



**2017**  
SUSTAINABILITY REPORT 2017

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# Contributing to a prosperous world

## Our commitment to sustainability

### Foreword of the Management Board

For Semperit, sustainability means responsibility and shaping the future. And this we pursue by putting the long-term focus on contributing to a prosperous and sustainable development of economy and society through our work and our products. Semperit is a worldwide leading provider of medical and technical rubber products for applications that are critical to success in different and often difficult fields of activity. Many of our products contribute to meeting global social challenges such as population growth, urbanisation and increasing raw material and energy demand, as well as growing prosperity in developing countries or higher hygiene requirements for our customers and society. We are convinced that we can only remain successful entrepreneurs in the long run if our products and innovations not only contribute to quality and performance but also, wherever it is possible, to sustainability.


GRI 102-14

In parts of our manufacturing process we process a natural raw material for which mining in certain areas may be considered critical. Therefore, we have a special responsibility beyond formal provisions. In addition, sustainable company management means to economise resource-consciously in order to reduce costs and achieve savings. This ensures that we take account of the environmental idea, which is to produce everything with the least possible raw material input – whether it is rubber, chemicals or energy.

At Semperit, we speak of efficient sustainability and mean that sustainability is considered, optimised and utilised wherever it makes sense from an ecological, social or economic perspective, wherever it minimises risks or creates added value. In addition to this self-conception, our commitment to sustainability includes that we, as a company, fulfil our ecological and social responsibility and also support our success and our growth on this basis.

Semperit looks back on 195 years of market and brand presence. A long-standing company tradition like this is only achievable through a sustainable design of corporate activities and demonstrates in particular successful corporate responsibility. Currently, Semperit is in a phase of great challenges. With considerable reconstruction and complexity reduction we would like to achieve new strength and profitability by 2020. However, an important part of the transformation process towards a sustainable and successful group of companies will be the forced development of the sustainability issue and an even stronger strategic anchoring in our overall strategy.

Vienna, 15 March 2018  
The Management Board



**Martin Füllenbach**  
CEO



**Frank Gumbinger**  
CFO



**Michele Melchiorre**  
COO

GRI 102-4  
GRI 102-6



## 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
- 24 **Shanghai, China**  
Quality management and sales office
- 27 **Kamunting, Malaysia**  
Production of latex and nitrile examination gloves
- 28 **Nilai, Malaysia**  
Production of porcelain dip mouldings for glove production
- 29 **Singapore**  
Segment management, sales office and supply chain management
- 33 **Bridgeton, New Jersey, USA**  
Distribution centre
- 34 **Clearwater, Florida, USA**  
Sales office and distribution centre
- 35 **Coppell, Texas, USA**  
Distribution centre
- 36 **Ontario, California, USA**  
Distribution centre
- 3 **Budapest, Hungary**
- 6 **Rovigo, Italy**
- 38 **Santiago, Chile**

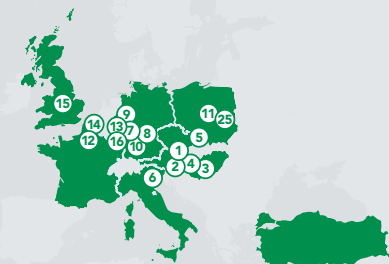
## SEMPERFLEX

- 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 built 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
- 6 **Rovigo, Italy**  
Production of industrial hoses for special applications
- 7 **Waldböckelheim, Germany**  
Sales of hydraulic hoses in Germany, expert centre for complete high-pressure hose systems
- 18 **Mumbai, India**  
Sales office
- 24 **Shanghai, China**  
Production of steel-reinforced wire braided hydraulic and pressure washer hoses for the Chinese market, Hydraulic Hose Testing Centre
- 26 **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
- 29 **Singapore**  
Sales office
- 32 **Fair Lawn, New Jersey, USA**  
Sales office

## SEMPERTRANS

- 1 **Vienna, Austria**  
Segment management and sales office
- 2 **Wimpassing, Austria**  
Technology and innovation centre
- 6 **Rovigo, Italy**  
Sales office
- 9 **Moers, Germany**  
Application engineering centre, sales office

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



- 11 Bełchatów, Poland**  
Sales and production of heavy-duty steel and textile cord belts as well as cables for conveyor belts, development centre
- 25 Warsaw, Poland**  
Sales office
- 12 Levallois, France**  
Sales office
- 14 Béthune, France**  
Sales, installation and maintenance of conveyor belts, warehouse and distribution
- 17 Roha, India**  
Production of textile belts
- 18 Mumbai, India**
- 19 Delhi, India**
- 20 Kolkata, India**
- 21 Chennai, India**  
Sales offices
- 24 Shanghai, China**  
Sales office
- 23 Shandong, China**  
Production of steel cord and textile belts
- 30 Jakarta, Indonesia**  
Sales office
- 37 Querétaro, Mexico**  
Sales office
- 22 Santiago de Chile, Chile**  
Sales office
- 41 Atlanta, Georgia, USA**  
Sales office, customer service, distribution centre
- 31 Winnipeg, Canada**  
Sales office
- 39 Thornton, NSW, Australia**  
Sales office
- 40 Perth, WA, Australia**  
Sales office

## SEMPERFORM

- 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 packaging industry
- 12 Levallois, France**  
Sales office
- 15 Birmingham, Great Britain**  
Sales office



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

## HEADQUARTERS

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

GRI 102-2  
GRI 102-7

*Solid balance-sheet structure*

**32.6%** equity ratio

EUR **874**  
million revenue

EUR **38**  
million EBIT

Leading market position with strong brands for more than

**190** years

# SEMPERIT

International group, which develops, produces and sells highly specialised products made of rubber in the Industrial and Medical Sectors

## Worldwide presence

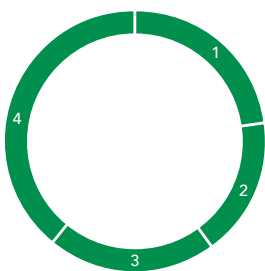
Distribution in more than 100 countries



## 6,838 employees

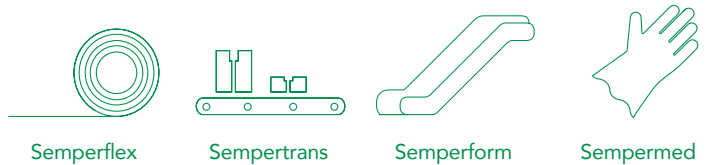


## Revenue split by segment

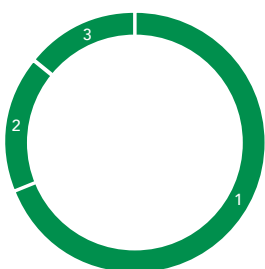


- 1. Semperflex **23%**
- 2. Sempertrans **17%**
- 3. Semperform **21%**
- 4. Sempermed **39%**

## Balanced portfolio

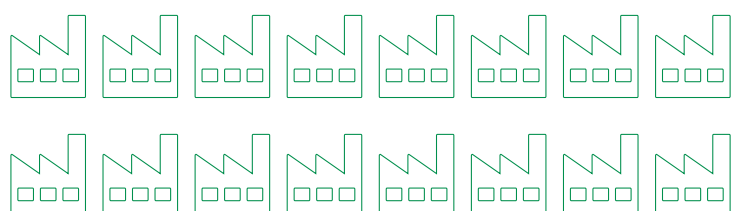


## Revenue split by region



- 1. Europe **69%**
- 2. North and South America **17%**
- 3. Asia, Africa and other countries **14%**

## 16 production sites worldwide







# Semperit at a glance

For more than 190 years, the publicly listed Semperit AG Holding has been a globally leading provider of quality products made of natural and synthetic rubber. The internationally-oriented group develops, produces and sells in more than 100 countries highly specialised products for the Medical and Industrial Sectors.

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

The roots of the Semperit Group reach back to the year 1824. The Semperit Group employs around 6,800 people and operates 16 production facilities in 12 countries on three continents. The headquarters of Semperit AG Holding are 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 examination, protective and surgical gloves, hydraulic and industrial hoses, conveyor belts, escalator handrails, window and door profiles, cable car rings, ski foils and products for railway superstructures. For a detailed description of the organisation profile see the Corporate Governance Report 2017 of the Semperit Group.

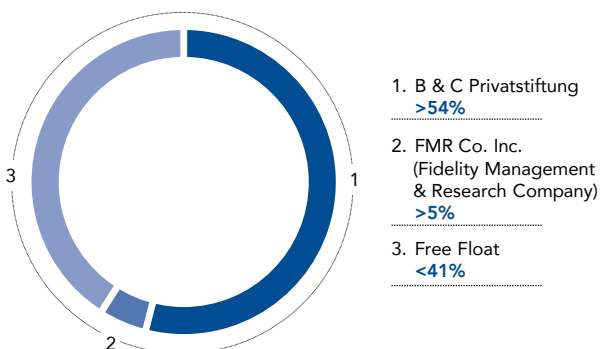
## Structure of Semperit Group

Sectors	Industrial			Medical
Segments	Semperflex	Sempertrans	Semperform	Sempermed
Product groups and market positions	 <p>Hydraulic hoses # 3 globally/ leader in hose only</p> <p>Industrial hoses # 2-3 in Europe</p>	 <p>Conveyor belts One of the leading suppliers</p>	 <p>Handrails Globally leading position</p> <p>Additional products Cable car rings and ski foils: leading position</p> <p>Window profiles European player</p>	 <p>Examination and protective gloves Globally good position</p> <p>Surgical gloves Leading position in Europe</p>

## Shareholder structure

GRI 102-5

### Shareholder structure



GRI 102-18

A survey of the company organisation is available in the Corporate Governance Report 2017 of the Semperit Group.

### Key performance figures

in EUR million	2017 <sup>1)</sup>	Change	2016 <sup>1)</sup>
Revenue	874.2	+2.6%	852.4
EBITDA	100.2	+28.6%	77.9
EBITDA margin	11.5%	+2.4 PP	9.1%
EBIT	37.6	+37.8%	27.3
EBIT margin	4.3%	+1.1 PP	3.2%
Earnings after tax	-26.3	> 100%	-8.8
Earnings per share <sup>2)</sup> , in EUR	-1.25	> 100%	-0.43
Gross cash flow	32.2	-33.1%	48.1
Return on equity	-9.2%	-6.5 PP	-2.7%

<sup>1)</sup> Values adjusted for one-off effects, see Annual Report 2017.

<sup>2)</sup> Attributable to the shareholders of Semperit AG Holding.



## Company strategy

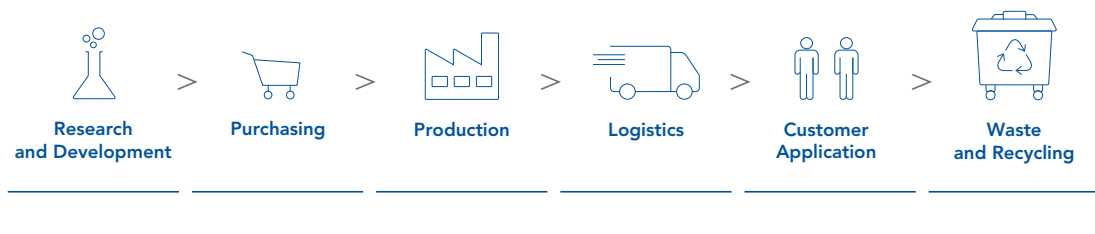
Currently, the Semperit Group is undergoing a transformation process that started in autumn 2017. With substantial restructuring and complexity reduction, Semperit will come upon new strength and profitability by 2020. In addition, the Management Board will deal with growth potential around the technology core and the existing market knowledge as soon as concise restructuring achievements appear.

In the course of 2018, the Management Board will decide step by step whether there will be changes in the portfolio of existing segments. There will also be further adaptations in the manufacturing footprint, following the shutdown of the unprofitable Sempertrans factory in France in 2017. 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% as central key performance indicator.

## Value chain

Semperit pursues added value not only within the company but along the entire value chain. This makes it possible to analyse and observe chances and risks in upstream and downstream levels. In addition, Semperit takes into account on which level of the value chain sustainability issues are of particular relevance.

### Value Chain



## Memberships

Semperit is involved in associations, organisations and research institutions so that it is directly engaged and communicates with extended stakeholder groups, for example:

GRI 102-12, 102-13

- WdF – Wirtschaftsforum der Führungskräfte
- RespACT – austrian business council for sustainable development
- CorporAID
- amfori BSCI – Business Social Compliance Initiative
- International Rubber Study Group
- WDK – Wirtschaftsverband der Deutschen Kautschukindustrie
- Polymer Competence Center Leoben
- Technical University Graz
- Technical University Vienna
- Montan University Leoben
- Freudenberger Forschungsdienste (Weinheim Germany)
- FH JOANNEUM Kapfenberg

- C.I.R.A. – Circle Investor Relations Austria
- IV – Industriellenvereinigung (Federation of Austrian Industries)
- OFI – Österreichisches Forschungsinstitut für Chemie und Technik
- BVH – Bundesverband Hautschutz (Federal Association for Skin Protection)
- VDI – Verein Deutscher Ingenieure (Association of German Engineers)
- MARGMA – Malaysian Rubber Glove Manufacturers Association
- DIN – Deutsches Normungsinstitut (German Institute for Standardisation)

# Sustainability management

## Focus: Sustainability

Semperit has clearly marked its position for sustainability: For Semperit, sustainability is a fundamental business approach that makes a long-term business success possible and creates values for its stakeholders. The Semperit Group wants to pursue this path with targeted measures and innovative solutions by seizing new business chances and managing risks that result from economic, social and ecological developments. Because long-term success is created when a company operates in harmony with the environment and society. As a global supplier of medical and technical rubber products as well as innovative solutions Semperit always strives for top performances. For that, sustainability is integrated into all business units and Semperit’s supply chain.

GRI 102-11

The Semperit sustainability strategy aims at contributing in the long run to a prosperous future through consciously sustainable actions, innovation, sustainability and profitability.

Semperit strategy for sustainable growth – “Contributing to a Prosperous World”



## Sustainability throughout the organisation

Semperit focuses on five areas of activity, which align not only sustainability management but also potentials even more at the requirements of stakeholders and of business activities. Thereby, Semperit links a proven track record in resource management to the new standards and options in order to shape the future. The focus is on the implementation in resource management and environmental protection, health and work safety, employees and society, suppliers and innovation as areas of action. Measures and advances in these five areas of action are disclosed within this reporting.

In addition, compliance and integrity as well as integration of interest groups are considered foundations for sustainable economic activities.

The Semperit Group is committed to sustainable growth and takes responsibility for future generations. Activities focus on major areas of activity.

### Core pillars of Sustainability



## Responsibility and future organisation

Integration of sustainability in essential corporate divisions contributes to the company's economic success. In addition, Semperit wants to further expand its strength in developing new products and expanding its close relationship to customers.

Product and process innovations create added value for the customer, competitive advantages and revenue growth potentials through the integration of sustainability. Thereby, Semperit's long-term objective is to reduce the environmental impact and to increase economic success. These two approaches are considered exceptionally interesting and promising:

- Increasing revenue and promoting the sustainability issue through innovation:** Investments in process and product innovations contribute to Semperit's business success. Sustainability aspects play an important role in innovation management and create relevant added value for customers. An example is the low-allergic surgical polyisoprene glove Sempermed® Syntegra UV that was developed by Semperit and is the first worldwide. In addition to an innovative production technology and unique product features, a rather energy-efficient manufacturing process characterises this product. Low temperatures in the manufacturing process and higher throughputs lead to a significant reduction of the carbon footprint. The glove contributes to the improvement of quality of life of a great number of health workers. See chapter „Innovation“ (page 43).

- **Saving costs and promoting environmental protection with resource efficiency:** Resource efficiency reduces risks that may arise through availability shortages and price fluctuations. Furthermore, it provides a direct earnings contribution while at the same time protects the environment by reducing costs. With the introduction of the integrated production system World Class Manufacturing (WCM) in 2016, Semperit has set a new standard in operational excellence. The Semperit Group will achieve significant economic savings in the coming years through resource efficiency and the vision of “Concept of Zero” – zero incidents, zero defects, zero delays, zero waste, zero absenteeism. See chapter “Resource management” (page 26ff).

