

Social, Environmental and Economic Key Data 2018



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RIETER GROUP

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. Furthermore, Rieter is a leader in the field of precision winding machines. With 16 manufacturing locations in ten countries, the company employed a global workforce of 5 134 end of 2018.

Since it was established in 1795, Rieter's high capacity for innovation has been a powerful driving force for industrial progress in the spinning industry. Products and systems are ideally tailored to customer needs and help spinning mills to become more competitive and resource-efficient. With its global sales and service organization and a strong presence in the markets of China and India, Rieter is the global market leader.

For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. The company comprises three business groups: Machines & Systems, Components and After Sales.

Machines & Systems 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 and material flow technology as well as ESSENTIAL, the Rieter Digital Spinning Suite, by means of which the machines are connected to a single system.

Components develops, produces and distributes technology components and precision winding machines for use in the textile value chain. Technology components come into contact with fibers and affect yarn properties; they are used in new machines and have to be replaced at regular intervals during operation. Precision winding machines are used for downstream yarn processing like dyeing.

After Sales develops, produces and distributes primarily 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 Business Group Components. After Sales also offers services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills.

SOCIAL, ENVIRONMENTAL AND ECONOMIC KEY DATA OF THE RIETER GROUP 2018

Rieter is committed to a policy of social, environmental and economic sustainability, which is defined in the following documents:

- Code of Conduct
- Corporate Governance
- Values and Principles
- Safety, Health and Environmental Mission Statement
- Supplier Code of Conduct

All documents are available at www.rieter.com.

Sustainability is an integral part of Rieter's strategy. Rieter's sustainability strategy is based on the following pillars:

- Social Sustainability
- Environmental Sustainability
- Economic Sustainability

Each year, the company publishes "Social, Environmental and Economic Key Data," which contains all the important factors for the entire value creation process.

Safety, Health and Environmental Mission Statement

Safety, health and the environment are of fundamental importance to the Rieter Group. Rieter therefore pursues an integrated corporate policy, focusing on the following key areas:

- Safe products and working conditions at all Rieter locations
- Sustainable and efficient use of resources in all areas
- Compliance with applicable legal requirements and Rieter's internal guidelines

The Safety, Health and Environmental Mission Statement of the Rieter Group is anchored in the entire organizational structure – and is actively communicated, coached and monitored.

For comprehensive information on Rieter's policies, the Safety, Health and Environmental Mission Statement and the Social, Environmental and Economic Key Data visit www.rieter.com.

Occupational Health and Safety

The occupational health and safety programs that were introduced in recent years are having an impact and the number of accidents at work has been further reduced worldwide. In particular, on-the-job training of employees aimed at raising risk awareness in the areas of accident prevention, risk consciousness and workplace safety has had a positive impact. Global guidelines and standards were revised and responsibilities defined at all levels. Locally, various improvement projects were initiated and implemented in relation to occupational safety – such as enhanced ergonomic workstations and the consistent use of personal protective equipment.

Global targets for the environment, health and occupational safety have been set annually since 2012. Target achievement is reviewed worldwide as part of reporting and self-assessment and systematically addressed at management meetings.

Risk Audits

Rieter has a well-established risk control audit system covering all locations worldwide. In addition to standard property insurance risks such as fire and natural hazards, business interruption, occupational safety and environmental risks are also analyzed and appropriate recommendations made to the respective site management. In this connection, the corporate risk and insurance management team conduct regular audits together with an external partner, and monitor the internal implementation of recommendations.

Rieter EHS Minimal Procedure Requirements

Rieter has compiled Environment, Health and Safety Minimal Procedure Requirements, which serve as a working model for the Environment, Health and Safety officer. Compliance with these requirements is verified by means of self-assessment checklists and external audits.

Sustainable spinning processes thanks to Rieter technologies

Rieter has set itself the goal of providing its customers with products and system solutions that enable them to produce in a more environmentally friendly manner, whether this be by reduced use of raw materials or lower energy consumption.

Efficient use of raw material

Rieter fiber preparation selects fibers in an extremely targeted manner. As a result, as few good fibers as possible are combed out and there is less waste in the spinning process. In this way, especially with cotton, optimum use can be made of the raw material to produce yarn.

