

SEMPERIT 



**MODERN SLAVERY ACT
STATEMENT**

For Financial Year 2019

Semperit AG: Modern Slavery Statement for Financial Year ended, 2019 issued pursuant to Section 54 of the Modern Slavery Act 2015

Introduction

The UK Modern Slavery Act 2015 (the 'Act') requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their operations and supply chains. Semperit is fully committed to playing its part in eradicating modern slavery and human trafficking. Semperit firmly advocates for transparency and collaboration to eliminate related risks throughout the value chain. Semperit takes responsibility for individuals that work with and for Semperit.

This statement sets out the action Semperit has taken during the financial year 2019 to ensure that its corporate activities and supply chains are free from modern slavery.

In the past year Semperit agreed and approved new corporate values, focusing on the human element of doing business.

Semperit businesses, structure and supply chain

The publicly listed company Semperit AG Holding is an internationally-oriented group that develops, produces, and sells highly specialised rubber products for the industrial and medical sectors in more than 100 countries.

The headquarters of this long-standing Austrian company, which was founded in 1824, are located in Vienna. The Semperit Group employs around 7,000 people worldwide, including about 3,800 in Asia and around 900 in Austria (Vienna and production site in Wimpassing, Lower Austria). The Group has 14 manufacturing facilities worldwide and numerous sales offices in Europe, Asia, Australia, and America. By using its own distribution network Semperit sells its products in the business to business field.

Semperit Corporate Values



We collaborate and appreciate each other no matter who we are and where we come from. We are loyal, communicate openly and respectfully. Being reliable on our actions and learning from mistakes, we build trust.



We develop smart and innovative processes and products that match our customers' needs. We add value by designing solutions - for today and the future. We encourage and embrace change.



We take responsibility and are dedicated to our tasks. We stand up for our common beliefs and have high expectations of our results. Passion drives us to make the difference



It all begins with our customers. Our thinking starts from their point of view. We listen. And we deliver upon promised solutions and products. We are strong partners - internally and externally.

The products

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 and examination, protective and surgical gloves.

Due to the high share of raw material 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, the production conditions for natural rubber as well as the crude oil price for synthetic rubber and carbon black are essential. 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. In addition to a sustainable supply chain management, the focus of future activities is primarily on efficient material and energy usage as well as on the use of secondary raw materials and internal recycling.

The business development activities of the Semperit Group are strongly driven by global megatrends. Population growth, urbanization, increasing raw material 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. 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 to new strength and profitability by 2020. In addition, the Executive 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 then on, the Semperit Group aims to achieve an EBITDA margin of around 10% (run rate 2021) as a central key performance indicator.

Semperit and the supply chain

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 (which was reviewed 2019) 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 own suppliers in return. Accordingly, the supplier guideline is transmitted to all existing and future suppliers.

The suppliers are under compliance scrutiny, being verified in the new implemented business partner check. In the same time, there is still the goal to set up and implement a supplier database as well as to increasingly involve and approach suppliers. The introduction of an own database will help with faster data availability, better traceability of information.

Semperit and the Sustainable Development Goals (SDGs)

In 2015, the “Agenda 2030 for Sustainable Development” was adopted at the summit meeting of the United Nations (UN). All 193-member states of the United Nations committed themselves to work towards implementing Agenda 2030 with its 17 Sustainable Development Goals (SDGs) on national, regional, and international level by 2030. In 2018, Semperit analysed the 17 development goals in terms of their significance for its business activities. The SDGs that Semperit influences are shown in the following illustration and are assigned to the respective subject areas.

SDG goal 8: Decent Work and Economic Growth

Through long-term investments and the corresponding innovation performance, the Semperit Group promotes the local economies, 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 optimizing its production processes. The related activities aim at using resources more effectively, 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 endeavors to optimize the use of secondary materials, to minimize material waste within production and to achieve the highest possible internal recycling rate.

