

# Ecological/ Economic Thinking and Action

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## Dear reader,

Sustainability figures prominently in the business strategy of Rieter. We take seriously our economic, social and environmental responsibility. We offer our customers energy-efficient products and services, which undergo constant optimization. At the same time we provide a healthy and safe work environment for our employees and continuously reduce our own environmental footprint. We are pleased to highlight our progress in this 2015 sustainability report.

Sustainability is engrained at our business units throughout the world and is a fundamental pillar of our philosophy. For Rieter, sustainability is a major issue, particularly with regard to occupational safety, environmental protection and energy efficiency.

Rieter continually works on extending and improving of its product range and, as a consequence, new upgrades are developed on a regular basis. These are divided into four categories: increase in productivity, improvement of yarn quality, extension of machine service life and increase in energy efficiency. Two examples illustrate our innovativeness: firstly, the further development of the Ecorized suction tube for ring-spinning machines, for which the energy requirement at a spinning unit is reduced by up to 50 %; and secondly, the increase in productivity of 33 % without compromise to the high quality as afforded by the new RSB-D 50 and SB-D 50 single-head draw frame generation. The utilization of a substantially shortened drive train with energy-efficient motors yields an energy saving of up to 1.7 kWh per year for each machine.

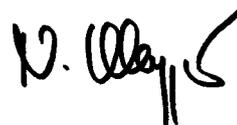
Education and training measures for our employees were again stepped up in 2015. The twin-track vocational training program

continues to have high priority at Rieter. The number of trainees increased in the year under review (2015) and now amounts to seven percent of our workforce.

Thanks to diverse training programs and measures, both the absolute number of occupational accidents and the relative number of lost days per million working hours have continually gone down in the past three years.

The environmental footprint of Rieter shrank in 2015 following the implementation of various environmental initiatives. Energy and water consumption along with volume of waste fell in 2015, both in absolute terms and in relation to the number of employees. Two improvement initiatives adopted in China serve as examples in this report: firstly, the switch to a centralized gas supply station and, secondly, the optimization of wastewater treatment at the powder coating facility, which has both environmental and economic benefits.

These achievements are founded on the support of our committed employees, our customers and our suppliers, who together work creatively and constructively towards realizing our targets. We can thereby continue to develop our products in a sustainable manner and, at the same time, further strengthen the future viability of our company.



Dr. Norbert Klapper  
Chief Executive Officer

## The Rieter Group

Rieter is the leading supplier on the world market for textile machinery and components used in short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures systems, machinery and technology 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 final spinning processes currently established on the market. With 16 manufacturing locations in ten countries, the company employed a global workforce of some 5 000 in 2015, about 21 % of which is based in Switzerland.

Rieter is a strong brand with a long tradition. Since it was established in 1795, Rieter has contributed to industrial progress with its high level of innovativeness. Products and solutions are ideally tailored to its customers' needs and are increasingly also produced in customers' markets. With a global sales and service organization and a strong presence in the core markets of China and India, Rieter is well-positioned as market leader among the global competition. For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. Rieter aims to achieve this by means of a continual increase in sales and profitability, primarily through its own resources, but also through cooperation and acquisitions.

The company consists of three business groups: Machines & Systems, After Sales und Components.

### **Machines & Systems**

Machines & Systems develops and manufactures machinery and systems for converting natural and manmade fibers and their blends into yarns.

### **After Sales**

With its own service and product range, After Sales provides comprehensive services for spinning mills throughout the production cycle of their installations.

### **Components**

Components is one of the world's largest suppliers of components for short-staple and long-staple spinning mills as well as for producers of nonwovens. The business group is represented on the market through four brands: Bräcker, Graf, Novibra and Suessen.

Further information on the Rieter Group and its business groups is given in the Annual Report or can be accessed on the internet at [www.rieter.com](http://www.rieter.com).

## Sustainability strategy

### Basis

Rieter's sustainability reporting is based on three pillars:



Rieter's environmental and safety guidelines cover the group's entire value-adding process. Rieter strives for the continuous improvement of environmental compatibility and energy efficiency throughout the value chain. Development and production processes and infrastructure are continuously monitored and optimized, with the development of eco-efficient products and services being a key concern and central issue in our product development process.