Sustainable and efficient energy use

Rieter systems offer energy-saving solutions along the entire process chain. Over 50 percent of the energy is consumed in the end spinning process. The new compact spinning machine K 48, which was launched in 2018, saves up to 20 percent of energy compared to machines from other manufacturers. The basis for this is a unique compacting system and energy-saving drives.

Digital intelligence to reduce inefficiencies

ESSENTIAL – the Rieter Digital Spinning Suite launched in 2018 – measures energy consumption, quality data and production figures along the entire process chain. By permanently monitoring and setting benchmarks, inefficiencies quickly become visible and can be remedied promptly. Through digital technology, resources are utilized optimally and the requirements are therefore reduced.

Environmental impact reduced across the entire production process of a spinning mill

Thanks to the use of Rieter machines, systems and technologies, energy consumption in a spinning mill is reduced, less waste is produced, emissions (CO₂) decrease and working conditions are improved by reducing the noise level.

Energy savings by upgrading Rieter machines to efficiency class IE3/IE4

Rieter achieves a reduction in energy consumption of up to 13 percent for almost every machine group and every machine type by means of conversion solutions for latest generation motors of energy efficiency class IE3/IE4.

Waste recycling by rotor spinning machine R 36

With the rotor spinning machine R 36, Rieter guarantees both efficient material utilization and good yarn quality – even with a 30 percent share of waste material from the production process. Rieter thus ensures the high standards of its customers.

Sustainability successes in the Rieter Group in 2018

Number of occupational accidents massively reduced

The number of occupational accidents fell significantly in the year under review. The reduction of more than 50 percent compared to 2011 and more than 25 percent compared to 2017 shows that the measures taken by Rieter were correct and successful.

Rieter India supports social projects

As in previous years, Rieter India continued to support social projects in the vicinity of the Pune plant in the year under review. These include:

- a digital learning system at the Adarsh Vidyalaya School in Shirval and the Z P School in Loni,
- reconstruction of the washroom at the New English School in Nhavi,
- replacement of the floor at the Z P School in Nere Tal. Bhor,
- renovation of the infrastructure at the Panchayat School in Coimbatore and
- roof repairs at the Z P School in Wing.

Reduced greenhouse gas emissions and acidification compared to corporate output and lower water consumption

In the year under review, water consumption was again reduced by around 15 percent (around 48 000 m³). The levels of greenhouse gas emissions and acidification compared to corporate output were also substantially reduced.

Agreements on the reduction of CO₂ emissions in Switzerland

Maschinenfabrik Rieter AG and Graf + Cie AG have signed an agreement with the Energy Agency of the Swiss Private Sector (EnAW) regarding CO₂ emissions up to the year 2023. In the year under review, by investing in heat-insulating windows on various buildings, Maschinenfabrik Rieter AG achieved an annually recurring energy saving and around 19 t CO₂-reduction.

Investment in solar system

In 2018, Rieter India invested in the construction of a solar system on the roof of the Wing production site. This goes into operation in mid-2019 and will supply the plant with renewable energy. This investment, which uses in-house produced solar power instead of 25 percent of purchased electricity, reduces CO₂ emissions by 2 500 t annually.

Rieter sets ambitious targets for 2020

By 2018, Rieter had already achieved some of the set targets: at 0.11 MWh for energy consumption and 0.256 m³ for water consumption, these targets were exceeded while in the case of acidification at less than 0.012 kg the target was clearly achieved. Furthermore, at 0.051 kg greenhouse gas emissions narrowly missed the target value.

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
Absence rate	<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, management and social responsibility.

Geographical distribution

The number of full-time employees (excluding temporary personnel) declined to 5 134, compared to 5 246 in the previous year. The share of temporary employees (611) was around 12 percent.

Age distribution

Compared to 2019, the age distribution of Rieter's workforce did not change significantly in 2018 and remains in balance.

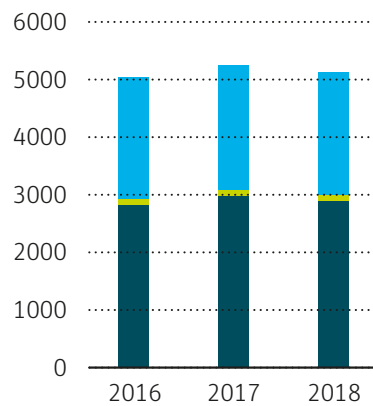
Gender distribution

In 2018, the share of women was 20 percent of the total workforce. Female representation was around 8 percent in both management positions and the top four management levels. Rieter continues to pursue the goal of achieving a 15 per cent share of women in management positions by 2020.

