





voestalpine Employee Participation

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voestalpine AG

Group	Revenue	EBITA	Employees
FY 2014/15	11,2 bn. EUR	1,5 bn. EUR	47,500
			
Steel	Special Steel	Metal Engineering	Metal Forming

European top player

Top 3 European supplier of high-quality steel strip and heavy plate for the most demanding applications

Worldwide leadership

Worldwide leadership in tool steel. Leading position in precision strip steel, special forgings and welding technology

Worldwide leadership

European market leader for rails and processed wire, world market leader for turnouts

European leadership

European market leader in special sections and custom rollforming

Headquarters in Linz / Austria; presence in almost 50 countries and on every continent, with some 500 production and sales companies; half of the employees in Austria

aim of the Employee Participation

- **contribution to secure the development of the company**

 - **“Strategic Ownership“**

 - to defend against unrequested ownership restructuring, stability for future development
 - to participate in decision making, in case of fundamental questions of the company, with more than 10% of shares
 - Annual General Meeting
 - Supervisory Board

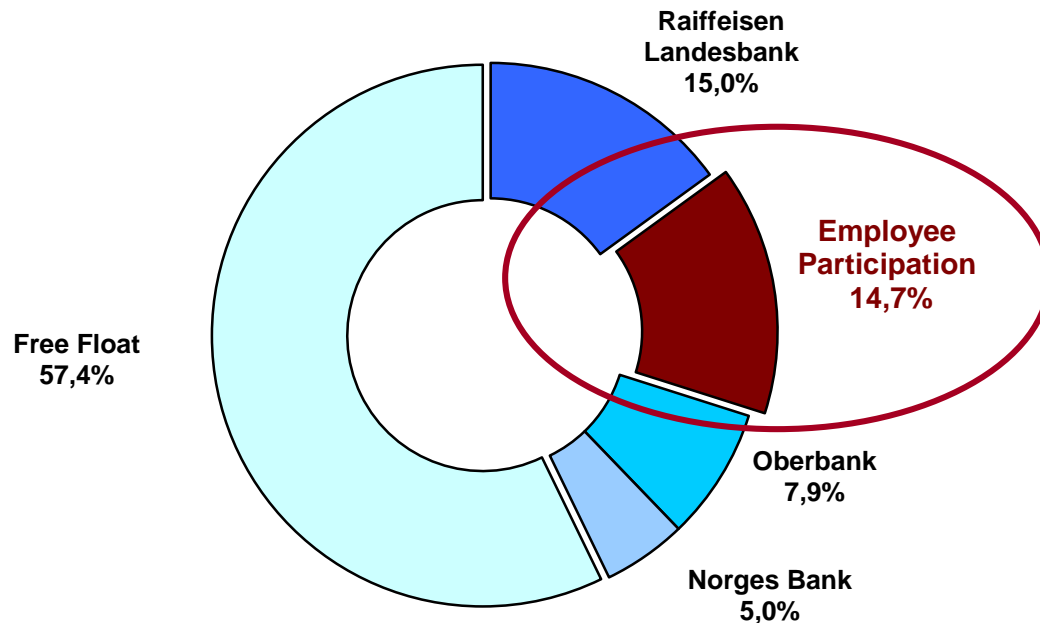
- **possibility for individual profit for the employees**

 - bonus from the employer
 - use of tax advantages
 - receive yearly dividends
 - take part in an increase of share-price

voestalpine AG – shareholder structure

Shareholder Structure voestalpine AG

(AGM July 2015, status July 2015)



- employees: 47.500 (~ 47% in Austria)
- headquarters in Linz / Austria
- around 500 locations in 50 countries

By collectively bundled voting rights of 14,7% employees are the second largest core shareholder!

Austrian model - general principles

■ financing

- Within the frame of the wage increase through national collective bargaining agreements, a part of the percentage wage increase has been used nine times to build up the employee participation since the year 2000. In extension of the agreed fee the employees get continuously allotted shares. The principles of the model are regulated by a Group internal works agreement.
- Within the frame of the yearly profit related bonus payment, a part is used for allocation of shares.
- Austria: tax (and social security contributions) relief for allocation of shares hence a maximum of € 1,460 yearly (01.01.2016: € 3,000).

■ bundling of voting rights, sustainability

- The employee assigns the voting right of his shares through a trust agreement to the foundation during his whole employment in the voestalpine Group.

■ status July 2015

- 23,6 m shares (partly pre-financed),
- 13,5 % of the voting rights,
- are held by around 22,500 employees in
- all of the 51 Austrian subsidiaries.

International model - framework

- **central, standardised design**
 - Group Management Board offers a standardised international model
- **discounted purchase of shares**
 - “Bonus Shares“ follow investment (e.g. 3:1)
 - yearly contribution range from € 300 to € 2,500
- **voting rights, bundling period**
 - transfer of the voting rights to Austrian Mitarbeiterbeteiligung Privatstiftung
 - bundling period of 5 years
- **status Business Year 2015/16**
 - specific model in NL 2004, general international offer introduced in UK and D (2009), NL and PL (2011), B (2012), CZ and I (2014)
 - 70 subsidiaries in the Netherlands (10), United Kingdom (7), Poland (6), Germany (32), Belgium (4), Czech Republic (4) and Italy (7)
 - 1,800 employees are integrated
 - on average 17% of all invited employees participate in the model

Experience of Implementation (1)

- Board of the Group

- should support the Employee Participation System → inside and outside the company → point out the importance of the system

- Legal system

- every participating country has its own legal system regarding Share Ownership Plans
- some countries promote employee participation others not
- in Great Britain you need a TRUST construction to implement SIP → higher costs, need a local legal expert to found a TRUST
- in the USA there are other Stock Exchange Acts and there is a prospectus requirement → more expenditure (costs, time, need to involve local legal experts)

Experience of Implementation (2)

- Different experience dealing with shares
 - ownership and trade of shares in UK is very common compared with e.g. Germany, Austria
- Different wage systems in the countries
 - in some countries income is low in general → employees can not really afford to invest in shares
- Living costs increase
 - employees do not have „extra money“ to invest in shares
 - difficult economic times
- Confidence
 - employees have confidence in the development of the company → Who/What is the voestalpine Group?
 - There have to be people in the companies who „push“ the program (worker councils, management, other employees, word of mouth...)

Experience of Implementation (3)

■ Communication

- How can the foundation guarantee that the employees receive all the necessary information?
 - to inform about the programm
 - to hand out the brochure

■ Different countries, different languages

- Translation of documents (brochure, forms, posters ...) which are distributed to the employees → costs, language difficulties

■ Different currencies

- Who pays the exchange fees?
- Which exchange rates are we allowed to use? e.g. Poland

Wishes

- to build up a national model in every country
 - high costs
 - long working process



one simple international model that will
be accepted in every EU country