



# This is what we want to achieve: perspective 2021<sup>1)</sup>

## Energy

annual improvement of energy intensity<sup>2)</sup> by



**3%**

Semperflex

**2%**

Semperform

**2%**

Sempertrans

**5%**

Sempermed

## Material

annual improvement of waste and scrap rate<sup>3)</sup> by



**6%**

Semperflex

**3%**

Semperform

**5%**

Sempertrans

**4%**

Sempermed



## Innovation

increase in the proportion of recycled materials by 2021

by **25%**



## Occupational safety and health protection

**Zero accidents**

**100%**  
of the accidents  
were documented  
and evaluated

**100%**  
of the corresponding  
countermeasures  
were implemented

**100%**  
internal dissemination  
of "lessons learned"  
to other plants and  
countries



## Social standards and working conditions

Increase in  
internal replacement  
rate to

**70%**  
(grade 10–14)<sup>4)</sup>

Increase in proportion  
of non-European  
managers to

**20–30%**  
(grade 10–14)<sup>4)</sup>

Increase in  
proportion of  
female managers to

**15%**  
(grade 10–14)<sup>4)</sup>



## Sustainability in the supply chain

**50%**  
of all suppliers  
(>EUR 500,000 p.a.  
purchasing volume)  
have completed their  
self-evaluation

**100%**  
creation and  
introduction of a  
supplier database

**100%**  
increased  
cooperation  
with suppliers

1) The reference year for the set targets is the year 2017 // 2) energy intensity = energy input (kWh)/unit produced (kg) // 3) waste & scrap rate = total weight of waste and scrap (kg)/unit produced (kg) // 4) Grades 10–14 designate employees of the management.

# About this report

## Report contents and principles

In its second Sustainability Report, the Semperit Group shows the progress it achieved in terms of sustainable business in the reporting period. At the same time, the Semperit Group is fulfilling its responsibility to prepare a separate non-financial statement in accordance with Art. 267a UGB. The Sustainability Report includes further information on sustainability activities of the Semperit Group beyond the legal requirements.

The content of this report reflects the relevant and important topics of the Semperit Group with regard to a sustainable development. There are no significant changes in the list of key topics and in the topic boundaries compared with the previous report. The selection of topics is based on the principles of stakeholder involvement, materiality, sustainability context, completeness as well as topicality and comparability. Accordingly, sustainability aspects are taken up that show strong economic, ecological or social relevance or are of high stakeholder interest. The report therefore addresses all stakeholders.

The report's structure is based on the sustainability focus areas defined by Semperit and the value chain. The respective chapters include concrete data and information on the contents and objectives of the Semperit Group. The report lists risks in line with the requirements of the Sustainability and Diversity Improvement Act. A comprehensive risk report can be found in the Group Management Report of the Semperit Group for 2018.

This report has been prepared in accordance with the GRI Standards: Core option. The report uses the GRI Standards of 2016. Only the topics "Water & Wastewater" (GRI 303) and "Occupational Health and Safety" (GRI 403) are based on the standards of 2018. Part of the information published in this statement was subject to a review by an independent third party. The audit confirmation of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. is provided in the "Report on the independent audit of non-financial reporting". The Management Board instructed the responsible employees of the respective departments to make the documents and information necessary for the review available in a complete and correct form (see notes "Report on the independent audit of non-financial reporting" page 81ff).

## Reporting period and scope of application

The Sustainability Report covers the financial year 2018, which corresponds to the calendar year 2018. The Sustainability Report is published annually. The statements made and the information on economic contexts generally relate to the consolidation range of the Annual Report 2018. Any deviations from the consolidation range are described on the following page, in the individual chapters and in the "Overview of key non-financial figures". The reporting period saw the following changes in size, structure and ownership: sale of the Rovigo plant in Italy and closure of the Shandong plant in China.

GRI 102-10, 102-45,  
102-46, 102-48, 102-49,  
102-50, 102-51, 102-52,  
102-53, 102-54

## Database

The report covers data from 2018. Where possible, the report also includes data in the form of time series over two or three years. The time series are intended to increase understanding and comparability. Since 2018, Semperit has been working on the introduction of a new software solution for data acquisition. With this tool, the company-relevant key financial and non-financial figures will be recorded group-wide and homogeneously in the future. At the time of reporting, a major part of the necessary implementation steps was already underway: indicators were set, input masks programmed, responsibilities and frequencies set. In 2019, the system will be put into operation and subjected to initial user tests. The introduction of this software solution will provide an improvement in data quality, transparency and availability and in the long term contribute to the management of the company. Due to the current project progress at group level, it was not possible yet to generate the data for this report from the system. However, this is scheduled for the next reporting year. The data underlying the individual topics therefore derive from different systems and were manually consolidated, if necessary. Compared to the Sustainability Report 2017, the depth of key non-financial figures was expanded, particularly in the fields of employees and occupational safety and health. As a result, some of the data from previous years cannot be documented because they have not been collected so far. This will be adapted in the coming years.

- **Economic data:** Information on economic correlations is based on the information given for Semperit's Annual Report 2018.
- **Data on employees:** The reporting on human resources data is primarily based on the electronic personnel data system "SuccessFactors". In exceptional cases, data was collected manually. Due to different definitions or collection methods, consolidation of all data prior to 2016 is not possible.
- **Collection of data on resource management and environmental protection:** The data for topic resource management and environmental protection follows the principle of materiality and therefore only refers to production sites, so-called "plants". Pure sales locations are not taken into account. The following locations were assessed on the topic of resource management and environmental protection:

Semperflex	Semperform	Sempertrans	Sempermed
Wimpassing, AT	Wimpassing, AT	Bełchatów, PL	Wimpassing, AT
Shanghai, CN	Shanghai, CN	Roha, IN	Kamunting, MY
Odry, CZ	Deggendorf, DE		Sopron, HU
Hat Yai, TH	Hückelhoven, DE		
	Dalheim, DE		
	Sopron, HU		

However, due to different definitions or collecting methods, a consolidation of data prior to 2016 is not possible.

The following exceptions were made when consolidating the locations: No data was available for the sites in Nilai, Malaysia, Rovigo, Italy, and Shandong, China, during the reporting period. The location Allershausen, Germany, was not considered a production site due to its small size and the processes carried out there.

- **Data on greenhouse gas emissions** has been recorded for direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) since the reporting year 2017. Currently, there is no group-wide data for Scope 3.
- **Data on occupational health and safety:** The data for this report primarily originates in the "Incident and Severity Rate" tool. The data was collected on site level. Sales locations are included depending on their size. Semperit AG Holding, Semperit Investments Asia Pte. Ltd., Sempermed USA Inc. and Sempertrans USA LLC are included. Due to different definitions or collection methods, a consistent consolidation of data before 2016 is not possible. Changes to the key figures compared to the Sustainability Report 2017 can be explained by a switch from GRI Standard 403: 2016 to GRI Standard 403: 2018.
- **Data on suppliers, innovation & compliance:** The data in the fields of innovation, compliance and supply chain originates in the corresponding specialist departments and is subject to the data acquisition systems used there.

### Forward-looking statements and disclaimer

The Sustainability Report 2018 of the Semperit Group includes future-oriented statements that are based on current assumptions and forecasts. The forecasts, plans and forward-looking statements contained in this Report were made on the basis of all current information available to Semperit. Various known and unknown risks, uncertainties and other factors might lead to material differences between the actual results, assets, financial and earnings position, the development or performance of the company and the estimates made here. The Semperit Group does not assume any obligation to continue to report or update such forward-looking statements or developments. This report has been compiled with the utmost care; the data has been reviewed. However, errors arising from rounding, transmission and printing cannot be excluded.

### Language and legibility

The Report is published in German and English whereby in cases of doubt the German version is relevant.

### Contact persons

Group Communications & Sustainability would be pleased to address questions on the contents of the Report and for the dialogue relating to the Semperit Group and its sustainability management (contact: [sustainability@semperitgroup.com](mailto:sustainability@semperitgroup.com)).

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# Consistently on the way forward

## Foreword of the Management Board

GRI 102-14

“Semper it” – “there is always a solution”. This is not just a company name but a formative cultural factor in practice. It goes on and on, and we act and work accordingly – in research, in cooperation, in strategic matters and particularly in the framework of our restructuring and transformation process, which we started in 2017. A process that involves numerous major challenges but also the first sustainable successes. Step by step, we are jointly taking the path to equip our company well for the future. In addition to significant economic steps, cultural and social challenges are at the centre of our activities. Our goal is to lead Semperit to new strength and profitability by 2020.

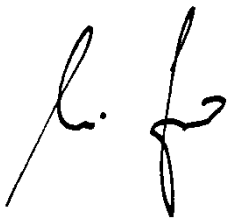
Constant development and continuously finding new ways require pioneering spirit as well as a structured approach. Goals must be defined, appropriate measures must be implemented, and success must be evaluated. Only in this way can developments continuously be advanced successfully. This also applies to our sustainability agendas. As a manufacturing company in a competitive international environment, our topics are diverse and range from ecological issues to basic economic requirements and social challenges. Here, too, we took a big step forward in 2018. With quantitative objectives in all key areas, we convey to our stakeholders that we are aware of our responsibility and value traceability. With concrete goals in the area of energy and materials, we orient ourselves to international standards and make a contribution to climate protection. This is not always easy in a corporate structure that includes numerous production sites, a diverse and heterogeneous product portfolio as well as complex production processes. It is important to develop a system that meets these requirements. We tackled that in 2018.

Our goal of increasing the proportion of recycled materials by 25% (based on 2017) is connected with a corresponding innovation performance, which our international research and development department is dealing with. We have also set goals in the field of employees and social standards and their achievement requires numerous internal measures. Above all, our zero-accident policy focuses on optimising accident reporting as well as developing and implementing improvement measures. In addition, we aim to increase the percentage of female executives to 15% by 2021 and maintain this minimum level. Moreover, topics such as digitisation and transparency have found their way into the supply chain. Social and ecological standards in the area of suppliers are becoming increasingly important and are also crucial for Semperit. With the aim of an online-based database and a specific assessment system, we want to make sure in the future that our standards are met in social and ecological terms.

In addition to all the goals set and the steps already taken, we are aware that developments do not take place overnight, and that it takes time and perseverance to be able to consistently and resolutely move forward. We are happy to face this process. We will walk it together with you, every step of the way. True to our motto: “There is always a solution”.

Vienna, 21 March 2019

The Management Board



**Martin Füllenbach**  
Chairman



**Frank Gumbinger**  
CFO



**Felix Fremerey**  
Member

GRI 102-4, 102-6, 102-7



## SEMPERMED

- 1 **Vienna, Austria**  
Marketing and sales office
- 2 **Wimpassing, Austria**  
Technology and innovation centre, production of surgical gloves
- 4 **Sopron, Hungary**  
Packaging of surgical gloves, quality control
- 7 **Waldböckelheim, Germany**  
Sales offices
- 10 **Allershausen, Germany**  
Sterilisation of surgical gloves
- 22 **Shanghai, China**  
Quality management and sales office
- 24 **Kamunting, Malaysia**  
Production of latex and nitrile exam gloves
- 25 **Nilai, Malaysia**  
Production of porcelain dip mouldings for glove production
- 26 **Singapore**  
Segment management, sales office and supply chain management
- 30 **Bridgeton, New Jersey, USA**  
Distribution centre
- 31 **Clearwater, Florida, USA**  
Sales office and distribution centre
- 32 **Coppell, Texas, USA**  
Distribution centre
- 33 **Ontario, California, USA**  
Distribution centre
- 3 **Budapest, Hungary**

## SEMPERFLEX

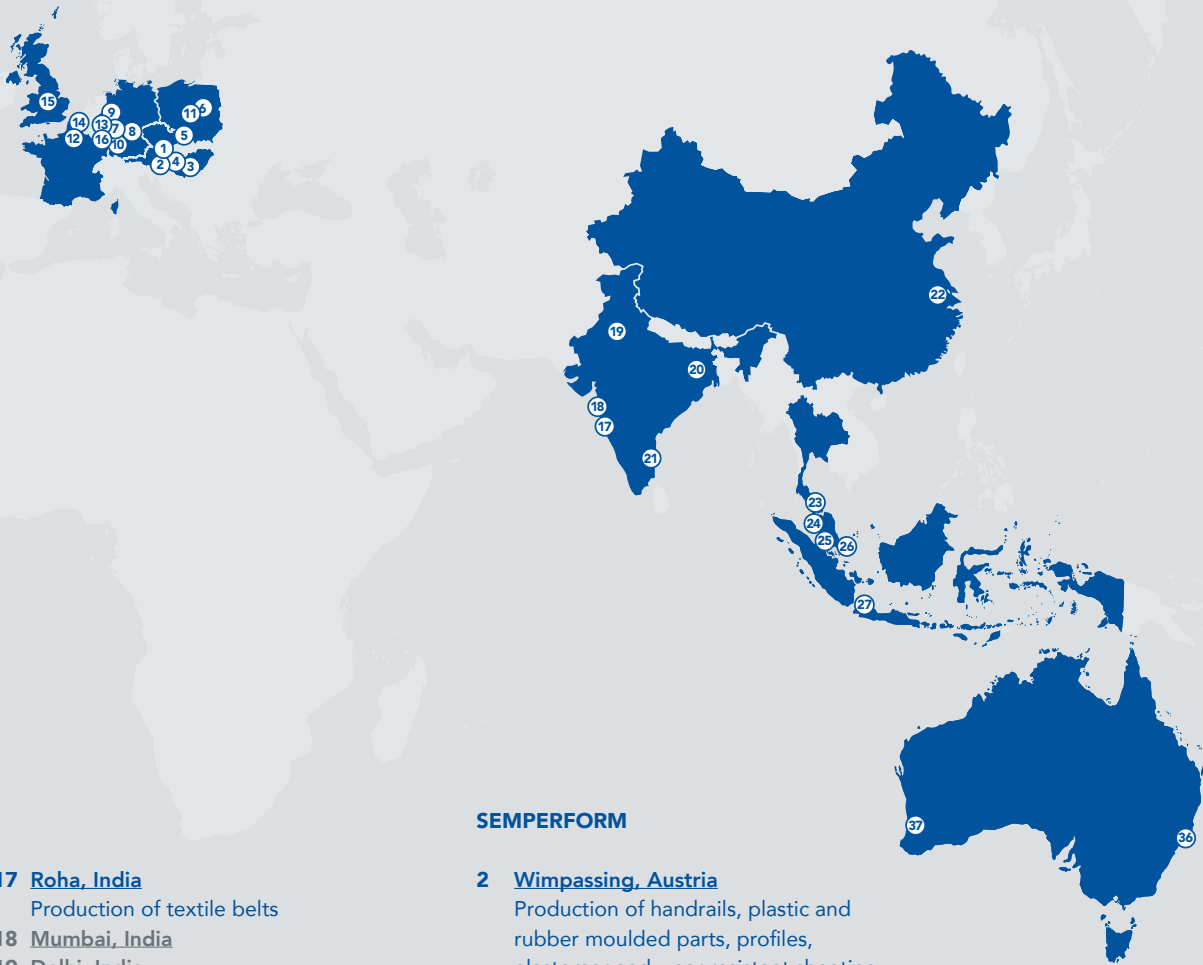
- 2 **Wimpassing, Austria**  
Technology centre, production of steel-reinforced spiral hydraulic hoses, mandrel built industrial hoses
- 5 **Odry, Czech Republic**  
Production of long-length industrial hoses, mandrel build hoses, steel-reinforced wire braided hydraulic, spiral hydraulic and pressure washer hoses (Europe's largest manufacturer of hydraulic and industrial hoses), Hydraulic Hose Testing Centre
- 7 **Waldböckelheim, Germany**  
Sales of hydraulic hoses in Germany, expert centre for complete high-pressure hose systems
- 18 **Mumbai, India**  
Sales office
- 22 **Shanghai, China**  
Production of steel-reinforced wire braided hydraulic and pressure washer hoses for the Chinese market, Hydraulic Hose Testing Centre
- 23 **Hat Yai, Thailand**  
Production of steel-reinforced wire braided hydraulic, spiral hydraulic and pressure washer hoses (one of the largest hose plants in Asia), Hydraulic Hose Testing Centre
- 26 **Singapore**  
Sales office
- 29 **Fair Lawn, New Jersey, USA**  
Sales office

## SEMPERTRANS

- 1 **Vienna, Austria**  
Segment management and sales office
- 2 **Wimpassing, Austria**  
Technology and innovation centre
- 9 **Moers, Germany**  
Application engineering centre, sales office
- 11 **Bełchatów, Poland**  
Sales and production of heavy-duty steel and textile cord belts as well as cables for conveyor belts, development centre
- 6 **Warsaw, Poland**  
Sales office
- 12 **Levallois, France**  
Sales office
- 14 **Béthune, France**  
Sales, installation and maintenance of conveyor belts, warehouse and distribution



# Global presence of Semperit Group<sup>1)</sup>



## SEMPERFORM

- 17 Roha, India**  
Production of textile belts
- 18 Mumbai, India**
- 19 Delhi, India**
- 20 Kolkata, India**
- 21 Chennai, India**  
Sales offices
- 27 Jakarta, Indonesia**  
Sales office
- 35 Querétaro, Mexico**  
Sales office
- 34 Atlanta, Georgia, USA**  
Sales office, customer service, distribution centre
- 28 Winnipeg, Canada**  
Sales office
- 36 Thornton, NSW, Australia**  
Sales office
- 37 Perth, WA, Australia**  
Sales office

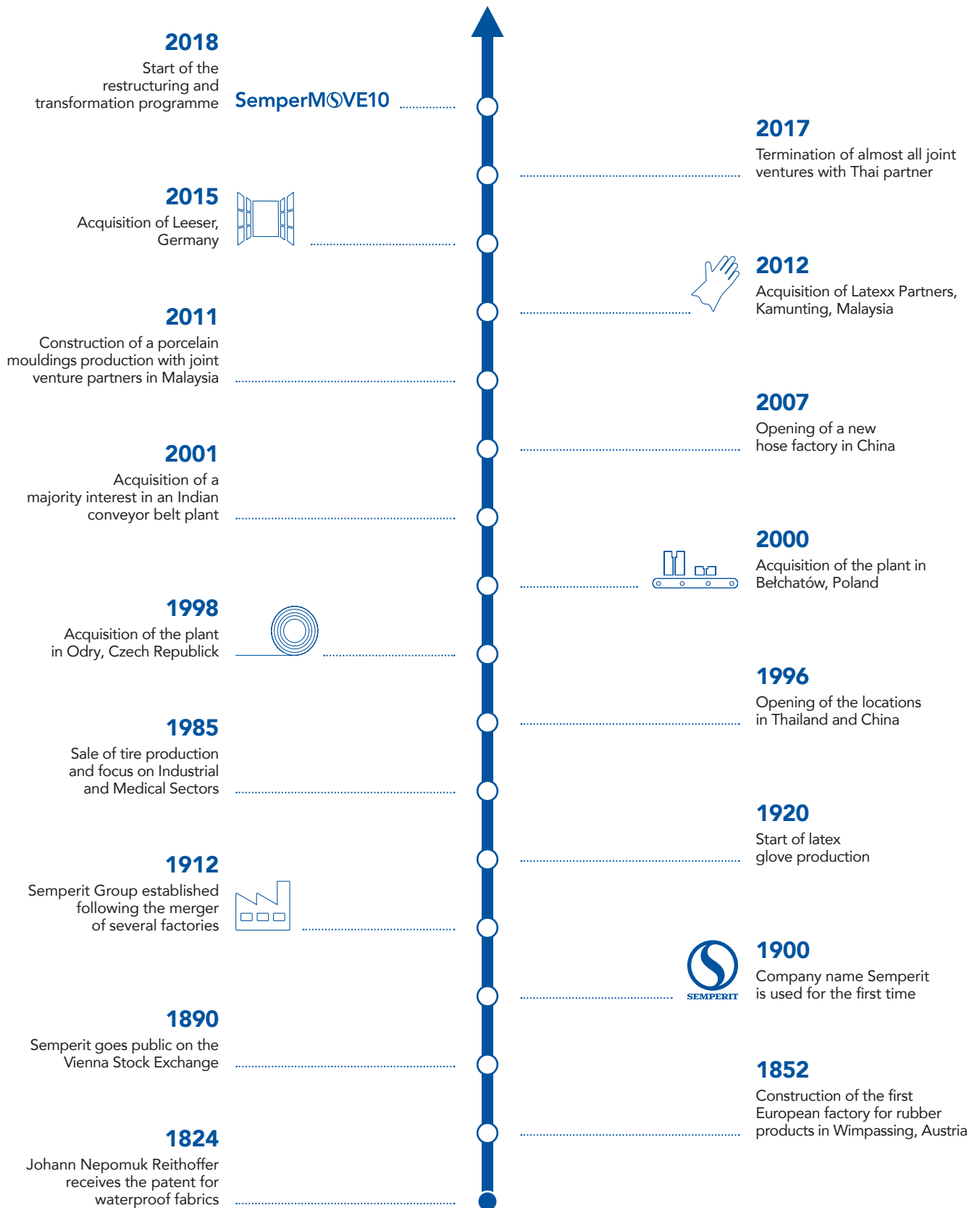
- 2 Wimpassing, Austria**  
Production of handrails, plastic and rubber moulded parts, profiles, elastomer and wear resistant sheeting, technology centre
- 4 Sopron, Hungary**  
Production of rubber moulded parts
- 8 Deggendorf, Germany**  
Production of profiles for window and facade construction
- 13 Hückelhoven, Germany**  
Production of profiles for window and facade construction
- 16 Dalheim, Germany**  
Production of profiles for industrial applications
- 12 Levallois, France**  
Sales office
- 15 Birmingham, Great Britain**  
Sales office

- 22 Shanghai, China**  
Production and sales of handrails
- 26 Singapore**  
Sales office
- 29 Fair Lawn, New Jersey, USA**  
Warehouse and sales office for handrails

## HEADQUARTERS

- 1 Vienna, Austria**  
Corporate headquarters  
Semperit AG Holding

# Milestones of Semperit Group



# A BRIEF PORTRAIT OF SEMPERIT

*Solid balance-sheet structure*

**43%** equity ratio

EUR **879**  
million revenue

EUR **50**  
million operational EBIT

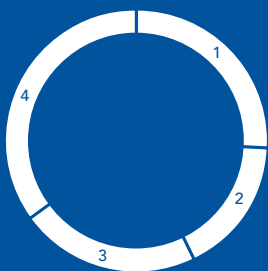
Leading market position with strong brands for more than

**195** years



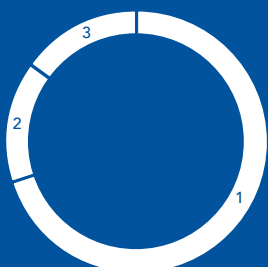
14 production sites worldwide

*Revenue split* by segment



1. Semperflex  
26%
2. Sempertrans  
17%
3. Semperform  
22%
4. Sempermed  
35%

*Revenue split* by region



1. Europe  
70%
2. North and South America  
15%
3. Asia, Africa and other countries  
15%

*>60% of suppliers are based in member states of the Organization for Economic Co-operation and Development (OECD)*

## Key performance figures

in EUR million	2018	2017	Change
Revenue	878.5	874.2	+0.5%
EBITDA	46.4	100.2	-53.7%
EBITDA margin	5.3%	11.5%	-6.2 PP
EBIT	-47.7	37.6	-
EBIT margin	-5.4%	4.3%	-9.7 PP
Earnings after tax	-80.4	-26.3	>100%
Earnings per share <sup>1)</sup> , in EUR	-4.13	-1.25	>100%
Gross cash flow	37.4	39.5 <sup>2)</sup>	-5.3%
Return on equity	-24.2%	-9.2%	-15.0 PP





1) Earnings per share are attributable to the ordinary shareholders of Semperit AG Holding (excl. interest from hybrid capital). // 2) The comparative figure for the financial year 2017 has been adjusted (see consolidated financial statements 2018, chapter 1.6).

