

SUSTAINABILITY REPORT 2019

/ CLOSING THE LOOP TO DELIVER VALUE



**ELG HANIEL
GROUP**

Established

1962

in Duisburg, Germany (Head Office)

1.304

million metric tons in total

1.58

EUR billion turnover

1,380

employees

55

operations

19

countries

5

continents

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/01

INTRODUCTION

KEYNOTE FROM THE ELG BOARD OF DIRECTORS

Dear all,

we are pleased that you are interested in our company and that this report has found its way onto your screens respectively into your hands. Our company has been publishing a sustainability report for six years, and today we are very proud to present you with this year's report according to GRI Standard. By reporting regularly, we aim to provide our employees worldwide and our stakeholder groups with comprehensive information about our company and its activities. Moreover, we aspire to measure ourselves against our goals. Our biggest objective is to be carbon neutral by 2030. We are working hard to achieve this, and we focus on this in all our activities.

Clearly the world changes and awareness of sustainability grows. Hence, we are pleased that our business model stands for sustainability and that its purpose is to process stainless steel scrap in such a way that it can be easily returned to the cycle.



Stainless Steel Scrap

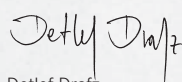
This report will inform you about our activities in all things sustainability, especially in our focus areas Operations, Compliance, Employees and Commercial. There was an update on our activities last year but today we take the opportunity to report in more detail and explain our approaches accordingly.

We coordinate constantly with our shareholder, Franz Haniel & Cie. GmbH who with his new strategic focus will increasingly concentrate on growth and sustainability. Since the other divisions of the Haniel Group – within their different business units – also work on their sustainability issues, we have the opportunity to share information and best practices across business units.

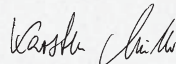
With our corporate values, the six principles and other guidelines which we have set ourselves to properly conduct our business, we are committed to assume responsibility for environment and society, our employees and for our company.

By joining the UN Global Compact in 2018, we are also committed to run our business in accordance with the 10 principles and help to achieve the 17 Sustainability Development Goals (“SDGs”) by 2030.

We hope you enjoy reading our seventh sustainability report made on our 2019 financial year. We also invite you to contact us and support us with your comments and feedback on our way to more sustainability.



Detlef Drafz
CEO, ELG Haniel GmbH



Karsten Müller
COO, ELG Haniel GmbH

REPORTING GUIDELINES

ELG Haniel GmbH has published an annual sustainability report since 2014. This is our seventh sustainability report, which thus relates to the 2019 financial year (01.01.-31.12.2019). This report is a full report which we only produce every other year. For the intervening years we do updates.

The report was produced with the support of the Silvester Group, Hamburg.

In terms of structure, we largely followed our last report to guarantee maximum transparency and comparability.

Global Reporting Initiative (GRI)

With our last report 2017 we reported according to GRI-G4 for the last time. This report has been prepared following the guidelines of the Global Reporting Initiative headquartered in Amsterdam, the Netherlands, in accordance with the GRI standards in the core option.

Contact ELG

On the last page, you will find the contact details of our Corporate Responsibility Team, in case of any queries or valuable recommendations.

GOALS AND GUIDING PRINCIPLES

Practiced values, guidelines for action and organizational structures allow our ELG employees to act responsibly on a daily basis. It is the fundament of our entrepreneurial success and for our professional cooperation within a value-based and security-conscious corporate culture. Therefore, by joining the UN Global Compact we have committed to its Ten Principles and thereby meet fundamental responsibilities inter alia in the areas of human rights, labor, environment and anti-corruption.

We also commit to work towards achieving the 17 Sustainable Development Goals (“SDGs”) of the UN by 2030. These 17 goals serve sustainable development on an economic, social and ecological level and apply to all members of the United Nations. Not all 17 SDGs are equally relevant to us. On page 37 you will find which these are and through which of our fields of action we are able to influence them.

Our core values, by which we live, work and want to deal with each other, are summarized in the “Six Principles”, which form ELG´s Code of Conduct. In order to again underline their importance and timeliness, the Six Principles are visualized in each of our locations.



Empowerment, Innovation, Integrity, Independence, Responsibility and Mutuality-these are the principles defining our desired corporate culture. They were mapped out by ELG Legal and the ELG board of directors as a Code of Conduct. It is the responsibility of the local executives and actually every single employee to apply them in their respective workplaces.

/02

CORPORATE OVERVIEW

BUSINESS MODEL

ELG is a global leader in the business of trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys, titanium and carbon fibres. We endeavor to continuously provide our customers and suppliers with ELG's trusted materials and services in all market segments we work in. The raw materials we deal with mainly come from urban mining, e.g. various qualities of man-made waste and scrap that can be used and reused endlessly. We deliver value by identifying the best usage of collected resources and processing them for the most suitable application. Especially in the stainless and superalloys segments, we have developed sophisticated analytics, innovative techniques and services to meet increasing quality standards of our customers. Thanks to good processing and intelligent material flow



Superalloy Solid Scrap

02 / CORPORATE OVERVIEW

BUSINESS MODEL

management, secondary raw materials can be used again and again and new products made from these for use e.g. in the construction, automotive, energy and aerospace industries.

ELG is an integral part of the stainless steel and superalloys value chain and metal life cycle (Figure 01 + 02). ELG's value creation consists of, to put it simply, transforming a heterogeneous collection of materials into a tailor-made, homogenous, and constant stream of valuable raw material to be used by its global customers. To do so, ELG collects both industrial arisings and reclaimed materials at its yards worldwide, processes it to customer specifications, and provides it to steel mills and melt shops across the globe – "ready-to-melt". As a tier 1 supplier with direct access to these, we form the link between local scrap market segments, mills and melt shops purchasing globally.

To achieve this, ELG works with thousands of trusted suppliers in order to source small- and medium-sized lots of material of manifold compositions and qualities. Our suppliers in turn, collect these and often other materials from their downstream trade partners, and so on. It is a characteristic of the scrap metal trade that supplier relationships are built on mutual trust.

At the same time however, all traders of this raw material diligently keep their sources secret, as access to the source of arising constitutes a potential competitive advantage. This may imply that it is impossible to oversee the full cycle of the material stream, yet our employees' years and years of experience paired with modern investigative tools ensure that our suppliers adhere to ELG's high standard of values.

It is this relationship between ELG's supplier base and our traders that safeguard the high volume of material that flows into ELG's yards across the globe.

At ELG, we contribute to reducing the stream of metal waste by turning it back into raw material, and we enable our customers to transform it into new products. Together, we serve to close the loop every day.

Figure 01
STAINLESS STEEL

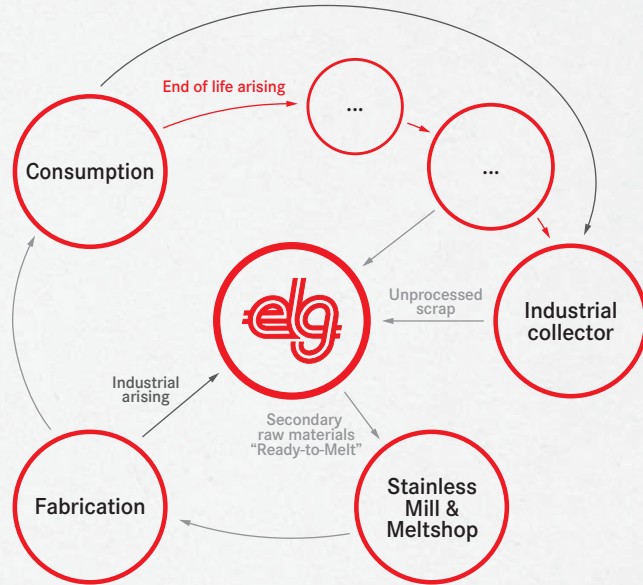
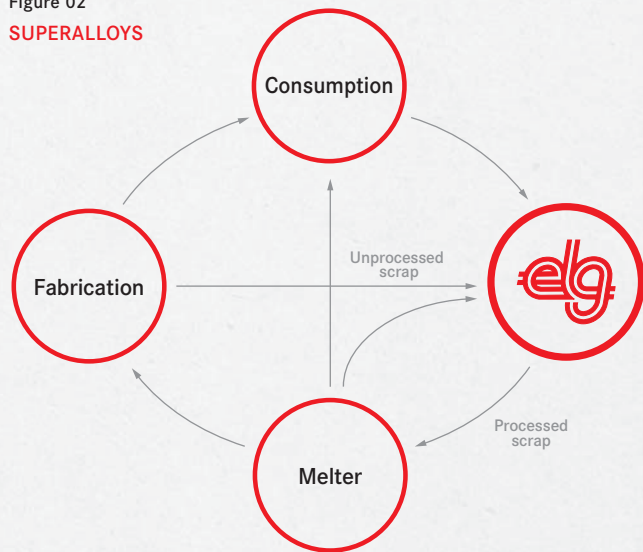


Figure 02
SUPERALLOYS



GRI SRS 102-6, -9

ORGANIZATION

Let us introduce ourselves to all readers who may not yet know us.

ELG is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as for high-performance materials such as superalloys, titanium and carbon fibres.

Recycling is our competence!

We are pioneers, trailblazers and world leaders in the recycling of raw materials. Our core competence is global trade, high-tech reprocessing and recycling of demanding raw materials for the industry.

Our head office is in Duisburg. From here, our recycling network spans the entire planet. Our over 4,000 suppliers are based on all continents and enable us to process over a million tons of raw materials annually and deliver them to our customers in a composition required by the industry. We offer tailor-made products and thus close the loop.

We mainly operate in three main areas: For starters there are our roots, the processing of chrome-nickel alloyed scrap into secondary raw materials for the stainless steel industry. In addition, we are dedicated to recycling high-performance materials and titanium, primarily for the aerospace industry. Finally, we recycle carbon fibres for sustainable lightweight construction in the automotive and transport industries.

It all started in Duisburg in 1962 with the small company Eisenlegierungen HGmbH. The international brand name ELG derived from the still existing German subsidiary Landesgesellschaft Eisenlegierungen. Through continuous expansion the company grew into a global player within five decades. An important milestone in the success story by ELG was the takeover by Franz Haniel & Cie. GmbH in the 1980, a family-run private equity investor from Duisburg. This allowed further subsidiaries and international joint ventures to be established and ELG to expand its global market position.