## Materiality

As a corporation, we must recognise in time the issues that hold opportunities and risks today and in the future, and focus our activities on them. Semperit counts on a materiality analysis to identify relevant issues within sustainable corporate development. An important information basis is given by the different expectations of the respective stakeholder groups as well as their expert knowledge. Both of them are recorded in a constant dialogue with stakeholders and queried in our internal sustainability network. The results feed into the Semperit-internal sustainability management.

GRI 102-44

### Materiality analysis – relevant topics for society and for Semperit

The materiality analysis is based on a comprehensive analysis of topics under a broad integration of all stakeholder groups (see page 17).

GRI 102-46

- **Identification of topics:** Semperit has identified a list of more than 100 topics. Various sources were assessed to identify potential and relevant topics by examining the contents of respective global standards and guidelines, industry reports and trends. The list of all topics was reduced to 33 core topics in a second step.
- **Assessment of topics:** In a next step, the potential significance of each topic was assessed. The process for this report included on the one hand a qualitative survey of 52 stakeholders in the form of structured interviews across all defined stakeholder groups. On the other hand, Semperit performed a quantitative assessment of the 33 core topics. The results of the assessment of 18 external and 22 internal stakeholders were considered with equal weighting. In addition, the management regarded individual topics as essential for being components of Semperit’s understanding and management of sustainability and displaying legal requirements for reporting on non-financial indicators.
- **Analysis and assessment of effects:** In addition to identifying the essential topics, an analysis of the effects and risks was made. With the essential topics pursuant to the stakeholder questioning, the economic, ecological and social effects of these topics on the Semperit Group as well as our potential influence on them to minimise negative and enhance positive effects were subsequently assessed. For this purpose, the effects and risks were analysed and coordinated with internal executives in an internal workshop with the help of an external sustainability expert. The result of this analysis was discussed and consensually adopted in the Sustainability Council, Semperit’s internal sustainability committee (see chapter “Sustainability organisation”, page 19).

- **Validation of topics:** In a final step, an internal validation of the essential topics was made within the scope of another Sustainability Council and was approved by the Management Board.

**Materiality Analysis**

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**IDENTIFICATION**

From a long list of more than 100 topics to a short list of 33 topics; brought together in consideration of:

- Legal requirements
- Guidelines and principles (internal and international frameworks such as GRI Standards, industry standards)
- Requirements from ratings
- Stakeholder requirements

**ASSESSMENT**

In several steps:

- Stakeholder interviews: 52 structured interviews
- Stakeholder assessment: querying 33 topics from the short list with questionnaires and scoring system (40 responses)
- Analysis and assessment of ecological, social, economic effects of topics
- Final assessment and validation of all results of the stakeholder survey by the Semperit Sustainability Council
- Continuous involvement of external sustainability experts in the assessment process



**BROAD INVOLVEMENT OF STAKEHOLDERS**

Assessment of topics involving all stakeholder groups:

- Internal: employees, management, representatives of Supervisory Board
- External: customers, suppliers, representatives of owners, investors, NGOs, media
- politics and authorities, interest groups, science and research, employment representatives



**RESULTS**

- List of material topics for reporting
  - Evaluation of sustainability strategy and activities of Semperit
-

## Major topics of the Semperit Group

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

Major topics	Description	Material GRI aspect	Boundaries	Particularly interested stakeholder groups
<b>Energy use and consumption</b>	Support of efficient and responsible energy use	GRI 302: Energy	Within the company and upstream	Semperit, suppliers, politics and regulatory authorities, customers
<b>Raw materials and material use</b>	Support of efficient and responsible use of natural and industrial resources	GRI 301: Materials	Within the company and upstream	Semperit, suppliers, customers
<b>Occupational health and safety</b>	Ensuring a high level of working, process, plant and transport safety	GRI 403: Occupational Health and Safety	Within the company	Semperit, investors, neighbours and residents, authorities
<b>Innovation</b>	Innovations that connect customer demands with products which contribute to a sustainable development of society; adjustment to changes in industrial production	No GRI standard available	Within the company and downstream	Semperit, customers, suppliers, politics and regulators, investors, science and research
<b>Social standards and working conditions</b>	Support and guarantee of high social standards and working conditions	GRI 412: Human Rights Assessment	Within the company	Semperit, suppliers, customers, authorities and politics, investors, NGOs
<b>Sustainability in the supply chain</b>	Responsible, secure and economical supply with materials for production; compliance with social and ecological standards	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

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

Further topics	Description	Material GRI aspect	Particularly interested stakeholder groups
<b>Compliance and integrity</b>	Ensuring compliance and business ethics; including combating corruption, fair taxation, transparency	GRI 102-16: Integrity GRI 205: Anti-corruption GRI 206: Anti-competitive Behaviour GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	Suppliers, employees, customers, investors, owners, politics and authorities
<b>Greenhouse gas emissions</b>	Reduction of environmental impact of greenhouse gas emissions on the climate	GRI 305: Emissions	Semperit, suppliers, politics and regulatory authorities, customers (Sempermed)
<b>Waste</b>	Reducing waste to a minimum	GRI 306: Waste	Semperit, local society, politics and authorities
<b>Water and waste water</b>	Support of an efficient and responsible use of water	GRI 303: Water GRI 306: Effluents	Semperit, politics and authorities, local community
<b>Equal opportunities and diversity</b>	Ensuring equal treatment of employees	GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination	Employees, local community, authorities
<b>Training and education</b>	Employee relations and development include training and education, remuneration, employee benefits and recruitment/retention of personnel	GRI 404: Training and Education	Employees, local community, authorities

## Important challenges and trends in the business areas

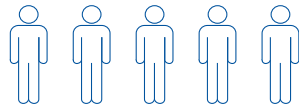
The business development of the Semperit Group is strongly driven by megatrends. Population growth, urbanisation, increasing raw material and energy demands as well as increasing wealth in developing countries provide an exciting and at the same time challenging development environment for the company.

For Semperit these megatrends represent a great sustainability and growth potential. On the one hand, Semperit contributes with its products to supporting new demands due to increasing wealth, higher hygiene requirements and investments in the health system, progressive industrialisation of agriculture and a globally increasing construction and engineering industry.

On the other hand, this growth is only possible when taking the sustainability issue into account. A consistent integration of sustainability in all business areas means further development of the entire value chain towards sustainability as well as integration of sustainability in new products and business models.

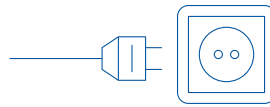
### Important global trends

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**33%**  
**population growth**  
**by 2050**

By 2050, 9.7 billion people will be living on earth. For the year 2100, the United Nations even estimate a world population of 11.2 billion.



**30%**  
**increase in energy demand**  
**by 2035**

Energy demand is constantly rising. In 2035, around 30% more energy than today will be consumed worldwide.



**66%**  
**share of the**  
**urban population 2050**

In approximately 30 years, two thirds of all people will be living in cities – currently it is little more than half. Primarily the cities of over a million inhabitants in Asia, Africa and South America will be growing.

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Even if the great challenges are known and assessable, for Semperit the requirements resulting from it are subject to an increasing pace of change. The requirements must be re-assessed on a regular basis and readjusted in strategic planning. In addition to further development and evaluation of the corporate strategy within the group, the options of innovation and sustainability management are also used. 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.



## Stakeholder involvement

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 (“material”) for Semperit from the stakeholders’ point of view today and in the future.

Within the scope of business activities, there are many points of contact with diverse stakeholder groups throughout the entire value chain. As an internationally operating company, the Semperit Group influences the environment and also various stakeholder groups with its production and its products. At the same time, the stakeholders substantially define Semperit’s corporate success through their perspectives, decisions and actions. Therefore, an open and fair dialogue as well as continuous integration are central elements of business activities.

### Stakeholders of the Semperit Group

The Semperit Group defines persons and groups of persons, who have legitimate concerns towards the company in connection with the direct or indirect business activities, as its stakeholders. This includes primarily employees, customers, shareholders, local stakeholders, authorities, media, science, civil society, suppliers as well as business partners. The relevant stakeholder groups were determined in 2015 within the scope of a Sustainability Council.

GRI 102-40, 102-42

### Inclusion of stakeholders

As a globally operating company, Semperit is required to recognise possible tasks with regard to sustainability and to take the respective measures. In the dialogue with stakeholder groups, trust will be encouraged, positions exchanged, partnerships consolidated, and solutions made possible. In an open dialogue, Semperit will present the existing scopes for action in economic, social or ecological questions.

GRI 102-43

A wide range of dialogue forms such as internet, intranet, blogs, workshops and dialogue events, interviews, expert talks, trainings and the participation in national and international initiatives will be used for including stakeholders. Continuous stakeholder involvement is a fixed component of our business understanding. The last interview on sustainability took place in 2016/2017 and provided important results on the identification of major topics of the Semperit sustainability strategy (see page 11).

Beyond these formats, Semperit enters the dialogue on special and current topics with individual stakeholders.

## Stakeholder management

GRI 102-40

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, employee surveys, internal media, townhall meetings, 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, round tables and 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 interview
Networks, associations	continuous	Participation of Management Board members, executives or technical experts in initiatives, forums and events, memberships in initiatives

## Organisational anchoring of sustainability

GRI 102-18

For the coordination of sustainability, the Semperit Group has created a clear management structure. The highest authority is the Chairman of the Management Board of Semperit AG Holding. He will be regularly informed by the Sustainability Council on the major topics of sustainability and corporate responsibility. Executives of central corporate areas and business segments are members of the Sustainability Council. The Sustainability Council decides on the most important strategic topics of sustainability at Semperit. It regularly advises the management on the determination of focus issues, major activities and the achievement of goals.

The division Group Communications & Sustainability carries out the tasks of development, coordination and prioritisation of the group-wide sustainability strategy as well as coordination and adjustment for group-wide sustainability reporting. Reports are addressed directly to the Chairman of the Management Board.

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

## Sustainability organisation

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**CEO**  
 Director Group Communications and Sustainability  
 Group Sustainability Manager

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**Sustainability Council**  
 Sponsor: CEO  
 Co-Chair: Director Group Communications and Sustainability  
 & Group Sustainability Manager  
 Permanent members:  
 Group Procurement, Group Human Resources, Compliance, SHE, Group  
 Reporting and Accounting, Group Focused Improvements, Group R&D,  
 Business Segments, Group Communications

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### Sustainability Work Streams

Management of Resources and  
 Environment, Safety and Health,  
 People and Society, Innovation,  
 Supplier, Compliance

### Corporate Functions

Group Communications &  
 Sustainability, Investor  
 Relations, Risk Management,  
 Accounting, Corporate  
 Development

### Business Segments

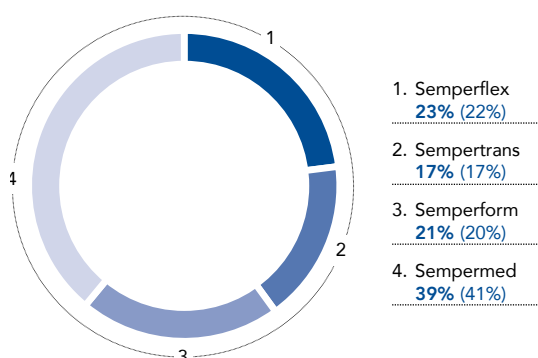
Medical Sector: Sempermed  
 Industrial Sector: Semperflex,  
 Sempertrans, Semperform

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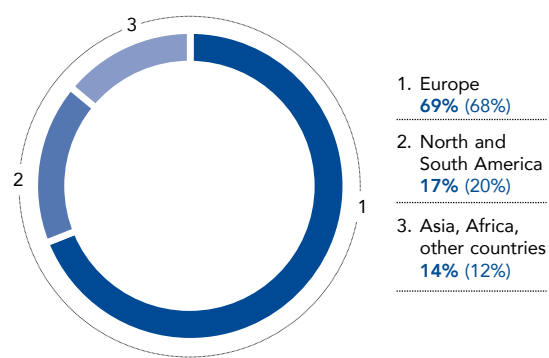
## Added value and fiscal performance

Sustainable management combines long-term business success with social added value. As a globally operating company, Semperit creates local jobs all over the world and contributes to economic wealth. Currently, Semperit is providing around 6,800 jobs. In addition, purchase of precursors secures jobs in the supply chains. Semperit supports development in the locations' regions – see graphic "Revenue split by region". The largest segment of Semperit is Sempermed, followed by Semperflex, Semperform and Sempertrans (see graphic).

### Revenue split by segments



### Revenue split by region



### Consideration of added value

in EUR million	2017	2016
<b>Development:</b>		
Revenue	874.2	852.4
Changes in inventories	14.8	2.2
Own work capitalised	4.1	4.5
Other operating income	92.4	10.5
Share of profits from joint ventures and associated companies	0.5	8.4
	<b>986.0</b>	<b>877.9</b>
Minus intermediate consumption		
thereof material and purchased services	-541.3	-505.5
thereof depreciation/impairment	-62.6	-50.6
thereof other operating expenses	-158.0	-129.2
	<b>-761.8</b>	<b>-685.3</b>
<b>Added value</b>	<b>224.1</b>	<b>192.6</b>
<b>Distribution:</b>		
to employees (wages, salaries, social security costs)	186.5	165.3
to shareholders (dividend)	0.0	14.4
to the State (taxes and duties)	41.6	12.7
to creditors (interest expense)	9.7	7.7
Balance	-13.7	-7.4
Added value	224.1	192.6

# Compliance and integrity

## Materiality and risks

Compliance and integrity are the basis of Semperit's actions. All Semperit employees are aware that non-compliant actions and violations of the compliance regulations may lead to high economic, environmental and social risks. Semperit would be exposed to risks relating to legal disputes or proceedings, which could arise in the future. They include in particular risks related to product liability, antitrust law, competition law, anti-corruption law, patent law, data protection as well as tax law and environmental protection. Therefore, compliance and integrity are highly relevant topics for Semperit and its external stakeholders.

## Challenges and approach

Semperit is a renowned company with a history of more than 190 years. Market knowledge and a profound understanding of the basic material have grown over this long time span and represent strengths which – just like the values of Semperit – will also endure in the future. While a good reputation is the result of many years' work, careless, inappropriate action of one single employee could damage the company's reputation immediately. Therefore, all employees must be guided in their activities by well-founded principles set forth in the Compliance Management System and the Code of Conduct.

As a company that operates globally and sustainably, Semperit complies with national and international laws, including those designed to fight corruption, to promote fair competition and to protect human rights. Semperit strives to maintain ethical, ecological and social interests in everything the company does.

## Principles and guidelines

Integrity and honesty are key elements in Semperit's canon of values and thus also the core of the Semperit Compliance Management System. All employees are obliged to comply with these values and principles of behaviour. They are clearly laid out in the company's Code of Conduct. This code is available on the website: [www.semperitgroup.com/en/about-us/compliance/](http://www.semperitgroup.com/en/about-us/compliance/)

GRI 102-16

## Goals and future improvement measures

Only ethical business practices lead to sustainable success. Therefore, the goal is that the management and employees comply with all statutory provisions applicable to Semperit and all internal regulations.