## Semperit Group: A brief portrait

GRI 102-1,102-2,  
102-3, 102-4, 102-5,  
102-6, 102-7

For 195 years, the publicly listed Semperit AG Holding has been a globally leading provider of quality products made of natural and synthetic rubber, making it one of the few companies whose roots go back to the 19th century. The company, which was founded by Johann Nepomuk Reithoffer in 1824, develops, produces and sells products in more than 100 countries and serves two important sectors in our society: The Industrial and the Medical Sectors.

The Semperit Group employs around 6,800 people and operates 14 production facilities, 8 in Europe and 6 in Asia. The headquarters of Semperit AG Holding is in Vienna, Austria. Using its own distribution network in Asia, Europe, North and South America as well as Australia, Semperit products are sold in the business-to-business field. The group's most important product categories include hydraulic and industrial hoses, conveyor belts, escalator handrails, window and door profiles, cable car rings, ski foils, products for railway superstructures, examination, protective and surgical gloves.

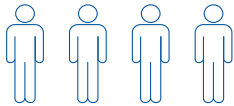
Sectors	Industrial			Medical
Segments	Semperflex	Sempertrans	Semperform	Sempermed
	 <p>Hydraulic hoses, industrial hoses</p>	 <p>Conveyor belts</p>	 <p>Handrails, cable car rings, ski foils, window profiles</p>	 <p>Examination and protective gloves, surgical gloves</p>

### Important challenges and trends

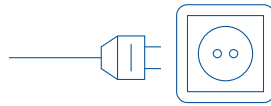
Due to the high share of raw materials costs in the total price of the products, the rubber industry is strongly dependent on the markets for carbon black as well as natural and synthetic rubber. In addition to the availability of raw materials, which is characterised primarily by the strong competition of the tyre and automotive industry, the production conditions for natural rubber as well as the crude oil price for synthetic rubber and carbon black are decisive. Due to the ever-increasing transparency in supply chains, ecological and social criteria must be increasingly integrated into strategic decisions, especially in the raw materials sector (see chapter Suppliers, page 43ff). In addition to the optimisation of the supply chain, the focus of future activities is primarily on the use of secondary raw materials (see chapter Innovation page 47ff).

In addition to the developments on the raw materials market and the innovative performance in the materials sector, the business development of the Semperit Group is strongly driven by global megatrends. Population growth, urbanisation, increasing raw materials and energy demand as well as growing prosperity in developing countries provide an exciting and at the same time challenging development environment for the company. For Semperit, these megatrends represent a great potential for growth and sustainability.

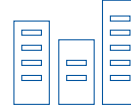
## Important global trends



**Population growth ↑**  
10 billion by 2050



**Resource demand ↑**  
By 2050, use will have  
quadrupled (base year 2010)



**Urbanisation ↑**  
60% of the population  
will be living in cities

Source: United Nations Development Programme and United Nations Research Institute for Social Development, 2017

A growing population with a better life expectancy goes hand in hand with an increasing need for medical services. At the same time, access to medical care is improving worldwide, which in turn has an impact on the demand for medical products and includes growth potential for the Medical Sector of Semperit. In addition to population growth, more and more people are living in cities. This increase implies numerous challenges to urban life. The cities of the future must create space for more people and at the same time maintain the quality of life. Energy-efficient measures in the fields of infrastructure are part of a sustainable development in which Semperit's Sempertrans segment has a share. However, resource efficiency is an issue everywhere, not only in urban development. Operating material- and energy-efficiently is not only essential for economic reasons, but also makes an important contribution to climate protection. Here, Semperit is also attempting to assume responsibility and gradually optimise its production accordingly.

Even if the great challenges are known and assessable, the requirements resulting for Semperit are subject to an increasing pace of change. They must be re-assessed on a regular basis and readjusted in strategic planning. In addition to further development and evaluation of the corporate strategy, the options of innovation and sustainability management are also used within the group. Particularly in these company-wide management areas, there is an intensive exchange with stakeholders; and a long-term perspective is pursued. Another instrument to record challenges and expectations and to handle changing framework conditions is the stakeholder dialogue that is held on group and segment level.

## Company strategy

Currently, the Semperit Group is undergoing a transformation process that started in autumn 2017. Within this framework, a strategic review will take place. With substantial restructuring and complexity reduction, Semperit will come upon new strength and profitability by 2020. In addition, the Management Board will deal with growth opportunities around the technology core and the existing market knowledge as soon as restructuring successes become tangible. The conclusion of the transformation of the Semperit Group is scheduled for the end of 2020. From this point of time, the Semperit Group aims to achieve an EBITDA margin of around 10% (run rate 2021) as a central key performance indicator.

# The Semperit segments

## Industrial Sector

GRI 102-2, 102-6,  
102-7

The continuing industrialisation around the world and the globally growing construction and mechanical engineering industry support demand in the industrial segments: Semperflex, Semperform and Sempertrans. In addition to the expansion of existing production sites, the focus is also on process optimisation and product development. Achieving the highest levels of energy and material efficiency is as important as excellent production planning. The utilisation of production including maintenance work, the highest safety standards as well as the optimisation of capacities are processes that are worked on daily. There are also numerous agendas in the area of research and development, which, depending on the product and segment, are made in close cooperation with the customers.

## Semperflex

The Semperflex segment develops and produces hydraulic and industrial hoses worldwide. Manufacturing is based on the highest quality standards and strives for continuously expanding the capacities. An important milestone in 2018 was the capacity expansion at the Odry site, Czech Republic, which brought about the highest industry standards and the creation of numerous new jobs. Since the factory was acquired 20 years ago, sales have increased more than sixfold and production capacity has increased fivefold. Today, the Odry plant employs around 900 people and has a capacity of approximately 100 million meters. Over the past two decades, Semperit has invested a total of EUR 150 million in the site.

Industrial hoses are primarily used in the construction and transport industries, as well as in industrial and agricultural engineering. Hydraulic hoses are used for pressure and power transmission in large machinery such as excavators or cranes and represent the largest sales market in the segment.

## Highlights of Semperflex 2018

- **SEMPERCRANE 2SN-K hydraulic hose:**

This product has been specially developed for high loads and small radii. The high load capacity and flexibility of the hydraulic hose allow efficient machine construction, as it can be used on smaller modules. For each 250 metres of 2SN-K hydraulic hose, up to 50kg of weight can be saved in the construction of mobile cranes compared to traditional multi-layer hoses. Additionally, the hose's high ozone resistance significantly increases product service life.

- **LPG liquefied petroleum gas hose:**

With this product, Semperit is taking a step towards an alternative to diesel and petrol vehicles. The standardised requirements for applications of liquefied petroleum gas are exceeded with this certified product. It is characterised by a high gas impermeability, high flexibility and a broad temperature range.

- **Food cleaning hose:**

The new Semperit LMD NBR currently has the lowest material wear values of the tube outer wall in its class. Together with improved detergent resistance and optimised tensile strength, it ensures that even heavily used cleaning hoses have a long service life. In addition, the braided reinforcement ensures tight bending radii and high kink stability. The LMD NBR is therefore robust and flexible in handling.

- **TWIN welding hose:**

Optimisation of two connected rubber gas hoses. This product is characterised by the fact that it is securely connected in use but can also be easily and safely separated during installation.

## Sempertrans

The Sempertrans segment is one of the largest and technologically leading manufacturers of conveyor belts worldwide. Conveyor belts are primarily used in mining, the steel and cement industries and in port facilities. The product portfolio can be divided in two main areas: textile and steel belts. Characteristics such as abrasion resistance, heat and oil resistance as well as the associated product life are decisive. Design and specification of the individual products are usually developed in close cooperation with the customer.

### Highlights of Sempertrans 2018

- **Transpipe belt:**

Loaded like a regular conveyor belt, the Transpipe belt forms into a closed tube in its application. This makes it possible to transport materials safely and efficiently over long distances. On the one hand, this protects the environment from dirt (dust, stones and other materials) and, on the other hand, the conveyed material from external influences. Due to this configuration, the maintenance and cleaning costs of the conveyor system can be significantly reduced.

- **TransEvo:**

Due to the specially developed material properties of the belt, there is a reduction of frictional resistance during use. This can lead to energy savings of up to 25% during operation.

- **Flyingbelt:**

The world's longest free-floating belt is a combination of cable way and conveyor belt. Due to its unique design, the volume of heavy goods traffic can be reduced (saving up to 40 truckloads of material weighing 1,500 tonnes) and a positive contribution to biodiversity can be achieved through low construction measures.

- **Overland Conveyor Belt:**

Similar to the Flyingbelt, the use of conveyor belts in long-distance transportation can reduce the volume of heavy goods traffic. In this process, material is transported over long distances with the help of specially developed conveyor belts.

- **Gravity Storage Project:**

In addition to production and application in the field of classical conveyor technology, Sempertrans, together with the Stuttgart-based company Heindl Energy GmbH, is involved in the development of an intelligent sealing method for large-scale electricity storage ("gravity storage"). In the future, these storage facilities will ensure that the often strongly fluctuating wind and solar power generation is balanced out, thus ensuring security of supply.

## Semperform

As one of the leading European manufacturers of moulded and extrusion products made of rubber and plastic, Semperform comprises a comprehensive product portfolio ranging from insulation for window profiles and escalator handrails to ski foils. In addition to worldwide production sites, the Semperform segment is, above all, successfully positioned in Europe.

## Highlights of Semperform 2018

- **First C2C (cradle to cradle) certificate:**

In 2018, the first two Semperit customers in the window, door and façade systems sector were awarded the C2C certificate. The C2C principle is a comprehensive approach that takes equal account of economic, environmental and social aspects, and, among other things, aims at identifying sustainable materials in terms of eco-effectiveness for products and processes. In the course of the certification process of our customers, the mixtures used by Semperit were successfully reviewed and approved by EPEA.

- **Whisper buffer:**

This product has been in use for some time now and is being developed further, depending on the rail system and customer requirements. The buffer reduces rail vibration, lowering the noise level of passing trains. This not only leads to a better quality of life of the residents, but also allows trains to travel at higher speeds and thus better relieve individual traffic.

- **Mould holder:**

Weight-reduced fixation system for glove manufacturing which withstands high stress and minimises the contamination of the latex bath. With the help of this newly developed form, an important contribution to resource efficiency is made in the Sempermed segment.

- **Weldable sealing – revolution in the field of PVC window systems:**

With the patented world innovation, a combination of the excellent mechanical properties of EPDM (ethylene propylene diene monomer rubber) and the joinability of sealing profiles is possible for the first time. In just one work step, PVC window frames and the EPDM seal to be inserted can be welded. This way, Semperit not only actively supports customers in the efficient design of their production processes but is also regarded as a market and innovation leader in this area.

- **Development of a highly heat-insulating mixture:**

Due to the current thermal insulation requirements, window, door and façade systems are optimised and adapted. Like all components involved in the system element, the EPDM sealing also has to make its contribution here. With the help of the new material developed by Semperit, the lambda value of the sealing component is improved.

- **Traction belts for snow groomers:**

This is a specially developed rubber band reinforced with textile inserts, combining know-how from the manufacturing of handrails and conveyor belts.

- **Two-colour extrusion profile:**

This product is categorised in the field of design and impresses with its two-coloured appearance. It is used for carports and patio roofs with polycarbonate compatibility.

- **Polyaromatic hydrocarbon (PAH)-free sealings:**

Certified sealings for applications in the drinking water and automotive fields.

- **Sealing with additional butyl rubber layer:**

The additional butyl layer on the EPDM sealing offers the optimum solution for high-end façade systems made of steel and aluminium which at the same time have to be completely watertight and impermeable to air.

- **Porthole sealings for washing machines:**

A material that is characterised by its high resistance to acids, bases, oils and soaps and is therefore used in special areas of application.



## Medical Sector

Increasing prosperity, higher hygiene requirements and investments in health care are steadily driving the need for medical products. Among other things, this is due to the increase in the world population as well as to higher life expectancy and the associated demand for medical products and services. In recent years, global demand has increased by an average of 5-6% per year. With the Sempermed segment, Semperit is one of the world's leading manufacturers of examination and surgical gloves as well as protective gloves for industrial applications.

## Sempermed

At the Sempermed Research Centre new products are constantly developed and tested in close cooperation with users and experts., Sempermed has produced gloves in Austria for almost 100 years and in Malaysia since 2012. Above all, the medical sector is characterised by high product requirements such as quality, sterility and allergic compatibility. In addition, there are the provisions in the field of hygiene and thus for production and packaging of various products. There are always discussions about product life with a view to sustainability. However, these are limited to products that do not need to be disposed of in accordance with legal requirements (e.g. hygiene regulations in hospitals). This limits the scope for waste and reuse.

## Highlights of Sempermed 2018

- **Syntegra UV:**

This anti-allergenic latex- and accelerator-free glove is one of the flagships in the segment and is characterised by maximum user and patient protection.

- **Green Glove:**

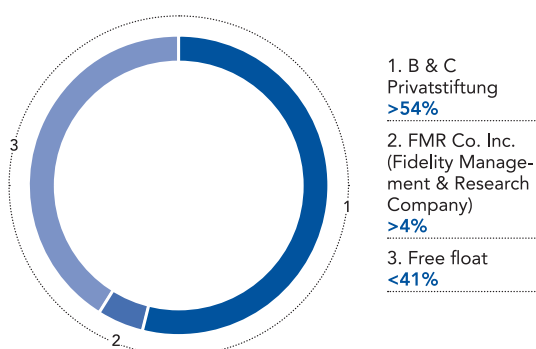
This examination glove is the perfect combination of health and environmental protection. In order to prove the manufacturing efficiency by an independent authority, the examination of the data and statements of the Quality Procedure QPCMG7501 regarding the "Green Glove" technology was performed by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. For every 1,000 gloves, CO<sub>2</sub> emissions in production can be reduced by more than 15% and water consumption by more than 10% compared to conventional nitrile examination gloves.

## Shareholder structure & added value

GRI 102-5

For an overview of the organisation structure, see the Corporate Governance Report as part of the Annual Report of the Semperit Group for 2018 on page 17.

### Shareholder structure



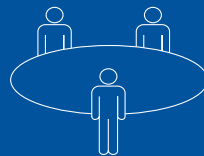
Added value analysis in EUR million	2018	2017	2016
<b>Development:</b>			
Revenue	878.5	874.2	852.4
Change in stock of products	-3.7	14.8	2.2
Own work capitalised	2.7	4.1	4.5
Other operating income	5.4	92.4	10.5
Share of profits from joint ventures and associated companies	0.5	0.5	8.4
	<b>883.5</b>	<b>986.0</b>	<b>877.9</b>
minus advance performance			
thereof material and purchased services	-512.3	-541.3	-505.5
thereof depreciation and amortisation/impairment	-94.1	-62.6	-50.6
thereof other operating expenses	-146.8	-158.0	-129.2
	<b>-753.2</b>	<b>-761.8</b>	<b>-685.3</b>
<b>Added value</b>	<b>130.3</b>	<b>224.1</b>	<b>192.6</b>
Distribution:			
to employees (salaries, wages, social expenses)	178.0	186.5	165.3
to shareholders (dividend)	0.0	0.0	14.4
to the state (taxes and charges)	11.6	41.6	12.7
to creditors (interest expense)	8.4	9.7	7.7
Balance	-67.7	-13.7	-7.4

# SUSTAINABILITY MANAGEMENT



## 6 areas of activity

Compliance and integrity; sustainable innovation; employees and society; safety and health; sustainable supply chain; resource management and environmental protection

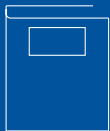


## 1 Sustainability Council



## 6 key topics

Energy; raw materials; innovation; occupational safety and health protection; social standards and working conditions; sustainability in the supply chain



## 2 Sustainability Reports 2017 & 2018

### Memberships and partnerships

- amfori BSCI – Business Social Compliance Initiative
- BVH – Bundesverband Hautschutz (Federal Association for Skin Protection)
- CEN - European Committee for Standardization
- C.I.R.A. – Circle Investor Relations Austria
- DIK – Deutsches Institut für Kautschuktechnologie e.V.
- DIN – Deutsches Normungsinstitut (German Institute for Standardisation)
- DKG – Deutsche Kautschuk-Gesellschaft e.V. (German Rubber Society)
- FH JOANNEUM Kapfenberg
- Freudenberger Forschungsdienste (Weinheim Germany)
- GKFP – RAL-Gütegemeinschaft Kunststoff-Fensterprofilssysteme e.V.
- ift Rosenheim - Institut für Fenstertechnik e.V.
- International Rubber Study Group
- IV – Industriellenvereinigung (Federation of Austrian Industries)
- Montan University Leoben
- OFI – Österreichisches Forschungsinstitut für Chemie und Technik
- ON – Österreichisches Normungsinstitut (Austrian Standards)
- Polymer Competence Center Leoben
- respACT – austrian business council for sustainable development
- Graz University of Technology
- TU Wien (Vienna University of Technology)
- VDI – Verein Deutscher Ingenieure (Association of German Engineers)
- WdF – Wirtschaftsforum der Führungskräfte (Austrian Managers Association)
- WDK - Wirtschaftsverband der Deutschen Kautschukindustrie (Association of German Rubber Manufacturing Industry)

## Value chain

GRI 102-9

Semperit understands sustainability as an opportunity to improve its own performance, to open up new markets, to create value for key stakeholders and to make a positive contribution to the environment and society. In order to find out where and in which context sustainability-relevant effects of business activities and relationships occur, it is necessary to consider the entire value chain. Opportunities and risks with regard to the various aspects of economic, social and ecological sustainability not only arise in the direct sphere of activity of the Semperit Group but are also found in upstream and downstream processes.



The value chain of the Semperit Group begins with the purchase of the most important starting materials for production. These are mainly raw materials and secondary raw materials, packaging materials, trade items and the required infrastructure such as machines or vehicles. Crucial issues include raw material extraction and availability, the use of secondary materials (recycled carbon black and recycled rubber) and the quality of materials. The next topic is storage, which has to be aligned primarily with the required chemicals. Subsequently, production starts.

Research and development, which has an influence on the recipes as well as the different production processes, is decisive for purchasing but of course also for production. Production is roughly divided into three core activities: mixing, extrusion and vulcanisation. Production primarily requires energy and water. As far as possible, materials are recycled in production. This is especially true for material that has not been vulcanised yet. Due to its material properties, only a certain percentage of vulcanised rubber can be recycled. The finished products are packaged and delivered to the respective customers.

The waste from production which cannot be reused is supplied to waste disposal companies, where – depending on the source material – it is recycled to a certain degree or used thermally. As far as possible, the substances are recycled as secondary raw materials. Products that have reached the end of their service life after the customer's usage phase are disposed of by the customer. To a certain extent, rubber products are used in road construction or as a filler in the tyre industry after the use phase.