SDG goal 16: Peace, Justice and Strong Institutions

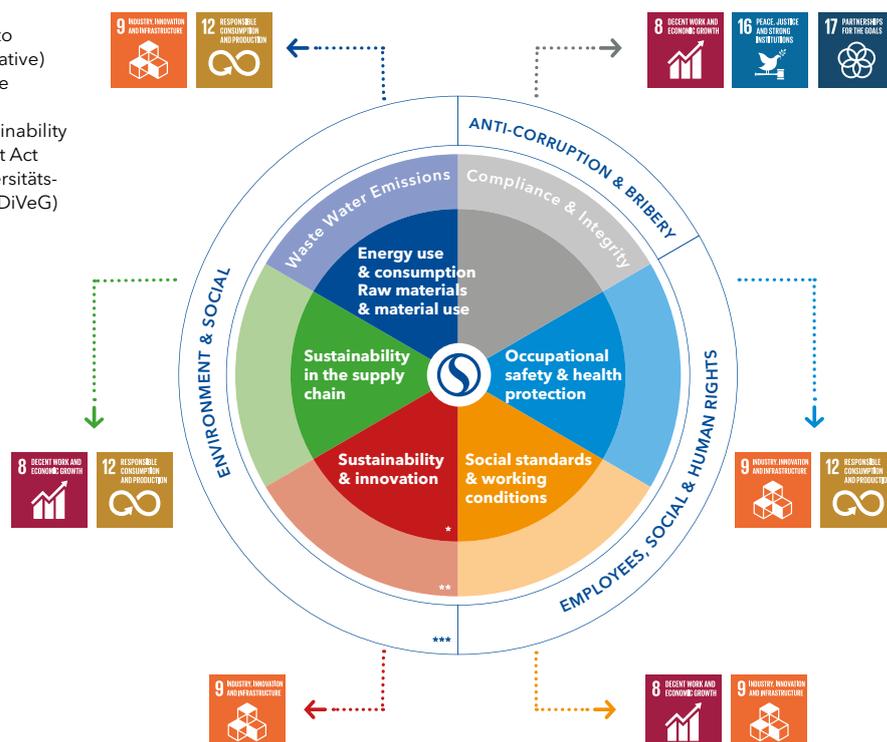
Integrity and compliance are the prerequisites and the basis for success and successful partnerships. The internal compliance mechanisms ensure that corruption and bribery have no place. In addition, Semperit is aware of its responsibility in the supply chain and is working to align it with environmental 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. The Semperit approach is based on risk assessment, considering the raw materials, health and security, working conditions both for Semperit and business partners, human rights, and compliance with the existing rules and regulations.

Interlocking Semperit topics with the concerns of the Sustainability and Diversity Improvement Act

- * Material topics according to GRI (Global Reporting Initiative)
- ** Other topics of significance for Semperit
- *** Issues relating to the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz - NaDiVeG)



Environmental, social and governance (ESG) risks

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 along the value chain, Semperit conducts an ESG (environment, social and governance) risk assessment on an annual basis.

Within a comprehensive process, potential risks and opportunities were collected and evaluated together with the company's internal risk management and the relevant specialists before any countermeasures were taken.

The following table lists the key risks identified by Semperit which have a potentially high negative impact on environmental concerns, social concerns, employee concerns, human rights and combating corruption & anti-bribery. The respective countermeasures and possible opportunities are also listed in the overview.

Major risks	Measures	Opportunities	NaDiVeG concerns
Accident & health risks	SHE Policy, OHSAS 18001/ISO 45001, ISO 9001, personal protective equipment, wide range of training and information	Attractive and responsible employer; low turnover; image enhancement	Employee issues
Disregard for human rights	Code of Conduct, People Policy, internal and external audits, increased cooperation with suppliers and customers, instruction and training	Image enhancement, improvement of market position, responsible business partner	Respect for human rights
Unequal treatment & discrimination	People Policy, value system, Code of Conduct, compliance system, internal and external audits, training	Employer branding, low turnover, attractive employer, industrial role model, image enhancement	Employee issues, social issues, respect for human rights
Inefficient production	ISO 14001 ISO 9001, ISO 5001, compliance with guidelines and limits, policy, internal and external audits, promotion of corresponding projects	Efficiency enhancement, cost advantage, image enhancement, competitive advantage	Environmental issues
Corruption & non-compliance with laws	Code of Conduct, compliance management system, whistle-blower platform, policies, training and instruction, value system	Industrial role model, image enhancement, first choice partner, competitive advantage	Fight against corruption

Social standards and human rights

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, the People Policy and the Supplier Policy, which are publicly available on the Semperit website (<https://www.semperitgroup.com/en/sustainability/sustainability-policies/>). These principles and guidelines also apply to business partners and are a prerequisite for a successful business relationship. All business activities must comply with internationally recognised human rights (UN Guiding Principles on Business and Human Rights) as well as Labour and Social Standards (International Labour Organisation - ILO) and must strictly observe local laws.

