



**Ten Years of Public Policies for Employee Ownership in Europe  
Brussels, 26 Nov 2010**

# **Employee Participation voestalpine AG**

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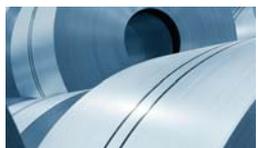
**Management Board Executive voestalpine Mitarbeiterbeteiligung Privatstiftung**

# Employee Participation voestalpine AG

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# voestalpine AG

| Group      | Revenue    | EBIT      | Employees  |
|------------|------------|-----------|------------|
| GJ 2009/10 | 8,55 Mrd € | 352 Mio € | ca. 39.400 |



## Steel

## Special Steel

## Railway Systems

## Profilform

## Automotive

European top player

worldwide leadership

worldwide leadership

worldwide leadership

European top player

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

Worldwide leadership in tool steel.  
Leading position in special forgings technology.

European market leader for rails and processed wire, leading position in welding technology.  
World market leader for turnouts.

Worldwide market leader in special sections and custom rollforming.  
Leading position in precision strip steel.

European top 3 supplier of auto body parts, laser-welded blanks, and tubular components

Headquarters in Linz / Austria; presence in almost 60 countries worldwide, with some 300 production and sales companies; half of the employees in Austria.

# aim of the Employee Participation

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

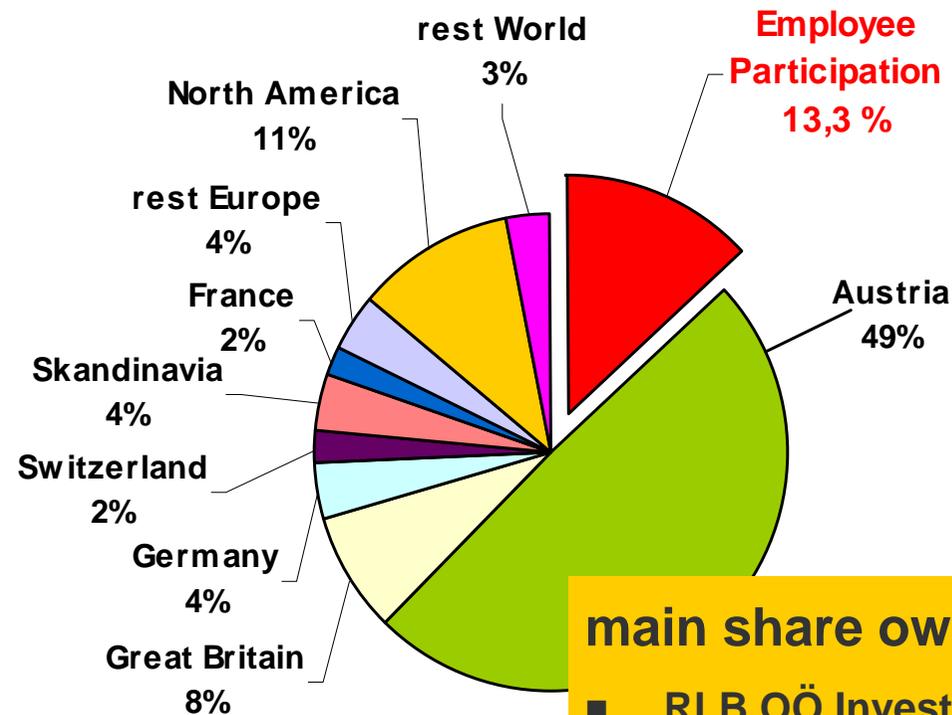
  - **“Strategic Ownership“**

    - 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

- **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

# shareholder structure voestalpine AG\*



## main share owners:

|                              |        |
|------------------------------|--------|
| ■ RLB OÖ Invest GmbH & Co OG | >15 %  |
| ■ Employee Participation     | 13,3 % |
| ■ Oberbank AG                | > 5 %  |

\* June 2010

# voestalpine Mitarbeiterbeteiligung Privatstiftung

## ■ activity:

- administration of the model
- security and further development of the Employee Participation
- execution of voting rights at general meeting of shareholders of voestalpine AG

## ■ structure:

- Management Board and Advisory Board
  - each nominated half by the management and half by the Works Council
  - each chaired by a representative of the Works Council

## Supervisory Board voestalpine AG:

Since 2004, because of the dimension of shareholding of more than 10%, it has been possible for the Mitarbeiterbeteiligung Privatstiftung to nominate a person for the Supervisory Board.

# Austrian model - general principles

## ■ financing

- Within the frame of the wage increase by national collective bargaining agreements, 6 times a part of the percentage wage increase was used to build up the employee participation since the year 2000. In extend of the agreed fee the employees get continuous 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 of it is agreed to use for allocation of shares.
- Austria: tax (and social security contributions) relief for allocation of shares hence a maximum of € 1.460 yearly.

## ■ bundling of voting right, sustainability

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

## ■ volume

- October 2010: 22.4 m shares (partly pre-financed), 13.3 % of the voting rights, are held by around 20,500 employees in all of the 49 Austrian subsidiaries.

