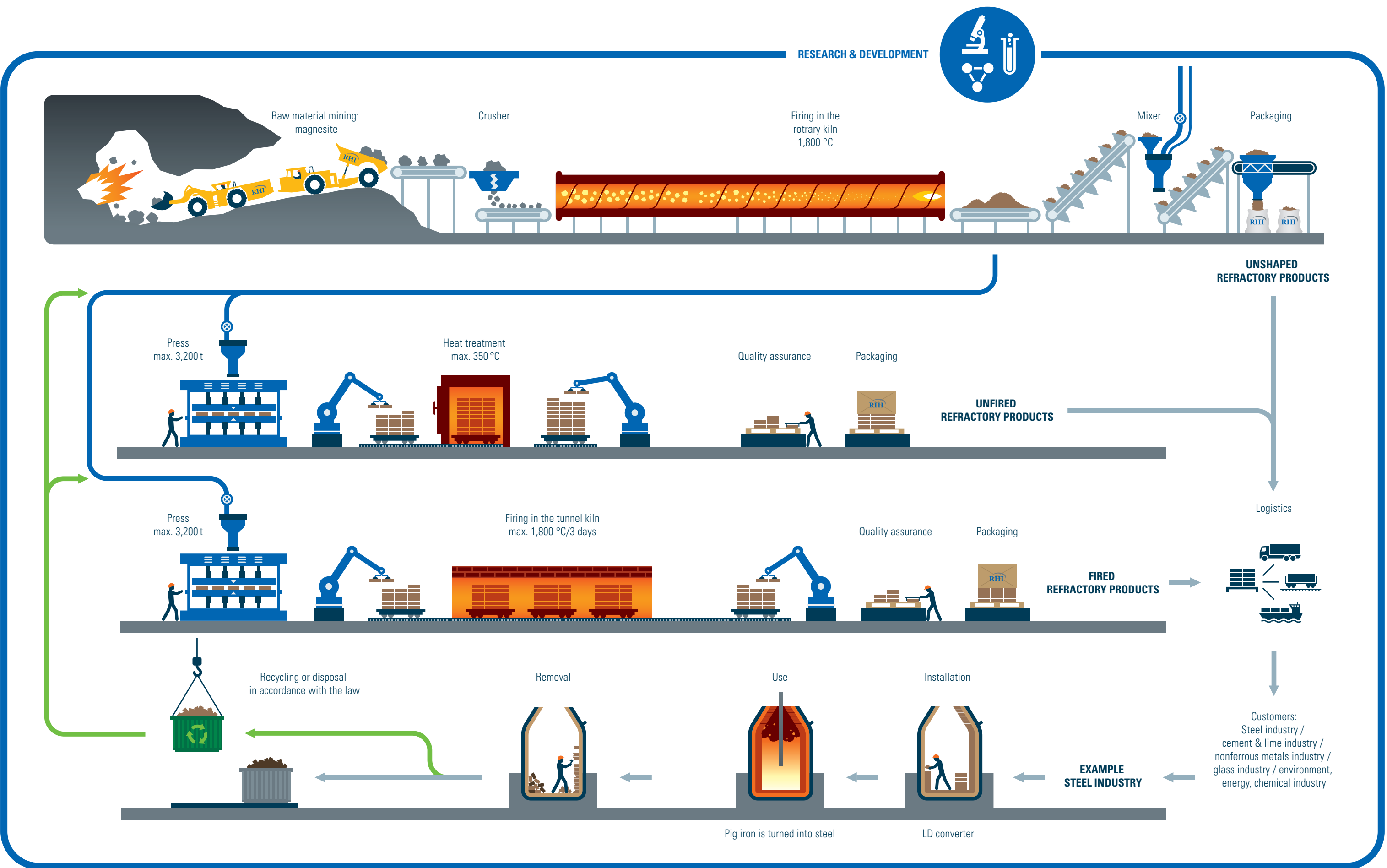
RM = Raw Material, FG = Finished Goods

RHI PRODUCTION – OVERVIEW

- Customers at roughly 10,000 locations worldwide
- 93,000 customer orders per year
- 330,000 deliveries worldwide
- 35,000 suppliers with 15,300 orders per year
- Procurement volume of roughly EUR 890 million

VALUE CREATION AT RHI

VALUE-ADDED CHAIN



VALUE CREATION AT RHI

G4-14

RHI ENGAGEMENT ALONG THE VALUE-ADDED CHAIN



SUSTAINABLE ADDED VALUE

How can RHI create value responsibly and maintain it on a sustained basis? This question accompanies the Group along the entire value-added chain. We are convinced that sustainability can only be established in the core business of a company if it is taken into account in the products and in the value creation process at the same time.

Therefore, RHI has thoroughly considered the impact of its operations on society and the environment. Activities start with environmental protection measures and the expansion of self-supply with raw materials and extend to the development of innovative approaches for the return of materials and products used by the customers.

The illustration on this page shows both the effects on core processes (inner circle) and the supporting processes and cross-cutting issues, which extend through all product phases (outer circle). The central claim at all levels: to mitigate negative effects step by step and reinforce positive effects. The specific measures designed to accomplish this are described in detail in the subsequent chapters.

THE PRECAUTIONARY PRINCIPLE AT RHI

In 2009, RHI implemented a risk and opportunity management system throughout the Group. The consideration of risks and opportunities was thus integrated in planning and decision-making processes.

RHI's risk policy defines company segments in which risks have to be minimized. These segments include environment, health & safety and compliance. In order not to exceed an acceptable level of risk, preventive measures are defined.

RHI SUSTAINABILITY TOPICS

G4-18, G4-24, G4-25, G4-26, G4-27

“It is important that RHI looks after the environment, invests in its plants and maintains them, and keeps contact with the local authorities.”

JOCHEN JANCE, Mayor, market town Veitsch

RHI used the past year to systematically define the main aspects of sustainability for the company and its stakeholder groups. Employees as well as the relevant external stakeholders were integrated, which helped make a realistic estimate of the perception of the company and of the demands placed on sustainability management.

One of the main drivers of this process was the willingness to question existing things and to refine proven systems. The results are being incorporated into the sustainability strategy and the ongoing measures related to the company’s corporate social responsibility.

TOPIC IDENTIFICATION PROCESS

The motto of the Sustainability Report 2012 was: “Responsibility means providing answers.” This requires three things: to question oneself, to ask the stakeholders the right questions and to listen to them. Building on this, we chose the motto “Leading starts by questioning” for the past year. Subsequently, this claim defined the process RHI used to determine the crucial aspects of sustainability.

In a first step, the main topics for the company were collected at workshops of the RHI working group on sustainability in spring and summer 2013. In order to incorporate the opinion of the employees on a broad basis, an employee survey was conducted worldwide in September. The employees were asked about their expectations of RHI as a responsible company and about current constraints, challenges and problem areas. To ensure that answers were as authentic as possible, the survey was an open online survey. Nearly 190 questionnaires with more than 800 answers were returned. They were integrated into the further definition of topics.

On October 8, 2013, RHI held the second stakeholder forum in Vienna, in which the entire RHI Management Board participated. The objective was to get external feedback on the company and its actions. Most of all, the goal was to fathom out and discuss the topics that were most important to our dialogue partners. 40 persons (19 external and 21 internal stakeholders) from different backgrounds participated – from mayors, suppliers and customers to research representatives and other interest groups, for example environmental organizations. The stakeholders were selected based on the principle of reference points with RHI, i.e. their claims and the way they are affected by the company’s activities.

The stakeholders’ task was to discuss the topics developed internally by RHI in small groups and to compare them with their own priorities. These group discussions were received very positively. They were quite intense as the groups had deliberately been thrown together as a motley crew and environmental organizations naturally expressed different opinions than employees.

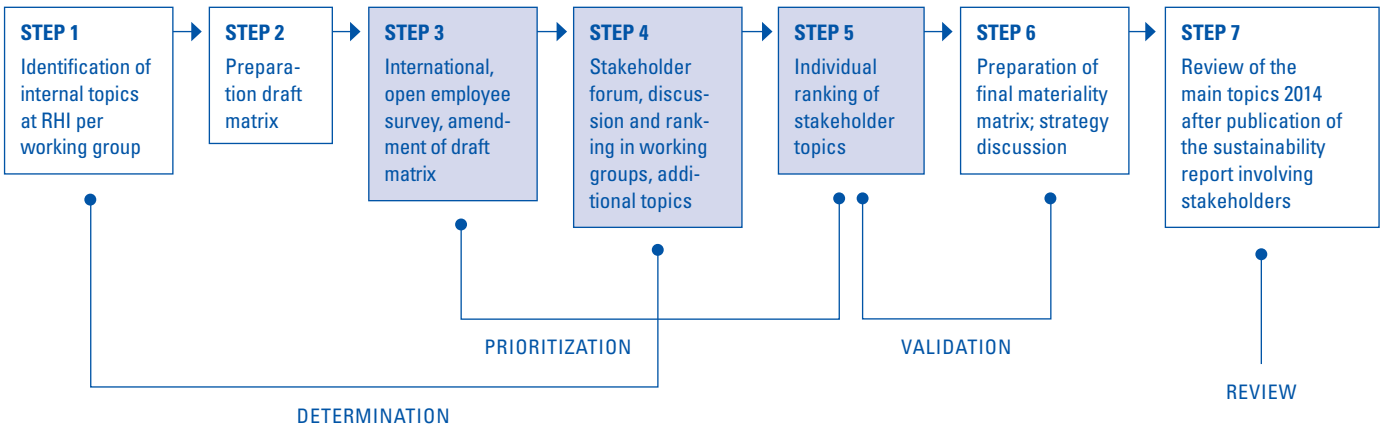
Some of the topics proposed were identified as a “must” by the groups – among them respecting human rights and internal corruption prevention. There were also some other topics, which were demanded by several working groups. They included economic requirements such as profitability, competitive prices and cost optimization. Another focus was on generation and knowledge management, especially for the generation 50 plus and their know-how.

The results of the group discussions were presented and supplemented by an individual ranking of topics in order to balance out group dynamics and to obtain fair results. Overall, 34 questionnaires were handed in. Their contents changed the group results only slightly.

Subsequently, the results from this process – both from the internal and the external perspective – were merged in a materiality matrix. Another workshop with the RHI sustainability working group was held for this purpose in late 2013. At this occasion, strategic questions arising from the stakeholders’ point of view were discussed and will continue to be examined thoroughly in the months and years to come. They include the following questions:

- What do we have to change in our sustainability process?
- Where is there a lack of action?
- What are the toughest issues among the topics crucial to RHI and where do we need to take action as a result?
- Which of the stakeholders’ expectations can we not or do we not want to meet?
- What has to be changed at which level? (What is a Management Board, strategy, action issue? How should it be communicated?)

RHI MATERIALITY PROCESS



MATERIALITY MATRIX

As part of a comprehensive materiality analysis, topics which may be opportunities or risks for RHI today and in the future were identified and analyzed. The higher the agreement in the materiality matrix – i.e. the more relevant a topic is for the company and its stakeholders – the more it is reflected in sustainability management.

RHI MATERIALITY MATRIX



The stakeholders defined the topic “sustainable profitable growth” as being most important. It comprises the objective of a long-term and sustainable development of the company, both in terms of revenues and profitability and in terms of structures and processes.

RHI as a “responsible employer” is also considered important by all stakeholder groups; therefore, this topic requires special attention. RHI employees rated the topic of “internal communication” essential. The measures derived from this result are described in the chapter on communication.

Most stakeholders consider both “innovation” and “product performance” in high-temperature processes classic strengths of RHI. Therefore, these two topics are of very high priority.

A strategic focus has been placed on both “raw materials and mining” and “recycling” at RHI for many years, with the former referring to the high share of the Group’s own raw materials. Recycling means to treat and reuse the highest possible share of refractory products utilized by the customer in the form of high-grade secondary raw materials.

KEY SUSTAINABILITY TOPICS

Based on the materiality matrix, RHI defined the following twelve issues as key topics. They are summarized in three subject areas and described in detail in this report starting on page 24.

THE TWELVE MAIN RHI TOPICS

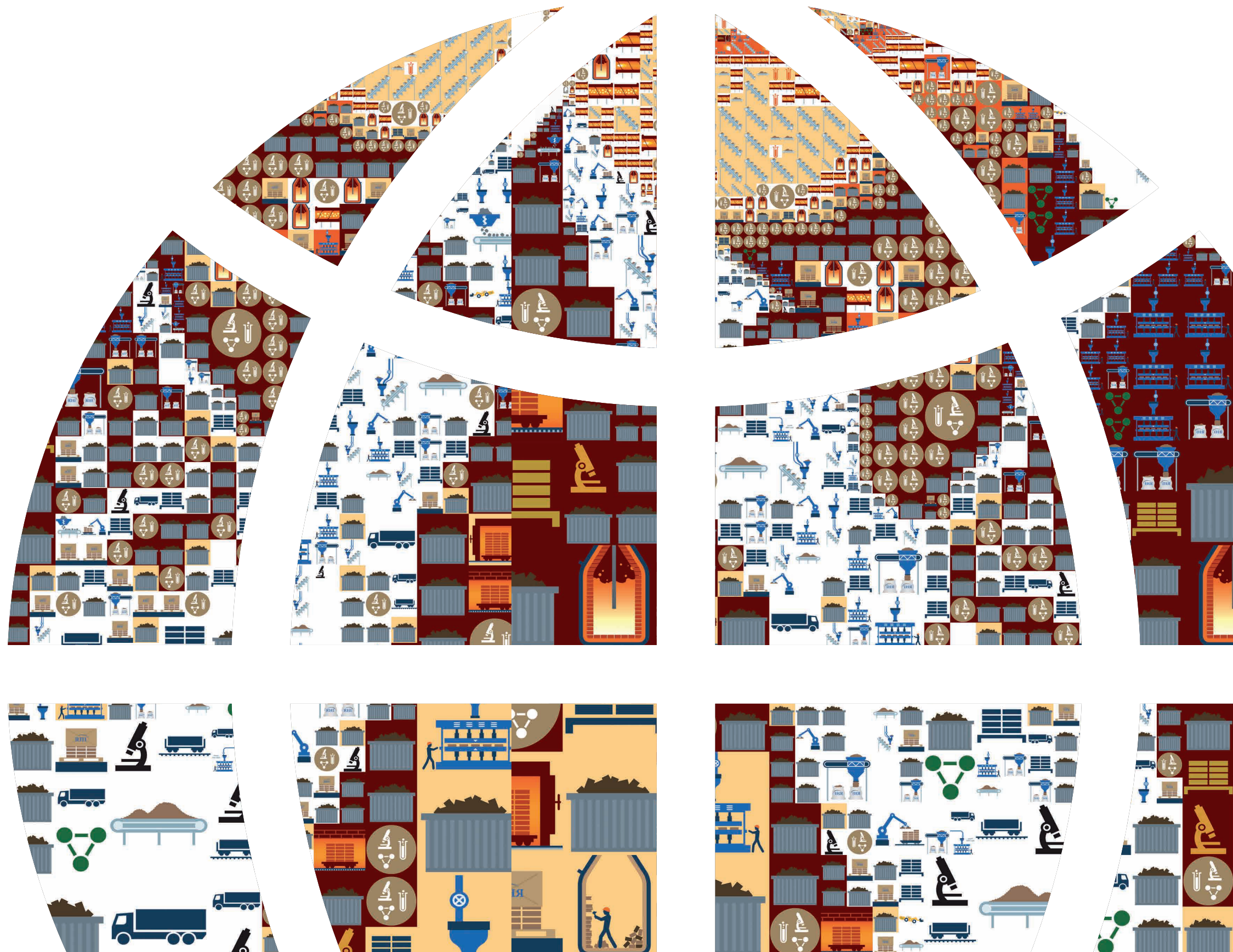
OPERATING RESPONSIBLY CONSISTS OF:	ENVIRONMENT AND ENERGY CONSISTS OF:	EMPLOYEES CONSISTS OF:
1. Sustainable profitable growth	6. Raw materials and mining	10. Responsible employer
2. Innovation	7. Environmental protection and emissions	11. Human rights
3. Governance, business ethics and values	8. Recycling and waste management	12. Good corporate citizenship
4. Communication	9. Energy efficiency	
5. Product responsibility and quality management		

These topics and aspects are relevant within the organization for all companies consolidated in the financial statements 2013.