Rieter's "Values and Principles" reflect the Group's commitment not only to ambitious business targets, but also to environmental and social responsibility. Since 1997 Rieter has adhered to environmental and safety principles as an integral component of its corporate strategy. In addition to a prudent attitude to the environment and natural resources, Rieter's commitment also includes risk management as well as the responsible leadership and development of personnel. Products and manufacturing processes must comply with strict environmental compatibility requirements and the highest safety standards for customers and employees as well as neighbors at its production sites.

## Economic sustainability

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

**Delight your customers**  
**Fight for profits**  
**Enjoy your work**

Rieter is successful as a company if it exceeds 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. Its sustainability strategy forms an integral part of its business strategy.

### Investors

Rieter fosters open, transparent dialog with investors. Its reporting aims to present a comprehensive and accurate picture of the company's targets and development. We thereby see to it that Rieter shareholders obtain a comprehensive picture of the company's progression and consequently the intrinsic value of their assets. This is intended to ensure that Rieter is 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 group makes regular presentations at banking and investors' conferences and meets with Swiss and foreign fund managers and financial analysts.

### 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. We strive for long-term partnerships based on mutual trust and respect.

With innovative technologies, dependable products and extensive services, Rieter provides customers with solutions that contribute in turn to their success. Our comprehensive expertise in production processes from fiber to yarn and along the entire textile value chain is an important competitive advantage in this context. We develop our products further together with our customers, thus enhancing customer benefits. Our service offering supports customers throughout the lifetime of the products.

### Suppliers

Suppliers are our partners. Together with them we continuously improve the quality and costing of bought-in materials and components. We attach great importance to active support from our suppliers in the innovation process, and we respect our partners' intellectual property rights. We strive for long-term cooperative relationships characterized by mutual respect and joint commitment to addressing business challenges. We also expect all our suppliers to adhere to our 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.

## Social sustainability

### Employees

Rieter's success is founded on the know-how and commitment of its employees as well as their flexibility and loyalty. We support them by providing adequately designed workplaces and appropriate equipment, and with diverse opportunities for further development. We train future generations of management in-house and seek to fill as many executive positions as possible from within the company. We ensure management continuity through systematic global succession planning while at the same time offering attractive career prospects.

Rieter offers demanding assignments in a global working environment, in conjunction with a market-oriented, performance-based remuneration policy.

The performance and potential of each employee are assessed in annual employee appraisal interviews, during which further development possibilities are also discussed. Again in 2015 more than 250 employees worldwide were systematically involved in succession planning in the context of the global "Performance Management Process". Interviews are also held with all employees at the various levels in the individual group companies. The findings from these are incorporated in the succession planning.

Rieter fosters an optimal work-life balance for its employees and promotes the compatibility of career and family. For this reason, Rieter is increasingly offering its employees the opportunity to work part-time or at home. Employees in Europe, in particular, utilize this opportunity and in 2015 around 7% of the workforce in Europe were engaged in part-time work.

### Leadership

We encourage entrepreneurial attitudes and action at all levels, and delegate authority with the appropriate responsibility to lower hierarchical levels; this increases the company's 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 staff.

We encourage teamwork with clearly defined accountability. We attach importance to recognizing our employees' potential and ensuring that they are employed in the right place. In this way we create a working atmosphere in which employees are enthusiastically committed to our customers.

### Responsibility

Rieter is committed to social responsibility, which is an inherent element of sustainable development. This is applicable both at the global level and also in the local environment of our different locations. We do our utmost to promote positive cooperation with government agencies and employee representatives.

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

Our Code of Conduct is binding for all our employees. It also should be adhered to by our business partners, such as agents and external consultants. The employees were informed about and briefed on the Code of Conduct at all sites and during the global management meetings. Rieter additionally has an e-learning

tool for the Code of Conduct. The Code of Conduct forms an integral part of the Performance Management Process and the Rieter Compliance Program. For our suppliers, moreover, there is a special Supplier Code of Conduct. Both the Rieter Code of Conduct and the Supplier Code of Conduct are published on the internet at [www.Rieter.com](http://www.Rieter.com).