Timeline / Highlights

- 1962 /** Eisenlegierungen Handelsgesellschaft GmbH in Duisburg (Germany) founded

- 1980 /** ELG Haniel Metals Ltd. in Sheffield (UK) founded

- 1985 /** Acquisition of Steelmet Inc., Pittsburgh, PA (USA), now ELG Metals. Inc.

- 1989 /** Complete takeover of ELG Haniel GmbH by Franz Haniel & Cie. GmbH. Figespa S. A. / Ferinox S. A. in Paris / Nanterre (F) acquired

- 2008 /** Acquisition of Utica Alloys Group based in Utica, New York, (USA), today ELG Utica Alloys Group

- 2011 /** Recycled Carbon Fibre Ltd. in Coseley (UK), today ELG Carbon Fibre Ltd., acquired

- 2016 /** “ELG Innovation Experience” (“EIE”) founded, an initiative to pool groupwide innovation and digital activities such as the MyELG App

- 2018 /** Mitsubishi Corporation acquires strategic stake in ELG Carbon Fibre Ltd.

- 2019 /** Iberinox Plus S.L. acquired

Our management is represented by Detlef Drafz as CEO and Karsten Müller as COO. Since the departure of Dr. Silke Landwehrmann (CFO) in summer 2019, Detlef and Karsten continue to run the business until the CFO position is filled.



Detlef Drafz is the CEO of ELG. As such, he is responsible for corporate development, strategy and innovation, among other things. As a graduate in business administration, Detlef's career has taken him through the Haniel Holding and Eisenlegierungen Handelsgesellschaft mbH to the corporate headquarters of ELG. In 1994 Detlef accepted the management of Controlling & Finance. In 2007 he was promoted to CFO of ELG and in 2012 assumed CEO.

Karsten Müller is our Chief Operating Officer. As such he is responsible for operations including quality management, health & safety, IT including the ERP project and corporate responsibility within the ELG Group. After studying mechanical engineering at RWTH Aachen University, Karsten started his professional career in 1999 with automotive supplier Hella KGaA Hueck & Co. in Lippstadt. At the end of 2005 he left as Head of Product Line Accessories. From 2006 to 2018 Karsten worked for pump manufacturer Wilo SE in Dortmund, where he left as head of the Heating, Ventilation & Air Conditioning division. In 2018 Karsten accepted the position of COO at ELG.



Deliver value, live values

ELG stands for recycling products of the highest quality, sustainability and professional, trustworthy service. Our longstanding success is based not only on our technical know-how, but also on our philosophy of creating value and living values. We maintain a sense of responsibility, humanity and openness. We show attitude, loyalty and transparency. Protecting

the environment, respecting one another and giving space to innovative ideas is as much part of our corporate philosophy as it is to enable our employees to develop and grow. Our vision is to continue our success in an ideal way.

ORGANIZATIONAL STRUCTURE AND GOVERNANCE

A principle of ELG's concept of efficient and responsible governance is that of decentralization: While local executive management throughout the group is empowered to optimize its scrap sourcing and the operative footprint, the sub-holding companies and particularly ELG Haniel GmbH is to coordinate matters of group-wide relevance. In that sense, it is the responsibility of ELG's Group Holding Company, based in Duisburg, to control the key central administrative departments where information on such matters from ELG's sites worldwide converges at the same time, ELG's shareholder requests and governance parameter are being served, attended to, and broken down by ELG's headquarters to suit the multinational group of companies in the raw materials sector. Few levels of hierarchy and lean personnel structures provide for direct communication and swift decision-making all through ELG's organization. We take pride in the fact that our decentralized operations and headquarters alike are managed where we do business. Our main scrap processing locations globally for stainless steel are located in Duisburg (Germany), Rotterdam (the Netherlands), Sheffield (UK), Pittsburgh, PA (USA), as well as for superalloys Hartford, CT (USA) and Chicago, MI (USA) and also Duisburg (Germany). Our facilities are always close to the market and our management is always close to the shop floor – and that proximity is not only a physical one, but even more so a matter of mindset. ELG's headquarters and its subsidiaries try to find a common understanding in terms of targets, values, and strategy.

Several times per year, the leaders of our local operations attend management meetings involving ELG's top executives whereby cohesion and mutual knowledge transfer is fostered further.

RISK / OPPORTUNITY MANAGEMENT

Corporate risks are commonly the flip side of business opportunities. Exploiting the latter to the benefit of ELG and its stakeholders is our management objective. At the same time, it is imperative to identify and, where possible, minimize threats to our business success. We do everything we can to keep potential risks as low as possible.

Opportunity management at ELG is aligned with our strategic direction. In a broad strategic planning process, our options are systematically assessed, and initiatives are developed. Such initiatives are further fleshed out in the operational planning process, which produces definite targets to strive for and measures to be taken. Both the strategic and operational planning processes are developed in close cooperation between the ELG Board of Directors and local management.

We see risk management as interlocking with the planning process, so the risks covered are not only of a financial nature but also comprise operational and external (market) risks. Risk management in the narrower sense is the responsibility of ELG's Internal Audit Department and comprises a periodic analysis of the risks identified as well as the definition, assessment, and monitoring of possible countermeasures.

Risk management reporting forms an integral part of our standardized planning and budgeting processes and is governed by guidelines and handbooks.

In accordance with long-term audit planning, all ELG subsidiaries are examined systematically by ELG's Internal Audit Department. As we follow a risk-oriented auditing approach, all subsidiaries of ELG are additionally subject to audits with varying focus areas. The efficiency of the risk management system is supervised internally and assessed externally via annual auditing plans.

MEMBERSHIPS AND INITIATIVES

Stainless Steel Business Segment	<ul style="list-style-type: none"> • Association for Iron & Steel Technology • Assofermet Associazione Nazionale Commercianti In Ferro Acciai, Metalli e Ferramenta • California Metals Coalition • Canadian Association Recycling Industrial • French Federation of Recycling Companies • British Metals Recycling Association • Bundesvereinigung Deutscher Recycling- und Entsorgungsunternehmen e. V. • Bureau of International Recycling • Indian Stainless Steel Development Association • Institute of Scrap Recycling Industries, Inc. • International Chromium Development Association • International Precious Metal Institute • La Federación Española de la Recuperación y el Reciclaje • Metal Recycling Association of India • National Demolition Association • Precision Metalforming Association • Verband Deutscher Metallhändler
Superalloys Business Segment	<ul style="list-style-type: none"> • Aircraft Fleet Recycling Association • British Metals Recycling Association • Bundesverband der Deutschen Luft- und Raumfahrtindustrie e. V. • Bureau of International Recycling • International Titanium Association • Investment Casting Institute • Minor Metals Trade Association • Tantalum-Niobium International Study Center
ELG Carbon Fibre ("ELG CF") is part of initiatives such as:	<ul style="list-style-type: none"> • British Plastics Federation • Carbon Composites e. V. • Composite UK – Trade Association • Industrievereinigung Verstärkte Kunststoffe e. V. • Institute for Advanced Manufacturing Innovation

ELG reports its sustainability efforts in accordance with the Global Reporting Initiative ("GRI") guidelines and supports and promotes the Mission and Principles of the UN Global Compact. Beyond this, we are delighted to announce that we joined the UN Global Compact in 2018.

PRODUCTS

Stainless steel is at the core and heart of ELG. The importance of the use of stainless steel scrap in the production of stainless steel is consistently growing. On the one hand, this secondary raw material is indispensable to meet the increasing demand for the required nickel units due to the constantly growing stainless steel production. On the other hand, stainless steel scrap normally has a greater value in use than primary raw materials as relevant nickel, chrome or molybdenum units are discounted and increased scrap ratios allow for shorter and more efficient tap-to-tap times due to its relatively faster melting and higher density.

ELG fulfils the important task of providing the link between our approximately 4,000 upstream suppliers and the stainless steel plants of the world. We constantly purchase all types of stainless steel scrap, e.g. practically any alloyed scrap that contains nickel, chromium or molybdenum as essential alloying elements.

At ELG suppliers are also customers. In our business, this is not a contradiction, because we know that our suppliers have the choice. That is why we give the decisive edge through personal service, fast processing and prompt payment. Exact analyses and weights matter just as much as competent advice on all questions concerning the material.

This includes all forms such as new production scrap or old scrap, whether as waste, chips, strips, residues, ingots or runners. We also purchase primary products such as pure metals or ferroalloys. These materials are professionally processed by ELG and then resold as quality products.

Special material deserves special attention. Meeting the requirements of the high-tech sector for the raw materials required is a challenge. Our suppliers expect expert advice and professional service. Our customers expect a product that is perfectly tailored to their individual needs. The material requires extremely careful preparation. It must be precisely sorted, analyzed and processed according to the customer's requirements. Only someone who knows the material and the market as well as ELG can successfully shape the dialogue between suppliers and customers in order to lead both sides to a successful alliance. A selection of our products includes, but is not limited to: Tool and high speed steels, tungsten carbide, cobalt and cobalt alloys, nickel, nickel-alloys, nickel-copper alloys, superalloys, titanium and its alloys, as well as other pure metals and alloys such as molybdenum, chromium, niobium, tantalum, and zirconium.

ELG Carbon Fibre is the world's first and largest commercial carbon fibre recovery plant in Coseley, West Midlands, UK. The key focus is to develop and industrialize the conversion technologies to manufacture recycled carbon fibre products that can be re-introduced to the composites and compounding industries.

ELG Carbon Fibre continues to expand the product range and develop a mass-effective product for the manufacture of structural parts for the automotive industry.

Simplified, recycling can be considered as the repeated use of a material. Iron and steel have a very high recyclability. The special materials ELG processes, like stainless steels, superalloys, or titanium have a recycling rate of minimum 90% at their end of life; production waste is almost recycled by 100%. What makes recycling of these products so attractive?

- Waste and scrap from special steels, stainless steels, superalloys, etc. contain valuable recoverable elements, such as nickel, chrome, molybdenum, etc.
- Recycling of these materials is almost always “functional”, e.g. there is limited down-cycling. In other words, collection and processing of stainless and superalloy scrap is always used for making new products out of the same materials.
- Once processed to a secondary raw material, scrap is economically attractive and offers a high value in use to steel, stainless or superalloy producers.
- Usage of scrap as secondary raw material considerably lowers the carbon footprint of the steel production process and thus saves society from potential future environmental damage.