OPERATING RESPONSIBLY. WE LEAD GLOBALLY. BECAUSE WE ASK THE RIGHT QUESTIONS.

In the past years we have accomplished a lot and positioned ourselves as a pioneer of the refractories industry. But our claim goes beyond revenue targets because success and growth entail responsibility for people and the environment. Therefore, we continuously question what we do. In order to develop further – and to provide sustainable impetus for our business.

Which prerequisites does an industrial company need in order to operate responsibly? Which segments offer opportunities to push innovation? And how can we act ethically correctly on a global scale? By deliberately facing these questions, we are one essential step ahead of the others. That's how we create value for the future.



SUSTAINABLE PROFITABLE GROWTH

G4-EC1, G4-EC2

“Sustainability is gradually turning into a competition factor: You cannot always drive competition through pricing, but have to build long-term business.”

WILHELM RASINGER,
President of the Austrian Shareholder Association

As a globally leading refractories company, RHI is confronted with significant questions regarding further profitable growth: How can we secure access to the necessary raw materials? How can RHI assert its market position in increasingly intense and global competition? In which sectors is a development possible and where does it make sense?

In order to meet these challenges systematically, the corporate strategy is based on four pillars: profitable growth, innovation, business excellence and raw material integration. Only an interaction of all four pillars guarantees sustainable implementation of RHI's vision: “We lead the Industry. Everywhere. Anytime.”

WHICH TARGETS AND VALUES DETERMINE RHI'S STRATEGY?

Profitable growth

How can RHI generate growth in the future? In recent years, our most important customer markets barely grew – in some regions, like Central and Eastern Europe, they even contracted. Consequently, volume growth has been stalling. RHI expects only a locally limited increase in demand in these core markets in the years to come. The emerging markets show a different picture. In the year 2013, RHI realized 57% of its revenues in these markets, and in the year 2020 this share could be as high as 70%. RHI strives to participate in the further catching-up process of the emerging markets and to grow together with the customers in these regions.

Another focus to achieve further growth is placed on quality improvements for products and on an extension of services. Moreover, RHI participates in the ongoing consolidation of the refractory industry through cooperation projects and acquisitions. All of these steps benefit a more efficient use of the raw materials in production.

RHI generally has to operate profitably. This is the only way the company can repay investors and convince new investors to invest in growth projects – if they cannot be funded through the company's earnings.

The profit of RHI is also important to communities and countries: They enable the necessary investments in infrastructure, education, the healthcare system and services via taxes. These investments are often directed at economically weaker regions. Here, the jobs created by RHI as well as taxes and duties are important and welcome.

At more than 25 years, the product service life cycles are very long and the investments are quite high in relation to revenues. Therefore, RHI's investments are based on a long-term and sustainable partnership with the local stakeholders.

Innovation drives competition

How does RHI assert its leading market position and develop a sustainable basis for tomorrow? The answer lies in innovation. The long-term goals of the company require creative and future-oriented approaches. This is the only way to offer customers even better solutions and to open up new markets with new products. Therefore, the topic of innovation received great attention last year.

The early times of RHI were determined by completely new products, which led to a breakthrough in the production of steel, cement, glass, and nonferrous metals. Since then, many little and big steps have contributed to the success the company has today. In order to keep its leading edge over the competition, RHI has to rely on an efficient innovation process. An internal project was launched in 2013 in order to improve this process.

Promoting business excellence

How can the high quality of products and services be secured and developed further? Sustainable growth requires highly qualified employees who are loyal to RHI in the long term. RHI has always attached great importance to a broad spectrum of apprenticeships, ranging from engineering and research to commercial professions. By cooperating closely with schools and universities, the company indirectly invests in education.

The production facilities also have to correspond to the state of the art in terms of reliability, energy efficiency, environmental compatibility and safety. Of the EUR 89 million invested in the year 2013, EUR 24 million were related to environmental projects (energy efficiency, reduction of emissions, official requirements) and EUR 58 million to the maintenance of the facilities and investments such as machines for the installation and repair of refractory materials, IT systems, other intangible assets and prepayments. Another EUR 7 million were invested in capacity expansion and process enhancement.

Increasing raw material integration

Which ways are there to secure reliable supply with raw materials? Magnesite in particular occurs only in very few regions of the world. Also, the quality of the natural deposits varies greatly. In the past years, China has played an increasingly aggressive role in the export of magnesite raw materials. Many mines in the region do not meet the expectations of RHI regarding sustainable and responsible mining.

“The competitive situation is a major topic, above all when it comes to suppliers from the Far East. We definitely prefer European companies and are willing to pay slightly more for that. Quality, delivery times and reliability play an equally important role. What I expect from RHI: defending the locations in Austria and Europe and the related quality at any rate!”

MARKUS PALFINGER, Purchasing Manager Austria
Lafarge Zementwerke GmbH

Therefore, RHI has consistently expanded its self-supply with raw materials, above all magnesite. The company operates its own mines in accordance with very strict environmental requirements and strives to mitigate the detrimental effects of mining. Only a sustainably operated mine will produce premium raw materials in the long term. Selective extraction enables significant energy savings; moreover, CO₂ emissions and dust can be reduced.

To evaluate investments, acquisitions and cooperation projects, RHI has defined comprehensive guidelines and processes. The basis of decision making for the management is prepared in detail by the central functions (business development, controlling) in cooperation with the divisions and business units. The main aspects of the preparation according to the acquisition guideline include reconciliation with the corporate or divisional strategy, the screening of the respective company as well as the preparation of the business plan (feasibility study). For investment projects the focus is placed on the materiality of the project, its implementation risk and detailed cost planning.

How can RHI stay competitive in a strongly contested global market and secure sustainable profitable growth? Innovative power is one of the most important prerequisites. Systematically picking up on ideas and turning them into marketable products, processes and services provides an important lever for RHI to grow.

The Technology Center Leoben (Austria) acts as a hub in a network spanning the world. It unites scientists as well as RHI employees from different departments such as product management, marketing, sales, production and application technology and raw material suppliers. Moreover, technologically leading customer companies and cooperation partners from science, technology and practice also work with the Technology Center.

In addition to the four strategic research projects – raw material substitution, energy efficiency, functional products and recycling – innovation at RHI also includes the development of solutions based on customer trends and needs, as well as a continuous improvement process. The systematic optimization ranges from the products to all business processes and involves all employees.

In order to underline the importance of innovation to the RHI Group, an innovation and IP management department was established in 2013. This department reports directly to the Chief Executive Officer. Its main tasks include identifying and substantiating innovation potential, defining the decision-making process as well as supporting all organizational units concerned in the implementation of the projects.

WHICH MEASURES DOES RHI TAKE TO PROMOTE INNOVATION?

Development of the innovation strategy

How can the development of innovations be systematically anchored in business? Starting with this question, RHI developed an innovation strategy in 2013. A systematic innovation process supports planning and control – from an idea to a marketable product. The innovation portfolio and initiatives for the implementation were developed at internal workshops. The results were included in the R&D program.

Amongst other things, a group-wide innovation and ideas management platform was implemented, which allows collecting and evaluating data with a software solution. This improves the input-output relation in innovation investments, thus promoting the efficient advancement of technologies in the Group.

One challenge that innovation management is faced with is the necessary balance between creativity and structuredness. Room for creative freedom is a central part of the innovation process, but the economic success of new products also requires norms and standards. In order to provide transparency regarding the productivity of the resources invested, RHI relies on stringent innovation controlling with the corresponding guidelines and minimum process bureaucracy.

Improvement of environmental standards

One of the core tasks of research and development is the further development of standards for environmental protection and energy efficiency in the RHI Group. In close cooperation with technical specialists, product processes are examined thoroughly and improved together – even beyond applicable limit values.

The search for alternatives to chemicals which may no longer be used after the implementation of the REACH regulation within the EU or which cause reason for concern is also an ongoing process. In the year 2013, this was related especially to carbon-based binding agents as well as additives containing boron oxide, which were frequently contained in finished products as sintering agents. This topic is described in detail in the chapter “Product Responsibility and Quality Management”.

In the area of energy efficiency, research projects which critically examine the energy-intensive drying, hardening and sintering phases were initiated. The objective is to optimize the reactions occurring during those steps using simulations and modeling, thus reducing energy consumption. By using microwave technology during the heat-up phase of firing bricks, RHI saves energy and avoids bottlenecks in production.

Innovation through focused research

Especially with regards to recycling, innovation plays an important role. The use of secondary raw materials as a source of basic materials is increasingly gaining importance. It includes the recycling of used refractory materials, the use of scrap material that is generated in our own production but cannot be used, as well as gaining materials such as magnesium oxide from waste materials of other industries.

Other main R&D projects include:

- searching for innovative, energy-efficient and emission-friendly production methods for raw materials
- the use of innovative materials and combinations of materials
- researching high-temperature insulation materials for more efficient energy use
- the optimized use of non-oxide material components
- the use of environmentally sound bond systems
- the advancement of special ceramics such as isostatically pressed components, complex cast components and gate plates

Current patents and intellectual property rights

How can the innovative achievements of RHI be optimally protected? In order to prevent abuse of new technologies and products, they are internationally protected through patents and trademarks. Continuous and consistent patent monitoring and extensive patent research on the part of RHI ensure observance of new technologies in the market. In addition, the project teams also gain knowledge for their own development projects.

The RHI portfolio comprises more than 120 active patent families. In the year 2013, the number of initial patent applications was increased to 25 (compared with ten in 2012 and six in 2011). This peak level reflects the innovative strength of RHI's employees. The new patents were related to the geometry of refractory components, lining concepts for customer aggregates and the composition of refractory products. An example is the patented bonding system for cold setting mixes (wear lining for the tundish). With this new system, it is not necessary to dry the refractory material charged at 600 degrees Celsius, thus saving time and energy in the form of gas.

In the year 2014, a number of new patent applications is to be expected. RHI systematically reviews new developments for their patentability in order to secure innovations through property rights and to strengthen its market position.

“Innovation is a crucial topic. Innovation as such is long-term oriented; however, like many other companies, RHI is forced to think in short time periods.”

PROFESSOR PETER MOSER,
Vice Rector, University of Leoben

GOVERNANCE, BUSINESS ETHICS AND VALUES

G4-21, G4-41, G4-42, G4-43, G4-44, G4-56, G4-SO3, G4-SO4, G4-SO5

How does RHI meet its stakeholders? How does the company ensure that employees, partners and suppliers worldwide stand for the same ethical principles and act in concert? Managing these challenges requires a common understanding of business ethics as well as rules for all those involved.

RHI is committed to responsible management, ethically correct actions and to shared values: initiative, integrity, openness, team spirit and dealing respectfully with employees and business partners – these are the values that the company strives for and lives, strengthening the trust of employees in the management and that of stakeholders in the Group. Further steps are planned in order to compensate for existing deficits and stakeholders’ demands.

“In the end, the decisive factor is always top management and its mindset. That is to say, sustainability is also a matter of corporate culture.”

HENRIETTE LININGER, Head of Department
Issuers & Market Data Services, Vienna Stock Exchange

Moreover, RHI defines clear rules if required. The company supports the objectives of the Austrian Code of Corporate Governance for the management and monitoring of the company. The transparency required by the Code is provided by publishing a Corporate Governance Report in the annual report and on the company’s website.

WHICH MEASURES DOES RHI TAKE WITH RESPECT TO CORPORATE GOVERNANCE AND BUSINESS ETHICS?

Corporate governance guidelines for the Supervisory Board

Conflicts of interest in the Supervisory Board are avoided on several levels: When candidates are elected to the Supervisory Board they have to “... indicate any circumstances which may raise concerns regarding impartiality” (§ 87 para 2 of the Austrian Stock Corporation Act (AktG)). When the company concludes contracts with members of the Supervisory Board, the Supervisory Board’s approval is legally required (§ 95 AktG). No such contracts existed in the year 2013.

The company has received declarations from two Supervisory Board members stating that they are independent in accordance with the provisions of the Corporate Governance Code. The members are asked at least annually if they exercise supervisory board mandates in other companies.

Information regarding the current company-related developments taking into account all relevant aspects such as economic, ecological and social issues is provided at the Supervisory Board meetings, which take place several times a year. These aspects are addressed in greater detail at the annual strategy meeting.

Since the year 2013, the Supervisory Board has carried out an annual self-evaluation. The optimization potential identified in this process is discussed in the plenary of the Supervisory Board, which is chaired by the Supervisory Board Chairman. If necessary, appropriate measures are taken.

Introduction of a Code of Conduct

In 2012, the vision, strategy and values of RHI were developed in a structured process with the first management level and other decision-makers under the leadership of the Management Board and rolled out in the Group. The core elements were also coordinated with the Supervisory Board.

RHI communicated the new company values – initiative, integrity, openness, respect and team spirit – to all employees worldwide at workshops by early 2013. Based on these values, a Code of Conduct, which is applicable throughout the Group, entered into force in May 2013. In this Code, RHI commits to abiding by legal compliance requirements and advocates further ethical standards, for example equal opportunities and fair treatment of all employees, compliance with all applicable civil rights, respect of human rights, etc. At the same time, guidelines are defined for a series of issues. They include safety at work, environmental protection, and fair and corruption-free competition.

The RHI Code of Conduct was translated into nine languages and distributed to all employees worldwide and to business partners. Training sessions were held and communication measures carried out during the introduction phase and are continued on an ongoing basis. At workshops, managers and employees in critical functions are familiarized with the Code of Conduct and other compliance requirements. Using practical examples they prepare for making safe and correct decisions even in difficult situations.

RHI has set up a compliance helpline for employees. They can ask for advice on specific questions or problems and report suspicious facts and misconduct. The reports received are examined and processed by a Compliance Committee specifically set up for this purpose.

Ongoing fight against corruption

As part of risk & opportunity reporting, the risks of corruption were assessed and reported for the first time in 2013. Even if the probability is low, a corruption case may cause significant financial damage and loss of reputation. Therefore, RHI has rated corruption an essential risk for the entire Group and initiated comprehensive preventive measures.

The RHI Code of Conduct defines rules for dealing with business partners, handling invitations and gifts, donations and sponsoring as well as for avoiding personal conflicts of interest. The rules are explained at practical training sessions and discussed on the basis of specific situations. Roughly 100 employees with management responsibility and from risk-exposed departments have participated in these training sessions to date.

In addition, anti-corruption clauses have been included in contracts with sales agents and consultants in order to ensure their behavior is also correct. In the next step, these provisions will be extended to suppliers in 2014. In the reporting period there were no confirmed cases of corruption in the RHI Group. One specific suspected case in Europe, which was discovered by the internal controlling system, is currently being examined.

Engagement at the political level

In the past years, RHI began to establish a network with the European Commission, the European Parliament and the European Council. The objective is to make the interests of the company heard better in the political decision-making process.