Workforce turnover

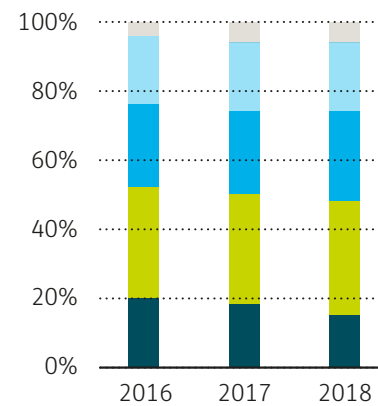
The staff turnover rate differs greatly by region. In relation to the total number of employees, this stood at 14 percent in 2018.

Geographical distribution



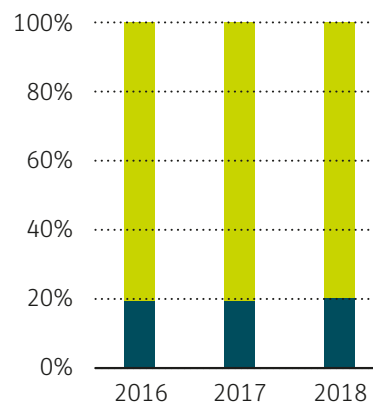
- Asia (incl. Turkey)
- America
- Europe

Age distribution



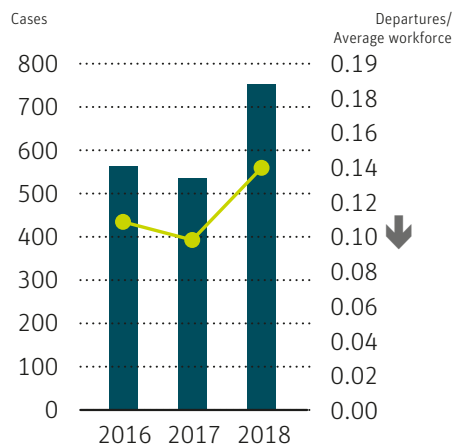
- 60 or more years
- 50 to 59 years
- 40 to 49 years
- 30 to 39 years
- below 30 years

Gender distribution



- Male
- Female

Workforce turnover



- Departures
 - Annual labor turnover rate
- ↓ **Target 2020:**
Annual labor turnover rate below 0.10

Education

Around 90 percent of Rieter employees have a professional qualification or university degree.

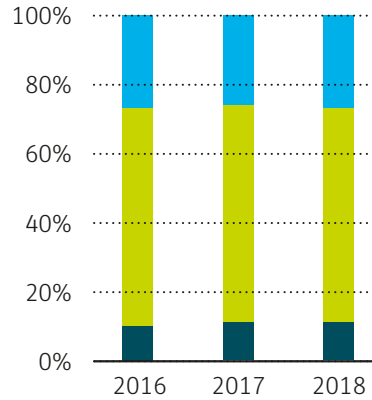
Training time

The number of training days per employee in 2018 was again at the long-term average of around two days per employee per year, with a consistent overall figure.

Number of apprentices and trainees

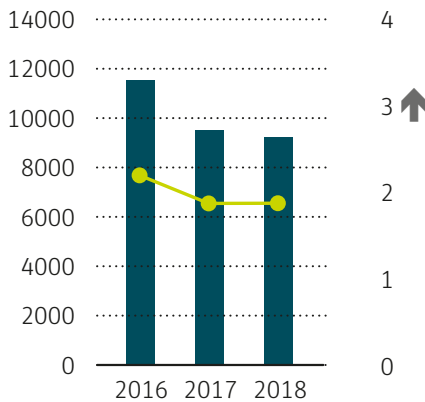
Rieter employed 209 apprentices/trainees in 2018. As a proportion of the total Rieter workforce, this represents almost 4 percent.