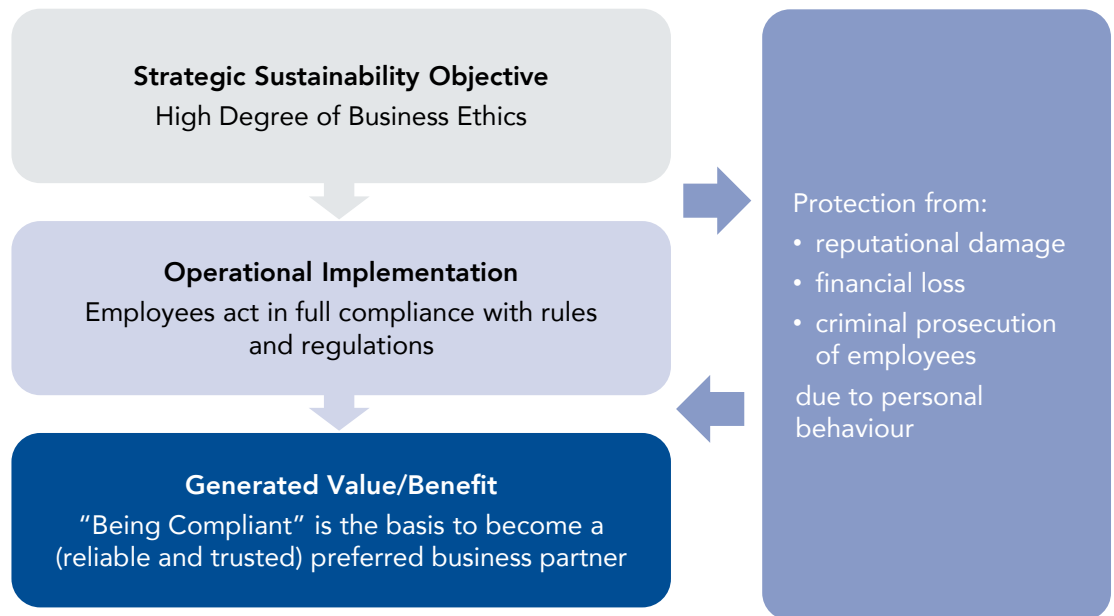
#### Future improvement measures:

- A strong focus is currently put on preparing the Semperit Group for the EU General Data Protection Regulation, which will enter into force in May 2018.
- Moreover, the Compliance Management System is being improved in 2018.
- Starting in the reporting year 2018, internal compliance training will be stepped up further. Using the global HR e-learning system, the total number of employees receiving compliance training, including anti-corruption training among other things, is recorded throughout the group.
- To support the above-mentioned objectives of the Code of Conduct, the whistle-blower hotline "SemperLine" was established in January 2018 after the required approvals regarding data protection had been obtained. Both employees and external persons can report significant violations of the Code of Conduct here: [www.semperitgroup.com/en/about-us/compliance/semperline/](http://www.semperitgroup.com/en/about-us/compliance/semperline/)

### Compliance Management System

Semperit considers lawful behaviour a basic prerequisite for fair competition and for taking social responsibility. As an international company with extensive supply chains the Semperit Group is exposed to an increased risk of being confronted with violations of laws or human rights directly or indirectly. Therefore, lawful actions and the protection of human rights have special priority. Accordingly, the company also places high expectations on business partners.

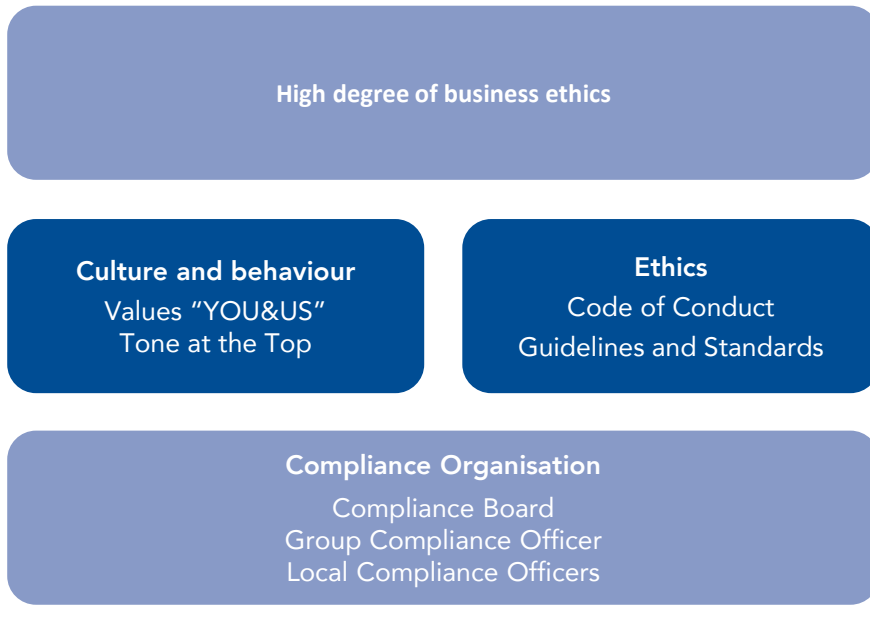
#### Compliance is a key element of Semperit's sustainability strategy



In order to systematically secure the prevention of legal and reputational risks, Semperit relies on a group-wide Compliance Management System (CMS).

### Integrity

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Semperit uses the group-wide Compliance Management System to ensure that the desired high ethical standards are globally implemented in a uniform manner and the laws of the respective countries are complied with. Clear rules and guidelines are important and form a valuable basis for the business activities of the Semperit Group. However, this set of rules can never cover all conceivable situations that may arise in business. Therefore, the "YOU&US" value guideline provides additional guidance and supports employees in avoiding personal misconduct.

Mutual respect, dealing with each other and responsibility for each other are not directly measurable economic success factors. Nevertheless, the style of working together is crucial to the success of a company. Semperit bases its actions on the following values:

- Confidence and responsibility
- Appreciation and reliability
- Initiative and dedication
- Fairness and loyalty
- Integrity and honesty

The Code of Conduct serves Semperit to ensure that managers and employees always act in compliance with the law and uphold the values of Semperit in everything they do. The mandatory principles are all-inclusive: the Code of Conduct is part of the Compliance Management System. It defines the fundamental ethical and professional standards that Semperit expects from everyone who works for Semperit. All managers and employees must ensure that their behaviour is in line with the Code of Conduct and the applicable laws.

The Management Board strongly emphasises the great importance of personal integrity and is aware of its role model function. By living the company's values and its beliefs, the Management Board exercises great influence on the corporate culture.

The Group Compliance Officer appoints local Compliance Officers in the individual companies of the Semperit Group. They report directly to the Group Compliance Officer and the local management. The local Compliance Officers are responsible for the local implementation of the relevant processes and guidelines.

GRI 102-16

At the compliance training sessions, issues referring to specific cases are discussed. Information regarding changes in internal guidelines or external regulations is provided and in-depth information on high-risk topics is conveyed. Participants are chosen based on the "need-to-know" principle.

## Developments and measures in 2017

In the years 2016 and 2017, the focus was on a fundamental revision of the Compliance Management System including the relevant guidelines and extensive training measures with a view to the changes implemented. The system was further refined when the new CEO took office in June 2017. For example, a designated Compliance Board, which consists of the CEO, the CFO and the Group Compliance Officer, was established. With regard to establishing sustainable business relationships, the introduction of a group-wide business partner check in selected countries was also an important step to minimise indirect compliance risks for the Semperit Group.

The CMS is based on an extensive analysis of potential compliance risks which could arise from structures and processes, a certain market situation or in certain regions. Accordingly, the scope and intensity of the compliance activities are derived from this analysis.

On the basis of a risk-based compliance strategy, the Group Compliance Officer is responsible for central guidelines on the following topics:

- Anti-corruption
- Anti-trust law
- Export controls
- Capital market compliance (deputy)
- Data protection as of 2018

GRI 205-2

For compliance risks beyond these topics, the respective central functions have implemented special rules based on Corporate Governance, where necessary with the support of the Group Compliance Officer.

The Compliance Management System is based on the Semperit Code of Conduct as amended in 2017, which was revised in the areas of global labour standards and human rights, safety and health, environment, and corporate responsibility. In this code, the Management Board of Semperit commits to compliance as a joint task (tone at the top). The top management and controlling bodies of the organisation are continuously informed about compliance-relevant topics. The Group Compliance Officer reports to the Compliance Board on a regular basis and to the entire Management Board as required. The Supervisory Board is informed within the regular meetings of the Audit Committee.

Indications of violations of the Code of Conduct are followed up on as part of a structured process.

Every year, the organisation performs a structured risk assessment at all sites through the Corporate Center Risk Management & Assurance, among other things regarding the topic of corruption risks, and evaluates possible risks. All employees receive the information regarding the anti-corruption strategies and measures of the organisation via the intranet and the company website. Suppliers are provided with anti-corruption information through the Supplier Policy. Further information is provided in the chapter "Suppliers" on page 39.



- In the reporting year 2017 no corruption cases are confirmed\*.
- No sanctions were imposed on Semperit regarding the Anti-trust Act\*.
- No sanctions were imposed regarding fraudulent accounting, discrimination or misbehaviour at the workplace.
- Furthermore, no sanctions were imposed on Semperit due to violations of environmental regulations.
- There were no complaints regarding the loss of data relating to business partners and employees.
- Moreover, there were no violations of laws regarding the delivery of products, and services and their use.

GRI 205-1, 205-2, 206-1,  
307-1, 419-1

\* In October 2015, the Austrian Federal Competition Authority (BWB), acting on a petition from Sri Trang companies, which are Semperit's joint venture partners in Siam Sempermed Corporation, commenced proceedings against Semperit and these Sri Trang companies with the antitrust court in Vienna. In September 2017, the Austrian Supreme Court of Justice ruled that the former exclusivity provision for the distribution and marketing by Semperit in Europe of gloves manufactured by the former joint venture company in Thailand was not compliant with competition law in the years 2015/16. In addition, the Supreme Court decided not to involve the European Court of Justice. A possible fine is yet to be decided on. However, in the fourth quarter of 2017 and in the first quarter of 2018, talks were held with the BWB regarding a settlement of this issue. A provision has been made for the expected further costs of the proceedings and a possible fine based on an estimate. Detailed information on the specific financial effects would have a severely negative impact on the Semperit Group when pushing through its interests; therefore, no such information was provided in accordance with IAS 37.92.

# Resource management and environmental protection

## Highlights and milestones

- Introduction and roll-out of the integrated production system “World Class Manufacturing (WCM)”
- Group-wide efficiency enhancement in material usage within the scope of the waste-of-material programme
- Significant energy savings by reducing mixing steps in the factory in Bełchatów, Poland
- Certification of 15 production sites according to ISO 9001, ISO 14001 and OHSAS 18001
- Many best-practice projects in the focus area “Management of Resources und Operational Excellence”

## Challenges and approach

Semperit invests in eco-efficient and reliable production. The basis for this is the continuous improvement of technological and management processes. Semperit produces technically sophisticated products at 16 locations worldwide. The economical use of material is given especially high priority, because the company spends around 60% of revenues on material and purchased services. Respective measures reduce the environmental impact and cut costs for material, energy, emissions and disposal.

The management focuses on product design, technological processes and avoiding waste and rejects. Another focus is the efficient use of energy including the examination of manufacturing processes as well as energy conversion and distribution. Last but not least, the sustainable reduction of negative impacts on the environment and a group-wide environmental management system are important aspects in this field of action.

## Perspective 2025

The long-term objective is to become an industry role model in the field of environmental management and occupational health. Semperit would like to achieve this goal with a “Next Level of Environmental and Operational Excellence” based on the production system “World-Class-Manufacturing (WCM)”. With this, Semperit sets a strong focus on the management of eco-efficient resource utilisation, on “Concept of Zero” as well as continuous improvements in the respective technical and management processes. The efficient use of raw material, packaging, water and energy with the fewest possible emissions plays a key role.

## Material topics

GRI 103-1

The following topics in the scope of “Resource management and environmental protection” are of the highest materiality. In view of the relevance of these issues for the stakeholders of Semperit as well as the significance of effects, it is these topics that are addressed first and reported comprehensively:

- Energy consumption and usage
- Raw materials and material usage

In addition, the following topics of high relevance were included in this report:

- Greenhouse gas emissions
- Waste
- Water and waste water

## Principles and guidelines

With the guidelines "Management of Resources" and "Quality and Safety, Health and Environment Policies" that are valid throughout the Group, Semperit provides clear guidance. Investments are made in a resource-efficient and reliable production based on a continuously improved process technology and simultaneously efficient use of resources. The guidelines are available on the website of Semperit Group at: [www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

GRI 102-11, 103-2, 103-3

## Management systems

### Environmental management system and certificates

Certified management systems rule the operational implementation of internal directives. In development and production, Semperit is working according to the highest standards to minimise negative impacts on environment and health, which originate in internal production as well as products, as much as possible. The Semperit Group has established a certified environmental management system in 15 production sites. For Semperit Profiles Leeser, Germany, this certification is planned for 2019. Basic objectives of the environmental management system are:

- Conservation of natural resources
- Reducing the volumes of waste, waste water and emissions
- Efficient use of energy
- Reducing noise
- Enhancing profitability

The environmental management system is mapped in Semperit's Combined Management System that determines the development and process organisation as well as competences and detailed process instructions. Certifications according to ISO 9001, 13485, 14001 as well as OHSAS 18001 are also listed by location.

In addition to Semperit AG Holding as the main certificate holder, 15 production sites have been certified according to quality management standards ISO 9001. The Medical Sector has additional certification according to the quality management system for medical devices ISO 13485. Equally, 15 production sites have been certified, in accordance with the regulations for matrix certification and in accordance with the standards for environmental management systems ISO 14001 and for occupational health and safety assessment systems OHSAS 18001 (in the future ISO 45001).

### World Class Manufacturing (WCM)

By introducing the integrated production system "World Class Manufacturing (WCM)" Semperit is focusing on involving all employees to achieve continuous improvement at all levels of operational excellence. The "Concept of Zero" gets to the heart of the vision within the scope of WCM: zero incidents, zero defects, zero delays, zero waste and zero absenteeism. With WCM, Semperit strives to become entirely accident-free, avoid waste and increased consumption and thus secure a resource-efficient and sustainable production of quality products in the long run.

WCM is a rigorous and integrated production system that covers the entire organisation as well as all production phases. One of the central pillars on which WCM counts is environmental protection. With it, WCM supports the group-wide focus on environment and the reduction of environmentally relevant effects of production processes. As such, WCM completes the environmental management system according to ISO 14001.

The WCM project was started in the fourth quarter of 2016 in the parent factory Wimpassing, Austria, and continued in 2017. By 2020, WCM will be implemented at all production sites. Semperit

will also implement those ecological improvements, which have proven effective at one location, at other sites if possible.

#### Concept of Zero

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**Safety**  
zero incidents



**Quality**  
zero defects



**Delivery on time**  
zero delays



**Cost efficiency**  
zero waste, breakdowns, inventory



**Morale**  
zero work place related absenteeism

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## Initiatives and best-practice projects

Initiative	Result
<b>Reducing the use of solvents</b>	At the location in China, a project was initiated that contributes significantly to reducing the use of solvents in production. In 2015, the use of solvents was 46.7 t/a, whereas in 2016 it was successfully reduced to 38.9 t/a. This best-practice project is based on a reduction plan until 2020.
<b>Heat recovery from waste water</b>	In the factory in Wimpassing, Austria, a leaching heat exchanger was installed that warms fresh water from 13 degrees Celsius to 70 °C by using waste water. Energy savings associated with it amounted to 1.6 GWh/year in 2016.
<b>Lead-free production</b>	Within the framework of this project, the lead sheathing of hoses used for vulcanisation was reduced as much as possible by using a new manufacturing method. In addition, the lead-free hose production is more energy-efficient.
<b>Recycling of mandrels for hydraulic hoses</b>	Polyethylene mandrels that are dimensionally inaccurate are shredded and 30% is reused for manufacturing polyethylene mandrels. In addition, more improvements in material and processes were achieved, which almost doubled the lifespan of polyethylene mandrels. Thus, approx. 50% less material has to be recycled.
<b>New mixer leads to change of mixing technology</b>	In the factory in Bełchatów, Poland, the number of necessary mixing steps was reduced for many mixings due to the introduction of a new technology. The result is a reduction of energy consumption and a reduction of related mixing expenses of 3 to 7%.
<b>Salt bath – salt recovery</b>	Approximately 90% of the salt, which is discharged from rubber profiles in the manufacturing process, is recovered in the Deggendorf, Germany, factory.
<b>Hydraulic hose – core extrusion</b>	Drying the core of hydraulic hoses at the end of the extrusion process was shifted from energy-intensive drying with compressed air to energy-efficient alternative drying.

