



Superior Industries Europe AG

Sustainability Report 2020



**Communication on Progress to the
United Nations Global Compact**





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Statement of continued support

Dear ladies and gentlemen,

We are pleased to share with you our third Sustainability Report.

Due to the merger with Superior Industries International, Inc., our focus for 2018 was to align our existing sustainability programs and practices, such as training programs, Code of Conduct, or business ethics hotline. In 2019 these efforts were still ongoing, and we extended certification schemes as well as measures across all UNGC core values, such as additional employee benefits, trainings and environmental projects.

We are dedicated to keep sustainability as part of our agenda, and to contribute to tackle the world's pressing issues, such as climate change and unstable social conditions.

In 2017, we signed up to the UN Global Compact to formally demonstrate our commitment to its core values in the areas of human rights, labor, environment and anti-corruption. With this report being our third Communication on Progress (COP), we would like to reaffirm our commitment and describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our standard channels of communication.

We invite all business partners and other interested parties to join and support us in realizing this vision and encourage everyone to contact us in case of any questions or suggestions and are looking forward to another year under the banner of sustainability.

Bad Dürkheim, March 2020

Andreas Meyer
Senior VP and President Europe

Dr. Karsten Obenaus
Senior VP, CFO Europe



General Information and Sustainability Management

Superior Industries Europe AG, formerly UNIWHEELS AG, is one of the leading manufacturers of alloy wheels in the European aftermarket (Accessory Division) and one of the largest wheels suppliers to the automotive industry (Automotive Division). It is headquartered in Bad Dürkheim, Germany, with around 3500 employees in Germany and Poland. Since May 2017 the US aluminum wheel manufacturer Superior Industries International, Inc., has been the majority shareholder of Superior Industries Europe.

Superior Industries Europe also equips professional motorsport racing vehicle series with high-tech wheels. For more than 40 years, the company has been producing high-quality aluminum wheels mainly using the low-pressure casting technique.

With the global brands of ATS, RIAL, ALUTEC and ANZIO, Superior Industries Europe possesses comprehensive knowledge in the accessories market and technical expertise as a key supplier to the automotive industry. Furthermore, with its wide range of brands, the company offers wheels for all target groups, from premium to economy.

Our sustainability program is overviewed by the HSEE Department, and implemented at operational level (Human Resources, Quality, Health & Safety and Environment, Purchasing, Risk Management & Treasury, Legal, Product department, etc.). In this sense, Superior Industries Europe has a centralized approach. We update our Carbon Footprint based on the Greenhouse Gas Protocol and compose the UNGC report on a yearly basis. In 2019, Superior Industries Europe assessed for the first time a Product Carbon Footprint and will further develop such in 2020. In this report, we disclose our regular practices as well as new actions implemented throughout the reporting year and the updated Key Performance Indicators.



Human Rights

Principle 1: We support and respect the protection of internationally proclaimed human rights
Principle 2: We make sure that we are not complicit in human rights abuses

We declare their full support for the United Nations Universal Declaration of Human Rights. Our operations are based in Germany and Poland. According to the Verisk Maplecroft Human Rights Risk Index 2016, Germany has a low prevalence of human rights-related risks. Our research and development activities are carried out exclusively in Germany, in cooperation with renowned research institutions. All quality standards and sector commitments are fully adhered to. Therefore, direct implications are not likely. Poland, however, is identified as medium risk country (see “Further information”). In order to prevent the occurrence of any potential issues, our group-wide Code of Conduct (CoC) outlines our stance on human rights related issues such as discrimination, harassment, mobbing, intimidation and assault. This CoC must be signed by all employees upon closing of a contract.

As for 2018, in 2019 the group kept implementing procedures:

- Regular trainings on the Code of Conduct, compliance and anti-corruption issues
- Employees are informed by mean of an internal flyer regarding the Ethics Hotline and website
- Measures to deal with incidents: Upon notification of an incident, the Management Board is informed immediately. In the event of minor incidents, internal measures will be taken, in the event of a severe incident, an external lawyer will be consulted.

