

SUSTAINABLE TARGETS

THE RHI SUSTAINABILITY PROGRAM 2016

The four strategic areas of sustainability of RHI



Customer benefits / RHI as partner of choice



Innovation, co-creation of value



Responsible employer / diversity



Efficient use of resources



The twelve key sustainability topics based on the materiality analyses of 2013 and 2015

Sustainable profitable growth
 Innovation
 Governance, business ethics and values
 Communication
 Product responsibility & quality management
 Raw materials & mining

Environmental protection & emissions
 Recycling & waste management
 Energy efficiency
 Responsible employer
 Human rights
 Good corporate citizenship

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Sustainability management and stakeholder dialogue				
Systematic recording of sustainability performance based on the indicators of the Global Reporting Initiative (GRI) as well as presentation of key sustainability topics in the Annual Report	annually	Target met: presentation of key sustainability topics in accordance with the GRI G4 Guidelines (In accordance - Core) in the Annual Report 2015	Continuation of target	annually
Definition of concrete projects and measures in the key areas of sustainability within the sustainability strategy	2017-2018	The four strategic areas of activity were analyzed in the year 2015; the results showed that the topics customer benefits, innovation and efficient use of resources are already covered to a high extent. Therefore, the focus was placed on potential initiatives in the area of diversity in the first step:	Definition of further concrete projects and measures in the key areas of sustainability	2017-2018
		As of 2016 RHI is a partner of the initiative "Austria is looking for the Technikqueens" by OMV AG. The initiative aims at inspiring girls between 14 and 16 years to pursue a technical career and thus at increasing, in the long run, the share of woman employees in technical careers. The activities were supported internally by female employees working in technical departments.	The activities of the initiative "Austria is looking for the Technikqueens" are to be continued in the year 2017 with a mentoring program and with the support of female employees working in technical departments.	2017
Review of key sustainability topics	2017-2018	In the year 2015 an international online survey was carried out to review the key sustainability topics and update the materiality matrix. No review is planned in the year 2017.	Continuation of target	2018-2019
Continuation of stakeholder dialogue and considering stakeholder feedback in the sustainability process	ongoing	In the year 2015 an international online stakeholder survey was carried out. The questions were related to topics that should be at the center of sustainability management and of reporting, and to the evaluation of the Group's sustainability performance. Stakeholder feedback regarding the key sustainability topics was considered in the course of reporting.	Continuation of target	ongoing

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Sustainable profitable growth				
				
Increasing revenue to roughly € 2.0 billion to € 2.2 billion	2020	Revenue 2016: € 1,651.2 million	Continuation of target	2020
EBIT margin of more than 10%	2020	EBIT margin 2016: 7.0%	Continuation of target	2020
A return on capital employed of more than 12% will be targeted.	2020	Return on average capital employed 2016: 7.6%	Continuation of target	2020
Innovation				
				
Development of a Balanced Scorecard (BSC) for the Department Innovation Management. The BSC is a tool to measure, document and steer the activities of the company and its departments with focus on its orientation and strategy. With the aid of the BSC it will be possible to track and consciously steer the development of the innovation activities. In that regard the BSC helps not only to focus on the financial aspects but allows, based on defined variables, to depict the effectiveness and success of measures. With this comprehensive view it will be possible to align the organization and the process in line with the company strategy (e.g. focus on services).	2016	Target met: a Balanced Scorecard was developed		

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Governance, business ethics and values				
				
Continuation of training measures on compliance-relevant topics	ongoing	Roughly 300 employees participated in diverse compliance training courses. In the year 2016, focus was on sites in China, Canada and Mexico where training units on issues such as corruption prevention, gifts and invitations as well as competition law were held.	Continuation of training measures	ongoing
Expansion of the e-learning offer with further learning content to reach as many persons as possible with relevant compliance topics	2016	An e-learning training on the topic of "Dealing with inside information" has been available to employees since the year 2015. The training is obligatory for all employees having been assigned to an area of confidentiality.	<ul style="list-style-type: none"> E-learning on the Code of Conduct E-learning on the topic of information security Update of the training "Dealing with inside information" 	2017
Group-wide communication to anchor the compliance helpline, later on also external communication and opening of the helpline for business partners	2016	The compliance helpline offers diverse communication channels (web portal, telephone hotline, e-mail) and has been available around the clock in 10 languages since 2016. Information on the compliance helpline was communicated group-wide (through employee magazine, intranet).	Further expansion of the compliance helpline	2017-2018
Communication				
				