The European Union has committed to raising the share of industry in the GDP – as a basis for urgently needed jobs – to 20% by 2020. RHI advocates a reconciliation of environmental and energy policies with industrial objectives. The focus is on realistic targets with respect to the reduction of CO₂ emissions and a more differentiated view of raw material-related emissions in the context of the emissions trading system. Above all, RHI has repeatedly pointed out that the targets of the EU for future energy and climate policies have to be negotiated and defined in the international context of emerging economic powers.

Moreover, RHI supports competitive energy prices in the EU. For an energy-intensive industry like the refractories industry, this is a crucial lever for growth and jobs.

RHI also carries out selected lobbying activities in Austria and works on positioning itself as a contact for industrial policy matters. The core topics are related to transport, logistics and infrastructure. In the past, RHI also advocated an increase in the research promotion premium from 8 to 10%. RHI does not make political donations. This is expressly stated in the Code of Conduct.

- RHI is a member of the following associations and organizations:
- industrial representation organizations (e.g. Federation of Austrian Industries)
 - chambers of commerce (e.g. Austrian Federal Economic Chamber)
 - professional associations (e.g., the European Refractories Producers Federation (PRE), Stahlinstitut VDEh, Düsseldorf, ASMET – Austrian Society for Metallurgy and Materials, Euromines – European Association of Mining Industries, Metal Ores & Industrial Minerals, Verband der Deutschen Feuerfest-Industrie e.V.)
 - the board of trustees of the Vienna University of Economics and Business

COMMUNICATION

The way a company communicates reflects its mindset. RHI strives for an open, factual and prompt dialogue with all stakeholders. Corporate communications must correspond to the Group's actions ("walk the talk"), be authentic and meet the requirements of a listed corporation.

Both in internal and in external communications RHI endeavors to provide a continuous flow of information regarding news, events and the general development of the Group. Special importance is attached to ongoing and transparent communication with the employees.

HOW DOES RHI COMMUNICATE INTERNALLY AND EXTERNALLY?

Internal communication

The importance of internal communication was underlined by a global employee survey in September 2013. The survey resulted in three main challenges, which RHI will address in the coming reporting period: How can important information be communicated reliably and fast enough in the Group? How can RHI ensure that all employees are informed about the Group's strategy? How can the exchange of information between departments, sites and divisions be guaranteed?

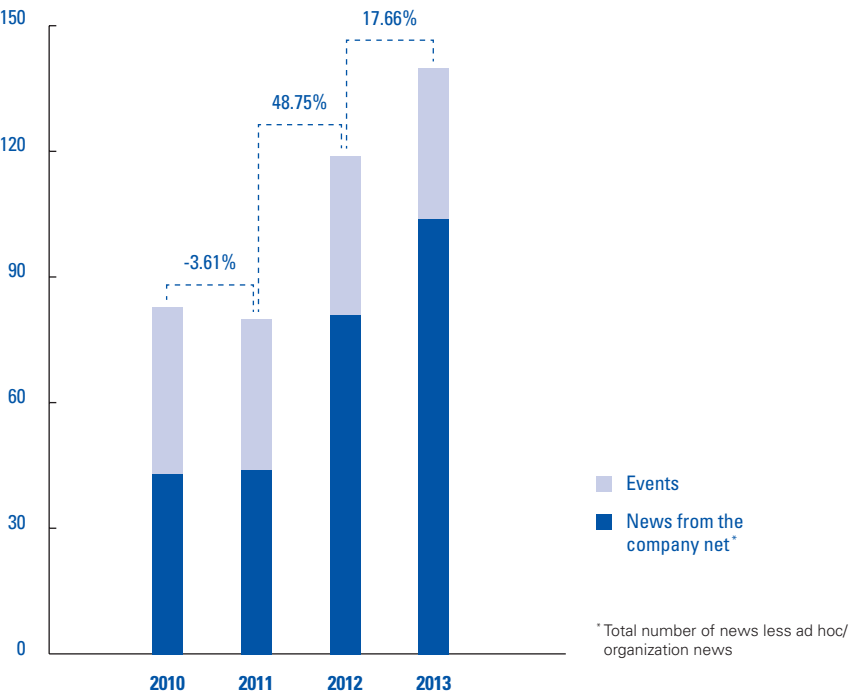
Another incentive for dealing with these questions was the announcement in May 2013 that the RHI plant in Duisburg (Germany) would be closed. Roughly 120 people work at this site, which primarily produces magnesia-carbon bricks for the steel industry. Following two mediation sessions with the works council, RHI developed a social plan for the employees in cooperation with the works council members and accompanied the closure with communication measures such as employee assemblies at the site.

Furthermore, ongoing internal communication was continued in 2013. Proven tools in internal communication are the intranet, where company news (product innovation, project progress, successes in sales, etc.) as well as internal and external events (participation in trade fairs, awards, sports initiatives, etc.) are reported. In addition, the worldwide employee magazine "RHI it's me" is published twice a year. The magazine is translated into nine languages and sent to more than 100 sites. RHI is also present on Facebook, for example to address potential apprentices. Sports events, health tips and Group initiatives like "Safety first", which are designed to increase safety, complement the measures.

PRODUCT RESPONSIBILITY AND QUALITY MANAGEMENT

G4-PR1

RHI INTRANET: DEVELOPMENT OF NEWS
2010–2013



External communication

Another focus is placed on the ongoing communication with external stakeholders: RHI started a systematic stakeholder dialogue in 2012. Annual events have been held since.

Ongoing public relations work represents another key aspect. The technical problems which occurred in the new raw material fusion plant in Norway in July 2013 and the related negative effect on the operating result were communicated in detail to journalists in press releases and to shareholders in a conference call.

RHI regularly publishes facts and figures about the Group, products and applications on www.rhi-ag.com. Roughly 130 brochures on products and plants are available to our customers. Every year, RHI participates in more than 30 trade fairs all over the world. The capital market is informed through publications, and events support the direct dialogue with investors and analysts.

Industry needs innovative refractory solutions that allow saving energy and resources in production. The RHI brand stands for reliable and high-grade products worldwide. In order to maintain this leading edge over the competition, powerful research and development is indispensable.

Industry – especially heavy industry – is faced with manifold challenges related to climate change. They can be positively influenced through high-grade refractory products and optimal, customer-specific planning of plants. In order to meet the customers' local requirements, products are diversified.

RHI permanently works on the development of new, energy-efficient production technologies and on recycled products and raw materials with short transport routes. One key focal point is the "Raw Materials for Europe from Europe" initiative. The production of raw materials in Europe creates independence of countries where supply cannot be guaranteed and makes it possible to control quality.

WHICH MEASURES DOES RHI USE TO SECURE PRODUCT QUALITY?

Investments in applied research and development

How can technology leadership in the refractories industry be secured internationally and in the long term? Over many years, RHI has built comprehensive knowledge of refractory products – from raw materials to the applications in all relevant industries. The company owns more than 120 active patent families for innovative products.

More than 160 employees work in research and development. Slightly more than 30% of them are women. RHI relies on global networks, the integration of experts and the cooperation with customers in practice. Thanks to close cooperation with universities and research institutions, topics can be covered on a broad basis and innovative solutions can be developed.

In the year 2013, the company invested EUR 21 million in research and development. The development of new products and production methods accounted for 40% of the expenses, environmental protection and energy efficiency for 25%, optimization of existing products, production methods and processes for 20%, and basic research for roughly 15%.

"I see RHI not only as a refractories producer, but even more so as a competent partner in solving problems. I don't just want to buy material – I can get that cheaper elsewhere. I want a dialogue and solutions, with all the consequences it may entail for RHI, for instance more personnel. That's the only viable path to the future, and for that we are willing to accept price adjustments."

WOLFGANG J. EDER, Purchasing Manager Linz, voestalpine

Focus on health and safety

Use of substitutes for the protection of health and the environment

Another focus lies on evaluating the impact of substances and products on health and safety throughout their entire life cycle and to eliminate it as far as possible. Searching for substitute materials is a central part of product responsibility. RHI examines alternatives to substances and products which may cause ecological or health problems.

RHI implements the European Chemicals Regulation REACH (EC No. 1907/2006, "Registration, Evaluation, Authorisation and Restriction of Chemicals") and the CLP Regulation (EC No. 1272/2008, "Classification, Labelling and Packaging of Chemicals"). The company exclusively uses raw materials registered for REACH. In addition, information on the entire supply chain is provided, including the disposal of the substances or products. The chemicals or substances used are centrally recorded and administered.

Being a downstream user of substances named in the SVHC (Substance of Very High Concern) list, RHI continuously reviews substitute materials and procedures. Some 20% of the shaped products, refractory bricks and functional products contain substances that are considered hazardous according to chemical legislation; however, the finished products are not subject to labeling. RHI is also looking for substitutes for these substances in order to subsequently enable the safe use of the products. From 2011 to 2012 coal tar pitch was substituted by a more environmentally compatible alternative.

Through close cooperation with producers and intensive association work, RHI was involved in the processes at an early stage and has been dealing with substitute materials for quite some time. If non-hazardous raw materials are optimally used, less dangerous waste is produced in the disposal. The subsequent use of recycled material is also substantially easier.

Comprehensive documentation in safety data sheets

RHI issues safety data sheets (SDS) for all products and for most customer countries, where necessary. Safety data sheets are legally required for unshaped products (such as castables and ramming mixes) with hazardous components. RHI also provides such data sheets for unshaped products which are not considered hazardous and for shaped products.

RHI works on continuously reducing the health risk of employees caused by dangerous substances through systematic assessment. A material may not be used if an equivalent result can be produced with materials that are less dangerous or not dangerous and if the expenses (cost and labor) are justifiable.

The R&D department tests any new substance prior to its use and documents the results: Is there any potential danger? If so, is it possible to substitute it? If there is no alternative, the substance is registered in the list of hazardous substances. All RHI sites have a health & safety officer responsible for toxic substances, who supports the line manager in the tests of substitute materials. Ongoing tests and identifying alternatives go hand in hand with research and development at RHI. Special attention is paid to insulating materials and organic binding agents.

Increasing customers' resource efficiency

RHI continuously works on reducing possible negative effects of products at the customers' and to increase resource efficiency. The use of new materials helps save energy and reduce hazardous properties of some products. In this context, numerous projects are carried out in cooperation with university research institutions. A few examples:

Development of new binding agents and alternative hardening processes

RHI is developing innovative binding agents and hardening processes in the framework of a pilot project. This way, the energy used in the production of refractory products is reduced, thus lowering the emission of VOCs (volatile organic compounds) during the hardening process. The first exact results can only be published after closing the pilot phase. Based on fundamental experimental examinations, it should be possible to produce ecologically sound refractory materials with modern production methods in the future.

In cooperation with the manufacturers, new binding agents for the application in steel production are analyzed and employed in the process. This leads to major benefits such as lower odor development in the heating-up process and reduced exposure of the employees to hazardous gases.

Development of high-insulation materials

The requirements placed on insulating materials are increasing, especially in the steel and glass industries. Therefore, RHI has stepped up research and development in the area of high-temperature insulation. Thermal insulation has to work under substantially more severe conditions than in the construction industry, at temperatures far beyond 1,000 degrees Celsius. The fiber insulation materials used today are nearly inevitable, but some of them are considered hazardous to health. RHI does not produce these materials itself, but uses them in many high-temperature applications.

That is why R&D focuses on substituting ceramic fiber insulating materials and on designing new insulating light-weight construction materials. These materials should display a high insulating effect and little weight. Low thermal conductivity, ideally even lower than still air, allows energy and material savings. In addition, heat-up and cooling periods of kilns can be shortened. This is currently tested in a pilot project. However, exact numbers are not available at this stage.

Scientific service for customers

RHI also carries out post-mortem analyses for customers and conducts laboratory-scale tests. In post-mortem analyses, changes in the material structure are examined after use in high-temperature processes. The company works together with customers like KCM, Xstrata, Stillwater, Birla Copper, MMC Mitsubishi Mining Corp., BMG Arnoldstein, Montanwerke Brixlegg, EXARRO, Aurubis, Metallo Chimique and Umicore in these tests. Examples include the analysis of effects of slag on refractory products and corrosion analyses for customers in the nonferrous metals segment.

Based on the test results, RHI develops a high-quality lining concept together with the customer, enabling the customer to optimally use the refractory products. RHI gains know-how for practical applications through this form of cooperation. These cooperation projects have been presented together with the partners at many renowned international symposiums and conferences.

Development of new test methods

In order to secure the high quality standard of RHI products even better through on-line measurements, the company works on the development of non-destructive test methods. Based on such methods, substantially more products can be tested than with conventional methods. At this stage, the product is destroyed during the test, which limits the number of measurements; a comprehensive check of the relevant properties can only be carried out by taking

specimens. Non-destructive methods allow better tracing of production and consequently lead to even higher product quality.

RHI Training Center Cement in Leoben

RHI is a global partner of the cement industry. The technology leader wants to provide customers with the best products and push new developments together with them. At the RHI Training Center Cement in Leoben (Austria) comprehensive refractories knowledge is imparted. Based on true-to-scale models customers learn about the correct installation of RHI products in an aggregate.

A variety of practical examples can be worked on at the state-of-the-art training facility. The participants carry out lining work and evaluate it together with experts. This promotes the performance of RHI products in practical application.

The documentation of the management system comprises the rules for structural and process organization. All superiors are obliged to ensure compliance within their sphere of competence. They have to inform the employees assigned to them regarding the content of the materials, train them if necessary and ensure compliance with the targets. Legal decisions are recorded in the GUTWIN system for Austria.

Continuous further development of quality management

RHI controls central areas of responsibility with an integrated management system (IMS). The IMS covers systems for quality (ISO 9001), the environment (ISO 14001) as well as occupational health and safety. RHI is externally certified according to the quality standard ISO 9001:2008 at 27 of 33 production sites and according to ISO 14001:2004 at 21 production sites by Lloyd's Register Quality Assurance, Vienna. Potential for improvement is continuously identified through internal and external audits, and corresponding measures are taken.

RHI evaluates and improves quality standards on an ongoing basis. The quality of raw materials, in production and in all other processes and services has top priority. The quality management system controls product and process improvement. The corporate policies and resulting measurable targets are implemented in all areas and are continuously reviewed, securing RHI's orientation as a customer-oriented, environmentally conscious, value-based company at the highest quality level.