No incidents linked to human rights were reported via the whistleblowing mechanism.

0 cases of human rights breach

Further information: Verisk Maplecroft: Human Rights Risk Index 2016



Labor Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Working at Superior Industries Europe

At Superior Industries Europe, it is our aim to provide a happy and safe work environment to all our employees. To ensure this, we have outlined clear rules and guidelines on fairness, transparency and respect in our group-wide Code of Conduct (CoC).

Concerning social dialogue, we guarantee our employees freedom of association and the right to collective bargaining as regulated by national and European laws and standards, through the following actions:

- In Werdohl, existence of a works council
- Since 2017, works council also in place in Bad Dürkheim and Fussgönheim
- Collective agreements in place in Werdohl

Since July 2018, there is also one overarching council covering all Germany. Each works council is responsible for their sites, while global topics are addressed at national level through this new council.

427 employees covered by collective agreements or engaged in social dialogue through unions

Superior Industries Europe is an equal opportunities employer. We fully comply with national and European employee protection and anti-discrimination legislation. Also, our employment policy is aligned with legal requirements emphasizing that we do not condone any economic activity based on forced, compulsory or child labor. We make sure to raise awareness through the Code of Conduct, as well as dealing with any incident through our whistleblowing system. Anti-discrimination measures start from recruitment on. In Germany, on the job offers, it is common to specify that both genders can apply for the job. Superior Industries Europe has now extended the genders with a third mention ("diverse"). In addition, we want to give all our employees the best chances of integration. In this sense, we rolled out and standardized a new program in 2019 at our locations in Bad Dürkheim and Fussgönheim, which aims at reintegrating employees after long sick leaves, and support employees who are chronically ill through prevention plan. It is our goal to roll out the program at our locations in Werdohl and Lüdenscheid in 2020 as well.

Our diversity efforts also comprise a vocational training program. With such program, students can gain professional experience while learning in school at the same time. They are employed for three years and alternate between classes and work in the company. The theoretical knowledge gained at



school is applied in practice. In addition, we have hired five working students who support the departments in their daily business, in Compliance Marketing and Human Resources.

0 discrimination case
5 working students

At Superior Industries Europe, we provide ongoing training and qualification initiatives to our employees, and focus on a long-term, cooperative HR development strategy. Our program contains the following measures:

- Personalized training plans
- Annual performance meeting
- Training courses such as leadership training
- Educational leaves

During 2018, we have updated our current training plans for the different business units based on a new competences model. This model is split into different training categories: Soft Skills, Management, Languages, IT, Health and Safety, Miscellaneous and Topic-Specific seminars, and into the different departments of the business units. These training plans were continued in 2019.

1 training plan per business unit
1 yearly appraisal interview per employee
100% employees trained on topics such as Health and Safety

Working at Superior Industries Europe also entails benefits. In the past years, we have been rolling out a structured staff retention program, including:

- Provision of discounts (corporate benefit)
- Sport card
- Bike (including e-bike) leasing with support from the company
- Discount up to 50% for buying Superior Industries AG Europe wheels

In 2019 we expanded our staff retention program with the following benefits:

- Financial support for in-service training
- Company pension plan (Metallrente)
- Capital-forming benefit (VWL)
- Lunch rooms
- Canteen (at locations in Werdohl and Stalowa Wola)
- Water dispenser
- Fruit baskets
- Discount for car wash
- Discount on entry to holiday park

The bike leasing is a perfect example of a mix between environmental and social topics: by supporting the leasing, the company enables the employees to use the bikes, which are beneficial for their health, as well as for the environment, and can replace the use of cars.



Our benefits program also comprises a bonus scheme, which has been updated in 2018 to align to Superior Industries International, Inc., program, as well as additional days of holidays compared to the legal minimum.

Of note, last year, 30 employees from Sales, Marketing, Purchasing and HR moved and are now in a building located just 500 meters away from our main corporate building with improved conditions such as larger offices with more space, more meeting rooms and a specific lunch room.