The whistle-blower platform "SemperLine" launched in 2018 ensures that reports can also be submitted anonymously. The Compliance Board must review all reports and determine appropriate measures. In 2019, the system recorded one report. In addition, the company's human rights requirements are integrated in the group-wide compliance management system to ensure compliance at all sites. 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:

External auditing

To ensure group-wide social standards in the sense of a due diligence process, the production sites in Sopron (Hungary) and Kamunting (Malaysia) in the Medical Sector were audited in 2019 according to the principles of the amfori BSCI (Business Social Compliance Initiative). The BSCI audits focus on promoting fair working conditions and respect for human rights. The Sopron site achieved the best mark in the external audit. At the Kamunting site, potential for improvement was identified in the area of working hours in February 2019. With appropriate measures, such as taking on additional employees, the situation was already significantly improved in May. With the external audits, approximately 14% of the production sites and almost 40% of Semperit employees were externally audited by amfori BSCI.

Due to current developments in the glove industry in Malaysia, Semperit initiated an external consulting project that dealt with social standards and the observance of human rights along the supply chain. The results of this project will be further developed in the coming year. In spring 2019, Semperit was externally audited with regard to the British LSAS system (Labour Standard Assurance System) and was able to improve significantly (from Level 3 to Level 2).

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.

The principles of the Semperit Group



Discrimination of employees is not tolerated. Semperit provides equal opportunities.



Observation of local laws regarding maximum acceptable **working hours** is ensured.



Child labour and other forms of **exploitation** of human beings are not tolerated.



Employees are hired based on written **employment contracts** and documented employment relationships in accordance with the law.



An appropriate and fair **remuneration** under consideration of local market conditions is observed.



The employees' right of **free expression** and opinion is respected.

Semperit internal policies dealing with human rights

All suppliers are required to comply with our Semperit Supplier Policy, and with business-area specific ethical policies, which require them to:

- Participate in ethical trading audits assessments;
- Provide employees with good working conditions, fair treatment and reasonable rates of pay; and
- Respect workers' human rights and comply fully with all applicable laws.

The above policies also require that:

- All work must be paid, and not done under any threat of penalties or sanctions
- Workers must not pay any deposits for work, and employers - whether labor users or recruiters - must not keep original versions of identity documents.
- Indentured labor is prohibited, and workers must be free to leave work at any time, with all salary owed to be paid.

Semperit is fully engaged in preventing and fighting against human rights abuse both inside the organization and inside its business partners' organizations.

The following documents contain the main requirements, both internal and for Semperit business partners:

Documents published on Semperit website



Semperit People Policy

Semperit Supplier Policy

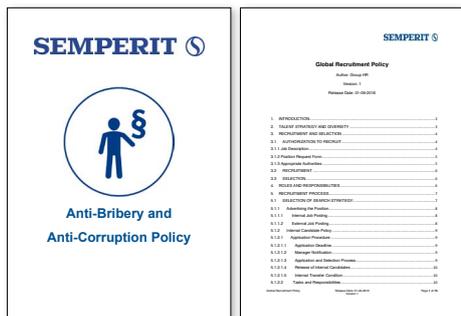
Semperit Sustainability Innovation Policy

Semperit Quality and Safety, Health and Environment Policies

Guideline for the whistle-blowing system "SemperLine"

Code of Business Conduct

Internal documents



Anti-Bribery and Anti-Corruption Policy

Global Recruitment Policy

Due diligence process

Semperit is part of a complex network of various types of business partners - from supplier to agent and to customer. To prevent any risks from contracting with business partners that are subject of human resource regulation breach, modern slavery and/or any other international provisions, Semperit has in place a new standardized Business Partner Check (BPC), which creates transparency and minimizes compliance risks. The new tool can provide information needed regarding the business partner, and it offers the possibility to engage business partners' responsibility, through answering external questionnaires.

The Semperit Business Partner Check includes any background check of the Purchaser, Seller, Sales Agent and - if applicable - End-user (including its shareholders/beneficial owners) by Semperit.

Initial check

New business partner



Periodical review

Checked business partners



- Alerts are automatically set in case of a change.
- Finance has to review the existing alerts on a monthly basis.

- Manual review minimum every 36 months.
- Group Compliance may propose a shorter review period for selected business partners.

