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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 man-made fibers and their blends into yarns. Rieter is the only supplier worldwide to cover the complete spinning process across all technologies established on the market. With 15 manufacturing locations in ten countries, the company employs a global workforce of some 4 420, about 21% of whom are based in Switzerland.

Rieter is a strong brand with a long tradition. For more than 225 years Rieter's innovative momentum has been a powerful driving force for progress in the spinning mill industry. The main focus is the efficiency of the customer's yarn production. Efficiency is attained through minimal use of resources. Therefore, Rieter makes an important contribution to the sustainable production of textiles.

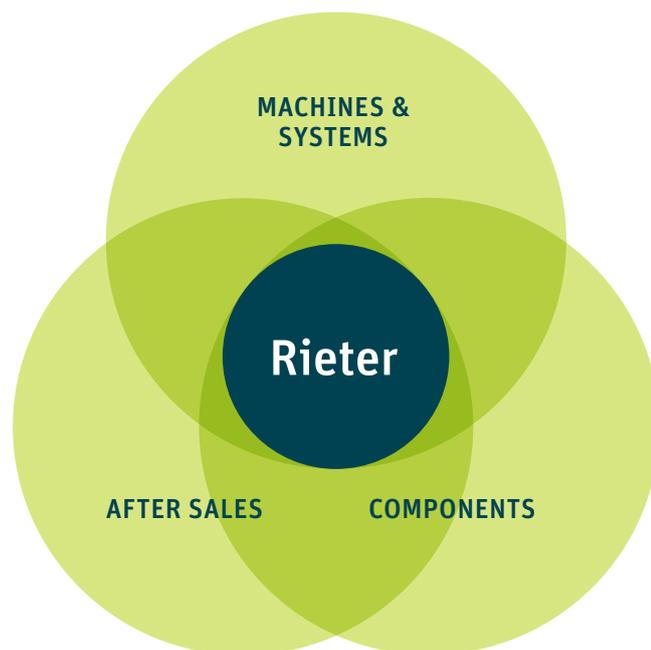
With a global sales and service organization, Rieter is well positioned as market leader in the global competitive environment. For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. With this in mind, Rieter seeks to maintain continuous growth in sales and profitability throughout the investment cycle in the textile industry.

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

The Business Group Machines & Systems develops, produces and distributes new equipment as spinning systems or as single machines. Blowroom and cards are used for fiber preparation; draw frames, combers and rowing frames are used for spinning preparation; and ring, compact-, rotor and air-jet spinning machines as well as winding machines are used for end spinning. The offer is supplemented by planning services and automation solutions as well as ESSENTIAL, the Rieter Digital Spinning Suite, as a digital platform for the complete spinning mill.

The Business Group Components develops, produces and distributes technology components, precision winding machines as well as solutions for the production of filament yarns and nonwoven fabrics. 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.

The Business Group After Sales develops, produces and distributes spare parts for Rieter machines as well as building conversions and modernizations. 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.



Established premium supplier with innovative products and services

## RIETER BUSINESS MODEL

Around 94 million tons of fiber were processed around the world in 2020, for example for clothing, technical textiles or home textiles. Fiber consumption is growing with the world population and disposable income, on average between two and three percent per year.

### Yarn production

The process from fiber to textile begins with fiber production. A yarn is produced from the fibers, for example from cotton, linen, polyester or viscose. A textile is then produced from the yarn via various processing steps such as weaving, knitting, dyeing or finishing.

Yarn is produced in two basically different ways. On the one hand, this is done by spinning staple fibers. These are fibers with a staple length of 23 to 60 mm (short-staple fibers) or over 60 mm (long-staple fibers). On the other hand, yarn is produced by processing so-called filaments to make continuous filament yarn. The yarns resulting from filaments have different properties than those produced from staple fibers. In the clothing industry, the yarn produced from staple fiber predominates because it offers pleasant wearing comfort.

Each of the two types of yarn production accounts for around 50% of world fiber consumption.

Rieter is mainly engaged in yarn production from staple fibers. The most important of these in 2020 are cotton (about 22 million tons), polyester (about 17 million tons) and viscose (about 5 million tons).

The process for producing a yarn from staple fibers consists of three stages: fiber preparation, spinning preparation and end spinning.

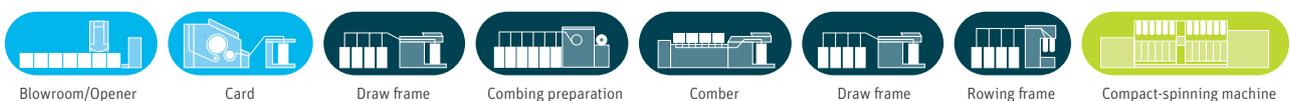
In fiber preparation, the fibers, which are delivered in bales, are separated, cleaned if necessary, and aligned. This takes place in the process stages blowroom/opener and card. Spinning preparation involves the homogenization and drawing of the sliver. The machine required for this is known as the draw frame. In cotton processing, the comber also plays a role: here, short fibers are combed out in order to produce a higher quality yarn. By the end of the spinning preparation stage, a uniform sliver or roving has been produced.

### Spinning process

In the end spinning stage, the fiber mesh is further drawn (up to about 40 fibers in cross-section for very fine yarns) and spun into a yarn by twisting. Twisting takes place either by means of a rotating spindle (ring spinning, compact spinning), by rotation of a rotor (rotor spinning) or by an air flow (air-jet spinning). Compact spinning is a variant of ring spinning that uses an auxiliary device to achieve yarn with a higher density as a result of improved fiber integration.

After spinning, imperfections are removed from the yarn. The yarn is then wound on a package, in order to present it in a suitable form for the subsequent process steps in the textile production chain.

### Compact-Spinning System (Example)



With its spinning systems Rieter covers all four end spinning processes established on the market.

## MARKET VOLUME



### Measured variables for capacity

The production capacity for producing yarn from staple fibers is measured in spindle equivalents. The production capacity of a ring spindle serves as the basis. The spinning unit of a rotor spinning machine corresponds to the productivity of five to six ring spindles, whereas that of an air-jet spinning machine corresponds to the productivity of 20 ring spindles.

A total of more than 250 million spindle equivalents worldwide were used in 2020 to produce yarn from the around 50 million tons of staple fibers, of which around 100 million are in China, 55 million in India, 70 million in the Asian countries (excluding China, India and Turkey) and 12 million in Turkey. Every year, between 11 and 13 million spindle equivalents are installed on average, with 6.5 million delivered or installed in 2020. Rieter delivered 850 000 spindle equivalents (2019: 1.32 million) in 2020. In addition, spinning mills require wear and spare parts for ongoing operation.

### Market

The world market for staple fiber machines, which is relevant for Rieter, has an annual volume of CHF 3 200 to 4 000 million. Rieter is the market leader with a market share of around 30%.