Internal communication of the updated strategy of the Group by means of a video interview with the CEO, poster, presentation, intranet news	2016	Target met: <ul style="list-style-type: none"> The video interview with the CEO was communicated to the employees through the intranet. Further internal communication through posters and presentation 		
NEW			Setting up of internal communication with regard to the merger with Magnesita	2017

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Product responsibility & quality management				
				
Control of raw materials used and replacement of substances that are ecological or health hazards with innovative substances	ongoing	Reduction of hydrated lime and aluminium sulfate in products	Continuation of target	ongoing
Further enhancement of quality standards:				
• Introduction of a new tool for process improvements in the area of supplier complaints	2016	• Target met: in the area of supplier complaints a new software tool was developed to be able to track improvement measures better		
• Implementation of a group-wide CIP(Continuous Improvement Process) tool that allows for the presentation of improved performance and a more transparent allocation of responsibilities	2016	• The group-wide CIP tool was developed; due to its harmonization with other tools, implementation will start in the year 2017.	• Testing the improvement database in pilot sites, subsequent roll-out of the CIP tool throughout the Group	2017
• Adjustment to the new version of the norm ISO 9001: incorporation of risk-based thinking into process management and introduction of the stakeholder approach (taking into account the claims of important interested parties)	2016-2017	• Start of implementation of necessary measures for re-certification	• Re-certification of the Austrian sites Vienna and Leoben as well as the site Dalian, China	2017
Implementation of a global customer survey dealing with topics such as customer satisfaction, product and service performance, price-performance ratio	2016	The customer survey was postponed.	Implementation of a global customer survey	2018-2020
Environment protection & emissions				
				
Reduction of diffuse dusts (created during transport / treatment of material)	2017	The program with a focus on the reduction of diffuse dusts was carried on as key part of the environmental program. Major projects at the Austrian sites in Radenthein and Trieben as well as measures of the continuous improvement process such as structural adaptations of material conveyor belts at handover points produced remarkable successes. In addition to positive effects on the environment, there is also an economic benefit as the material is maintained in the production cycle.	Continuation of the program	2019


TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Compilation of baseline reports for the Austrian plants regarding emissions into soil and water (in accordance with Directive 2010/75/EU on industrial emissions)	2017	Target met: baseline reports for the Austrian plants were compiled.		
NEW			Implementation of necessary measures for re-certification according to ISO 14001:2015 due to the revision of the ISO standard 14001:2004	2017-2018
TRANSPORT Implementation of improvement measures identified by Group Audit and of outstanding measures of the "Excellence in Transportation Management" program: e.g. increasing the efficiency of reporting, pilot project regarding e-learning	2016	The identified improvement measures were implemented successfully: • Reporting: With the new reporting tool standard reports on transports of finished products and raw materials can be prepared on a daily basis in a more efficient and effective way. • E-learning: A first training video on the topic of spot market tender was completed.	Broadening of the group-wide e-learning contents with other training videos in English with regard to the most important transport processes	2017
Targeted reduction of empty journeys (FOB: Free on Board deliveries) by 2.5% compared to 2015 (2015: 18.4%)	2016	The share of FOB deliveries increased by 1.2% to 19.6%, the target was therefore not met.	Targeted reduction of empty journeys by 2.5% compared to 2015 (2015: 18.4%, 2016: 19.6%) In order to meet the target in the year 2017, a further solution will be implemented in addition to the options offered in the previous years. In this regard, an innovative concept was developed together with an external service provider specially for deliveries from the Austrian plants.	2017
Definition and evaluation of logistics concepts for deliveries from India to the CIS region.	2016	Target met: concepts for deliveries as containerized sea freight from Nhava Sheva and Mundra Port, India to Novorossiysk, Russia, respectively to St. Petersburg, Russia and Riga, Latvia were developed and deliveries performed. In addition, a sea freight concept from Nhava Sheva and Mundra Port, India via Bandar Abbas, Iran with subsequent delivery by train was evaluated.		

