

BOXMARK[®]
Best in Leather Interior



Corporate Social Responsibility
at
BOXMARK Leather

Table of Contents

Preface	4
Compliance	5
Anti-corruption.....	5
Compliance with competition rules	5
Political contributions.....	5
Confidentiality, trade secrets and privacy	6
Observance of human rights.....	6
Prohibition of forced labor	6
Prohibition of discrimination	6
Prohibition of child labor	7
People and Workplace	7
Human resources development.....	7
Corporate goal: training our employees	8
HR metrics.....	8
Punctual salary payments and compliance with minimum salaries and minimum wages.....	9
Right to wage and salary negotiations	9
Reasonable working hours and compliance with break periods.....	9
Employees' right to compliance with safety and health in the workplace.....	10
Employees' right to a works council	11
Intercultural understanding.....	11
Company canteen and organized food service	11
Social fund for employees.....	11
Management staff sustainability	12
Sustainable Products	13
Raw material	13
Leather production.....	13
Product safety and responsibility.....	14
Customer and customer satisfaction	14
Suppliers.....	15
Research & development	15
Environmental Protection	17
Environmentally-friendly leather production	17

BOXMARK as a technology leader	18
Environmental management system.....	18
BOXMARK's Ecology Center.....	18
Energy efficient use of resources	19
Wastewater treatment.....	19
Waste recycling.....	19
Soil, noise and air.....	20
Environmental protection projects	20
Employees in external programs.....	22
REACH.....	23
Social Responsibility.....	23
Christmas fundraising campaign.....	24
Donations and sponsorships.....	24
Youth development.....	27
Legal information	29

The general salutation used in this document refers both to men and women.

Preface

BOXMARK is committed to responsible entrepreneurial activities, both today and in the future. Sustainable business activity in terms of social, economic and ecological aspects is our standard practice and part of our company's business policy and is determined by a sense of responsibility towards people, society and the environment.

We consider compliance with international agreements regarding human rights, fighting against corruption and promoting sustainability as our binding duty. All legal regulations and obligations in the countries in which BOXMARK facilities are located must of course be observed and met.

We also expect our business partners to recognize our social commitment and treat their employees, partners, society and the environment in accordance with our spirit of responsibility and defined principles.



The main contents have been summarized under the following sections:

- Compliance
- People and Workplace
- Sustainable Products
- Environmental Protection
- Social Responsibility

Compliance

Correct conduct is of great importance for BOXMARK and for each individual employee. Statutory as well as internal and external regulations must be complied with by all employees at all our facilities. Fair and honest dealing with each other is a prerequisite for all business activities. We expect the same from our business partners.



Anti-corruption

BOXMARK has established binding rules of conduct to prevent any misconduct and conflicts of interest. Gifts, benefits or invitations that could affect business decisions must not be accepted.

Compliance with competition rules

BOXMARK employees must not engage in practices (e.g. price fixing) that are unlawful and may distort competition.

Political contributions

BOXMARK does not donate money to politicians or political parties.

Confidentiality, trade secrets and privacy

BOXMARK employees are obliged to handle trade secrets and non-public information as confidential and not to disclose them to unauthorized persons. This also applies to personal data in the context of data privacy.

Observance of human rights

Human rights are observed and human dignity is respected and protected at BOXMARK.



Prohibition of forced labor

There is no forced labor at BOXMARK. All employees work for this company at their own free will.

Prohibition of discrimination

There is no toleration whatsoever of discrimination on religious, cultural, ethnic or other grounds at BOXMARK. Any discriminatory action by employees at any level will be prosecuted under labor law.

Diversity is part of everyday practice at BOXMARK. The facility in Feldbach, which employs people of 26 different nationalities, is an example of this.

Prohibition of child labor

Child labor is strictly rejected at BOXMARK. With the exception of trainees (after the 9th year of school) and summer interns (from 16 years of age), we only employ persons from the age of 18 years or older.

Each facility has a centralized system for collecting and managing the employee master data, coupled to an access control system with time tracking. This makes illegal employment and non-observance of age limits impossible.

People and Workplace

The steady development of human capital as a foundation for ensuring the productivity of BOXMARK requires the implementation of attractive labor and social concepts. Key objectives are the creation of optimal working conditions and development opportunities for our employees. Occupational health and safety is a top priority at BOXMARK and not just a legal obligation.