### Business with new machines, wear and spare parts

The business with new machines is cyclical. The tendency to invest in the spinning industry is mainly influenced by expectations regarding fiber consumption and the margins that can be achieved by selling yarns. Fiber consumption is dependent on the economy, while the margins for yarn depend on the movement of raw material prices, capacity utilization and the production costs of the spinning mills, foreign exchange rates and government policies.

(Sources: PCI, ITMF, estimate Rieter)

The business with wear and spare parts is much less cyclical. The basic business is driven by the degree of capacity utilization of spinning mills – operational spinning mills require wear and spare parts. Project business such as the conversion or modernization of entire spinning mills, on the other hand, are subject to the investment cycle described above.

**Product and service offering**

Rieter plans spinning mills, develops, produces and supplies the machines for fiber preparation, spinning preparation and end spinning, and supervises the installed machines throughout their life cycle.

Rieter with all its brands is established worldwide as a premium supplier. Innovative products and services from Rieter enable spinning mill operators to be more competitive. Success factors are either low yarn production costs, which are achieved through savings on raw materials, energy, labor and productivity advantages and therefore enable a sustainable yarn production, or special yarns, which allow higher prices to be achieved.

The professionalism and availability of the service is also a key aspect when customers decide to buy Rieter solutions.



Rieter with all its brands is established worldwide as a premium supplier.

Rieter strives to support the transformation of global energy systems by 2050 and the goals of the Paris Climate Agreement.



# SUSTAINABILITY STRATEGY

Rieter has been committed to sustainability with regard to the environment, social issues and corporate governance (ESG) for many years. ESG is an integral part of the company's corporate strategy. Rieter strives to support the transformation of global energy systems by 2050 and the goals of the Paris Climate Agreement. For Rieter, sustainability has the following dimensions: On the one hand, it is about the contribution that Rieter makes to sustainable textile production. The focus here is on energy consumption and raw material in the spinning process. The digitalization of the spinning mill also plays an important part. On the other hand, it is about improving the key environmental data at Rieter itself.

The sustainability strategy is based on the following pillars:

## Environment

- Sustainable spinning processes thanks to Rieter technology
- Energy-efficient and ecological production concepts

## Social

- Safe and healthy workplaces
- Continuous education and training
- Diversity
- Suppliers
- Social engagement

## Corporate Governance

- Code of Conduct
- Business ethics
- Certificates, awards and ratings

## These principles are set out in the following guidelines:

- Mission, vision, values and principles
- Code of Conduct
- Corporate governance
- Safety, health and environmental mission statement
- Supplier and purchasing conditions
- Supplier Code of Conduct
- Risk management policy

Each year, the company publishes data on "the environment, social issues and corporate governance."

## ENVIRONMENT

### Sustainable spinning processes thanks to Rieter technology

Rieter technologies stand for sustainable spinning processes that have a major impact on the lowest possible consumption of energy, water and chemicals. These technologies make efficient use of raw materials, consume energy in a sustainable manner and are extremely progressive in the use of recycled fibers. Accordingly, Rieter has set itself the goal of developing products and system solutions for its customers that allow them to produce in a more environmentally friendly manner, whether as a result of reduced raw material input or lower energy consumption, or through the development of cutting-edge technologies for processing recycled fibers.

### Energy efficiency

As part of the textile value chain, yarn production must also be continuously optimized from the perspective of sustainability.

The importance of energy efficiency for yarn production and Rieter’s contribution is illustrated by the following simplified example: A ring spinning machine of the latest generation with 2 000 spindles achieves energy savings of 10% compared to an older machine and thus reduces energy consumption by 80 MWh per year. Over the use of 1 million spindles through 500 Rieter machines with 2 000 spindles each, energy consumption is reduced by 40 000 MWh per year. This corresponds to a reduction in CO<sub>2</sub> emissions of 40 000 tons per year from coal-fired electricity (see figure).

### Optimal use of raw materials

An important aspect in connection with the sustainability of yarn production is the use of raw materials.

### Processing recycled material

The results of a current Rieter study show that, on Rieter machines, it is possible to spin not only rotor but also ring yarns with a proportion of up to 75% of recycled fibers from old clothing.

### Digitalization

The Rieter Digital Spinning Suite ESSENTIAL already measures energy consumption, quality data and key production statistics along the entire process chain in many spinning mills around the globe.

### Sustainable production concepts

Rieter has set the goal of sustainable, environmentally friendly production and is committed to conserve energy reserves, reduce CO<sub>2</sub> emissions and avoid waste generation, thus seeking to make an important contribution to society at large.

Rieter implements energy-efficient, environmentally friendly internal production concepts that reduce energy consumption. Fossil fuels for heating and cooling are replaced by renewable energies. Electricity from renewable energies and the reduction of water consumption and waste also play an increasingly important role.

### Rieter’s contribution to lowering CO<sub>2</sub> emissions



## SOCIAL SUSTAINABILITY



The safety and health of employees are of fundamental importance.

The safety and health of employees are of fundamental importance to the Rieter Group.

Social sustainability involves employees, management and responsibility, equal opportunities, diversity and social commitment.

### **EHS minimum requirements and audits**

Based on its Environmental, Health and Safety strategy (EHS), the Rieter Group has defined clear minimum requirements that are safeguarded by the environmental and occupational safety officers at the production sites. Compliance with these requirements is verified in connection with risk audits and by means of self-testing. The Rieter Group has operated a well-established risk control audit system for all locations for many years. The Corporate Risk and Insurance Management team conducts risk audits at regular intervals in conjunction with external partners. In addition to standard property insurance risks such as fire and

natural hazards, business interruption, occupational safety and environmental risks are also analyzed. The management at the respective locations is then informed of the recommendations. Implementation of the recommendations is monitored internally.

### **Product safety**

Product safety is Rieter's top priority. For this reason, Rieter has a well-structured product safety organization and works with external specialists if necessary. A product safety officer has been appointed for each product group. These officers are supported by a global network and regular internal training courses. Clear processes and risk assessments have been established and an appropriate exchange of experience is assured.

### Continuous education and training

To manufacture and deliver high-quality products and services, Rieter needs competent employees. Know-how, commitment, flexibility and loyalty are the key to success. Therefore, Rieter attaches great importance to the continuous development of its employees.

Rieter needs high-performing people who understand the company and its challenges. That is why Rieter focuses on promoting talented specialists. The goal is to fill as high a percentage of management positions as possible with employees from within the company.

### Diversity

Diversity is firmly rooted in Rieter's value system and provides the framework for a corporate culture based on mutual respect and trust. Unified in the company's values and corporate strategy, individual and cultural differences are viewed as enriching and serve as a source of innovation and inspiration. By moving operational activities closer to the sales markets, the workforce increasingly reflects the cultural diversity of Rieter's customers.