About Stainless Steel

Stainless steels are a special kind of alloyed steels. According to industry standards, an alloyed steel may be called stainless steel if it contains more than 10.5% chromium and less than 1.2% carbon. Many stainless steels – there are more than 250 different grades – contain nickel and molybdenum that are added to obtain desired material properties, such as formability and increased corrosion and heat resistance.

Stainless steels are widely used and in 2019 worldwide production reached 52 Mill mt. Of this, approximately 55% or some 29 Mill mt were stainless steels with nickel contents of 8% and higher.

Due to their unique properties, stainless steels find their way into many different kind of uses, ranging from consumer goods, such as white goods, over food processing, medical and catering, to a wide range of industrial applications in petrochemical and energy, automotive and general transport as well as architecture, building and construction.

About Tool, High Speed Steels and Hard Metals

Tool and high-speed steels are special steels out of which tools are being made used in the processing of other metals and materials, such as forging, forming, machining, punching, milling, cutting, drilling, etc.

Hard metals are so-called cemented carbides, e.g. tungsten carbide, and are also used as tools in industrial manufacturing processes.

About Special Alloys and Superalloys

Special alloys are steels and non-ferrous alloys with special physical properties. These can be materials with permanent magnetic or soft magnetic properties, as well as so-called “Invar” alloys with low expansion coefficients.

Superalloys, also high-performance alloys, are materials that are known for their heat and creep resistance as well as corrosion and oxidation resistance. Superalloys comprise a range of various nickel, nickel-iron, cobalt and other alloys. A typical application environment is a high temperature and corrosive, such as in jet and gas turbines.

About Titanium and other (pure) Metals

Titanium is a metal with low density – and as such light weight – high strength and high corrosion resistance. Together with stainless steels, nickel-base and superalloys, titanium and its alloys are broadly characterized as corrosion resistant alloys. Applications are dominated by usage in the aerospace segment, e.g. as structural component for building an airplane’s fuselage.

Other (pure) metals comprise, amongst other, the so-called refractory metals, like molybdenum, tungsten, chromium, niobium, tantalum and zirconium. They are called refractory metals as they have an extremely high melting point of 1,900°C and higher. Applications are largely of industrial nature.

MARKET ENVIRONMENT & ELG PERFORMANCE

Market Environment

In 2019, global economic growth was at its lowest level since the global economic crisis of 2008 and 2009. World trade stagnated, while industrial production in industrialized countries entered a pronounced phase of weakness.

Global industrial production rose only marginally in 2019. Worldwide, an increase of only less than 1 percent was achieved. In this environment, both stainless steel demand and stainless steel production have come under significant pressure, especially in the industrialized countries. Stainless steel production outside China slumped by 8 percent compared to the previous year and faced the weakest stainless steel economy since the global economic crisis ten years ago.

In the European segment, weak demand coincided with high import pressure due to ineffective safeguard measures. In Europe, e. g., stainless steel production slumped by 8 percent. China, by contrast, increased its stainless steel production by around 10 percent in 2019. This increase more than compensated for the slump in the industrialized countries but led to a considerable buildup of inventories within the country. As a result, stainless steel production worldwide increased again in the past fiscal year, reaching a level of 52 million tons. At around 1.5 percent, the growth rate is one of the lowest in the past decade. Only in 2015 and in the years 2008 and 2009 during the global financial crisis was the development even weaker.

The aerospace industry was able to hold its ground once again, even in a weak macroeconomic environment. The high order backlog over several years of the major Original Equipment Manufacturers (“OEMs”) in the market segment, Airbus and Boeing, sustainably supported aircraft production and thus the demand for materials. Production cutbacks for the Boeing 737 Max aircraft type dampened development but had no lasting negative effect on the upstream supply chain in the past fiscal year. The corresponding titanium and superalloy materials continued to enjoy high demand in 2019.

ELG Performance

In the past fiscal year, ELG focused on the strategic long-term development of the company and consistently pursued and implemented many projects and programs that will strengthen the company's future in the long term.

As part of the further development of its own portfolio, ELG acquired the remaining shares in Iberinox Recycling Plus in September, thereby strengthening its position in the Spanish market segment. Iberinox Recycling Plus emerged in 2018 from Iberinox 88, one of the leading Spanish companies for trading and processing stainless steel scrap and has since been run as a joint venture between ELG and Iberinox 88. In April 2019, ELG also transferred its ELG Carbon Fibre business unit to a joint venture with Mitsubishi Corporation. This will give ELG Carbon Fibre access to potential customer groups in the important markets of Asia and North America and enable it to push ahead with the further development of its product portfolio.

Overall, ELG has thus successfully set the course for a sustained positive development of the company. In 2019, ELG was already able to record the first positive effects from the projects and programs it has implemented. However, these were outweighed by the significant deterioration in the market environment compared with the previous year – the weakest since the global economic crisis in 2009 – in the segments and regions relevant to ELG. As a result, ELG was unable to match the sales level of the previous year and, with an initial tonnage of approximately 1.3 million tons, was 13 percent down on the previous year and thus well below expectations at the beginning of the year.

OVERVIEW SELECTED PERFORMANCE INDICATORS

Figure 03

Total tonnage in million metric tons



Figure 04

Alloys tonnage in million metric tons



Figure 05

Turnover in EUR million



Figure 06

Profit before taxes in EUR million



At EUR 1.6 billion, sales of the ELG Haniel Group were 13 percent below the previous year's sales of EUR 1.8 billion due to price and volume factors. The company has a solid balance sheet structure and an equity ratio of 30,4%. To find out more about ELG's activities and business situation, please see HANIEL's Annual Report 2019 (www.haniel.de/en/investors-media/financial-reports/consolidated-financial-statements/).

While our business model itself contributes to a sustainable environment, ELG contributes to society by adding value and generating labor. “Annual Value Added” can be considered as a company’s direct monetary contribution to society as shown in the following table:

Contribution to Society		
Economic Value Added, by Business Area (EUR million)		
	2019	2018
ELG Group	1,574	1,805
Stainless BU	1,338	1,566
ELG Utica Alloys	233	233
Economic Value Added, by Region (EUR million)		
Europe	896	1,010
Americas	572	673
Asia & RoW	108	123
Direct Employment by Business Area (Headcount: Number of People)		
ELG Group	1,380	1,380
Stainless BU	797	739
ELG Utica Alloys	523	520
Direct Employment by Region (Headcount: Number of People)		
Europe	707	718
Americas	551	552
Asia & RoW	122	114

The report covers all global ELG Haniel Group companies as listed below.

ELG Haniel Group

Legal Entities

- Eisenlegierungen Handelsgesellschaft mbH, Duisburg, Germany
- ELG Denmark Holding A/S, Aabenraa, Denmark
- ELG Denmark A/S, Aabenraa, Denmark
- OOO "Ocean", St. Petersburg, Russian Federation
- ELG Recycling Processors Pty. Ltd., Campbellfield, Australia
- Jewometaal Stainless Processing B.V., Rotterdam, Netherlands
- Figespa S.A.S., Lyon, France
- Ferinox S.A.S., Lyon, France
- Iberinox Recycling Plus S.L., San Roque, Spain
- MA Immobiliare Rogeno s.r.l., Milan, Italy
- Inoxtrade S.A., Madrid, Spain
- ELG Utica Alloys International GmbH, Duisburg, Germany
- ELG Utica Alloys Ltd., Rotherham, United Kingdom
- ABS Alloys & Metals SA (Pty) Ltd., Johannesburg, South Africa
- Marsmetl SAS, Saint-Ouen-L'Aumône, France
- ELG Utica Alloys Singapore, PTE. Ltd., Singapore
- Hong Kong Alloys International Ltd., Hong Kong, China
- Shaanxi Hang Yu Alloys Co. Ltd., Xian City, China
- ELG Utica Alloys Holding Corp., Herkimer, USA
- ELG Utica Alloys Inc., Herkimer, USA
- ELG Utica Alloys (Hartford), Inc., Hartford, USA
- ELG Utica Alloys (Monroe), LLC, Monroe, USA
- ABS Industrial Resources Ltd., Rotherham, United Kingdom
- ELG Utica Alloys de México S. de R.L., Mexicali, Mexico
- ELG Haniel Metals Ltd., Sheffield, United Kingdom
- ELG India Private Ltd., Mumbai India
- ELG Metals Taiwan Corp., Kaohsiung, Taiwan
- ELG Japan Inc., Funabashi, Japan
- ELG Legima spol. s.r.o., Brno, Czech Republic
- ELG International Holding B.V., Rotterdam, Netherlands
- ELG Haniel Metals Corp., Pittsburgh, USA
- ELG Haniel Finance Inc., Wilmington, USA
- JS Processing Co. Ltd., Japan, Osaka, Japan
- ELG Metals Inc., Pittsburgh, USA
- ELG Ireland Alloys Inc., Houston, USA
- ELG Canada Inc., Burlington, Canada
- Heric Ferrochrome Pty. Ltd., Brits, South Africa
- ELG Carbon Fibre International GmbH, Duisburg, Germany
- ELG Carbon Fibre Ltd., Cosely, United Kingdom

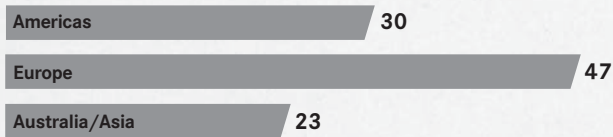


Figure 07
ELG operations

GRI SRS 102-4, -6, -7 ←



International Sales 2019 in percent



1 EUROPE Duisburg, Karlsruhe, Dresden, Minden, Düsseldorf, Rotterdam, Sheffield, Hyde, Darlaston, Gloucester, Barking, Rowley Regis (CSR), Irvine, Mexborough, Manvers / Rotherham, Sheffield, Coseley, Limay, Lyon, Toulouse, Rogeno, Rodekro, Madrid, Algeciras, Barcelona, Bilboa, Madrid, Brno, St. Petersburg **2 AMERICA** McKeesport, Houston, Mobile, Los Angeles, Chicago, Louisville, New York, Herkimer, Hartford, Monroe, Burlington, Mexicali
3 & 4 ASIA Shanghai, Xi'an City, Singapore, Mumbai, Oyama City, Osaka, Kita-Kyushu, Tokyo, Yokohama, Kaohsiung **5 AUSTRALIA** Melbourne, Sydney **6 AFRICA** Johannesburg, Brits

• ELG yard / office • ELG joint venture



GRI SRS 102-4, -7 ←

/03

CORPORATE SOCIAL RESPONSIBILITY

STAKEHOLDER-DIALOGUE

The constant exchange with our stakeholders provides us with crucial information necessary for aligning the company and defining our sustainability goals. Through this dialogue, we learn about our stakeholders' demands and thereupon are able to derive measures and actions.