Human resources development

Our labor-intensive production methods ensure that the quality and results of our products are strongly influenced by our employees. We thus place great emphasis on human resources planning and the continuous training of our employees. Our ongoing staff development processes are supported across all our facilities by means of an intranet, a diverse range of

seminars, job descriptions for each position, requirement profiles, qualification matrices and defined workflow processes.

Corporate goal: training our employees

Our current and future success depends on the qualification and motivation of our employees. The education and training of our employees is thus a high priority. We offer various education and training modules for our employees, thus investing both in their and our future.



Apprenticeship training

The Feldbach and Jennersdorf facilities are training companies for various technical professions (Tanners, Metal technicians/Metalworking technicians, Electrical engineers/Process control engineers, Chemistry laboratory technicians, IT technicians, Industrial business management assistants). Our apprenticeships can be completed by the normal procedure (ordinary apprenticeship) or, under certain conditions, in a fast-track procedure as part of continuing education (extraordinary apprenticeship). In addition, our employees can complete their apprenticeship together with their higher education entrance qualification / vocational school leaving certificate.

HR metrics

Our corporate goal is to create working conditions that reduce the absenteeism of our production and administration employees due to sickness to a maximum of four per cent. This

goal will be reached through targeted training on occupational safety and optimization of occupational safety at the workstations. Regular rotation cycles in defined areas and optimization of ergonomics at the workstations are preventative measures to be taken. Another corporate goal is to reduce quarterly fluctuation to a maximum of four per cent. Target attainment will be checked by means of selected training programs for managers, annual employee appraisals, employee awards for long-serving employees, wage classification according to a wage scheme (increases, new entrants) and targeted personnel development measures (qualification matrix, job descriptions, rotation cycles etc.).



Anniversary celebration in 2019

Punctual salary payments and compliance with minimum salaries and minimum wages

Our wages and salaries are based on the collective agreement of the leather manufacturing industry. All minimum salaries and minimum wages are complied with or exceeded. The wage and salary payments are made punctually at mid-month or month's end.

Right to wage and salary negotiations

Annual collective bargaining negotiations take place between employee and employer representatives.

Reasonable working hours and compliance with break periods

Our employees have the right to an adequate balance between work and leisure time. Rest periods are integrated into all working time models. Additional work on weekends, Sundays and public holidays is required exclusively in special cases. Rest periods and weekend rest are

complied with. All employees have a right to adequate holiday leave. A working hours officer has been appointed to ensure compliance with working hours.

Employees' right to compliance with safety and health in the workplace

The safety and health of our employees is very important to us. Each employee thus has the right to a safe workplace. All our jobs are regularly evaluated by our safety officer and our occupational physician in terms of work safety and accident prevention. Measures to improve occupational health and safety are taken on a regular basis to avoid accidents and occupational illnesses. Our employees are provided with adequate protective equipment and working clothes, depending on their job. Our company physician is also an essential part of our preventative health measures. Regular examinations check the physical fitness of our employees for their individual jobs. In order to guarantee and verify occupational safety, we have appointed and trained responsible officers: safety officer, fire prevention officer, hazardous materials officer and safety representatives. Employees are trained on a regular basis to become operational first responders (more than the legal requirements) and are thereafter given further training.



Additional health promotion for employees

To encourage employees to engage in sports activities and thus promote their own health, BOXMARK sponsors the participation of employees at sports events. A big running event is held in Graz every year, in which several staff teams regularly participate. BOXMARK contributes the required entry fee for the teams and sponsors some of their sportswear.



Employees' right to a works council

There are elected employees' representatives (works council) at each facility. The cooperation between the individual representatives and the facility managers is good. Training, premises, work equipment, etc. are provided to the employees' representatives. The chairman of the works council is exempted from work.

Intercultural understanding

Company policy in the form of standardized documents – prepared in accordance with quality management guidelines – ensures intercultural understanding across facilities. Selected employees from the different facilities complete an international training and exchange program.

Company canteen and organized food service

Our company canteen constitutes a significant social benefit for our employees. Local conditions and the legal framework permitting, the individual facilities have a company-financed canteen with minimal cost sharing on the part of employees. Should local regulations not permit a canteen, the respective company management organizes a food service.