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Implementation of the project "Distribution Network Study" with the objective of improving the global transport network by applying analysis and optimization tools. Measures were developed primarily in the areas of improved routing and use of alternative means of transport. Hubs of the distribution network were verified to be optimal by modeling and optimization tools. The increased use of the harbor of Koper was defined as target: the aim is to increase shipments from Koper by 33% in the year 2016. (45,944 tons are currently shipped from Koper.) The adaptation affects deliveries currently being exported from the Austrian plants via the North Sea harbors, while the end destination of the adaptation is primarily the Asia/Pacific region. The adaptation allows for a reduction of ton kilometers and transport costs.	2016	The project was completed successfully. Based on comprehensive analyses and discussions with logistics experts, a number of new concepts has been developed and largely implemented. E.g. a new transport concept for sea freight pre-carriages from the Austrian plants to the North Sea ports using alternative means of transport, taking into account new network hubs and utilizing innovative cargo handling technologies were developed. Roughly 53,000 tons of finished products were exported via Koper, this corresponds to an increase in volume by roughly 15%. The necessary measures in order to achieve the target of 33% were implemented, however, in the year 2016 the target could not be met due to shortage of shipping space to Asia and the discontinuation of a premium service to India.	Increasing the volume of transports from Koper by 10% compared to the year 2016	2017
Implementation of a round-trip concept: use of import containers from Turkey to the Austrian plants as means of transport for the international export via Koper. The Austrian plants Breitenau, Trieben and Veitsch are involved in this concept. The target for the year 2016 is to carry out a trial shipment and to draft a business plan together with an implementation plan.	2016	In the year 2016, 34 shipments were carried out from the Austrian plant Breitenau using the new round-trip concept via Koper. In addition, 12 shipments were transported from the German plant Mainzlar using a round-trip with import containers from Turkey via Antwerp.	Broadening of the round-trip concept with further end destinations and plants of departure as well as increasing the number of shipments to a minimum of 120	2017

Recycling & waste management



Development and continuation of forward-looking recycling concepts and projects to increase the volume of secondary materials used	2020	The volume of recycling materials used increased by roughly 7% to roughly 61,000 tons (2015: roughly 57,000 tons). In relation to the annual production volume, this corresponds to a recycling share of roughly 4.1% (2015: 4.0%). At roughly 18%, the recycling share for magnesia carbon bricks remained at a constant level.	A recycling share of 4.5% in relation to the annual production volume will be targeted.	2017
Avoiding loss of material by using technical and organizational measures so that ceramic waste is not even created in the first place. Implementation of a pilot project regarding the use of ceramic waste	2016-2017	In a pilot project in Austria, waste flows, their creation processes as well as their chemical features and grain sizes were analyzed to identify possibilities for their re-use either at the same site or at other RHI sites.	Analysis of the aspects examined in the pilot project at other production sites	2019

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Shipment of 85% of all packaging units shipped by using the Stretchhood method for a further reduction of waste and gas consumption	2016	927,000 packaging units were shipped using the Stretchhood method (84% of all packaging units shipped). The target of 85% was nearly fully met.	Continuation of target	ongoing
Energy efficiency				
				
Reduction of the energy consumption, e.g. through the establishment of an internal energy management system	2016	<ul style="list-style-type: none"> In the previous years, the energy management system according to ISO 50001 was established at all Austrian and German plants and in Porsgrunn, Norway. The energy management system at the German production sites was also externally certified. In the year 2016, the focus was laid on creating potentials for energy savings at these sites through workshops and knowledge exchange. The introduction of the energy management system at other sites was postponed. Reduction of specific energy consumption by 0.5% per year (in relation to specific energy consumption prior to the establishment of the energy management system): the target was exceeded. Worldwide, energy savings of roughly 0.7% of the RHI Group's total energy consumption were realized at the production sites. 	Establishment of the energy management system at other sites	2017-2020
			Continuation of target	2021
Training and information of employees, rollout of energy days at other sites, e.g. Radenthein, Austria	ongoing	<ul style="list-style-type: none"> Training courses constitute part of the continuous improvement process. Energy days were held at the sites Radenthein, Austria and Mainzlar, Germany in order to inform employees about energy topics and energy efficiency and to raise awareness of these issues. 	Continuation of training	ongoing
			Energy days at all German production sites	2017-2018
Development of a uniform system of key indicators with regard to energy efficiency	2016-2017	The system of key indicators was successfully introduced at one of the Austrian sites.	Evaluation of the rollout at other production sites	2018
Start of a pilot project in order to introduce an online monitoring system for significant energy aspects	2016-2017	In order to further increase energy efficiency, an online system for monitoring the energy consumption of aggregates was introduced as a pilot project at one of the Austrian sites.	Evaluation of the rollout at other production sites	2018