Rieter is a firm believer in the added value of intercultural cooperation and promotes the transfer of know-how through the assignment of employees worldwide. Whereas, in the past, experienced employees were predominantly transferred from the parent company to the local companies, the training of specialists from the local companies at the headquarters in Winterthur has been intensified in recent years. Although business trips were practically impossible due to the pandemic, the use of modern communication platforms made it possible to maintain a high level of exchange.

In addition to intercultural cooperation, Rieter pursues the goal of increasing the overall proportion of women in the workforce, and aims to continuously increase the proportion of women in management positions to over 20% by 2025.



Social responsibility in the communities where it operates and toward employees is a company tradition.



#### Cooperation with suppliers

Suppliers are Rieter's partners. Together with them, the company continuously improves the quality and cost structure of purchased materials and components. Rieter attaches great importance to actively involve its suppliers in the innovation process.

The company respects the intellectual property (IP) rights of its partners and strives for long-term business relationships characterized by mutual respect and the commitment to address challenges together successfully. The company expects suppliers to also adhere to the principles of Rieter's Supplier Code of Conduct.

#### Social and community engagement

Cooperation with employee representatives worldwide is of fundamental importance to Rieter. At the European level this takes place by means of an international body, and at the national level directly with the corresponding employee representatives and trade unions in the individual countries.

Social responsibility in the communities where it operates and toward employees is a company tradition. In Switzerland, through the Johann Jacob Rieter Foundation, Rieter is engaged in the fields of art, culture, education and charitable causes.

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

## CORPORATE GOVERNANCE



### Code of Conduct

As a global company, Rieter observes the laws and regulations of all countries in which the company operates. The actions and practices of all Rieter companies and their employees are in accordance with the Universal Declaration of Human Rights of the United Nations, the fundamental conventions of the international labor organizations and the OECD guidelines for multinational companies.

### Business ethics

Rieter's business relationships with its partners are based on the principles of honesty and trust. The safety of Rieter's products for customers and operating and maintenance personnel in all phases of the product cycle is of paramount importance to Rieter. Rieter and its business partners work closely together to achieve a high standard and continuous improvements in this area.

### Human rights

Rieter respects the human rights of its employees and provides them with a professional, safe and hazard-free working environment. Rieter obliges its suppliers to observe human rights.

Rieter rejects any form of compulsory or forced labor and does not tolerate any kind of physically abusive disciplinary measures. Working hours are always in accordance with applicable local legislation.

Rieter is committed to the fundamental conventions of the International Labor Organization, the OECD guidelines for multinational companies and the principles opposed to the systematic exploitation of natural resources and raw materials.

### Conflicts of interest

Rieter prohibits all forms of bribery and other corrupt business practices. In particular, Rieter employees or their agents may not offer, promise or give anything of value to officials or representatives of Rieter's customers or suppliers in order to gain an improper advantage. Furthermore, they may not accept gifts or favors from such persons.

### Taxes

As both company and employer, Rieter complies, in good faith, with the applicable tax legislation and obligations in all countries in which the company operates, with regard to all direct and indirect taxes as well as international agreements and tax guidelines. In accordance with the "Base Erosion and Profit Shifting" (BEPS) campaigns of the OECD, Rieter prepares the Country-by-Country Report (CbCR) for the entire Rieter Group and makes it available to the Swiss tax authorities. Rieter shares the CbCR with countries that have signed agreements that allow this exchange. Rieter recognizes that all taxes that the company pays and collects for governments are an integral part of corporate social responsibility.

### Data protection

Rieter takes the protection of personal data very seriously. Personal data includes all information that allows a person to be identified. The privacy statement provides information about which data Rieter collects and how Rieter uses and protects the collected data.

Rieter takes appropriate technical and organizational measures to protect personal data against manipulation, loss or access by unauthorized third parties. These measures are continuously checked and improved taking account of new technological developments.

### Risk management

Rieter has introduced a comprehensive risk management system that also records and handles so-called non-financial risks. The risk management process is regulated by the directive "Rieter Risk Management System". This directive sets out the procedures for the identification, reporting and handling of risks, the cri-

teria for qualitative and quantitative risk assessment, and thresholds for reporting identified risks to the competent management levels.

At least once a year, the risks are assessed in the context of a workshop under the direction of the General Counsel and recorded in a report to the Board of Directors.

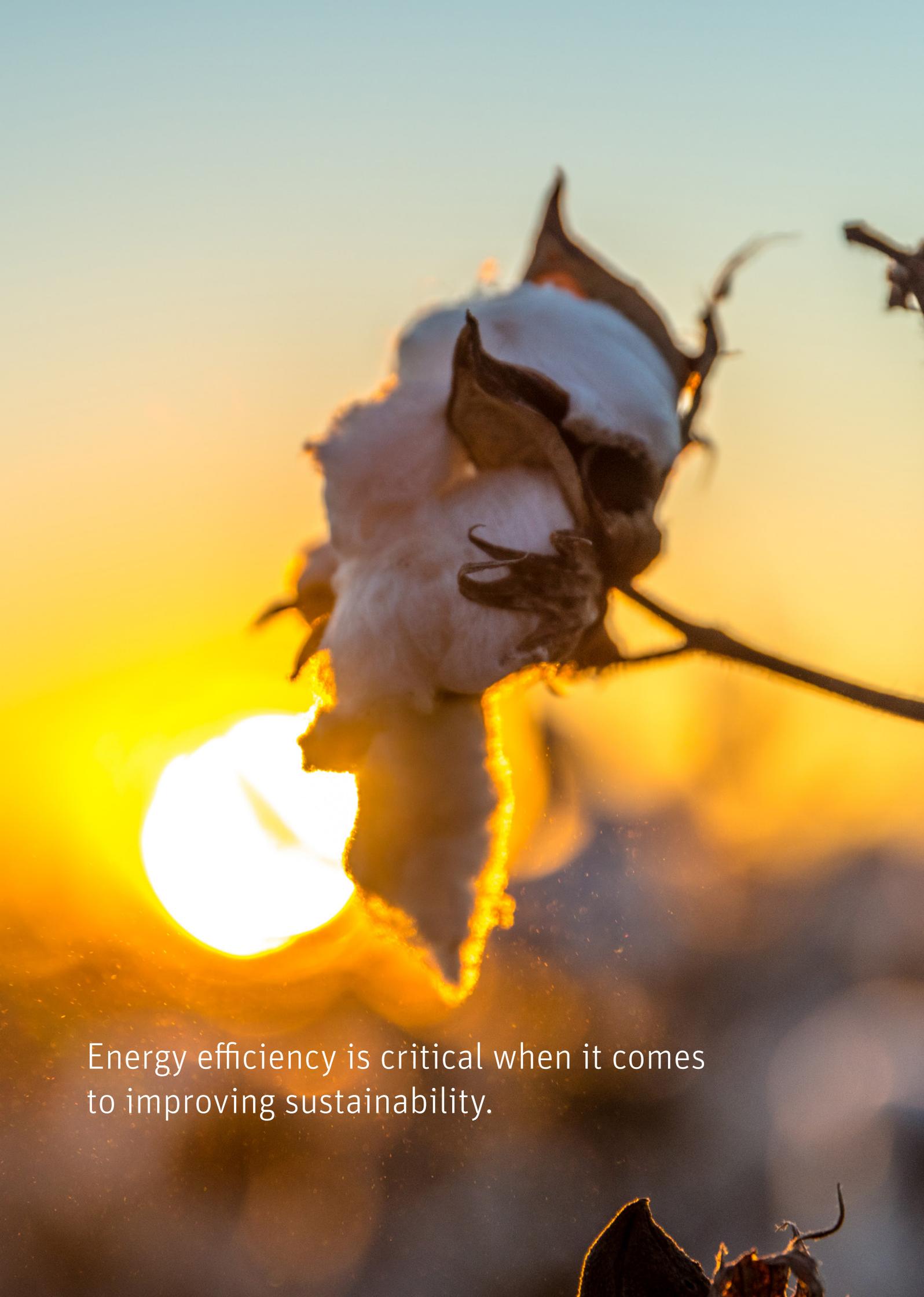
Rieter does not import minerals or metals into Switzerland that contain tin, tantalum, tungsten or gold that originate from conflict or high-risk countries.