## Materiality analysis

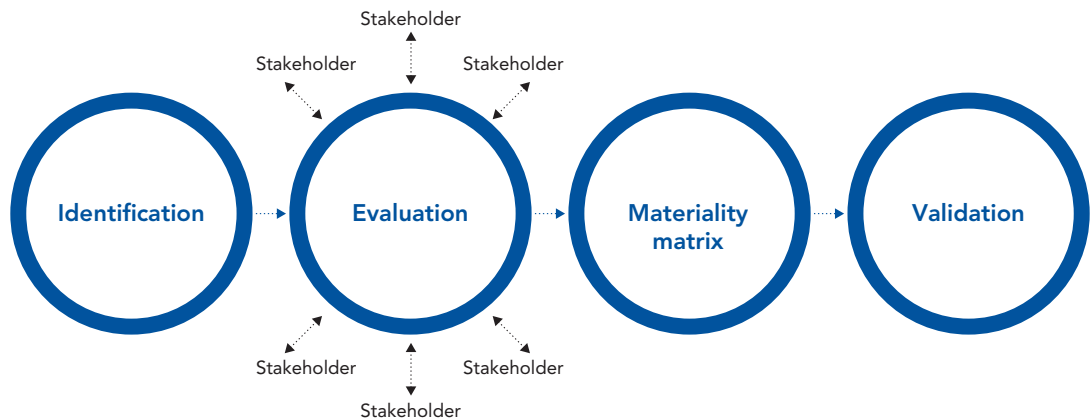
GRI 102-15, 102-44,  
102-46

In a first step, Semperit defined six strategically relevant fields of action in 2016 (see page 24). With reference to this, topics were identified along the value chain, and their materiality was analysed involving internal and external stakeholders. Subsequently, the corresponding objectives and indicators as well as appropriate measures and activities, responsibilities and time periods were defined for the respective fields of action.

In order to take into account current trends and changes as well as expectations of the respective stakeholder groups, the Sustainability Council (internal sustainability council of the Semperit Group) reviews the topicality of the key topics on an annual basis. In 2018, primarily the topics waste and digitisation were discussed intensively in this context. The topic of digitisation is becoming increasingly important, and the Semperit Group is already tackling this problem in many areas such as data protection or process optimisation in production. However, major steps in this field are not planned until the transformation process has been completed. With regard to waste, particularly the disposable use of gloves was discussed. However, due to the prevailing application-specific disposal regulations, there are no opportunities for Semperit to reduce this type of waste. Gloves in medical (examination and surgical gloves) but also in industrial use (contact with chemicals or lubricants) must be disposed of after use, according to the disposal regulations. In other product areas, work to reduce waste and to extend the products' life cycles has already started.

In summary, it can be stated that no changes of the materiality matrix were made in 2018. A revision of materiality is planned for the reporting year 2019.

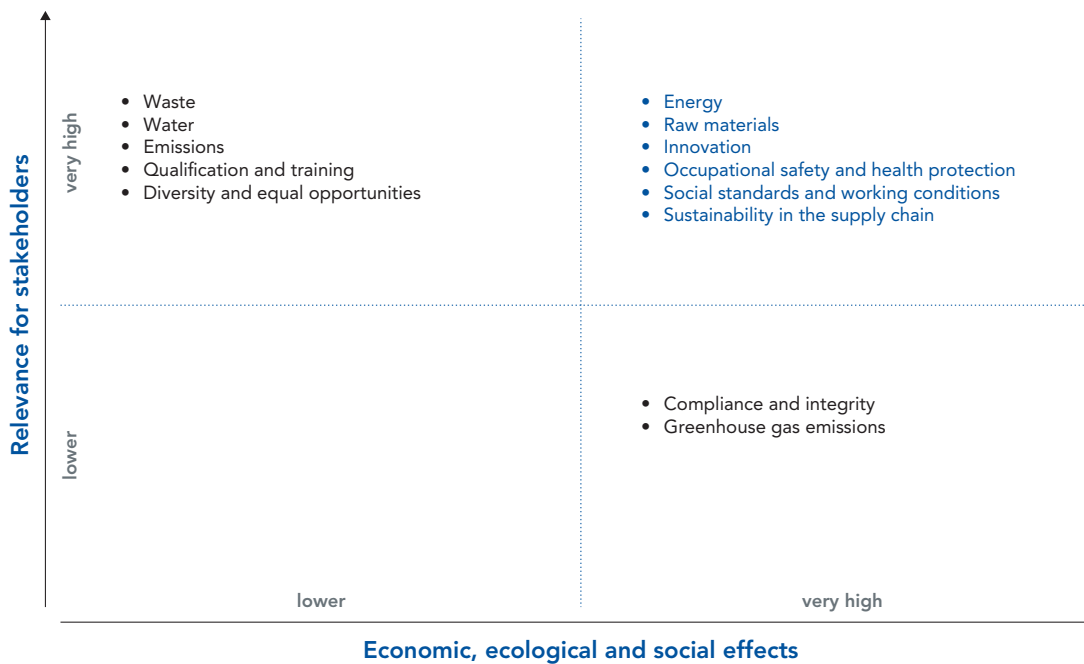
### The way to the materiality matrix



- **Identification of topics:** from a list of more than 100 topics taking into consideration the value chain, global trends and thematic as well as legal requirements.

- **Analysis and assessment of topics as well as their effects:** in terms of their potential importance. The process for this analysis included on the one hand a qualitative survey of 52 stakeholders across all stakeholder groups. On the other hand, Semperit performed a quantitative assessment of 33 core topics. The results of the assessment of 18 external and 22 internal stakeholders were considered with equal weighting. The management added individual topics. The topics selected with the help of this process were evaluated with regard to their impact on economy, environment and society. For this purpose, the effects and risks were analysed in an internal workshop involving an external sustainability expert and were coordinated with internal management staff. The results of this analysis were discussed and approved by the Sustainability Council.
- **Creation of the materiality matrix:** The findings were merged in the materiality matrix, and a decision was made between material and non-material topics based on this.
- **Validation of topics:** internal validation of material topics within the scope of another Sustainability Council and approval by the Management Board.

## The materiality matrix



GRI 102-44, 102-46,  
102-47, 103-1

## Overview of major topics

Major topics	Description	Report chapter	Interests according to NaDiVeG	Material GRI aspect	Boundaries	Particularly interested stakeholder groups
Energy use and consumption	Support of efficient and responsible energy use	Chapter Production	Environment	GRI 302: Energy	Within the company and upstream	Semperit, suppliers, politics, customers, investors
Raw materials and material use	Support of efficient and responsible use of resources	Chapter Production	Environment	GRI 301: Materials	Within the company and upstream	Semperit, suppliers, customers
Occupational health and safety	Ensuring a high level of working, process, plant and transport safety	Chapter Employees	Employees	GRI 403: Occupational Health and Safety	Within the company	Semperit, investors, neighbours and residents, authorities
Innovation	Promoting innovative capacity; consideration of ecological criteria in development; customer integration	Chapter Innovation	Social	No GRI standard available	Within the company and downstream	Semperit, customers, suppliers, investors, science
Social standards and working conditions	Support and guarantee of high social standards and working conditions	Chapter Employees	Human rights, employees, social	GRI 412: Human Rights Assessment	Within the company and upstream	Semperit, suppliers, customers, authorities and politics, investors, NGOs
Sustainability in the supply chain	Responsible, secure and economical supply with materials for production; compliance with social and ecological standards	Chapter Suppliers	Human rights, social, environment	GRI 102-9: Supply chain GRI 102-10: Significant changes to the organisation and its supply chain GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Upstream	Semperit, suppliers, customers, NGOs

GRI 103-1

In addition to the major topics that are disclosed in this report according to GRI Core option, there are the following topics:

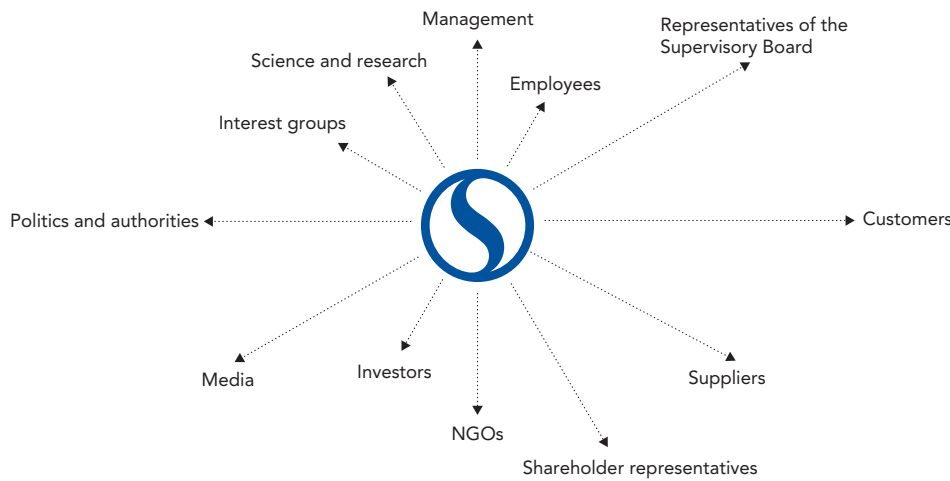
- **Compliance and integrity:** ensuring compliance and business ethics; including combating corruption (see chapter Responsibility & Integrity on page 65ff)
- **Greenhouse gas emission:** reduction of environmental impact of greenhouse gas emissions on the climate (see Chapter Production on page 51ff)
- **Waste:** reduction of waste to a minimum (see chapter Production on page 51ff)
- **Water and waste water:** supporting efficient and responsible use of water as well as complying with statutory limits for waste water (see chapter Production on page 51ff)
- **Equal opportunities and diversity:** no discrimination, measures for equal opportunities and support (see chapter Employees on page 31ff)
- **Training and education:** employee development, fair remuneration (see chapter Employees on page 31ff)



## Stakeholder involvement

Within the scope of business activities, there are many points of contact with diverse stakeholder groups throughout the entire value chain. Semperit attaches importance to an open and continuous dialogue with the stakeholders. This makes it possible to recognise which topics and emerging challenges are relevant for Semperit from the stakeholders' point of view today and in the future. In the dialogue with stakeholder groups, trust will be encouraged, positions exchanged, partnerships consolidated, and joint solutions made possible.

GRI 102-40, 102-42



A wide range of dialogue forms such as internet, workshops, interviews, expert talks, training and the participation in national and international initiatives is used for involving stakeholders. Continuous stakeholder involvement is a fixed component of our business understanding. The last survey on sustainability took place in 2016/2017 and served for the identification of major topics. Beyond these formats, Semperit enters the dialogue on special and current topics with individual stakeholders.

GRI 102-43, 103-3

Stakeholder groups	Frequency	Involvement and dialogue forms
Shareholders, capital market	quarterly	Individual and group interviews, conferences, information events, road shows, telephone meetings, Annual General Meeting, annual press conference
Employees	continuous	Employee dialogues & surveys, internal media, townhall meetings, management calls, employee events, staff meetings, mentoring programmes, group conference
Customers	continuous	Customer meetings, customer surveys, social media, fairs, media
Suppliers, business partners	continuous	Dialogue, events, trainings, speeches, supplier surveys, audits
Civil society, NGOs	continuous	Dialogue, one-to-one meetings, specialist events, answers to inquiries, media
Local stakeholders	continuous	Personal conversations, factory tours, neighbourhood meetings, press conferences
Political decision makers	continuous	Events, submissions
Science, research	continuous	Round tables, R&D cooperation, speeches, discussions
Media	continuous	Press meetings, releases and conferences, fairs, interviews, individual interviews, phone calls, informal exchange
Networks, associations	continuous	Participation of Management Board members, managers or technical experts in initiatives, forums and events, memberships in initiatives

## Sustainability management

GRI 102-11, 102-40,  
103-2

As a globally operating supplier of medical and technical rubber products as well as innovative solutions, Semperit always strives for top performance. Semperit is convinced that long-term success can only be achieved by acting in harmony with the environment and society. The combination of conscious action, innovation performance and economic efficiency makes a significant contribution to this.

On the basis of the materiality analysis, six fields of action were defined that span all areas of the value chain. "Compliance and integrity" are regarded the basis for all fields of action.



### The central fields of action of the Semperit Group

The sustainability management of the Semperit Group with its objectives and measures is divided into the following areas:

#### Field of action: Resource management and environmental protection

##### Key topics: Energy use and consumption, raw materials and material use

The efficient use of resources not only protects the environment but also saves costs and reduces risks that arise for example from raw material availability and the price fluctuations associated with them. The overall goal of activities in this field is the preservation of profitability and the creation of competitive advantages. With the introduction of the integrated product system "World Class Manufacturing (WCM)" in 2016, Semperit sets a new standard for operational excellence.

**Field of action: Occupational health and safety****Key topic: Occupational health and safety**

Especially as a manufacturing company with global standards, it is important to safeguard the safety and health of employees but also residents at all times. With the goal of “zero accidents” and the optimisation of all processes associated with it, Semperit is taking a clear step in the direction of an industrial role model. Compliance with legal requirements is only the basis for this.

**Field of action: Suppliers****Key topic: Sustainability in the supply chain**

For a long time, companies have not been able to operate just inside their factory walls. The involvement of suppliers and partners is becoming more and more essential. Transparency as well as the confidence to make a difference together are properties that should be promoted in the future. The activities range from joint development projects to the review of ecological and social criteria by independent third parties.

**Field of action: Innovation****Key topic: Innovation**

By integrating ecological criteria, product and process innovations not only create added value for customers and the environment, but also competitive advantages and potential for revenue growth in the longer term.

**Field of action: Employees and society****Key topic: Social standards and working conditions**

For 195 years, Semperit has been regarded a successful company and thus makes a significant contribution to regional value creation. The employees are co-responsible for this success. It is important to retain them while at the same time continuously winning new people. Employee satisfaction as well as a low turnover associated with it are not only economically decisive but also ensure that the know-how remains in the company. At the same time, a company has to adapt itself to constantly changing framework conditions on the job market and therefore create attractive job offers.

**Field of action: Compliance and business integrity****Key topics: Compliance and integrity**

Compliance and integrity are the foundation when it comes to being perceived as an industry role model and partner of choice. Anti-corruption, respect for human rights, compliance with all national and international laws are topics on which the Semperit Group is constantly working. Information, a role model effect as well as special training on different questions are the tools that are used. It is always important that corporate principles apply to all employees without exception.

The objectives, results and activities in these six fields of action are disclosed in this report.

## Organisational anchoring of sustainability

GRI 102-18

The coordination of sustainability agendas is equally important as the definition of the essential topics and fields of action as well as setting the corresponding targets. In order to take this into account, the Semperit Group has created a clear management structure. Sustainability is assigned to the Group Communications & Sustainability department. The highest authority is the Chairman of the Management Board of Semperit AG Holding. He will be regularly informed by the Sustainability Council on current topics. The Sustainability Council consists of managers of central corporate areas and business segments. The members are responsible for defining priorities, appropriate activities and the promotion of current topics. Reports are made directly to the CEO.

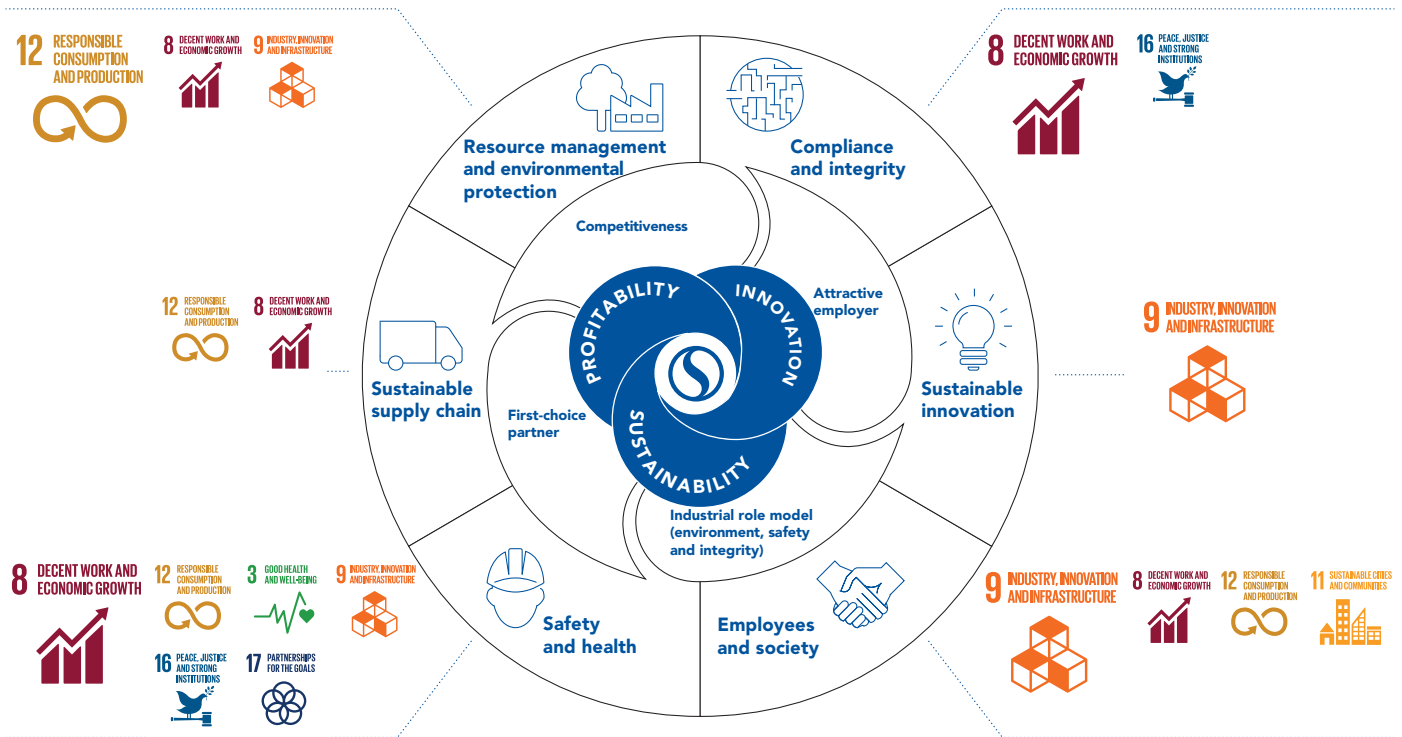
The Management Board of Semperit AG regularly informs the Supervisory Board of current sustainability issues and the progress of sustainability activities in addition to financial, operational and strategic issues.



# Contribution to global development goals

In 2015, the “Agenda 2030 for sustainable development” was adopted at a United Nations summit. All 193 member states of the United Nations committed themselves to working towards the implementation of the Agenda 2030 with its 17 development goals (Sustainable Development Goals, SDGs) at national, regional and international level by 2030. In 2018, Semperit analysed the 17 development goals with a view to the importance of its business activities. The focus is on the sustainability-relevant effects on aspects of the goals as well as the possibility of making a positive contribution to achieving the goals. Semperit influences development goals above all through products and services, responsible production and cooperation with partners along the value chain. However, the intensity of our potential impact on the UN development goals varies. Against this background, the following development goals are particularly relevant for Semperit:

GRI 102-11



• **SDG goal 8: Decent Work and Economic Growth**

Through long-term investments and the corresponding innovation performance, the Semperit Group promotes the local economy, contributes to regional added value and creates numerous secure jobs. The health and safety of employees as well as the respect for human rights always have top priority. Future-oriented work, fair payment, development opportunities and a diverse work environment are what the Semperit Group is constantly working on.

- **SDG goal 9: Industry, Innovation and Infrastructure**

The Semperit Group is constantly working on optimising its production processes. The related activities aim at making more efficient use of resources, promoting the use of clean and environmentally friendly technologies, and sustainably increasing the potential for innovation. With the help of international research locations, its broad-based research and development activities, and its cooperation with renowned research facilities, Semperit contributes significantly to innovation performance and the development of high-quality, reliable and resilient infrastructure.

- **SDG goal 12: Responsible Consumption and Production**

Semperit constantly strives to extend the service life of products. This not only meets customer requirements, but also makes a significant contribution to resource efficiency and longevity. In addition, Semperit endeavours to optimise the use of secondary materials, to minimise material waste within production and to achieve the highest possible internal recycling rate.

- **SDG goal 3: Good Health and Well-Being**

As a manufacturer of medical rubber products, the Semperit Group contributes to health, well-being and the improvement of hygienic working conditions worldwide. Above all, the gloves produced by Semperit protect against allergies and the transmission of illnesses. In addition, Semperit pays close attention to clean production in all areas. Compliance with legal limits and the responsible use of chemicals and critical substances are minimum requirements. At the product level too, care is taken to reduce the use of chemicals to a minimum.

- **SDG goal 11: Sustainable Cities and Communities**

With solutions such as an escalator handrail which can be operated in an energy-saving manner or conveyor belts which help to reduce the use of trucks, Semperit's products make an important contribution to a sustainable infrastructure and more sustainable urbanisation.

- **SDG goal 16: Peace, Justice and Strong Institutions**

Integrity and compliance are the prerequisites and the basis for success and successful partnerships. The internal compliance mechanisms ensure that corruption and bribery have no place. In addition, Semperit is aware of its responsibility in the supply chain and is working to align it with environmental and social criteria.

- **SDG goal 17: Partnerships for the Goals**

Semperit is actively working to shape a sustainable future through more intensive involvement of stakeholder groups such as suppliers, customers and supervisory authorities, as well as through participation in various committees.

For Semperit, goals 8, 9 and 12 are very important as they encompass the company's direct scope of action. The contribution to goals 3, 11, 16, 17 is considered important but comparatively small.

## Extended risk assessment

In order to be able to make a statement as to where and in what form the business activities (including corresponding business relationships) and products of the Semperit Group could have an effect on the issues in the focus of the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG), a risk assessment was performed as part of the materiality analysis prior to the report preparation.

GRI 102-11, 102-15,  
103-1

### Systematic approach

In a first step, potential risks were collected and documented. These risks were summarised on the basis of material issues and along the entire value chain of the company. Together with the company's internal risk management and with the help of a clearly defined process, these were then evaluated before any countermeasures. The rating system used was selected on the basis of the internal risk management system. These steps as well as the involvement of risk management and the adoption of the extended risk assessment by our Sustainability Council ensure that all risks related to the NaDiVeG issues are covered. The following table lists the key risks identified by Semperit which have a potentially high negative impact on the interests of NaDiVeG. Countermeasures and possible opportunities are also listed in the overview.

For further information see risk management in the Group management report of the Semperit Group on page 47ff.