## Material consumption and raw materials used

Material	Unit	31.12.2017	31.12.2016	GRI 301-1
Total weight of non-renewable material	t	249,622	187,328	
Total weight of renewable material	t	30,237	26,322	
Total weight of used material	t	279,859	213,650	

## Materiality and risks

Semperit uses resources to produce and sell various rubber products such as belts, hoses, gloves and gaskets. The main raw materials used for it are produced from natural resources and are by no means unlimited. Accordingly, Semperit recognises the importance of the efficient use of resources and the support of selling products with sustainability effects (such as energy-efficient conveyor belts or environment- and resource-friendly gloves).

Material usage depends substantially from produced sales amounts. Solely due to the high material share of the total production costs of the manufactured products, the efficient use of materials is ecologically and economically relevant.

GRI 103-1

### Goals and future improvement measures

GRI 103-2

Our goal is the support of an efficient and responsible utilisation of natural and industrial resources. In the course of the WCM roll-out, projects were systematically identified and prioritised which aim at reducing the waste of material and the related reduction of waste of resources.

### Developments and measures in 2017

#### Waste-of-Material programme

An important part of environment and resource management is a group-wide waste-of-material programme (WOM programme). With it, Semperit pursues the aim to continuously reduce waste, rejects and complaints by improving the production processes. If technically and economically sensible, waste is returned to the materials cycle by recycling. If recycling is neither possible nor sensible, combustion under controlled conditions is ensured by a qualified disposal company.

GRI 103-3

Within the scope of the WOM programme, numerous projects that aim at the efficient use of raw materials are initiated and evaluated annually. Semperit's efforts in this area are honoured accordingly: The resource management of Semperit at the Shanghai location (Semperform segment) received the award for the best company with regard to efficient resource use and high environmental and sustainability standards.

#### Renewable raw materials

The share of renewable raw materials is 10 percent. In this context, Semperit is also involved in the Wirtschaftsverband der deutschen Kautschukindustrie e. V. (WDK, trade association of the German rubber industry) to improve the sustainable cultivation and processing of natural latex. Accordingly, Semperit supports the Sustainability Charter of the WDK. The principle is that further growth is only possible with social acceptance in the interplay between economy, ecology and social matters. This applies for all partners within the value chain.

### Energy consumption and intensity

GRI 302-1, 302-3

Energy	Unit	31.12.2017	31.12.2016
Total energy consumption	MWh	1,494,942	1,179,637
Production volume	t	207,804	171,558
Energy intensity	kWh/kg	7.2	6.9

### Materiality and risks

Semperit produces globally in twelve countries and consumes a large amount of energy within the scope of production processes. Energy is a substantial issue for the company. The reduction of energy consumption is a global challenge and an active climate protection measure, because the efficient use of fossil and renewable energy sources is relevant and may lead to direct cost reduction. Energy consumption as well as the level of emissions largely depend on the produced sales volumes at Semperit.

GRI 103-1

### Goals and future improvement measures

Semperit strives to support efficient and responsible energy consumption as well as a reduction of the energy usage per produced unit per year by at least 3%. The main focus is primarily on the Sempermed segment and on the production site in Malaysia where a new factory was opened in 2015. It has a high level of automation that makes an optimal use of resources possible. The production speed is significantly increased in comparison with existing factories. The new factory will have a power and gas consumption that is 20-25% lower in comparison with the previous technology. For the coming years, another expansion of this technology is planned.

GRI 103-2

### Developments and measures in 2017

#### Waste-of-Energy programme

An important part of the Semperit environmental and resource management is the group-wide programme "Waste of Energy (WOE)". Its goal is the continuous reduction of energy consumption. In this process, Semperit implements not only training courses for the responsible use of energy, but also energy efficiency projects in the manufacturing process as well as in energy conversion. Energy consumption is continuously and systematically analysed. Energy saving measures are defined and realised on this basis. A main focus is on the reduction of the specific energy consumption of products. All energy saving measures are pooled in the WOE programme. All associated projects and measures are organized according to the PDCA (plan, do, check and act) cycle and documented in the management systems ISO 14001 and ISO 50001.

GRI 103-3, 302-1

Total energy consumption of Semperit Group is largely used for production processes and represents a significant cost factor from an economic point of view. Total energy consumption increased to 1494 GWh in 2017. The highest energy consumption, considered in terms of processes, arises in glove production (Sempermed).

In Austria, the Energy Efficiency Act has been in force since 2015. For the implementation of the legal requirements, Semperit introduced an environmental management system according to ISO 14001 at the production site Wimpassing, Lower Austria, and combined it with an internal energy audit. In addition, an energy management system according to ISO 50001 was implemented at the production site Deggendorf, Germany. In October 2017, Semperit Profiles Leeser, Germany, will also be audited for the first time according to ISO 50001.

Due to the production start of the new glove factory in Malaysia, which has a significantly higher energy consumption in comparison with other production sites, total consumption increased from 860 GWh in 2016 to 1,130 GWh in 2017. At the same time the new production in Malaysia ranges among the benchmarks of its class due to its energy-efficient processes. At the Malaysian production site (Kamunting), the specific energy consumption per produced volume could be reduced by around 9% because of energy efficiency programmes.

Nevertheless, the group-wide energy consumption per produced volume increased marginally on the previous year due to the comparatively energy-intensive glove production and the production expansion in Malaysia.

GRI 302-3

The energy intensity ratio shows how energy consumption within the organisation changes in relation to the produced volume. In 2017, product intensity, that is energy consumption per produced unit, was 7.2 kWh/kg.

## Direct and indirect greenhouse gas emissions

GRI 305-1, 305-2

Greenhouse gas emissions	Unit	31.12.2017	31.12.2016
Direct greenhouse gas emissions (Scope 1)	CO <sub>2</sub> -eq in t	290,248	N/A
Indirect greenhouse gas emissions (Scope 2)	CO <sub>2</sub> -eq in t	147,558	N/A
Total greenhouse gas emissions (Scope 1 + 2)	CO <sub>2</sub> -eq in t	437,806	N/A

### Materiality and risks

The reduction of greenhouse gas is an important issue on the global agenda. Within the framework of production processes and business activities, significant amounts of greenhouse gas are emitted. The Semperit Group recognises the relevance and the global aim of reducing emissions in the manufacturing process and the usage of products.

### Goals and future improvement measures

Our goal is to reduce the negative environmental impact of greenhouse gas on the climate. Energy use and accordingly the amount of emissions depend significantly on the produced sales volumes at Semperit. Therefore, the goal is directly linked to the goals in the field of "energy consumption and intensity".

### Developments and measures in 2017

In the Semperit Group, CO<sub>2</sub> results primarily from combustion of natural gas used for generating steam and heated air for vulcanisation and drying processes. The amount of direct greenhouse gas emissions (scope 1) therefore strongly correlates with product-specific energy consumption at Semperit.

In the Semperit Group, the indirect greenhouse gas emissions (scope 2) are mainly caused by purchasing electricity and steam. In Austria and Germany, 100% of the power used is from renewable sources.

The calculation of direct and indirect greenhouse gas emissions includes all emissions of Semperit factories from natural gas, diesel, petrol, liquid gas and coal. Indirect emissions (scope 2) are also considered. The emissions included in scope 2 are primarily caused by the power used, purchased district heating used and purchased steam.

All the scope 1 CO<sub>2</sub> emissions of the included locations amount to 290,248 CO<sub>2</sub>-eq tons in 2017. All scope 2 CO<sub>2</sub> emissions of the included locations amount to 147,558 CO<sub>2</sub>-eq tons in 2017.

Basically, the climate-relevant emissions are developing similarly to energy consumption. As Semperit recorded the greenhouse gas emissions group-wide for the first time in 2017, comparative figures are not available so far. They will be published in the annual sustainability reporting in the future.



## Water consumption and waste water

### Materiality and risks

Water is a valuable global resource and an essential good for manufacturing Semperit products. Therefore, Semperit sees its task to utilise water efficiently and conserve as much as possible. It is a major issue to bear responsibility for water supply without letting the industrial usage of water cause local problems such as water shortage for the population. Within the framework of the internal compliance guidelines, Semperit is committed to observe international and local laws to protect and efficiently use the resource water.

### Goals and future improvement measures

The major goal is supporting the efficient and responsible use of water.

### Developments and measures in 2017

Water consumption is a key variable in the Sempermed segment. Significant amounts of water are necessary for manufacturing gloves made of natural latex and NBR latex. Water must be used particularly for washing out proteins and chemicals that may cause allergic reactions in humans. Other production areas use less water, primarily for general cleaning and cooling of machines and processes. The water is obtained primarily from the public water system (63%) and from wells (36%). Water demand totalled 8.24 million cubic metres in 2017.

GRI 303-1

The waste water incurring from the glove production is processed in our own sewage treatment plants according to local regulations. Appropriate laboratory analyses examine and continuously secure the quality of waste water processing. The waste water of other production areas is discharged into the public sewer system. The accrued amount of waste water is approximately equivalent to water consumption and is currently not recognised as a group-wide indicator.

In summer of 2017, limit values at the Semperit location Kamunting, Malaysia, were exceeded due to technical defects. Semperit took immediate measures to keep a possible impact on the environment as low as possible. These measures included among other things an immediate production stop, implementation of the site's own waste water emergency team, the close and pro-active cooperation with local authorities and technical investments for all Sempermed sewage treatment plants in Kamunting to bring the waste water facilities back to state of the art standards.

## Waste and waste management

### Materiality and risks

Every industrial production generates waste that has the potential to influence the environment positively or negatively. As an industrial company, the prevention of waste is economically and ecologically relevant for Semperit.

### Goals and future improvement measures

It is our goal to reduce waste to a minimum. This objective with the long-term vision of zero waste is pursued systematically at each location within the framework of the production system WCM (World Class Manufacturing) and the group-wide programme WOM (Waste of Material).

### Developments and measures in 2017

Semperit pursues a consistent waste management that is a fixed component of the group-wide environmental management. Avoiding waste and rejects is first priority. Key figures for waste and rejects are reviewed and analysed within production reporting and the WOM programme; improvement measures are derived from it and implemented. Produced waste such as raw rubber is reused if possible. Wherever this is not possible, waste is processed professionally by qualified and exclusively authorised waste disposal companies. Semperit does not export any waste. Semperit has agreements with certified and authorised waste disposal companies that collect produced waste and process or dispose of them properly.

# Occupational health and safety

## Occupational health and safety

GRI 403-2

	31.12.2017	31.12.2016
Occupational accidents (per 1 million working hours)	3.91	13.44
Days lost	1,582.00	4,095.00
Fatalities	0.00	0.00
Severe injuries	4.00	4.00

## Materiality and risks

Safety management and the constant development of safety culture are an important basis of Semperit's company responsibility. Preventing accidents and incidents in everyday working life, when operating production facilities, commuting and on transport routes where people and environment might be harmed, is the highest priority.

GRI 103-1

## Highlights and milestones

- Introduction of World Class Manufacturing – Next Level of Operating Excellence with a focus on workplace safety and the vision of zero accidents
- 2016 preparation and first introductory workshops
- 2017 workshops and Kaizen weeks
- Group-wide initiative "Cut & Stitch": focus on exchange of regular knives with safety knives as well as further development of existing grinding machines
- SHE days
  - in the Sempertrans segment
  - in Kamunting and throughout Sempermed
  - partially in the Semperflex segment (location Wimpassing)
- Introduction of the Safety Centers in Wimpassing with a focus on practical instructions of employees in the matter of occupational safety
- SHE competition: ideas competition and gathering activities to survey, standardise and roll out best practices group-wide
- Introduction and certification of energy management according to ISO 50001 in Deggendorf
- Development and introduction of a traffic concept in Wimpassing for a more efficient traffic control of lorries, forklifts and cars and for avoiding hazardous situations
- Central survey of all machines with safety-related improvement potential

GRI 103-2

## Challenges and approach

Safety measures at Semperit contribute to preventing accidents, preserving health and performance of the employees, reducing days of absence and cutting illness-related costs. In addition, the integrated management access in the field of occupational health and safety pays off, because healthy employees are much more motivated and productive. This is an important contribution for Semperit to meet the requirements as a responsible employer. Moreover, mistakes are understood as chances for improvement. Every accident is carefully investigated, root causes are identified, and appropriate countermeasures are implemented, while strictly complying with the control hierarchy and consequently monitoring their implementation. In addition, all findings and solutions are transferred within the Group and their implementation is retraced.

## Perspective 2025

Semperit guarantees highest safety standards and stands up for preserving the employees' health. Overarching goal of occupational health and safety is the prevention of accidents and company-related illnesses. Beyond compliance with legal requirements, achieving the long-term goal of a zero-accident policy is paramount. Within the framework of the global implementation of World Class Manufacturing (WCM), the issue of occupational safety will clearly remain the focus.

Therefore, Semperit takes care that all employees have practical knowledge of their roles and responsibilities in the field of occupational safety, environmental protection and health protection. Further on, all employees are obliged to work pro-actively and achieve sustainable improvements. Suggestions for improvement will be examined for efficiency and advanced through fast implementation where applicable. This will be practiced within the framework of Kaizen weeks to build a stable and sustainable system. It is the objective of Semperit to constantly implement the zero-accident culture so that it is sustainably anchored in the employees.

## Future improvement measures

In 2018, active improvement of accident reporting will be continued. Standardised accident investigation processes are introduced and SHE employees are trained accordingly. It is the goal to ensure quality by uniform approaches and to communicate transferable experiences within the Group.

- In addition, risk assessment is made centrally available by the Global SHE Department within the framework of the WCM approach and employees are trained in this methodology. Here again, Semperit pursues the goal of guaranteeing the exchange of experiences and existing material within the group of companies.
- Furthermore, within the framework of the WCM roll-out implementation workshops dealing with the safety issue will take place at seven locations in 2018.
- Central safety standards are defined for important machines and rolled out in a consolidated project.
- In 2018, the issue traffic will be made a subject of discussion whereby it also covers the areas stairs, slips, trips and falls.

## Guidelines and responsibility

Responsibility for safety and health is ruled by a corresponding directive, "Quality and Safety, Health and Environment Policies". This directive is available on the internet at [www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

## Integrated management of safety and health

### GRI 103-3

The topics occupational safety, health promotion and environmental protection are fixed parts of Semperit's integrated management system. The corporate policy regarding quality and safety, health and environment defines basic goals, tasks and standards. To achieve the set goals, Semperit counts on the group-wide SHE management system that corresponds with the international standards for occupational protection OHSAS 18001 (future ISO 45001) as well as the environmental management system ISO 14001. In addition, the location in Deggendorf is certified according to the energy management system ISO 50001.

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.

Specialist consulting of the management on the issues of occupational health and safety as well as specialist management of the SHE employees is carried out by an in-house division on group-level with a Global SHE Manager and a Global SHE Department. The Global SHE Manager reports directly to the Management Board.

## Developments and measures in the reporting period

In 2016, 13.44 occupational accidents per 1 million working hours as well as 4,095 days lost were recorded. In the reporting year 2016, there were no fatal accidents. Four accidents involved serious injuries. Following an appropriate analysis of the accidents, adequate measures were taken to prevent repetition. In 2017, the focus was on introductory WCM trainings and workshops. In addition, after accidents and incidents numerous measures were implemented and transferred to other locations. Thus, the accident figures were significantly reduced. In 2017, 3.91 occupational accidents per 1 million working hours as well as 1,582 days lost were recorded. This means that there were 2,513 fewer accident-related days lost than in the previous year.

GRI 403-2

The reason for the significant reduction is the implementation of WCM and the consistent investigation of all accidents relating thereto, the implementation of effective measures as well as the introduction of return-to-work discussions after accidents. In the reporting year 2017, there was no lethal accident. Despite all efforts, there were four accidents with serious injuries in 2017.

In 2016 and 2017, a major focus relating to occupational safety was on identifying improvements and increasing efficiency of the SHE management system. One of the most important efforts in this context was the integration of objectives on occupational safety on management level. In addition, the group-wide SHE team was strengthened by a Group SHE Manager to ensure sustainable learning in the SHE area by establishing a central organisation.

A group-wide initiative on stabbing and cutting injuries ("Cut & Stitch") was initiated for training employees. The initiative emphasised practical training elements and a comprehensive training on the tools used. At the location in Wimpassing, Semperit achieved a significant decrease of cutting injuries with this training and other measures.