Rieter does not employ children in its plants and stipulates that its suppliers must not tolerate child labor. Rieter has conducted a risk analysis on the subject of child labor and concluded that, due to the supplier structure and the nature of the products purchased, the risk of child labor, as defined by the applicable international directives, can most likely be excluded.

### Certificates, awards and ratings

In the MSCI ESG rating for 2020, Rieter was rated A (on a scale from AAA-CCC). The MSCI ESG ratings assess companies based on their industry-specific exposure to environmental, social and corporate governance risks and their ability to deal with these risks.

In addition, the Swiss sustainability rating agency "Inrate" gives Rieter Holding AG a rating of B- (on a scale from A to D). This rating confirms that Rieter operates in an area of business that is sustainable in the long term and strives to continuously improve its sustainability performance.



Energy efficiency is critical when it comes to improving sustainability.

# IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY

## SUSTAINABLE THANKS TO INNOVATIVE TECHNOLOGY

In the development of all machines, systems and services, Rieter focuses on minimal environmental impact, maximum energy savings and the optimal use of resources. In this way, the company lays the foundation for its long-term commitment to sustainability. Rieter also leverages automation and digitalization throughout the entire life cycle of the machines.

### Innovative solutions for sustainable raw materials

The circular economy will play an important role in sustainability in the textile industry in the future. Currently, less than 1% of clothing is recycled worldwide and 73% ends up in landfills. Using systems from Rieter, so-called post-consumer material (e.g. discarded items of clothing) is integrated into yarn production.

Rieter also offers customized, cost-effective solutions for processing bast fibers such as flax or hemp. These fibers require only small amounts of pesticides and hardly any water to grow. This makes them sustainable alternatives in yarn production. In cooperation with German company Temafa, a specialist in opening, cleaning and mixing synthetic fibers with natural fibers, Rieter offers various technologies for refining raw materials and shortening bast fibers to allow them to be processed using spinning technologies for cotton.

### Maximum energy efficiency

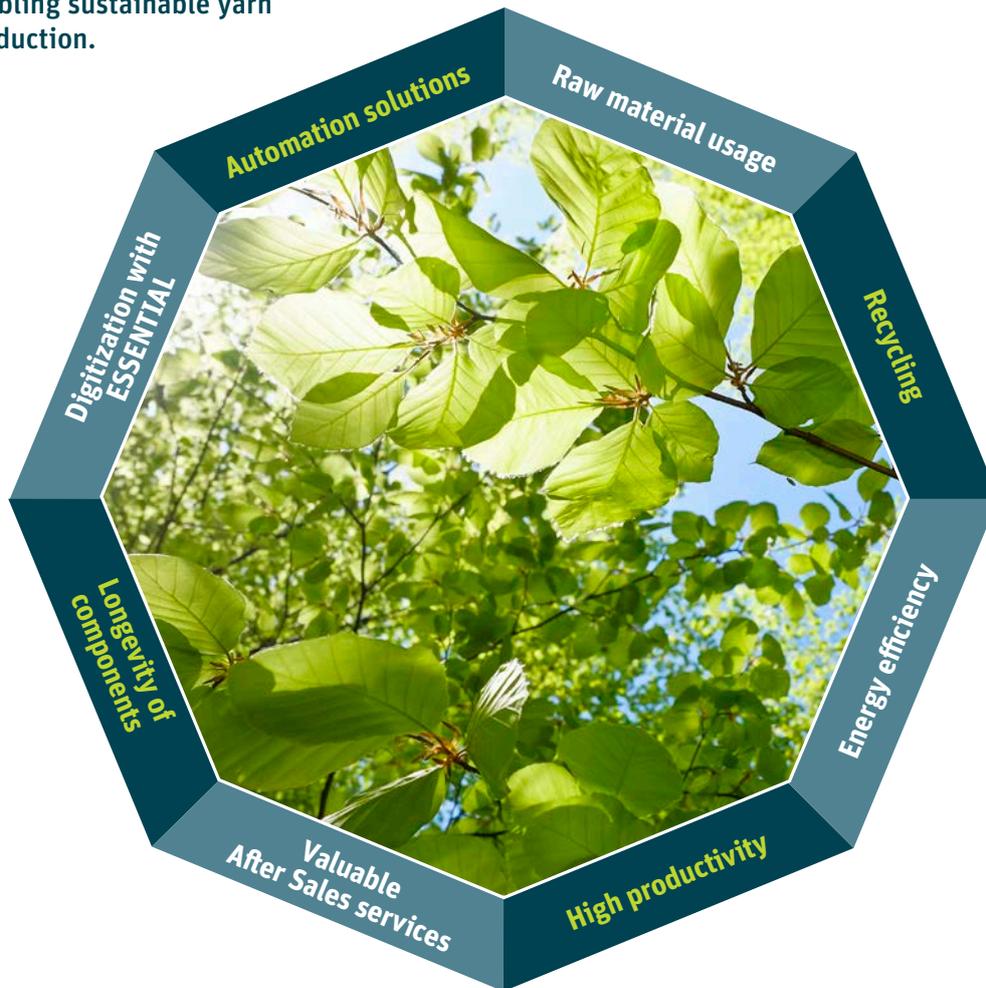
Energy efficiency is critical when it comes to improving sustainability. In the spinning process, each production step has a different energy requirement, with end spinning consuming the most energy, followed by carding. For decades, development teams at Rieter have paid particular attention to the lowest possible energy consumption in each individual spinning process and incorporated this into the design of the machines. The aim is to reduce energy consumption for every kilogram of yarn produced. The energy savings are particularly high when the machines are combined to form a system. A comparison test with Ne 14 cotton ring yarn for denim has shown that Rieter systems achieve energy savings of around 10% versus a system comprising machines from different manufacturers. The impact on energy use and CO<sub>2</sub> emissions is considerable. Replacing older machines encompassing 1 million spindles with Rieter machines results in savings of 40 000 tons of CO<sub>2</sub> emissions.