### Overview of risk assessment

Topic area	Major risks	Measures	NaDiVeG concerns	Opportunities
<b>Energy &amp; emissions</b>	Price volatility, dependence on suppliers, increased energy consumption (production & raw materials), environmental impacts (CO <sub>2</sub> & emissions)	Compliance with regulations, introduction of environmental and energy management systems (ISO 14001, ISO 9001, ISO 50001), improvement of energy efficiency (production and raw material use)	Environmental concerns	Efficiency enhancement, cost advantage, competitive advantage
<b>Raw materials</b>	Availability and security of supply, working conditions and environmental impact in raw material extraction, high proportion of fossile raw materials, inefficient resource utilisation	Supplier Policy, sustainable supplier management, assessments and audits, efficient use, waste reduction, material and product innovations	Environmental concerns, social and employee concerns, respect of human rights	Efficiency enhancement, cost advantage, first mover & innovation potential, first-choice partner
<b>Water and waste water</b>	Water shortage, water competition, contamination by waste water	Waste water treatment, efficiency enhancement of processes, waste water measurements, cooperation with authorities	Environmental concerns, social concerns	Efficiency enhancement, pioneering role, market position primarily on local level
<b>Health and security</b>	Health risks due to work environment, risk of accidents	SHE Policy, WCM, introduction of management systems (OHSAS 18001, ISO 9001)	Employee concerns, social concerns	Attractive employer, responsible entrepreneurship
<b>Working conditions</b>	Violations of employees' statutes, violations of concerns of equal opportunities, loss of key personnel, high turnover, shortage of specialists	People Policy and Code of Conduct, compliance, internal communication, internal and external audits, supplier assessment, personnel development measures, training and further education, diversity concept	Social and employee concerns, respect of human rights	Employer branding, attractive employer, image boost, industrial role model
<b>Human rights</b>	Disregard for human rights along the value chain, non-compliance with international and local guidelines (ILO, employees' statutes, etc.), loss of customers and investors, loss of market position	Code of Conduct, People Policy, internal and external audits, cooperation with customers, supplier assessment, training in the field of human rights, ethical principles	Respect for human rights	Responsible entrepreneurship, image boost & improvement of market position
<b>Compliance</b>	Incidents of corruption, price agreements, image loss, criminal consequences, weakening of market position	Code of Conduct, Compliance Management System, training, supplier policy and assessment, whistleblower platform	Fighting corruption and bribery	Market position, first-choice partner, industry role model



# EMPLOYEES

## Perspective 2021: social standards and working conditions



Increase in internal replacement rate to

**70%**  
(grade 10–14) <sup>1)</sup>

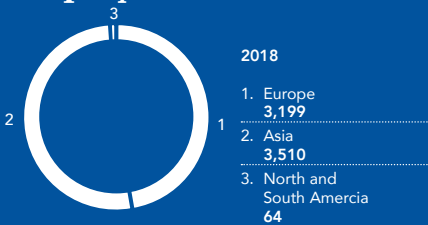
Increase in non-European managers proportion to

**20–30%**  
(grade 10–14) <sup>1)</sup>

Increase in female managers proportion to

**15%**  
(grade 10–14) <sup>1)</sup>

### Employees <sup>2)</sup> by region (FTE)



### Perspective 2021 Occupational safety and health protection

**Zero accidents**

**100%**  
of accidents were documented and evaluated

**100%**  
of corresponding countermeasures were implemented

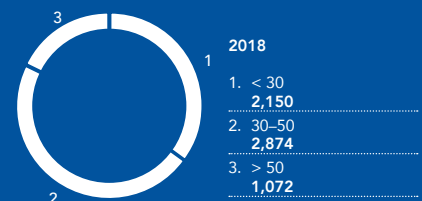
**100%**  
of internal dissemination of "lessons learned" to other sites and countries

### Occupational safety and health protection 2018 <sup>3)</sup>

	2018	2017	2016
Occupational accidents <sup>1)</sup>	2.7	3.91	13.44
Lost days	1,556	1,582	4,095
Fatalities	0	0	0
Severe injuries	1	4	4

1) per 1 million working hours

### Age structure of employees <sup>4)</sup> (FTE)



## Topics

- Occupational safety and health protection
- Social standards and working conditions
- Diversity and equal opportunities
- Qualification and training

1) Grades 10–14 refer to employees of the management. // 2) The key figures for employees per region include all employees from the fully consolidated companies of the Semperit Group. // 3) The key figures for 2018 on occupational safety and health protection refer to the fully consolidated companies of the Semperit Group. In addition to the production sites, major sales locations are included depending on their size. The key figures for 2017 refer to the fully consolidated companies of the Semperit Group excluding Hat Yai, Thailand. // 4) The key figures for the age structure of the employees include all employees from the fully consolidated companies of the Semperit Group, except the sites in Hat Yai, Thailand, and Nilai, Malaysia.

# Employees

## For and with our employees

GRI 103-2

Employees are the decisive factor when it comes to securing the long-time success of a company. The focus here is on the combination of expertise, commitment and integrity, which is exactly what characterises the employees of the Semperit Group. As a company, it is important to create the right work environment to support these key characteristics. This includes activities in terms of occupational safety and health as well as a broad range of further education and development opportunities in an international and dynamic work environment. Semperit faces up to the opportunities and challenges when it comes to adhering to and developing social standards or equal opportunities. Diversity and equal rights are not only keywords for Semperit but are also reflected in the company-wide objectives.

[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

Flexibility and foresightedness are crucial today when it comes to retaining existing staff and attracting new employees. In addition, there are social developments, such as the rise in retirement age or the increasing internationalisation, which have an impact on the personnel strategy. The company-wide principles and goals for employees are stipulated in the People Policy.

## Communication creates trust

GRI 102-8, 102-41, 401-1

Semperit has undergone a cultural transformation in recent years – particularly in the type of cooperation with its employees. Based on the Group-wide employee survey “SPEAK UP!” in 2016, 190 improvement measures have been developed, which will be implemented step by step. The next employee survey is planned for 2019 and will show to what extent the previous measures have been successful. In addition, Semperit started an ambitious transformation process in 2017, which is scheduled to end in 2020. Such change processes may evoke questions especially among employees. Semperit deliberately tries to respond to these questions with the appropriate personnel management and targeted communication to ensure successful change management. At Town Hall Meetings, which take place several times a year in all locations around the world, Management Board members and managers answer employees’ questions and provide first-hand information on the strategy, internal programmes and organisational changes. The aim is to continue to be perceived as an attractive employer with clear values and a future-oriented attitude.



<sup>1)</sup> The employee key figures include all employees from the fully consolidated companies of the Semperit Group.

<sup>2)</sup> The employee key figures include all employees from the fully consolidated companies of the Semperit Group, except the sites in Hat Yai, Thailand, and Nilai, Malaysia.

# Health and safety

## Safe at every step

As a manufacturing company, health and safety management and its ongoing development form a basis for our actions, Semperit emphasises the importance of occupational safety and health protection for the company as a separate field of action in the course of sustainability management. The focus is to avoid accidents and work-related illnesses as far as possible and to preserve the individual's workforce in the long term. The prevention of accidents in everyday work, in the operation of production facilities and on work and transport routes has the highest priority. In addition to safety, however, health protection is also crucial when it comes to the well-being of employees. For example, a good workplace design, health prevention in the context of shift work and compliance with legal requirements are important in this context.

GRI 103-1

## Group-wide integrated management system

Occupational safety, health promotion and environmental protection are integral parts of Semperit's integrated management system. The Group-wide goals, tasks and standards regarding health, safety and environment comply with the international standards such as OHSAS 18001 and apply to all employees of the Semperit Group. All sites of the Semperit Group are reviewed by means of internal or external audits on a regular basis.

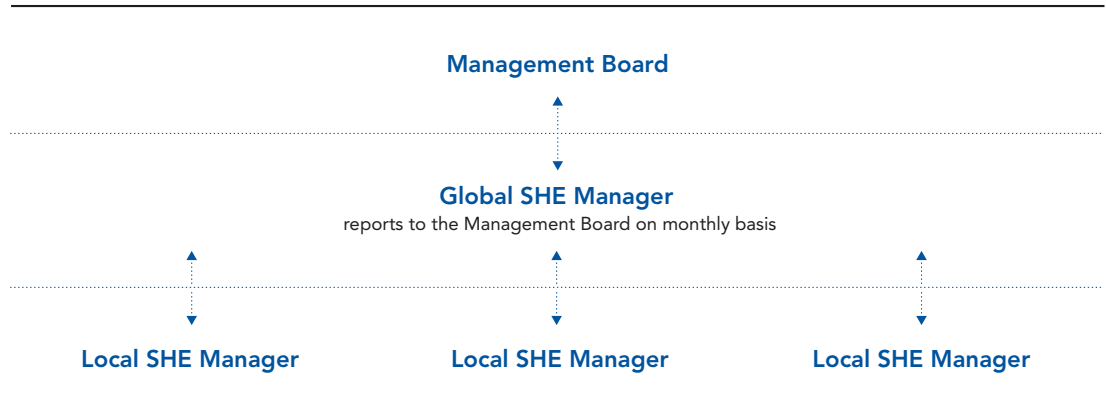
GRI 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

In accordance with the ArbeitnehmerInnenschutzgesetz (Employee Protection Act), there are industrial safety organisations at all Austrian locations of Semperit. The members of these organisations are works council members, employer representatives, company physicians as well as specialists for occupational safety and safety officers. The requirements of the industrial safety organisation are also met internationally. At the locations in Wimpassing and Belchatów there are corporate fire brigades, which are characterised, above all, by process-specific coordinated procedures and networking with the local fire brigade. Some locations of the Semperit Group produce in shift work. The number of shifts depends on the utilisation of the factories. The only exception is glove production, where production must be ongoing due to technical processes. With respect to shift work, compliance with legal framework conditions is ensured and, going beyond that, a range of additional services specifically tailored to this target group is made available.

In addition to regular health examinations and the observance of the obligatory rest periods, it is a matter of course for Semperit that every employee receives the safety equipment (eye and ear protection, clothing, etc.) appropriate to his/her work. Especially in Mixing or when working with chemicals, it is essential to appropriately train employees but also to comply with all legal requirements and to wear protective clothing. With the help of a broad and clearly defined training programme, employees are optimally prepared and trained for their job. In addition, Semperit offers a wide range of health-oriented services in areas such as ergonomics, nutrition and psychosocial health care.

The topics health, safety and environment are combined in SHE (Safety, Health and Environment). A local SHE manager is assigned to every location worldwide to carry out all activities on site from information and training to the documentation of incidents. The local managers report to the Global SHE Manager, who reports to the Management Board on a monthly basis. The detailed Group policies in this regard are set out in the SHE Policy.

[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)



**This is what we have achieved. Our zero-accident policy**

**Implementing the zero-accident policy:** Since 2017, Semperit has pursued the goal of the zero-accident policy as part of the WCM initiative (World Class Manufacturing – Next Level of Operating Excellence) and can already look back on significant progress. On the basis of many individual measures, the topic of safety and health is processed in a structured way. The WCM programme mainly counts on training courses and workshops as well as setting up model areas to eliminate or visualise weak points or potential hazards and to ensure the complete documentation of all incidents. It is particularly this documentation that is crucial when it comes to achieving sustainable improvements. Only in this way, can experiences and findings be recorded and shared across the Group. In addition to the objective of completely avoiding work-related illnesses and accidents, a re-thinking and thus a longer-term behavioural change should be brought about. In 2017, the first WCM Safety Kaizen workshops were held in this context and rolled out comprehensively in 2018. The workshops were accompanied by a SHE idea competition and SHE days, where current topics were processed group-wide.



GRI 102-8

**Clear measurement parameters and specific objectives:** Within the Semperit Group, every accident must be reported, recorded and analysed. This ensures that all necessary steps are taken, and the relevant information and improvement measures are shared Group-wide. The number of days lost due to accidents was already reduced by 2,513 in 2017. A further decline was achieved in 2018. In addition, there were no fatal accidents at work in 2017 and 2018. Every type of accident is documented, including those that happen on arrival and departure or during business trips. The system encompasses all types of contracts, although it must be noted that data availability is particularly difficult in the case of temporary workers – who are primarily employed in Asia – as it is obtained through appropriate agents. Due to data protection, the data is stored with the respective agency and not directly with Semperit.

Despite the high level of acceptance and participation of all employees in the WCM programme and the corresponding zero-accident policy, accidents and injuries can occur. In 2018, one serious accident was reported within the Group. The measures taken and the initiated development clearly show that the programme is effective and that the cultural change that has been initiated is successful.

**Active inclusion of employees:** The active involvement of employees is important for the success of the initiative. Therefore, suggestions for improvement are jointly collected and implemented. This is the only way to ensure a long-term improvement in working conditions. In order to document this development with figures, the indicator “employee participation” was introduced on a trial basis in 2018, which should be used more frequently in 2019. In addition to this figure, Semperit relies on a strong visualisation of the topic. In this context, numerous information points (WCM Corner) can be found at all locations, where not only the current accident rate (Green Cross) is shown, but also new findings, achievements and planned future measures can be read.

GRI 403-2

**Overview of measures**

Activity	Description	Status	Goal
Cut & Stitch	Group-wide initiative on stabbing and cutting injuries; avoiding existing risks or minimise them by targeted measures	●●●●	Significant decrease in the number of cutting injuries
Safety Kaizen workshops	Information, visualisation and training with regard to safety; nine workshops were held in 2017, four more workshops in 2018	●●●●	Knowledge transfer and establishment of a reporting system for unsafe conditions and actions
Safety Kaizen Days	Customised information days, held as follow-up activity after the Safety Kaizen workshops; 104 Safety Kaizen Days were arranged in 2018	●●●●	Intensification and consolidation of the contents communicated after the Kaizen weeks
SHE Days	Day workshops on selected and current special topics	●●●●	Information exchange and sensibilisation
SHE competition	Ideas competition on safety issues	●●●●	Encouraging participation; creating incentives and best practice examples
SHE action list	Platform to collect tips and improvement suggestions	●●●●	Ensuring that no ideas and suggestions are lost
Safety Center	Contact point for employees for current issues	●●●●	Information and help
Safety training	Evacuation and fire-fighting exercises	●●●●	Prevention; regulatory compliance
Safety-related survey of machines	Central survey of all machines	●●●●	Work place optimisation; showing potential for improvement
Generation of traffic concepts	Development and introduction of a traffic concept	●●●●	Avoidance of accidents
Employee training courses	Initial training; workplace-specific training courses	●●●●	Knowledge transfer; awareness raising and prevention

● Status 1: planned // ●● Status 2: started // ●●● Status 3: advanced // ●●●● Status 4: completed

## This is what we want to achieve: perspective 2021



**No accidents**

**100%**  
of accidents were documented and evaluated

**100%**  
of the corresponding countermeasures were implemented

**100%**  
internal dissemination of "lessons learned" to other sites and countries

**Consistent implementation of the defined goals:** In the coming years, the zero-accident policy will again be the focus of all efforts. Particular attention is paid to the optimisation of accident reporting and the joint development and implementation of improvement measures. With the help of uniform processes and intensive training of all employees, the quality of the system will be increased, and the group-wise processing of the findings secured. In order to achieve this goal, the appropriate infrastructure has to be created to process the collected data. In 2018, the cornerstones of the so-called WCM database were defined and tested and will be implemented group-wide in 2019. The plan is to start with the locations in Wimpassing (Austria), Odry (Czech Republic) and Bełchatów (Poland). Once the system has been successfully implemented and tested there, it will be extended to other locations.

With the help of the central database, all activities and measures can be controlled, transformed and retraced in a structured way. In addition, a legal management system has been set up for SHE, which integrates all legal obligations and examines their compliance.

**Switch to ISO 45001:** Currently, the Semperit Group is preparing to switch from OHSAS 18001 to ISO 45001.

## This is what we intend to do

Activity	Description	Status	Period
WCM database	Implementation of database	●●●●	2021
Legal management system for SHE	Documentation and control of legal obligations	●●●●	2021
Documentation of accidents	100% of accidents are documented	●●●●	2021
Process optimisation	Processes are improved on an ongoing basis	●●●●	2019
Trainings	Increased trainings offer	●●●●	2019
Awareness raising	Increased communication measures	●●●●	2019

● Status 1: planned // ●● Status 2: started // ●●● Status 3: advanced // ●●●● Status 4: completed

# Social standards and working conditions

## Being aware of our responsibility

Semperit supports the respect for human rights and is careful to prevent human rights abuses in the course of its business activities. The business activities and the extensive supply chain of the Semperit Group comprise a large number of partners and therefore individuals. As an internationally operating company, Semperit is also active in countries where there is an increased risk of direct or indirect human rights violations. Therefore, it is important to ensure that all business activities are made in accordance with the internationally recognised human rights (UN Guiding Principles on Business and Human Rights) as well as Labour and Social Standards (International Labour Organisation - ILO). Without exception, Semperit rejects child labour and forced labour, regards human rights as fundamental rights and stands for fair wages and freedom of assembly. The principles and internal guidelines in this context are determined in the Code of Conduct as well as the People Policy and the Supplier Policy.

GRI 103-1  
[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

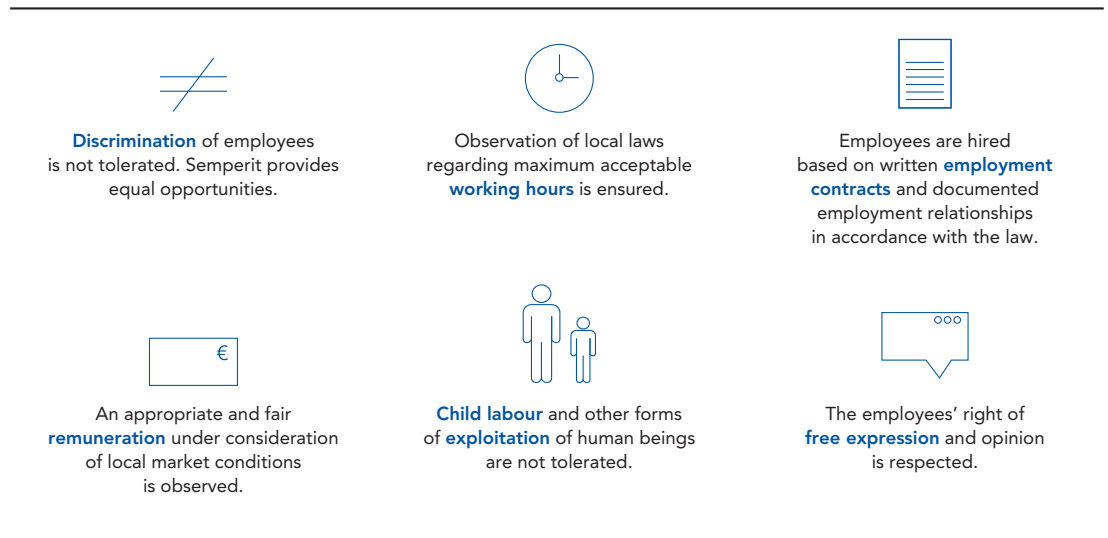
## Global standards on labour and social conditions

Semperit attaches great importance to the fact that the principles and guidelines also apply to business partners and are regarded by them as an important prerequisite for a successful business relationship. The corresponding policies are communicated and disclosed. The current supplier directive is pointed out to suppliers with a purchasing volume of more than EUR 5,000 per year. As soon as the company realises that malpractices or violations occur among partners, suppliers or its own employees, it tries to jointly find a solution at first. Serious cases may also lead to the exclusion or termination of the business relationship.

GRI 103-2, 103-3,  
406-1

The whistle-blower platform "SemperLine" launched in 2018 ensures that reports can also be submitted anonymously. In addition, the company's human rights requirements are integrated in the Group-wide compliance management system to ensure compliance at all sites. In the reporting year 2018, an incident was reported that led to the termination of the employment relationship. Semperit's goal is to act with integrity and fairness at all times and to be perceived as an entrepreneurial role model.

The Semperit Group and its employees strictly comply with local laws and cover the following topics with their own voluntary obligations:



### This is what we have achieved

GRI 412-1

**Auditing according to BSCI:** To underpin the Group-wide principles and guidelines, the production sites in Sopron, Hungary, and Kamunting, Malaysia, of the Medical Sector were audited in 2018 according to the principles of the Business Social Compliance Initiative (BSCI). The BSCI audits focuses on promoting and guaranteeing fair working conditions, which is crucial especially in high-risk countries.

**Ongoing training and communication:** In addition to the external audits, the education and training of all employees is an important feature on the way to a sustainable future. Semperit relies on on-site visits by the management as well as on a wide range of training courses, particularly for managers and thematic focus groups such as purchasing, human resources or production. In addition, the Code of Conduct is also subject of onboard training around the world. This ensures that every new employee is reached.

**Comprehensive social benefits:** In addition to comprehensive training and further education measures, Semperit offers its employees numerous social benefits such as various sports options or additional medical services. In accordance with local laws, there are works councils and company unions as well as a European works council to represent workers' interests. However, the Semperit Group not only values the well-being of its own employees, but also feels a special commitment and obligation to the people in the regions in which it operates. For example, Semperit is investing responsibly in the future of its locations, creating new jobs and contributing to the economic development of the regions.



## Equal opportunities and diversity

Currently, 58 nationalities work together within the Semperit Group. The most diverse cultures, attitudes and experiences meet here. Semperit considers this a success factor that should not only be maintained, but even actively promoted. In addition, society and thus market requirements are constantly evolving. Among other things, Semperit relies on teams that are characterised by a high degree of diversity. This makes it possible to pick up on new aspects and perspectives, and precisely this “thinking outside the box” is an essential factor for the sustainability of a company.