Social fund for employees

BOXMARK has for many years now established a social fund for its employees. The fund uses donations to support employees whose families or who themselves have experienced misfortune or who fall on hard times through no fault of their own. This social fund allows BOXMARK to rapidly provide urgent assistance.

Management staff sustainability

Our management staff undergo regular management training. Junior managers are offered internal trainee programs and external further training. There are regular meetings between HR managers from production and the HR department. Our management staff are regularly informed and trained internally with respect to new personnel development measures (e.g. institutionalized appraisal interviews, processing of the employee qualification matrix, etc.).

Priorities are:

- Challenging and encouraging employees
- Managing teams with and without hierarchical/disciplinary responsibility
- Correct delegation and verification of work packages
- Feedback sessions with employees
- Communication with supervisors
- Self and time management as a manager
- Developing and encouraging their own management style



Sustainable Products

As a leather manufacturer, BOXMARK has become an internationally recognized environmental and technological leader, with comprehensive and trend-setting expertise in terms of economic, environmentally-friendly and resource-saving leather production. Conserving resources is not always about doing without, but rather making efficient use of what is available.



Raw material

Leather is made from renewable resources. The raw material for leather production is the hide of animals from species-appropriate husbandry, preferably from local farm animals, as a by-product of food production. The incorporation of refrigerated hides or hides preserved with table salt eliminates the need for chemical preservatives and significantly reduces transportation costs.

Leather production

In our production process we transform the hide into leather. We only use production means optimized on the basis of current scientific knowledge for tanning and subsequent leather finishing. A process BOXMARX developed in-house allows us to use primarily renewable resources.

Product safety and responsibility

Product safety and quality is our top priority, as we focus on the interests of our customers. A pioneering, quality-oriented and ecological overall concept for all business areas is the basis for safe and responsible products. BOXMARK has implemented a safety and quality management system that constantly monitors and continually optimizes safety and quality along the various stages of the production process. BOXMARK is certified according to ISO 9001, IATF 16949 and ISO 14001.

The materials and resources used meet all the test requirements of international industry standards. Our procurement policy and our in-house processes in the areas of production, development and sales are part of our responsible range of products and services.



Customer and customer satisfaction

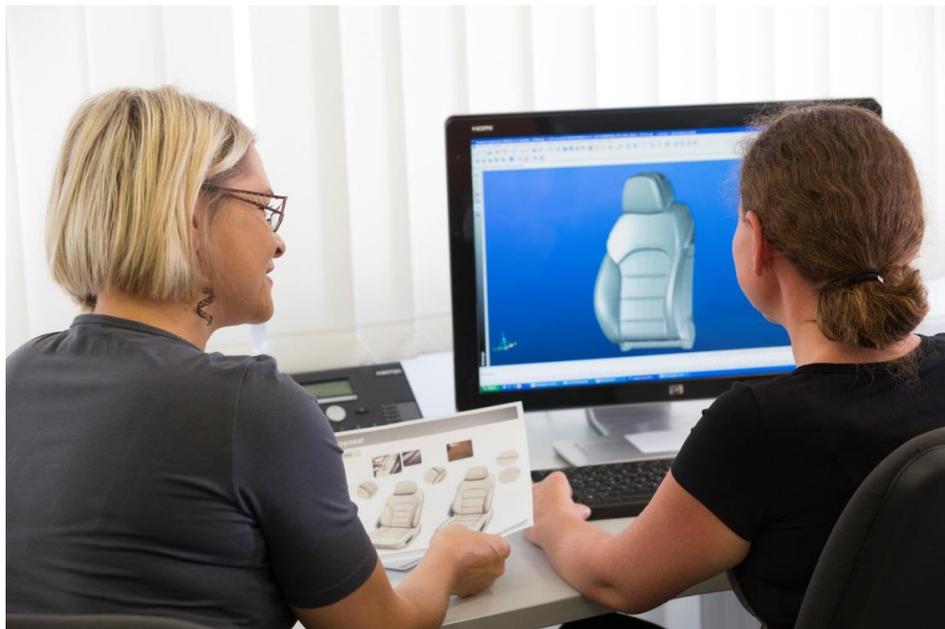
Responsibility towards our customers and the products and services we offer is a central part of what we do. High customer satisfaction based on a fair and transparent price and performance structure is of great importance for the continued success of the company. The goal is to ensure and increase customer satisfaction in the long term. Every BOXMARK employee is aware of their contribution to the quality of the products and thus to customer satisfaction.