The initiative "Cut & Stitch" will be continued in 2018 with a consequently extended focus. For this purpose, a detailed survey of all safety hazards with regard to cut and stitch injuries and an assessment will be made. Here, application of the control hierarchy of measures also takes effect. Existing risks are either prevented or minimised by measures of automation. The executive leadership concerned and employees will be involved, and practical solutions will be developed jointly.

In addition, nine WCM Kaizen workshops were held in 2017 aiming at training employees and executives with regard to safety and establishing a reporting system for unsafe conditions and acts. The results more than exceeded objectives and expectations. In the following weeks, the employees provided suggestions for improvement and to some extent applied them directly themselves. On the one hand, a positive response can be derived from this; on the other hand, the employees show their motivation to make their own workplace safer and to contribute to improvements. This initiative will be continued in 2018 and rolled out extensively to push this positive development.

SHE days were held at all large and also many smaller locations. The issue of safety, occupational and environmental protection was handled, and the employees were sensitised. Numerous special issues such as dealing with stress, back training as well as correct lifting and carrying, prevention and balance in everyday life, ergonomics, nutrition and many other things were available for selection. In addition, unannounced mock drills that were combined with practical fire-fighting took place at many locations.

Furthermore, the SHE Competition, for which the various group locations apply, was also held in 2017. All ideas that may improve the SHE issue are surveyed, and a prize is awarded to the best and most effective idea. In 2017, Deggendorf was awarded first location because the site convinced with excellent statistics and has successfully implemented relevant activities such as the introduction of energy management, the acquisition of traction engines and the improvement of available space. This initiative will take place again in 2018 to accelerate the positive development and create positive incentives for improvements.

# Suppliers

## Highlights and milestones

- Publication of the Semperit Supplier Policy featuring globally applicable sustainability principles (2016)
- Development of a self-assessment regarding sustainability for suppliers (2016)
- Start of the roll-out of the self-assessment regarding sustainability of suppliers (2016-2017)
- Identification of potential risk supplier locations by means of a risk analysis

## Materiality and risks

Compliance with the sustainability standards in the supply chain is an important value creation factor for Semperit and at the same time an important lever for risk minimisation. This ranges from a secure raw material supply to compliance with ethical, ecological and social principles of suppliers. Trustful and working partnerships with suppliers are crucial to ensure that Semperit can continue to create value for customers and stakeholders.

GRI 103-1

## Challenges and approach

At 16 locations in ten countries, the procurement network of the Semperit Group ensures that the production sites are supplied with production materials in the quality and quantity required on a sustained basis and competitive conditions. The growing internationalisation of procurement leads to important opportunities, but also causes sustainability risks. In view of the multitude of suppliers and sub-contractors, compliance with sustainability standards represents a major challenge. Only in close cooperation with the suppliers can compliance with sustainability standards be secured and the transparency of the supply chain be increased. In addition to quality, price and availability, criteria such as environmental protection, social responsibility and ethical business practices as defined in the group-wide Supplier Policy are also relevant for Semperit in the selection of and cooperation with suppliers.

GRI 103-2

## Perspective 2025

The Semperit Group will increase transparency and sustainability in the supply chain significantly by 2020. The focus is on securing a sustainable and competitive supply chain for raw materials, packaging and energies.

## Future improvement measures

In 2018 and 2019, improvement measures will focus on tracking information received as part of the self-disclosures and on complementing Semperit's approach with cross-industry initiatives.

## Principles and guidelines

The principles of the Supplier Policy are intended to ensure that suppliers cooperate with Semperit in pursuing the highest standards in business ethics as well as in social and ecological responsibility. The corresponding Supplier Policy of the Semperit Group can be viewed at: [www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)

## Developments and measures in 2017

**GRI 102-9** Semperit's products, the high level of customer acceptance and the leading position in many markets are not least the result of the close cooperation with suppliers. The Semperit Group maintains supplier relationships (suppliers with a supply volume of > EUR 50,000 p.a.) in over 30 countries and with more than 280 suppliers. With many of these suppliers, Semperit has had business relationships for many years. Striving for a common understanding of product and production quality applies to all suppliers.

**GRI 102-10** In view of an international supply and value chain with a large number of sub-contractors, the Semperit Group's sustainability claim represents a challenge. Semperit's relationship with many second-tier or third-tier suppliers is only indirect via first-tier suppliers; Semperit's possibilities to influence them are thus limited. Therefore, the company started in 2015 to increasingly and explicitly integrate sustainability aspects into the selection, monitoring and cooperation with the suppliers. In addition, Semperit expects its suppliers to assume responsibility for their suppliers. Semperit encourages them to collect comparable data from their (pre-)suppliers and actively advocate compliance with the sustainability requirements with their own suppliers. During the reporting period no material changes occurred in the structure of the supply chain.

## Considering local value creation in purchasing

**GRI 204-1** With the progressing internationalisation and the growth strategy of the past years as well as the expansion of sales and production activities of the Semperit Group, the regional distribution of purchasing volume has also changed. In this context, a strategy of balanced international growth of sales volume, production and purchasing volume is pursued. Taking into account economic, qualitative, safety and environmental aspects, Semperit considers regional suppliers for products and services in regions and countries where they are needed. The following list provides an overview of the origin of production materials.

### Regional distribution of the Semperit Group's purchasing volume in 2017

- GRI 102-9**
- Origin of production materials for Europe: 88% from Europe
  - Origin of production materials for production in Asia: 98% from Asia

## Sustainability requirements for suppliers

As a basis for the cooperation and improvement of sustainability in the supply chain, the requirements as set out in the Semperit Code of Conduct and in the Supplier Policy apply. The Supplier Policy defines the Semperit Group's expectations of suppliers' behaviour regarding central environmental, social, compliance and business standards. Suppliers are expected to meet these requirements and are subject to checks verifying their compliance. These requirements are based on international guidelines such as the Principles of the UN Global Compact, the Charter of the International Chamber of Commerce for Sustainable Development and the relevant conventions of the International Labour Organization (ILO).

In 2016 Semperit published the Supplier Policy, which features the sustainability principles valid worldwide. It was sent to all suppliers with a purchase value exceeding EUR 5,000, asking them to acknowledge the Policy and inviting them to send feedback.



### Sustainability requirements upon suppliers and their implementation

Requirements focus	>	Monitoring focus	>	Development focus
<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Employees' rights and social standards</li> <li>• Employee safety and health</li> <li>• Business relationships based on fairness and integrity</li> <li>• Operational excellence</li> <li>• Innovation</li> </ul>		<ul style="list-style-type: none"> <li>• Analysis of locations with potential risk suppliers</li> <li>• Self-disclosure and -assessment on sustainability (questionnaire)</li> <li>• Evaluation of self-assessment</li> <li>• Sustainability audit</li> <li>• Continuous dialogue with suppliers</li> </ul>		<ul style="list-style-type: none"> <li>• Supplier-specific collective plan of action</li> <li>• Trainings (e-learning) for suppliers and purchasers</li> <li>• Face-to-face meetings/trainings</li> <li>• Task forces</li> <li>• External stakeholder dialogue</li> </ul>

### Self-regulation and monitoring

In order to check and further develop suppliers' sustainability performance, Semperit follows the approach of requirements, monitoring and development. Based on this management process, the sustainability performance of the supply chain is improved continuously together with suppliers and external stakeholders. Different instruments and measures are used in the selection and assessment of suppliers and for compliance with the Supplier Policy. In addition to the disclosure and communication of the requirements, this also includes personal talks, self-reporting on the part of suppliers regarding safety, environmental protection, business ethics, labour standards, operational excellence and, if needed, sustainability audits.

GRI 103-3, 308-1, 414-1

If the purchase value exceeds EUR 100,000, suppliers of the Semperit Group are requested as part of the business process to complete a self-assessment on sustainability and to document which measures they have implemented in specific areas. By the end of the reporting year 2017, 65% of the suppliers generating revenue exceeding EUR 100,000 of purchase value completed the self-assessment. This corresponds to 89% coverage of the total turnover with these suppliers.

The information provided within the self-disclosures has led to the requisition of documents in some cases. In justified cases, audits are planned. In 2017, one audit was performed.

Supplier relationships are developed further within an open dialogue. The joint recognition of global standards as well as local norms and values supports the collaboration within the value chain.

New and existing suppliers of production materials are checked for their "sustainable" ability to deliver based on specific criteria. These include technological and financial criteria as well as general business aspects.

Semperit is involved in national and international industrial associations in cross-corporation communications platforms pursuing its goal to drive sustainability in the value chain. We are represented in the organisation of German manufacturers of tyres and technical elastomers products (WDK) and in the International Rubber Study Group, Singapore. In both associations sustainability principles and guidelines have been developed and published in the past years (see [www.wdk.de](http://www.wdk.de) and [www.rubberstudy.com](http://www.rubberstudy.com)).

## Risk analysis and prevention

In 2016, a country-specific risk analysis on the basis of the index published by the World Bank (Worldwide Governance Indicators) was performed for suppliers of the Sempermed segment. The analysis comprises country-specific risks and allows focusing activities to monitor standards more strongly on suppliers with high sustainability risks. 65% of the suppliers in the year 2017 are based in member states of the Organisation for Economic Co-operation and Development (OECD). Suppliers from these states are considered to have low risks regarding environmental protection, human rights and labour practices.

## Dealing with violations

If it is assumed that direct suppliers or sub-contractors do not meet the sustainability requirements of Semperit, they are asked for a written statement presenting the facts and corrective action. If the answers are not satisfactory or deficiencies and sustainability violations are identified, the business partners are subjected to Semperit audits or third-party audits. Should violations or development potential be identified during such audits, an action plan to improve the situation is developed in cooperation with the supplier and its implementation is supported. This can be done by an inspection of documents, on-site visits at supplier sites or further qualification measures for suppliers. The implementation must be carried out within a set time frame and will be checked.

In case of severe violations or refusal to address deficiencies, Semperit may end the business relationship, if necessary. Violations of laws and Semperit policies can also be reported via the Compliance Officer. Suspicious cases from the supply chain received are systematically investigated.

## Qualification of employees and suppliers

To consolidate the topic of sustainability in the supply chain throughout the entire group, the Semperit Group raises awareness among its employees and trains them accordingly. For all employees in procurement, the topic "sustainability in the supply chain" is a fixed element of training. In the year 2017, more than 30 purchasers overall were informed about Semperit's sustainability strategy and the instruments available to Purchasing at a global purchasing conference.

# Innovation

## Materiality and risks

Innovation is an essential pillar of present and future business success. Semperit's primary focus is on developing innovative materials and products and on improving manufacturing processes. Many product innovations directly or indirectly address current and global social and environmental topics such as resource efficiency, increasing mobility, global population growth and urbanisation. Semperit attaches special attention to solutions that reduce the impact on the environment for customers throughout the entire product life cycle.

GRI 103-1

In addition, the continuous development and improvement of the product portfolio is a prerequisite for the ability to generate competitive advantages in markets with changing customer requirements, price pressure and strong competition.

## Challenges and approach

When seeking innovations, the entire value chain is considered, with innovation activities focusing on the development of new products, materials and manufacturing processes. Special attention is paid to considering possible impacts on the environment and persons involved.

GRI 103-2

To be the first-choice partner for customers now and in the future, customer benefits are always paramount for Semperit. The Semperit Group wants to secure its leading role in process innovations in the industry and continue to extend its strength in the development of new products. To achieve this, the product portfolio is systematically developed further, and the company works on further improving procedures and processes. Moreover, Semperit continuously looks for new applications for products. The objective is to establish innovation to an even greater extent as a central process for the systematic identification of solutions which combine added value for Semperit customers with effective sustainability.

## Highlights and milestones

- EARTO innovation award with Sempermed® Syntegra UV
- Relaunch of Syntegra UV 2.0
- Development of the "Green Glove"
- Semperform: noise-reducing rail pads
- Sempertrans: Flyingbelt
- Semperflex: new spiral hose
- Angled guide plate with significant weight reduction (>20%)
- Weldable gasket for window profiles
- Low rolling resistance conveyors in the pipe conveyor area: energy savings of up to 20%
- Conveyor belts that meet the requirements for underground mining in the USA, Australia and Canada
- Ramp-up of plant 7 sets industry benchmark in terms of productivity
- Linear-drive handrail (alternative drive system for escalators = pressure roller drive)

## Perspective 2025

Semperit develops products, services and materials which optimally meet the needs of both customers and society. Moreover, high customer benefit is combined with effective sustainability.

The development of innovative products, processes and materials plays a central role in the Semperit Group. In this context, the focus is on combining the highest user benefit with maximum environmental friendliness along the entire value chain.

## Future improvement measures

- In the coming years, the primary focus will be on the consistent further development of innovation strategies and roadmaps of the individual segments and a comprehensive establishment of uniform innovation processes. In the long term, the objective is to achieve innovation leadership in selected segments.
- Another central focus is the systematic identification of process optimisation potentials, especially with a view to material usage and consumption.
- Furthermore, the expansion of basic research projects to promote young talents at the university level (JKU Linz, University of Leoben, Vienna University of Technology, Graz University of Technology, etc.) is another important aspect.

## Principles and policies

Semperit has committed to clear objectives, which are defined in the innovation policy "Semperit Sustainability Innovation Policy" and can be viewed at [www.semperitgroup.com/en/sustainability/](http://www.semperitgroup.com/en/sustainability/)

## Sustainable innovation management

Effective sustainability means that Semperit takes into account, optimises and uses sustainability aspects where it currently makes sense from an ecological, social and/or economic perspective. This starts with considering aspects relevant to sustainability in the research and development of products and goes as far as the impact of production processes and products on people and the environment. Semperit attaches special importance to possible impacts of innovations on the environment, whose consideration is explicitly documented in a development policy that is valid throughout the group. This policy is based on the conviction that truly outstanding products are characterised not only by the best product quality and performance, but also by the environmental and social responsibility of the manufacturer. Semperit proves this strong commitment, among other things, through several award-winning innovations. Examples of how Semperit combines high customer benefits with sustainability are shown below.

The group-wide innovation management is a key element for Semperit to continue launching successful innovations in the market in the future. In this context, innovation management is considered a structured and stringent approach to systematically identify and capture innovation potential in and outside the company based on the medium and long-term corporate strategy. This also includes the fact that the Semperit Group listens closely to customers' requirements and needs and regularly assesses them through customer surveys, but also at targeted innovation workshops.

Especially when it comes to focus topics, Semperit very successfully relies on basic research in order to lay the foundation for future innovations. These projects are often carried out in cooperation with universities in Austria and abroad, but also with extramural research institutions. A current example is the Sempermed® Syntegra UV, which emerged from decades of research cooperation with

Polymer Competence Center Leoben GmbH (PCCL), which deals with researching processes and materials that enable the production of examination and surgical gloves with maximum user and patient protection and minimum effects on the environment.

The COO is responsible for innovation. Together with the segment developers, innovation managers, segment heads and the Director R&D, opportunities and ideas are assessed, and projects defined and realised.

## Investments in R&D

In 2017, the Semperit Group invested around 1.5% of its revenue or more than EUR 14 million in research and development to develop innovative products, processes and materials. This is done with a central research team at the group's R&D centre in Wimpassing, Austria, and decentralised teams at another seven locations with a total of roughly 265 employees. Semperit's innovation power is also reflected in the Group's having more than 328 patents at its disposal.

## Product responsibility, risk analysis and prevention

Risks along the value chain of products are checked systematically – from the purchase of the materials and production to the application of the products by customers. This process is based on the policy for development projects, which is applicable throughout the group. An appropriate risk analysis is an integral part of this policy and ensures that possible impacts on people and the environment are carefully assessed before a project starts, and that the objective of effective, sustainable solutions is accounted for. In a defined process, products are evaluated for their environmental risk potential. Among other things, risk properties, environmental impacts and toxicity are analysed.

In a separate development guideline, all processes and steps are described. Each change in materials, processes or products requires a corresponding risk analysis, which also includes a test to identify any hazard to the environment or society.

## Legal requirements and international standards

The REACH Regulation (Regulation of the European Union for the reform of chemical legislation) deals with the registration, evaluation and authorisation and restriction of chemicals. It requires that chemical substances in the EU must be tested for their effect on health and the environment if the annual production or import volume exceeds one tonne. REACH also defines a clear schedule for the registration of such products. The Semperit Group fully meets the requirements of REACH.