In order to further improve working conditions, we have implemented a satisfaction survey for our employees in Poland, and we extended it to Bad Dürkheim and Fußgönheim in Germany in 2019.

85% of employees polled in the satisfaction survey

Health and Safety

Due to the use of heavy machinery and hazardous substances in our day-to-day business, occupational health and safety plays a crucial role for Superior Industries Europe. This is reflected in our policies, which warrant the protection of our employees' health and safety in everything we do. To achieve this, we focus on incident-prevention and have set ourselves a zero-incident goal.

To reach this goal, we follow a strict health and safety management system which is being implemented through various standard operating procedures (SOPs) by our Health, Safety, Environment & Energy (HSEE) Officer. Such system entails:

- Trainings
- Provision of personal protective equipment
- Mandatory and voluntary health checks for employees
- Risk assessments twice a year
- Audits
- ISO 45001 certification (replacing OHSAS 18001 certification)

During 2019 we were able to replace OHSAS 18001 certifications with the new ISO 45001 Standard at every location in Europe. In 2018, we reinforced Health and Safety programs and implemented further measures during the reporting year:

- New customizable ear protection (Otoplastics) in Werdohl
- Europe-wide additional safety trainings for every employee
- Europe-wide implementation of a Health and Safety Scorecard system ("Safety Index")

Personal protective equipment for our employees is of great importance to us. The introduction of personalized ear protection (Otoplastics) to improve wearing comfort enjoys high acceptance among employees. On top of this, we strive to provide a stress-free environment for our employees. For example, we provide home office possibilities to optimize work life balance.

Of note, due to our continuous efforts to improve our health and safety management, our total injury recordable rate decreased by 48% from 2018 to 2019.

Total recordable injury rate 2019: 0,75 compared to 1,44 in 2018
Number of accidents 2019: 27 compared to 50 in 2018

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

In May 2017, Superior Industries Europe implemented a policy that addresses the protection of the environment. One objective set in this policy is to further reduce our water and energy consumption, as well as to improve waste management. Furthermore, Superior Industries Europe is ISO 14001 (for all sites) and 50001(NEW: for every location in Germany) certified. As part of such certifications, employees are also trained on these topics.

Energy

The production process of alloy wheels is energy-intensive. To manage the associated impacts, Superior Industries Europe set constant reduction goals. For 2019, those were set for the energy and gas consumption per produced unit: <25 kWh/wheel for electricity, and <42 kWh/wheel for gas. The targets were slightly exceeded this year with 27 kWh/wheel for electricity and 44,4 kWh/wheel for gas, due the higher consumption caused by the increase of flow-forming wheels.