Education



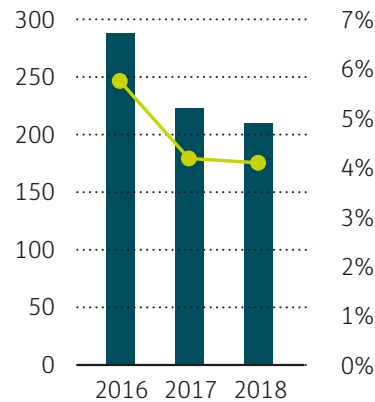
■ University degree
■ Basic school and diploma
■ Basic school

Training time



■ Number of training days
■ Training days per employee
↑ Target 2020: Training days per employee > 3

Apprentices/trainees



■ Number of apprentices and trainees
■ Number of apprentices and trainees / Total workforce

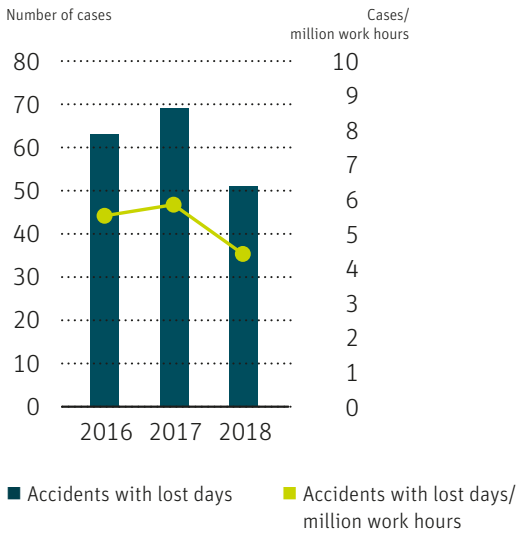
Occupational accidents and accident rate

In 2018, Rieter reduced the number of occupational accidents compared with the previous year, with a total of only 51 occupational accidents worldwide. Thus, the accident rate fell from 7 in the previous year to 5 in the year under review. Rieter continues to pursue the goal of consistently avoiding occupational accidents. Since 2011, Rieter has recorded no work-related fatalities.

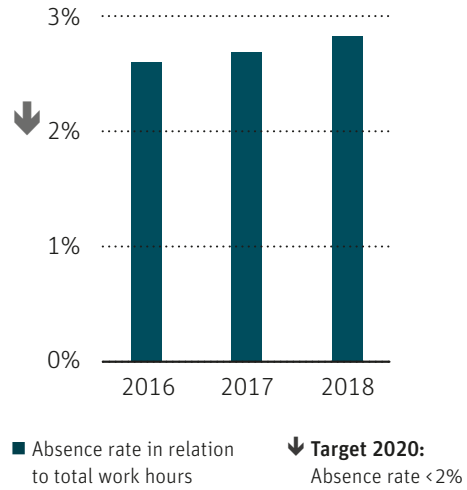
Absentee rate due to occupational accidents or sickness

In 2018, the absentee rate due to sickness or accidents was 2.8 percent of total working hours. Although the number of occupational accidents declined in 2018, the rate increased because of increased absence due to sickness.

Occupational accidents



Absentee rate



Certified management systems

In 2018, 13 Rieter sites were certified for compliance with ISO 9001, one plant for compliance with ISO 14001 and one plant for compliance with OSHAS 18001. In addition, one plant is certified to ISO 50001 in a reduced version. In the Group, 82 percent of all employees work at a location certified to ISO 9001.

	2018	2017	2016
ISO 9001 (locations)	13	13	13
in % of workforce	82%	83%	92%
ISO 14001 (locations)	1	1	1
OSHAS 18001 (locations)	1	1	1
Rieter manufacturing locations	16	18	15

Social responsibility

Rieter has always taken its social responsibility in the communities where its plants are located and toward employees very seriously.

In Switzerland, through the Johann Jacob Rieter Foundation, Rieter is engaged in the fields of art, culture, education and charitable causes.

In India, Rieter supports projects in education and medical care through the Rieter Abhiyan Charitable Trust. Rieter’s Social Responsibility Committee has approved a fixed budget for supporting social projects and decides annually on the allocation of grants to eligible projects.

Cooperation with employee representatives worldwide is of fundamental importance to Rieter. At the European level this is with the European Works Council, and at the national level directly with the relevant employee representatives and trade unions in the individual countries.

Social commitment

As an employer, Rieter provides support for its employees concerning their voluntary commitments in associations and social services or concerning political authorities. Rieter is a member of various industrial associations and is actively involved with the various committees according to the field of activity.