GRI 102-8, 405-1

### This is what we have achieved

**Increase in diversity:** Diversity and respect are integral and indispensable components of the corporate culture of the Semperit Group, which are taken into account when filling all functions. In addition to professional and personal qualifications, aspects such as age structure, origin, gender, education and background of experience are included. A diversity concept of the Supervisory Board of Semperit AG Holding was concluded on 1 February 2018 in written form. As early as in May 2017, the Supervisory Board of Semperit AG Holding met the women's quota of 30%, which has been legally required since 2018.

### This is what we intend to do: perspective 2021



Increase in internal replacement rate to

**70%**  
(grade 10–14)

Increase in non-European managers proportion to

**20–30%**  
(grade 10–14)

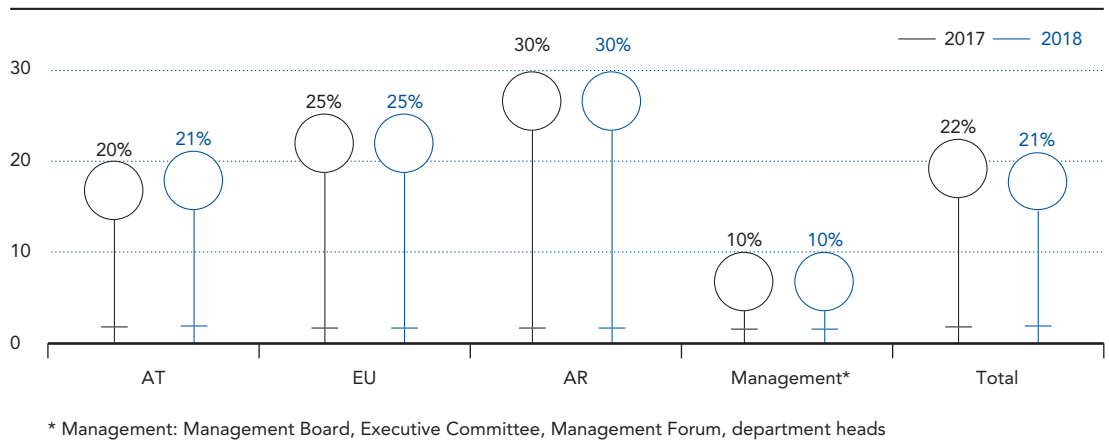
Increase in female managers proportion to

**15%**  
(grade 10–14)

**Flexible working time models and a fair evaluation system:** Flexible working time models in the form of flexible and part-time work as well as special agreements for parents working part-time are intended to contribute to the continuous increase in the proportion of women. By 2021, the percentage of female managers (grades 10-14) shall be increased to at least 15% and shall not fall below this level.

To underline this, Semperit applies an assessment system for positions that excludes gender-specific features. Criteria such as knowledge and competence, the responsibility connected with the position, complexity of the specific activity or management responsibility are important considerations for the evaluation of positions. Only the specific position is assessed, not the person holding it. The wages paid are based on the customary remuneration for a comparable position in the relevant environment. At some locations, this includes the application of collective bargaining agreements. Semperit ensures remuneration in line with the market for all employees. Furthermore, Semperit offers variable compensation components, which are based on individual targets and group targets that were agreed with the employee.

### Development of the proportion of women at Semperit (percentage in Austria, Europe, Supervisory Board, Management and total)



**Balanced proportion of local and international employees:** In principle, it is important to Semperit to achieve a balanced ratio of domestic and international managers. This corresponds to the market requirements and the understanding of recognised international business partners. The proportion of local and international managers varies depending on the region. In 2018, the share of non-European managers within the Group was around 15%. Semperit intends to expand this share to 20-30% by 2021.

**Increase in the internal succession rate:** Currently, the internal succession rate is around 19%. By 2021, Semperit's objective is to increase the internal succession rate to 70%. In order to achieve this goal, it is necessary to implement certain measures and processes that make this achievement possible. Future managers must be prepared for their new task and accompanied accordingly in their development.

## Life-long learning and personnel development

Every year, Semperit recruits up to 1,500 new employees. On the one hand, the production sites record positive growth, on the other hand, the demands of the employees and thus the requirements placed on the employer are constantly changing. In addition, the competitive pressure on finding specialists and managers continues to rise. The optimisation of recruiting processes and the retention of existing employees are in the focus of all activities. Semperit constantly invests in the further development of its employees, the promotion of talents, but also in attractive additional benefits.

In addition, it is important to further develop the human resource strategy and adapt it to current circumstances. Accordingly, three focus fields have been defined:



### This is what we have achieved

**Implementation and further development of a global IT system:** As early as 2014, the global human resources IT system “SuccessFactors” was implemented, which served primarily for processing the most important employee and position data in the beginning. Over the years, the system was gradually developed and in 2017 expanded by a learning management system and a career platform. Group-wide, the introduction of a common platform primarily serves to structure and simplify the ongoing processes in the HR field and increase transparency and controllability.

The online training offer is constantly growing and now includes language training, compliance courses and, since 2018, a sustainability module. Every new employee is assigned a customised training programme as part of the onboarding process. The content and objectives of the annual employee appraisals are also documented on the IT platform.

**Talent Academy:** Future experts and managers receive special promotion within the scope of the Talent Academy. Based on a potential analysis, three specific module units follow. In 2018, more than 30 young employees from Europe, Asia and North America were nominated to qualify for the next Talent Academy, which will start in early 2019, within a development centre.

**Mentoring system:** Another part of Semperit's human resource policy is the mentoring system for certain employee groups or the training of young specialists. In addition, the cooperation with technical schools, universities and universities of applied sciences was continued in the reporting year, and numerous diploma theses, dissertations and internships were accompanied. Furthermore, the international exchange within the Group will be intensified through an expatriate programme. In 2017, 17 expatriates were on duty, while 14 were on duty in 2018.

**Segment Days:** In addition to employee training and further education, the exchange of knowledge and experience within the Semperit Group is an important factor. Regular international meetings, the so-called Segment Days, and Group Conferences, which take place once a year, contribute to a high degree of know-how transfer and ensure an exchange between all levels.

# SUPPLIERS



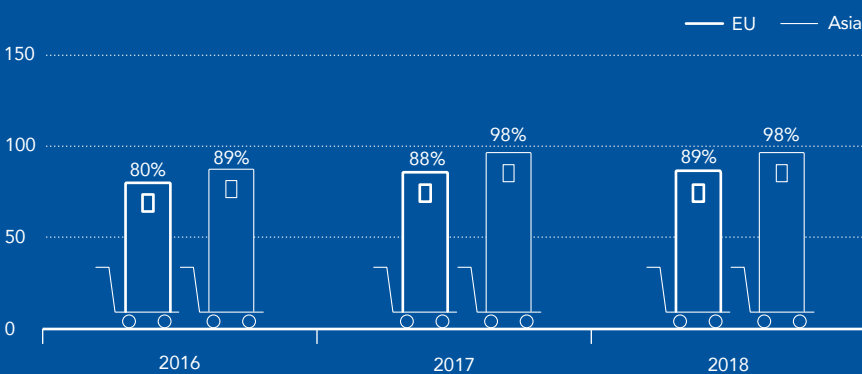
## Perspective 2021

50% of all suppliers (>EUR 500,000 p.a. purchasing volume) completed their self-evaluation.

*No significant changes in the supplier structure*

## Transparency in the supply chain

### Regional distribution of suppliers

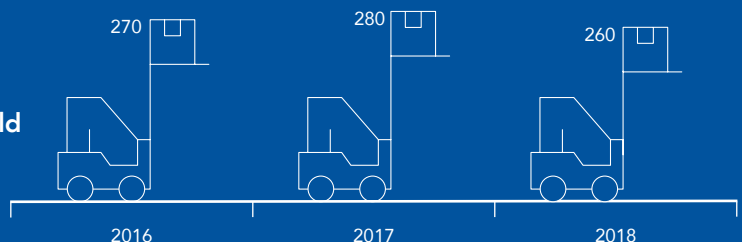


**3** core areas

- Raw materials
- Packaging materials and
- Trade goods

### Supplier structure

- 2018: more than 650 suppliers around the world
- thereof more than 260 with >EUR 50,000 p.a. supply volume from more than 20 countries



# Sustainability in the supply chain

## Responsibility beyond the factory walls

GRI 103-1  
[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

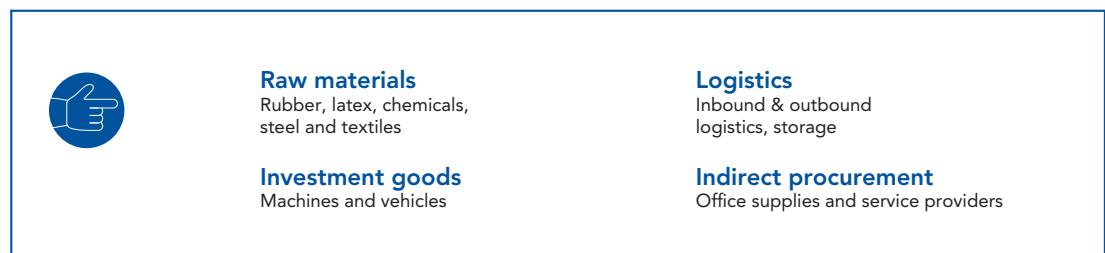
The understanding of sustainability in the Semperit Group covers the value chain. By sustainability, Semperit not only means securing long-term partnerships, but also adhering to ethical, ecological and social principles, which are laid down in the Group-wide Code of Conduct and in the Supplier Policy. Compliance with sustainability standards in the supply chain is therefore an important concern of the Semperit Group and is becoming increasingly important both externally and internally.

## Stability in procurement: supply chain management at Semperit

GRI 102-9, 103-2,  
103-3

Due to the high share of material costs in the total price of the product (60-85%), the strategic orientation and central control of purchasing are paramount. Factors such as raw material availability and quality, supplier selection and performance are essential to ensure high quality and innovative products. In addition, Semperit produces the majority of the required basic products itself. The focus is therefore on the product categories raw materials, packaging materials and trade items, taking into account the materiality principle, when it comes to the description of the supply chain. Therefore, all documented key figures refer to these categories. The following locations are excluded due to a lack of data availability: Rovigo, Italy, Hat Yai, Thailand, and Deggendorf, Germany.

With 14 production sites in nine countries, the procurement network of the Semperit Group ensures that the production sites are supplied with production materials of the required quality in a reliable and competitive way. Local purchasing and the corresponding warehouse management are the responsibility of the individual locations but are combined centrally at the Director of Group Procurement & Logistics. The lead buyers assigned to the headquarters are divided into four thematic groups:



[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)  
 GRI 205-2

The increasing internationalisation of procurement and the related large variety of suppliers (first tier) and subcontractors (second tier and third tier) involve numerous opportunities as well as risks. A systematic process for selecting and evaluating suppliers as well as a close cooperation with suppliers ensure compliance with the standards defined by Semperit. The guidelines and standards regarding social, ethical and environmental criteria are described in the Group-wide Supplier Policy and follow international guidelines, such as the principles of the UN Global Compact, the International Chamber of Commerce (ICC) Charter for Long-term Sustainable Development and the relevant Conventions of the United Nations International Labor Organization (ILO). Semperit expects its suppliers to comply with these standards and encourages them to assume responsibility for their suppliers. Accordingly, the supplier guideline is transmitted to new suppliers.

Semperit has a long-term business relationship with many of its existing suppliers. When choosing suppliers, we try to obtain comparable products from the region with the most cost-efficient package of price, quality and performance. Against this background, Semperit strives to support local supplier structures. Local means that the production of the purchased goods or raw materials takes place on the same continent where they are processed by Semperit. Due to only small changes in the supplier structure with one new supplier worldwide, the regional distribution of suppliers in 2018 has not changed significantly. Therefore, there are no reports on significant changes in the supplier landscape of the Semperit Group.

GRI 204-1

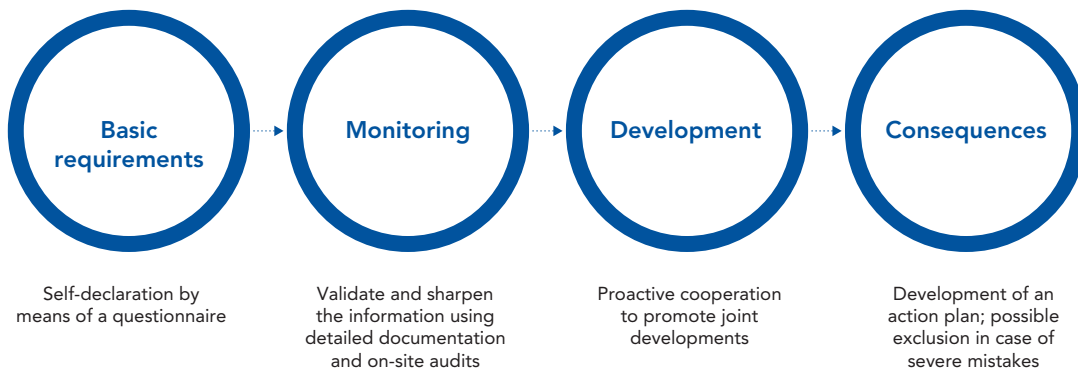
### This is what we have achieved

**Reorganisation of procurement:** The reporting year 2018 was characterised by numerous structural changes. The division has been reorganised. Bottlenecks in the raw materials sector, for which timely solutions had to be found, were challenging in 2018. In addition to daily operations and the reorganisation of the division, discussions on the topic of transparency in the supply chain were intensified and future goals were defined.

GRI 102-10

**Creating a basis for the evaluation process:** An essential part of future activities is based on the previously introduced evaluation process, which will be deepened and professionalised in the coming years. Currently, this process is divided into four subareas:

GRI 103-1, 308-1, 414-1



In recent years, suppliers with a purchase volume of more than EUR 100,000 have been asked to undergo a self-declaration. Each supplier receives the same questionnaire. Based on the information obtained in this way, an individual classification is made. In 2016-2018, over 50% of suppliers were invited to complete this questionnaire. Of these, one supplier was classified as critical and an on-site audit was conducted. Based on the audit results, measures were subsequently developed together with the supplier to improve its status. In the years 2016-2018, one supplier had to be excluded. The system will be improved in the future and above all be professionalised and automated with the help of an online database.

In 2018, Semperit decided to undergo a self-evaluation on the international supplier platform "ecovadis" of the chemical industry "Together for Sustainability" (www.tfs-initiative.com) and achieved the silver status with the Wimpassing site (= top 30%). With this, Semperit is taking its first steps to-

wards internationally valid standards and global benchmarks. Based on this result, potentials and weaknesses will be identified in 2019, and further steps will be planned for the future. In addition, Semperit is involved in the business association of the German rubber industry as well as in the International Rubber Study Group, Singapore. In both associations, principles and guidelines on sustainability were developed and published in recent years (see [www.wdk.de](http://www.wdk.de) and [www.rubberstudy.com](http://www.rubberstudy.com)).

## This is what we intend to do: perspective 2021



**50%** of all suppliers (>EUR 500,000 p.a. purchasing volume) completed their self-evaluation

**Query of sustainability criteria and creation of a supplier database:** This goal includes the set-up and implementation of a supplier database as well as increasingly involving and approaching suppliers. The introduction of our own database will help in the future to make data available quickly, information traceable and regular updates easily feasible. In addition, the underlying processes will be deepened and automated.

**Professionalisation of supplier management:** In addition, there are plans to intensify efforts in the field of international supplier networks and benchmarks in order to improve not least our own performance. In this context, special training courses for employees in purchasing are planned.

### Overview of measures

Activity	Description	Status	Period
Extension of evaluation criteria	Increased incorporation of social and ecological topics in the context of self-information and audits	● ● ● ●	2019
Definition of further steps to improve own performance	On the basis of the ecovadis results, further steps will be defined and implemented.	● ● ● ●	2019
Development of a special database for suppliers	Definition of framework conditions and requirements of an appropriate software	● ● ● ●	2021
Mandatory implementation of self-information in the context of the database	Suppliers >EUR 500,000 purchasing volume p.a. must perform the self-assessment on the supplier database.	● ● ● ●	2021
Expansion of the supplier assessment	Ongoing optimisation and refinement of the evaluation process	● ● ● ●	2021
Awareness raising on the topic of sustainability for purchasing	Performance of employee training courses on the topic of sustainability in the supply chain	● ● ● ●	2021

● Status 1: planned // ● ● Status 2: started // ● ● ● Status 3: advanced // ● ● ● ● Status 4: completed



# INNOVATION

*Perspective 2021*

**25%**<sup>1)</sup>

more use of recycled material

Share in

**>250**  
patents

Participation in  
basic research  
projects with a  
total volume of

**>EUR 1.5**  
million

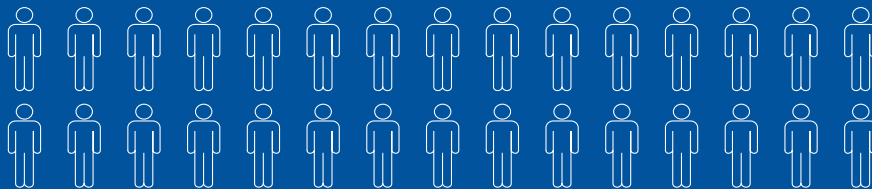
*Development  
partnerships*

*Research and  
Development*

**14.0**

R&D expenses (EUR million)

**247 employees in R&D**



## Pioneering spirit and innovative strength

*3 focus areas*

- Materials innovation
- Product innovation
- Process innovation

*1 R&D Centre and seven further  
research locations*



<sup>1)</sup> base year 2017

# Innovation

## There is always a way, you just have to find it

GRI 103-1

For 195 years, Semperit has been successfully operating in the rubber processing industry. To keep going over such a long period of time requires innovation. It takes pioneering spirit and the motivation to research, understand and optimise materials, products and processes according to various criteria. It is important at all times to recognise market trends and customer requirements and to respond to them.

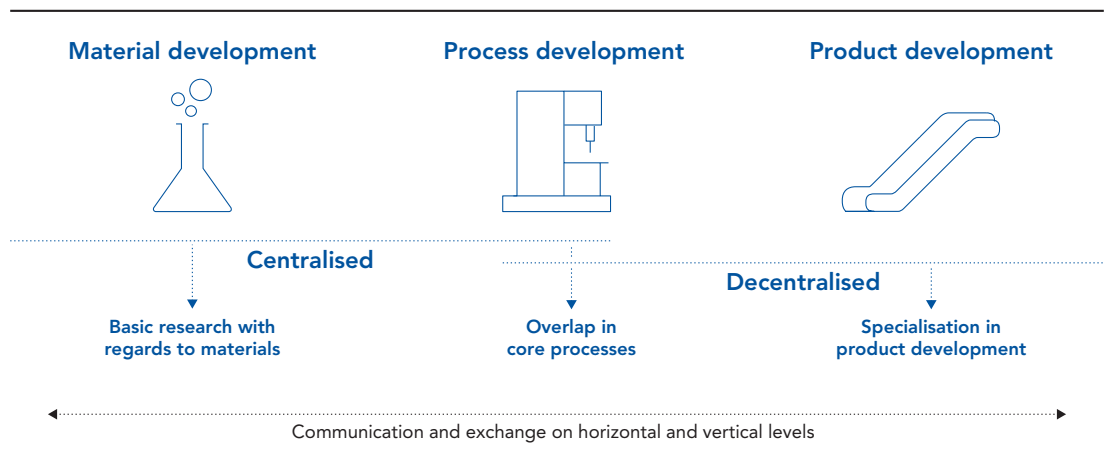
The research & development (R & D) team of the Semperit Group is continuously working on the development of innovative materials and products as well as the improvement of manufacturing processes. Topics such as resource and energy efficiency in production as well as health and environmental compatibility in product application are always top priorities in research and development work.

## Innovation through research and development

GRI 103-2, 103-3, 403-7

Semperit has a Group-wide innovation management system, which is the heart of all R & D activities. The focus is on the systematic identification of potentials, the selection of suitable ideas and successful project management. The aim is to promote developments in a controlled manner and to sustainably secure innovation. Another component is risk analysis, which serves to estimate possible effects of the products on people and the environment, and to identify and address any risks along the value chain at an early stage.

The R & D team with its 247 employees is divided into a central and several decentralised units. The central unit, which is partly located in the R & D centre in Wimpassing, deals not only with basic projects, but also with material development and central process development as well as with the control function of group-wide activities. The decentralised part at the segment level works specifically on product and process optimisations – often in close cooperation with customers – and is formed by the product and process development teams of the various business units.



In addition to the headquarters in Wimpassing, Semperit operates seven other research sites. In addition, most of the production sites are accompanied by on-site laboratories, which carry out the daily quality assurance processes. In addition to integrated and structured processes, communication between the various departments as well as key stakeholders such as customers and university research institutions is important, which is ensured by regular meetings and workshops at group level and with relevant stakeholder groups.

Further details on the strategy as well as the various guidelines and specifications relating to the topic of innovation can be found in the "Semperit Sustainability Innovation Policy".

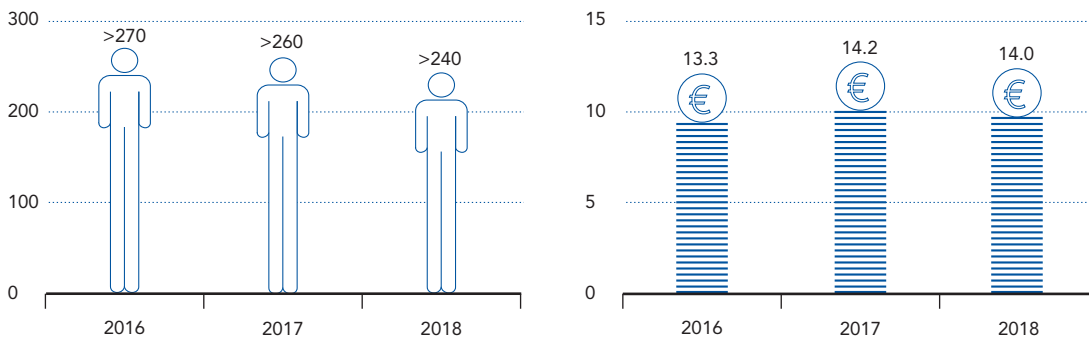
[www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

## This is what we have achieved

**Further development of the innovation strategy:** The consistent further development of the innovation strategies of the individual segments as well as the comprehensive establishment of uniform innovation processes was one of the main objectives in 2018. Cooperation with customers was intensified and the promotion of young talents at university level (JKU, University of Leoben, TU Vienna, TU Graz, etc.) was increased. The Semperit Group is currently supporting basic research projects amounting to EUR 4.7 million (EUR 1.6 million annually). In addition, Semperit holds a share in more than 250 patents and spent EUR 14.0 million on research and development in 2018.