Evaluation of customer satisfaction

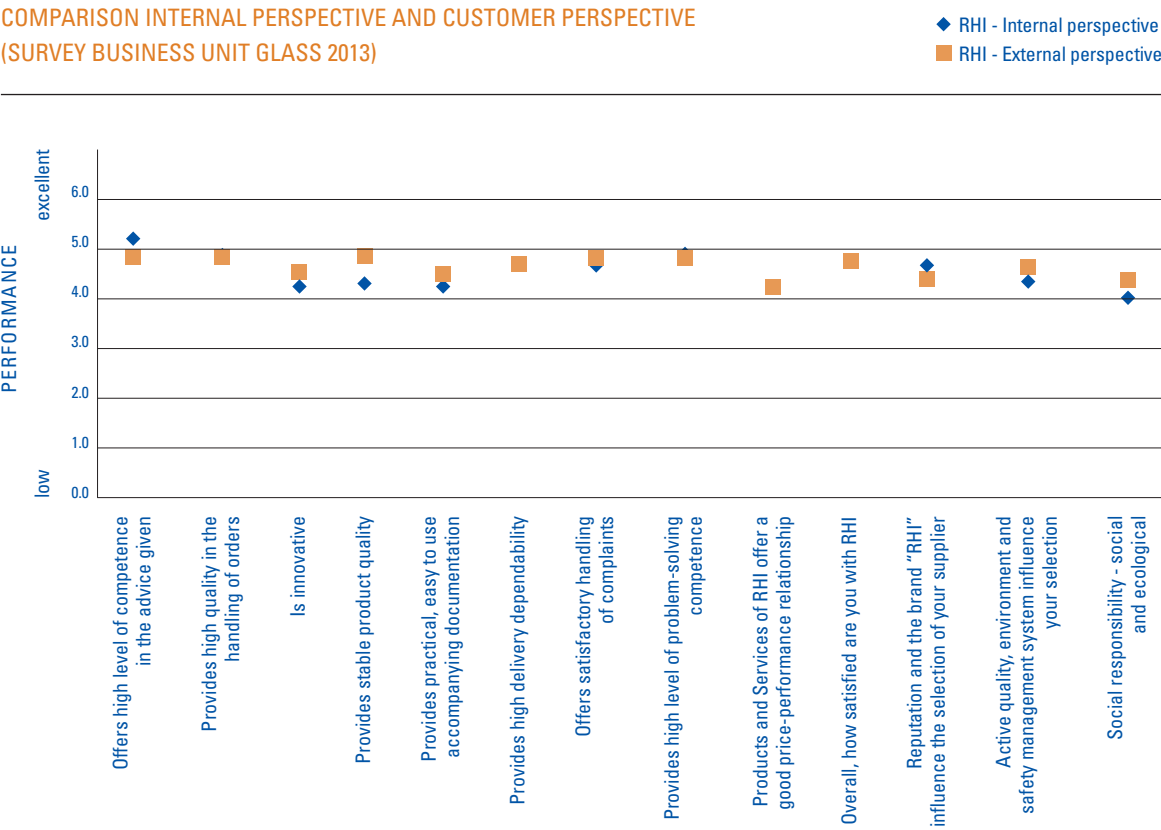
Since 2010, RHI has pursued a project to assess customer satisfaction. As part of this project, important segments of the company and their interfaces to customers will be systematically analyzed with respect to effectiveness and efficiency until mid-2014 and presented alongside the performance of local competitors.

The following customer interfaces and the internal RHI processes involved are examined:

- Customer contact
- Order processing
- Product
- Shipping/Invoicing
- After sales service
- RHI as a strategic supplier
- General sustainability topics

The worldwide implementation of the project made it necessary to take regional differences in the perception of quality into account. Not only the customers, but also the responsible RHI sales staff were surveyed. When the survey was completed, the absolute values and discrepancies between internal and external perception were analyzed and the relevant potential for improvement for the respective sales region was derived.

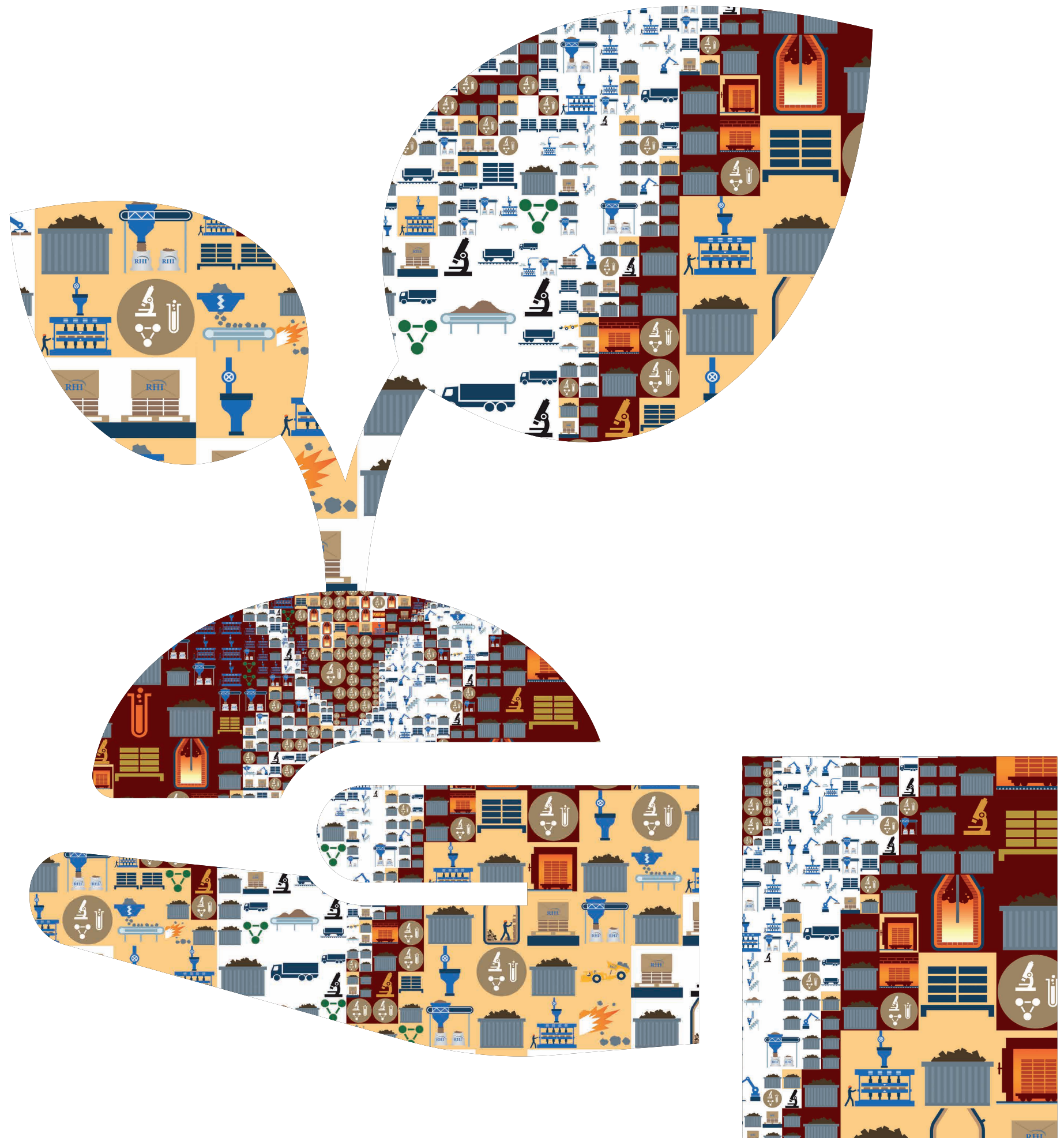
Generally, a high level of customer satisfaction is shown at all interfaces. What is remarkable is the high agreement between the internal and external perspectives. This is due to RHI's good knowledge of market requirements. The results for the entire Group are used as part of an efficiency program with external partners in the year 2014 in order to discuss a reorientation of the company to meet current customer requirements.



ENVIRONMENT AND ENERGY. PHYSICS CAN'T BE CHANGED. BUT WE DO WHAT WE CAN.

Refractory products are vital to industry. However, they are also associated with challenges for the environment. It starts with the raw materials: Mining raw materials is an interference with nature, and CO₂ is released when they are processed. Moreover, the production of refractories requires a lot of energy due to the high temperatures necessary for the process.

Which scope to act do these framework conditions leave us with? We are convinced that every chance for the environment counts. That's why we do everything we can, however big or small, to ensure that we utilize energy and resources as efficiently as possible. Because RHI has a clear goal: a future that is worth living in for the generations to come.



ENVIRONMENTAL MANAGEMENT AT RHI

G4-EN31

“RHI is a successful company that takes its social responsibility seriously. That’s why I hope and expect RHI to participate even more actively in the discourse on relevant topics such as fighting global climate change in the future – aggressively, visibly and solution oriented. As a company and through the relevant associations.”

JÜRGEN SCHNEIDER,
Division Manager Economy and Impact, Environment Agency Austria

For an energy-intensive company like RHI the careful and efficient use of energy and resources is crucial. Optimizing energy procurement, the efficient utilization of energy and sustainable use of resources are cornerstones of corporate responsibility.

For many years, RHI has worked on making production as resource-friendly and energy-efficient as possible. The objective is to minimize the CO₂ footprint through continuous development. It is a matter of course that RHI complies with legal obligations and other requirements. Specialists in research and development, technology and production operate in a global network in order to mitigate the impact on the environment.

RHI’s global environmental management system is recertified through 2014 according to the international standard ISO 14001:2004 at 28 sites. In the year 2013, the production site Bayuquan (China) was included in the system. The objective of the energy management system is to systematically reduce the impact on the environment and energy consumption. Moreover, RHI’s products and services contribute to more energy-efficient customer production and a reduction of emissions.

HOW IS RHI’S ENVIRONMENTAL MANAGEMENT STRUCTURED?

A central competence center for environmental protection, energy, occupational health and safety coordinates RHI’s activities to manage environmental and emission standards worldwide. It designs the guide-

lines for corporate environmental protection and prepares standardized reports together with the production sites. RHI thus ensures compliance with all national and international requirements and continuously evaluates potential for improvement.

HOW DOES RHI GENERATE STANDARDIZED EMISSION REPORTS AND ENVIRONMENTAL STANDARDS?

RHI has gradually introduced environmental reports at all sites since 2012. They cover all internal and external reporting obligations, thus enabling a uniform data basis throughout the Group. To date, reports have been prepared at 70% of RHI’s locations. The company continues along this path so that such a report will be available for every single RHI site by the end of 2014. This goes hand in hand with an initiative for the relevant knowledge transfer and best practice sharing.

A central part of environmental management is the continuous improvement process. RHI permanently invests in environmental protection and implements measures at production sites in order to prevent emissions and to reduce the consumption of resources.

HOW MUCH DOES RHI INVEST IN ENVIRONMENTAL MEASURES?

In the year 2013, RHI’s environmental expenses totaled approximately EUR 23 million. They consisted of environmental investments, waste disposal costs and services such as certifications or consulting services. The most important environmental projects were the establishment of flue gas purification plants in Mainzlar (Germany) and Trieben (Austria) with after-burning, desulfurization and dust removal as well as the renovation of the tar impregnation plant in Radenthain (Austria). The costs for these three projects alone added up to roughly EUR 14 million.

RAW MATERIALS AND MINING

G4-EN1

The production of refractories requires qualitative raw materials. Their availability and price fluctuations confront RHI with challenges. The natural raw materials which are important for the company occur only in few regions of the world. Magnesite from China for example was brought to the market cheaply for a long time. As a result, complex and high-cost technologies such as the extraction of magnesite from sea water were disregarded.

Increasingly scarce and expensive resources require the development of new production technologies and the use of alternative raw material sources. Europe also has deposits, but they are only partially developed at present. At the same time, it is necessary to substitute substances and products which cause ecological and health problems. Due to properties like gas development or dust formation they involve risks for people and the environment.

RHI is therefore confronted with a central question: How can we offer the industry of the future innovative refractory solutions which enable customers to save energy, conserve resources and make production as pollutant-free as possible? The company faces up to these challenges and develops solutions for them. In the areas of mining, safety and availability of raw materials RHI relies on different strategic measures such as expanding self-supply with raw materials or recycling. In order to minimize the potential negative impact of products, RHI continuously looks for substitute materials.

WHICH MEASURES DOES RHI TAKE IN THIS AREA?

Expansion of self-sufficiency and sustainable mines

Some of the raw materials for manufacturing refractory products are purchased and some produced by the Group. RHI has consistently increased its self-sufficiency with magnesite raw materials, which currently amounts to 80% of the installed capacity. Capacity expansion at RHI’s raw material sites in Europe and the magnesite production from seawater played a central role in this development. Self-sufficiency on the one hand secures the raw material needed by the production facilities and guarantees consistently high product quality, but on the other hand also leads to significantly higher consumption of fossil fuels and CO₂ emissions in their production. In the period from 2011 to 2013 the share of self-produced raw materials increased from 50% to 67% .

“It is commendable to comply with environmental standards here in Austria; but the environmental problem should not be underestimated when it comes to imports. As a sales agent I find myself in a dilemma quite often, but there are some things I just don’t want to be a part of, especially the massive environmental pollution in China. Luckily RHI won’t support that either.”

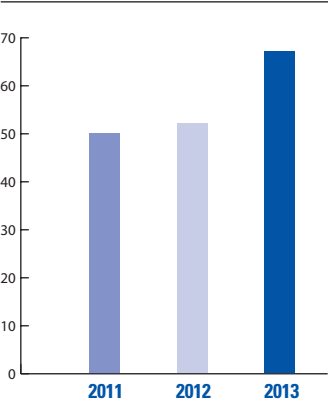
DOMINIK GEORG LUH, Managing Director, Technogratit GmbH

RHI operates mines at five locations in Austria, Italy and Turkey. The company acquires long-term mining licenses for the access to deposits. In Marone (Italy) it is planned to develop the surface mine beyond the current license period, which goes until 2021. In Turkey, geological tests such as core drilling using RHI equipment are performed at the company’s own mines and at suppliers’ sites in order to explore deposits and the availability of raw materials.

Core drilling activities are also continuously carried out in Austria, for example in Breitenau. Sustainable mining plans taking into account the lower mining districts are predominantly prepared internally. When it comes to special topics like issues related to ground mechanics, RHI works with the University of Leoben. The exact location of resources in the rock is analyzed and the ways of mining are examined. This way it will still be possible in the future to develop rock layers at lower levels. In Hochfilzen, there are also long-term concepts to secure mining. In addition, significant investments are made to develop a new mining district there.

As regards machine engineering, more recent models of vehicles are added continuously. RHI has partially turned to its own production of explosives, thus increasing safety underground. The explosives are mixed in the drill hole and only obtain their explosive properties there.

OWN RAW MATERIALS USED 2011 – 2013 IN %



With respect to the trade-off between product requirements, technical feasibility and environmental standards, RHI tries to incrementally implement materials and supplies whose impact on the environment and health is as low as possible. One example is the increasing substitution of hydraulic oils. After being used, they are disposed of as hazardous waste by licensed companies. The RHI Group currently uses roughly 500 to 550 tons of hydraulic oils per year.

Reforestation and reclamation

The mining of raw materials generally involves interference with nature. How does RHI deal with that? How can natural habitats for plants and animals be restored after mining? At RHI’s three surface mines renaturation is of vital importance. In many ways, the company goes beyond the national regulations and nature protection legislation. RHI also actively promotes the protection of nature and implements reforestation measures in the areas surrounding production sites without mines.

Reclamation is a process of several years, which RHI plans and supports conscientiously. One example is the dolomite surface mine Calarusso near the site in Marone (Italy). Initially, the rock of the closed-down terraces is “artificially aged” by oxygen at the surface. Soil of a thickness of up to three meters is applied to the terrace levels and planted together with experts. To ensure long-term stability, a mix of fast-growing special woods and local trees and bushes is planted. In the year 2013, RHI created “green islands” with 655 trees and bushes and planted 600 ivy plants.

At the Eskisehir site (Turkey), 151,500 trees were planted in the past six years together with Eskisehir Osmangazi University and local authorities in the mine and on the tailings. The planted area totals 124.8 hectares.

At the site in Hochfilzen (Austria), reclamation activities in the Weißenstein magnesite surface mine were continued under ecological construction supervision shortly after the dumps were established. Overall, RHI revegetated and restored roughly 11,000 m² of mine dump surface to near-natural conditions. A first wetland biotope was created, which serves as a drinking trough for wild animals and as a habitat for water-loving small animals.

Sustainable transport concepts

In the year 2013, RHI transported roughly 1.7 million tons of material to customers worldwide (outbound). On top of that, raw materials were delivered to the RHI production facilities (inbound).