# International model - framework

- **central, standardized design**

- Group Management Board offers a standardized international model

- **discounted purchase of shares**

- “Bonus Shares“ follow investment (e.g. 1:3)
- yearly contribution range from € 300 to € 2.500

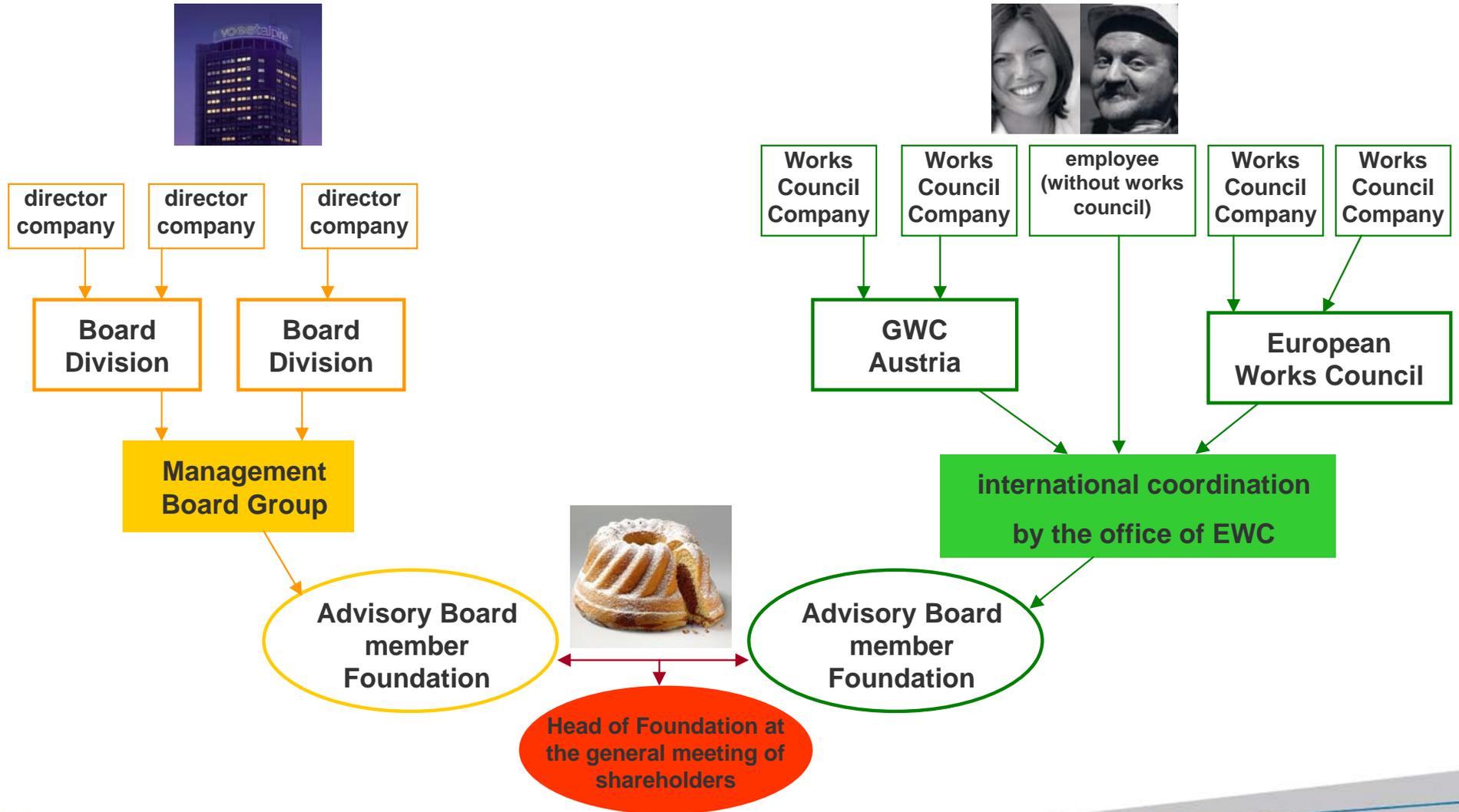
- **voting rights, bundling period**

- transfer of the voting rights to Austrian Mitarbeiterbeteiligung Privatstiftung
- bundling period of 5 years

- **status October 2010**

- specific model in NL 2004; general international offer GB and D: pilot 2009, roll out 2010; continuous expansion planned
- 33 subsidiaries in the Netherlands (6), the United Kingdom (5) and Germany (22) has been integrated
- on average 15% of all invited employees participate in the model (900 employees)

# decision making for general meeting of shareholders



# effect of bundled voting rights

- **voestalpine Employee Participation with about 13% bundled voting rights:**
  - nomination of one of the shareholders representatives for the Supervisory Board of the group (dualistic system; 1/3 Works Counsellors)
    - participation in fundamental enterprise discussions
  - employees are the second largest shareholder of the Group
    - they give stability to the shareholder structure
  - above the squeeze-out level (10% by Austrian Stock Exchange Law)
    - “poison pill” for a planned unfriendly take over
  - important shareholder of own group
    - not control but influence of decisions within the Annual Shareholder Meeting

Employee shareholder rights do not (and should not) replace social dialogue within the enterprise or legal rights for the workforce and their representatives, but it can complement existing rights for participation.

Employee Participation seen under the aspect of enlargement of the workers' rights is certainly not the solution for all problems. It is neither an individual job security nor co-management on the same level as the management. But it gives some possibilities of influence and therefore it is a possible new solution for arising challenges in the nowadays corporate and management structure.

# possible impacts on employee share ownership

## ■ employee share plans in general can

- motivate employees ...
- advance identification with the company ...
- commit employees to the company ...
- share aspects of the company's success with the employees ...
- shape special compensations ...

## ■ employee participation in the form of “Strategic Ownership” can

- provide a reliable share owner in times of uncertain ownership structures ...
- help to fend off (unlikely) take-overs ...
- be a partner for the management in matters of fundamental questions of development ...
- give workforce representatives - in addition to existing possibilities - new kinds of participation in the intra-enterprise processes...
- reinforce identification with the company in a very strong way ...