**Integration of sustainability aspects in the selection process:** In the course of the decision-making process on which ideas and innovations should be driven forward, criteria such as material efficiency, energy efficiency and the increased use of secondary materials are increasingly applied.

### Overview: Employee development & expenses for research & development (EUR million)



## Highlights in research and development in 2018

- Sempertrans: development and approval of conveyor belts for underground mining (Australia, USA, Canada)
- Semperform: development of components and component groups for the "white goods" industry (household appliances)
- Semperflex: development of a new liquid gas hose for the automotive industry
- Sempermed: development of a new 3g-glove

## This is what we intend to achieve: perspective 2021

**Focus area of recycled materials:** In addition to the development of innovative products, processes and materials, Semperit's goal is to continuously increase the use of recycled materials:



Increase in the proportion of secondary raw materials by 2021 (reference year 2017)

by **25%**

At the moment, recycled rubber and carbon black are mainly used. The use of these materials guarantees not only the economic advantage but also a conservation of resources. However, in order to be able to rely more on secondary raw materials, numerous tests must be carried out at the material level in order to subsequently obtain or achieve the desired material and product properties. Quality is another decisive point when using secondary raw materials. Certain raw materials are subject to standardisation so that substance A can be replaced by substance B, because there is hardly any influence on the subsequent processes. For raw materials that do not comply with any standard, all subsequent process steps (formulations, parameters such as temperature and pressure as well as machine settings) must be brought into line with the respective material properties. This can sometimes be very elaborate.

**Focus area strengthening innovation:** In addition to increasing the proportion of recycled materials, the optimisation of the innovation process and management continues to be the focus of future developments. On the one hand, structured processes have to be defined; on the other hand, clear framework conditions have to be created for the developers. This mainly refers to the limitation of the application fields in order to generate specific ideas. The selection process of ideas, classic project management as well as cultural topics such as communication and error culture will be optimised on an ongoing basis.

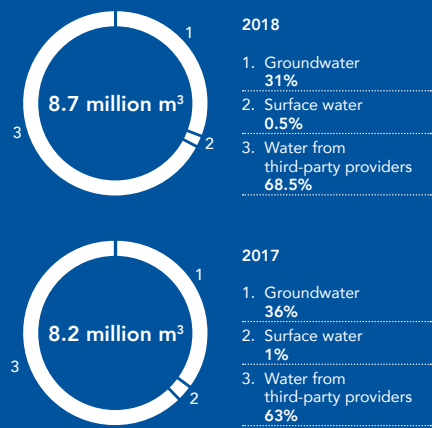
### Overview of measures

Objective	Description	Status	Period
Increase in recycled material proportion by 25%	Optimisation of material use of secondary raw materials by appropriate research and development activities on material, product and process level	●●●●	2021
Further expansion of innovation management	Refinement of innovation management as well as comprehensive establishment of uniform innovation processes throughout the Semperit Group	●●●●	2019
Intensification of customer cooperation	Together with customers, questions are worked on and innovation fields are handled.	●●●●	2019
Strengthening of basic research	Cooperations with universities and research institutions are further pushed.	●●●●	2019
Optimisation of material use along production	Improvement and targeted promotion of developments in the field of process technology	●●●●	2019
Further expansion of product portfolio	Promoting new developments as well as further development and optimisation of existing products	●●●●	2019

● Status 1: planned // ●● Status 2: started // ●●● Status 3: advanced // ●●●● Status 4: completed

# PRODUCTION

## Water in m<sup>3</sup>



## Greenhouse gas emissions 2018

Scope 1+2

**444,243**

(2017: 437,806)

CO<sub>2</sub>-eq in t

## Energy

	unit	2018	2017
Total energy consumption	MWh	1,514,720	1,494,942
Units produced	t	175,606	207,804

## Perspective 2021 for energy

annual improvement of energy intensity <sup>1)</sup> by

**3%**

Semperflex

**2%**

Semperform

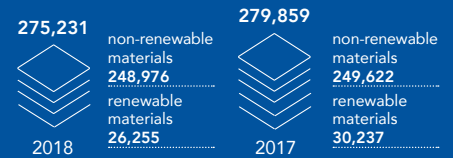
**2%**

Sempertrans

**5%**

Sempermed

## Materials in tonnes



## Waste in tonnes



## Perspective 2021 for material

annual improvement of waste & scrap rate <sup>2)</sup> by

**6%**

Semperflex

**3%**

Semperform

**5%**

Sempertrans

**4%**

Sempermed

1) energy intensity = energy consumption (kWh)/unit produced (kg) // 2) waste & scrap rate = total weight of waste & scrap (kg)/unit produced (kg)

# Production

## Taking steps towards becoming an industry role model

GRI 103-1, 103-2,  
103-3

Around the world, Semperit products stand for safety, reliability and effectiveness. Each segment of the Semperit Group fulfils this value proposition in the interests of its customers and thus helps them to increase success, efficiency and sustainability performance. The careful handling of resources, the avoidance of waste and scrap, the optimisation of energy use as well as the protection and safety of employees are the most important objectives in production alongside high-quality products. With the continuous improvement of the technological and management processes and a group-wide environmental management system, Semperit is gradually investing in a sustainable future and thus becoming an industry role model.

The result is a perfectly tailored offer for the respective customers and markets, from which companies, customers and the environment equally benefit. The "Resource Management" and "Quality and Safety, Health and Environment" guidelines are available on the website of the Semperit Group.

In addition to the main topics "Raw materials and material use" and "Energy use and consumption", the topic "Climate protection" with the subcategories "Greenhouse gas emissions, water and wastewater" is also reported in this chapter. The selected indicators used to describe the topics relate to the production sites (see the table in chapter "About this report") of the Semperit Group<sup>1</sup>. Sales locations and the headquarters are not considered.

Digitisation is also making its way into the Semperit Group and is increasingly including aspects such as the handling and protection of data as well as topics relating to the term Industry 4.0. Particularly in the field of automation and process optimisation, digitisation has many advantages. After the successful completion of the restructuring process in 2020, Semperit will pay special attention to these topics.

## International standards & management systems

### The Semperit Combined Management System

In order to minimise potential environmental and health burdens in development and production as far as possible, Semperit works to the highest standards. The certified environmental management system ISO 14001 is integrated into the group-wide "Semperit Combined Management System", which defines the relevant processes, responsibilities and detailed procedures for implementing internal guidelines. The certifications according to ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001 are also anchored there.

	<b>ISO 9001:2015</b>	<b>ISO 14001:2015 &amp; OHSAS 18001:2007</b>
	<ul style="list-style-type: none"> <li>• 12 production sites</li> <li>• service sites</li> <li>• office sites</li> </ul>	<ul style="list-style-type: none"> <li>• 11 production sites</li> <li>• 1 service site</li> <li>• 1 office site</li> </ul>

<sup>1)</sup> The following exceptions were made for the consolidation of the sites: No data were available for the Nilai, Malaysia, Rovigo, Italy and Shandong, China sites during the reporting period. The location Allershausen, Germany was not considered a production site due to its small size and the processes carried out there.

### “World Class Manufacturing” as a starting point and international benchmark

Based on the integrated production system “World Class Manufacturing (WCM)”, all employees are involved in working on the optimisation and excellence of all technical and management-related processes. With WCM, Semperit is committed to the long-term objective of being completely accident-free, optimising the use of materials and energy and thus ensuring the resource-efficient and sustainable production of quality products. Participation in the WCM standard not only enables Semperit to optimise its structure in various areas, but also serves as a benchmark system. Based on the international assessment systems, comparisons are possible not only within the industry but also across sectors. Above all, it supports the internal evaluation and ultimately motivation to become an industry role model.

GRI 403-2, 403-9



WCM is an internationally recognised production system, which is based on ten technical pillars (such as safety, quality control, environment, professional maintenance, ...) and ten management pillars (such as time and cost planning, employee motivation, clarity of goals, ...). The integrated system has its origins in the automotive industry in Japan and is considered a standard for manufacturing companies worldwide. Each of the thematic priorities is structured and processed using various standardised methods and continuously working to improve the areas concerned. The broad design allows this production system to include the entire organisation as well as all stages of production. This allows WCM to be regarded the basis for numerous activities and processes. The system includes cultural topics such as communication, awareness raising and employee involvement as well as management activities and product optimisation measures. Therefore, it can be called an integrated production system.

The “Concept of Zero” is the leading vision within the scope of WCM. With the help of standardised approaches, an intensive involvement of the employees, and the development of model areas as well as the corresponding documentation and dissemination of the results, all efforts will be focused on zero accidents, zero waste, zero delays, zero defects and zero breakdowns in the future.



WCM was started in Wimpassing in 2016 and will be introduced to all production sites by 2020. In 2018, three external audits were completed at two sites (Odry and Wimpassing). The experience of the audits shows that the system has already been successfully implemented and can therefore be extended to all other locations. The next audit is scheduled for May 2019 in Wimpassing. In 2018, the first elements of WCM were already introduced at production sites in Poland, Hungary, the Czech Republic, Germany as well as Malaysia and China. The goal is to achieve a WCM bronze certification for the location Wimpassing in 2020 and to comprehensively complete the application of the system.

## Group-wide highlights and milestones in production

Initiative	Result
Rehabilitation of the sewage treatment plant in Kamunting	With the rehabilitation and expansion of the sewage treatment plant it can be guaranteed that all specified limits are met.
Green Glove technology	In Kamunting, the first 4 production lines for the so-called "Green Glove", in which nitrile gloves are manufactured without any chlorination, were commissioned in 2018. Another 4 lines will follow in 2019, which will make it possible to dismantle the corresponding exhaust air treatment plant.
Noise level reduction at the mixing line	After extensive measurements and analyses it was possible to lower the noise level below 85 dB at the mixing line 4 in Bełchatów due to the installation of a noise wall and special noise insulation of the exhaust hood.
Energy savings due to putting a new mixing line in operation	In November 2018, a new mixing line was put into operation. It covers the total demand of black profile mixtures of the locations Deggendorf and Leeser (~20,000t). To date, a majority of these mixings has been manufactured in 2 stages. With the new process, only one stage is necessary, which results in considerable energy savings.
Significant reduction in waste and scrap rates	With a new measuring system and targeted process optimisation, it was possible to achieve a significant reduction of the waste and scrap rate for the production of wire rope.



# Raw materials and material use

## Efficiency throughout the product cycle

Semperit always strives to achieve more efficiency and resource conservation, from which both the customer and the environment benefit. Possible starting points for optimising and increasing the efficiency of material use are raw material selection, product design, process engineering and waste and scrap prevention. In order to manufacture various rubber products such as straps, hoses, gloves and seals, Semperit uses different raw materials from different sources. The main components are natural and synthetic rubber, latex, carbon black, chemicals and various materials to increase strength (steel, textile, etc.). Depending on availability and order situation, the required materials are purchased and processed. Due to the high proportion of material in the total production costs of the products, the efficient use of materials is of highest relevance ecologically and economically.

GRI 103-1, 103-2,  
103-3

In product design, it is important to increase the use of secondary materials (recycled rubber, recycled carbon black) (see chapter Innovation), and to optimise the use of materials by means of design-specific criteria (such as material thickness, shape diameter, etc.). The possibilities are limited by the material and product properties to be achieved (such as stability, carrying capacity, dimension, etc.) as well as the requirements of technological production processes. In addition to material and product development, Semperit is constantly working to optimise the production processes with regard to the use of materials. In doing so, it is important to max out the technological requirements of the processes so that the manufacturing processes run smoothly and are thus optimally feasible, while at the same time they produce as little scrap and waste as possible.

As part of the WCM project, weaknesses are systematically identified, and solutions developed with regard to the use of materials. The aim is to reduce the "waste and scrap" rates in the longer term and to get closer to the "zero waste" vision.

Materials that are produced as waste or scrap during production are recycled as far as technically possible. In the field of rubber, reuse is possible in particular when no vulcanisation has taken place yet. On the other hand, vulcanised materials are very difficult to reuse due to their material properties. Semperit uses a certain percentage of reclaimed rubber and regrind during production. Both are made from vulcanised rubber waste (usually tyre waste). Waste that is no longer used will be disposed of in accordance with legal requirements. It is important to ensure that the respective disposal partners are qualified and that the waste is disposed of properly. The amount of waste after the usage phase varies greatly depending on the product category and application. The disposal after the usage phase is to the responsibility of the users.

## This is what we have achieved

**Systematic identification of potential in the field of "waste & scrap":** Extension of the WCM programme aiming at efficient and responsible use of natural and industrial resources. Potentials for optimising the use of materials are systematically identified and prioritised. With the help of numerous individual measures, a gradual reduction of waste and scrap is achieved at all sites. The measures may relate to the starting material, the product development or the manufacturing processes.

**Continuation of the Waste-of-Material programme (WOM):** WOM is an established programme for reducing waste, scrap and complaints by improving production processes. As part of the "concept of zero", the WOM programme is part of the WCM initiative. In order gradually approach the objective of "zero waste", numerous projects aiming at the efficient use of raw materials are initiated, evaluated and set up each year.

**Use of renewable resources:** The proportion of renewable raw materials was around 10.5% in 2018. In the context of ecological and social sustainability aspects in the natural rubber and latex sector, the sources of supply and their mode of operation are particularly important. As far as the amount of purchased natural rubber and latex is concerned, Semperit is a small customer in an industry comparison. Nonetheless, as an international company, Semperit is aware of its responsibility in this regard. A relevant way for Semperit to improve the sustainable cultivation and the fair processing of natural latex is its involvement in the Association of German Rubber Manufacturing Industry (Wirtschaftsverband der deutschen Kautschukindustrie e. V., WDK). Sustainability and sustainable natural rubber are an increasingly important topic for the WDK members ([www.wdk.de](http://www.wdk.de)).

## GRI 306-2

**Consistent waste management:** Waste management is part of the Group-wide environmental management system. Within the scope of the production reports, all relevant waste and scrap figures are collected and analysed on a monthly basis and improvement measures are derived based on them.

Waste also includes waste generated, for example, by test runs for new materials or new products. All waste is collected by certified and approved waste disposal companies and properly recycled, mostly by thermal utilisation.

### This is what we want to achieve: perspective 2021

With regard to the efficient use of raw materials and materials, Semperit focuses on two areas:

**Increase in secondary material use:** The increase in secondary material input is assigned as a target to the area of innovation (see chapter Innovation).

**Reduction of the "waste & scrap" rate:** The aim is to reduce the "waste & scrap" rate annually. In order to provide a clearer presentation of the development in the area of "waste & scrap", while at the same time taking into account the strongly divergent product portfolio of the Group and within the four Semperit segments (Semperflex, Semperform, Sempertrans and Sempermed), this objective is anchored at the segment level. Future developments in the field of material usage are thus presented on the basis of segment-specific values. Breaking down the goals into product categories is difficult due to the high divergence and complexity in product manufacturing and does not appear useful at this time. The documentation and control of the corresponding indicators in the use of materials have already been successfully established in the company via the WOM programme.



1) Waste & scrap rate = total weight of waste & scrap (kg)/unit produced (kg)

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Semperit's "waste & scrap" rate refers to the ratio between the total amount of waste and scrap produced in kg and the amount of the end product produced. Depending on the segment, the quantity produced depends on the product (kg of product/Semperform, kg of hose/Semperflex, kg of belt/Sempertrans, kg of gloves/Sempermed). The fluctuations in the objective arise due to different material and product properties and the technical feasibility in the context of manufacturing processes.

### Overview of achieved goals: Reduction of the "waste & scrap" rates according to segments

Segment	2017	2018	by 2021
Semperform	base year	goal achieved	-3% p.a.
Semperflex	base year	goal achieved	-6% p.a.
Sempertrans	base year	on the way	-5% p.a.
Sempermed	base year	on the way	-4% p.a.

The measures that are taken to achieve the goals vary from segment to segment and are accompanied by quality criteria as well as corresponding innovation performance. The "waste & scrap" rate is assessed monthly at the segment level, analysed, and the corresponding measures for improvement are discussed and prioritised. It is decisive for all further interpretations of the documented values that the developments in the segments cannot be compared with each other. The segments count as independent productions and are not directly related.

### Overview of measures

Measure	Period
Expansion of the WCM programme	2020
Continuation of waste management	2021
Continuation of WOM programme	2021
Increase in secondary materials proportion by 25% (reference year 2017)	2021
Product innovations for material use	2021
Process innovations to minimise scrap and waste rates	2021

# Energy use and consumption

## Increased efficiency along complex manufacturing processes

GRI 103-1, 103-2,  
103-3, 302-1

In addition to the use of raw materials and materials, the topic of energy is decisive for a manufacturing company. Reducing energy use is the key variable for Semperit to minimise its own impact on climate change and at the same time one of the most significant environment-related cost factors. The focus is on the energy required for the production processes as well as energy conversion and distribution. The energy use and the associated emissions at Semperit are directly related to the quantity produced. Total energy consumption was 1,514 GWh in 2018 (1,494 GWh in 2017). Viewed in terms of processes, glove production (Sempermed) consumes the most energy. The main sources of energy are electricity, gas, petrol and steam.

Semperit introduced an environmental management system in accordance with ISO 14001 at the production site in Wimpassing, Austria, and an energy management system in accordance with ISO 50001 at the production site in Deggendorf, Germany, to implement the legal requirements of the Energy Efficiency Act. For the location Leeser, Germany, the ISO 50001 certification is planned for 2019. In addition, 100% of electricity is sourced from renewable sources in Germany and Austria.

## This is what we have achieved

**Efficient energy use:** The goals of the reporting year 2017 included the promotion of an efficient and responsible use of energy as well as the reduction of the total energy consumption per unit produced by at least 3% per year. Based on numerous measures taken within the framework of the WCM initiative, awareness regarding energy use was raised at various locations. In addition, the use of the Green Glove technology in Plant 5 and Single-Dip in P7 at the Kamunting production site, which features a product-specific high level of primary energy use, has made it possible to improve energy use.

**Continuation of the Waste of Energy programme:** The Group-wide "Waste of Energy" (WOE) programme aims to continuously reduce energy consumption and is part of the WCM initiative. Activities in this regard include energy awareness training, energy efficiency projects in the manufacturing process, and energy conversion measures. Similar to the WOM programme, ideas about the topic of energy are continuously and systematically collected, analysed and implemented. All energy saving measures are bundled in the WOE programme, organised according to the PDCA (Plan, Do, Check and Act) cycle and documented in the ISO 14001 and ISO 50001 management systems.

**Project start "Energy Cost Deployment" in the framework of WCM:** As part of the "Energy Cost Deployment" project, the current energy consumption of the individual production lines and machines in the production process is measured. In addition, possible losses are estimated or calculated, depending on the starting position. Seven types of waste are documented, with the aim of identifying the largest sources and developing appropriate countermeasures. The optimisation potentials include many small activities, such as the fine-tuning of machines, the increase in efficiency or the bridging of energetic weak points. At Sempermed in Kamunting, an additional "Energy Pillar" was set up in WCM particularly for this purpose.

In addition to the main areas mentioned above, numerous initiatives have been carried out in the areas of maintenance and repair, training and operation as well as raising awareness and process optimisation.

## This is what we want to achieve: perspective 2021

**Revised objective:** The energy intensity quotient shows how total energy consumption within the organisation changes in relation to units produced. In 2017, it was 7.2 kWh/kg per unit produced; in 2018 it was 8.6 kWh/kg. In the course of the first reporting year and the objectives defined in the process, it was recognised that group-wide energy intensity had too little meaning as an indicator. Despite numerous measures to increase efficiency, the Group's energy intensity rose in 2017 and 2018 in a year-on-year comparison. This development can, for example, be the result of major changes in just one location. Thus, a location can have a major impact on energy intensity at Group level, distorting the statement on efforts across all locations.

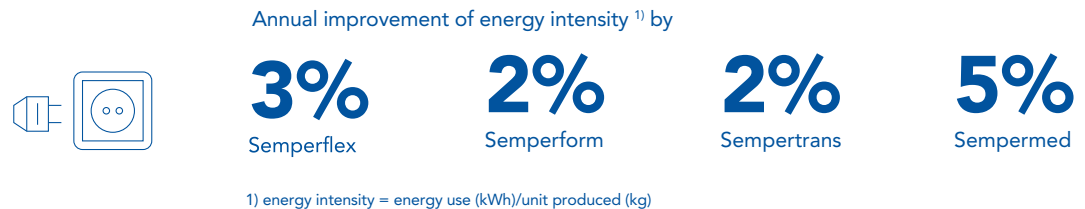
GRI 302-3

In addition, the high level of complexity of the manufacturing processes, the strong interaction between different locations (resale of products within the locations) as well as the strongly divergent product portfolio make it more difficult to present it at Group level. Furthermore, Semperit itself produces some of its starting products in Mixing at individual sites. The processes in Mixing are energy-intensive compared to production and are not recorded separately due to a lack of infrastructure. Mixing is thus part of the production sites and the data regarding energy always refer to the entire site with or without Mixing. The starting products produced in Mixing are either further processed directly at the site or delivered to other locations. Thus, the energy used to produce the starting materials in Mixing which were not processed on site is part of the total energy consumption of the site. In order to take this factor into account, the quantities of internally resold products will be documented in the future in order to be able to trace possible fluctuations to these quantities.