Our most important stakeholder groups are closely connected to our company and its success and can influence it either directly or indirectly. For our company, these are still:

Our employees

Through their commitment to our company, they contribute to our success on a daily basis.



Carbiso™ C Chopped Carbon Fibre

Our suppliers

We value a trusting cooperation and strive for a longterm business relationship with our suppliers.

Our customers

We want to win our customers over by providing high quality products at the right time, in the right quantity and at the right place.

Our commercial banks

Since our business is well-funded through long-term financing, the opinion of our partner banks is also important to us.

Our shareholder Franz Haniel & Cie.

As a 100% subsidiary of the Haniel Group, we orientate ourselves strongly towards the goals of the group, particularly regarding our sustainability goals.

In 2019 we decided to conduct another stakeholder survey. The aim of this renewed dialogue was on the one hand to redefine the relevant topics and on the other hand to check whether current topics we already worked on should be pursued with the same priority.

In the end, we stayed with the selection of our essential aspects in the 20 topics from the last survey. These remain relevant and of particular importance for the success of our business and our various stakeholders.

Our 20 key topics have been formulated in alignment with our focus areas, namely

- Operational focus
- Compliance focus
- Employee focus and
- Commercial focus

As in our last stakeholder dialogue, this time we included representatives of every interest group as well.

Figure 08
STAKEHOLDER DIALOGUE



On behalf of our shareholder Franz Haniel & Cie. the members of the board participated in the survey. 30% of the result was included in the overall rating.

CR STRATEGY AND MATERIALITY

In the renewed survey of the stakeholders and subsequent evaluation of the topics by the ELG management, we noticed a change in the prioritization of individual topics.

Data and environmental protection and security of supply were rated significantly higher by our stakeholders as well as from an ELG perspective than a few years ago in the last survey.

The result of the survey enables us to identify the essential topics and to decide which ones we will work on.

Figure 09

Sustainability Materiality Matrix and clusters



GRI SRS 102-44, -46 ←

Legal changes and a changed perception of environment protection have also affected our business. The mandatory introduction of the General Data Protection Regulation in Europe in 2018 meant that we have increasingly taken measures to protect the personal data of both our employees and our business partners.

Moreover, sustainability as a whole and in this context, of course, environmental protection, are subjects perceived much stronger in society. Because we are convinced of this as well, we currently work on examining and evaluating all options and measures to make our company climate-neutral by 2030.

Security of supply has also become more important in recent years. A strong supplier loyalty is crucial in our business, which is why it is particularly important for us to establish and strengthen long-term and trusting supplier relationships.

In addition to the newly prioritized topics, we continue to work on our traditional key areas of activity.

The table below clearly shows that these are in line with both the five aspects of the CSR directive – Environment, Employees, Social Matters, Human Rights and Anti-Corruption and Bribery – as well as the SDGs (UN Sustainability Development Goals).

Focus Areas	Operational Focus	Compliance Focus	Employee Focus	Commercial Focus
Prioritized sustainability topics	<ul style="list-style-type: none"> Environmental Protection Quality of products and services Radioactivity Protection Control 	<ul style="list-style-type: none"> Integrity and Compliance Avoidance of corruption 	<ul style="list-style-type: none"> Occupational Health and Safety Responsible Employer 	<ul style="list-style-type: none"> Security of supply Compliance with Standards in Supply Chain Data Protection Sustainable Increase in Corporate Values
CSR-directive	<ul style="list-style-type: none"> Environmental matters 	<ul style="list-style-type: none"> Anti-corruption and bribery matters Respect for human rights 	<ul style="list-style-type: none"> Employee matters Social matters Respect for human rights 	<ul style="list-style-type: none"> Environmental matters Employee matters
SDG's		 	     	 

/04

FOCUS AREAS

OPERATIONAL FOCUS

Environmental protection, the quality of our products and services and controls as protection against radioactivity are important fields of action according to our materiality matrix.

The climate is massively impacted by human activity, climate change has a powerful effect on ecosystems and, as a result, on societies as well. ELG understands its responsibility for the climate: A large portion of global CO₂ emissions is created during the production and consumption of products as well as the provision of services.

Our business model makes us an essential part of the processing cycle for different types of scrap. We collect the scrap from our suppliers, process it fitting precisely the needs of our customers and feed it back to the smelters. This is how we ensure a closed cycle. Though our direct influence on the level of CO₂ emissions in the production of high-quality materials is minimal, our commitment remains unabated. The biggest lever in



Roman Busch, Yard Manager (Eisenlegierungen HmbH – Duisburg, Germany)

this context is to convince customers to increase the proportion of scrap in their production process. And our customers' efforts to make their processes even more climate-friendly are impressive indeed.

ENVIRONMENTAL PROTECTION

For this reason and in order to go one step further in sustainability, we worked on a study with the environmental experts from Fraunhofer UMSICHT in Oberhausen in 2014. The result was to better calculate the greenhouse gas emissions saved per material from the ELG product portfolio – Inconel, Titanium, carbon fibres and stainless steels.

The study highlighted the significant positive effects that recycling service providers like ELG can have if recycled material is used in the production process instead of primary raw materials.

Subsequently, we decided to continue this study and, again with Fraunhofer UMSICHT, to examine the various superalloy materials in more detail worldwide. Due to the diverse logistics channels and different lines of action in the superalloy business, the data collection and its evaluation dragged on until spring 2020.

While we continue to use the data from the 2014 study to determine CO₂ savings for our stainless steel and carbon fibres product areas, in this report we can for the first time refer to the results of the second study with a focus on superalloys.

By covering Stainless Steel, Carbon Fibre as well as Super Alloys in our German and UK cluster, we can report the CO₂ savings for our most important products, with the with the share of total production of 83%. (1.08t of a total of 1.30t)

We use mostly secondary raw materials for our production processes, the recycling rate is 100%.

Product Group	Product	Tonnage scrap (t)	Savings (t CO ₂ eq / t _{output})	CO ₂ Savings (t CO ₂ -eq)
Stainless Steel	304	916,731.00	3.867	3,378,383.83
	316	135,367.00	4.505	581,205.04
Super Alloys	Inconel 718			
	• German Cluster	1,241.00	8.604	9,795.93
	• UK Cluster	2,418.00	8.719	20,271.68
	• Global Benchmark	8,607.00	8.617	69,314.50
	TI 6-4			
	• German Cluster	3,351.00	14.606	37,941.63
	• Global Benchmark	14,640.00	14.515	174,180.00
Carbon Fibre		297.85	24.797	6,647.21
Total		1,082,652.85		4,277,739.83

Stainless Steel

In our 2014 study, the two popular product groups AISI 304 Steel and AISI 316 Steel (corrosion resistant steel) from the stainless steel sector were evaluated. In it, the carbon footprint per ton of primary raw material is calculated with 4,464kg CO₂ equivalent (CO₂-eq) for AISI 304 Steel and 5,128kg CO₂-eq for AISI 316 Steel. By contrast, the greenhouse gas emissions from recycled AISI 304 Steel are set with 596 kg CO₂-eq/ton and those from AISI 316 Steel with 623 kg CO₂-eq/ton. If we replace 1 ton of untreated AISI 304 Steel with 1 ton of 100% recycled AISI 304 Steel, we reduce the carbon footprint by 3,867kg; the theoretical savings with AISI 316 Steel are 4,505kg CO₂-eq. On this basis, we can report the following CO₂ savings for these two product groups in 2019:

AISI 304 STEEL 3,378,383 TONS CO₂-eq
AISI 316 STEEL 581,205 TONS CO₂-eq

Carbon Fibre

Unlike metals, carbon fibres cannot be recycled without loss of quality yet. However, recovered or recycled carbon fibres are still a perfect resource for a variety of applications.

If one considers that 1 ton of recycled rolled fibres only replace 95% of the polyacrylonitrile-based (“PAN”) carbon fibres, the greenhouse gas emissions are reduced to 29,450 kg CO₂-eq. The recycling process for 1 ton of rolled fibres causes greenhouse gas emissions of 4,653 kg. The greenhouse gas savings therefore add up to around 24.8 kg CO₂-eq. 99% of the CO₂ that is released during the production of recycled carbon fibres can be used in the recycling process. Of these, the inevitable exhaust gas treatment is responsible for approximately 60% of total greenhouse gas emissions, followed by the electricity required to heat the furnace (33%) and the emissions caused by the combustion of contaminants (6%). On this basis, we can report the following CO₂ savings for this product group in 2019:

CARBON FIBRES 6,647 TONS CO₂-eq

Super Alloys

So far, as results of the first study, we only had to our disposal examinations of Titanium 6-4 and Inconel 718 as turnings from the Duisburg location. Thanks to the second study, we now also have detailed data on Titanium 6-4 and Inconel 718 as turnings and solids from Duisburg (D), Rotherham (UK) and Hartford and Herkimer, USA (as the benchmark value for the locations Frankfurt and Monroe, USA, France, Japan and Singapore).

The aim of this new study was, on the one hand, to compare the specific CO₂ savings of the material flows of Inconel 718 and Titanium 6-4, and on the other hand, to show the greenhouse gas emissions of recycled scrap in contrast to the use of primary raw materials.