**Workforce and geographical distribution**

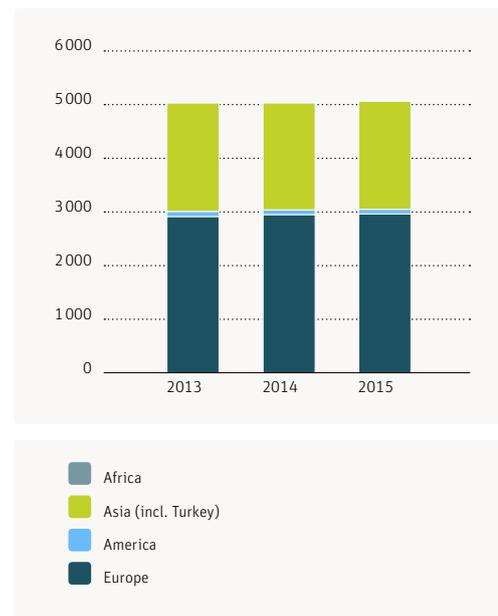
Rieter increased the number of full-time employees (excluding temporary personnel) to 5 076 in 2015, compared to 5 005 in the previous year.

The geographical distribution of workplaces was unchanged from 2014. The vast majority of employees were based in Europe (58 %) and Asia (40 %).

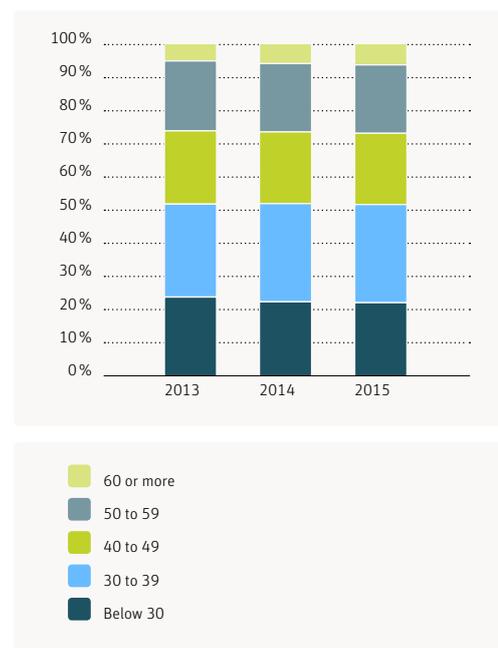
**Age distribution**

Rieter’s workforce was evenly distributed in terms of age in 2015. Rieter has a large number of apprentices among its workforce. Age distribution was little changed in 2015 compared with previous years.

**Geographical distribution**



**Age distribution**



**Gender distribution**

Female employees represented 19 % of the total workforce in 2015, the same as in the previous year. Female representation at the top four management levels was 10 % and for management positions 12 %.

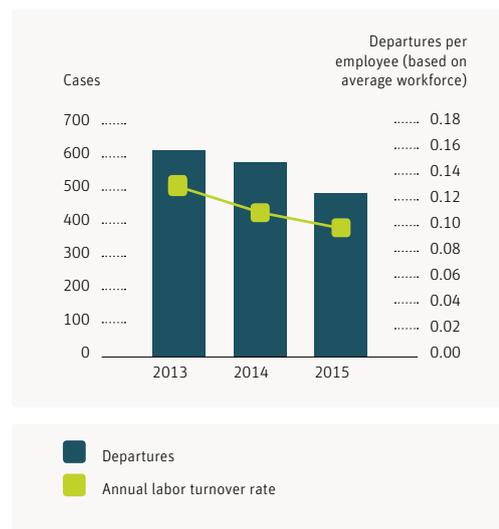
**Workforce turnover**

Since the textile machinery business is subject to pronounced market cycles, Rieter’s workforce fluctuation rate varies widely from year to year. Fluctuation rates diverge widely by region. The fluctuation rate for 2015 was less than 10 % (11 % in 2014).

**Gender distribution**



**Workforce turnover**



### **Education and training**

By tradition, employee education and training has high priority at Rieter. The experience and know-how required of employees in this sector of industry to guide Rieter successfully into the future focus on its global activities. We therefore invest in the continuous further development of our employees and management personnel both in Europe and in Asia (China and India). The programs launched in recent years continuously improve the professional qualification of employees and help to enhance the quality of Rieter's products and services.

