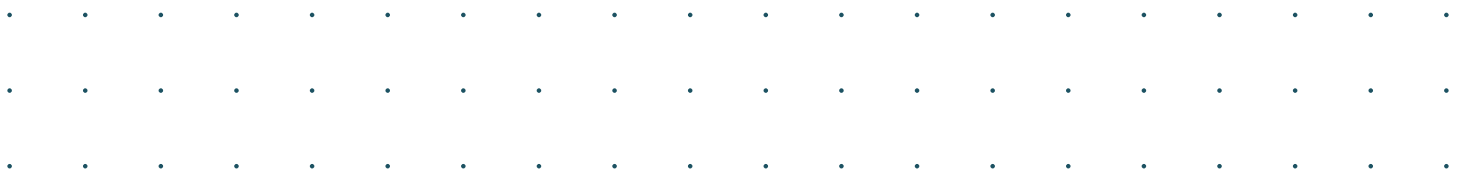


**Social,
environmental
and economic
key data
2016**



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About Rieter

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all four end spinning processes currently established on the market. With 15 manufacturing locations in nine countries, the company employs a global workforce of some 5 020, about 20% of whom are based in Switzerland.

Rieter is a strong brand with a long tradition. Since it was established in 1795, Rieter's innovative momentum has been a powerful driving force for industrial progress. Products and solutions are ideally tailored to its customers' needs and are mostly produced in customers' markets. With a global sales and service organization and a strong presence in the core markets China and India, Rieter as market leader is well positioned in the global competitive environment.

For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. With this in mind, Rieter seeks to maintain continuous growth in sales and profitability, primarily through organic growth, but also through strategic alliances and acquisitions.

The company comprises three business groups: Machines & Systems, After Sales and Components.

The **Machines & Systems** Business Group develops, produces and distributes new equipment in the spinning systems and single machines sector. Blowroom, carding machines, draw frames and combing machines are used for preparation; ring, compact, rotor and air-jet spinning machines are used for end spinning. The offer is supplemented by planning services as well as material flow and information technology, by means of which the machines are connected to a single system.

The **After Sales** Business Group develops, produces and distributes spare parts for Rieter machines that do not come into contact with fibers, such as drives, sensors or controllers. After Sales also sells technology components that are not included in the range of products offered by the Components Business Group (see below). After Sales also offers services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills.

The **Components** Business Group develops, produces and distributes technology components for spinning machines. Technology components are parts of the machines that come into contact with the fiber during the process. On the one hand, new machines are equipped with these components; on the other hand, they are subject to wear during operation and must be replaced regularly.

Social, environmental and economic key data of the Rieter Group 2016

Commitment of the Rieter Group to social, environmental and economic sustainability

Sustainability at Rieter is defined in the following basic directives:

- Code of Conduct
- Corporate Governance
- Values and Principles
- Environmental, Work and Safety Statement
- Supplier and Purchasing Conditions

You can find complete information on the Rieter directives at www.rieter.com. These contain all important factors for the entire value creation process. The Rieter sustainability strategy is based on the following pillars:



Reduction of accidents at work by 13%/ Reduction of greenhouse gas emissions and acidification by 10%

Success in sustainable business activity is evident in different areas. Thus, for example, in the year under review the number of accidents at work was reduced by 13%; the absolute amounts of greenhouse gas emissions and acidification were reduced by around 10%. The amount of waste was reduced by 5%. These positive values and other key data are contained in this report.

Over 10% productivity increase in a spinning mill with five Rieter automatic rotor spinning machines R 60

With the support of the Rieter After Sales Business Group, customers can improve the production of their existing plants. The Chinese customer Shandong Hongye Fiber Technology Co., Ltd. confirms its successful cooperation with Rieter, which has allowed the company to increase productivity by 14.5%.

Rieter sponsors “Energy Efficiency Excellence Award – Product Development”

The ceremony for the first “Energy Efficiency Excellence Award – Product Development” took place at the China Textile Innovation Conference in Beijing in December 2015. Rieter China supports this award for energy efficiency in the textile industry.



Award ceremony for the first “Energy Efficiency Excellence Award – Product Development”

**Rieter India receives
“Swiss Ambassador’s Award”**

Innovation and quality make Rieter the premium brand on the global market. To produce high-quality products, the company needs a skilled workforce. The “Vocational Education and Training” program (VET) helps to train qualified personnel. In recognition of this, on March 17, 2016, Rieter India was honored with the “Swiss Ambassador Award” for effectively implementing the Swiss VET program in its India branch.