Despite long distances, the products have to arrive on time and undamaged at the customer’s plant. At the same time, logistics processes must be as efficient as possible in order to cut costs and to reduce the negative impact on the environment. This is established in the environmental targets of the integrated management system (IMS). The realization of these targets is internally and externally reviewed on a regular basis. In 2013, the share of transport by rail did not change significantly: approximately 5.35% of all deliveries were transported by rail. In addition to pure train deliveries, approximately 140,000 tons were transported by rail from Austria (intermodal) to the North Sea harbors in 2013.

RHI develops combined solutions for outbound transport in close cooperation with customers. The benefit is that each means of transport can be used in accordance with its advantages. This way, the impact on the environment and the burden on the road and highway networks are reduced. Rail companies, transport operators, shipping agents and customers are called upon to create suitable framework conditions including optimal time window management when unloading products at the customer’s site, regular and dependable departure times of trains as well as flexible entry and exit possibilities. A successful example is the round-trip concept Enns/Kapfenberg (Austria): raw materials are transported in containers by truck and rail and delivered to the production site in Veitsch for processing. In Veitsch, the same containers are then used to transport finished products by truck and rail. A similar project was implemented in Koper (Slovenia). These projects help reduce the number of empty journeys, cut costs and avoid effects on the environment by cutting back on kilometers traveled.

RHI exceeded the planned reduction of empty journeys of so-called FOB (Free on Board) deliveries by another 2% in 2013 (status: 8.12%). The measures are continued; the objective is to reduce these deliveries by another 2% in 2014. The share of combined transport in relation to transport overall was not increased in 2013 due to new plant concepts; therefore, the target to increase deliveries from Germany to Italy, Spain and Austria in 2013 was reduced from 30% to 10% for the year 2014.

In the year 2013, RHI conducted a program to optimize the utilization of all means of transport (truck, rail, container). For this purpose, the dimensions of the packaging units (e.g. crates) were optimized and a new concept for secured loads was introduced. During transport, cargo space has to be used as efficiently as possible. In the case of transport by rail and container, this is primarily achieved by stacking the transport goods. This is associated with increased demands on load security. Therefore, RHI developed a method for securing cargo, which is adapted to RHI products, in close cooperation with external experts. This method complies with the international packing guidelines. Based on these measures, RHI reduced the 1:2 transshipments for the railway in the CIS region to 20% in 2013.

The need for the transport of goods in Europe will increase, not least due to globalization, and lead to even greater burden on the road network. The challenges of the future will only be managed in an economically and ecologically justifiable manner if it is possible to minimize empty journeys, to optimize the utilization of means of transport and to sensibly use rail transport. For a sustainable transport strategy, internal processes are developed further on an ongoing basis – for example, for example, the coordination of order volumes with the sales department and the coordination with production sites.

ENVIRONMENTAL PROTECTION AND EMISSIONS

G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN19, G4-EN21

WORLDWIDE CO₂ EMISSIONS AT RHI 2011 – 2013

CO ₂ emissions in tons	2011	2012	2013
Europe	1,096,000	1,269,000	1,347,000
Asia	132,000	135,000	121,000
America	22,000	28,000	22,000
Total direct CO ₂ emissions	1,250,000	1,432,000	1,490,000
Total indirect CO ₂ emissions	188,000	206,000	237,000
Total CO ₂ emissions	1,438,000	1,638,000	1,727,000

RHI attaches great importance to environmental protection. The production of refractories is energy-intensive and associated with emissions. On the one hand, the materials obtain the required refractory properties only at temperatures of 1,800 degrees Celsius or higher. On the other hand, carbon dioxide is released in the treatment of the raw materials. As the CO₂ is contained in the raw material, this cannot be avoided.

RHI constantly works on improving environmental management. The company continuously invests in environmental protection and implements measures designed to prevent emissions and to reduce re-

source consumption at the production sites. Another focus lies on an ongoing evaluation of CO₂ emissions and targeted measures to reduce them.

WHICH MEASURES DOES RHI TAKE TO PROTECT THE ENVIRONMENT?

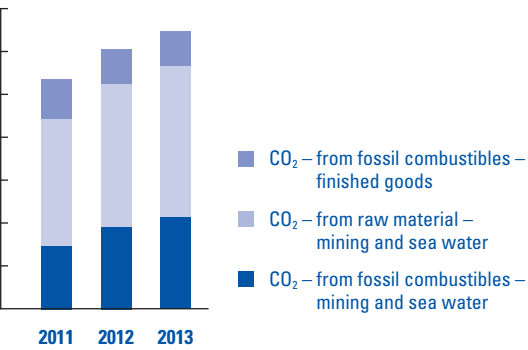
Reduction of CO₂ emissions

In the year 2013, CO₂ emissions in the Group added up to 1.73 million tons (2012: 1.64 million tons). The majority was accounted for by direct CO₂ emissions (86%). The indirect CO₂ emissions (14%) can be derived from power consumption.

The increase in CO₂ emissions in 2013 is attributable to the growing self-supply with magnesite raw materials. The two new plants in Ireland and Norway, which produce magnesite from seawater, are primarily responsible for this development. From a global point of view, however, a decline in emissions in absolute terms can be assumed because sinter production in Europe is more energy-efficient than that of raw material producers in regions outside Europe.

The production of raw materials accounted for roughly 88% of the direct CO₂ emissions, while production of finished products contributed approximately 12%. Specific emissions from production decreased slightly.

DIRECT CO₂ EMISSIONS: DISTRIBUTION AND DEVELOPMENT 2011 – 2013



WATER CONSUMPTION AND SHARE OF AUSTRIAN SITES 2011 – 2013

Development	2011	2012	2013
TOTAL Water consumption in m ³	6,200,000	5,800,000	5,900,000
share of Austrian sites	76%	78%	79%

More efficient methods for the production of raw materials

RHI uses two different methods for the production of raw materials: on the one hand, magnesite is produced by firing mined magnesite; on the other hand, magnesite can also be extracted from seawater.

Dry route (mining): Producing magnesite through firing

At present, just under 90% of the entire magnesite production is covered by firing magnesite. Raw magnesite (magnesium carbonate) consists of magnesium oxide and chemically bonded carbon dioxide (CO₂). When converted to sintered magnesite (magnesium oxide), the CO₂ bound in the raw material is released in its entirety. Consequently, the production of one ton of magnesite leads to one ton of process CO₂ – in addition to the emissions caused by burning fossil fuels. More than 70% of the emissions in this type of magnesite production are related to the raw material. Their reduction is technically impossible; 17% to 19% of the CO₂ emissions come from thermodynamically required energy (for example, firing with natural gas). Consequently, the theoretical savings potential amounts to less than 5%.

Only the energy-related CO₂ emissions in the production of magnesite offer savings potential. Refractories are made in a single-stage, energy-intensive production process at temperatures ranging from 1,800 to more than 2,000 degrees Celsius. A maximum of 0.06 tons of overall 1.4 tons of CO₂ can be saved in the production of one ton of magnesite. The physical and thermal possibilities are nearly exhausted because RHI continuously takes measures to enhance energy efficiency.

Wet route: Producing magnesite from seawater

In the production of raw materials from seawater, the magnesium chloride contained in seawater is converted into magnesium hydroxide and calcium chloride in a reactor using slaked lime (calcium hydroxide). The magnesium hydroxide settles in a sedimentation basin and is then partially dehydrated in filter systems. It is turned into caustic magnesite

through heat treatment and pressed into briquettes. The briquettes are fired in shaft kilns, thus turning them into sintered magnesite. This process is naturally more energy-intensive than firing magnesite. For the reaction, the lime also has to be fired. Moreover, the magnesite is fired in two stages.

Reduction of dust emissions

The total of channeled dust emissions from firing processes and treatment processes amounts to roughly 300 tons throughout the Group. As a result of gas purification projects, the dust load at the sites in Hochfilzen and Breitenau (Austria) dropped by half. A pilot project was launched to lower “diffuse dusts” with the objective to develop best-practice approaches for the production sites. Diffuse dust emissions are created through the transport and treatment of material or when the material is tipped onto the conveyor.

Reduction of water consumption

In the year 2013, RHI recorded water consumption of 5.9 million cubic meters of water. Water is primarily used for cooling, but also for washing raw materials. A comparatively low amount of water is used for briquetting and in production as part of the recipe.

The Austrian plants account for roughly three quarters of the water consumption recorded. The supply of water in these locations is abundant. In order to secure the groundwater level, water has to be pumped off. This may account for roughly 40% to 60% of the total water throughput at the site. Apart from water, no additional energy – for example for pumps or circuit coolers – is required for cooling. The main consumers are operated as a continuous flow system utilizing supply and gradient.

RECYCLING AND WASTE MANAGEMENT

G4-21, G4-EN2, G4-EN23, G4-EN27, G4-EN28

In a globally operating group with raw-material intensive production like RHI, the amount of waste is significant. Resources are getting increasingly scarce and raw material prices rise. Therefore, great importance is attached to preventing residual materials and reintroducing materials into the production process.

RHI places high value on an intelligent and sustainable use of resources. The recycling of refractory materials causes a significant reduction of specific CO₂ emissions and of energy consumption. A Secondary Raw Materials department has been in place since 2012, which initiates and coordinates topics relevant to recycling across departments.

In order to prevent waste, RHI continuously reduces ceramic breakage and reintroduces these materials to the production process. Waste that cannot be avoided is removed by certified waste dealers. This ensures that all waste worldwide is treated and disposed of in accordance with the respective legal requirements for waste disposal.

WHICH MEASURES DOES RHI TAKE TO PREVENT AND REUTILIZE WASTE?

Use of reclaimed materials

RHI's objective is to recycle a large part of the used refractories as premium raw materials. Due to chemical changes when used in customer aggregates, only a certain part of the scrap material can be regained for production at present. RHI intends to tap this potential to a significantly greater extent in the future by applying alternative treatment methods – that's a strategic focus of R&D.

The procurement of secondary raw materials (for example refractory scrap material from steel plants) was stepped up in Western Europe and especially in Eastern Europe, the Middle East, North America and Asia in 2013. The spectrum of reclaimed materials was extended and enhanced. RHI has also developed new processing and treatment methods and enhanced existing processes. The amount of recycling material used rose by 12.4% to roughly 81,500 tons in 2013 (2012: approx. 72,500 tons). This is equivalent to a 5.4% recycling share relative to the annual production volume (2012: 4.5%).

RHI intends to increase this percentage continuously in the years to come. Moreover, the project pipeline should allow increasing the use of secondary raw materials in the Group in 2014. The objective is to use at least 200,000 tons of recycled material in production.

Reduction of waste

In the year 2013, RHI recorded roughly 48,000 tons of non-hazardous waste and some 2,800 tons of hazardous waste. Non-hazardous waste was reduced further in comparison with 2012. The main reason is that the fine tailings of one of the Group's own raw materials no longer have to be disposed of as waste, but can be reused in the process.

WASTE AT RHI 2012 AND 2013

Waste	Waste 2012 (in t)	Waste 2013 (in t)
Europe	2,044.92	2,691.83
Asia	28.98	61.10
Africa	–	–
America	85.22	59.93
Hazardous waste	2,159.12	2,812.86
Europe	32,793.85	20,082.67
Asia	9,880.07	13,138.54
Africa	–	–
America	13,779.94	14,707.50
Non-hazardous waste	56,453.86	48,294.82
TOTAL waste	58,612.98	51,107.69

Some 70% of the non-hazardous waste was ceramic scrap and mineral waste which could not be returned to the production process due to being mixed with other materials or insufficient grain size. RHI continuously works on reducing ceramic scrap.

Innovative packaging methods

The project “Stretchhood packaging – refractories optimally packaged” has been running since 2009. With this project, RHI created an innovative packaging solution for refractory materials with an intelligent load safety film. Stretchhood provides maximum protection during transport, reduces waste for the customer and contributes to energy reduction. With the elimination of shrink wrapping, gas consumption is cut by approx. 200,000 cubic meters per year.

In the year 2013, RHI shipped 942,000 packages, or 77%, using this method (2012: 835,000 or 70% of 1.2 million packages). The target of 75% was thus exceeded. The reduction of packaging material due to higher package weight was continued in 2013. The share of six and seven-layer palletizing rose from 60% to 67%. The target of 62% set in this area was also clearly reached.

Energy consumption accounts for a large part or RHI's production costs. In order to lower the costs and protect the environment, production has to be as energy-efficient as possible. That's why processes, aggregates and tariffs are continuously optimized.

Production facilities and processes have to meet the ever increasing environmental standards. Savings potential at plants is predominantly realized through one-off effects such as the replacement of kilns. However, tunnel kilns for example are only replaced every 15 to 30 years. Continuous savings on an annual basis are difficult to realize. Especially the European plants are faced with the challenge of meeting the high standards required by the EU, while at the same time producing at competitive prices in international competition.

HOW DOES RHI MANAGE CAREFUL USE OF ENERGY?

The Group's energy management system (EnMS) aims to systematically reduce energy consumption at RHI on a sustained basis. All energy-relevant business processes – raw material production, production, research, product development, purchasing and logistics, but also administration – are evaluated in a standardized continuous improvement process (CIP) with a view to energy efficiency on an ongoing basis. Potential for optimization is realized provided that it is ecologically justifiable and makes sense economically.

WHICH MEASURES DOES RHI TAKE?

Introduction of the RHI energy management system

The production of refractories and the related raw materials requires great amounts of energy due to the associated ceramic and chemical processes. This is reflected in high annual power consumption. With the gradual establishment of an energy management system according to ISO 50001:2011 at all sites, RHI takes account of the topic of energy efficiency.

ISO 50001 is a globally valid standard which supports the establishment of systematic energy management. The certification serves as evidence of a system compliant with this standard. In fall 2012, the introduction of the energy management system was launched with the appointment of an energy management officer and his team. It will be implemented in 16 steps based on the so-called PDCA (Plan-Do-Check-Act) cycle. In the year 2013, the German plants Aken and Marktredwitz were successfully certified according to ISO 50001:2011.

In the energy matrix, which was established as part of the introduction of EnMS and is updated annually, consumers are reviewed on the basis of energy performance indicators (EnPI). Deviations from the target and best practice examples are analyzed and measures are derived from the results. In the course of the continuous improvement process, a reflection of the existing indicators takes place. In addition, solutions are developed with the PDCA cycle in order to prevent or minimize further deviations.

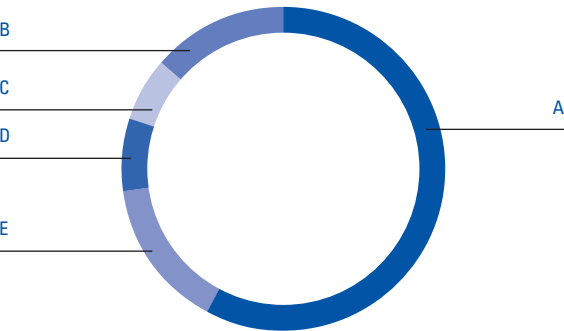
In the year 2013, employee assemblies were held during the introduction phase of the EnMS at individual German sites. A special focus was placed on energy efficiency.

Reduction of energy consumption

RHI's energy consumption has constantly increased in absolute terms since the year 2010. In 2013, it totaled 3,543 GWh (2012: 3,337 GWh). This is primarily attributable to the massive increase in the self-supply with raw materials. Moreover, environmental investments, for example at the sites in Trieben (Austria) and Mainzlar (Germany), contributed to the increase in consumption, even though the focus had been placed on energy efficiency, for instance through the use of regenerative afterburning. The additional energy consumption was only marginally compensated by investments in energy efficiency such as preheating raw materials in rotary kilns.

