

**SEMPERIT** 



# **MODERN SLAVERY ACT STATEMENT**

For Financial Year 2020

# Semperit AG: Modern Slavery Statement for Financial Year ended, 2020 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 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 2020 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 - a brief portrait

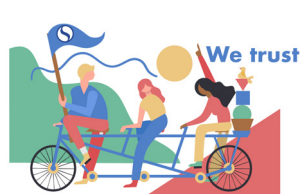
The publicly listed company Semperit AG Holding is an internationally-oriented group that develops, produces, and sells highly specialised rubber products for the industrial and medical sectors in more than 100 countries.

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.

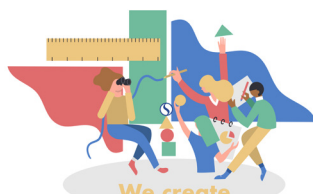
### The ten principles of UN Global Compact

In 2020, Semperit decided to join the United Nations Global Compact and contribute to the promotion of and compliance with the ten guiding principles. The United Nations Global Compact is the world's largest and most important initiative for responsible corporate governance. The vision of UN Global Compact is an inclusive and sustainable global economy based on the ten universal principles. The goal of the worldwide movement of economy, politics and civil society: to make globalisation more social and ecological. The central elements of UN Global Compact are the principles and the support of the 17 Sustainable Development Goals (SDGs).

## 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 natural and synthetic rubber as well as carbon black.

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.

### Corporate strategy

In autumn 2017, the Semperit Group started a restructuring and transformation process. The comprehensive and successfully implemented measures have led to a significant reduction in complexity and an increase in profitability. The Executive Board will continue to pursue this path with all due consistency.

## 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. In addition to the transmission of the relevant documents, the evaluation of suppliers with a purchasing volume of more than EUR 500,000 p.a. is carried out automatically using a self-evaluation tool created specifically for this purpose.

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.

### External recognition and cooperation for supply chain responsibility

In addition to the self-developed supplier evaluation tool and in order to further promote developments in the supply chain, Semperit has decided to join the TfS – Together for Sustainability – initiative. TfS is an association of the chemical industry that serves to jointly promote sustainable developments in the supply chain. TfS follows the principles of UN Global Compact and Responsible Care and seeks to continuously improve the ecological, social and ethical orientation of suppliers.

In order to proceed in the most structured and efficient way possible, TfS cooperates closely with the supplier assessment platform EcoVadis and has also developed its own audit standard with a special focus on suppliers in the chemical industry. All results, activities and developments are shared within the network with the aim of creating transparency, using synergies and promoting sustainability at all levels.



# 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. Semperit has analysed the 17 development goals in terms of their significance for its business activities. The goals, which Semperit is influenc-

ing, are presented below and assigned to the corresponding topic areas Semperit's sustainability management is focusing on. The versatile business activities and the diverse product portfolio of the Semperit Group also have an impact on other SDGs that are not explicitly listed here. The reason is that the impact in the field of these objectives is not understood as primary.

## Good health and well-being



Health and safety of employees have top priority. Semperit makes a significant contribution to SDG 3 on a wide variety of levels.

With the help of a comprehensive catalogue of services and measures, the occupational safety and health protection of employees is continuously improved. This includes a diverse range of additional benefits or a comprehensive safety system to prevent accidents of any kind. This also includes, among other things, the procurement, storage and handling of hazardous substances and chemicals. In addition, by producing examination and surgical gloves Semperit contributes directly to the supply of medical products and thus the protection of society.

## Gender equality



Diversity and equal opportunity are important components of successful employee management. For Semperit, diversity and respect are integral and indispensable components of the corporate culture, and are taken into account when filling all positions, among other things. Over the past three years, Semperit has made step-by-step progress towards its goal of "steadily increasing the percentage of women in management" and has increasingly attracted women to management positions. In addition to promoting diversity and equality, Semperit works intensively to avoid all forms of discrimination.

## Decent work and economic growth



Through long-term investments and the corresponding innovative performance, the Semperit Group promotes the local economy, contributes to regional value creation and thus creates numerous secure jobs. The health and safety of employees and respect for human rights always have top priority. Semperit attaches great importance to issues such as future-oriented work, fair pay, development opportunities and a diverse working environment and continuously works on them.

## Responsible consumption and production



Semperit continuously strives to extend the properties and thus the service life of its products. This not only satisfies customer needs, but also makes a significant contribution to issues such as resource efficiency and durability. In addition, Semperit strives to optimise the use of secondary materials, to keep material waste as low as possible and the internal recycling rate as high as possible within production.

## Climate action



The Semperit Group is continuously working on optimising its production processes. The associated activities aim at using resources more efficiently, promoting the use of clean and environmentally friendly technologies, and sustainably increasing innovation potential. With the help of broad-based research and development activities and cooperation with renowned research institutions, Semperit makes a significant contribution to innovation and development of a high-quality, reliable and resilient infrastructure.