Suppliers

BOXMARK maintains long-term, respectful and trusting business relationships with its suppliers. We are convinced that this is an essential prerequisite for ensuring product quality. Our procurement department and our suppliers constantly strive to meet the quality requirements. Mutual support helps us learn from each other and thus optimize quality and processes. Commitment to sustainable action is something we also expect from our suppliers.

Research & development

Our research and development centers develop innovative as well as customer and market-oriented products and services. BOXMARK invests in forward-looking innovations to develop technical skills and ensure cutting-edge quality assurance tools. Driven by the constant desire to find the best solution, we work closely with academic institutions to develop new products, equipment and processing technologies, leveraging our ingenuity and creativity to shape the leather interior of the future.



Test workshop

BOXMARK's own test workshop allows us to run tests, as well as conduct research and studies on the development of production-integrated environmental protection.

Sustainable supply chain management is an important part of our concept, which goes far beyond purely economic considerations. Together with our business partners, we are constantly optimizing our production processes with the aim of continuing to improve our already

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advanced environmentally-friendly use of chemicals and raw materials. The use of water-based finishes is a matter of course for us.

XGREEN – the most sustainable of all leathers

XGREEN is a sustainable type of leather developed by BOXMARK, boasting a closed ecological cycle within the leather production chain. Key points in the production of this leather are the use of fully vegetable tanning agents and the innovative recovery and use of fat liquoring and filling agents from previous residues. Our production exclusively uses renewable resources, limited to the extent that stocks can naturally grow back. Optimized production pathways, efficient energy recovery and modern energy management minimize the use of resources in all areas. With XGREEN, BOXMARK highlights the naturalness of leather. The look of this material alone is enough to make it stand out from conventional leather. Natural features such as insect bites, scars or rough spots are retained, giving each leather a distinctive character. The production and use of this leather ensures an active contribution to environmental protection. Thanks to its ecological production process, XGREEN is compostable after use.



Seat made using XGREEN leather

Environmental Protection

Environmentally sound production and active environmental and climate protection are essential components of our corporate strategy. In order to ensure that our economic activities affect the environment as little as possible, BOXMARK puts a pioneering, ecological and energy-efficient overall concept into everyday practice. In this way we ensure the careful use of resources, reduction of waste and emissions and compliance with legal regulations and standards. Emission data is made public.



Environmentally-friendly leather production

Consistent development and research activities have allowed us to replace the traditional chromium III tanning procedure with a vegetable-synthetic production process. This tanning process has allowed us to combine our idea of sustainability and our high quality standards. BOXMARK has also managed to switch over to heavy metal free pigments in our dyeing operations and solvent-free coatings are used in the finishing process.

BOXMARK meets all EU requirements for end-of-life vehicles with all its products. But we do not want to stop there. That is why we continue to conduct research on new tanning agents and methods with the aim of making our production even more environmentally friendly.



Natural tanning agents

BOXMARK as a technology leader

BOXMARK has been a technology leader in the leather manufacturing industry for years now. We do not merely meet the European Commission's specifications in the Industrial Emissions Directive regarding the best available technology (BAT), but greatly exceed them. In order to ensure steady improvement, BOXMARK continuously invests in research and development.

Environmental management system

Quality and environment go hand in hand at BOXMARK. In addition to the quality management systems ISO 9001 and IATF 16949 that we introduced many years ago, we have also used the environmental management system according to ISO 14001 at BOXMARK since 1998.

Environmental management audits are conducted at regular intervals.

BOXMARK's Ecology Center

BOXMARK's in-house Ecology Center ensures that the standards introduced into the company not only exist on paper, but are put into practice in our everyday business. Appropriate support and ongoing training ensure that our environmental experts are kept up to date in their field of expertise. They also regularly exchange their experiences in internal and external work groups, thereby expanding their knowledge.