### High productivity to minimize resource consumption

Every new machine model from Rieter gives rise to considerable increases in productivity in all processing phases with no loss of quality. One of the highlights is the card C 80, which produces at least 30% more card sliver than the previous model. The most productive comb on the market is the E 90 with a productivity gain of around 10% compared to the previous model, while the fully automatic rotor spinning machine R 70 increases the productivity per spin box by up to 7%.

In addition, customer services help to increase productivity and efficiency and extend the service life of existing products. This is achieved through performance optimization, customer training, preventive maintenance, upgrades and retrofits, repairs and spare parts.

**Protecting resources and enabling sustainable yarn production.**



**Added value through longer service life**

Long service life is of great importance when it comes to protecting valuable resources. An outstanding example is the ZIRKON ring traveler from Bräcker, which achieves a service life of around 1 000 hours at maximum speed. This is equivalent to three times the service life of conventional ring travelers. Another highlight is the MULTISHARP alloy from Graf, which extends the service life of clothing by up to 50% while significantly reducing maintenance costs.

**Digitalization and automation**

Rieter enables spinning mills to leverage the potential of digitalization. The Digital Spinning Suite ESSENTIAL is a management system for the entire spinning mill that continuously monitors the process chain and quickly detects inefficiencies to allow the best possible use of resources. Automation solutions such as the new piecing robot ROBOspin help to use resources efficiently and allow personnel to focus on tasks with greater added value.

## ENERGY-EFFICIENT AND ECOLOGICAL PRODUCTION PROCESSES

### **New goal for 2030: replacement of all fossil fuels with renewable energies**

Rieter has set itself the goal of completely abandoning the use of fossil fuels and replacing them with renewable energies by 2030. To achieve this goal, the initiatives “Renewal of heating and ventilation systems with energy-efficient and environmentally friendly systems” and “Promotion and construction of solar systems” were introduced at Rieter locations. Planning for the investment requirement is monitored centrally by Rieter and assessed and approved in the investment plan for each production location.

Rieter is also pursuing the interim goal of dispensing with the use of electricity produced from coal or carbonaceous products worldwide by 2025. This goal

will be controlled by means of the targeted purchase of electricity from suppliers who do not use coal or carbonaceous products in their electricity production. The electricity producers document carbon-free production with certificates from accredited certification companies.

Implementation of this strategy began in 2019 with the construction of the solar facility at the production location in India and, from 2020, the purchase of renewable energy from hydroelectric and solar power sources at the production location in Winterthur. The next stage took place in Pfäffikon during the 2020 reporting year, with the purchase of solar energy from a third-party solar plant that was installed on the roofs of the Pfäffikon production facility.



Rieter will refrain from using electricity from coal or carbonaceous products worldwide by 2025.

Planning provides for the construction of solar systems on the roofs of additional production locations, and includes for example the design and start of construction of a solar system at the Rapperswil facility in 2021.

#### **Total energy consumption significantly reduced**

In the reporting year, Rieter was able to reduce total energy consumption by around 20 600 MWh or 17%. Greenhouse gas emissions declined by 15% and acidification fell by around 11%. Water consumption fell by around 12%. And waste and recycling volumes were lower by 1 861 tons. The improved values are the result of lower company performance due to the pandemic as well as corporate initiatives in recent years.

Another initiative was also launched: old heating and ventilation systems will first be identified and then replaced by new, energy-saving systems and alternative energy sources. The necessary funds will be included in the budget planning for the coming years.

#### **Solar System in India in full use in 2020**

The 2-MW capacity solar system at Rieter India's production facility in Wing, which was installed in 2019 on an area of 27 000 m<sup>2</sup>, already delivered 1 233 MWh of solar power in 2020. This is the equivalent of around 10% of the required amount of electricity at the location, which made it possible to reduce CO<sub>2</sub> emissions at the production site by around 912 tons.

#### **Rieter relies on renewable energies**

At the Winterthur (Switzerland) location in 2019, Rieter created the preconditions for harvesting solar power and electricity from hydropower. In 2020, Rieter Winterthur replaced around 20% of the annual electricity requirement with renewable energies by purchasing solar electricity and hydroelectric power. As a result, the saving in CO<sub>2</sub> emissions amounted to around 120 tons. In 2020, two further solar systems were built on the roofs at Bräcker AG, a Rieter pro-

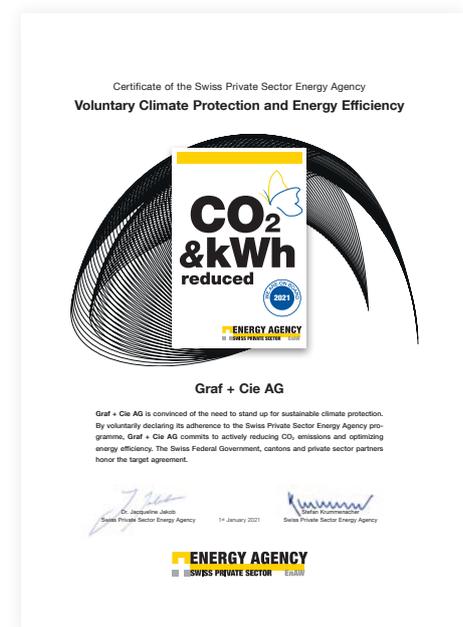


Rieter Winterthur replaced around 20% of the annual electricity requirement with renewable energies in 2020.

duction facility in Switzerland. These solar systems have been producing solar power since December 2020 and will replace around 10% of the required amount of electricity with renewable energies each year; in terms of CO<sub>2</sub> emissions, this corresponds to a saving of around 10 tons. In addition, the SSM plants in Wädenswil (Switzerland) and at Graf Enschede (Netherlands) source 100% of their heating energy requirements from a local district heating network.

**Certificates for handling natural raw material reserves**

The Rieter locations in Winterthur and Rapperswil SG (Graf + Cie AG) were awarded the environmental certificate by PET Recycling Switzerland in 2020. By correctly disposing of PET beverage bottles, with just a little effort everyone can make a small but important contribution to save greenhouse gas and oil and thus contribute to climate protection, energy saving, waste reduction and the conservation of natural raw material sources. Graf + Cie AG (Switzerland) also took part in the program of the Energy Agency of the Swiss Private Sector, whereby the Rieter subsidiary also made a commitment to actively reduce CO<sub>2</sub> emissions and optimize energy efficiency.