Per Olofsson (left), Managing Director of Rieter India Pvt., receives the award from Dr. Linus von Castelmur, Swiss Ambassador to India and Bhutan.

Rieter sets ambitious targets for sustainable values by 2020

At Rieter, sustainability is linked to the goal of improving the social and environmental key data:

Social

Workforce turnover	< 10%
Women in management positions	> 15%
Training days per employee/year	> 3
Absenteeism	< 2%
Fatal occupational accidents	none

Environmental

Energy consumption	< 0.12 MWh
Greenhouse gas emissions	< 0.050 kg
Acidification	< 0.012 kg
Water consumption	< 0.30 m ³
Waste and recycling	< 10 kg

Social sustainability

Social sustainability includes employees, leadership and responsibility.

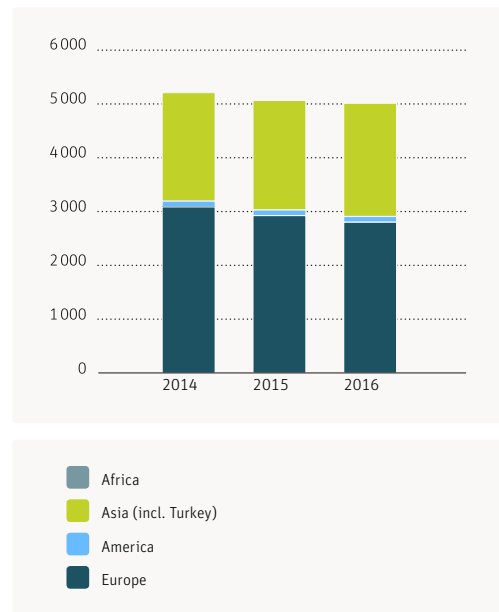
Geographical distribution

Rieter reduced the number of full time employees (excluding temporary personnel) to 5 022 in 2016, compared to 5 076 in the previous year. The share of temporary employees was around 10%.

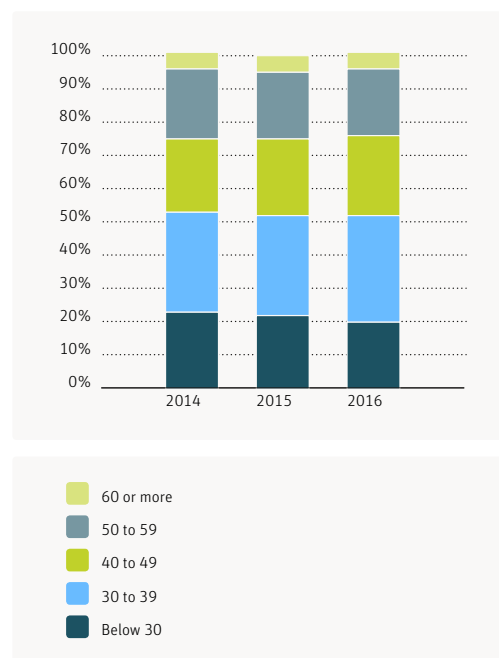
Age distribution

In 2016, Rieter's workforce was again evenly distributed in terms of age.

Geographical distribution



Age distribution



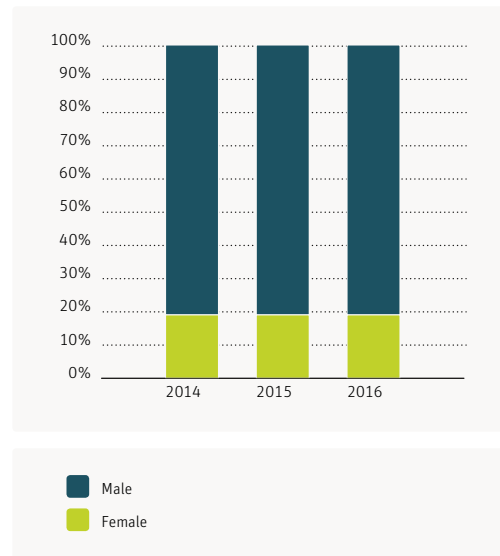
Gender distribution

As in the previous year, female representation in 2016 was 19%, with around 12% in management positions, of which 10% in the top four management levels.