Figure 1: Electricity and gas used per produced wheel in kWh

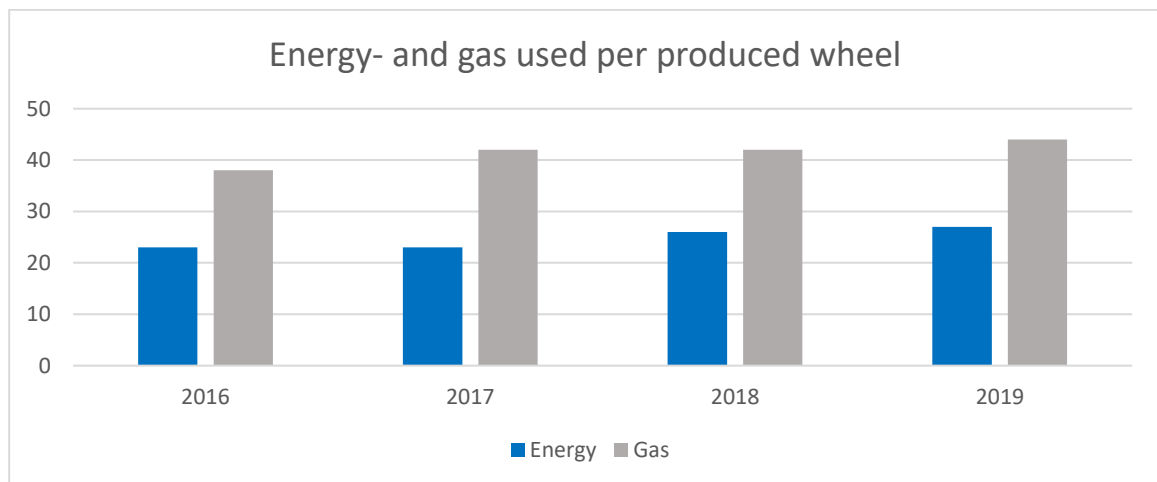


Figure 1 shows the amount of electricity and gas used to produce one wheel (in kWh) calculated by dividing the total consumption for both categories by the number of produced units. Compared to 2018, both values for 2019 have slightly increased.

Total electricity consumption: 238.137.638 kWh
Total natural gas consumption: 475.124.704 kWh

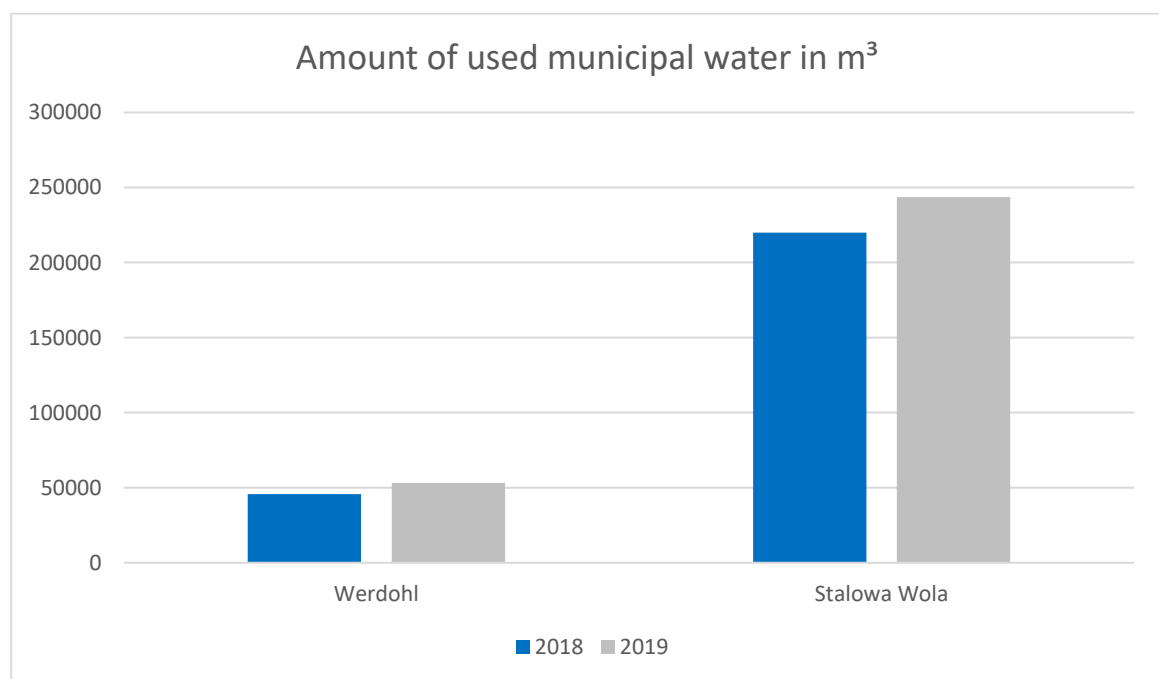
Water

As for the previous year, all water is taken from the municipal water supply. The surface water of Superior Industries Europe dispatch hall in Werdohl is discharged in a local stream. To ensure that no hazardous substances are released accidentally, the related sludge trap is monitored monthly by the company itself, every six months by an expert employee and every five years, a general inspection must be undertaken.

In 2019 we initiated a Europe-wide new environmental water treatment project for processing and disposal of liquid effluents. Effluents from production processes are carried off to a treatment process to minimize environmental impacts.