## SOCIAL GOALS

### Coping with the COVID-19 pandemic

The 2020 financial year was marked by the COVID-19 pandemic, which led to a considerable decline in demand for new machines, but also for spare and wear parts.

At the outbreak of the COVID-19 pandemic in the first quarter of 2020, Rieter put a comprehensive crisis management program into effect.

Protective measures for employees were implemented at all Rieter locations worldwide, the effectiveness of which has been shown in countries badly affected by the pandemic, such as India and the Czech Republic.

Regular communication between management and employees created transparency and conveyed appreciation. Information concerning preventive measures, which was adapted in accordance with the respective situation, was provided in the form of regular “EHS Risk Bulletins”.

Rieter made major efforts to avoid or compensate for disruptions in the supply chain and to ensure service in the field. This allowed the promised deliveries to take place almost on schedule while customers received largely seamless support.



Protective measures for employees were implemented at all Rieter locations worldwide.



The Rieter culture was renewed in 2020 under the slogan “Rieter makes the difference”.

#### **Occupational safety**

The highlight in the area of occupational safety is the 75% reduction in work accidents since 2011, based on the measures taken to protect employees.

#### **Management and personnel development**

Rieter supports professional personnel development through the worldwide “Performance Management Process”. Thanks to this digital solution, individuals with high potential were identified internally and promoted, thus allowing a wide variety of positions to be filled by internal applicants in 2020.

Rieter also launched a “Graduate Program” in 2020. In addition to the “Performance Management Process”, the Graduate Program offers another option for identifying talented young people. The program gives university graduates the opportunity to get to know Rieter as an employer and apply the knowledge acquired from their studies in practice. Once the program has been successfully implemented at the Winterthur site, it will be rolled out globally in stages in 2021.

The Rieter company culture was put on a new footing in 2020 under the slogan “Rieter makes the difference”. In workshops, all employees were given the opportunity to contribute to this topic and define team goals. As a result of the COVID-19 pandemic, the focus in 2021 will increasingly be on the behavioral values and principles of collaboration and quality. For this reason, a global employee survey on these two topics was conducted in the first half of 2021.

On the careers page at [www.rieter.com/careers](http://www.rieter.com/careers), in addition to information for trainees, there is also interesting information for students and graduates as well as an overview of open positions worldwide.

On the subject of “leadership”, a leadership program was carried out with two groups from various departments involving participants from Switzerland, Germany and the Czech Republic. During this training, participants were given the opportunity to further develop their individual leadership competences in practical exercises and by exchanging experiences with other participants and external experts.



Rieter India's "Corporate Social Responsibility Initiative" placed the focus on protecting the population against the COVID-19 pandemic.

### Social engagement in India

In 2020, Rieter India continued the social engagement program "Corporate Social Responsibility Initiative", which was launched in 2018. In the context of the new plan for 2020/2021, the internal CSR committee again selected the projects most worthy of support from the projects submitted and provided the corresponding funding.

As a result, the following projects were implemented in 2020, with the focus on protecting the population against the COVID-19 pandemic:

- Food donations to more than 1 000 families in need;
- Disinfection of households, measurement of body temperature/blood values and provision of face masks;
- Donations of medical protective clothing, disinfectants, face masks and N95 protective masks;
- Monetary donations to local clinics to support the Red Cross staff and to run COVID protection centers;
- Donation of medical devices to clinics in the fight against COVID-19.

## CORPORATE GOVERNANCE

### Code of Conduct

The Code of Conduct is part of every employee's contract of employment. It is part of the induction program in the individual business units. In 2020, centralized coaching was also provided for members of management in the form of an e-learning program.

Compliance with the Code of Conduct is regularly verified in the context of internal audits and by additional audits.



Rieter will rely entirely  
on renewable energies  
by 2030.



# SUSTAINABILITY GOALS

## Sustainability goals 2020

In 2016, the Group set both environmental and social goals for 2020, some of which were already achieved in previous years. Despite all efforts, however, the COVID-19 pandemic made it impossible to achieve the desired goals in 2020: The environmental goals could not be reached, primarily because of the sharp decline in company performance. Protecting employees was the primary objective during the pandemic year.

The data on environmental sustainability relates to sales of CHF 1 000 in each case.

Key Environmental Data	
2020 target	2020 attainment
Energy consumption < 0.12 MWh/CHF 1 000	Energy consumption 0.1697 MWh/CHF 1 000
Greenhouse gas emissions < 0.050 kg/CHF 1 000	Greenhouse gas emissions 0.069 kg/CHF 1 000
Acidification < 0.012 kg/CHF 1 000	Acidification 0.0144 kg/CHF 1 000
Water consumption < 0.30 m <sup>3</sup> /CHF 1 000	Water consumption 0.424 m <sup>3</sup> /CHF 1 000
Waste and recycling < 10 kg/CHF 1 000	Waste and recycling 11.34 kg/CHF 1 000

Key Social Data	
2020 target	2020 attainment
Labor turnover rate in % < 10%	Labor turnover rate in % 12%
Women in management positions > 15%	Women in management positions 12%
Training days per employee/year > 3	Training days per employee/year 1.57
Hours of absence in relation to working hours < 2%	Hours of absence in relation to working hours 3.87%
Fatal accidents at work None	Fatal accidents at work None