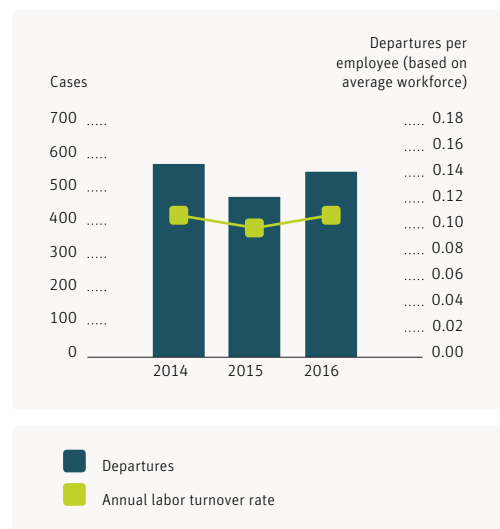
Workforce turnover

The workforce turnover rate varies widely by region. In 2016 this was 10%.

Gender distribution



Workforce turnover



Education

90% of Rieter employees hold a professional diploma or a university degree.

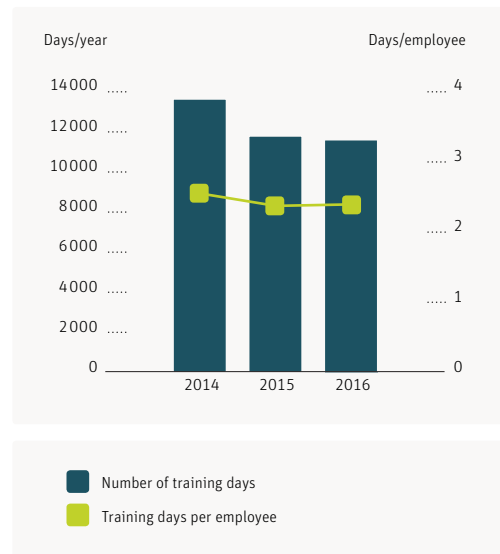
Training time

The training time per employee in 2016 was again at the long-term average of almost three days per employee per year, with a consistent total number.

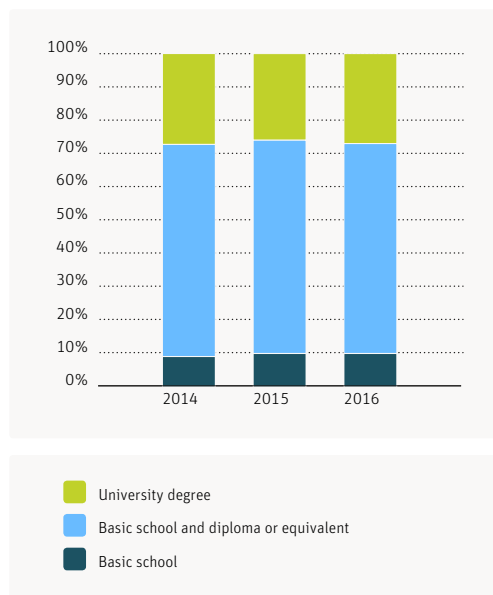
Number of apprentices and trainees

In 2016, the share of trainees and apprentices was around 288 persons. As a proportion of the total Rieter workforce, this represents almost 6% (2015: 7%).

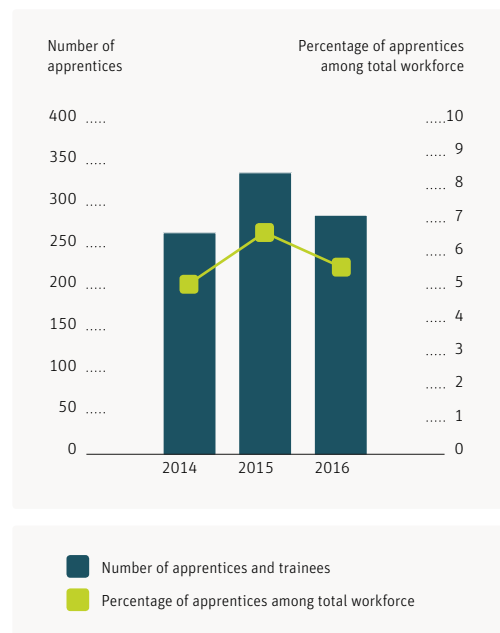
Training time



Education



Apprentices/Trainees



Occupational accidents and accident rate

In 2016, Rieter was again able to reduce the accident rate, by almost 13% compared to the previous year. Rieter consistently pursues the goal of avoiding occupational accidents. Since 2011 no work-related fatalities have been recorded by Rieter.