## Semperit innovations with added value and effective sustainability

### Sempermed® Syntegra UV & Green Glove

In autumn 2016, Semperit and the Polymer Competence Center Leoben GmbH (PCCL) were awarded with EARTO European Innovation Award for the development of the world's first anti-allergenic surgical glove, Sempermed® Syntegra UV. The organisation gives the EARTO Award to companies for innovations that have high social or economic benefits for the EU. Completely free of latex and accelerators and therefore anti-allergenic, the Syntegra UV offers unparalleled user and patient protection. In addition, its production at lower temperatures causes a reduction of the CO<sub>2</sub> footprint.

In 2017, Semperit launched the Green Glove, an examination glove that also combines maximum skin and environmental protection. In the final stage, the revolutionary new production technology is expected to reduce energy use and CO<sub>2</sub> emissions in production by up to 17%<sup>1</sup> and water consumption by up to 12%<sup>1</sup>. Combined with the non-use of chlorine in production, this makes the Green Glove the benchmark in its class in terms of resource-friendly production.

### **Semperform noise-reducing rail pad**

In cooperation with Belgian Rail, Semperit has developed rail pads which allow a substantial reduction of the noise level of passing trains induced by rail vibrations in comparison with the standard used (-3dB). In order to determine the ideal rail pad, a high number of noise level measurements were conducted using a variety of materials and geometries on a test track of Belgian Rail from 2014 to 2016. The result was so convincing that Belgian Rail has equipped all new and renovated tracks with the innovative Semperit rail pad since March 2017, thus making an important contribution to the implementation of Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise. Semperit plans to further expand this special system in other markets and thus provide further customer-specific adaptations.

### **Sempertrans Flyingbelt**

The Flyingbelt of the Sempertrans segment combines outstanding engineering performance and highest environmental compatibility. The implementation was realised in 2016 in cooperation with Agudio, a company of Leitner AG in Barroso, Brazil, for the customer LafargeHolcim. It is the world's longest Flyingbelt, a combination of a cableway and areal conveyor. At a height of up to 36 metres, the Flyingbelt transports 1,500 tonnes of limestone per hour over a distance of 7.2 kilometres – an amount that would require more than 40 trucks. The use of the Flyingbelt enables a reduced CO<sub>2</sub> footprint and significantly lower noise pollution compared with truck transport.

### **Semperflex high-end spiral hose**

The Semperit development team accomplished a significant success in the development of new high-end hydraulic hoses for the use in construction machines, such as quarry diggers. The special features of the spiral hose introduced in 2017 are that it can be mounted with little effort due to its extreme flexibility, has high chemical resistance and can withstand enormous working pressure. With the new generation of spiral hoses with an innovative inner core, Semperflex has reached the next level in the market in terms of service life and durability.

<sup>1</sup> per 1000 gloves

## Customer focus

Customer orientation is one of the top strategic goals and a fundamental belief of Semperit. Satisfied customers are an essential prerequisite for long-term company success. Semperit's sustainability management accounts for this focus in the best possible way. Products and innovations are produced to optimally meet customers' needs and requirements. For this purpose, Semperit relies on a combination of high customer benefit and effective sustainability. Sustainability is gaining importance in many markets and business segments – not just regarding company image, risk minimisation and new business opportunities. This issue is also increasingly important in terms of product quality.

To ensure that Semperit is also the partner of first choice for customers in the future, the focus is placed on customer benefits. The Semperit Group wants to secure its leading role in process innovation in the industry and expand its strength in the development of new products further. This way, Semperit intends to continue its success in international competition in the future, distinguish itself from competitors and continue to grow. Based on this customer orientation, sustainability will contribute to Semperit's financial success.

- Semperit will continue to expand its strengths in the development of new products and customer proximity.
- The objective is to increase revenues and achieve competitive advantages through product and process innovation in the future, where added value is created by integrating sustainability.
- A strong local presence provides for high customer proximity and a competitive product range tailored to the needs of local markets.

# Employees and society

## Highlights and milestones

- Auditing of all Sempermed production sites according to the principles of the Business Social Compliance Initiative (BSCI)
- Implementation of measures after group-wide employee survey "Speak Up!" in 2016

## Challenges and approach

GRI 103-2

The success of the Semperit Group results from the commitment and the expert knowledge of its employees who have excellent professional qualifications and display outstanding motivation. In return, we provide attractive jobs as well as safety and health at the workplace with many options for personal development and further professional qualification.

The commitment of our employees makes all the difference in competition. The globally increasing average age of population as well as the diversity of lifestyles and cultures call for foresight and flexibility. As a company that sells its products in more than 100 countries, these developments affect Semperit globally.

## Perspective 2025

Semperit encourages an efficient corporate culture, respects and values employees and provides attractive working conditions.

Semperit is a responsible employer that counts on motivation, qualification, diversity, health and safety as well as a diligent observance of human rights.

The Semperit Group has started an ambitious transformation process that is supported by efficient and modern personnel management. The overall goals are to further position the company as an attractive employer, to implement modern management instruments, to promote internationality and diversity as well as to create the conditions for a performance-oriented and fair corporate culture with clear values.

## Material topics

The following issues in the field of "employees and society" are of great importance. In view of the relevance of these issues for the stakeholders as well as the significance of their effects, these are the issues that are addressed as priorities and are reported comprehensively:

- Social standards and working conditions

In addition, the following issues that are relevant for the Semperit Group and its stakeholders were included in this report:

- Qualifications and training
- Diversity and equal opportunities

## Principles and guidelines

Semperit has set clear principles and goals within the framework of the People Policy.

The guideline is available at: [www.semperitgroup.com/en/sustainability/sustainability-policies/](http://www.semperitgroup.com/en/sustainability/sustainability-policies/)



## Strategic focus areas

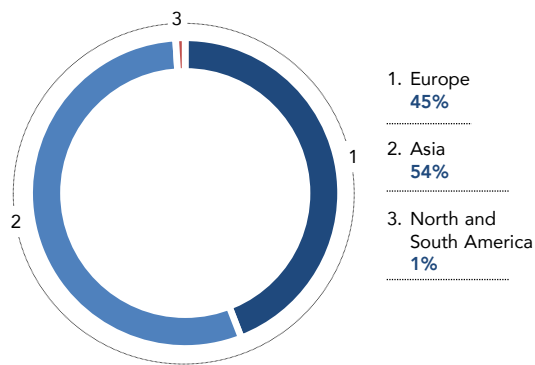
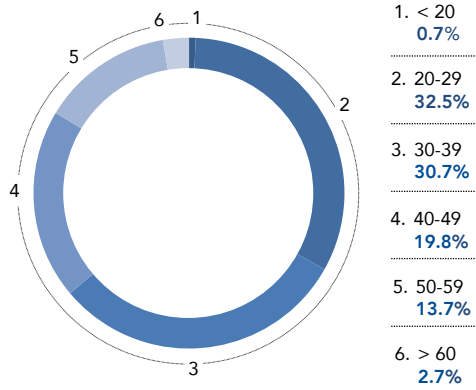
Due to the decline in the working population, competitive pressure for specialists and managers is increasing in the international job markets. With a continuous development of its personnel strategy, Semperit is confronting the growing internal and external challenges for personnel work. The Human Resources strategy has three areas of focus:

- **Sourcing:** In the Sourcing area, the emphasis is on recruiting regional talent and on employer branding. Diversity among employees as well as among executives and managers will be further increased, especially in the course of career and succession planning.
- **Growing:** The focus in the Growing area of action is on management culture, organisation and employee development as well as skills management. Strengthening these key elements supports the successful further development of the Semperit Group. There are special development programmes and career paths for critical competence fields such as technology or sales. In order to optimally support the Group's growth from a human resource perspective, a global human resource IT system was implemented in 2014. The first elements were personnel administration and organisation management. Based on this, the Goal Setting & Performance Management process was integrated in early 2017. Thus, an important milestone in the fields of "People Management" was achieved. Subsequently, complementary measures in the fields of "Learning & Development" as well as "Talent Management" have been implemented to ensure a viable basis for the development of employees and organisation.
- **Performing:** As far as the Performing area of action is concerned, the Semperit Group aims to live "best practices" and thus pursues the goal of establishing a high-performance organization that operates globally to provide its customers the greatest possible added value.

## Staff

In 2017, around 6,800 women and men in more than 17 countries worked for Semperit. The number of employees declined by approximately 2% compared with the previous year. In 2017, more than 870 temporary workers, not included in the total number of employees, were employed by Semperit.

GRI 102-8, 401-1

Employees per region<sup>1)</sup>Age structure of employees<sup>1)</sup>

1) The number of employees refers to the consolidated companies of the Semperit Group. The following production sites are excluded from the calculation: HatYai, Thailand, and Formtech, Malaysia.

## GRI 102-41

On 31 December 2017, the Semperit Group recorded a group-wide employee turnover of around 30%. The average period of employment with a company was 7.2 years worldwide (in Austria 13 years). 44% of all employees have been covered by collective bargaining agreements.

## Group-wide employee survey

In the last years, Semperit has experienced a major cultural change – especially with regard to how cooperation is working. In 2016, the first group-wide employee survey “SPEAK UP!” provided a global overview and shall give input on which fields show improvement potential. All employees were questioned for 14 thematic blocks – among others fair treatment, safety, communication, management, efficiency or work load. In an international benchmark comparison, Semperit scored well. This was shown, among other topics, in “employee commitment” which amounted to 73% on a global level. This means that more than 70% of all employees are working with a very strong commitment and motivation for Semperit.

Within the Semperit Group, the management identified and implemented 190 different improvement measures on location, department or segment level on the basis of the employee survey. These measures affected among other things areas such as efficiency, communication, fair behaviour, customer focus, health, safety and innovation. This is based on the commitment of the entire management with regard to a solution-oriented approach and visible organisation improvement.

## Social standards and working conditions

### Materiality and risks

## GRI 103-1

There is a substantial number of people who are involved in Semperit’s business activities. The Semperit Group is aware that production is located in some countries with an increased risk of direct or indirect violations of human rights. The company wants to ensure that business activities are pursued in accordance with internationally recognised human rights and social standards. This will counteract risks such as occupational accidents, employee turnover as well as reputational damage or loss of customers.

## Principles and guidelines

The principles and internal guidelines for observance of human rights are determined in the Code of Conduct and the People Policy. In addition, all business partners are expected to carefully comply with these human rights guidelines. Semperit regards this as an important condition for durable business relationships. The principles are disclosed in the supplier guidelines and are communicated to all suppliers with more than EUR 5,000 purchase value per year (see chapter "Suppliers" on page 39ff).

GRI 103-2

The Semperit Group strictly adheres to local laws that apply to business activities and has committed itself to regard the following working principles:

- Discrimination of employees is not tolerated, Semperit provides equal opportunities.
- An appropriate and fair remuneration under consideration of local market conditions is observed.
- 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.
- The employees' right of free expression and opinion is respected.

Semperit believes that human rights are fundamental rights. They form the basis for freedom, justice and peace and apply to all countries in the same way. As a responsible company, Semperit is committed to be a positive corporate citizen with integrity and fair business activities. It is the objective of the Semperit Group to care for observance and support of human rights. Therefore, we require all employees to respect human rights and protect them in everyday actions. The principles and processes for guaranteeing human rights at Semperit are oriented towards UN guiding principles for economy and human rights. Beyond that, the applicable labour standards of the International Labour Organisation (ILO) are respected. These documents form the basis for the management approach of the Semperit Group to respect and support human rights in operational areas of application.

## Goals and future improvement measures

The goal is to promote and guarantee fair working conditions for all employees. This includes the prevention of accidents (see chapter "Occupational health and safety" on page 35ff) as well as compliance with social standards such as the amfori BSCI principles, for example in the Sempermed segment.

## Developments and measures in 2017

### Revision of the Code of Conduct

In 2017, the group-wide Code of Conduct was revised. Adaptations were also made with regard to global working standards and human rights. The Code of Conduct and the internal guidelines include as binding guidelines the basic rules for ethical behaviour and economic activities as well as appropriate processes of diligence for respecting and supporting human rights. Where Semperit realises that guidelines and processes are inadequate to address human rights concerns, the company will try to change this immediately and inform the employees accordingly.

GRI 103-3

**GRI 406-1** Requirements for human rights are integrated in the existing group-wide compliance management system to ensure compliance at all locations. In the reporting year 2017, no discrimination cases were reported.

### **Clear approach implemented**

**GRI 412-1** Semperit takes appropriate measures as soon as the management discovers that operations are not performed in accordance with its guidelines or international human rights principles. The choice of solution approach for this always relies on constructive engagement and dialogue with every important stakeholder. Independent audits, for example that of the Business Social Compliance Initiative (amfori BSCI), prove that these standards are consistently pursued. The Sempermed segment is a member of this business initiative that is committed to the improvement of working conditions along the global supply chain. The audits were started in 2014 in Thailand and repeated in 2015. Since the end of 2016, all three Sempermed production sites are BSCI audited.

### **Train employees**

The Semperit Group trains its employees on general attitude and on principles and specific requirements of the respective segments in the human rights field. The trainings address especially managers and executives as well as focus groups, for example in purchasing, HR or in production. They are informed about what they need to observe in everyday actions and whom to address when questions arise. In addition, the Code of Conduct is subject of Onboarding Trainings worldwide.

### **Address violations of human rights**

Employees of Semperit always have the opportunity to address their management, the Group Compliance Officer or the local Compliance Officer for questions on or potential violations of human rights. Reports of potential human rights violations within the company are treated anonymously. The Group Compliance Officer, supported by the Group Compliance Board, pursues the employees' information and takes measures to remedy potential abuses if necessary.

In 2017, no information on potential human rights violations was received on internal reporting channels. There were also no relevant incidents registered on the supplier network. Since January 2018, the whistle-blower hotline SemperLine is available as an additional channel for anonymous reports of potential violations (see chapter "Compliance" on page 21ff).

## **Equal opportunities and diversity**

### **Materiality and risks**

Treating every employee equally and promoting a culture of diversity is important to Semperit as an international company. This supports a truthful representation of markets in decision-making processes.

### **Goals and future improvement measures**

It is our goal to ensure equal treatment of all employees. Respect, diversity and inclusion are integral and indispensable elements of the corporate culture of the Semperit Group and are always considered when recruiting people. When proposals are made to the Annual General Meeting for filling Supervisory Board mandates and nominating Management Board members, special importance is attached to a professional and diversity-related balance, because it contributes significantly to professionalism and efficiency in the work of the Supervisory and Management Boards.

In addition to professional and personal qualifications, aspects such as the age structure, origin, sex,

education and background experience are integrated. A written diversity concept of the Supervisory Board was agreed on 1 February 2018. Already since May 2017, the Supervisory Board of Semperit AG Holding has met the women's quota of 30%, which is legally required as of 2018.

### Developments and measures in 2017

Semperit is committed to equal opportunities for all employees – regardless of age, gender, nationality, religion, skin colour or sexual orientation. It is the abilities and potential of people that count. This attitude is also reflected in the company guidelines and the People Policy.

GRI 102-8, 405-1

Using flexible work models such as flexitime and part-time work, as well as special parental part-time arrangements, the group aims at continuously increasing the proportion of female employees. As a traditional industrial company with a technical focus, the share of women in Austria and Group-wide was somewhat more than 20% at the end of 2017. The share of female employees amounted to around 25% throughout Europe. The share of women in the Supervisory Board was one third at the end of 2017. There were no women in the Management Board. Overall, the share of women in management (Management Board, Executive Committee, Management Forum, department heads) was around 10%.

Approximately 88% of employees are working at locations outside of Austria; and 55% of these employees are outside of Europe. As a matter of principle, it is important to Semperit to achieve a balanced relationship of native and international senior staff. This corresponds with the market requirements and the understanding of a true global player. The share of local and international senior staff varies depending on the region. In 2017, the share of foreign senior staff was around 36% within the Group.