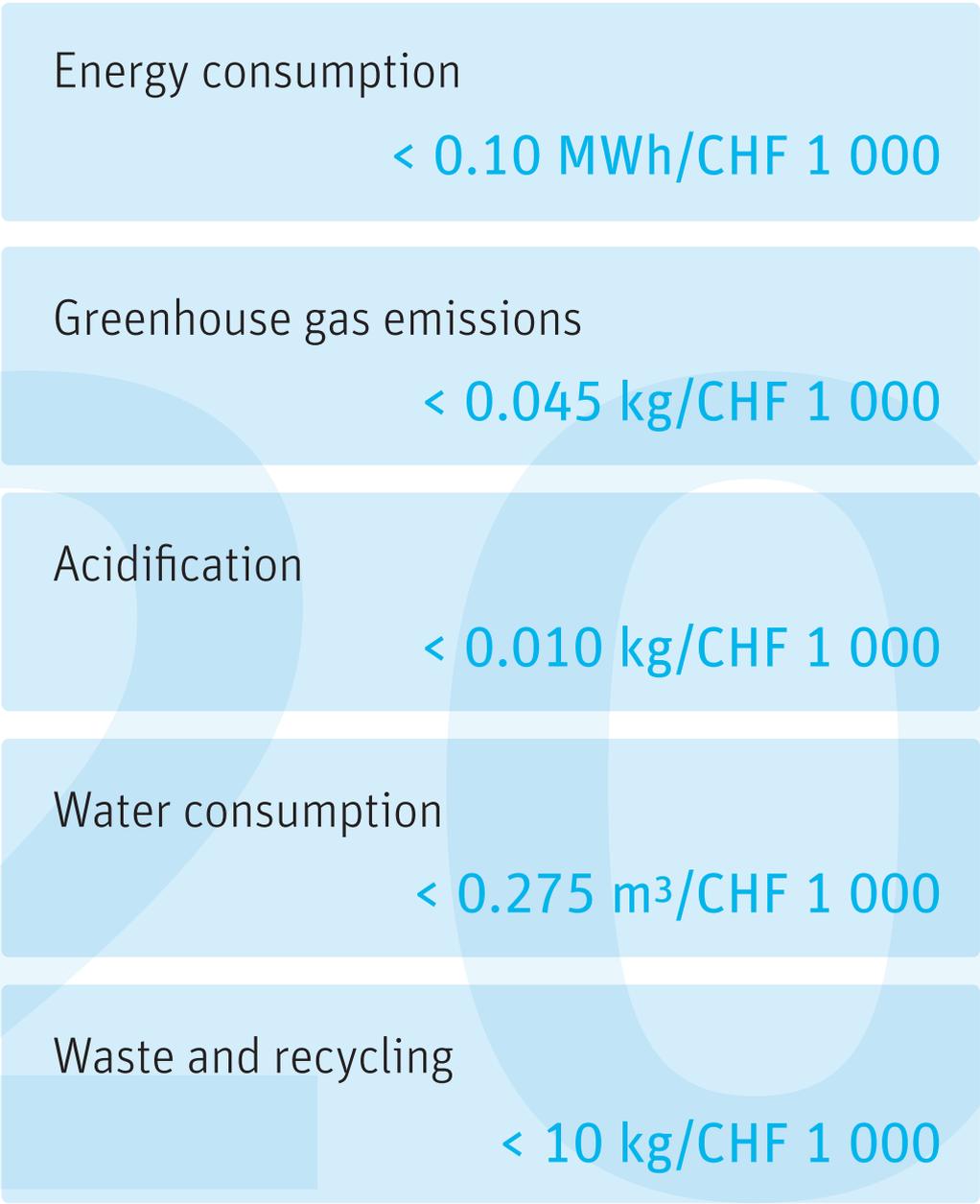
**Interim goal 2025**

Rieter is conscious of its responsibility and strives to make an active contribution to transforming global energy systems by 2050 and the goals of the Paris Climate Agreement. The planned phase-out of the use of electricity from coal or carbonaceous products by

2025 will take place by optimizing the company's own energy consumption and using renewable energy sources. This is why Rieter has set more ambitious targets with regard to energy consumption, greenhouse gases, acidification and water consumption.

Key Environmental Data

2025



In terms of key social data, Rieter intends to increase the proportion of women in management positions to over 20%. The company remains committed to having no fatal work-related accidents and does everything in its power to avoid work-related accidents of any kind.

Labor turnover rate as % of workforce

< 10%

Women in management positions

> 20%

Training days per employee/year

> 3

Hours of absence in relation to working hours

< 2%

Fatal accidents at work

None

Key Social Data 2025

## ENVIRONMENT

Rieter collects all data relevant to sustainable corporate management in the SEED (Environmental, Social and Economic Data) database. These data are

evaluated annually. They also form the basis for key data on the environment, social issues and corporate governance.



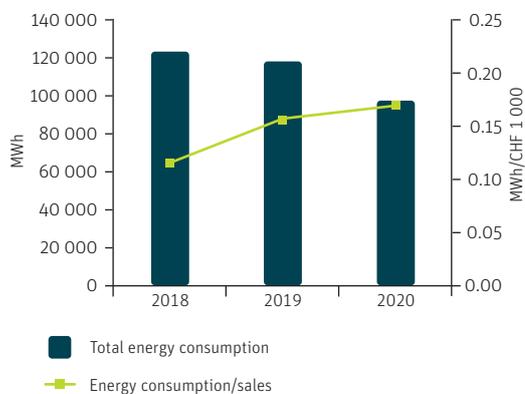
Photovoltaic installation at Rieter Winterthur: The energy mix changed significantly in 2020 compared to the previous year.

### Energy consumption and mix

In 2020, compared to the previous year, absolute energy consumption fell by 20 628 MWh – or around 17% – to 97 223 MWh. In relation to corporate performance, energy consumption rose to almost 0.17 MWh/CHF 1 000 of sales; however, this is due to the decline in the company’s performance in 2020.

The energy mix changed significantly in 2020 compared to the previous year due to the heavily promoted use of renewable energies. With the production of solar power at the Wing (India) site and electricity from solar and hydroelectric power at the Winterthur (Switzerland) production site, Rieter has increased the use of renewable energies by 3% to 5%.

Energy consumption

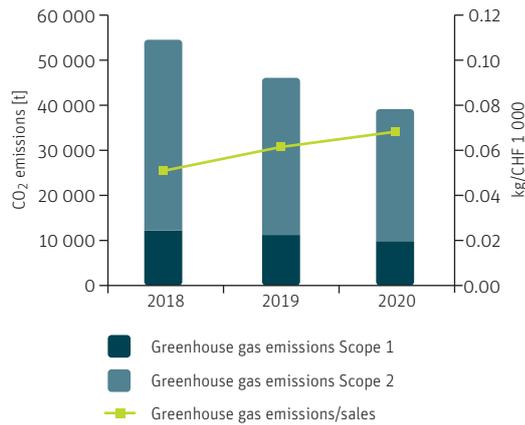


**Target 2025:**  
Total energy consumption < 0.10 MWh/CHF 1 000

### Greenhouse gas emissions

Compared to the previous year, Rieter reduced absolute CO<sub>2</sub> emissions in 2020 by around 7 100 tons – or around 15% – to 39 280 tons. In relation to corporate performance, the value of CO<sub>2</sub> emissions rose to 0.069 kg/CHF 1 000 of sales. The target of less than 0.050 kg/CHF 1 000 of sales was not achieved in 2020 due to the sharp decline in sales.

Greenhouse gas emissions

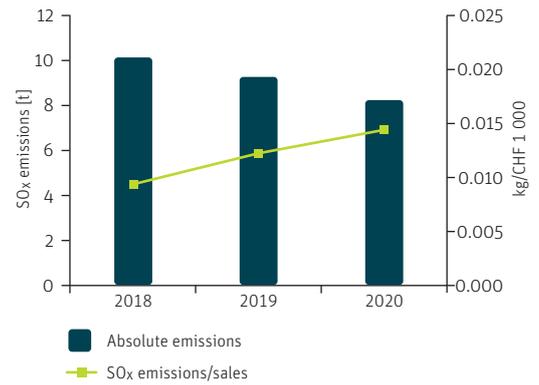


**Target 2025:**  
Greenhouse gas emissions < 0.045 kg/CHF 1 000

### Acidification

Compared to the previous year, Rieter reduced absolute SO<sub>x</sub> emissions in 2020 by more than one ton – or around 11% – to 8.25 tons. In relation to corporate performance, the value of SO<sub>x</sub> emissions rose to 0.0144 kg/CHF 1 000 of sales. However, the 2020 target of reducing SO<sub>x</sub> emissions to below 0.12 kg/CHF 1 000 of sales was missed due to the sharp decline in sales.