Absenteeism due to occupational accidents or sickness

In 2016, the absentee rate due to sickness or accidents was around 2.6% of total working hours.

Occupational health and safety

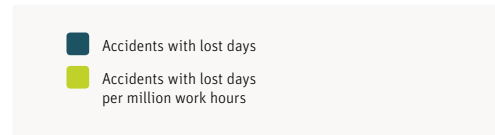
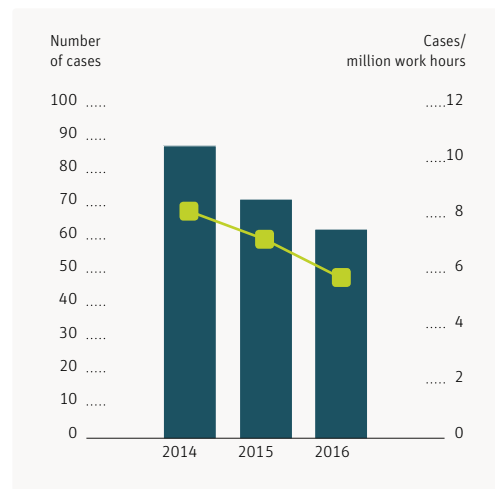
In 2016, 13 Rieter plants were certified for compliance with ISO 9001, one plant for compliance with ISO 14001 and one with OSHA 18001.

Additionally, two plants are certified for compliance with ISO 50001, with one plant fulfilling the requirements of a slimmed-down version of this standard.

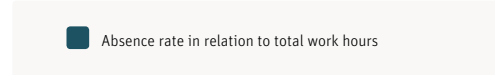
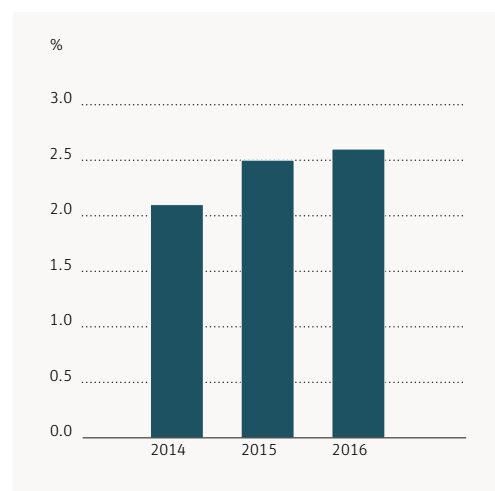
In the Rieter Group, 92% of all employees work in an ISO 9001 certified plant.

	2014	2015	2016
ISO 9001	0	14	13
% of workforce	91%	92%	92%
ISO 14001	1	1	1
OSHA 18001	1	1	1
Number of Rieter plants	18	18	15

Occupational accidents



Absence hours due to occupational accidents and sickness



Environmental sustainability

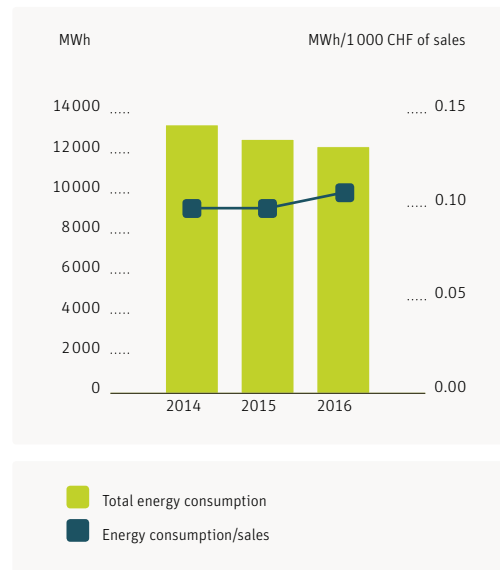
Energy consumption

In 2016, overall energy consumption fell to 123 089 MWh, a reduction of over 3% compared to the previous year.