We looked at the following locations with the corresponding products:

Inconel 718

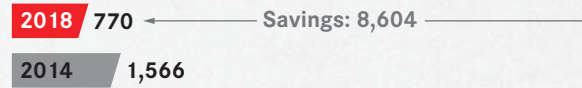
Global warming impact German cluster

Figure 10

Primary Inconel 718



Secondary Inconel 718



- The overall greenhouse gas emissions to produce primary Inconel in 2018 is **9,633 CO₂-eq./t_{Output}**
- The overall greenhouse gas emissions to produce primary Inconel 718 in 2014 was **8,507 CO₂-eq./t_{Output}**
 - This is a 13 % increase
- Savings per t recycled Inconel 718 compared to virgin Inconel 718
 - **8,604 kg CO₂-eq./t_{Output}**
- Input scrap per t recycled Inconel 718
 - **1.09 t** scrap per t recycled Inconel 718

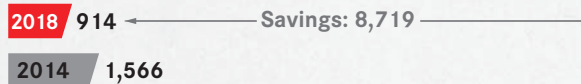
Global warming impact UK cluster

Figure 11

Primary Inconel 718



Secondary Inconel 718



- The overall greenhouse gas emissions to produce primary Inconel in 2018 is **9,633 CO₂-eq./t_{Output}**
- The overall greenhouse gas emissions to produce primary Inconel 718 in 2014 was **8,507 CO₂-eq./t_{Output}**
 - This is a 13% increase
- Savings per t recycled Inconel 718 compared to virgin Inconel 718
 - **8,719 kg CO₂-eq./t_{Output}**
- Input scrap per t recycled Inconel 718
 - **1.04 t** scrap per t recycled Inconel 718

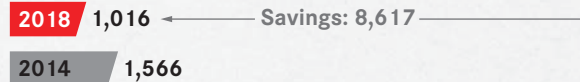
Global warming impact global benchmark (USA)¹

Figure 12

Primary Inconel 718



Secondary Inconel 718



- The overall greenhouse gas emissions to produce primary Inconel in 2018 is **9,633 CO₂-eq./t_{Output}**
- The overall greenhouse gas emissions to produce primary Inconel 718 in 2014 was **8,507 CO₂-eq./t_{Output}**
 - This is a 13% increase
- Savings per t recycled Inconel 718 compared to virgin Inconel 718
 - **8,617 kg CO₂-eq./t_{Output}**
- Input scrap per t recycled Inconel 718
 - **1.07t** scrap per t recycled Inconel 718

On this basis, we can report the following CO₂ savings for this product group in 2019:

INCONEL 718 99,382 TONS CO₂-eq

¹ Benchmark value for the locations Frankfort and Herkimer, USA, France, Japan and Singapore

Titanium 6-4

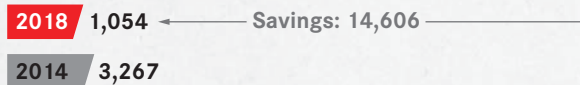
Global warming impact German cluster

Figure 13

Primary titanium



Secondary titanium (100% scrap)



- The overall greenhouse gas emissions to produce primary Titanium 6-4 in 2018 is **16,294 CO₂-eq./t_{Output}**
- The overall greenhouse gas emissions to produce primary Titanium 6-4 in 2014 was **16,957 CO₂-eq./t_{Output}**
 - This is a 4% decrease
- Savings per t recycled Titanium 6-4 compared to virgin Titanium 6-4
 - **14,606 kg CO₂-eq./t_{Output}**
- Input scrap per t recycled Inconel 718
 - **1.29t** scrap per t recycled Inconel 718

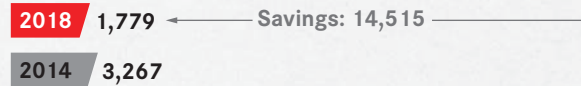
Global warming impact global benchmark (USA)¹

Figure 14

Primary titanium



Secondary titanium (100% scrap)



- The overall greenhouse gas emissions to produce primary Titanium 6-4 in 2018 is **16,294 CO₂-eq./t_{Output}**
- The overall greenhouse gas emissions to produce primary Titanium 6-4 in 2014 was **16,957 CO₂-eq./t_{Output}**
 - This is a 4% decrease
- Savings per t recycled Titanium 6-4 compared to virgin Titanium 6-4
 - **14,515 kg CO₂-eq./t_{Output}**
- Input scrap per t recycled Inconel 718
 - **1.22t** scrap per t recycled Inconel 718

On this basis, we can report the following CO₂ savings for this product group in 2019:

TITANIUM 6-4 212,122 TONS CO₂-eq

The overall greenhouse gas emissions savings for ELG referring to the material flows covered by the study cited are calculated by multiplying the number of recycled products produced from scrap in one year with the specific greenhouse gas emissions savings of the investigated materials.

¹ Benchmark value for the locations Frankfort, USA, France, Japan and Singapore

The total calculated greenhouse gas emissions savings realized by ELG in 2019 were **4,277,740 tons of CO₂-eq** – stainless steel being the main driver due to the high recycling volumes.

QUALITY OF PRODUCTS AND SERVICES

The requirements of our customers set the quality standard and ELG delivers material exactly to their metallurgical and physical specifications, on time to the agreed location. We achieve this through the consistently high-quality level of our locations, which all work according to international quality standards. In order to be able to meet future requirements, we are continuously developing the standards in close cooperation with our customers.

For us, 2019 was much influenced by our strategy project. In early 2019 we decided to revise and adapt our corporate strategy in order to position ourselves even more efficiently and competitively for the future. In the course of this, we defined new long-term goals for 2025 and are now getting our teeth into the implementation of derived measures. These include e.g. the exchange of best practices between individual locations of the ELG Group and the identification of better standards. On the one hand, all these measures aim to further strengthen our core areas and improve our procedures. On the other hand, we revise our logistic footprint in the world and analyse which market segments we can enter in the future with our existing or new products and services.

In order to systematically control these extensive measures and ensure their success, in early 2020 we established a new project management office (“PMO”). The PMO coordinates all strategic operations in terms of time, resources and budget and reports to the ELG Haniel Board.

Meaningful key performance indicators (“KPIs”) for individual business areas help us to effectively control our company and to take timely countermeasures in case of deviations from the plan. These countermeasures result from a problem-solving process which, once initiated, investigates the cause of the deviation, or the reasons for the failure, in order to achieve the target values and resolve the problem sustainably. Appropriate standards help to secure the improved status.

RADIOACTIVITY ALARMS

In the past twenty years, ELG, as one of the first companies in the industry, has introduced ultra-modern radiation detection devices and we made their use mandatory in our locations worldwide. With the use of detection devices for incoming and outgoing material as well as for material that is moved within the company, we strive for the systematic application of the Triple Validation Scheme from ELG. In order to measure the success, we monitor the internal radioactivity alarms in accordance with the ELG radiation directive.

The purpose of this guideline is to minimize the risk of radioactive contaminants entering our customers' production processes. No company within the ELG Group may receive, accept, process or sell material that has not been properly checked for radioactivity. Our measuring devices are adjusted in such a way that they work even with extremely low radiation and alert the staff, even when this low radiation is harmless to health. In the event of an alarm, the responsible employees of ELG are trained to act in accordance with ELG's own radiation principles and procedures.

In early 2019, our location in Rotterdam, Jewometaal Stainless Processing B.V., provided a good example for the functioning of our radioactivity tests and measuring devices. One of the vehicle radiation detectors showed a very high level of radioactivity even though there was no vehicle around. In accordance with our radiation instructions, the person responsible for radioactivity had the location evacuated immediately. This proved to be a good decision as there were three cobalt-60 sources with extremely high radiation levels (the highest radiation levels found in Europe) found in a container in the parking lot.

04 / FOCUS AREAS OPERATIONAL FOCUS

After the sources found had been sorted out, packaged and analyzed, the Dutch government paid a huge compliment for prudent action.

Despite this very good performance, sadly we were not able to keep the positive trend of recent years. In 2019 we had to record 11 external alarms with our customers. The year before there had been only 7. Each of these 11 alarms was thoroughly examined and analyzed with the customer. Two of these alarms were alpha emitters, which are not 100% detectable with the current state of the art equipment.

Ideally, of course, we would like to see zero alarms among our customers. That is why we are constantly working on improving our technology. For example, ELG Metals Ltd., UK, work closely with a provider to develop radiation detection systems that also detect Americium. A new type of detector has recently been attached to one of the material cranes, the first of its kind in the world.

We are confident that our efforts on this front will yield tangible benefits, and we keep working hard to achieve our zero alarm goal.

ADDITIONAL MEASURES

All our locations work to reduce the carbon footprint. Our location in Melbourne, e. g., has installed a solar system that makes it possible to completely balance the location's electricity consumption. All lighting was replaced by LEDs and the air conditioning system was replaced by a new, more energy-efficient system.

ELG Taiwan recycles the water used for the cooling processes. The factory wall was raised to reduce air pollution in the neighborhood and a second dust collector system was installed to create a better working environment.

ELG Carbon Fibre, UK, has installed a new abatement system that is expected to reduce energy consumption by 30% per kg of processed material.

Four locations in our superalloys division have also switched to LED lighting. At ELG Utica Alloys the process water is also treated and reused.

ELG Metals Ltd., UK, uses rainwater collected in special collecting containers in their sanitary facilities. Solar systems for energy generation are in operation and infrared sensors have been installed to avoid lighting in empty rooms.

Finally, ELG Metals Inc., USA, has a new scrap yard in Houston. The modern production facility is located on Houston's Buffalo Bayou and has direct port access, which avoids internal transport between yard and port.



Juliane Faber, Compliance & Legal Counsel (ELG Haniel GmbH – Duisburg, Germany)

COMPLIANCE FOCUS

Compliance is an essential part of ELG´s DNA and a top priority of our management and our stakeholders.

As a leading company in our industry, we are well aware of our social, ethical and personal responsibility and strongly demand integrity and compliant behavior as the leading value to maintain our high standards in daily business.

The trust our business partners place in us is not only based on our employee´s excellent skills, but also on the absolute integrity we conduct our business with.

In order to make our contribution to an ethical business environment ELG commits to fair business practices without compromise to keep Compliance reality.

All core Compliance principles can be found in our ELG Code of Conduct (“Six Principles” (page 9)).

COMPLIANCE AT ELG

ELG Group’s central Compliance tool and fundament for all Compliance efforts is our ELG Compliance Management System („ECMS“). In the Compliance section of this report we therefore once again wish to put the emphasis on this core piece and the Compliance measures we have implemented on its basis.