Training

The education and training of all employees is an important feature on the way to fight modern slavery. Semperit relies on on-site visits by the management as well as on a wide range of training courses:

Every new employee is given basic information on compliance, which must be acknowledged in writing. Subsequently, he or she will be assigned training and e-learning courses in this area according to his or her activity, which must be completed within a certain period of time. The training program focuses on the following subjects: anti-corruption & bribery, anti-trust law, money laundering and fraud, export controls, confidential information and data protection, insider rules and protection of corporate assets. The intensification and expansion of online compliance training was started in 2019 and will be continued in 2020. The revision relates to the edition of the training in additional languages, the adaptation of existing content and the integration of new topics. In addition, the company-wide matrix that determines which employees have to complete which compliance training and when, was adapted. In addition to the online training courses, "classroom training" is planned for the future. On the one hand, they serve employees whose languages are not yet included in the online catalogue, and on the other hand, they are intended to increasingly address employees who do not have access to the group-wide e-learning platform. These training courses will be held by the local compliance officers and can be arranged individually. The long-term goal is to reach all employees.

In order to address human rights & social standards all along the supply chain. Semperit, amongst other things decided to focus on supplier engagement. To prepare the lead buyers for this objective accordingly, it is necessary to build up the corresponding know-how. In 2019, the lead buyers were trained in "Sustainable Supply Chain Management" and "Sustainable Procurement", which covered social and ecological issues as well as compliance matters and human rights. In addition to different measures like internal training offers or the performance of external audits, the training of all stakeholders is an important cornerstone in the field of social standards. In the reporting year, the following activities were undertaken in this regard:

- Implementation of a new e-learning and virtual class room training system dedicated to Human rights and Modern Slavery Act.
- Organisation of a specialist event within the framework of the Austrian CSR Circle on the topic "SDG 8: Decent Work and Economic Growth"
- Internal training on "Social Standards at Semperit" for the medical sector
- Internal training for lead buyers in the area of "Sustainable Supply Chain Management" with a focus on social criteria
- Expansion of mandatory compliance training with regard to social standards and human rights
- Increased interface work between "Group Compliance" and "Group Brand Management"

Definition of terms

Topic area	Major risks
Slavery	The status or condition of a person over whom all or any of the powers attaching to the right of ownership are exercised. Since legal 'ownership' of a person is not possible, the key element of slavery is the behavior on the part of the offender as if he/ she did own the person, which deprives the victim of their freedom. (in accordance with the 1926 Slavery Convention)
Servitude	The obligation to provide services that is imposed using coercion and includes the obligation for a 'serf' to live on another person's property and the impossibility of changing his or her condition.
Forced or Compulsory Labor	It involves coercion, either direct threats of violence or more subtle forms of compulsion. The key elements are that work, or service is exacted from any person under the menace of any penalty and for which the person has not offered him/her self voluntarily. (ILO's Forced Labor Convention 29 and Protocol)
Human Trafficking	An offence of human trafficking requires that a person arranges or facilitates the travel of another person with a view to that person being exploited. The offence can be committed even where the victim consents to the travel. This reflects the fact that a victim may be deceived by the promise of a better life or job or may be a child who is influenced to travel by an adult. In addition, the exploitation of the potential victim does not need to have taken place for the offence to be committed. It means that the arranging or facilitating of the movement of the individual was with a view to exploiting them for sexual exploitation or non-sexual exploitation.
Exploitation	A person is exploited only if one or more of the following subsections apply in relation to the person: slavery, servitude and forced or compulsory labor; sexual exploitation; removal of organs etc. while securing these services etc. by force, threats or deceptions or securing services etc. from children and vulnerable persons.
Child Labor	<p>Children below 12 years working in any economic activities, those aged 12 - 14 engaged in more than light work, and all children engaged in the worst forms of child labor (ILO).</p> <p>The work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. Whether or not particular forms of "work" can be called "child labor" depends on the child's age, the type and hours of work performed, the conditions under which it is performed, and the objectives pursued by individual countries.</p> <p>As children are vulnerable to exploitation, Semperit will analyze if the children in question are being exploited in such a way as to constitute slavery, servitude and forced or compulsory labor or human trafficking. For example, it is possible for children to undertake some 'light work' which would not necessarily constitute modern slavery. 'Light work' is defined by article 7 of ILO Convention No. 138.</p>
Bonded Labor	Bonded labor, also known as debt bondage and peonage, happens when people give themselves into slavery as security against a loan or when they inherit a debt from a relative. It can be made to look like an employment agreement but one where the worker starts with a debt to repay - usually in brutal conditions - only to find that repayment of the loan is impossible. Then, their enslavement becomes permanent.



for the Board
Martin Füllenbach, CEO

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