The Figure 2 shows the total amount split into the two main production sites who represent more than 99% of our total water consumption (Stalowa Wola is composed of three different lines).

Figure 2 Amount of used water in m³



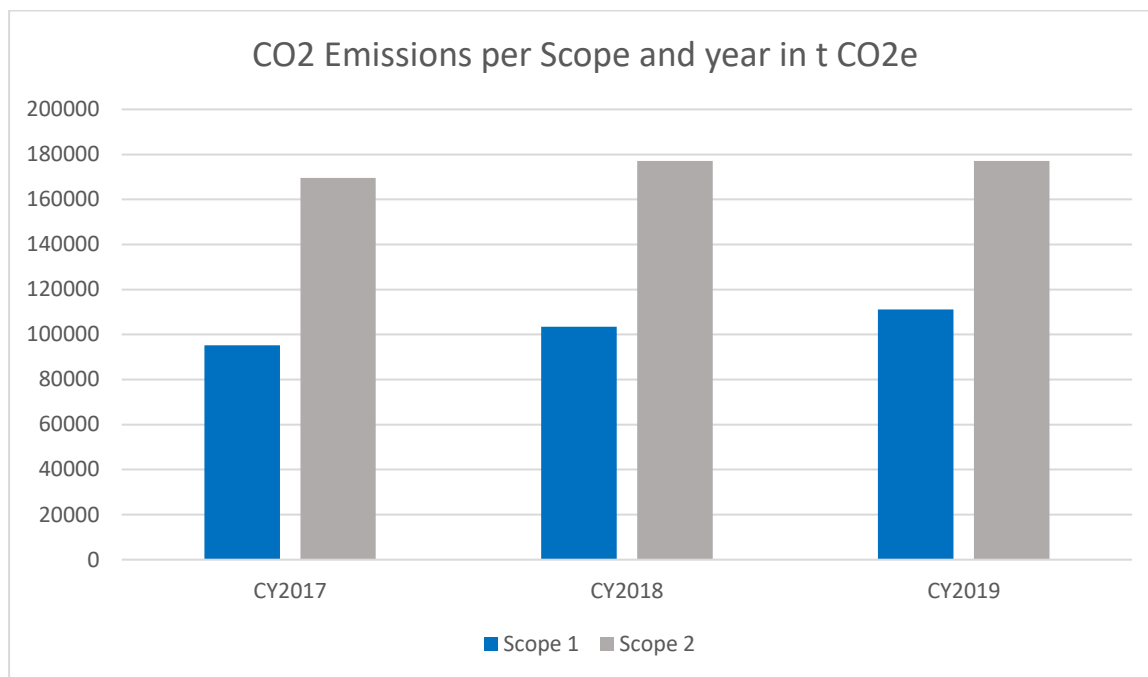
Total water consumption in 2019: 297.445 m³

Greenhouse Gas Emissions

For the past three years, Superior Industries Europe has been assessing its Corporate Carbon Footprint, with the aim to assess and better manage our contribution to global warming.

Scope 1 emissions have slightly increased due to an expansion of our vehicle fleet, and therefore and increase in petrol combustion.

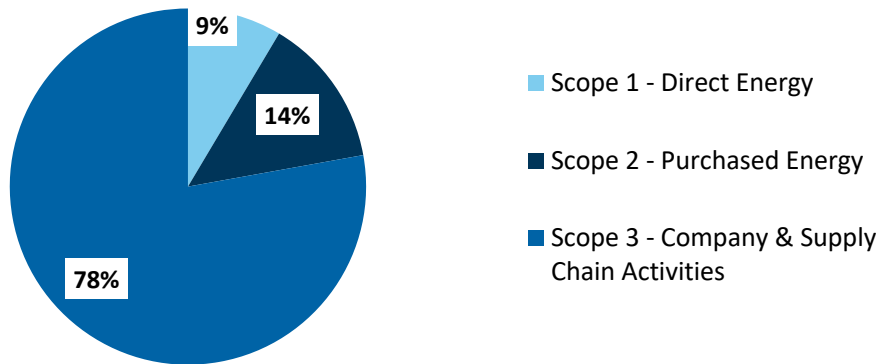
Figure 3: CO₂-Emissions per Scope and year