Acidification



**Target 2025:**  
Acidification < 0.010 kg/CHF 1 000

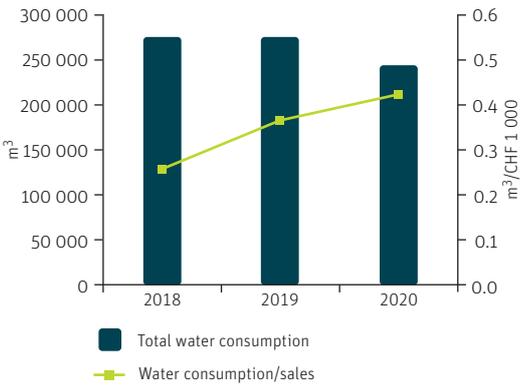
**Water consumption**

Compared to 2019, Rieter achieved a significant reduction of around 32 357 m<sup>3</sup> in absolute water consumption. In relation to corporate performance, water consumption rose above the planned target for 2020, which was again due to the decline in sales. The major share of the water used (around 65%) came from the municipal water supply; ground and surface water accounted for the remaining 35%.

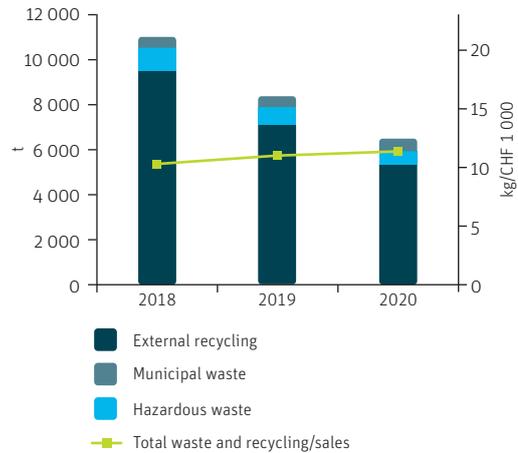
**Waste and recycling**

The amount of waste generated at the Rieter locations in the reporting year fell significantly by 1 861 tons – or around 22% – to a waste volume of 6 500 tons. The share of externally recyclable waste was 82%. This achievement is due to the impact of internal waste prevention measures. In relation to corporate performance, the volume of waste remained above the planned target of less than 0.10 kg/CHF 1 000 of sales, which was also due to the decline in sales in 2020.

**Water consumption**



**Waste and recycling**



**Target 2025:**

Water consumption < 0.275 m<sup>3</sup>/CHF 1 000

**Target 2025:**

Total waste and recycling < 10 kg/CHF 1 000

## SOCIAL KEY DATA

### More women in management positions

Compared to the previous year, the number of full-time positions (excluding temporary employees) declined from 4 591 to 4 420. The number of temporary employees (136) was around 3%. In contrast, the age distribution of the Rieter workforce in 2020 was virtually unchanged from the previous year. It continues to be in balance and shows a uniform distribution across all age ranges. The 30 to 39 age group contains the most employees with 32%.

In 2020, the share of women in the total workforce was around 20%. In management positions, this was around 12%, 2% higher than in 2019. In the top four management levels, the share of women increased by 3% to 13%. Rieter pursues the goal of increasing the overall proportion of women in the workforce, and continuously increasing the share of women in management positions to over 20% by 2025.

The employee turnover rate varies greatly from region to region. In 2020 – based on the total number of employees – it was almost 12%.

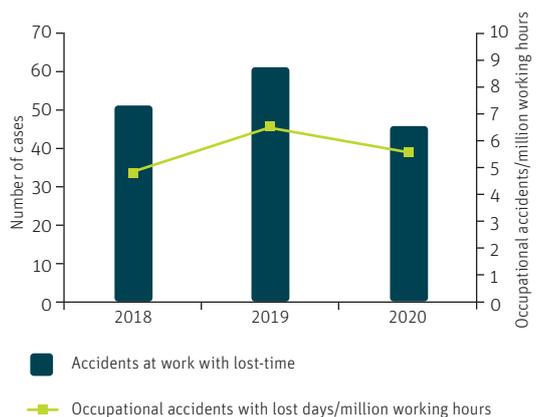
### Keeping training in focus

In the year under review, the percentage of Rieter employees with qualified vocational training or a university degree was unchanged at around 90%. The number of training days declined by around 10% in 2020 while the average number of training days per employee/year fell to around two days. The Rieter Group employed 118 apprentices/trainees in 2020, which corresponds to almost 3% of the total number of employees. With 63 apprentices/trainees at locations in Switzerland, this means a share of more than 7% of the workforce in Switzerland.

### Occupational accidents further reduced in 2020

With 46 cases, compared to the previous year Rieter was able to reduce the number of occupational accidents by almost 25% in 2020. The accident rate of five cases – based on one million hours of work – was lower than the previous year by more than one case. The company continues to consistently pursue the goal of completely preventing occupational accidents. Since 2011, no work-related fatalities have been recorded by Rieter. As a result of the introduction of the occupational safety program, the number of occupational accidents declined by 75% – from 185 occupational accidents in 2011 to the current level of 46 occupational accidents in 2020. In 2020, sick leave and accident-related absence hours in relation to hours worked amounted to 3.8%, which is an improvement of almost 1% compared to 2019.

Occupational accidents



### Certified management systems

	2018	2019	2020
ISO 9001 (locations)	11	11	11
Employees	82%	86%	90%
ISO 14001 (locations)	1	1	1
OHSAS 18001 (locations)	1	1	1
Rieter production locations	16	16	15

In 2020, 13 Rieter plants were certified: 11 to ISO 9001, including one plant to ISO 50001 (a reduced variant for ISO 9001), one plant to ISO 14001 and one to OHSAS 18001. In the company, 90% of all employees work in an ISO certified plant.



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

All statements in this report which do not refer to historical facts are forecasts 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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**Text:**  
Rieter Management Ltd.

**Design:**  
Marketing Rieter CZ s.r.o.

**Rieter Holding Ltd.**  
8406 Winterthur  
Switzerland  
T +41 52 208 71 71  
F +41 52 208 70 60

**Group Communication**  
T +41 52 208 70 45  
F +41 52 208 70 60  
media@rieter.com

**Group Secretary**  
Corporate Environment, Health and Safety  
T +41 52 208 71 71  
F +41 52 208 70 60

**[www.rieter.com](http://www.rieter.com)**