## Peace, justice and strong institutions

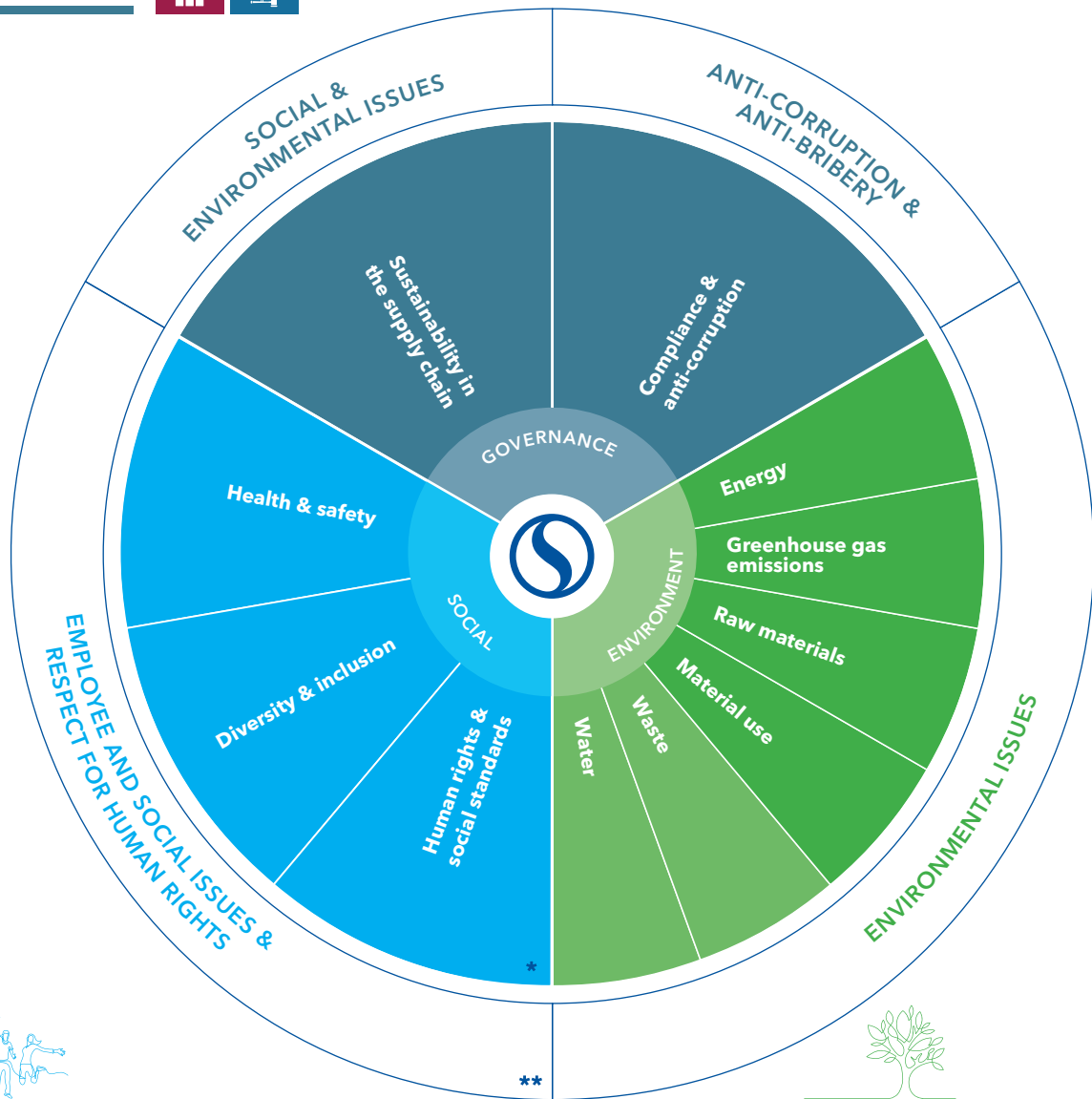


Integrity and compliance are the prerequisite and basis for success and sustainable cooperation. Internal compliance mechanisms ensure that there is no place for corruption and bribery. In addition, Semperit is aware of its responsibility in the supply chain and constantly works to align it with ecological and social criteria.

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



## Governance



## Social



## Environment & Climate



\* Material topics according to GRI (Global Reporting Initiative) are energy, greenhouse gas emissions, raw materials, material use, human rights & social standards, diversity & inclusion, health & safety, sustainability in the supply chain, anti-corruption. Other topics of significance for Semperit are waste and water.