ECMS

Our state of the art ECMS is designed to effectively prevent, detect and mitigate all relevant Compliance risks while adopting a risk-based approach. Therefore, we focus on raising awareness, generating knowledge by providing all relevant information and creating a sustainable speak-up culture within the entire Group. In doing so, ELG aims to empower all its Group companies and every single employee to assume responsibility for a compliant business behavior. ELG constantly works on improving its ECMS by taking further Compliance measures based on its risk exposure and business environment.

Consequently in 2019 ELG implemented a central e-mail access point under the address "Compliance@elg", which shall function as another tool for employees to provide information concerning any identified Compliance issues besides the already existing central Compliance Helpline. Both points of contact can be contacted by all employees globally in case of any alleged breach of laws, governmental regulations and internal corporate guidelines and can be found prominently on the ELG intranet.

Compliance is part of ELG's DNA. To even more anchor Compliance within ELG, the Legal & Compliance Department was expanded. After intense recruiting research the position could be filled with an experienced lawyer starting in February 2020.

During the reporting period there were no legal actions pending or completed against ELG regarding anti-competitive behavior and violation of anti-trust and monopoly legislation.

Trainings and Workshops

E-Learnings, Compliance Trainings for Key Employees in Onboarding Process

In order to further sharpen the awareness and intensify knowledge on core Compliance topics ELG provides global Compliance E-Learnings for all employees with business e-mail access. As part of their onboarding process new employees mandatorily need to complete the trainings “Prevention of Corruption“, “Anti-Discrimination” and “Antitrust” within two weeks after joining ELG. In 2019, ELG additionally developed and rolled out the new module “Data Protection” worldwide to particularly strengthen the knowledge about all relevant GDPR requirements.

So far more than 2.500 E-learnings were successfully completed within the ELG Group.

In addition to the E-Learnings and as another important part of the onboarding process new key employees receive customized face-to-face Compliance trainings based on their individual risk exposure.

Local Compliance Trainings; Tone from the Top Trainings

Local face-to-face Compliance trainings are one of the core elements of the ECMS and pick up predominant Compliance topics such as Anti-trust, Fraud, Corruption and Money Laundering. ELG conducts regular local Compliance trainings at all ELG group locations that are selected based on Compliance Risk Matrices and therefore by their constantly assessed risk rating. In 2019 ELG conducted such trainings in Taiwan, Singapore, Russia, France, UK and Spain.

Furthermore, to ensure the ELG Compliance message cascades down through the whole organization, ELG Board Members communicate their Tone from the Top by outlining Compliance risks and their mitigation approach at every opportunity during their meetings at ELG entities worldwide. As an example, as part of an Asia Meeting in spring 2019, ELG Group CEO Detlef Drafz discussed with all Asian Managers the 6 Principles of ELG (the ELG Code of Conduct), the Competition Dos and Don'ts and emphasized the importance of a Speak Up-Culture and ELG's zero tolerance approach regarding Compliance violations.

Compliance Workshops

To implement Group Compliance measures and also to support local Compliance topics, ELG regularly conducts Compliance workshops focusing on country- and business-specific risks.

So, in 2019, as a part of the acquisition process of the new company in Spain ELG – supported by a specialized and experienced local law firm – conducted an extensive Compliance Due Diligence, followed up by an implementation program including local Compliance trainings, that focused on internal rules as well as country-specific laws and regulations.

Anti-Fraud Measures

In order to effectively address fraud-related risks ELG in 2019 implemented the “fraud@elg” inbox, that allows all employees to inform the Group about potential fraud attempts. The inbox is observed at all times to immediately respond to fraud attacks and inform the entire Group via Shared Matter. Furthermore, the inbox is analyzed on a quarterly basis to identify repeating fraud attempts and to enable ELG to take all required actions (e.g. draft or update internal guidelines; send out Shared Matters, etc.). Within this framework various unsuccessful fraud attempts were identified and risks were mitigated.

ELG and its shareholder, Franz Haniel and Cie. GmbH, also implemented the so-called “Fraud Task Force”, that safeguards the transfer of information between the Haniel business divisions and sensitizes Haniel-group-wide about all fraud-related topics and provides further support. ELG is constantly reporting relevant fraud attempts to the Fraud Task Force on a case by case basis.

In order to further raise awareness for fraud-related issues Haniel initiated a Group-wide awareness campaign among employees on fraud risks in payment processes. This campaign is addressed to management members as well as employees involved in the respective processes. The campaign consists of educational videos explaining and illustrating topics such as Fake President-Fraud, IT-Security, Phone Scam, Social Engineering and Payment Fraud and was well adopted by ELG employees.

Rules of Procedure („RoP“)

The RoP contain all relevant Guidelines and Regulations as the core instrument for local managers to oversee their respective obligations. They represent ELG's Governance and cover the areas Risk Management, Compliance, Internal Control System and Internal Audit and describe in detail all mandatory measures for and competencies of the ELG subsidiaries. In 2019, ELG updated the RoP effective for all legal entities with effect from March 1st, 2019. The updated RoP shall further reduce inherent risks and define responsibilities, approval, cooperation and reporting requirements.

For better comprehension and handling of the RoP ELG in 2019 rolled out the interactive training tool "Awareness Enhancement Training". This video-based e-learning tool is addressed to the local management and provides practical support and further explanation on how to implement and adopt the RoP in the local business.

Anti-Corruption Measures

During the reporting period all 55 ELG operations were assessed for corruption-related risks. No significant findings and severe risks have been identified throughout the assessment.

In order to keep the awareness level high, anti-corruption policies and procedures have been communicated to all employees and members of our Board of Directors. Our Code of Conduct ("6 Principles") has been communicated to potential business partners through our website and our customers received further information on request.

Since its rollout in 2015, all members of Board of Directors and employees with business e-mail access worldwide were trained on the "Prevention of Corruption" E-learning module. In the 2019 reporting period, all new employees and members of the Board of Directors passed the E-learning (100% completion rate, total of 86: Asia 3, Africa 4, Europe 52 and USA 27).

Ongoing Shared Matters Campaigns

ELG continuously runs the “Shared_Matters@ELG” campaign, which is an instrument to effectively and swiftly inform the entire ELG Group about topics of relevance and ensures constant knowledge exchange. Circulating e-mails informing about current Compliance issues helps ELG to spread learnings and provide early warnings across the ELG Group in a quick and uncomplicated way.

In 2019, Shared Matters picking up the topics “Phishing Email, Fraud via email link, Takeover of the e-mail mailbox“, “Corporate Identity Theft” and “Pre-Payments” were issued.

Interdisciplinary Cooperation

Within ELG, Compliance, Legal and Internal Audit work hand in hand in order to maintain a robust Compliance Management System.

Internal Audit conducts regular on-site audits in order to detect local weaknesses and to assess the proper implementation of the ECMS so that the high standard can be secured. In 2019 Compliance and Internal Audit particularly cooperated closely in the course of the Awareness Enhancement Campaign, that resulted in the “Awareness Enhancement Training” designed to improve the handling of the updated RoP by the local management and was well received.

Rollout of Competition Dos and Don'ts

As Competition Law violations pose a significant risk in ELG's business environment, ELG in 2019 developed and rolled out the "Competition Do's and Don'ts" one pager, that illustrates in a nutshell and in a practical format all relevant recommended actions for employees in sensitive business areas.

COMPETITION DOS AND DON'TS

COMPETITION DOS
@TRADE ASSOCIATIONS

1. Coordinated behaviour

a) Pricing and production

- DO make independent decisions on pricing, strategy, customers, and suppliers

b) Markets, customers and bids decisions

- DO compete vigorously and unilaterally for the business of new and existing customers

2. Exchange of competitively sensitive information

- DO distance yourself from any disclosure or attempt of disclosure of competitively sensitive information from a competitor:
 - DO unilateral disclosure of competitively sensitive information is prohibited (both the company disclosing and the company receiving the information can be sanctioned)
 - DO Stop the discussion as soon as there is a risk of disclosing competitively sensitive information
 - DO If the discussion continues, leave. If this takes place in a formal setting, make sure your objections AND departure are noted in the minutes
 - DO Call the legal team immediately to determine if any follow-up action is necessary
- DO keep track of the source where a customer occasionally passes information on competitors (including the JV or any company of parent group)

For further questions please contact:

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www.elg.de

COMPETITION DON'TS
@TRADE ASSOCIATIONS

1. Coordinated behaviour

a) Pricing and production

- DO NOT discuss or agree with competitors on:
 - DO prices charged to customers (including minimum prices, price ranges, price settings, pricing policies, price increases and benchmarks)
 - DO promotions, discounts or other type of price related behaviour
 - DO marketing or product development plans, including plans to reduce or expand output
 - DO quantities to deliver or not to deliver to customers
 - DO margins and prices to accept or reject in connection with the products supplied

b) Markets, customers and bids decisions

- DO NOT agree with competitors to allocate:
 - DO Markets, in respect of specific territories
 - DO Customers or categories of customers
 - DO Sources of supply – e.g. do not agree to split suppliers or agree on quantities to procure or not from specific suppliers
 - DO Number, level or frequency of bids as well as expected bids cannot be shared.

2. Exchange of competitively sensitive information

- DO NOT disclose competitively sensitive information to competitors:
 - DO There is a high risk if there is an exchange of data that is individualised (disaggregated), non-public and/or concerns future conduct (e.g. forward-looking elements of the participants' respective commercial strategies) or other sensitive market knowledge
 - DO The prohibition covers written or oral, formal or informal, express or tacit communications – even **informal and private discussions** can give rise to competition issues
 - DO It also covers non-public information relating to R&D or **intellectual property rights or know-how**
 - DO NOT encourage customers to actively and systematically find information about competitors for you
 - DO NOT use former colleagues/friends at the competition as a source of information

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www.elg.de

OTHER COMPLIANCE MEASURES

Bi-monthly conference calls (“Compliance Update Calls”) between all Chief Compliance Officers of HANIEL’s different business units ensure ongoing exchange of information including the spreading of best practices and the discussion of current Compliance issues.

A yearly Compliance workshop initiated by the HANIEL Chief Compliance Officer gives all relevant Compliance personnel of ELG and all other HANIEL business units the opportunity to come together and discuss about current legal and Compliance-related topics, supported by guest speakers from both national and international law firms.