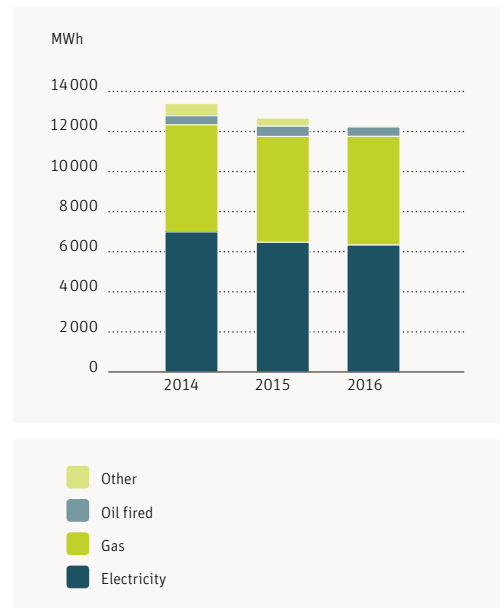
Energy mix

The share of the two main energy sources, electricity and gas, in the total energy demand amounted to about 95% in 2016.

Energy consumption



Energy source mix



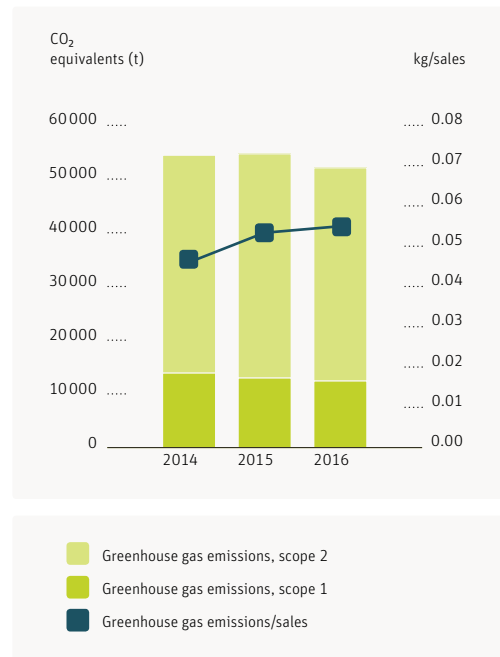
Greenhouse gas emissions

Greenhouse gas emissions, reported in CO₂ equivalents (t), comprise emissions generated directly by Rieter production plants. They arise either from fuel combustion (scope 1 emissions) or from electricity generation by power utilities in countries where Rieter operates (scope 2 emissions). In 2016, the absolute CO₂ emissions decreased by 2 600 t and the emissions relative to corporate output (sales) were at the same level as in 2015.

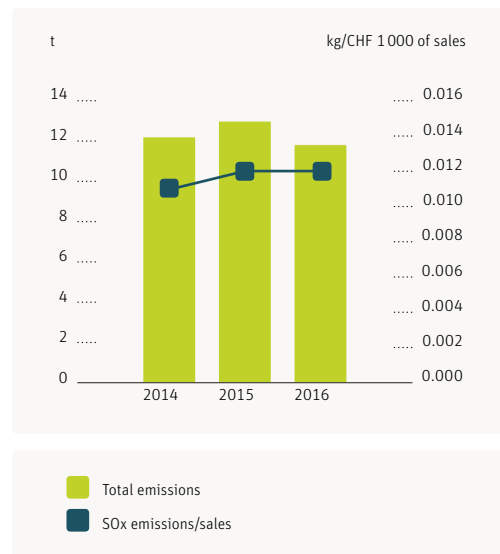
Acidification (SO_x equivalents)

Absolute SO_x emissions in 2016 were 9% lower than in the previous year. In 2015, SO_x emissions relative to corporate output (sales) remained at the same level as in 2015.

Greenhouse gas emissions



Acidification



Water consumption

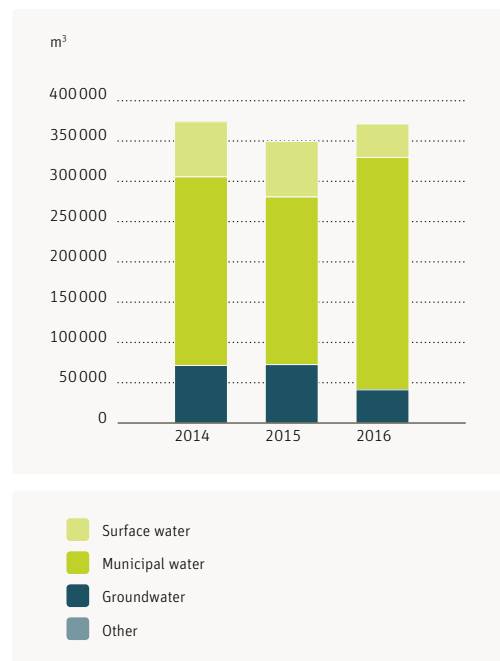
In 2016, absolute water consumption rose to about 370 000 m³, an increase of 20 000 m³ in comparison to 2015. Water consumption per employee, by contrast, increased by 7%; whereas water consumption relative to corporate output (sales) increased only slightly.

