

SUSTAINABILITY UPDATE



ELG HANIEL GROUP

Sustainability Focus Area Progress Report

2014

FACTS AND FIGURES 2014

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ESTABLISHED

1962

HEAD OFFICE

Duisburg, Germany

TOTAL TONNAGE

1.61 million metric tons

TURNOVER

EUR 2.21 billion

EMPLOYEES

1.280

LOCATIONS

48 operations

20 countries

5 continents

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SUSTAINABILITY UPDATE

In ELG's Sustainability Report 2013 we introduced you to the aims and efforts we strive for in our four sustainability focus areas: the operational, employee, compliance and commercial focus areas are formed by those topics, which we together with our stakeholders have identified to be of particular importance.

As indicated in the 2013 Report, this Sustainability Update is designed to provide a progress report on our activities in the four sustainability focus areas. It covers ELG's fiscal year 2014 comprising the time between January 1 and December 31, 2014.

At the end of this progress report, we wish to give a brief prospect on our intentions for the following year.

CONTENTS

Operational Focus
Product Purity

p. 4

Employee Focus
Health & Safety

p. 4

Compliance Focus
**ELG Compliance
Management System**

p. 5

Commercial Focus
**Carbon Fibre
Recycling**

p. 5

Outlook 2015

p. 6

Operational Focus

Enhancing product quality further

ELG constantly commits to pursuing highest environmental and quality standards. Purifying metal waste streams inter alia by means of detecting radioactive sources and other unwanted substances, therefore, is in our view key to build trust in the products we deliver worldwide. Again, we used the number of radioactivity alarms at customers per 1,000 tons to measure our improvement.

Progress

In 2014, we further enhanced our effective detection systems used around the world. In addition, the newly introduced Group Technical Officer (GTO) managed to appraise 13 operations. Further, we increased the total number of Radioactivity Detection Audits from 1 in 2013 to 8 in 2014.

On top of that, ELG is pleased to report that only 7 alarms were detected on a total tonnage of 1.6 million metric tons. This implies a significant drop from 0,007 to 0,004 triggered alarms per thousand tons and draws us even closer to the deliberately ambitious target of zero alarms.

Employee Focus

Taking care of employee safety

In order to further increase employee loyalty and ensure maximum protection for our employees, ELG kept working on its aim to reduce work-related accidents – here, too, zero is the number we must strive for. Key to ensure employee safety is the ever-present awareness of the topic in the minds of the responsible managers. Hence, in 2014 we launched a milestone project geared to identify potential risks to employee health and safety across all operations.

Progress

Prior to such “ELG H&S Project” ELG operations applied heterogeneous styles of accident surveillance derived from local standard and experience; no central recording of accident data had taken place.

In 2014, we implemented the idea of a uniform global reporting system using a uniform standard to allow for comparability. This project served to measure and tentatively minimize accidents and illness leading to absence of more than 3 days/100 FTE. More than 95 percent of ELG’s FTE total was covered. In 2014 the numbers found were diverse, allowed us, however, to question and correct where needed.

Compliance Focus

"ECMS"

ELG is persistent in optimizing all parts of the group of companies it comprises in the area of compliance. In our endeavors to excel and to verify our approach we refined ELG's Compliance Management System ("ECMS") in cooperation with an external consultant in 2014.

Progress

Earlier in 2014, our well-proven regulations and structures have been complemented by the rollout of the "6 Principles of ELG". The concise set of rules directed at each and every ELG employee serves as Code of Conduct and „Common Sense Check“ in any situation of uncertainty. The central ELG Compliance Helpline was implemented and promoted.

In an effort to increase awareness for the topic further, a "Doubled" (i.e. at ELG and at Haniel) Tone from the Top Training for involving nearly all ELG top executives was held in September (focusing Antitrust, Corruption, Property Crimes and the ECMS). Local follow-up trainings were conducted intensifying the message and ensuring it to reach further operations not represented in the centralized compliance training.

Commercial Focus

Innovation in carbon fibre recycling

Because of the tremendous importance of reducing global waste streams and the incisive role that reclaiming carbon fibre plays therein, ELG took several beneficial measures to pave the way for expanding its carbon fibre recycling business in 2014.

Progress

The very operation of our cutting edge commercial recycling facility in Coseley, UK serves to reduce carbon fibre waste in landfill and instead leads the way to the industrial reuse of this game-changing material. Advancing ELG's most innovative branch further, the team of ELG Carbon Fibre Ltd. initiated and pursued numerous projects targeting the development of applications for recycled carbon fibre as well as the intensified cooperation with new partners and customers.

As a result, we were able to increase the volume of reclaimed carbon fibre from 280 tons in 2013 to 480 tons in 2014.

OUTLOOK 2015

As to CR Reporting in 2015, ELG will continue to inform on the objectives “Health & Safety”, “Compliance” and “Carbon Fibre” and thrives to enhance them even further, while we take on a new topic in ELG’s Operational Focus.

To learn more about our employees’ wellbeing, we have chosen to expand our Health & Safety project. We keep aiming at zero accidents in all operations and have initiated a more detailed HR reporting for all yards worldwide on a monthly basis. It will cover several aspects of absenteeism, accidents and fluctuation thus providing an enhanced database to improve working conditions at ELG further.

We target to increase the tonnage of processed Carbon Fibre scrap further by shaping the range of applications for recycled Carbon Fibre together with more and more customers.

With respect to Compliance we are going to enhance the ECMS further, inter alia by means of newly-arranged compliance risk mapping, a revision of our corporate Rules of Procedure and the roll-out of the ELG Governance Guideline. Also we aim to launch a campaign for the “6 Principles of ELG”, bringing the topic again into the heart of ELG’s operations.

We will also keep up our successful efforts in product quality, but will direct ELG’s Operational Focus more to the environmental impact of our product portfolio. Together with scientific experts we wish to analyze and outline the ecological advantages of recycling and hope to discover potential levers to reduce CO² emissions further.

ACKNOWLEDGEMENTS

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