\*\* 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	Primary sphere of action	Possible future effect	NaDiVeG concerns
Little consideration of sustainability aspects in corporate and innovation strategies	Linking sustainability strategy with corporate and innovation strategy	Image enhancement, improvement of market position, responsible business partner	All	↗	All NaDiVeG issues
Disregard for human rights	Code of Conduct, People Policy, internal and external audits, increased cooperation with suppliers and customers, internal instruction and training	Protection of human rights, image enhancement, improvement of market position, responsible business partner	Upstream, within the company	→	Environmental and social issues, employee issues
Inefficient production	ISO 14001, ISO 9001, ISO 50001, compliance with guidelines and limits, policies, internal and external audits, promotion of efficiency and effectiveness improvement projects, promotion of closed cycles	Efficiency enhancement, cost advantage, image enhancement, climate-resilient production, competitive advantage, industrial benchmark	Within the company	↗	Respect for human rights
Lack of attractiveness for the sustainable financial market	Establishment of sustainability targets, awareness raising, efficiency in production, improvement of corresponding ratings through targeted measures	Access to ESG-linked financing, image enhancement, cost advantage	Within the company	↗	Environmental issues
Climate-relevant external effects (transition risks)	Efficiency and effectiveness improvement projects, calculation of Corporate Carbon Footprint, energy targets, efficiency in material use, raw material selection, sustainable waste management system, ISO 14001, ISO 9001, ISO 50001, instruction and awareness training	Industry role model, efficiency enhancement, cost advantage, competitive advantage, image enhancement	All	↗	Social and environmental issues, employee issues

Further risks	Measures	Opportunities	Primary sphere of action	Possible future effect	NaDiVeG concerns
Accident & health risks	HSE Policy, OHSAS 18001/ISO 45001, ISO 9001, personal protective equipment, wide range of training and information, employee sensitisation	Attractive and responsible employer, employee motivation, low turnover, image enhancement	Within the company	→	Environmental issues, employee issues, social issues
Corruption & non-compliance with laws	Code of Conduct, compliance management system, capital market compliance, Compliance Board, whistle-blower platform, policies, training and instruction, value system	Industry role model, image enhancement, first choice partner, competitive advantage	All	→	

## 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.

In 2020, the Semperit Code of Conduct was revised and published under the leadership of the compliance department and with the cooperation of all affected departments. Since 2020, the members of the Semperit management have had to sign the Code of Conduct and confirm with their signature that they have understood and taken note of the Code and will duly report all possible incidents. In addition to employees, the principles and guidelines of the Semperit Group also apply to business partners and are a prerequisite for a successful business relationship.

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 2020, the system recorded three reports. 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:

## Highest standards everywhere

Semperit stands not only for the protection of human rights, but also for compliance with the highest social standards. This is the core of its corporate culture and also an important component when it comes to retaining existing employees and attracting new ones. Everything is subject to change - including the demands of employees. Factors that may have been decisive in choosing an employer in the past are no longer that important today. Instead, other aspects such as flexibility and a sustainable corporate orientation are gaining in importance.

### Fair payment & collective bargaining agreements

Semperit ensures remuneration in line with the market for all employees. 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. Approximately 35% of all Semperit employees are subject to a collective bargaining agreement. Furthermore, Semperit offers variable compensation components based on individually agreed targets or group targets.

### Comprehensive social benefits & freedom of association

Semperit offers its employees numerous social benefits such as various sports opportunities or additional medical services. In accordance with local laws, there are works councils or company unions to represent the interests of employees, as well as a European Works Council.

### 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.



## External auditing

To ensure Group-wide social standards in the sense of a due diligence process, Semperit has relied for many years on the external auditing of its production sites according to the principles of the amfori BSCI (Business Social Compliance Initiative). This primarily relates to the locations of the medical segment, to which the largest plant of the Semperit Group belongs. The focus of the BSCI audits is on promoting fair working conditions and respect for human rights.

- The Sopron site achieved the best mark A in 2019, which increased the validity of the certification to two years. As a result, no audit had to be carried out at the Hungarian site in 2020. No audit will be required until 2021.
- At the Kamunting, Malaysia, site, potential for improvement was identified in November 2019, which was worked on more intensively in the following months. The site was audited again in November 2020.

With the external audits almost 40% of Semperit's employees were audited externally by amfori BSCI in 2019 and 2020.

Additionally, Semperit Technische Produkte GmbH underwent an external audit in accordance with the British LSAS (Labour Standard Assurance System) system and was able to improve significantly once again (from Level 3 to Level 4) in spring 2020. Semperit has thus reached the highest level of the system.

## Working conditions in the glove industry

Driven by the pandemic and as a consequence by the strong increase in global demand for gloves, the working conditions in the glove industry were examined more closely by various stakeholders such as NGOs, the media and public procurement institutions. The focus in terms of social standards fell on Malaysia, where the largest glove producers in the world are located. These developments were mostly related to the local working conditions for foreign workers from countries such as Nepal, Myanmar or Bangladesh, as well as the "recruitment fees" paid by them in advance, which forced many workers into bonded labour.