In order to take into account all these phenomena, it was decided in 2018 to document the energy intensity on the basis of reference works (individual productions) for the following four Semperit segments:

- Semperflex: Odry, Czech Republic
- Semperform: Deggendorf, Germany
- Sempertrans: Bełchatów, Poland
- Sempermed: Kamunting, Malaysia

This approach is based on the fact that these locations account for a significant percentage of the total production of each segment and can therefore be considered representative. For these locations, energy intensity was calculated in 2018, and annual targets for the next few years have been defined on this basis. In this scenario, Mixing counts as part of the respective reference plant and thus segment. Similar to materials, a breakdown by product category within the segments would be difficult and would have little meaning due to the high diversity.



## GRI 302-3

The different target values result from the specific requirements in production and are based on the documented indicators (energy consumption and quantity of products produced) as well as the experience of the segment managers.

The objective refers to an integrated optimisation of existing production processes and not to individual measures. Measures are particularly important in the following areas:

- Efficiency enhancement through maintenance and repair measures
- Reduction of energy loss
- Stabilisation of existing production processes
- Improvement of machine efficiencies
- Optimisation of production planning with few downtimes

Many of these measures are already part of the WCM initiative and, in total, make a big impact. However, the documentation of the development of the energy sector using reference works only works in such a way that the plants and thus segments are not compared with each other. The approach chosen by Semperit works within the segment, but not across segments. It is simply impossible to compare, for example, the values in production of a meter-long conveyor belt weighing several tons with the production of a sealing ring of a few centimetres for a washing machine. This must be taken into account for all further interpretations.

## Overview of the characteristics of the reference sites

GRI 302-3

Segment	Mixing	Main energy source	Characteristics	Objective	Measures
Semperflex Odry	Yes	Electricity, gas, petrol	Site extension in 2018; resale of products from Mixing to other locations	3% per year	Conversion to LED lights; improvement of building insulation
Semperform Deggendorf	No	Electricity, gas, petrol	Depending on the order situation, the portfolio changes significantly, which has a strong impact on production volume and specific energy consumption	2% per year	Process optimisation in cooling; optimisation of the maintenance process
Sempertrans Bełchatów	Yes	Electricity, steam	Resale of products from Mixing to other locations	2% per year	Stabilisation of the production processes; quality optimisation
Sempermed Kamunting	No	Electricity, gas, petrol	Energy and water-intensive production	5% per year	Stabilisation of the facilities; optimisation of the maintenance processes, increase in the throughputs

## Overview of attainment: Reduction of energy intensity for the selected reference sites

GRI 302-3

Energy intensity according to reference site kWh/kg	2017	2018	By 2021
Semperflex/Odry	Base year	On the way	-3% p.a.
Semperform/Deggendorf	Base year	Goal achieved	-2% p.a.
Sempertrans/Bełchatów	Base year	On the way	-2% p.a.
Sempermed/Kamunting	Base year	On the way	-5% p.a.

**Energy goal Odry:** Due to a planned reconstruction lasting several months in late 2018/early 2019, significant quantities of auxiliary mixtures had to be put to pre-production in 2018, which will not be completed until 2019. This pre-production contributes to increased energy consumption in 2018.

**Energy goal Bełchatów:** The slight increase in energy intensity in Bełchatów is attributed to the commissioning of new production capacities. Their energy consumption in the run-in phase is not offset by a corresponding increase in output, which results in a slight increase in relative energy consumption in relation to the production volume.

**Energy goal Kamunting:** The Kamunting site also saw a slight increase in energy intensity in 2018. This is mainly attributable to a three-month shortage of raw materials and the related decline in production volumes.

# Climate protection

## Closed-loop economy

In addition to the key topics of energy and materials, other factors in connection with the field of action "resource management and environmental protection" are crucial for Semperit: greenhouse gas emissions are an important factor when it comes to climate protection. Likewise, the topic of water is becoming increasingly important. For example, Austria has been affected by water scarcity on a local and seasonal basis for several years now. In order to be perceived as a responsible company, it is important to deal with the effects of its activities in good time. In this context, topics such as digitisation and the closed-loop economy are being discussed more and more frequently.

The Semperit Group is already applying individual principles of closed-loop economy. Where technologically, ecologically and economically sensible, materials and resources are already recirculated (e.g. water) or recycled according to their characteristics (e.g. recycling of waste products).

## Direct and indirect greenhouse gas emissions

GRI 305-1, 305-2


The reduction of greenhouse gases is an important topic on the global agenda. Production processes and business activities emit significant amounts of greenhouse gases. The Semperit Group recognises the relevance and global goal of reducing emissions in industry in order to minimise climatic environmental impacts.

The Wimpassing site was able to achieve a CO<sub>2</sub> reduction of 52,766 kg by using a sustainable transport mix (lorry/rail/water) in 2018.

## Developments and measures 2018

CO<sub>2</sub> is produced primarily from the combustion of natural gas for the production of steam and heated air for vulcanisation and drying processes. The level of direct greenhouse gas emissions (Scope 1) at Semperit is directly linked to production-specific energy consumption. Indirect greenhouse gas emissions (Scope 2) are largely attributable to the purchase of electricity and steam. In Austria and Germany 100% of the electricity used is from renewable sources.

The calculation of direct and indirect greenhouse gas emissions includes all emissions from natural gas, diesel, petrol, LPG and coal in Semperit's plants. Indirect emissions (Scope 2) are also taken into account. Scope 2 emissions are mainly caused by used electricity, used purchased district heating and purchased steam. Climate-relevant emissions develop similarly to energy consumption and are thus linked to the goals in the field of energy use.

	<b>Scope 1</b> 295,336 CO <sub>2</sub> -eq tonnes	<b>Scope 2</b> 148,907 CO <sub>2</sub> -eq tonnes
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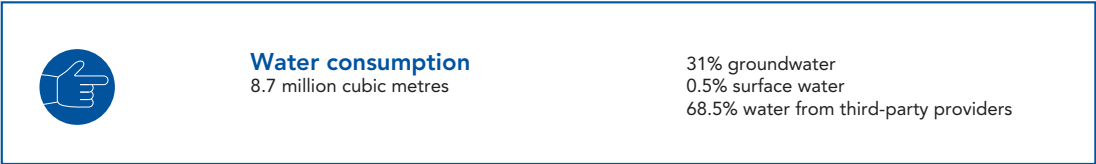
## Water consumption and wastewater

Water is a valuable global resource and an essential commodity for the manufacturing of Semperit products. The production sites of the Semperit Group are primarily located in regions where water scarcity is not yet a major topic. Nevertheless, Semperit is aware that global and local developments clearly show that the economical and efficient use of water will become increasingly important in the future.

GRI 303-3

### Developments and measures 2018

In the field of production, glove production (Sempermed) in particular is characterised as relatively water-intensive. Water is used here to flush out proteins and chemicals to prevent allergic reactions. Semperit has already taken an important step towards the responsible use of water with the development of the "Green Glove". For example, process optimisation has helped reduce water use by as much as 10% per 1,000 pieces of gloves compared to traditional nitrile examination gloves. The wastewater produced during glove production is treated in our own wastewater treatment plants in accordance with local regulations, while the relevant limit values are constantly checked using laboratory analyses. The water input in the other production areas is comparatively low and serves primarily for cleaning or for machine and process cooling. Any wastewater produced here can be disposed of via public sewers since it does not contain any specific impurities. Where possible, water is circulated process-specifically. The amount of wastewater generated roughly corresponds to water consumption and is currently not recorded as an indicator throughout the Group.

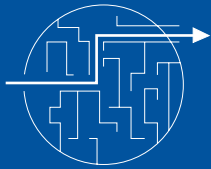


Semperit commits to comply with international and local laws as part of its internal compliance policies to protect water as a resource, including both the use and disposal of wastewater. In order to prevent and remedy incidents that can lead to exceeding limit value in the wastewater sector, Semperit has developed action plans throughout the Group. In addition to immediate production stops, these include the set-up of a dedicated wastewater emergency team, close and proactive cooperation with local authorities and comprehensive maintenance and modernisation of the wastewater treatment plant in Kamunting.

## Summary of climate protection measures

<b>Measure</b>	<b>Topic area</b>
Reduction of energy use along production	<b>Energy &amp; greenhouse gas emissions</b>
Extension of the WCM programme to all locations	<b>Conservation of resources</b>
Product and process innovations to increase resource efficiency	<b>Conservation of resources</b>
Reduction of waste and scrap rate on segment level	<b>Material</b>
Increase in the proportion of secondary raw materials	<b>Material</b>
Responsible use of water	<b>Water</b>
Sensitisation and cooperation along the supply and value chain	<b>Conservation of resources</b>

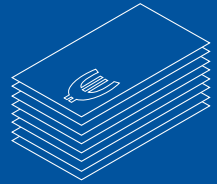
# RESPONSIBILITY AND INTEGRITY



Compliance Management System



*First-choice partner*



**Anti-corruption**

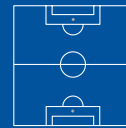
## Value guideline



*Trust and responsibility*



*Initiative and commitment*



*Fairness and loyalty*



*Appreciation and reliability*



*Integrity and sincerity*

# Responsibility and integrity

## A reliable business partner with integrity

GRI 205-2, 412-1

[www.semperitgroup.com/en/business-unit-industrie/about-us/compliance/](http://www.semperitgroup.com/en/business-unit-industrie/about-us/compliance/)

For an internationally operating company with numerous business relationships around the globe, the establishment of a corresponding value system and the associated rules of conduct are of great importance. Above all, the prevention of corruption and bribery, compliance with competition law, respect for human rights and legal compliance are top priorities. Semperit therefore relies on a comprehensive Group-wide compliance management system, which focuses on the Semperit Code of Conduct.

## Compliance is a top priority at Semperit

GRI 102-16

The compliance guidelines are transparent and readily available to employees both at the Group level and in all operating units. The comprehensive anchoring of the compliance principles and corresponding rules of conduct in day-to-day business is a key task for the management of the Semperit Group. Particular emphasis is placed on communication measures and training in order to increase awareness of compliance and to keep employees up to date with the relevant regulations.

GRI 205-1, 412-1

Current focal points of the group's compliance activities are anti-corruption, competition law and data security. In this context, conducting Business Partner Checks to validate business partners is becoming increasingly important. These are mandatory for risk countries. In addition, Semperit's Corporate Center Risk Management & Assurance department conducts a structured risk survey every year at all locations. Based on this evaluation, future strategies and measures are developed and passed on to all employees. The prevention of corruption and bribery and the protection of human rights have top priority. The Management Board strongly emphasises the importance of personal integrity and is aware of its exemplary role. Accordingly, expectations from employees and business partners are also high.

The most important measures of the Semperit Group on the way to being regarded a reliable business partner are:

- Business Partner Checks:  
For checking business partners; obligatory for risky countries, otherwise as required
- Needs-based risk surveys:  
Evaluation of legal and reputational risks; project- or event-related
- Whistle-blower hotline:  
For employees and external persons
- Value guideline "YOU&US":  
Supports employees in avoiding personal misconduct
- Training for employees:  
Depending on position and topic, contents are selected specifically; basic training is mandatory for all employees

## Compliance organisation

In order to be perceived as first-choice partner, it is necessary to achieve the highest degree of reliability. This requires clear structures and framework conditions as well as suitable tools for implementation.



### This is what we have achieved

In order to give employees and external persons the opportunity to report significant violations, the whistle-blower hotline “SemperLine” was launched in January 2018. The Compliance Board is required to review and evaluate all messages received there. Subsequently, appropriate measures and consequences are taken. In 2018, the system recorded five reports, one of which resulted in a termination of employment.

In addition to the activation of the hotline, the European General Data Protection Regulation (GDPR) was the central topic in the reporting year. This involved technical changes in the context of data processing as well as information, training and above all the sensitisation of the employees. The training programme covered the entire Semperit Group, with separate offers depending on the employees’ fields of activity. In particular, the colleagues in the human resources departments received intensive training, as these departments have increased access to personal data.

The intensification and expansion of compliance training using the global e-learning system was another focus of activities. There is a company-wide matrix that determines which employee has to complete which compliance training and when. This matrix ensures that current topics are promptly spread, and all employees are up-to-date. In 2018, 742 employees were trained.

GRI 205-2

### This is what we want to achieve: outlook 2021

**Focus area data protection:** In 2018, the course was set for a successful implementation of the GDPR. Data protection and thus the correct handling of data will continue to be an important topic that Semperit will continue to pursue consistently.

**Focus on improving the Compliance Management System:** In addition, there are plans to further promote the guidelines and principles related to anti-corruption, respect for human rights and legal compliance. In the future, stakeholder groups such as suppliers will be increasingly involved.

## Overview of measures

GRI 205-2, 206-1,  
307-1, 308-1,  
406-1, 412-1,  
414-1, 419-1

Topic area	Status in 2018	Measures & tools
Anti-corruption & bribery	<b>No confirmed violations</b>	Code of Conduct, online training and individual training according to position and field of work, CoC, SemperLine, Supplier Policy
Anti-trust compliance	<b>2 violations <sup>1)</sup></b>	Expansion of the Compliance Management System, implementation of Compliance Boards, business partner checks, risk assessment
Human rights	<b>No confirmed violations</b>	CoC, introduction of SemperLine, Code of Conduct, People Policy, Supplier Policy
Discrimination	<b>1 internal violation</b>	SemperLine, Code of Conduct
Social compliance	<b>No confirmed violations</b>	People Policy, CoC, SemperLine, BSCI audits
Environmental compliance	<b>No confirmed violations</b>	Compliance with national limits and restrictions, Environmental Policy
Compliance in the supply chain	<b>No confirmed violations</b>	Supplier Policy, supplier evaluation, Code of Conduct
Data protection	<b>No violations</b>	Process development, expansion of IT systems
Whistleblower cases	<b>5 reports</b>	SemperLine, Compliance Board, increased communication measures
Compliance training	<b>742 employees</b>	Obligatory for every new employee, depending on function and topic area (purchasing and sales), specific training was conducted
Data protection training	<b>267 employees</b>	Basic implementation (IT system and employee training) successfully completed, expansion of implemented processes and awareness raising
Code of Conduct and values	<b>100% of employees</b>	Each employee is trained with regard to the Code of Conduct and the corporate values, information material, intranet

<sup>1)</sup> In October 2015, following a request by Sri Trang companies, Semperit's joint venture partners in Siam Sempermed Corporation Ltd., the Federal Competition Authority (Bundeswettbewerbsbehörde BWB) initiated proceedings against Semperit and these Sri Trang companies at the Cartel Court in Vienna. In September 2017, the Supreme Court decided that the former exclusivity regulation for Semperit's sale and marketing of gloves in Europe in 2015/16, which had been produced in the former joint venture company in Thailand, was not compliant with competition law. In 2018, Semperit was ordered to pay a fine of EUR 1.6 million. The joint venture with the Sri Trang Group was terminated in 2017.

One Group company is involved in a competition law case. The process is currently in a state where the outcome can not be estimated with sufficient probability. The procedure is handled in coordination with local specialists before the authority. The subsidiary cooperates with the competent authorities and assures its full support. The management of the Semperit Group assumes that this process will not result in any significant impairment of the Group's asset, financial and earnings situation. For the expected costs and the corresponding risk, provisions for the most probable amount in accordance with IAS 37 was appropriately provided for in compliance with the assessment of the Semperit Group. Any need for adjustment is reassessed periodically.

# APPENDIX

## Overview of key non-financial indicators

### Employee indicators<sup>1)</sup>

	2018	2017	2016
<b>Number of employees at year-end (FTE)</b>			
Semperflex	1,776	1,732	1,674
Sempertrans	878	991	1,036
Semperform	1,000	925	928
Sempermed	2,979	3,051	3,183
Corporate Center	140	140	154
<b>Total</b>	<b>6,773</b>	<b>6,838</b>	<b>6,974</b>
<b>Employees by region (FTE)</b>			
<b>Total Europe</b>	<b>3,199</b>	<b>3,077</b>	<b>2,999</b>
Female Europe	809	N/A	N/A
Male Europe	2,390	N/A	N/A
<b>Total Asia</b>	<b>3,510</b>	<b>3,693</b>	<b>3,905</b>
Female Asia	592	N/A	N/A
Male Asia	2,919	N/A	N/A
<b>Total America (incl. rest of the world)</b>	<b>64</b>	<b>68</b>	<b>70</b>
Female America (incl. rest of the world)	22	N/A	N/A
Male America (incl. rest of the world)	42	N/A	N/A
<b>Percentage of employees by gender</b>			
Male	79%	78%	N/A
Female	21%	22%	N/A
<b>Employees by contract type (FTE)</b>			
Contractors Europe	13	N/A	N/A
Contractors Asia	5	N/A	N/A
Contractors America (incl. rest of the world)	0	N/A	N/A
<b>Total</b>	<b>18</b>	<b>N/A</b>	<b>N/A</b>
<b>Employees by employment relationship (FTE)</b>			
<b>Full-time total</b>	<b>6,006</b>	<b>98.6%</b>	<b>N/A</b>
Full-time female	1,201	N/A	N/A
Full-time male	4,805	N/A	N/A
Full-time Europe	3,112	N/A	N/A
Full-time Asia	2,832	N/A	N/A
Full-time America (incl. rest of the world)	62	N/A	N/A
<b>Part-time total</b>	<b>90</b>	<b>1.4%</b>	<b>N/A</b>
Part-time female	68	N/A	N/A
Part-time male	23	N/A	N/A
Part-time Europe	87	N/A	N/A
Part-time Asia	1	N/A	N/A
Part-time America (incl. rest of the world)	1.5	N/A	N/A
<b>Employees by age groups (FTE)</b>			
< 30	2,150	0.7%	N/A
30-50	2,874	32.5%	N/A
> 50	1,072	30.7%	N/A
<b>New employees (FTE)</b>			
New female employees	414	N/A	N/A
New male employees	1,569	N/A	N/A
New employees Europe	808	N/A	N/A
New employees Asia	1,160	N/A	N/A
New employees America (incl. rest of the world)	16	N/A	N/A



Employee indicators<sup>1)</sup>

	2018	2017	2016
<b>Total</b>	<b>1,983</b>	<b>N/A</b>	<b>N/A</b>
<b>Agency and temporary employees (FTE)</b>			
Europe	330	N/A	N/A
Asia	409	N/A	N/A
America (incl. rest of the world)	7	N/A	N/A
<b>Total</b>	<b>746</b>	<b>N/A</b>	<b>N/A</b>
<b>Turnover rate (%)</b>			
Turnover rate <30	45%	N/A	N/A
Turnover rate 30-50	29%	N/A	N/A
Turnover rate >50	15%	N/A	N/A
Turnover rate, female, Europe	23%	N/A	N/A
Turnover rate, male, Europe	18%	N/A	N/A
Turnover rate, female, Asia	54%	N/A	N/A
Turnover rate, male, Asia	46%	N/A	N/A
Turnover rate, female, America (incl. rest of the world)	14%	N/A	N/A
Turnover rate, male, America (incl. rest of the world)	24%	N/A	N/A
Turnover rate, female	33%	N/A	N/A
Turnover rate, male	32%	N/A	N/A
<b>Total</b>	<b>32%</b>	<b>30%</b>	<b>24%</b>
<b>Diversity (%)</b>			
Percentage of female Management Board Members	0%	0	0
Percentage of male Management Board Members	100%	100	100
Percentage of male blue-collar employees	84%	N/A	N/A
Percentage of male white-collar employees	64%	N/A	N/A
Percentage of female blue-collar employees	16%	N/A	N/A
Percentage of female white-collar employees	36%	N/A	N/A
<b>Number of nationalities</b>	<b>58</b>	N/A	N/A
<b>Number of expatriates</b>	<b>14</b>	N/A	N/A
<b>Percentage of people with disabilities</b>	<b>0.45%</b>	N/A	N/A
<b>Internal succession rate (%)</b>	<b>19%</b>	N/A	N/A
<b>National diversity (non-European managers, grade 10-14)</b>	<b>15%</b>	N/A	N/A
<b>Diversity on management level (female managers, grade 10-14)</b>	<b>10%</b>	N/A	N/A
<b>Percentage of employees covered by collective bargaining agreements</b>	<b>43%</b>	44%	N/A

<sup>1)</sup> N/A = data is not available

The employee figures include all employees from the fully consolidated companies of the Semperit Group, with the exception of Hat Yai, Thailand, and Nilai, Malaysia. The key figures number of employees at year-end (by segments), employees by region and percentage of employees by gender include all employees from the fully consolidated companies of the Semperit Group including the two locations mentioned above. The employee data are collected directly at the individual locations. In 2018, Semperit cannot report the total number of employees by employment contract (permanent and temporary) and gender due to system limitations in the required level of detail. This is planned for 2019.

The following key figures are reported for 2018 for the first time: full-time/part-time by gender, number of employees by region and gender, turnover rates by gender, age and region, new employees, internal succession rate, expatriates, nationalities, training hours, key figures in the field of diversity, people with disabilities

Definition of "temporary employees": employees with a limited contract period incl. apprentices and trainees.

The Semperit employee system: grades 10-14 include the employees of the management.