Energy efficient use of resources

Optimized production pathways, efficient energy recovery and closed-loop recycling of material and energy flows help optimize the use of resources in all areas. The aim is to gradually increase the share of renewable energy used.

New photovoltaic system at the Feldbach factory

The Feldbach facility has been powered by solar energy since April 2015. A system with 588 modules and a nominal output of 149.94 kWp was installed on the factory roof. The expected annual electricity production is about 168,000 kWh, equivalent to the average power consumption of 40 Austrian households per year. The goal is to generate enough energy to cover most of its own needs in the medium term.



Photovoltaic system on the roof of BOXMARK Feldbach

Wastewater treatment

Since BOXMARK implemented a three-stage wastewater treatment method in its purification plants, the purification performance has been as high as 98%, far exceeding the required limit values. The technology for the “tertiary purification stage” was developed in-house and has yet to find its match in any other tannery.

Waste recycling

The prevention of waste is a top priority at BOXMARK. Our ecology concept has enabled us to reduce our total waste by more than 80%. By-products from production, such as tissue residues,

are processed into animal fat or alternative fuels, pieces of hide are used as raw material by the collagen industry and leather scraps are sold to bag and belt manufacturers.

Soil, noise and air

We were able to put an end to soil contamination by proper disposal and thermal processing of wastewater sludge. The compulsory use of ear protection, safety training and instructions protect our employees against noise pollution. In order to prevent odor nuisance, all exhaust air is cleaned by biofilter plants.



Biofilter plant in Feldbach

Environmental protection projects

BOXMARK has realized a number of projects in the past few years in order to improve our environmental and energy performance and take the basic idea of sustainability into account, in both an ecological and economic sense. Below are some examples:

- Partial flow treatment of tannery wastewater – hair saving and thus reduction of sludge
- By using O₂ probes and a new control system in both purification plants, the energy demand was reduced by 30%
- Installation of a photovoltaic system in Feldbach
- Extraction and use of animal fat as a substitute fuel for heat generation
- Minimizing salt loads in wastewater
- Increasing energy efficiency through conversion of drying tunnels

- Implementation of a new sludge dewatering system
- Reduction of waste through increased recycling
- More precise control of input quantities and measures for sludge reduction
- Optimization of purification processes in order to ensure process reliability
- Installation of a laboratory purification plant to test the products used regarding their compatibility with wastewater purification, among other things
- Recycling of wooden pallets and IBC containers



Purification plant in Feldbach

BOXMARK's goals for the future:

- Heat recovery from wastewater
- Conversion of the ventilation system for additional energy savings
- Increase of own power generation from renewable energies
- Green fleshing and increased fat yields
- Further reduction of waste
- Continuous improvement and further development for a “greener” future



Employees in external programs

Work group BAT documents

BOXMARK has been involved in the national work group for revising BAT documents for plant guidelines for EU tanneries. The group determines the state of the art in the industry and this is then recorded in documents that are binding for all companies.

ÖWAV – Sample and measurement procedure

BOXMARK developed a standard sample and measurement procedure for surface tension. The measurement procedure was presented to the Austrian Water and Waste Management Association, where it was recognized and is now used as a working tool. This has resulted in increased legal certainty in terms of surface tension measurement.

Purification plant community

The purification plant community is a platform for the exchange of information by municipal and industrial purification plants in the region. The aim is to enhance quality and exchange information, news and solutions to problems. There are also bi-annual meetings that are organized by a different purification plant each time.

ARGE for revising the “Abwasseremissionsverordnung Gerbereien” (wastewater emission regulation for tanneries)

A BOXMARK representative is participating in the revision of the above-mentioned regulation, the basis of which are the “BAT Conclusions”.



REACH

Reach is an EU chemicals regulation that stands for “Registration, Evaluation, Authorization and Restriction of Chemicals”. BOXMARK can provide all the declarations of conformity that it requires for all of its products.

Social Responsibility

BOXMARK sees itself as part of society and its business activities constantly keep it in contact with people. We want to show responsibility and make our contribution to society, especially in the regions in which we do business. We are particularly committed to providing humanitarian aid for people in distress. We also consider it important to support organizations and projects in the region surrounding BOXMARK facilities, so that local people end up benefitting from such activities.