Most of the water used was taken from municipal supplies (approx. 78%); the combined surface and groundwater component amounted to 22%.

Water consumption



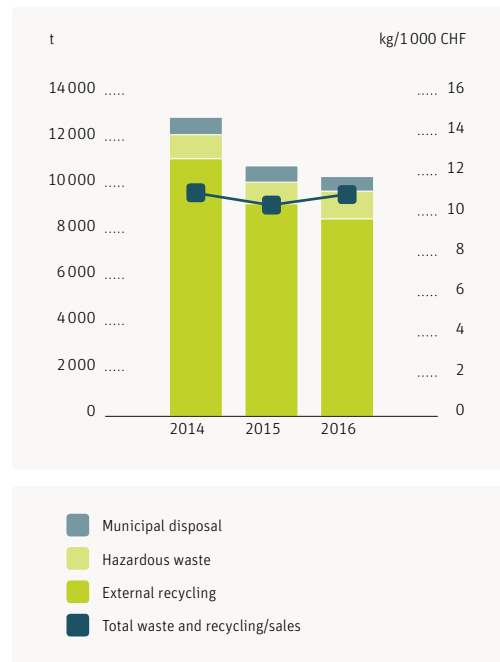
Water consumption by source



Waste and recycling

The volume of waste generated by the Rieter locations fell by almost 5%. Most of the waste (82%) was again recycled externally in 2016. The volume of waste relative to corporate output (sales) increased slightly by 0.5 kg/CHF 1 000.

Waste and recycling



Economic sustainability

The basic values governing Rieter's business activities are summarized in the three overriding targets of its corporate principles:

“Delight your customers”

“Enjoy your work”

“Fight for profits”

Rieter is successful if the company satisfies its customers' expectations, if its employees are enthusiastic in their commitment, and if it generates long-term value for its shareholders. Rieter is committed to creating value for all the group's stakeholders. The sustainability strategy forms an integral part of its business strategy.

Investors

Rieter fosters open, transparent dialog with investors. In its reporting, Rieter aims to present a comprehensive and accurate picture of the company's targets and development. This is intended to ensure that Rieter can be fairly valued, enabling the company to minimize the cost of capital and bolster its reputation and positioning on the capital market. In addition to semi-annual financial reporting, the company makes regular presentations at banking and investors' conferences. Rieter meets with Swiss and foreign fund managers and financial analysts and holds an annual event for business media and financial analysts to provide in-depth background information and explain technological innovations and medium to long-term development prospects for the textile machinery and components business.

Customers

Rieter's business activities are consistently aligned to the needs of its customers. Customer loyalty and satisfaction are a decisive success

factor for Rieter. The company strives for long-term partnerships based on mutual trust and respect. With innovative technologies, dependable products and excellent services, Rieter provides customers with solutions that contribute in turn to their success. Comprehensive expertise in production processes from fiber to yarn and along the entire textile value chain is an important competitive advantage in this context. Rieter continuously develops the products together with our customers, thus enhancing customer benefits. Through its service offering, the company supports customers throughout the lifetime of the products.

Suppliers

Suppliers are Rieter's partners. Together with them, the company continuously improves the quality and costing of bought-in materials and components. Rieter places emphasis on gaining the active support of its suppliers in the innovation process. The company respects the IP rights (intellectual property rights) of its partners and strives for long-term cooperative relationships characterized by mutual respect and joint commitment to addressing business challenges. The company also expects its suppliers to adhere to the principles of Rieter's Code of Conduct.

Value-added statement

The value added by Rieter corresponds in principle to corporate output less third-party inputs. It is calculated as EBIT plus personnel costs and financial income. Details concerning the value added are included in the Annual Report.

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

August 2017

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Text:

Rieter Management Ltd.

Design:

MetaDesign, Zürich

For ecological reasons, there is only an electronic version of this report.

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