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Establishment of expert groups for significant energy aspects	2016-2017	In order to increase energy efficiency and enable know-how transfer within the Group, expert groups were created. The purpose of the expert groups is to define energy saving measures for each aggregate and check their rollout at other sites	Improving energy efficiency by minimum 0.5% per expert group and thus per aggregate	2018

Responsible employer




HEALTH AND SAFETY

Certification of 4 locations according to OHSAS 18001: Veitsch (Austria), Eskisehir (Turkey), Porsgrunn (Norway), Drogheda (Ireland)	2016-2017	<ul style="list-style-type: none"> In the year 2016, the sites in Veitsch, Austria and Eskisehir, Turkey were certified according to OHSAS 18001. After the sale of the US subsidiary RHI Monofrax, LLC (site Falconer) and the closure of the site Clydebank, Scotland, 23 sites in total were certified at the end of 2016 (2015: 23 sites). The certified locations are at the same time among the large production sites of RHI. At the end of 2016, roughly 83% of the employees were represented in formal employer-employee committees on health and safety topics. In production, roughly 96% of the employees were already involved in such committees. In order to strengthen occupational health care, health panels were created at each certified site in the framework of the introduction of OHSAS 18001. Health panels develop special health projects that reflect local needs. On average, each employee participates in 3 health projects every year. E.g. health days focusing on a healthy diet were organized at the location Vienna, Austria. 	<p>Certification of the Scottish production site Bonnybridge after the closure of the site in Clydebank. The certification of further production sites is currently not planned.</p> <p>There are no plans for a further expansion as part of additional OHSAS certifications. Therefore, no changes in the share of employees are expected.</p>	2017
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TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
Reduction of work accidents, RHI should be accident-free by 2017, thus lowering the accident rate to less than 1.0	2017	<ul style="list-style-type: none"> The accident rate was lowered to 1.74 (2015: 1.85). In the region America the rate fell below 1.0 for the first time. Global information campaign at the production sites on topics such as correct behavior on hot summer days in order to reduce the increased accident rate during the summer months Safety Days at several sites in order to raise awareness of the topics safety and accident prevention among employees. At RHI Clasil, India even a Safety Week was organized. At regularly held Safety Minutes at the OHSAS-certified locations, safety-relevant topics are discussed with a focus on employees' own behavior. The causes of accidents are evaluated in an anonymized manner in order to allow for the prevention of work accidents across locations. Appropriate counter-measures are introduced at the production sites by use of the evaluation. 	RHI will further intensify its efforts to reduce work accidents. In order to further push the necessary culture change in the work processes, the target to lower the accident rate to less than 1.0 has been postponed to the year 2020.	2020
DIVERSITY AND EQUAL OPPORTUNITIES				
Participation in the initiative "Austria is looking for the Technikqueens" by OMV AG	2016-2017	<p>Selection of the best 25 girls by an expert jury. RHI sent one female technician to take part in the jury.</p> <p>Start of the mentoring program with four mentees at RHI</p>	<p>Continuation and completion of the mentoring program at RHI</p> <p>Summer internships for young girls who participated in the Technikqueens initiative</p>	2017
Implementation of a project throughout Austria regarding demographic development and securing employees' ability to work at an older age	2016-2017	Possibilities for age-appropriate work were evaluated in Austria and Germany and fields of activities defined in order to sustainably secure employees' ability to work at an older age.	Gradual implementation in subprojects of measures derived from the defined fields of activities	2017-2020
Network of female technicians:	2016-2017			2017
Gradual involvement of female technicians of other Austrian sites in the network		Target was postponed.	Evaluation of establishing the network at other Austrian sites	
Involvement of the female technicians as mentors in the activities of the initiative "Austria is looking for the Technikqueens" by OMV AG		Start of the mentoring program with four mentees	Continuation and completion of the mentoring program	