### Remuneration and company benefits

Semperit applies an evaluation system for positions that excludes gender-specific features. Criteria such as knowledge and competence, responsibility connected with the position, complexity of the tasks or management responsibility are important considerations for the evaluation. Only the specific position is fully assessed, not the person holding it. The paid remunerations are oriented towards the customary remuneration for a comparable position in the relevant market. In some locations, this includes the application of collective (labour) agreements. Thus, Semperit ensures remuneration in line with the market for all employees.

Variable compensation components, which are based on individual targets or group targets that have been agreed with the employee, are paid based on the goals achieved.

### Training and professional education

#### Materiality and risks

Employees are essential for business success. Developing the capabilities of the staff is a cornerstone of Semperit's HR activities to secure process adherence and product quality.

#### Goals and future improvement measures

In the course of the further rollout of WCM, the human factor will gain more significance and a new responsibility in production. Thus, requirements for the senior staff and the management of production are redefined. The cultural change relating thereto is supported by trainings and professional education measures.

### Developments and measures in the reporting period

Semperit resolutely invests in employee qualification and promotes talents. This secures long-term personnel requirements in a dynamic environment that is characterised by rapid changes. The employees' competence and innovation power represent important success factors for Semperit to further expand the market position. An optimum preparation of the employees for operational and strategic challenges is guaranteed by a comprehensive training and educational programme that also promotes the necessary specialist competences. Within the framework of a comprehensive training catalogue, personal development trainings are offered, which convey among other things the tools for conflict, time and target management as well as presentation techniques. In addition, there is an option to participate in expert trainings.

#### E-learning

In 2015 the group launched an e-learning pilot training programme for its English language training and selected internal initiatives. E-learning means "electronically supported learning via Intranet/Internet". In the following years, the offer was expanded to six languages, whereby English at around 85% is the language being trained most. In 2017, major components of Onboarding Training for new employees were set up as e-learning modules.

#### Apprentices

During the financial year 2017, 15 apprentices were trained in Austria. Semperit offers these young people well-founded access to the world of work, while subsequently gaining qualified specialists who are familiar with the group's processes.

#### Onboarding Academy and mentoring programme

The Onboarding Academy is a comprehensive training programme offered to new employees. It provides a rapid overview of the entire group, while enabling integration into the company and international networking across all segments. In addition, technicians and chemists are offered in-depth training with specific details on their respective areas of professional expertise.

To optimally integrate employees into the company, a mentoring system is used for certain employee groups. The objective is that experienced employees in their role as mentor provide advice to young employees (the mentees).

#### Career planning/performance interviews

GRI 404-3

An essential component of human resources management is succession and career planning. To identify individual potential as well as to utilise it optimally, Semperit conducts annual institutionalised performance reviews for employees. These reviews serve to integrate and motivate employees and to foster their identification with the company. In 2017, 9% of all employees received assessments of their performance and career planning.

#### Talent Academy

The Semperit Talent Academy is intending to prepare future experts and managers for their responsibilities in the segments and in the Holding. Selected employees complete an analysis of their potential, followed by three training modules. A Talent Academy with 11 employees was launched in 2017. Around two thirds of the participating employees came from Europe, with the remainder from Asia and North America. Approximately 30% of the attendees were women.

**Internal know-how transfer**

The Semperit Group places great importance on the exchange of knowledge and experience within the company in order to promote cross-border and cross-departmental cooperation amid the company's growing internationalisation and diversification. International meetings of technicians, sales employees, specialists in purchasing, human resources or finance as well as managers ensure the desired synergistic effects. One key focus was the systematic knowledge exchange between research and development fields of the segments and the structured development, documentation and training of defined core processes in the Semperit Group.

In addition, each segment conducts its own Segment Day at least once a year so that managers and specialists are able to meet personally and work jointly on current projects.

The company holds town hall meetings twice a year at all locations around the world. During these meetings, members of the Management Board and other managers answer employee questions and provide first-hand information about the corporate strategy, internal programmes and organisational changes.

The Group Conference for international management of the Semperit Group and selected team leaders (approx. 100 persons) takes place once a year for three days and includes a joint annual review of the Group and the segments. Furthermore, the meeting focuses on a review of strategic projects and initiatives, networking as well as a management training on a selected focal topic.

**Collaboration and employer branding**

In order to meet the current and future need for specialists and managers, the Semperit Group supports several collaborations with technical higher education institutions, universities and technical colleges, with the aim of attracting qualified and ambitious candidates. In addition, the group provides internships and support for numerous theses and dissertations that are relevant to the company. By taking part in career fairs and recruitment days, Semperit presents itself as an attractive employer with fascinating occupational fields and career opportunities.

**Expatriates**

The focus on growth requires investments at various locations. In order to optimally accomplish these investments in a reasonable time frame from both a technical and organisational perspective, a significant extent of knowledge transfer and exchange of expertise is necessary at all levels. Semperit therefore sends employees to other locations. While only two expatriates were deployed in 2012, the total rose to 17 in 2017.

### Social commitment

The Semperit Group feels a special affinity and responsibility for the people in regions where it is operating. Thus, Semperit invests responsibly in the future of its locations and supports the economic development of the respective regions. In 2017, the production capacities in the segments Sempermed in Kamunting, Malaysia, Semperform in Wimpassing, Austria, and in Deggendorf, Germany, as well as Semperflex in Odry, Czech Republic, and Sempertrans in Bełchatów, Poland, were significantly expanded.

In the course of the shutdown of a Sempertrans production factory in France in 2017, an extensive social plan with financial benefits, training programmes and outplacement guidance for the employees was completed with local unions and authorities.

Semperit's employees are profiting worldwide from extensive training and educational measures as well as from fringe benefits (accommodation, canteens, sports facilities, medical service offers etc.). In addition to financial support of local social projects, Semperit regularly donates examination gloves for charitable institutions.



## Semperit Sustainability Programme

Within its sustainability strategy Semperit focuses on five goal dimensions throughout the group. In addition, further projects are identified, prioritised and specified at site level in order to support the achievement of the group-wide sustainability goals along the way. One of the key tools in this is the further roll-out of World Class Manufacturing (WCM) and the related "Concept of Zero", where specific targets and measures in the areas of resource management and environmental protection as well as health and safety at work are defined. The following table shows a summary of all group-wide goals and measures as well as individual projects of certain sites.

GRI 102-44

Goal dimension	Goal	Description	Measures 2018-2020
Compliance and integrity	Our goal is compliance with all statutory provisions applicable to Semperit and all internal rules and regulations by the management and employees.	Only ethical business practices lead to sustainable success. This characterises our corporate culture. Continuous validation and, where necessary, improvement of compliance management.	<p>One focus is currently on preparing the Semperit Group for the <b>General Data Protection Regulation of the EU</b>, which enters into force in May 2018.</p> <p>Moreover, <b>internal compliance training</b> will be further intensified, and the CMS will be improved in 2018, for example by use of the global HR e-learning system, in order to enable compliance training including electronic tracking of all completed training courses at the level of the Semperit Group. In order to support the above-mentioned goals of the Code of Conduct, the whistle-blower hotline "<b>SemperLine</b>" was introduced in January 2018 after obtaining the required approvals regarding data protection regulations. Both employees and external persons can report significant violations of the Code of Conduct here:  <a href="http://www.semperitgroup.com/en/about-us/compliance/semperline/">www.semperitgroup.com/en/about-us/compliance/semperline/</a></p>

Goal dimension	Goal	Description	Measures 2018-2020
Resource management and environmental protection	Our goal is to promote the efficient and responsible use of natural and industrial resources.	In the course of the WCM roll-out, projects that aim at the reduction of losses in material usage and the related reduction of the use of resources are systematically identified and prioritised.	<p><b>Concept of Zero:</b> e.g. zero waste: Our goal is to minimise waste. At each site, this goal is pursued systematically within the integrated production system WCM (World Class Manufacturing) and the group-wide WOM (Waste of Material) programme. The vision for the long term is "zero waste".</p>
	Our goal is to promote the efficient and responsible use of energy and the reduction of environmental impacts on the climate caused by greenhouse gases.	At Semperit, energy usage and consequently the amount of emissions significantly depend on the sales volume produced.	<p><b>Measures to achieve annual energy savings of at least 3% per unit produced:</b> The main focus is above all on the Sempermed segment and the production site in Malaysia, where a new plant has a high degree of automation and thus enables an optimal use of resources. In the coming years a further expansion of this technology is planned.</p> <p><b>Site specific projects to save energy:</b> e.g. at the Deggendorf site: -1.6% electricity and gas (e.g. switching a thermal oil boiler to full capacity)</p>
Occupational health and safety	Our goal is aligned with the "Concept of Zero" throughout the group in the area of health and safety: zero incidents.	The full integration of the focus on quality and SHE is an important part of our goals and at the same time the basis for the definition of our targets and programmes for continuous improvement. This is also reflected in the implementation and integration of the "World Class Manufacturing" concept, which follows the philosophy "zero is a nice number".	<p>In order to achieve the overriding goal, appropriate training courses, information and instructions are conducted systematically. In 2018, the improvement of accident reporting will continue to be driven ahead. Moreover, uniform accident investigation processes will be introduced and all SHE employees will receive the corresponding training.</p> <p>As part of the WCM roll-out, implementation workshops for the WCM pillar "safety" will be held at seven sites in 2018.</p> <p>Central safety standards are defined for important machines and rolled out in a consolidated project.</p> <p>In addition, the transport topic will be thematised in 2018, which also covers the areas of stairs and falls.</p>

Goal dimension	Goal	Description	Measures 2018-2020
Innovation	Our goal is innovations that link customer requests with products which contribute to a sustainable development of society taking into account a reduction of possible product risks relevant to health and the environment along the value chain.	<p>Product innovation with a view to the maximum social benefit.</p> <p>Process innovation with a view to environmentally compatible manufacturing.</p> <p>Material innovation with a view to the efficient use of raw materials.</p>	<p>Special attention will be attached to the consistent further development of the innovation strategies and roadmaps of the individual segments and a comprehensive development of uniform innovation processes in the coming years. In the long term, we are striving for innovation leadership in selected segments.</p> <p>In addition, a key focus is the systematic identification of process optimisation potential, in particular with respect to material usage and consumption.</p> <p>Furthermore, basic research projects to promote young talents at university level will be expanded.</p>
Employees and society	Our goal is to promote and ensure attractive and fair working conditions for employees.	In addition to the prevention and reduction of accidents, this also includes ensuring equal treatment of all employees and compliance with social standards.	<p>In the course of the further roll-out of WCM, the human factor in production will gain significance and receive new responsibility. Thus, the requirements for managers and the management in production will also be redefined. The related culture change will be supported by training and professional education measures.</p> <p>Another focus is continued compliance with the BSCI Code of Conduct in the Sempermed segment.</p> <p>Site-specific projects, e.g. at the Kamunting site, for 2017: improvement of the infrastructure for workers (canteen, transport service to and from the hostel, etc.)</p>
Sustainability of the supply chain	Our goal is to increase transparency and sustainability in the value chain.	For Semperit compliance with sustainability standards in the value chain is an important value creation factor and at the same time an important lever for risk minimisation.	In 2018 and 2019, improvement measures will focus on following up on information received as part of the self-disclosures and on complementing the Semperit approach with cross-industry initiatives.

## Overview of key non-financial indicators of the Semperit Group

### Employees and organisation<sup>1)</sup>

Number of employees (full time equivalents) at year-end	31.12.2017	31.12.2016
Semperflex	1,732	1,674
Sempertrans	991	1,036
Semperform	925	928
Sempermed	3,051	3,183
Corporate Center	140	154
<b>Total</b>	<b>6,838</b>	<b>6,974</b>
thereof full time	98.6%	N/A
thereof part time	1.4%	N/A
thereof male	78.0%	N/A
thereof female	22.0%	N/A

### Employees by region

Europe	45%	43%
Asia	54%	56%
America	1%	1%

### Employees by age group

< 20	0.7%	N/A
20-29	32.5%	N/A
30-39	30.7%	N/A
40-49	19.8%	N/A
50-59	13.7%	N/A
> 60	2.7%	N/A

### Employees in management positions

	<b>2%</b>	<b>N/A</b>
thereof men	90%	N/A
thereof women	10%	N/A

### Employee turnover

	30%	24%
Percentage of employees receiving performance and career development reviews	9%	8%

### Percentage of employees covered by collective bargaining agreements

	44%	N/A
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**Occupational health and safety<sup>2)</sup>**

	31.12.2017	31.12.2016
Occupational accidents (per 1 million working hours)	3.91	13.44
Lost days	1,582.00	4,095.00
Fatalities	0.00	0.00
Severe injuries	4.00	4.00

**Suppliers**

<b>Regional distribution of purchasing volume of the Semperit Group</b>	31.12.2017	31.12.2016
Origin of production materials for Europe from Europe	88%	80%
Origin of production materials for Asia from Asia	98%	89%
<b>Percentage of suppliers that were screened using social criteria<sup>3)</sup></b>	<b>65%</b>	<b>N/A</b>

**Research & Development**

	31.12.2017	31.12.2016
Number of employees (full time equivalents) at year-end	> 260	> 270
Number of patents	> 300	> 270
Expenses R&D (in EUR million)	14.2	13.3

**Resource management and environmental protection<sup>4)5)</sup>**

	Unit	31.12.2017	31.12.2016
<b>Materials<sup>6)</sup></b>			
Total weight of non-renewable materials	t	249,622	187,328
Total weight of renewable materials	t	30,237	26,322
Total weight of materials used	t	279,859	213,650

Energy <sup>7)</sup>	Unit	31.12.2017	31.12.2016
Total fuel consumption (from non-renewable sources)	MWh	1,203,417	907,948
thereof natural gas consumption	MWh	1,187,856	891,842
thereof liquid natural gas consumption (LNG)	MWh	908	958
thereof oil consumption	MWh	10,946	11,929
thereof fuel consumption of lorries, forklifts etc.	MWh	3,707	3,255
Electricity consumption	MWh	227,149	203,087
Heating consumption	MWh	12,682	11,960
Cooling consumption	MWh	170	0
Steam consumption	MWh	51,948	57,099
Electricity sold	MWh	222	220
Heating sold	MWh	202	237
Total energy consumption	MWh	1,494,942	1,179,637
Production volume	t	207,804	171,558
Energy intensity <sup>8)</sup>	kWh/kg	7.2	6.9

#### Greenhouse gas emissions<sup>9)</sup>

Direct greenhouse gas emissions (Scope 1)	CO <sub>2-eq</sub> in t	290,248	N/A
Indirect greenhouse gas emissions (Scope 2)	CO <sub>2-eq</sub> in t	147,558	N/A
Total greenhouse gas emissions (Scope 1 + 2)	CO <sub>2-eq</sub> in t	437,806	N/A

#### Water

Groundwater	km <sup>3</sup>	2,953	3,073
Rain water	km <sup>3</sup>	73	62
Municipal water supplies	km <sup>3</sup>	5,217	3,880
Total water withdrawn	km <sup>3</sup>	8,243	7,035

#### Waste<sup>10)</sup>

Total hazardous waste	t	6,557	2,976
Total non-hazardous waste	t	20,391	18,120
Total waste	t	26,949	21,096

<sup>1)</sup> The number of employees refers to the consolidated companies of the Semperit Group. The following key figures do not include two production sites (HatYai, Thailand and Formtech, Malaysia) in their calculations: Management information, employees by age group, employee turnover and information on the age structure. The calculation of the following key figures does not include the site in HatYai, Thailand: employees by full time and part time, and employees by gender.

<sup>2)</sup> Semperit currently does not report key figures split by region and gender, which is currently not yet recorded throughout the group. The figures will also be available by region and gender starting with the reporting year 2018. The figures only include lost days due to accidents and not absences due to illness. Lost days are currently not shown as a rate, but as a total number of days and refer to calendar days. The figure comprises all production sites of the consolidated companies as well as Sempertrans Argenteuil, France. The production site in HatYai, Thailand, is excluded and will be included as of the reporting year 2018. Pure sales offices are not taken into account with the exception of the headquarters Semperit AG Holding in Vienna; definitions of types of accident: severe accident, occupational accidents with lost time, first aid provided (no sick leave), near accident, unsafe action, unsafe condition. Occupational accidents are recorded on the day they occur. The calculation of lost days starts with the day after the accident and ends on the day before the employee returns to work. Commuting accidents are not included in the figures. Temporary workers are generally included in the key figures, but not shown separately.