### **Vocational training**

In order that customers' high expectations in terms of product quality can also be met in the future, we continuously invest in vocational training.

Rieter's long-standing apprenticeship training tradition continued unchanged in Switzerland and Germany in 2015.

In China and India the basic training programs launched in 2011 were continued and expanded. In 2015 Rieter was able to incorporate the experience accrued from the previous years in the programs in both countries and consequently, in comparison to the previous year, maintain the level of attendance in both China and India with 22 persons and 64 persons, respectively.

### **Further training (personnel development)**

In 2015 Rieter offered all employees an extensive range of internal and external further training courses covering all areas and jobs. An important area that the training focuses on is safety at the workplace. The thematic emphasis in the technical training was on production sequences, research and development and quality, while in the management training, managers received instruction concerning personnel management and team building. In China and India, training courses in the areas of project management and contract management were provided.

**Education**

90 % of Rieter employees hold a professional diploma or a university degree. The number with a university degree remained at the same level in 2015.

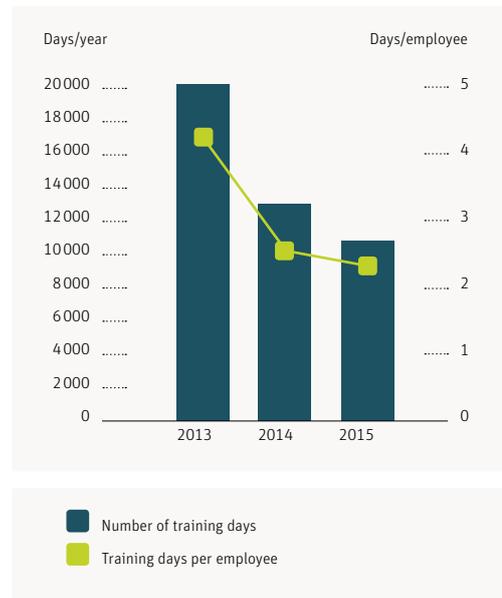
**Training time**

The training time per employee in 2015 was at the long-term average of three days.

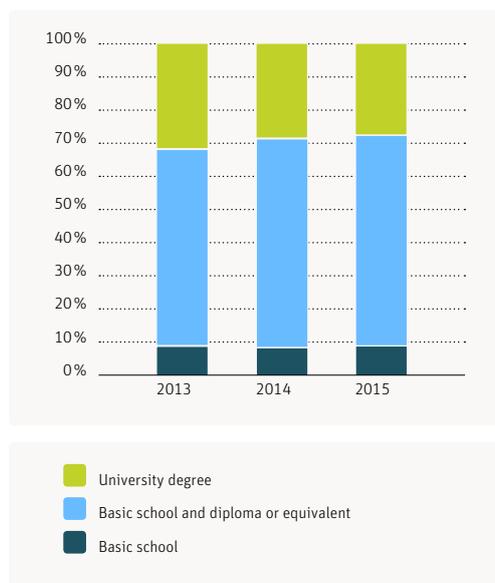
**Number of apprentices and trainees**

Rieter has employed large numbers of apprentices for many years. In 2015 there were 339 apprentices, accounting for nearly 7 % of the total Rieter workforce (5 % in 2014).

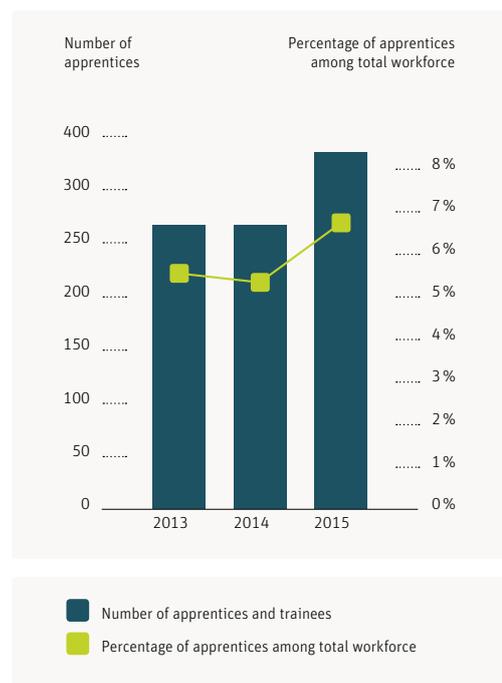
**Training time**



**Education**



**Apprentices/Trainees**



### **Occupational health and safety**

The environmental and occupational safety programs that were launched in recent years are now having an impact. Thanks to the new organisation structure, there has been a lively exchange of experiences among specialists over recent years. Global directives and standards have been revised and various local improvement projects concerning occupational safety have been put back on track and implemented.