The RHI energy mix consists of natural gas, electricity, diesel, petrol and oil, LPG (liquid petroleum gas) and propane as well as coal and coke. There were only immaterial changes in the electricity mix at the European and Chinese sites in 2013 compared with the previous year, because no providers were changed. Renewable energies such as biofuels cannot be used at RHI for technical reasons as the firing temperatures required in production cannot be reached.

TOTAL ENERGY CONSUMPTION BY ENERGY SOURCE 2013



ENERGY SOURCES

A	58%	Natural Gas
B	15%	Electricity
C	7%	Diesel/Petrol/Oil
D	6.5%	LPG/Propane
E	13.5%	Coke/Coal

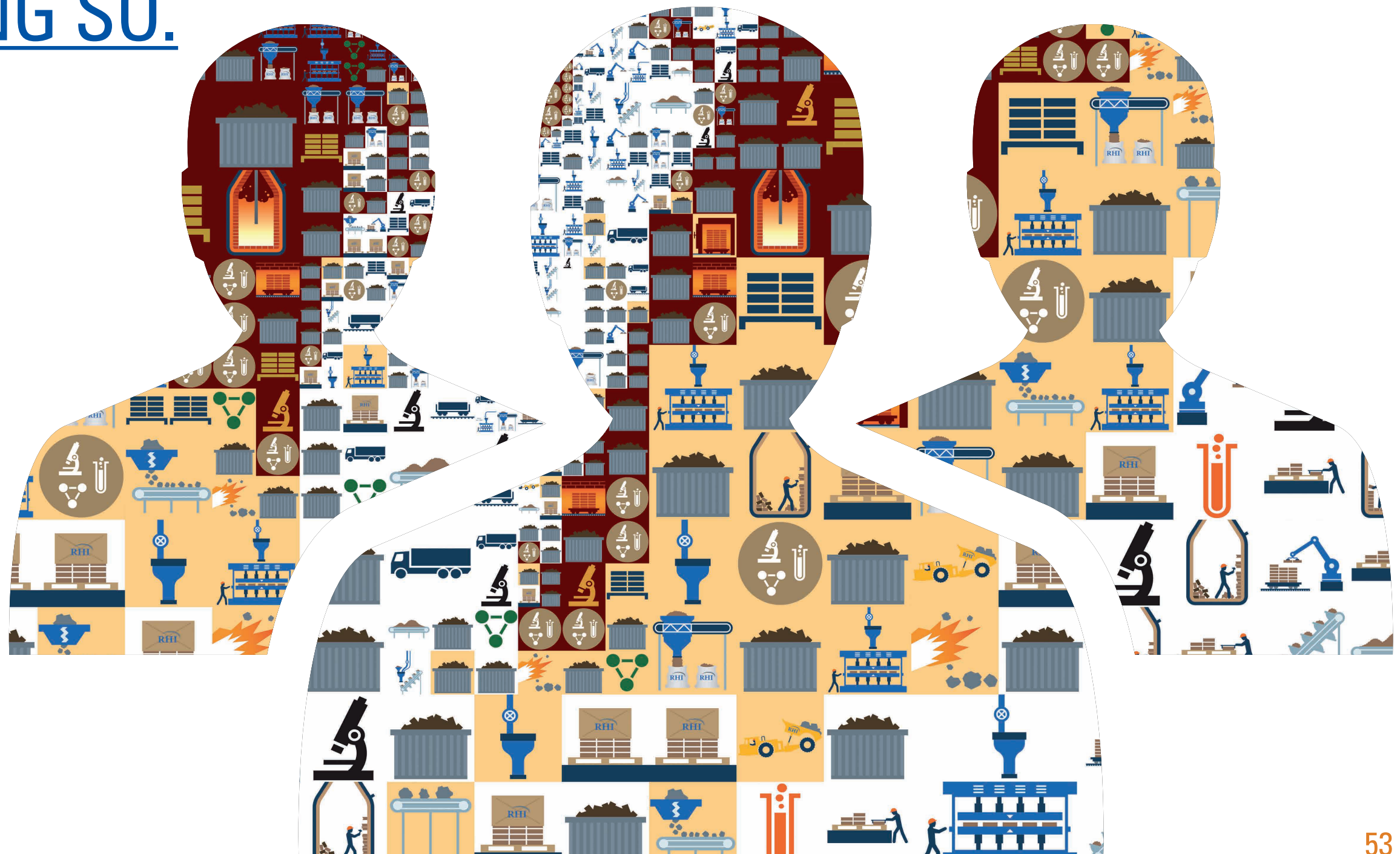
ABSOLUTE DIRECT AND INDIRECT ENERGY CONSUMPTION 2011 – 2013 BY PRIMARY ENERGY SOURCE

in MWh			New structuring as of 2012 in MWh				
	2011	2011 [GJ]		2012	2012 [GJ]	2013	2013 [GJ]
Natural Gas	1,764,000	6,350,400	Natural Gas	2,005,000	7,218,000	2,069,000	7,448,400
Electricity	403,000	1,450,800	Electricity	443,000	1,594,800	514,000	1,850,400
Oil/Diesel/Propane	133,000	478,800	Diesel/Petrol/Oil	99,000	356,400	258,000	928,800
LPG	218,000	784,800	LPG/Propane	300,000	1,080,000	225,000	810,000
Coke/Coal	356,000	1,281,600	Coke/Coal	490,000	1,764,000	477,000	1,717,200
TOTAL	2,874,000	10,346,400		3,337,000	12,013,200	3,543,000	12,754,800

EMPLOYEES. THEY KEEP OUR BUSINESS RUNNING. AND WE SUPPORT THEM IN DOING SO.

We are proud of our roughly 8,100 employees worldwide. They create the basis for our success with their abilities, their knowledge and their commitment. But which prerequisites do they need? How can we best protect, promote and support every single one of them?

It is not only our competitiveness that depends on the answer to this question. People should feel good working for RHI. That's why we promote our employees and support their professional and personal development. And we assume responsibility for their safety and health.



Employees are the key to further development. Their commitment is vital to pushing profitability, growth and innovation. As an employer with sites on four continents, RHI faces a wide variety of challenges.

A know-how intensive company is massively confronted with the threatening shortage of skilled workers. In order to remain competitive, the Group has to attract the best qualified employees worldwide. Therefore, it is important to retain employees at RHI, to motivate them and to offer them development opportunities.

“I expect a responsible company to secure business operations. The way employees are treated is most important for me because they are a company’s prime asset.”

EMPLOYEE
participating in an international anonymized employee survey

Employees grow older, and few younger ones follow. At the same time, a change in values between the generations can be observed. Promoting the ability to work and knowledge transfer are crucial tasks.

Internationalization requires employees to be mobile and flexible. Regulatory requirements for employment are also increasing. As a globally operating group, RHI also has to reconcile various different standards.

HOW DOES RHI ASSUME ITS RESPONSIBILITY?

Sustainable personnel management makes an important contribution to a positive environment. A focus is placed on training and promoting young skilled workers and managers. RHI strengthens the motivation and loyalty of its employees with projects for equal opportunities and work-life balance. Extensive programs are in place for their development and to retain them in the company.

Providing safe and healthy workplaces is another important task to reach the “zero accidents” goal by 2016. For the operations segment, this target had to be postponed from 2016 to 2017 for reasons of practical feasibility. In the area of health it is important to counteract inappropriate strain on employees. The physical and mental state of employees is supported by evaluating workplaces and employee satisfaction as well as by training courses.

In terms of safety, the regionally varying assessment of potential dangers as well as misconduct as a cause of accidents also present challenges. In the year 2013, RHI worked on the introduction and implementation of the Occupational Health and Safety Assessment Series 18001 (OHSAS 18001) in order to implement globally applicable standards. The Dalian site (China) was certified according to OHSAS.

WHICH MEASURES DOES RHI TAKE FOR EMPLOYEES?

Sustainable personnel management at RHI
RHI is an international company and a world market leader with employees in 40 countries. Human Resources is a driving force in the management of competencies to realize the vision “We lead the Industry. Everywhere. Anytime.” The objective is to recruit top qualified women and men and to develop existing employees and retain them in the long term.

Personnel management is decentralized. Strategically important guidelines are defined by Human Resources at the headquarters in Austria. Shared Service Centers in eight HR regions (Asia, Pacific/India, China, Brazil, Latin America, Europe North/West, Europe South/East, North America, South Africa) are responsible for the local implementation. Human Resources bases its activities on an integrated entrepreneurial focus and sees its responsibility in ensuring transparency and fairness in all processes.

A quarter of the RHI Management Board positions is held by female members. All Management Board members are Austrian citizens. Two Board members are older than 50 years, and two are between 30 and 50 years old. The Supervisory Board consists of men only; ten of them are Austrian citizens and two are German citizens. Three quarters of the Supervisory Board members are older than 50 years, and one quarter between 30 and 50. None of the Management Board and Supervisory Board members belong to a minority.

NUMBER OF EMPLOYEES 2011 – 2013

2013	8,121
2012	7,917
2011	7,925

In the year 2013, 8,121¹ employees (2012: 7,917) contributed to RHI’s success. 84% of the management functions at the production sites were held by locals. Only four of 30 plant managers were not hired locally. RHI generally concludes permanent contracts with its employees. Temporary workers are employed to cover order peaks, predominantly in production. Only at the Turkish raw material and production site Eskisehir, seasonal workers are employed for climate reasons.

In the past year, RHI employed 1,005 women and 7,116 men worldwide. The share of women amounted to roughly 12% (2012: 13%). On average, the employees were roughly 41 years old; 62.4% of staff were in the age group of 30 to 50-year-olds, 18.1% were less than 30 years old and 19.5% were older than 50. The share of women in the first and second management levels under the Management Board amounted to roughly 3% and 9% respectively.

¹ As of 12/31/2013

G4-10, G4-LA1, G4-LA5, G4-LA6, G4-LA8

PERSONNEL BY EMPLOYEE GROUP AND GENDER 2013

Employee group	Men		Women		Total
	Number	Percentage by gender	Number	Percentage by gender	Number
Salaried employees	870	23.65%	2,808	76.35%	3,678
Waged workers	96	2.28%	4,110	97.72%	4,206
Commercial apprentices	28	52.83%	25	47.17%	53
Technical apprentices	11	5.98%	173	94.02%	184
Total (12/31/2013)	1,005	12.38%	7,116	87.62%	8,121

The majority of the employees in the fully consolidated companies of the RHI Group worked in Western Europe, followed by Asia/Pacific, North America, the Middle East and Africa, Eastern Europe and South America.

EMPLOYEES BY REGION 2013

52.7%	Western Europe
28.4%	Asia/Pacific
10.5%	North America
4.4%	Middle East and Africa
2.4%	Eastern Europe
1.6%	South America

The turnover rate at RHI amounted to 3.67% in the year 2013 and was slightly higher for women, at 4.68%, than for men, at 3.53% (2012: women: 6.63%, men: 3.98%). Turnover was highest in the age group of the under-30-year-olds (6.95%), followed by the 30 to 50-year-olds (3.24%) and over-50-year-olds (2.02%).

TURNOVER BY REGION 2013

Region	Turnover in %
1 Western Europe	1.99%
2 Eastern Europe	17.12%
3 Middle East	0%
4 Africa	2.70%
5 North America	4.60%
6 South America	1.49%
7 Asia/Pacific	5.35%

Occupational health and safety

Promoting employee health

The health of employees is important to RHI. How can employees stay healthy and fit to work for as long as possible? And how can the company contribute? RHI takes initiatives in order to reduce work-related stress (e.g. workplace evaluation, impulse tests and surveys) and offers its staff strategies to cope with such challenges (e.g. back training, training and measures to raise awareness).

Measures are developed at local health circles for employees to assume responsibility for their health. RHI offers projects as a starting point, for example for preventive healthcare (e.g. vaccines, medical check-ups), sport (e.g. back training) or nutrition (e.g. cooking classes).

Initiatives for occupational safety

RHI feels legally and morally obliged to ensure the safety of its employees. Based on an evaluation of all workplaces, potential for improvement is defined, measures are implemented and employees trained. Special emphasis is put on near-accidents. Only if they are reported and systematically processed, can the company take preventive measures.

The communication with employees and their integration are a key to safe workplaces and processes. As part of the introduction of OHSAS at RHI's sites, the installation of occupational safety committees in accordance with European legislation is planned or being implemented. Currently, roughly 81% of the employees are represented in formal employer/employee committees on health and safety issues. In production, 92% of the employees are involved.¹ In addition, RHI has introduced safety minutes at the OHSAS-certified production sites. This tool is used to discuss unsafe situations and action at the colleague level and communicated internally.

There is a wide range of local company agreements with respect to health and safety, for example regarding non-smokers protection, alcohol at the workplace or data protection in the context of accident reports and their computer-assisted evaluation. Moreover, guidelines applicable throughout the Group were issued as part of the introduction of OHSAS, for example the introduction of occupational safety committees, general conditions for the hazard analysis or for safety inspections.

Accident rate and occupational disease

In the year 2013, the accident rate in the RHI Group amounted to 2.95 (2012: 3.35) and the rate of days lost to 54.5 (2012: 49.97) per 200,000 working hours. The accident rate was reduced significantly in comparison with the previous year.² In Asia and Europe the lost day rate also declined.

ACCIDENT RATE, LOST DAY RATE AND FATAL ACCIDENTS 2012 AND 2013

	Total	Europe	Asia	America
2013				
Accident rate	2.98	4.37	1.13	1.58
Lost day rate	54.50	52.25	49.25	73.75
Fatal accidents	0	0	0	0
2012				
Accident rate	3.35	4.87	1.74	1.44
Lost day rate	49.97	55.71	53.22	28.50
Fatal accidents	2	1	1	0

¹ Answer based on feedback and HR Report 2013/12: RHI total: 8,112 employees, 81%, operations: 5,318 employees, 92%
² 10 accidents have not been completed as the employees concerned have not returned yet.

In the year 2013, three recognized occupational diseases were reported, two of them in Europe and one in America. These diseases were caused by noise and vibration. In order to prevent such stresses, RHI invested for example EUR 800,000 in a new preparation plant (crushing/classifying) at the production facility in San Vito (Italy). Furthermore, special training courses are offered on the correct behavior and correct handling of personal protective equipment.

Workers with a high incidence or risk of disease associated with their job are not specifically recorded. This aspect is covered by local legal compliance agreements. If necessary, RHI takes targeted measures: At locations with a high HIV risk, for example in Mexico, condoms were handed out to the staff. Another example: the poor physical condition of some apprentices was noticed during check-ups as part of occupational medical care, especially regarding their back and posture. Consequently, a corresponding training program was developed.

Recruiting and Employer Branding

In order to retain and attract employees, RHI positions itself as an attractive employer. In the “Career’s Best Recruiters” study, RHI AG in Austria was chosen as the best recruiter in the industry segment (as in 2011 and 2012). For the first time, it ranked among the top ten of the 520 companies tested.

The strategic focus was primarily directed internally in 2013: In an onboarding process, new employees were already committed to RHI before their very first working day. An employee magazine informed them about company topics. Development opportunities were also communicated internally.

Filling key positions

RHI aims to fill the majority of key positions internally. In the year 2013, the company built on the success of the previous year: two management board positions as well as several other key positions – for example in the legal, innovation and operations departments – were filled internally. A newly introduced recruiting software supports an even more transparent process for all those involved in the selection of personnel.