Total Scope 1 and Scope 2 CO₂e emissions in 2019: 288.302 t CO₂e

In calendar year 2019 we reassessed our Scope 3 emissions for the second time after 2018, enabling a comparison since our first assessment in 2017 and a better and deeper understanding of our indirect emissions from upstream and downstream activities. This is important because the scope 3 emissions represent 78% of the overall carbon footprint. With roughly 72% the highest share of the total emissions stems from Purchased Goods and Services. Due to changing our purchasing volumes between our suppliers and shifting to those, who use renewable energy for their production, we decreased the emissions in this category by more than 80.000 tons. We are striving for reducing our footprint in this area further in the future, which is why we want to assess possible options to adjust our purchasing strategy, where possible.

Figure 4 GHG emissions 2019 by scope



Product carbon footprint

Scope 3 emissions 2019: 1.012.278 t CO₂e
Scope 3 emissions 2018: 1.100.775 t CO₂e
Scope 3 emissions 2017: 1.079.661 t CO₂e.

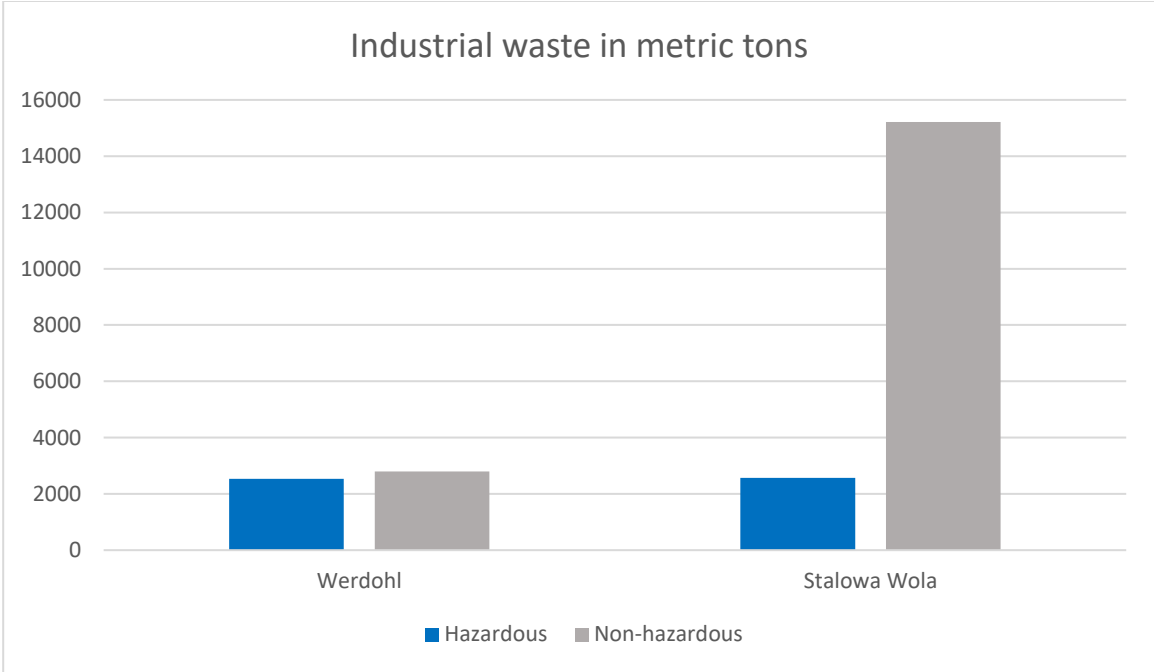
To match the EU requirements, from 2020 on vehicle manufacturers need to reduce the GHG emissions of cars (95g CO₂e/km). We want to help our customers meet this target and keep doing business with them. Therefore, we are focusing on developing products that help reduce fuel consumption and GHG emissions through lighter weight and/or better aerodynamics.