Rieter defined more clearly the responsibilities at all levels locally, stepped up analyses of workplaces and, for example, as a consequence improved the lighting in critical areas.

Information concerning the quality and utilization of the personal equipment for occupational safety purposes was specifically provided and respected. In particular, the awareness-raising training at the workplace addressing accident prevention, risk assessment and workplace safety, along with the risk awareness of employees thus promoted, have had a positive impact.

The drawing up of global targets for each group company concerning the environment and occupational safety has been taking place annually since 2012. The achieving of these targets is analyzed through internal audits and self-assessments and systematically discussed at management meetings. This enables further awareness-raising of safety issues.

These initiatives, launched over recent years, have led to a further sharp drop in the number of work-related accidents resulting in lost working days as a proportion of the total working hours. Encouragingly, the targets set for 2015 concerning occupational safety were all achieved.

### **Risk audits**

Rieter has had a well-established risk control audit system covering all locations worldwide since 2003. 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 management of the sites. 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. This has resulted in a much improved risk situation at all Rieter sites.

### **Environment Health and Safety (EHS) Minimal Procedure Requirements**

Rieter has compiled clearly defined "Environment, Health and Safety Minimal Procedure Requirements" which have provided Environment, Health and Safety officers with a basis for their work for some years. These minimum requirements, which apply at a global level, were amended in 2014 and in some respects were raised.

To ensure a common understanding of the targets at all sites, training with respect to these new guidelines was provided worldwide in 2015.

An EHS workshop with all Rieter EHS managers in attendance was held in 2015 in the Czech Republic during which the EHS managers received in-depth training on various matters. Moreover, external audits and standardized self-assessments are continuing to be conducted and subsequently analyzed at regular intervals to verify compliance with the requirements.

**Occupational accidents and accident rate**

Due to the impact of training introduced in recent years, Rieter was able once again to further reduce the number of accidents in 2015 to 72, a significant drop from the 119 accidents recorded in 2013. Rieter was also able to reduce the number of occupational accidents with lost days per million working hours to seven. Rieter continues to consistently pursue the target of zero occupational accidents.

**Number of work-related fatalities**

Since 2011 no work-related fatalities have been recorded by Rieter.

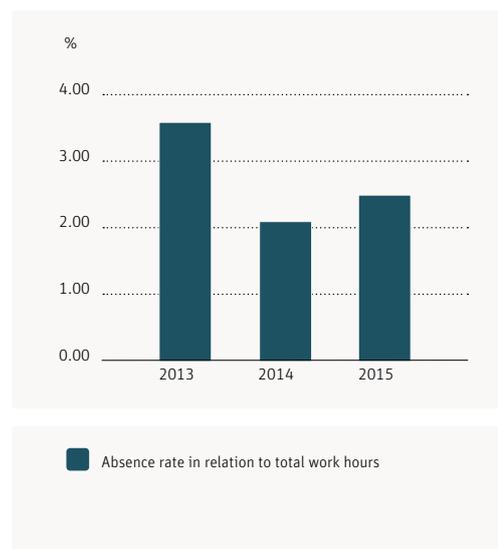
**Absenteeism due to occupational accidents or sickness**

In 2015 the absentee rate due to sickness or accidents was 2.45 % of total working hours (approx. 2.11 % in 2014).

**Occupational accidents**



**Absence hours due to occupational accidents and sickness**



### **Occupational health management**

Rieter continued the various existing occupational health management initiatives and also again launched new ones in 2015. Rieter aims to continue taking short-, medium- and long-term measures to promote the health and well-being of employees at the workplace.