ELG furthermore conducts regular Compliance Committee Meetings in which current Compliance issues are discussed and required mitigation measures are determined. The committee consists of the Board members, the Group Compliance Officer and the Head of Internal Audit and serves to ensure a common level of knowledge and enable interdisciplinary coordination and cooperation.

In 2019 ELG further enhanced its Compliance Reporting by setting standards and making Compliance a mandatory agenda topic for Management Meetings.

Through constant reviews and the adjustment of Compliance measures and the respective documentation ELG further ensures the value of its ECMS.

As examples for two of the many future steps to maintain the high level of our ECMS the review and redrafting of the “Know your Supplier Questionnaire” as well as the Risk Matrices can be mentioned.

The section “Compliance Focus” is of course just an overview of both the general and also the day-to-day Compliance topics a company like ELG has to handle. But with its robust ECMS and its constant development ELG is well-prepared to face any Compliance issues that may occur.



Gavin Hewitt, Operator (ELG Carbon Fibre Ltd. – Coseley, United Kingdom)

EMPLOYEE FOCUS

Health and safety, as well as ELG’s role as a responsible employer, are not only some of our key sustainability topics. They are also close to our hearts. Our employees’ health and well-being are extremely important to us. It is our belief that they should be of particular importance for any responsible employer.

OCCUPATIONAL HEALTH AND SAFETY

In late 2018, we launched a monthly online meeting for all health and safety responsible of the various locations or business areas, led by Karsten Müller, COO of ELG Haniel GmbH.

During these meetings, H&S responsible report on accidents at their locations during the previous month and explain which short-term but also remedial measures were put in place to avoid such accidents in the future. This way, all locations remain up to speed and can, if necessary, expedite preventive measures themselves. Apart from this, these meetings are of course used to share best practices concerning occupational safety, from personal protective equipment (PPE) to measures of maintaining health at the workplace. In order to remain in touch beyond these meetings, an online platform has been set up where all documentation, presentations and best practices are saved. All participants can access it at any time or upload their own stories. There is also a chat area for questions and issues to be discussed among colleagues and co-workers.

We continue to measure the success of our work with our Key performance indicator (“KPI”) “Lost time incidents per 1 million working hours”. This is calculated as follows:

Number LTI Accidents * 1,000,000

Total FTE (full-time equivalent) * Standard Working Time FTE per month

Standard Working Time FTE = 1,840 hours per year

04 / FOCUS AREAS EMPLOYEE FOCUS

We track this key figure on a monthly basis and break it down to individual locations or companies. If a location or company misses the target three months in a row or the full-year target is at risk, said location is required to initiate a problem-solving process in order to determine the cause of the increased number of accidents and to initiate remedial or preventive measures.

In addition to the LTI accidents, we have evaluated all first aid cases and medical treatment cases as well. We found that, on the one hand, we had to improve our personal protective equipment and, on the other hand, that we had to continuously tutor our employees to sharpen their awareness of the dangers at the workplace, especially in stress situations.

We aim to create an atmosphere in which the rules of safety and correct behavior at the workplace are an integral part of the daily routine and observed and lived by everyone.

Despite our efforts, we were unable to achieve our goal of a maximum of 15 LTIs per year. We were, however, able to improve the previous year's result from 18 LTIs to 16.25 LTIs. We regard this as a positive trend to be built upon. At this point it goes without saying, that the goal concerning occupational safety can be nothing less than zero accidents.

In terms of days of absence per employee, the result is 7.5 days per FTE (7.1 in 2018). This is a slight decline compared to the previous year, but exactly in line with our target of 7.5 days per FTE. For us, however, it is motivation enough to continue working hard to be a responsible employer.

Below are some examples of successful initiatives and programs carried out at various locations:

Eisenlegierungen HGmbH in Germany offer not only the annual flu vaccinations but also, according to region, vaccinations against tick bites.

In 2019, more work was also done to improve the framework conditions for sustainable occupational safety. Work and operating instructions as well as corresponding risk assessments were revised. The obligation to wear personal protective equipment was tightened even more. In addition, safety walks were introduced to demonstrate how to move around safely. Transport vehicles were modified (e.g. bluespot, reversing signal) to make them safer.

ELG Metals Ltd. in Sheffield, UK, has trained Mental Health First Aiders to help employees with mental health issues such as depression or anxiety. The company seeks to support the affected employees up to adjusting their respective job profile.

In 2019, workplace assessments regarding dust, smoke, noise, vibration, radioactivity and chemical substances were also carried out in order to determine whether employees are exposed to increased health risk. If this is the case, measures are taken immediately to remedy this.

Employees of ELG Metals Ltd. still have the possibility to buy a bike to stay fit and have the bill deducted tax free from their monthly salary.

Our locations in Australia offer a hotline which employees can call if there are problems. This is done completely anonymously, with the costs being covered by ELG. Moreover, hearing tests are mandatory for all blue collar workers.

ELG Utica Alloys in the United States also offers its employees support with mental crises and psychological problems. In addition, employees can take free non-smoking courses. Regarding continuous training opportunities, ELG Utica Alloys employees have access to the Tuition Assistance Program, a program in which the employer reimburses the costs associated with training. This strengthens employee loyalty and is also an effective argument when recruiting employees. It is particularly well received among ambitious applicants who accept more training as a means to educate themselves further.

At ELG Metals Inc. in the United States, some employees can work from home. This improves the work life balance. In some locations, a 4-day week was started, which also aims to improve the work-life balance. For the larger places (yards) there are in-house biometric screenings and flu vaccinations.

Many of our locations have a canteen with fresh meals at discounted prices. This gives the employees the opportunity of communal meals in a relaxed atmosphere which helps building the team spirit. Due to the decentralized structure of our organization, there are, within the legal framework of the individual country, various health insurance models, supplementary pension insurances and occupational medical examinations as well as occupational safety instructions and trainings for our employees.

RESPONSIBLE EMPLOYER

Our responsibility as an employer for over 1,380 employees, mainly in Europe and the Americas, is to conduct a dialogue with our employees to become an even better employer and to set focus on improvement possibilities.

In order to be able to communicate with each other despite the decentralized structure and to be able to quickly share information, a common intranet for the entire group called MyELG Intranet was set up in late 2019.

This platform allows information about new employees as well as new regulations and announcements to be communicated quickly and securely to all employees – to literally everyone. Even employees without online access can download the MyELG Intranet app to their private mobile phones or tablets and write, like and share posts. In addition, workspaces can be set up so that a team can work on projects together and share information. This simplifies collaboration across borders and time zones.

MyELG Intranet started in Germany in late 2019. Global set-up will commence in mid-2020. We are delighted to have finally established a medium which allows us to quickly reach all our employees with comprehensive information about all goings-on in our company.

We strive to be a responsible employer and to be attractive for potential applicants. That's why it is very important for us that our employees are content. Some locations have already started to query employee satisfaction by using a Net Promoter Score. The only question is: Would you recommend ELG as an employer? First, the results are evaluated. Then the dialogue with the employees will be sought in order to identify areas for improvement. In the long term, it is planned to conduct this employee survey twice a year across the group.

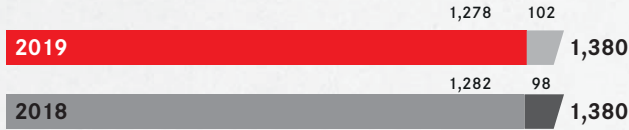
Jewometaal in the Netherlands offers support for employees with debt problems. This results in lower absenteeism and the retention of good employees.

The company also recently shifted to a pension scheme with a flexible choice regarding the investment funds and the possibility of extra payments in the funds. In case of (partly) disability of the employee the payment of the pension premium will continue until pension date as part of an insurance agreement between pension insurer and employer. In case of death of the employee there is an insurance policy in place that pays the partner a fixed benefit to compensate for the fall in income.

As the satisfaction of all our employees is important to us, at Eisenlegierungen HGmbH in Duisburg, in 2019 we once again recruited 18 temporary workers as permanent employees in order to offer them a perspective for the future, 16 at Eisenlegierungen HGmbH and 2 at ELG Utica Alloys GmbH in Duisburg.

Figure 15

Total Headcount ^{1, 2, 3} Status per end of the year



2019: ■ Regular employees ■ Executive staff
2018: ■ Regular employees ■ Executive staff

Figure 16

Gender structure (total)

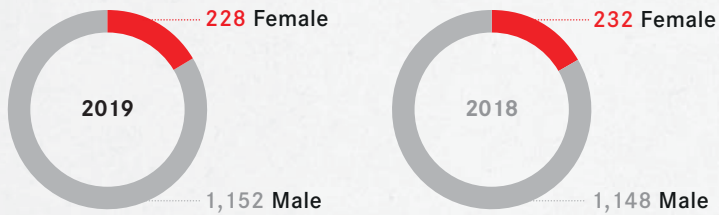
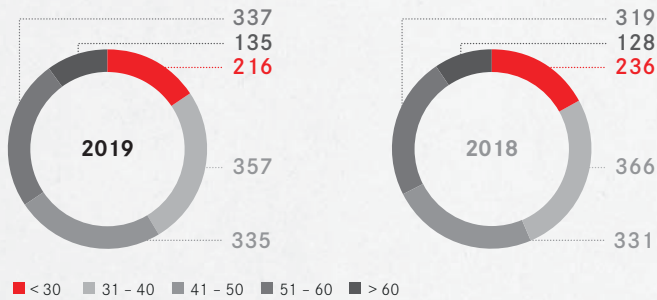


Figure 17

Age structure



■ < 30 ■ 31 - 40 ■ 41 - 50 ■ 51 - 60 ■ > 60

¹ A breakdown of permanent and temporary employment contracts is only available for Germany: 256 permanent contracts / 18 temporary contracts (thereof: 9 trainees).
² All regular ELG employees are paid at non-tariff contracts, while our hourly workers are all paid according to local tariff agreements.
³ Fluctuation rate: In 2019 229 employees left the company. For an initial stock of personnel of 1,380 the fluctuation rate is 16.6%. In 2019 277 new employees joined ELG.