Superior Industries Europe deal with these issues within their R&D department and are also in touch with external stakeholders. In 2019 we have assessed our Product Carbon Footprint and will further develop such in 2020. The advantages of such project is a closer and detailed examination of our products life cycle to identify environmental hot spots and derive and anticipate measures to improve material procurement, optimize production processes and product recycling.

Industrial Waste

We work with several potentially environment-harming substances. We have several procedures such as disposal codes and registry as well as a clear internal organization scheme with clear responsibilities, process description and procedure of furnishing proof to handle waste and comply with all the regulation in this sense, in order to properly dispose of our industrial waste.

Figure 5 Industrial waste



Total waste in 2019: 23 123 t

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Superior Industries Europe condemn all forms of corruption, bribery and extortion. We believe in transparency and are convinced that open and honest communication, collaboration and fairness are the key to long-term business success. These values are reflected in our group-wide Code of Conduct which outlines our views on corruption, bribery, sponsoring, donations, hospitality, fair competition, and transparency. The CoC is available in German, English and Polish and is to be adhered to by all our employees and signed upon completion of a contract.

The Corruption perceptions index 2017 (Transparency International) shows that the countries SUPERIOR INDUSTRIES EUROPE operate in and most suppliers are located in, have a “low” risk of corruption, with the exception of Poland being categorized as “medium” risk (see “Further Information”).

Anti-corruption

Ongoing measures feature:

- regular training high-risk groups on general compliance as well as specific anti-corruption issues.
- monitoring of the number of incidents
- whistleblowing mechanism
- structured procedures to deal with incidents (after an incident has been reported to the group-wide compliance officer, the Management Board is informed. In minor cases, internal measures will be taken, in severe cases, an external lawyer will be consulted.)

In addition, training sessions on the updated code of conduct and ethics procedures are now available in a e-learning format, both in German and Polish. All employees without regular access to work computer have been trained in the first quarter of 2019, so that all employees are aware of our requirements. In Q4 of 2019 employees have participated in online training sessions on the subjects of “Anti-Corruption”, “Conflicts of Interest and Integrity in Decision-Making” and updated “Code of Conduct and Compliance”.

Of note, the whistle blowing system has been updated to match our new scope, and can now be found at <https://secure.ethicspoint.com/domain/media/en/gui/40124/index.html>. All employees were informed through training and others means of internal communication.

In the last year, no incidents were reported through the whistleblowing hotline.

0 incidents reported via the hotline

Information security

Last year, the GDPR (the EU General Data Protection Regulation) put a stronger emphasis on our already existing data protection program. Such program is steered by the data protection officer.



Various procedures have been implemented to ensure the protection of data. For example, Superior Industries Europe use EU models for clauses/guarantees.

In addition, to make our employees aware of the requirements, we implemented an anti-phishing training, and extended the computer based trainings on such topics in 2019.

0 Information breaches reported in 2019

We also performed Europe-wide internal information security audits in preparation for ISO 27001 certification.

Further information:

Corruption Perception Index 2017

https://www.transparency.org/news/feature/corruption_perceptions_index_2017



Outlook

In this outlook, we want to provide some of our goals and planned targets for 2020

Goals

0 Human Rights breach

Renew ISO 45001 certificate
Roll out of program to reintegrate people who are chronically ill in Werdohl and Lüdenscheid
Extend satisfaction survey to Germany
Continue initiative "Behavior Based Safety"-campaign

kWh/wheel = <25 KWh/wheel for electricity <42 kWh/wheel for gas consumption
One product carbon footprint
One updated corporate carbon footprint
Rollout new software for "energy management" (Werdohl site, pilot project)
Initiative to reduce consumption of pressurized air
Renew existing ISO 14001 and ISO 50001 Certificates

Train all employees without access to computer on the new CoC
All employees trained on data security

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