Occupational health and safety<sup>1)</sup>

	2018	2017	2016
<b>Employees</b>			
Number of fatalities due to occupational accidents	0	0	0
Number of severe work-related injuries (without fatalities)	1	4	4
Number of reported work-related injuries	37	N/A	N/A
<b>Agency and temporary employees</b>			
Number of fatalities due to occupational accidents	0	N/A	N/A
Number of severe work-related injuries (without fatalities)	0	N/A	N/A
Number of reported work-related injuries	4	N/A	N/A
<b>Hours of work</b>			
Total (regular and agency & temporary employees)	15,358,990.4	14,832,789.9	13,396,154.5
<b>Total number of injuries (regular and agency &amp; temporary employees)</b>			
Number of recorded work-related injuries	42	54	171
<b>Total rates of work-related accidents (regular and agency &amp; temporary employees)</b>			
Rate of accidents at work with severe work-related injuries (without fatalities)	0.013%	0.05%	0.06%
Rate of recorded work-related accidents (based on 200,000 hours)	0.55%	0.78%	2.61%
Rate of recorded work-related accidents (based on 1,000,000 hours)	2.7%	3.91%	13.44%
<b>Total days lost</b>	<b>1,556</b>	<b>1,582</b>	<b>4,095</b>
<b>Number of medical treatments</b>	<b>79</b>	<b>81</b>	<b>96</b>

<sup>1)</sup> N/A = data is not available

The key figures for 2018 on occupational health and safety relate to the fully consolidated companies of the Semperit Group. In addition to the production sites, major sales locations are included depending on their size. The key figures for 2017 relate to the fully consolidated companies of the Semperit Group 2017 excl. Hat Yai, Thailand.

Changes to the key figures compared to the Sustainability Report 2017 are due to a switch from the GRI Standard 403: 2016 to GRI Standard 403: 2018 and the underlying system.

Definitions of types of accident: serious accident, accident at work with sick leave, first aid (without sick leave), near accident, unsafe act, unsafe condition.

Calculation of lost days starts the day after the accident and ends the day before the employee returns to work. Accidents while commuting from and to work are not included in the key figures.

Suppliers<sup>1)</sup>

	2018	2017	2016
<b>Number of suppliers (with a purchasing volume of &gt;EUR 50,000 p.a.)</b>			
Europe	188	N/A	N/A
Asia	106	N/A	N/A
America (incl. rest of the world)	0	N/A	N/A
<b>Total</b>	<b>267</b>	<b>280</b>	<b>N/A</b>
<b>Monetary value of payments made to suppliers (EUR thousand)</b>	<b>512,266</b>	<b>541,293</b>	<b>505,504</b>
<b>Regional distribution of purchasing volume (with a purchasing volume of &gt;EUR 50,000 p.a.)</b>			
Origin of production materials for Europe from Europe	89%	88%	80%
Origin of production materials for Asia from Asia	98%	98%	89%
Origin of production materials for America from America (incl. r. o. t. w.)	0%	0%	0%
<b>Percentage of suppliers that were screened using social, ecological and ethical criteria (with a purchasing volume of &gt;EUR 50,000 p.a.)</b>			
Percentage of new suppliers that were screened using social, ecological and ethical criteria	100%	100%	N/A
Percentage of suppliers that were screened using social, ecological and ethical criteria	100%	65%	N/A

<sup>1)</sup> N/A = data is not available

The key figures refer to the main product categories: raw materials, packaging materials and trade items.

The deviation in the total sum of the suppliers results from the local assignment of suppliers. There are suppliers who are based in both Asia and Europe but are counted only once.

## Research &amp; Development

	2018	2017	2016
Number of employees (full time equivalents) at year-end	>240	> 260	> 270
Number of patents	>250	> 300	> 270
Expenses R&D (in EUR million)	14.0	14.2	13.3

Environmental indicators<sup>1)</sup>

	Unit	2018	2017	2016
<b>Materials</b>				
Total weight of non-renewable materials	t	248,976	249,622	187,328
Total weight of renewable materials	t	26,255	30,237	26,322
<b>Total weight of materials used</b>	<b>t</b>	<b>275,231</b>	<b>279,859</b>	<b>213,650</b>
<b>Total units produced</b>	<b>t</b>	<b>175,606</b>	<b>207,804</b>	<b>171,558</b>
<b>Energy</b>				
Total fuel consumption (from non-renewable sources)	MWh	1,225,070	1,203,417	907,948
thereof natural gas consumption	MWh	1,211,397	1,187,856	891,842
thereof liquid natural gas consumption (LNG)	MWh	0	908	958
thereof oil consumption	MWh	8,867	10,946	11,929
thereof coal consumption	MWh	0	0	0
thereof fuel consumption of lorries, forklifts etc.	MWh	4,807	3,707	3,255
Total fuel consumption (renewable sources)	MWh	0	0	0
Electricity consumption	MWh	230,818	227,149	203,087
Heating consumption	MWh	10,198	12,682	11,960
Cooling consumption	MWh	0	170	0
Steam consumption	MWh	48,221	51,948	57,099
Electricity sold	MWh	223	222	220
Heating sold	MWh	190	202	237
Cooling energy sold	MWh	0	0	0
Steam sold	MWh	0	0	0
<b>Total energy consumption</b>	<b>MWh</b>	<b>1,514,720</b>	<b>1,494,942</b>	<b>1,179,637</b>
<b>Greenhouse gas emissions</b>				
Direct greenhouse gas emissions (scope 1)	CO <sub>2</sub> -eq in t	295,336	290,248	N/A
Indirect greenhouse gas emissions (scope 2)	CO <sub>2</sub> -eq in t	148,907	147,558	N/A
<b>Total greenhouse gas emissions (scope 1 + 2)</b>	<b>CO<sub>2</sub>-eq in t</b>	<b>444,243</b>	<b>437,806</b>	<b>N/A</b>
<b>Water</b>				
<b>Total water withdrawal</b>	<b>km<sup>3</sup></b>	<b>8,703</b>	<b>8,243</b>	<b>7,035</b>
Groundwater	km <sup>3</sup>	2,699	2,953	3,073
Surface water	km <sup>3</sup>	4	73	62
Water from third-party providers	km <sup>3</sup>	6,000	5,217	3,880
<b>Waste</b>				
Total hazardous waste	t	7,771	6,557	2,976
Total non-hazardous waste	t	14,756	20,391	18,120
<b>Total waste</b>	<b>t</b>	<b>22,528</b>	<b>26,949</b>	<b>21,096</b>

<sup>1)</sup> N/A = data is not available

The key figures 2018 on resource management and environmental protection relate to the fully consolidated companies of the Semperit Group. Pure sales locations are excluded, as well as the locations Shandong, China, Rovigo, Italy, and Nilai, Malaysia. The location Hat Yai, Thailand, was included for the first time in 2018. The key figures for 2017 relate to the fully consolidated companies of the Semperit Group 2017, including Argenteuil, France. Pure sales locations are excluded as well as the location Hat Yai, Thailand.

The key figures for materials include the total amount of main raw materials used, the main supplies and packaging materials.

Semperit currently only reports on the total volume of hazardous and non-hazardous waste throughout the Group.

Greenhouse gas emissions: These are currently only collected on the basis of the location-based method. The calculation is based on the standards of the Greenhouse Gas Protocol. The CO<sub>2</sub>-eq conversion factors for natural gas, liquefied petroleum gas, heating oil and fuels (diesel and petrol) come from the database of the Austrian Federal Environment Agency and are applied universally for all countries considered. Sources from the International Energy Agency, the German Federal Environmental Agency and the Austrian electricity labelling report were also used for the location-specific emission factors for purchased electricity. For the countries India, China and Malaysia, however, only factors for the pure CO<sub>2</sub> emissions (not the CO<sub>2</sub> equivalents) could be investigated. Therefore, uniformly pure CO<sub>2</sub> emission factors were used for purchased electricity. Due to the lack of a data basis for a location-specific analysis, international emission factors were used for purchased steam, district heating and district cooling. Furthermore, emission factors are derived from the GEMIS database (Global Emissions Model of Integrated Systems, Version 4.9) and the IPCC (Intergovernmental Panel on Climate Change). Scope 3 is currently not recognised Group-wide. Scope 3 covers emissions that result indirectly from the company's business activity such as the transport of products or raw materials or business travels.

# GRI Content Index

GRI Standard	Specification	Page	Omissions and comments
<b>GRI 101: Foundation 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>Organization profile</b>			
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102-2	Activities, brands, products and services	9, 10, 12	
102-3	Location of headquarters	10	
102-4	Location of operations	6, 7, 10	
102-5	Ownership and legal form	9, 10, 16	
102-6	Markets served	6, 7, 10, 12	
102-7	Scale of organization	6, 7, 9, 10, 12	Product scope is shown as produced units.
102-8	Information on employees and other workers	31, 32, 34, 39	In 2018, Semperit cannot report on the total number of employees by employment contract (permanent or temporary) and gender in the required level of detail due to system limitations. This is planned for 2019.
102-9	Supply chain	1, 18, 43, 44, 45, 46	
102-10	Significant changes to the organization and its supply chain	43, 45	
102-11	Precautionary principle or approach	24, 27, 29, 30	
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<b>Strategy</b>			
102-14	Statement of senior decision-makers	5	
<b>Effects, risks, opportunities</b>			
102-15	Key impacts, risks, and opportunities	20, 21, 22, 29, 30	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behaviour	66	
<b>Governance</b>			
102-18	Governance structure	26	For an overview of the corporate organisation see Corporate Governance Report 2018 of the Semperit Group on page 17.
102-40	List of stakeholder groups	23, 24	
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GRI 102-55

GRI Standard	Specification	Page	Omissions and comments
102-45	Entities included in the consolidated financial statements	1, 2	Subsidiaries that are mentioned in the consolidated financial statements are listed in the Annual Report 2018 of the Semperit Group, consolidated companies.
102-46	Defining report content and topic boundaries	1, 20, 22	
102-47	List of material topics	22	
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102-49	Changes in reporting	1	
102-50	Reporting period	1	
102-51	Date of most recent report	1	
102-52	Reporting cycle	1	
102-53	Contact point for questions regarding the report	1, 83	
102-54	Claims of reporting in accordance with the GRI Standards	1	
102-55	GRI content index	75ff	
102-56	External assurance	80ff	

#### GRI 103: Management Approach 2016

##### Material topics: Topic-specific details of GRI Standards 2016

Material topics according to the list of material topics (GRI 102-47), including further topics being reported on

#### GRI 200 ECONOMIC

##### GRI 204: Procurement Practices 2016

204-1	Proportion of spending on local suppliers	45	
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##### GRI 205: Anti-corruption 2016

205-1	Operations assessed for risks related to corruption	66	13 business locations in the Reporting year 2018
205-2	Communication and training about anti-corruption policies and procedures	44, 66, 67, 68	77.88% of employees grade 10-14, 74.06% of employees grade 15-17

##### GRI 206: Anti-competitive Behaviour 2016

206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	68	
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#### GRI 300 ENVIRONMENT

##### GRI 301: Materials 2016

Material topic "Raw material and material use"

103-1	Explanation of the material topic and its boundary	52	
103-2	The management approach and its components	52, 53, 54, 55, 56, 57	

GRI Standard	Specification	Page	Omissions and comments
103-3	Evaluation of the management approach	52, 53, 54, 55, 56, 57	
301-1	Materials used by weight or volume	51	
<b>GRI 302: Energy 2016</b>			<b>Material topic "Energy use and consumption"</b>
103-1	Explanation of the material topic and its boundary	52, 58	
103-2	The management approach and its components	52, 53, 54, 58, 59, 60, 61	
103-3	Evaluation of the management approach	52, 53, 54, 58, 59, 60, 61	
302-1	Energy consumption within the organization	51, 58	
302-3	Energy intensity	59, 60, 61	
<b>GRI 303: Water 2018</b>			
303-3	Water withdrawal	63	
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (scope 1) GHG emissions	51, 62	Currently, Semperit is only reporting using the location-based method.
305-2	Energy indirect (scope 2) GHG emissions	51, 62	Currently, Semperit is only reporting using the location-based method.
<b>GRI 306: Effluents and Waste 2016</b>			
306-2	Waste by type and disposal method	51, 56	Currently, Semperit is reporting Group-wide only on the total volume of hazardous and non-hazardous waste. Hazardous waste is disposed of by specialised waste management companies.
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	68	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			<b>Material topic "Sustainability in the supply chain"</b>
103-1	Explanation of the material topic and its boundary	44	
103-2	The management approach and its components	44, 45, 46	
103-3	Evaluation of the management approach	44, 45, 46	
308-1	New suppliers that were screened using environmental criteria	45, 68	
<b>Not available: Innovation</b>			<b>Material topic No separate topic-specific information according to GRI Standard 2016</b>
103-1	Explanation of the material topic and its boundary	48	

GRI Standard	Specification	Page	Omissions and comments
103-2	The management approach and its components	48, 49, 50	
103-3	Evaluation of the management approach	48, 49, 50	

#### GRI 400 SOCIAL

##### GRI 401: Employment 2016

401-1	New employee hires and employee turnover	32	
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##### GRI 403: Occupational health and safety 2018

##### Material topic "Occupational health and safety"

Changes in key figures in comparison with the Sustainability Report 2017 are explained by a change from GRI Standard 403: 2016 to GRI Standard 403: 2018.

103-1	Explanation of the material topic and its boundary	32	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach	33	
403-1	Occupational health and safety management system	33	
403-2	Hazard identification, risk assessment, and incident investigation	33, 35, 53	The active involvement of employees is crucial for the successful implementation of various measures and activities. Employees can report abnormalities in the fields of occupational safety and health and any time are, above all, actively involved in the design of model areas through the WCM programme.
403-3	Occupational health services	33	
403-4	Worker participation, consultation, and communication on occupational health and safety	33	
403-5	Worker training on occupational health and safety	33	
403-6	Promotion of worker health	33	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33, 48	
403-9	Work-related injuries	31, 53	Definitions of accident type: serious accident, accident at work with sick leave, first aid (without sick leave), near-accident, unsafe action, uncertain state.

##### GRI 405: Diversity and equal opportunity 2016



GRI Standard	Specification	Page	Omissions and comments
405-1	Diversity of governance bodies and employees	39	
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	37, 68	
<b>GRI 412: Human Rights Assessment 2016</b>			<b>Material topic "Social standards and working conditions"</b>
103-1	Explanation of the material topic and its boundary	37	
103-2	The management approach and its components	37, 38	
103-3	Evaluation of the management approach	37, 38	
412-1	Operations that have been subject to human rights reviews or impact assessments	38, 66, 68	
<b>GRI 414: Supplier Social Assessment 2016</b>			<b>Material topic "Sustainability in the supply chain"</b>
103-1	Explanation of the material topic and its boundary	44	
103-2	The management approach and its components	44, 45, 46	
103-3	Evaluation of the management approach	44, 45, 46	
414-1	New suppliers that were screened using social criteria	45, 68	
<b>GRI 419: Socioeconomic Compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	68	

# Report on the independent audit of the non-financial report

GRI 102-56

Independent audit of the statements and data on the non-financial reporting 2018 of Semperit AG Holding.

The German text of the signed report on the independent audit that refers to the German version of the non-financial reporting 2018 represents the exclusively legally binding version. The English translation has no legal effect. In particular, it cannot be used for interpreting the German text.

## Subject-matter of the contract

We have been appointed by Semperit AG Holding to perform procedures to obtain limited assurance (hereafter “**audit**”) of the statements and data on the non-financial reporting of 2018 (hereafter “**reporting**”) of Semperit AG Holding, based on the requirements according to Art. 267 a UGB Sustainability and Diversity Improvement Act (Austrian Commercial Code UGB, Nachhaltigkeits- und Diversitätsverbesserungsgesetz NaDiVeG) and the GRI Standards CORE Option.

The audit included reporting as follows:

Sustainability Report 2018 with regard to the information and references from the GRI content index to reporting.

In the report, the references listed in the GRI content index, though no (web) references beyond it, were audited.

The audit includes the following contents of the report according to the GRI content index:

- GRI 102: General disclosures 2016
- GRI 302: Energy 2016
- GRI 403: Occupational safety and health 2018
- GRI 308: Environmental assessment of suppliers 2016
- GRI 414: Social assessment of suppliers 2016

Our audit procedures were taken to achieve *limited audit security* as a basis for our assessment. The scope of audit procedures for obtaining audit evidence is smaller than the scope for *sufficient audit security* (such as for an annual audit), so that a low degree of audit security is given.

## Clarifications of the audit assignment

- Subject of our contract was neither the final audit nor the auditing review of financial statements. The performance indicators and statements audited by us within the framework of the annual audit as well as information from the Corporate Governance Report and the Risk Reporting were not subject of auditing by us. We have reviewed the GRI-compliant presentation of this information in reporting.
- Equally, neither the detection and investigation of criminal offences such as embezzlements or other malicious acts nor the assessment of effectivity and efficiency of the management were subjects of our contract.
- The audit of forward-looking statements was not subject of our contract.
- Figures that were taken from external studies were not audited. Only the correct transfer of relevant information and data into reporting was audited.

## Criteria

The information included in the report was based on the criteria applicable in the financial year 2018 ("the **criteria**"), consisting of:

Requirements according to Art. 267a UGB Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG, Sustainability and Diversity Improvement Act) as well as the GRI Standards<sup>1</sup>. The following GRI Standards were used:

The GRI Standards "GRI 101: Foundation 2016", "GRI 102: General Disclosures 2016", "GRI 302: Energy 2016", "GRI 308: Supplier Environmental Assessment 2016", "GRI 403: Occupational Health and Safety 2018", "GRI 414: Supplier Social Assessment 2016" and subject-specific "GRI 103: Management Approach 2016".

We assume that these criteria are reasonable for accomplishing our audit engagement.

## Managements responsibilities

The management of Semperit AG Holding is responsible for the preparation of the information therein in accordance with the criteria mentioned above. This responsibility includes designing, implementing and maintaining internal control. Those are relevant to the preparation of the Report to eliminate material misstatement.

## Our responsibility

It is our responsibility to express a conclusion on the information included in the Report on the basis of the limited assurance engagement.

Our assurance engagement has been planned and performed in accordance with the "International Federation of Accountants' ISAE3000 (Revised)" and the "Code of Ethics for Professional Accountants", issued by the "International Federation of Accountants" (IFAC), which includes requirements in relation to our independence.

It is not subject of our performance to consider the interests of third parties. It serves exclusively the contracting authority and their purposes. Thus, it is not aiming at and intending to serve third parties as basis of decision-making.

The "General Conditions of Contract for the Public Accounting Professions"<sup>2</sup> are binding for this engagement. According to that, our liability is limited, and an accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence, the maximum liability towards Semperit AG Holding and any third party totals EUR 726.730.

## Our procedures

We performed all the procedures deemed necessary to obtain evidence that is sufficient and appropriate to provide a basis for our conclusions. The audit was conducted at the company's headquarters in Vienna and in Wimpassing. Our main procedures were:

<sup>1</sup> <https://www.globalreporting.org/standards>

<sup>2</sup> Version of 21 February 2011, issued by the Chamber of Public Accountants and Tax Advisors, chapter 8, [http://www.kwt.or.at/PortalData/11/Resources/aab/AAB\\_2011.pdf](http://www.kwt.or.at/PortalData/11/Resources/aab/AAB_2011.pdf)

- Obtaining an overview of the business activities as well as the company's structural and process organisation;
- Interviews with company managers to identify and understand relevant systems, processes and internal controls with regard to the audited report contents that support collecting information for reporting;
- Review of relevant documents on Group, Management Board and management level to assess awareness and priorities of the issues in reporting and to understand how progress is tracked;
- Examination of risk management and governance processes related to sustainability and critical evaluation of the representation in the report;
- Performing analytical procedures on Group level;
- Site visits in Vienna and Wimpassing to obtain evidence on key performance indicators. In addition, we conducted random data reviews on site level to test completeness, reliability, accuracy and current relevance of the data;
- Review of data and processes on a random basis to test whether they had been collected, consolidated and reported appropriately at Group level. This included reviewing data samples to test whether the data had been reported in an accurate, reliable and complete manner;
- Review of the coverage of material issues raised in stakeholder dialogues, that were covered in external media reports and to which significant competitors refer in their environmental and social reports;
- Evaluation of the materiality analysis, including sector-specific megatrends and aspects of GRI;
- Assessment as to whether the requirements were addressed appropriately according to Art. 243b UGB and Art. 267a UGB;
- Review on a random basis of statements on the audited report contents in the reporting based on reporting principles of the GRI Standards, and;
- Assessment as to whether the GRI Standards were consistent with the CORE Option.

### Our conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information relating to the defined report contents in reporting are not in accordance with the criteria identified above.

Vienna, 21 March 2019  
Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Hans-Erich Sorli m.p.

p.p. Georg Rogl m.p.

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GRI 102-53

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### Imprint

Ownership and publisher:  
Semperit Aktiengesellschaft Holding, Modecenterstraße 22, 1031 Vienna, Austria.  
Produced in-house with firesys GmbH, [www.firesys.de](http://www.firesys.de).

Consulting:  
plenium gesellschaft für ganzheitlich nachhaltige entwicklung gmbh, 1070 Vienna.

Art Direction:  
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## Disclaimer

The terms "Semperit" or "Semperit Group" in this report refer to the group; "Semperit AG Holding" or "Semperit Aktiengesellschaft Holding" is used to refer to the parent company (individual company). We have prepared this report and verified the information it contains with the greatest possible care. In spite of this, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared (editorial deadline: 21 March 2019). As is true of all forward-looking statements, they are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements. These statements are identifiable by terms such as "expect", "want", "anticipate", "intend", "plan", "believe", "strive", "estimate", "will" and "predict", "contemplate" or similar terms. Furthermore, no guarantee can be given for the completeness of the contents.

All references to people are gender neutral.

This report has been produced in German and English. In case of doubt, the German version shall take precedence.

# OUR KEY TOPICS & CENTRAL FIELDS OF ACTION

Energy use and consumption

Raw materials and material use

Sustainability in the supply chain

Occupational health and safety



Sustainability in innovation

Social standards and working conditions