<sup>3)</sup> The assessment was conducted in the years 2016 and 2017.

<sup>4)</sup> Group-wide key figures in the areas of resource management and environmental protection for the Semperit Group are available for the first time in 2017. Previously, there was no uniform group-wide system of data collection in the areas of resource management and environmental protection. 2017 thus serves as the starting and basis year. Where available, the key figures of the year 2016 for the area of resource management and environmental protection are based on measurements and evidence. Where this is not the case, we use estimates. The defined key figures will be disclosed as part of non-financial reporting in the future.

<sup>5)</sup> Subsidiaries included in the consolidated financial statements but not in the Sustainability Report because they are exclusively sales offices and not production sites, are not included in the indicators regarding resource management and environmental protection. In addition to the production sites included, Sempertrans Argenteuil, France, is also included in the figures. The production site in HatYai, Thailand, is excluded. An overview of all production sites can be found on pages 4 and 5.

<sup>6)</sup> This indicator covers the total of main raw materials and supplies as well as packaging used.

<sup>7)</sup> Total fuel consumption from renewable sources is currently negligible. Cooling and steam energy are not sold.

<sup>8)</sup> The quotient refers to the total energy consumption within the organisation. The production volume is added up based on the site output. There is no consolidated consideration.

<sup>9)</sup> The Semperit Group recorded greenhouse gas emission data for the first time in the reporting year 2017. At present, Semperit only reports on the location-based method. The calculation is based on the standards of the Greenhouse Gas Protocol. The CO<sub>2eq</sub> conversion factors for natural gas, liquid natural gas, heating oil and fuels (diesel and petrol) originate from the database of the Environment Agency Austria and are universally applied to all countries considered. In addition, sources of the International Energy Agency, the German Environment Agency and the Austrian Electricity Disclosure Report were used for site-specific emission factors for purchased electricity. However, for the countries India, China and Malaysia only factors for pure CO<sub>2</sub> emissions (not of CO<sub>2</sub> equivalents) could be researched. Therefore, pure CO<sub>2</sub> emission factors were consistently used for purchased electricity. Due to a lack of data for a location-specific consideration, international emission factors were used for purchased steam, district heating and district cooling. Moreover, emission factors originate from the GEMIS database (Global Emission Model for Integrated Systems, Version 4.9) and the IPCC (Intergovernmental Panel on Climate Change).

<sup>10)</sup> Semperit currently only reports on the total amount of hazardous and non-hazardous waste. Hazardous waste is disposed of by specialised waste disposal companies.

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102-53	Contact point for questions regarding the report	69, 76	
102-54	Claims of reporting in accordance with the GRI Standards	69	
102-55	GRI content index	64ff	
102-56	External assurance	72	
<b>GRI 103: Management Approach</b>			
<b>Material topics: Topic-specific details of GRI Standards 2016</b>			
Material topics according to the list of material topics (GRI 102-47), including further topics being reported on			
<b>GRI 204</b>	<b>Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	40	
<b>GRI 205</b>	<b>Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	25	
205-2	Communication and training about anti-corruption policies and procedures	24, 25	
<b>GRI 206</b>	<b>Anti-competitive Behaviour</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	25	
<b>GRI 301</b>	<b>Materials</b>		
103-1	Explanation of the material topic and its boundary	15, 26, 29, 31	
103-2	The Management approach and its components	30, 31	
103-3	Evaluation of the management approach	30	
301-1	Materials used by weight or volume	29, 61	

<b>GRI standard</b>	<b>Specification</b>	<b>Page</b>	<b>Omissions and comments</b>
<b>GRI 302</b>	<b>Energy</b>		
103-1	Explanation of the material topic and its boundary	15, 26, 29, 31	
103-2	The Management approach and its components	27, 31	
103-3	Evaluation of the management approach	27, 31	
302-1	Energy consumption within the organization	30, 31, 62	All production sites of the consolidated companies plus Sempertrans Argenteuil, France, are included; however, the production site HatYai, Thailand, as well as pure sales offices are not.
302-3	Energy intensity	30, 32, 62	
<b>GRI 303</b>	<b>Water</b>		
303-1	Water withdrawal by source	33, 62	
<b>GRI 305</b>	<b>Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	32, 62	Currently, Semperit is only reporting using the location-based method. In the chapter "Most important non-financial key figures of the Semperit Group at a glance", the calculation method as well as information on the emission factors are disclosed in the footnote. See footnote 9 on page 63.
305-2	Energy indirect (Scope 2) GHG emissions	32, 62	Semperit is only reporting using the location-based method.
<b>GRI 306</b>	<b>Effluents and Waste</b>		
306-2	Waste by type and disposal method	62	Currently, Semperit is reporting group-wide only on the total volume of dangerous and harmless waste. Dangerous waste is disposed by specialised waste management companies.
<b>GRI 307</b>	<b>Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	25	
<b>GRI 308</b>	<b>Supplier Environmental Assessment</b>		
103-1	Explanation of the material topic and its boundary	15, 39	
103-2	The Management approach and its components	39	
103-3	Evaluation of the management approach	41	
308-1	New suppliers that were screened using environmental criteria	41	In 2017, no new suppliers were contracted.
Not available	<b>Innovation</b>		No separate topic-specific information according to GRI Standard 2016.
103-1	Explanation of the material topic and its boundary	15, 43	
103-2	The Management approach and its components	43, 44	

GRI standard	Specification	Page	Omissions and comments
103-3	Evaluation of the management approach	44	
<b>GRI 401</b>	<b>Employment</b>		
401-1	New employee hires and employee turnover	49, 60	
<b>GRI 403</b>	<b>Occupational Health and Safety</b>		
103-1	Explanation of the material topic and its boundary	15, 35	
103-2	The Management approach and its components	35	
103-3	Evaluation of the management approach	36	
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, number of work-related fatalities	35, 37, 61	<p>Currently, Semperit is correcting key figures that are not broken down by region and sex. At the present, they are not recorded group-wide. As of the reporting year 2018, the key figures will also be available by region and sex.</p> <p>Only accident-related downtimes and absences that are not illness-related are considered. Days lost are currently not shown as a rate, but as total days lost. All production sites of the consolidated companies plus Sempertrans Argenteuil, France, are included; production site HatYai, Thailand, which is included as of the reporting year 2018, is not included; pure sales offices remain unconsidered with the exception of the headquarters of Semperit AG Holding in Vienna; in principle, temporary workers are included in the key figures and are not shown separately. See footnote 2, page 62</p>
<b>GRI 404</b>	<b>Training and Education</b>		
404-3	Percentage of employees receiving regular performance and career development reviews	54, 60	
<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	53	
<b>GRI 406</b>	<b>Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	52	
<b>GRI 412</b>	<b>Human Rights Assessment</b>		
103-1	Explanation of the material topic and its boundary	15, 50	
103-2	The Management approach and its components	48, 51	
103-3	Evaluation of the management approach	51	
412-1	Operations that have been subject to human rights reviews or impact assessments	52	
<b>GRI 414</b>	<b>Supplier Social Assessment</b>		

<b>GRI standard</b>	<b>Specification</b>	<b>Page</b>	<b>Omissions and comments</b>
103-1	Explanation of the material topic and its boundary	15, 39	
103-2	The Management approach and its components	39	
103-3	Evaluation of the management approach	41	
414-1	New suppliers that were screened using social criteria	41	In 2017, no new suppliers were contracted. See footnote 3, page 62.
<b>GRI 419</b>	<b>Socio-economic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	25	

## About the report

With this first Sustainability Report 2017, the Semperit Group provides detailed information on its sustainability activities for its stakeholders. The Sustainability Report addresses customers, employees, suppliers, investors, analysts, NGOs, media, politics and authorities as well as all other stakeholders in relationships with Semperit who would like to know more about Semperit's values and principles of action.

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

### Compliance

This report was generated in compliance with the GRI Standards: Option Core.

Part of the information published in this statement was subject to a review by an independent third party. Audit criteria are the GRI Standards 2016: Option Core. The audit confirmation of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. is to be found in the independent confirmation report. In addition to the audit review of the "non-financial report", Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. was commissioned to undertake an audit of the annual financial statements of 2017. The Management Board has 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 chapter "Independent assurance report", page 72).

### Reporting period and cycle

The report is published annually and refers to the financial year 2017, corresponding to the calendar year 2017.

### Boundaries of report and data acquisition

In general, the statements in the Sustainability Report 2017 on the Semperit Group refer to the consolidated companies of the Annual Report 2017. In case of deviations from the consolidation scope according to the Annual Report of the Semperit Group for 2017, with regard to specific key figures, the scope is indicated in the chapter "Most important non-financial key figures of the Semperit Group at a glance". The individual footnotes explain which key figures are meant.

In this report, the information on economic dimensions is based primarily on the information given in the Semperit Annual Report 2017.

There were no significant changes in size, structure and ownership relationships in the reporting period.

**Economic data:** Information on the economic dimensions in the Sustainability Report 2017 is based on the information given for Semperit's Annual Report 2017.

**Data on employees:** The reporting on human resources data is based mainly on the "Success Factors" reporting tool, which combines the data of all consolidated companies within the Semperit Group. The footnotes on the respective key figure indicate whether the data refers to all locations or only some of them. Due to different definitions or recording methods, a consolidation of all data prior to 2016 is not possible. These are completed by data that were recorded manually on location level.

**Collection of data on resource management and environmental protection:** For the reporting years 2016 and 2017, collection of data was made for the first time on location level based on uniform requirements. However, due to different definitions or collecting methods, a consolidation of data prior to 2016 is not possible. This report's data are based on the corporate structure of the reporting year 2017. All production sites of the consolidated companies plus Sempertrans Argenteuil, France, but minus the production site HatYai, Thailand, are included in this report. Mere sales offices remain unconsidered. In chapter "Key non-financial indicators of the Semperit Group", it is made

clear to which locations the key figures in the field of "Resource management and environmental protection" refer.

**Data on greenhouse gas emissions:** For the reporting year 2017, the Semperit Group recorded direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) for the first time. The footnotes in chapter "Key non-financial indicators of the Semperit Group" disclose the calculation method as well as information on emission factors.

**Data on occupational health and safety:** Primarily electronically transmitted data are used for data reporting. They are consolidated by locations and entered in the "Incident and Severity Rate" tool. For the reporting years 2016 and 2017, collection of data was made for the first time on location level, based on uniform requirements. All production sites of the consolidated companies plus Sempertrans Argenteuil, France, are included in this report. The production site HatYai, Thailand, is exempted – it will be included from the reporting year 2018. Mere sales offices remain unconsidered with the exception of the headquarters of Semperit AG Holding in Vienna.

**Data processing:** With the help of HR, a local SHE site coordinator records data on lost time, accidents, working hours and days lost and transmits it to Global SHE. Currently, Semperit does not report key figures broken down by regions and sex. These data are currently not recorded group-wide. As of the reporting year 2018, the key figures will also be available by region and sex. Due to different definitions or collecting methods, consolidation of data prior to 2016 is not possible.

**Risk:**

In addition to the risks already listed, a comprehensive risk report can be found in the Group Management Report 2017 of the Semperit Group.

## Reporting principles and structure

Determination of the reporting contents is based on the principles of stakeholder involvement, of materiality, sustainability context, completeness, topicality and comparability.

**Involvement of stakeholders:** The stakeholder and reference groups, hereto called stakeholders, were involved in determining the reporting contents.

**Materiality and sustainability context:** The selection of issues and information to be reported was made based on the results of a materiality analysis. Accordingly, the report covers all sustainability aspects that might reflect important economic, ecological or social effects of the organization or that might have a major influence on the stakeholders.

**Completeness:** Completeness of this report primarily refers to the following aspects:

- List of major issues discussed in the report
- Definition of every issue and
- Time (i.e. the selected information is complete with regard to the reporting period)

**Topicality:** The Sustainability Report of the Semperit Group will be published annually from the reporting year 2017.

**Comparability:** This report is the first published sustainability report of the Semperit Group according to GRI Standards.

The report structure is oriented towards the sustainability focus areas resource management and environmental protection, innovation, employees and society, suppliers as well as safety and health that have been defined by Semperit. In addition, the weighting of the reported topics is based on the results of a systematic materiality analysis. At the beginning of each chapter, the long-term objective and the management approach are presented. The subchapters include measures, initiatives and key figures as major contents. The Report also includes references to additional information in the Annual Report of the Semperit Group, where appropriate.

## Forward-looking statements and disclaimer

The Sustainability Report 2017 of the Semperit Group included 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 could lead to material differences between the actual assets, financial position, earnings, development or performance of the estimates made here. The Semperit Group accepts no obligation to continue to report or update such forward-looking statements or developments.

This report has been compiled with the utmost care; the data have 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 requests 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)).

## Independent assurance report

### GRI 102-56

Independent audit of the statements and data on sustainability reporting 2017 of Semperit AG Holding:

The German text of the signed confirmation report that refers to the German version of the Sustainability Report 2017 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 sustainability reporting of 2017 (hereafter "reporting") of Semperit AG Holding, based on the GRI Standards: Option Core. The audit included reporting as follows:

- Sustainability Report 2017 with regard to the information and references from the GRI index to reporting.

In the report, the references listed in the GRI content index, though no (web) references beyond it, were audited. The audit included the following key areas:

- General disclosures
- Energy
- Occupational safety
- Supply chain

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 lower degree of audit security is given.

### Limitations to the audit assignment

- The scope of audit on an operational level included inspections within Austria at the following sites: Modecenterstraße 22, 1031 Vienna and Triester Bundesstraße 26, 2632 Wimpassing.
- Our audit is limited to the defined focus areas with the topics energy, occupational safety and supply chain as well as general disclosures in the report.
- We did not audit the previous year's figures.
- Figures that were taken from external studies were not audited. Only the correct transfer of relevant information and data into reporting was audited.
- 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 further auditing by us. We review the GRI-compliant presentation of this information in reporting.
- The audit of future-oriented statements was not subject of our contract.
- 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.



## Criteria

The information included in the report was based on the criteria applicable in the financial year 2017 ("the criteria"), consisting of:

- GRI Standards<sup>1</sup> in conjunction with the Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG, Sustainability and Diversity Improvement Act)

Due to the assigned focus areas, the following GRI Standards were used:

- "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 2016"
- "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' ISAE 3000<sup>2</sup> 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>3</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.

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

<sup>2</sup> International Federation of Accountants' International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information

<sup>3</sup> Version of 21 February 2011, issued by the Chamber of Public Accountants and Tax Advisors, chapter 8, [http://www.kwt.or.at/PortalData/1/Resourcen/aab/AAB\\_2011.pdf](http://www.kwt.or.at/PortalData/1/Resourcen/aab/AAB_2011.pdf)

### Our procedures

We have 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:

- Obtaining an overview of the business activities as well as the company's structural and process organisation;
- Interviews with managers and executives to identify and understand relevant systems, processes and internal control processes with regard to the defined audit focus that supports collecting information for reporting;
- Review of relevant documents on Group, Management Board and management level to assess awareness and priorities of the issues and defines focus areas 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;
- Performing site inspections 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 that have been raised in stakeholder dialogues, that were covered in external media reports and to which major 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 NaDiVeG (Sustainability and Diversity Improvement Act) requirements were addressed appropriately;
- Review on a random basis of statements on defined focus areas in the report based on reporting principles of the GRI Standards, and;
- Assessment as to whether the GRI Standards were consistent with the Option Core.

**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 focus areas in reporting are not in accordance with the criteria identified above. This confirmation was based on the circumstances presented in this independent confirmation report under "Amendment".

**Amendment**

Without qualifying this opinion, we would like to point out that individual information in the reporting, for example due to lack of data, can only be outlined to a limited extent. Therefore, a special focus is on the specification of limitations (e.g. in footnotes) in the separate Sustainability Report.

Vienna, 15 March 2018

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

**Hans-Erich Sorli m.p.**  
Auditor

**p.p. Georg Rogl m.p.**  
Auditor

GRI 102-53

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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: 15 March 2018). As is true of all forward-looking statements, these statements 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.

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.