Cooperation with schools and universities

Cooperation with schools and universities plays an important role in global recruiting and employer branding. RHI employees regularly participate in career trade fairs, events and lectures of schools and universities. By supporting theses and dissertations, the exchange of practice and knowledge is intensified.

Internships were granted to school and university students worldwide. The company thus accounts for its responsibility to society for preparing young people for the requirements of the employment market. At the same time, RHI can attract qualified students and graduates for the company.

Diversity and respect

In the year 2013, RHI employed people from 64 nations. They are treated equally regardless of gender, age, origin, religion, disability or sexual orientation. Diversity is one of RHI’s core competencies and is evaluated in the annual appraisal interview. In the year 2008, RHI launched a project for equal opportunities and appointed a gender officer. Numerous internal and external measures have since been implemented.

Equal opportunities at the workplace

In 2013, RHI introduced new initiatives to promote equal opportunities. For example, communication training for women was offered. At the office in Vienna, a network was set up to promote the interdisciplinary exchange of female technicians. In addition, the company launched projects for the improvement of parental leave management and childcare.

As a result, the gender balance increased again. The share of women in R&D rose by roughly two percentage points compared with 2012 to 32%. In IT, the global share of women was constant at approximately 20%. At career trade fairs, RHI continued to make female role models in technical professions visible. The RHI career brochure was revised with a focus on equal opportunities.

Diversity is also a key factor in personnel development. Being one of the seven RHI core competencies, diversity is integrated into the personnel development concept “RHI Success”. The company offers training on intercultural competence and coaching for executives, and increasingly employs female and local trainers.

The salary of new employees at RHI is based on education, job experience and department level. No difference is made between women and men. The start of the worldwide introduction of job descriptions for the majority of all positions promotes transparency in all human resources processes.

RHI has taken part in the “Girl’s Day” all over Austria for many years. This day gives girls an insight into technical professions and sparks interest for apprenticeships and internships. Apprentices present their specialist field, thus acquiring valuable key competencies. RHI will continue this initiative in order to increase the number of potential female applicants.

Work-life balance

RHI implements numerous measures to promote work-life balance. Flexible working hour models, home office solutions, part-time models, training and offers for returning to work after parental leave facilitate the compatibility of work and private life. The following data refer to business locations in Austria; international data cannot be reported yet at present. In the year 2013, 21 people in Austria were on parental leave. 156 persons were entitled to parental leave. 13 employees started their parental leave in 2013.

RHI has extended the counseling of employees on parental leave in order to facilitate their return to work. According to an internal analysis, 94% of all employees on parental leave in Austria return to the company. Roughly 77% of them work part-time and some 20% work full time. The majority returns for the long term. Only about 6% leave the company within a year of their return, half of them are women. In Austria, RHI enables a wide range of childcare ranging from a place at the kindergarten around the corner (one site even has its own kindergarten) to daycare.

“It seems important to me that the general conditions leave room for the personal needs of every employee. Personal wellbeing at the workplace and in a team plays an extremely important role and has a direct influence on performance.”

EMPLOYEE FROM AUSTRIA
participating in an international anonymized employee survey

RHI offers flexible working hours. In Austria alone, more than 100 working hour models are currently in place. In the future, further diversity initiatives will be implemented, especially for personal development and mixed teams. More internal and external networking is planned for female technicians. In addition, the focus on gender in the training catalogue will be continued.

Rights of employees

Representing the interests of employees, the works council acts as a link to the management. A European works council has represented the interests of the employees of RHI companies in Europe since 1996.

The rights and duties of the works council are governed by the Labor Constitution Act (ArbVG) in Austria and by the Works Constitution Act (BetrVG) in Germany. In Austria, each site has employee representatives. In addition, there are two central works councils and a Group works council. Waged workers and salaried employees each have their own works councils. Four employee representatives are delegated to the Supervisory Board. Similarly, each German site has a works council and a superordinate general works council. Comparable structures also exist in other European countries in which RHI operates.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING (CB) AGREEMENTS IN 2013

Region	EMPLOYEES COVERED BY CB AGREEMENTS		EMPLOYEES NOT COVERED BY CB AGREEMENTS		TOTAL
	Number	Share	Number	Share	
Western Europe	3,986	93.11%	295	6.89%	4,281
Eastern Europe	116	60.42%	76	39.58%	192
Middle East		0.00%	214	100.00%	214
Africa	144	100.00%		0.00%	144
North America	708	82.71%	148	17.29%	856
South America	110	87.30%	16	12.70%	126
Asia/Pacific		0.00%	2,308	100.00%	2,308
All regions	5,064	62.36%	3,057	37.64%	8,121

PERSONNEL DEVELOPMENT PROGRAM

TRAININGS		DEVELOPMENT PROGRAMS				FUTURE CIRCLES	
Core Competence Trainings	Essentials for Managers	Management Forum				Future Executives Circle	
Sales Trainings	Operations Trainings	Strategic Leadership Program	Sales Management Program	Management of Production Units Program	Tech-Cellence Program	Future Seniors Circle	Refractory Experts Circle
Professional Competence Trainings		Leadership Program	Sales Force Program	Shopfloor Leadership Program	Professionals Program	Future Managers Circle	
		Trainee Program				Hot Stones	

At RHI companies outside of Europe, the interests of the employees are predominantly represented by local and national trade unions and their representatives. Together with the management, they ensure compliance with legally defined standards that are customary in the industry. RHI’s internal standards with respect to payment, working conditions and occupational safety usually clearly exceed the legal requirements.

Roughly 62.4% of the personnel worldwide are covered by a collective bargaining agreement. How are the rights of the remaining employees secured? In 2010, RHI introduced “operational integration management” for all German sites based on a company agreement and has since implemented it systematically: employees are gradually re-integrated after a longer illness. In Austria, a working group developed a process in 2012 to support employees during their absence and reintegration.

Personnel development and advancement

RHI offers its employees comprehensive development programs for ongoing qualification. These programs aim to strengthen skills and knowledge, and consequently long-term employability. The annual appraisal interview forms the basis for requirement planning. The implementation rate increased in comparison with the previous year. In Austria, such interviews were conducted with roughly 94% of the employees, in Germany with 80%, in Ireland with 100% and in China with 99%.

Training and development

The implementation of development measures started as part of RHI Success, a comprehensive worldwide personnel development program launched in 2012, is progressing. The measures cover trainings, development programs and future circles.

Open training increasingly focuses on imparting knowledge internally, i.e. training by RHI employees for their colleagues. In 2013 a comprehensive internal training catalog for Austria was published for the first time at RHI, which is available to employees at all sites.

The customized Development Programs promote knowledge building and personal development for specific functions. The Leadership Program for young managers and the Professionals Program for experts were launched in 2013 with pilot groups from Germany and Austria. They will be rolled out internationally in 2014. The Shopfloor Leadership Program for young managers in production was successfully continued. It comprised, among other things, stays at sister plants in the country and abroad for several weeks. New programs have been developed with new providers; they will be implemented starting in 2014.

In 2013, the RHI Future Circles, a talent program for high-potential employees, were implemented. After analyzing the potential of these employees – roughly 1.5% of the RHI staff – individual development plans followed for the preparation of future tasks. Joint workshops promoted the international and interdepartmental network of the participants. The share of women in the Future Circles, at around 19% at the end of 2013, exceeded the worldwide 12% share of women at RHI.

Excellent apprentice training

RHI secures its need for skilled workers by providing apprentice training at a high level. At the sites in Austria, Germany, Italy, Ireland and Switzerland, 237 apprentices are trained (2012: 242). The share of women increased by three percentage points to roughly 17% in 2013. Roughly half of the female apprentices in the RHI Group are trained in a technical profession. During their apprenticeship, the young people are guided by clear standards, receive tailored training and are taught soft skills.

Awareness of occupational health and safety is raised at health weeks and with safety projects. In the year 2013, the 12th Health and Safety Day at the Radenthein plant (Austria) was opened to the apprentices of all Austrian sites for the first time. 66 participants learned about crane safety, rappelling, personal protective equipment, extinguishing fires and a healthy diet. Within the RHI ideas management, an apprentice project received an award for the first time: the mold exchange system enables a significant increase in productivity and a safe set-up process. It has already been implemented.

RHI enables interested young people to spend time abroad. Exchange programs of several weeks between the sites support mobility in a project supported by the EU. In the year 2013, 20 apprentices took advantage of this opportunity.

Further improvements in the level of trade and commercial training are a medium-term goal. In the year 2013, 37 apprentices passed their final apprenticeship examination, 19% of them with distinction and 43% with good grades. The objective is that all RHI apprentices successfully pass their final apprenticeship examinations by 2016. Special incentives have been introduced to realize this target. The company employs the majority of the apprentices with a fixed employment contract once they have finished their apprenticeship.

Employee satisfaction

Only satisfied employees will contribute their knowledge, skills and abilities to the company for the long term. Employee satisfaction is regularly assessed in employee surveys focusing on different topics. The offers are largely based on requirements and can be adapted to the respective needs (e.g., working hours after parental leave, home office). The loyalty of employees to the company is very high: they stay with RHI for an average of 14 years in Austria and for roughly eleven years worldwide.

Corporate incentives and benefits

Offering company benefits is one of the core responsibilities of an employer. In addition to measures regarding equal opportunities, more flexible working hours and workplaces, part-time, parental leave, further training, team building and health, the benefits also include pension plans, employee events, insurance and profit-sharing.

In the year 2013, a company agreement was concluded which allows all employees to participate in the economic success of the company through a “global bonus”. This form of profit-sharing is based on clearly defined criteria, and the company intends to continue this scheme in the future. RHI provides collective accident insurance and health insurance for international business travel for all employees worldwide. Moreover, some sites offer local benefits such as a canteen or transport. As a matter of principle, benefits are available to all employees.

Since 1999, the company has offered the employee stock ownership scheme “4+1”. For every four shares employees purchase, they receive one share free of charge (limitation in Austria due to tax laws). In Austria and Germany, RHI also offers a meal allowance and special shopping conditions, private health insurance as well as cultural and sports activities.

RHI offers no defined benefit pension plans. Where it is legally possible, the company supports pension plans with deferred compensation models. Employees use part of their remuneration for pension provisions in such models. At the German sites, additional support such as anniversary benefits and special leave after 25 years of service and a death benefit for relatives are provided.

HUMAN RIGHTS

G4-15, G4-HR3, G4-HR5, G4-HR6

Being a globally operating group, RHI encounters a wide variety of cultural requirements and standards both internally and externally. RHI attaches top priority to dealing respectfully with all people. The company also operates production sites in sensitive countries and regions. In its Code of Conduct, RHI therefore clearly commits to respecting human and civil rights as well as labor and social legislation.

RHI has been a member of the Austrian Business Council for Sustainable Development (ABCSD) since its establishment and is a member of respACT – austrian business council for sustainable development today. Membership is voluntary. In the area of equal opportunities, RHI supports an initiative of the Federation of Austrian Industries and voluntarily signed the declaration of Austrian companies “More women in management positions” in September 2012.

RHI expects respectful treatment, equal opportunities and fairness in all interactions from its employees and business partners. RHI strictly rejects any form of discrimination based on race, skin color, religion, gender, age, origin, nationality, disability, sexual orientation as well as (sexual) harassment, offensive behavior, aggression, hurtful behavior, improper behavior or any other violation of human rights.

WHICH MEASURES DOES RHI TAKE TO ENSURE RESPECT FOR HUMAN RIGHTS?

Compliance with the principles of the Code of Conduct is binding for all Group companies and their employees. Any infringement is consistently prosecuted and may entail disciplinary as well as legal consequences. External representatives (e.g. sales agents) have a contractual obligation to comply with the Code of Conduct. In the year 2014, these requirements will also be extended to suppliers. Prior to finalizing intended acquisitions and joint ventures, RHI carries out due diligence to identify if any violations of human rights or similar risks exist at the respective company.

Preparations for the establishment of a working group on the topic of human rights were initiated; due to personnel changes, the installation of the working group was postponed by a year (see targets).

Violations of the Code of Conduct can be reported to the Compliance Office via the Compliance Helpline. The office will convene the Compliance Committee, which consists of the Compliance Officer and the heads of Human Resources and Internal Audit. The committee initiates investigations of the cases reported and recommends disciplinary measures if necessary.

In the reporting year 2013, a case of discrimination associated with aggressive behavior was reported. Following a detailed investigation, the committee decided to impose disciplinary measures in combination with a personal development program.

GOOD CORPORATE CITIZENSHIP

G4-21

RHI considers itself a citizen and part of society at all its production sites and takes on responsibility in the respective environment. As a good corporate citizen, RHI supports social projects and is involved in a worldwide program to promote the employability of young people.

WHICH MEASURES DOES RHI TAKE AT THE LOCATIONS OF PRODUCTION FACILITIES?

Social projects at the sites

RHI supports charitable organizations and projects at the company locations which improve people’s living conditions and promote customs and traditions. These projects include sports clubs, cultural projects, aid organizations and environmental NGOs. Some selected projects are:

Long-standing partner of SOS Children’s Village

RHI employees have supported the SOS Children’s Village in Erzherzog Johann Castle in Stübing, Styria (Austria), with donations since 1960. These efforts are additionally supported by the company. Currently, a family of twelve lives at the “House RHI AG”. The donations are used to pay for urgently needed purchases.

Donation activities

In June 2013, Austria and Germany were hit by massive floods. The Didier plant in the German city of Aken had to be evacuated within one hour on June 8. The dedication of the employees helped protect the plant from even greater flood damage. Countless sand bags and big bags were filled in order to protect the plant, its machinery and documents. The floods caused enormous destruction in gardens, basements and living areas. A fundraising campaign throughout the Group provided emergency aid for those affected. The amount donated was doubled by Didier-Werke AG and added up to EUR 15,500.

At the RHI office in Vienna, a donation campaign for homeless people was launched upon a private initiative for the third time in November 2013. Clothes, toiletries and health products were collected for people in need at the “Gruft”, a care center operated by the Austrian aid organization Caritas.

Community Giving in Falconer (USA)

The RHI production plant in Falconer in New York State (USA) supported a variety of projects again in 2013, above all “United Way of Southern Chautauqua County”. This internationally operating organization supports numerous local programs for disadvantaged people. Both the company and the employees made financial contributions. In addition, RHI supported RHI Monofrax art and sports programs at local schools. Furthermore, food was provided for local charity kitchens.



Blood donation campaign at RHI Clasil Limited, Visakhapatnam, in support of the Rotary Club
RHI Clasil Limited, Visakhapatnam, organized a blood donation camp for the benefit of the Rotary Club, Visakhapatnam for the first time in mid-September. Some 30 selected employees gave blood as part of the RHI Clasil “CSR Program”.

RHI Program for employability

RHI is confronted with a wide range of educational levels, above all at the production sites in the emerging market countries; sometimes there is even a shortage of skilled labor. Local education systems are barely able to meet the growing demand of the labor market. For this reason, RHI launched the global Youth Employability Program (YEP) in cooperation with the Austrian development organization ICEP in September 2013. The focus is placed on education, knowledge transfer and the qualification of young people for the labor market. Synergies are tapped by integrating local stakeholders, know-how partners and the Austrian Development Cooperation. The Austrian Development Agency funds 50% of the three-year project together with the Austrian Development Bank, including the preceding feasibility study.

“More and more companies are aware of the responsibility they have in developing countries. In this fragile environment, they are increasingly willing to work in partnerships, for example with civil society organizations or state-owned development agencies. The cooperation of RHI with ADA is a very good example.”