These so-called recruitment fees were demanded by various third-party service providers in the countries of origin. Semperit itself has never demanded this type of fees.

In order to get to the bottom of these developments and obtain a detailed picture of the situation in the countries of origin, Semperit initiated an internal project with an internationally recognised consultancy specialising in social standards and human rights compliance along the supply chain even before the pandemic in 2019. The aim of this project was to create transparency and clarity as to whether there were any weaknesses and where they occur along the supply chain. In addition, based on the project results, the knowledge required to optimise internal processes, to draw up guidelines ("Zero Recruitment Fee Policy") and to implement the necessary due diligence processes could be generated.

In a second step in 2020, Semperit was able to initiate the reimbursement of the costs of all employees affected by bonded labour incurred by third parties in their home countries. The necessary process was also monitored externally to ensure that the highest standards were met, and that the best possible solution was found for all affected employees. Independent support was essential for the Semperit Group and contributed significantly to the success of the developments in this area.



# 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.

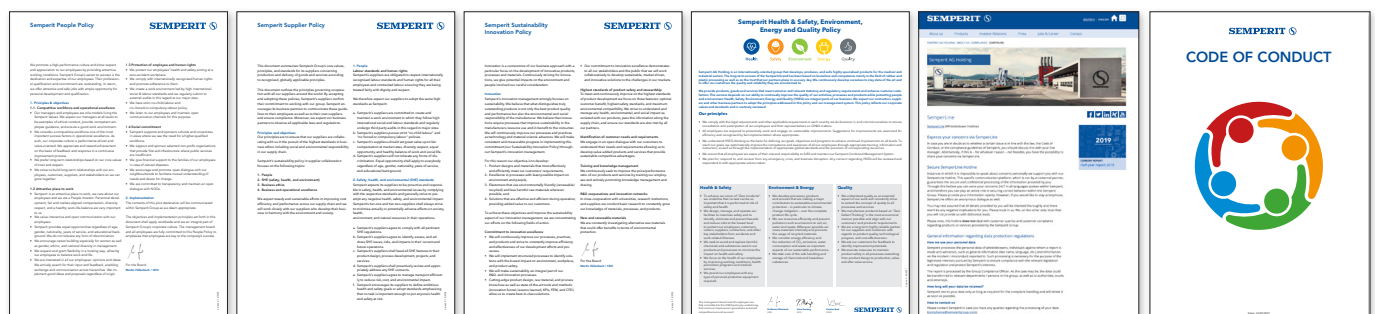
The above policies also require that:

- 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

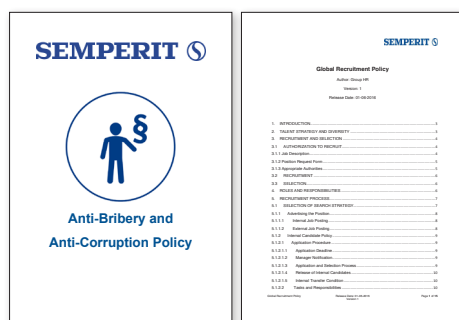
Semperit Sustainability Innovation Policy

Semperit Health & Safety, Environment, Energy and Quality Policy

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



# 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.

Depending on position and subject area of the employees concerned, compliance training courses are assigned individually, and their contents are adapted. Basic compliance training is mandatory for all employees and is automatically assigned to them via Semperit's own training platform at the beginning of their employment. The contents must be completed within a certain period of time. The training programme 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 launched in 2019 and rolled out in 2020. The training offer will be continuously expanded in terms of topics, but also in terms of available languages. In addition to the online training courses, Semperit counts on "classroom training". 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 are held by the local compliance officers and can be arranged individually. In contrast to online training, classroom training offers space for mutual exchange and questions, and makes learning together possible.

- Implementation of a new e-learning and virtual class room training system dedicated to Human rights and Modern Slavery Act.
- Expansion of mandatory compliance training with regard to social standards and human rights
- Increased interface work between "Group Compliance" and "Group Brand Management"

## Number of employees trained in 2020 by topic

Training focus	Number of trained employees
Corruption & bribery	581
Competition law	404
Identification and prevention of fraud	1,279
Export control	145
Arrangements between suppliers and purchasers	148
Harassment & misconduct	60
Common compliance training	243
Gifts	510
Total number of trained employees	3,370

# Definition of terms

Topic area	Major risks
<b>Slavery</b>	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)
<b>Servitude</b>	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.
<b>Forced or Compulsory Labor</b>	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)
<b>Human Trafficking</b>	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.
<b>Exploitation</b>	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.
<b>Child Labor</b>	<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>
<b>Bonded Labor</b>	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**

June 2021