ENVIRONMENTAL SUSTAINABILITY

Product development

Constantly reducing the consumption of resources is a major concern for Rieter. The company strives to add value for its customers by developing machines, systems and components. In this way, it makes an important contribution toward more sustainable production by its customers. This results in lower energy consumption, optimal use of resources and waste prevention. At the same time, Rieter continuously optimizes its own energy consumption and uses renewable energy sources. This leads to minimal pollution of the environment and better utilization of raw materials in its own production. Rieter identified these sustainability factors decades ago. The company consistently takes account of these factors in product development and production.

Rieter is the only supplier worldwide to cover fiber and spinning preparation processes as well as all end spinning processes currently established on the market. This expertise along the entire value chain enables Rieter to optimize processes and machine settings for energy efficiency to meet individual customer needs.

Reporting

Rieter collects all data relevant to sustainable corporate management in the SEED (Social, Economic and Environmental Data) database. These data are evaluated annually. They are also the basis for the social, environmental and economic key data.

Energy consumption

At 122 953 MWh in 2018, overall energy consumption by Rieter worldwide fell compared to the previous year. For the first time, Schärer Schweiter Mettler's (SSM) production sites are included in these figures for the entire reporting year. In relation to corporate output, energy consumption in 2018 fell to 0.1144 MWh/CHF 1 000. As a result, Rieter achieved its 2020 target in 2018.

Energy mix

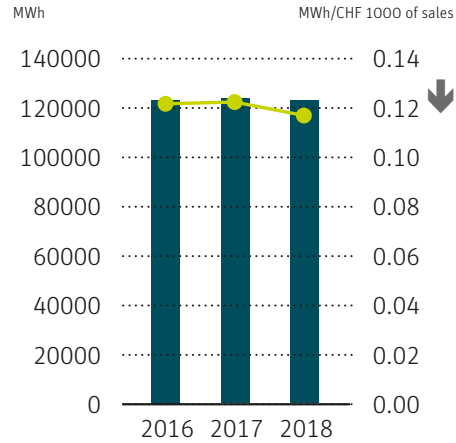
The energy mix did not change significantly in 2018. The share of the two main energy sources, electricity and gas, in the total energy requirement was just under 95 percent. Rieter completely refrains from the use of coal as an energy source.

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).

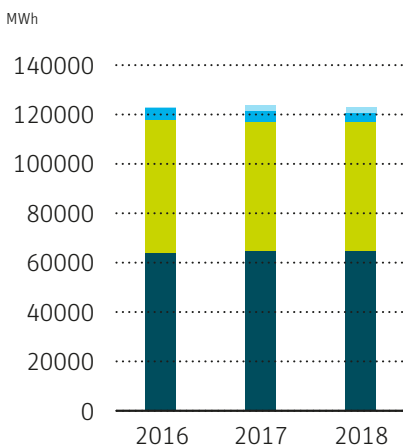
Absolute CO₂ emissions fell slightly in 2018 compared to the previous year. In 2018, at 0.051 kg/CHF 1 000 the emissions relative to corporate output were already within the range of the targets set for 2020.

Energy consumption



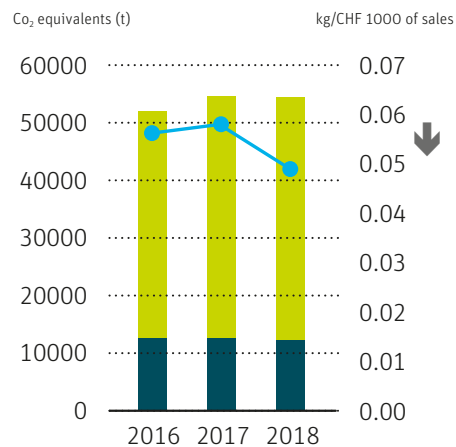
- Total energy consumption
- Energy consumption/sales
- ↓ **Target 2020:** Energy consumption/sales < 0.12

Energy mix



- Other
- Oil fired
- Gas
- Electricity

Greenhouse gas emissions



- Greenhouse gas emissions scope 2
- Greenhouse gas emissions scope 1
- Greenhouse gas emissions/sales
- ↓ **Target 2020:** Greenhouse gas emissions/sales < 0.05 kg

Acidification (SOx equivalents)

In 2018, compared to the previous year Rieter reduced absolute SOx emissions by just under 2 t to 10.12 t. Rieter reduced SOx emissions in relation to corporate output to 0.0094 kg/CHF 1 000 of sales. In 2018, therefore, Rieter already beat the 2020 target of 0.12 kg/CHF 1 000 CHF of sales.