GOTTFRIED TRAXLER,
Program Manager Economic Partnerships,
Austrian Development Agency

Milestones for a dual education system in Mexico
At the Ramos Arizpe site in Mexico, RHI is establishing demand-oriented dual professional training for electricians, toolmakers and mechatronics. A dual system of teaching at school and in practice is new to Mexican companies. The project offers them support in teaching and training trainers, in the selection of apprentices and in quality assurance. A total of eleven companies in Saltillo and Ramos Arizpe accepted apprentices. In three years, 140 young people will complete their training. Overall, 70 master craftsmen have been trained to become apprentice trainers and officers. 20 teachers underwent training for teachers.



Improving professional training in Turkey
At the site in Eskisehir, Turkey, RHI supports training for industrial mechanics and electricians at three vocational high schools. Demand for highly trained electricians and mechanics by industry has continued unabated for many years. However, the practical and theoretical skills of school leavers often show some gaps. RHI compensates for these deficits by providing training courses. In order to improve mandatory professional training during the last year of school, roughly 30 skilled workers from 15 industrial companies have been trained to become in-house trainers. In addition, 24 teachers receive further technical and pedagogic training. In total, 400 students will benefit from these measures. 15 companies and the industrial federation ESO act in concert in this project.

“I’m pleased when companies assume social responsibility, especially if it’s not just paying lip service. It’s the involvement of employees that counts. A donation is worth a lot. If you meet and get to know one another, it’s even better and more motivating for both sides!”

JULIE MELZER, Head of SOS Children’s Village Stübing

SUSTAINABILITY TARGETS

THE RHI SUSTAINABILITY PROGRAM

TARGET ACCORDING TO SUSTAINABILITY REPORT (SR) 2012	TIME FRAME	TARGET ACHIEVEMENT / INTERIM STATUS 2013	TARGET SR 2013	TIME FRAME
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COMPANY AND SUSTAINABILITY MANAGEMENT

ECONOMIC SUCCESS Increasing revenues to EUR 3 billion	2020	Revenues 2013: EUR 1.8 billion	Increasing revenues to EUR 3 billion	2020
Increasing EBIT margin to 12% or higher	2020	EBIT margin 2013: 6.3%	Increasing EBIT margin to 12% or higher	2020
Further increase in self-sufficiency level in parallel with RHI growth strategy	ongoing	Target achieved in Q1 2013	Further increase in self-sufficiency level in parallel with RHI growth strategy	ongoing
Roll-out Vision/Strategy/Values	2013	Target achieved in Q2 2013	Measures to update topics of Vision/Strategy/Values	2014
NEW			Expanding employee magazine "RHI it's me" per issue	2014
GOVERNANCE / CODE OF CONDUCT Delayed implementation of the target set in SR 2011 (training of content of revised code of conduct with a focus on anti-corruption and antitrust law); start with basic training for first and second level managers and plant managers (approx. 120 persons) Roll-out of RHI training courses and extension to other compliance-relevant topics	2013	Target achieved	Continuation of training measures and expansion of groups of persons	ongoing
	by 2014	Ongoing implementation The Code of Conduct includes comprehensive provisions regarding anti-corruption measures and on dealing with invitations, gifts, donations and sponsoring.	Continuation of training measures on all relevant compliance topics	ongoing
Delayed implementation of the target set in SR 2011 (introduction of a comprehensive guideline regarding gifts and invitations)	2013	Identification of relevant topics and of internal stakeholders concerned	Definition of the corresponding work packages and installation of the working group	2014
Establishment of a working group on the topic of human rights	2013			
SUSTAINABILITY MANAGEMENT				
Implementation of the targets of the sustainability program	ongoing	Ongoing implementation	Continuation of target of SR 2012	ongoing
Systematic recording of sustainability performance based on the indicators of the Global Reporting Initiative	annually	Target met	Continuation of target of SR 2012	annually
Publication of a sustainability report in accordance with GRI	annually	Publication of 2nd sustainability report in accordance with GRI in Q2 2013	Publication of a sustainability report in accordance with GRI	annually
STAKEHOLDER DIALOGUE				
Broad-based information of stakeholders through sustainability report	ongoing	Target met: publication of a 2nd sustainability report and broad distribution to stakeholders	Continuation of target of SR 2012	ongoing
		Target met: 2nd stakeholder forum in fall of 2013	Continuation of stakeholder dialogue	2014
Holding a second stakeholder forum	2013	Target met	Continuation of target of SR 2012	ongoing
Considering stakeholder feedback in the sustainability process	ongoing		Update of matrix incl. check of material aspects	annually
Development of a materiality matrix in cooperation with stakeholders	2013	Target met		

PRODUCT RESPONSIBILITY AND QUALITY MANAGEMENT

Control of raw materials used and replacement of substances that are ecological or health hazards with innovative substances	ongoing	Ongoing implementation	Continuation of target of SR 2012	ongoing
Recording safety data sheets of suppliers for Austria in a central database as well as evaluation	ongoing	Ongoing update of the safety data sheets and substances recorded	Continuation of target of SR 2012	ongoing
Further enhancement of quality standards	ongoing	Ongoing implementation	Continuation of target of SR 2012	ongoing
Expansion and regular systematic surveys on customer satisfaction; surveys on customer satisfaction in the Business Unit Steel/Region Europe, Business Units Environment-Energy-Chemicals and Glass	2013	Surveys on customer satisfaction in Business Unit Steel / Region Europe, Arcelor Mittal Wwide, Business Unit Glass	Continuation of target of SR 2012, surveys on customer satisfaction in Business Unit Environment-Energy-Chemicals, Region CIS and NENA, completion of the project with presentation of results to Board	2014

TARGET ACCORDING TO SUSTAINABILITY REPORT (SR) 2012	TIME FRAME	TARGET ACHIEVEMENT / INTERIM STATUS 2013	TARGET SR 2013	TIME FRAME
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ENVIRONMENT & ENERGY

MANAGEMENT AND CERTIFICATION Certification according to ISO 50000 in Germany and roll-out at German locations	2013	Certification of Aken and Marktrechwitz according to ISO 500001:2011	Certification according to ISO 500001:2011 at all German locations	2014
		Introduction of a certifiable sytem (without certification) in Trieben, Breitenau, Drogheda	Introduction of a certifiable sytem (without certification) at the European plants	2015
EnMS roll-out and implementation throughout the Group	2014			
Publication of the results of data collection for calculation of tons of CO ₂ emitted per ton of product for the European refractories industry (Product Carbon Footprint Model)	2013	Target achieved: Results were published by PRE in September 2013		
Continuation and finalization of the establishment of globally uniform RHI environmental guidelines (e.g. measuring methods and values)	2014	70% of all plants have a standardized environmental report	Introduction of standardized environmental reports in the remaining RHI plants	2015
ENERGY Reduction of specific energy consumption (kWh/ton) by 5% (in relation to specific energy consumption prior to the introduction of the EnMS) through process optimization, use of optimal aggregates and energy sources and optimization of energy costs (sustainable one-off effect, no linear continuation)	ongoing	in the production of shaped products, a reduction of 2.5% was achieved by 2013	specific energy savings of 5% in EUR/t (basis 2012)	2015
Continuation of training at German sites in combination with the project "Weitwinkel" ("wide angle") through Human Resources	ongoing	Employee assemblies at the German sites, which dealt with the topic of energy efficiency	Continuation at the site level	ongoing
		Increase in recycling materials used by 12.4% to roughly 81,500 tons (2012: approx. 72,500 tons); this corresponds to a recycling share of 5.4% of total production (2012: 4.5%)	Utilization of 200,000 tons of reclaimed materials	2020
Utilization of 200,000-250,000 tons of reclaimed materials	2020			
WASTE & RECYCLING				
Optimization of pressing methods to completely prevent residues	ongoing	Target met	Increase in share of near net shape production for isostatically pressed products	ongoing
		942,000 packaging units shipped with Stretchhood (77% of all packaging units shipped); target was exceeded	Increasing the number of Stretchhood packaging units shipped to 80% of all packaging units shipped for a further reduction of waste and gas consumption	2014
Increasing Stretchhood packaging units shipped to 75% of all packaging units shipped for a further reduction of waste and gas consumption	2013			
Continued focus on minimization of packaging material by increasing packing weight through changeover to six and seven layers	2013	Increase from 60% to 67%, target of 62% was exceeded	Continuation of target of SR 2012	2014
Continuation of an SAP project to activate the evaluation of route segments, extension to data collection throughout the Group	2014	Ongoing implementation	Continuation of target of SR 2012	2014 / 2015
TRANSPORT Reduction of 1:2 transshipments for railway in the CIS region to 20%	2013	Target achieved	Reduction of 1:2 transshipments for railway in the CIS region to 15%	2014
Targeted reduction of empty journeys (FOB, Free on Board deliveries) by another 2%	2013	Target exceeded (status 8.12%)	Reduction by another 2%	2014
		Target not met and adjusted due to new plant concepts	Increase in intermodal transport for deliveries from Austria to Germany, France and Great Britain to 10%, and from Germany to Italy, Spain and Austria to 10% (measured against overall transport)	2014
Increase in intermodal transport for deliveries from Austria to Germany, France and Great Britain to 10%, and from Germany to Italy, Spain and Austria to 30% (measured against overall transport)	2013			
OTHER Projects to reduce emissions at the production sites in Trieben (Austria), Mainzlar (Germany) and Falconer (USA)	2013	Projects implemented and targets achieved	Optimization process started (adjustment to different production conditions – capacity utilization)	2015
Reduction of diffuse dusts (created during transport / treatment of material)	ongoing	Pilot project launched	Development of best practice approaches	2017
Refining water monitoring in areas rich in water and deriving the corresponding measures	Start 2013	Detailed records of consumption at Austrian plants	Report on initial state – concept (ground water)	2016

EMPLOYEES

HEALTH AND SAFETY

Completion of matrix certification for the implementation of OHSAS 18001 at all production sites in order to reduce occupational accidents in the Group; RHI wants to be accident-free by the year 2016.	until Q3 2013	Since May 3, 2013, RHI has been successfully certified within a matrix certification according to OHSAS. Currently 14 production sites are certified in the matrix. In addition, there are some standalone certifications.	Certification is planned for another 8 production sites.	2014
			Continuation of the target of NHB 2011 in order to be accident-free by 2016: the target was postponed to 2017 in operations.	2017

by 2016

GRI G4

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IN ACCORDANCE - CORE

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G4-15	Advocacy of external charters, principles and initiatives	64	no
G4-16	Membership in associations	32	no
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the company's consolidated financial statements	8, See Annual Report 2013: www.rhi.com > Investor Relations > Financial Reports	no
G4-18	Process for defining report content	20 – 23	no
G4-19	Material aspects and topics	23	no
G4-20	Boundary of material aspects within the organization	23	no
G4-21	Boundary of material aspects outside the organization	31, 37, 48, 65 – 67	no
	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	3	no
G4-22	Significant changes from previous reporting periods in scope and aspect boundaries	3	no
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholders	20	no
G4-25	Basis for selection of stakeholders	20	no
	Approach and frequency of stakeholder engagement by type and stakeholder group	20	no
G4-26		no	no
G4-27	Key topics and concerns of stakeholders	20 – 22	no
	Process for consultation between stakeholders and the highest governance body	20	no
REPORT PROFILE			
G4-28	Reporting period	3	no
G4-29	Date of most recent previous report	3	no
G4-30	Reporting cycle	3	no
G4-31	Contact/imprint	74	no
G4-32	"In accordance" option	3, 72	no
	Policy and current practice with regard to seeking external assurance for the report	3	no
G4-33		3	no
GOVERNANCE			
G4-34	Governance structure of the organization	8, 10, See Annual Report 2013: www.rhi.com > Investor Relations > Financial Reports	no
		8, See Annual Report 2013: www.rhi.com > Investor Relations > Financial Reports	no
G4-39	Chair of the governance body		
	Role of the highest governance body in evaluating economic, environmental and social performance	3	no
G4-48			no
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and norms	30 – 31	no

SPECIFIC STANDARD DISCLOSURES						
MATERIAL ASPECTS	DMA AND INDICATORS	DESCRIPTION	PAGE	OMISSIONS/ COMMENTS	EXTERNAL ASSURANCE	
OPERATING RESPONSIBLY						
Sustainable profitable growth	G4-EC1	Direct economic value generated and distributed	10, 26		no	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	26		no	
Innovation		Initial patent applications	29		no	
Governance, business ethics and values	G4-41	Conflicts of interest	30	The risk assessment carried out throughout the Group is not structured by operations.	no	
	G4-42	Role of the highest governance body	30		no	
	G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge	30		no	
	G4-44	Evaluation of the highest governance body's performance with respect to sustainability	30		no	
	G4-56	Values, principles and standards of behavior	31		no	
	G4-S03	Operations with risks related to corruption	31		no	
	G4-S04	Employee training on anti-corruption policies and procedures	31		no	
	G4-S05	Confirmed incidents of corruption and actions taken	31		no	
	G4-S06	Political contributions	32		no	
	Communication		Intranet news		34	
Product responsibility and quality management	G4-PR1	Health and safety impacts along the product life cycle	36		no	
	G4-PR3	Legally required information on products and services	36		no	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	37		no	
	G4-EN6	Reduction of energy consumption	37, 50, 51		no	
	G4-PR5	Surveys measuring customer satisfaction	39		no	
ENVIRONMENT AND ENERGY						
	G4-EN31	Total environmental protection expenditures	42		no	
Raw materials and mining	G4-EN1	Materials used	43		no	
	G4-EN13	Habitats protected or restored	44		no	
Environmental protection and emissions	G4-EN15	Direct GHG emissions	46		no	
	G4-EN16	Indirect GHG emissions	46		no	
	G4-EN18	GHG emissions intensity	46		no	
	G4-EN19	Reduction of GHG emissions	46		no	
	G4-EN21	Nox, Sox and other significant air emissions	47		no	
	G4-EN8	Total water withdrawal by source	47		no	
Recycling and waste management	G4-EN2	Percentage of materials used that are input materials	48		no	
	G4-EN23	Total weight of waste by type and disposal method	48		no	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	37, 49		no	
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	48, 49		no	
Energy efficiency	G4-EN6	Reduction of energy consumption	37, 50, 51		no	
	G4-EN3	Energy consumption within the organization	51		no	
EMPLOYEES						
Responsible employer	G4-EC6	Proportion of senior management hired from local community	55		no	
	G4-EC3	Defined benefit plan obligations	63		no	
	G4-10	Number of employees by employment contract, gender, employment type, supervised workers and region	55		no	
	G4-11	Employees covered by collective bargaining agreements	61		no	
	G4-LA1	Personnel turnover	56		no	
	G4-LA2	Benefits provided to full-time employees	63		no	
	G4-LA3	Return to work after parental leave	59		no	
	G4-LA5	Employees represented in health and safety committees	57		no	
	G4-LA6	Injuries, occupational diseases, lost days, absenteeism, fatalities	57	According to the international company agreement, accidents are not reported by gender.	no	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	58		no	
	G4-LA8	Health and safety agreements with unions	57		no	
	G4-LA10	Programs for skills management and lifelong learning	61, 62		no	
	G4-LA11	Performance and career development reviews	61	Data are not presented by gender and employee category.	no	
	G4-LA13	Differences in remuneration by gender	59		no	
	G4-LA12	Diversity of employees and governance bodies	55		no	
	Human rights	G4-HR3	Incidents of discrimination and corrective actions taken	64		no
		G4-HR5	Operations and suppliers having risk of child labor	64		no
		G4-HR6	Operations and suppliers having risk of forced or compulsory labor	64		no

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AT THE TIME OF PUBLICATION THE
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