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
PERSONNEL DEVELOPMENT				
E-learning: Rollout of the e-learning platform in Germany Broadening of the range of e-learning training	2016	<ul style="list-style-type: none"> The e-learning platform was introduced in Germany with the same content as in Austria. Employees could choose from seven e-learning training units in German and two training units in English. The choice of training units was broadened e.g. with a refractory training and a training on occupational safety. Besides time and cost savings, the use of e-learning also contributes to environmental protection, since no travel is necessary. 	<ul style="list-style-type: none"> Rollout of the e-learning platform in the US and China Broadening of the range of e-learning training with training measures on quality management, further compliance topics and on the topic of refractories Broadening of the range of e-learning training with training units in English 	2017
Implementation of the second cycle of the two-year internal talent program "Future Circles"	2016	The second cycle was implemented successfully with 83 participants. The share of women in the program was roughly 16%, thus exceeding the global share of women in the RHI Group of 12.6%.	Nomination for the third cycle takes place in the year 2017, start is planned for 2018.	2017-2019
Further rollout and implementation of the target-group specific development programs	ongoing	<ul style="list-style-type: none"> 138 employees from Austria, Germany, Italy, Spain, UK, China, Mexico, Canada and the US participated in a development program (2015: 183 employees). The "Shopfloor Leadership" program for (junior) managers in production was implemented in China for the first time and was successfully completed. A quality and topicality check was also carried out regarding this program. successful completion of the Management of Production Units Program 	Continuation of target	ongoing
Training of apprentices	ongoing	<ul style="list-style-type: none"> 219 apprentices were trained in Austria, Germany, Ireland, Italy, Norway and Switzerland, with roughly 86% of them working in technical apprenticeships. (2015: 234 apprentices) Exchange of Austrian and German apprentices in the European region: 14 apprentices participated in a national or international exchange program. Share of apprentices that received a fixed employment contract after completing their apprenticeship: 82% of the apprentices in Austria (2015: 93% of the apprentices in Austria) The site Hochfilzen, Austria was awarded as "Excellent Tyrolian Apprenticeship Workshop" 	Continuation of target	ongoing

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
RECRUITING Update of succession planning and promotion of internal succession	ongoing	Systematic collection of potential successors for key positions as well as internal succession of key positions	Continuation of target	ongoing
DIVERSE NEW			Checking the possibilities to use electric cars	2018
NEW			Travel Risk Management: After the introduction of a global emergency hotline for assistance before/during/after business trips as well as the introduction of a country information portal, warnings regarding high-risk countries will automatically be distributed within RHI.	2017
NEW			Crisis management: Training of the RHI crisis management team by external experts	2017
Human rights				
				
Protection of human rights	ongoing	Ongoing implementation through the Code of Conduct, the Supplier Code of Conduct, the Compliance Helpline and compliance training (see also Governance, business ethics and values). Three suspected cases of improper behavior were reported via the compliance helpline and investigated.	Continuation of target	ongoing

TARGET DEFINED IN 2015	TIME FRAME	TARGET ACHIEVEMENT AND MEASURES 2016	TARGET DEFINED IN 2016	TIME FRAME
<p>Good Corporate Citizenship</p>  <p>Implementation of the Youth Employability Program to improve qualifications for the labor market at the RHI sites in Eskisehir, Turkey and Ramos Arizpe, Mexico</p>	2016	<p>The two projects were completed successfully:</p> <ul style="list-style-type: none"> • Mexico: in total, 248 apprentices and 23 companies participated in the dual training program for electricians, toolmakers and mechatronics technicians in the municipality of Saltillo during the project duration of three years. In autumn 2016, 108 new apprentices started the training. The target to train 25 apprentices per year was therefore exceeded. In addition, 36 teachers and 84 instructors were trained. • Turkey: continuation of the pilot course with 82 students in the fields of industrial mechanics and industrial electrics as well as training of teachers and instructors in order to better align the requirements of theory and practice with one another. For the first time, students were taught by teachers and company instructors as part of a pilot course. A new approach in Turkey since dual training has no tradition there. At the RHI site in Eskişehir, 36 students were accepted as apprentices. <p>The project activities will be carried on in both countries independently by the local project partners.</p>	<p>Evaluation of possibilities for a follow-up project</p>	2017
<p>Introduction of a guideline applicable throughout the Group to ensure targeted allocation of donations and sponsoring activities</p>	2016	<p>The guideline was introduced in the Group. After a thorough analysis of donations and sponsoring payments of the previous years the Management Board determined uniform Group targets for the year 2017. The topics education and social cohesion were defined as focal points.</p>	<p>Analysis of Group targets</p>	2017