Christmas fundraising campaign

Social commitment has always been a top priority at BOXMARK, particularly during the Christmas season. Every year, a Christmas fundraising campaign provides financial assistance to people who are in need through no fault of their own. Support is provided particularly to people from regions surrounding BOXMARK facilities.

One example:

Financial assistance for families in need

In 2018, families from Southeast Styria were again supported with financial assistance. Names and photographs and descriptions of the individual situations are omitted for reasons of discretion. The selection and distribution of donations was taken care of by the Social Services Department of the District Authority for Southeast Styria. We could therefore be sure that the money ended up in the right hands.

Donations and sponsorships

However, BOXMARK's sense of responsibility when it comes to doing good to others and society is not limited to the Christmas season alone. For example, hospitals, schools, kindergartens, public organizations, charities and cultural events are supported with monetary and material donations and as part of sponsorship activities through the year.

Some selected examples:

BOXMARK donated for the arriving refugees

BOXMARK transferred 5,000 euros to the organisation „Gib mir deine Hand“.

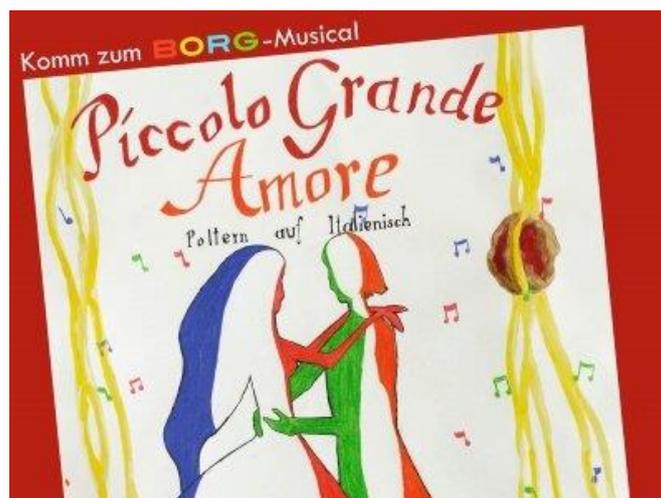
BOXMARK sponsored "Rock an der Grenze" festival.

All profits went to the Mother Teresa Association in Jennersdorf.



BOXMARK sponsored school musical at BORG Feldbach

The production of the school musical "Piccolo Grande Amore" - poltern in Italien "was supported by BOXMARK.



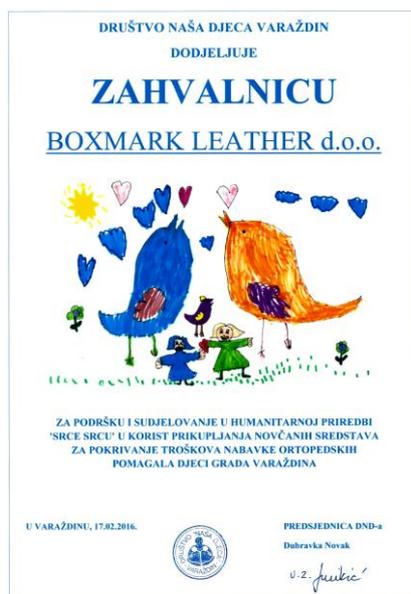
BOXMARK donated for the Croatian Association Leukemia and Lymphoma HULL

The donated money will be used to help hematopoietic patients.



BOXMARK donated for the Association „Nasa djeca“ (our children)

This money helped to purchase an orthopedic bed for a boy and a special wheelchair for a girl.



BOXMARK donated for the organization "Autismus Pogled"

Within the scope of a tennis event donations were collected, which enable sensory calisthenics for children in the fitness center Aton. The children thanked BOXMARK with a hand-made medal.



BOXMARK donated for primary schools in the Bosnian community Tuzla

With the money, the school libraries of the primary schools Tusanj and Poljice were equipped with new books.



Youth development

BOXMARK considers it to be important to promote young people. We thus support sports clubs that train young people in youth sport, for example.

Some selected examples:

BOXMARK supported the Soccercamp of the soccer school Kaufmann

The annual camp is very popular with the little ones.

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BOXMARK sponsored sportswear for high school students in Varazdin

The students represented Croatia at the European Football Championship in France in the category "Young boys".



Legal information

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