

Values and Principles

**Comfort
thanks to Rieter**

**Delight
your
customers**

**Enjoy
your
work**

**Fight
for
profits**

Rieter is a publicly-listed Swiss industrial group providing innovative solutions to the global textile and automotive industries.

Rieter's values and principles

The basic values governing the Rieter Group's business activities are summarized in three overriding goals:

Delight your customers –

Enjoy your work –

Fight for profits.

Rieter is successful as a company if it satisfies its customers' expectations, if its employees are enthusiastic in their commitment, and if it generates long-term added value for its shareholders.

Rieter supplies products and services which contribute to people's well-being and comfort. **Comfort thanks to Rieter** is therefore our motto, which we seek to live up to in our daily work.

Winterthur, August 2003

Rieter Group Executive Committee

The history of the temple

In 1994 the Rieter Group defined its goals and the basic values governing its business activities in the shape of a temple with three columns. These three columns, which symbolize our customers, our employees and our shareholders, are still valid today.

If we examine the Rieter temple more closely, we see that a **“comfort roof”** spans all our activities. We are an industrial group which employs its know-how to develop innovative solutions for the textile and automotive industries which contribute to people’s well-being and comfort.

The roof is supported by three columns with inscriptions which directly call our attention to what needs to be done to achieve success: **Delight your customers, Enjoy your work, Fight for profits.**

What is behind this slogan, what we mean by it and how we aim to measure whether we are making progress in these important areas is explained on the following pages.

As a result of changes in personnel in recent years and the integration of new locations and new companies in the Rieter Group, increasing numbers of employees are not familiar with the Rieter temple, its history and application at first hand, if at all. Furthermore, many people nowadays no longer understand the meaning of certain terms as originally intended, or these have been rendered obsolete by developments in the marketplace.

The group executive committee therefore decided to reconsider, revise and revitalize the “temple”. The temple with its values and principles is at the same time the guideline for how we act as a company and is applicable and essential to all employees. In order to emphasize this, we also want to make the adherence to and implementation of these basic values measurable in order to generate added value for customers, employees and shareholders by way of a continuous process of improvement.

Delight your customers

Customer focus

We focus our work and our business activities on our customers, since they provide the means to pay our employees and suppliers, as well as contributing an appropriate return for our investors.

Our products and services must meet our customers' requirements and contribute to their business success.

We aim to grasp our customers' needs faster than our competitors, implement them with superior project management, and make timely launches of products and services on the market.

Innovation and products

As a company operating on an international scale in a global competitive environment we are aware that we can only maintain and reinforce our market position with innovations in all business sectors. In addition we need to improve our products and processes continuously with respect to quality, service and productivity.

We systematically take the aspects of environmental compatibility, recyclability and safety into account.

Supplier of choice

Our goal is to be selected by our customers as “supplier of choice” and to develop new solutions together with them.

We achieve this by supplying market-oriented products and services at competitive prices, and by competent, solutions-oriented, fast, flexible and reliable cooperation with our customers at all levels.

Benchmarks

We will regularly measure and arrange for independent evaluation of our customer focus and our competitiveness.

By conducting “Customer Retention Surveys” we obtain a comprehensive picture of how our customers see us. Ascertaining market share on the basis of general statistics shows us where we stand comparatively in the competitive environment. Internal and external quality data provide us with important information on process improvements both in-house and in cooperation with our customers. Analysis and discussion of our product pipeline show us how we are equipped for the medium-term and long-term future.

Enjoy your work

Employees

The know-how and commitment as well as the flexibility and loyalty of our employees are the basis of our success. We provide our employees with suitable workplaces and working aids, as well as opportunities for further development. We train prospective managers in-house and aim to fill all executive positions with employees from within the company. Systematic succession planning ensures management continuity.

We furnish suitably graded, challenging assignments in an international, multicultural working environment, in conjunction with a market-oriented, performance-based remuneration policy. Since employee costs are a major component of the income statement, these costs can only be offset by good performance.

Leadership

We encourage entrepreneurial attitudes and action at all levels and delegate authority with responsibility to lower hierarchical levels in order to increase flexibility. We place confidence in our employees and in return expect them to adhere to agreements and show a willingness to engage in the comprehensive exchange of information. We call for exemplary conduct, especially by executive employees.

We encourage teamwork with clearly defined accountability. We recognize our employees' potential and ensure that they are employed in the right place. We thus create a working atmosphere in which employees display commitment to our company and our customers.

Responsibility

Rieter is committed to sustainable development and social responsibility. This applies both at the global level and also in the local environment of our different locations, where we can also rely on a positive cooperative relationship with local authorities and employee representatives.

Equal opportunity, fair play and integrity, in conjunction with tolerance and respect, are important principles for us. We reject any form of discrimination.

Personnel decisions are taken in consultation with the next higher level (grandfather principle), with Human Resources and if necessary with employee representatives.

Benchmarks

We aim to make job satisfaction, employee performance and our management success measurable. For this purpose we record, for example, employee turnover and absenteeism rates. We assess employees regularly and conduct annual employee appraisals, which are also documented.

Fight for profits

Financial stability

We are responsible for a company which is more than 200 years old, and we also aim in future to enhance its long-term value. Our company – just like any other – therefore has to generate sustained profits. The profits we seek to generate are significantly influenced by the cost of capital employed.

We carefully balance the short-term optimization of financial returns against long-term profitable growth. Our goal is to finance the targeted growth from our own resources. We seek to identify business risks at an early stage in order to monitor and minimize them. Financial stability helps the company to develop and grow over the long term and to balance the remaining risks.

Profitable growth

As a publicly-listed company we aim to grow so that we can fulfil our shareholders' expectations in regard to dividends and share price performance. However, in the interests of long-term corporate development, profitability takes precedence over sales growth.

We set ourselves ambitious targets to secure Rieter's successful development and by achieving them we maintain its independence and its corporate freedom of action.

Cyclical cost management

Our business is cyclical. With flexible structures we ensure that we can adjust our costs rapidly. Our suppliers and other external partners are integral parts of our value chain. We therefore feel that we share responsibility for their sustainable corporate management.

Benchmarks

We measure the achievement of our financial targets in the short, medium and long term using the same key criteria. The focus here is on operating earnings (EBIT), net profit, return on net assets (RONA) and free cash flow. Financial stability is defined mainly by the level of gearing, net liquidity and the equity ratio.

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