Water consumption

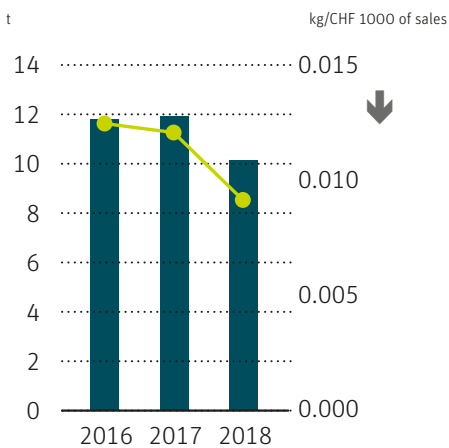
Compared to 2017, Rieter reduced absolute water consumption in the reporting year by just under 48 000 m³ (or 15 percent), which also constitutes a significant decline in relation to corporate output. Here, too, the 2020 target has already been achieved.

Most of the water used was taken from municipal supplies (around 68 percent); the combined surface and groundwater component amounted to 32 percent, where the surface water was used more effectively.

Waste and recycling

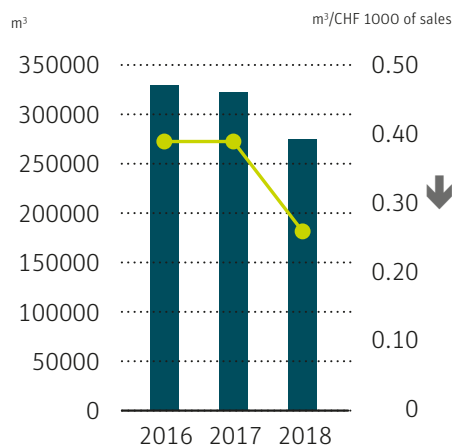
The volume of waste generated by the Rieter locations did not increase appreciably. At 83 percent, externally recyclable waste accounted for the largest share in 2018. The amount of waste in relation to corporate performance fell slightly to a little over 10 kg/CHF 1 000.

Acidification



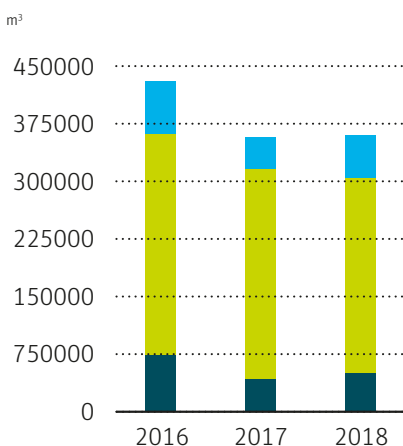
■ Total emissions
 ■ SOx emissions/sales
 ↓ **Targets 2020:**
 SOx emissions/sales < 0.12 kg

Water consumption



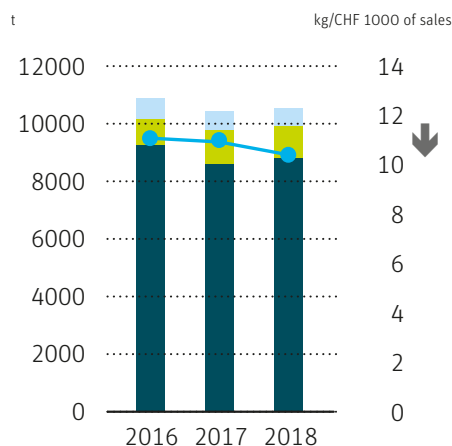
■ Total water consumption
 ■ Water consumption/sales
 ↓ **Targets 2020:**
 Water consumption/sales < 0.30

Water consumption by source



■ Surface water
 ■ Municipal water
 ■ Groundwater

Waste and recycling



■ External recycling
 ■ Hazardous waste
 ■ Municipal disposal
 ■ Total waste and recycling/sales
 ↓ **Target 2020:** Total waste and recycling/sales < 10 kg

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 financial 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 part-

nerships 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.

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