Figure 18

Structure by type of contract

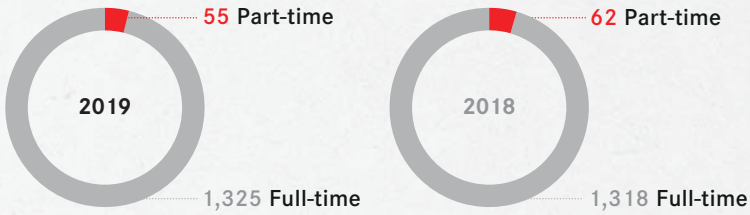


Figure 19

Regional structure

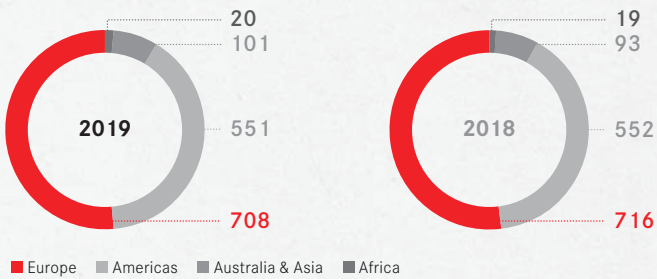
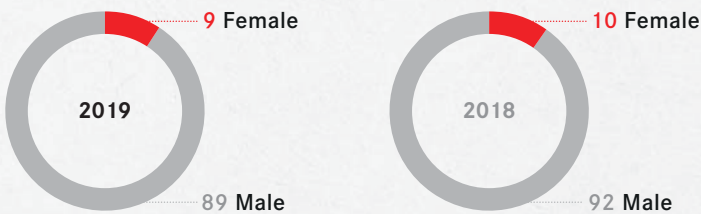


Figure 20

Executive staff: gender structure



GRI SRS 102-8, 405-1



Jan van Leeuwen, Senior Trader (Jewometaal Stainless Processing B.V. – Rotterdam, Netherlands)

COMMERCIAL FOCUS

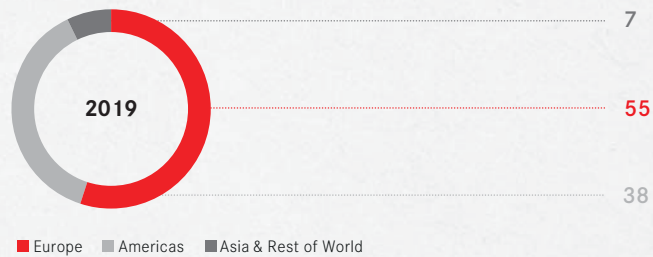
As in previous years, the Commercial Focus is one of our main fields of action. We place strong emphasis on trusting and long-term customer and supplier relationships and the high quality of our products and services.

The most important aspects for our stakeholders and the management are the Security of Supply, the sustainable Increase in Corporate Values, the Compliance with Standards in the Supply Chain as well as Data Protection.

SECURITY OF SUPPLY AND COMPLIANCE WITH STANDARDS IN SUPPLY CHAIN

As a tier 1 supplier with direct access to these, we form the link between local scrap market segments, mills and melt shops purchasing globally. Our over 4,000 suppliers are based on all continents. For details please refer to business model page 10.

International Sourcing 2019 in percent



To achieve compliance with our standards in the supply chain, ELG works with trusted suppliers in order to source small- and medium-sized lots of material of manifold compositions and qualities. Mutual trust secures the supply chain as well the top quality of the sourced materials. Local suppliers in this setting signify short transport distances, trustworthy cooperation and support for the local economy. All suppliers must adhere to the Terms and Conditions of Purchase which can be downloaded from our website. Our dedicated measures with regards to Radioactivity are detailed on page 49.

The process of targeted purchase or collection as well as quality control and packaging of secondary raw materials in the recycling industry are of essential importance for the subsequent stainless steel production in steelworks and foundries. It is therefore not without reason that most of the companies in the sector have appropriate quality management systems (Total Quality Management/TQM systems) or certifications such as the specialist waste disposal company. The requirements of our customers set the quality standard ELG delivers material exactly to their metallurgical and physical specifications. We achieve this through the consistently high-quality level of our locations, which all work according to international quality standards, especially also in terms of supply and suppliers.

Thanks to our worldwide activities, we can provide our customers with personal and competent support everywhere and, like no other company, satisfy our customers' material requirements even when regional supply fluctuations occur. Continuously increasing the security of supply for our customers is one of our pronounced goals.

To further digitizing warehouse management and material control, we introduced dOps, in 2016 the "Know your supplier initiative" was launched. Both are described in more detail below (Additional measures).

DATA PROTECTION

Technical developments are constantly creating new possibilities for collecting and processing data. As a result, the importance of and requirements for reliable data protection are increasing. In 2018, the EU General Data Protection Regulation (EU GDPR) created a new framework for the processing of personal data. As an international company, ELG processes personal data in its daily activities. The protection of this data has the highest priority.

As a matter of principle, the companies of ELG handle personal data confidentially. ELG secures this data in accordance with current legal requirements.

In 2019, ELG developed and rolled out the new module “Data Protection” worldwide to particularly deepen the knowledge about all relevant GDPR requirements.

No enquiries regarding the rights of data subjects have been registered with ELG in 2019. Likewise, no complaints and reports of potential data protection violations or breaches were registered.

ADDITIONAL MEASURES

Despite this, innovation and digitization remain major objectives at ELG. MyELGdOps and MyELGApp, are further processed and developed within the group. Moreover, dOps will see a worldwide roll-out in 2020.

dOps (digital operations) is a software which supports goods receiving at ELG locations. A digital dealer file is created, to which departments such as trade, laboratory, scales, etc. have access. Paper documents will no longer be necessary. Needless ways and the waste of materials such as paper are avoided, and a much simpler and leaner process is generated.

ELG Metals Ltd., UK, has already used this system for over a year. Due to the faster processing of incoming goods, shorter payment times could be realized, which in turn significantly improved the supplier experience.

In 2019, dOps was introduced at Eisenlegierungen HGmbH as well, further digitizing warehouse management and material control. Again, the results were faster response times.

Other locations have improved their customer and supplier relationships, too. For example, ELG Metals Ltd., UK., has introduced a complaint management. Through a thorough examination of customer complaints coupled with a subsequent root cause analysis, the introduction of appropriate tests and controls prevents such defects from occurring again ever since.

In 2019, we continued the “Know your supplier” initiative launched in 2016. Supplier surveys will continue to be carried out in this context. On the one hand, this shall improve supplier relationships, since we get to know and understand the needs of our suppliers better. On the other, we can, as part of risk assessment, prevent damage to our company at an early stage.

SUSTAINABLE INCREASE IN CORPORATE VALUES

For us, responsible business operations are the key to achieve both profitable growth and international competitiveness. In this context, we like to mention that in 2019 we succeeded to take over 100% of the shares in the joint venture Iberinox Plus S.L. Said joint venture with the Spanish stainless steel recycler Iberinox 88 S.A. had been founded the year before. Late last year we bought the remaining 70% of the shares in Iberinox Recycling Plus S.L. and were pleased to welcome 50 new colleagues to the ELG Group at the Bilbao, Madrid, Barcelona and Algeciras locations.

As briefly reported in our update last year, with Mitsubishi Corporation (“MC”) we found a strong partner for our carbon fibre business in Cosely, UK. The previously announced acquisition of 25% of the shares in ELG Carbon Fibre (“ECF”) by Mitsubishi Corporation was completed in April 2019. The agreement took effect on April 5, 2019.

Under the agreement, MC will use its existing resources to promote the sale and commercialization of ECF recycled carbon fibre products and to accelerate the global expansion of ECF’s recycling activities. By bringing together ELG’s advanced technology and expertise in the metal reprocessing industry, ECF’s know-how in carbon fibre recycling, and MC’s global network and broad interface to various industries, all companies can now improve both their global business and being reliably supplied with recycled carbon fibres.

ECF is the first company worldwide to have established a steady commercial production of recycled carbon fibre and supply markets such as the automotive, electronics and wind energy markets.

By the way: ECF’s products have also gone maritime! During the preliminary stages of the prestigious 36th America’s Cup in 2020 a technical partnership between ELG Carbon Fibre and the INEOS Team UK was formed. By the end of 2019, ECF had already processed over 1.2 tons of the British challengers’ waste material and used these fibres to manufacture two cradles for the racing yacht “Britannia”. Moulds for the rump region of the team’s test boats were also made, using the same technology. “Britannia” was officially presented at the headquarters of INEOS Team UK in Portsmouth in late 2019. The 75 foot monohull yacht is the first of this size and represents an entirely new type of race boat.

ELG Innovation experience (“EIE”)

In our last full report two years ago, we reported in detail on the launch of our digital unit ELG Innovation Experience (“EIE”).

Aiming to make scrap trading transparent and fair for everyone involved, the start-up REMETAL became EIE’s largest project.

REMETAL targeted primarily private households, craftsmen and small businesses. Running its own fleet, REMETAL also collected small quantities, assessed the scrap metals on site and offered a fair purchase price based on the current market price. A mobile scrapyards was born.

During its strong growth phase, by late 2019 we had to recognize that we, as ELG Haniel, were no longer the right majority owner for REMETAL. Unfortunately, a funding round saw REMETAL failing to attract enough investors to help expanding business operations. In view of this, we no longer felt able to continue REMETAL.

For this reason, it was our sad duty to discontinue EIE’s business operations on September 30, 2019.

/05

GRI STANDARDS

GRI STANDARDS AND CONTENT INDEX

GRI SRS 102-55, -56 ←

Material Aspects	Page	Comments and Cross-References	External Assurance
GENERAL DISCLOSURES			
102-1	7		NONE
102-2	10, 14, 20		NONE
102-3	14		NONE
102-4	30, 31		NONE
102-5	6, 14		NONE
102-6	12, 13, 30		NONE
102-7	28, 29, 30, 31, U2	For further details see: www.haniel.de/en/investors-media/financial-reports/consolidated-financial-statements/	NONE
102-8	28, 68, 69		NONE
102-9	12, 13, 14, 20		NONE
102-10	15		NONE
102-11	18	For further details see: www.haniel.de/en/investors-media/financial-reports/consolidated-financial-statements/	NONE

102-12	8		NONE
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102-44	34-37		NONE
102-45	29	For further details see: www.haniel.de/en/investors-media/financial-reports/consolidated-financial-statements/	NONE
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MANAGEMENT APPROACH			
103-1	38, 53, 63, 70		NONE
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418-1	73		NONE

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