The measures introduced (occupational health management, training courses, standardization of absence monitoring and system-supported absence management) have had a positive impact on absence rates and productivity. They form part of the further training program. The various events focus on imparting knowledge, management development, prevention and rehabilitation.

Occupational health management also offers internal information and courses at individual sites on various health-promoting measures.

### **Social responsibility**

Rieter has always taken its social responsibility in the communities where its plants are located and toward employees very seriously. In Switzerland Rieter is engaged through the Johann Jacob Rieter Foundation 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.

Cooperation with employee representatives worldwide is fundamentally important 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 facilities 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. Rieter not only strives continuously to make its own manufacturing operations more energy-efficient, but is also working constantly on the product and process optimization of its machinery and components to enable customers' consumption of resources in their spinning mills also to be reduced. Minimum environmental pollution, more efficient power generation, maximum savings in power consumption, optimal utilization of raw materials – Rieter recognized all these sustainability factors decades ago and takes full account of them in product development.

### Reporting

Rieter collects all data relevant to sustainable corporate management in the SEED (Social, Economic and Environmental Data) database. These provide the basis for the sustainability report.

### Environmental data

The main facts and figures of environmental relevance regarding Rieter's worldwide activities are set out below. They refer to the years 2013 to 2015.

Since 2012 Rieter has specified a reduction target concerning energy consumption for all business units and a reduction target concerning CO<sub>2</sub> emissions per employee worldwide.

The diagrams indicate the positive results for energy consumption achieved by Rieter. As in the area of occupational safety, improvement projects in the area of the environment were initiated and implemented at a local level, for example concerning energy efficiency for buildings, heat recovery, compressed-air leakage detection and replacement of energy-intensive lighting equipment.

Two notable examples here are Rieter's central gas supply station in China and its new water treatment system also in China.

**Energy consumption**

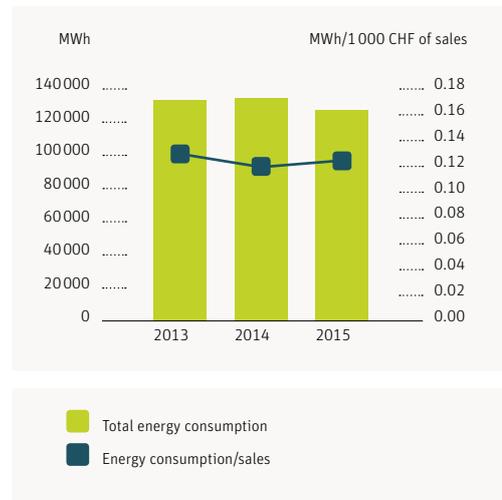
Overall energy consumption in 2015 dropped by 5+ % compared to the previous year to under 127 000 MWh. At the same time the energy consumption per employee was down by nearly 7 %. The energy consumption relative to corporate output (sales) remained stable at 0.12 MWh / CHF 1 000.

**Energy mix**

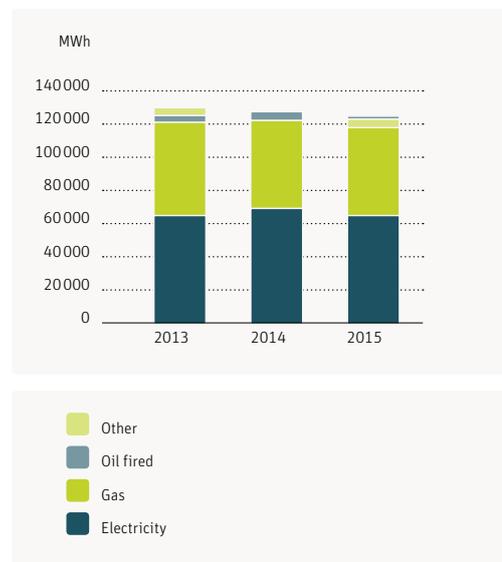
Electricity and gas were the main sources of energy for the company’s needs in 2015, accounting for 95 % of total energy consumption. Electricity’s share declined to 52 %, while that of gas rose to 43 %.

Fuels including oil make up the other energy sources required by Rieter, albeit in relatively small proportions. Coal is no longer used as a source of energy..

**Energy consumption**



**Energy source mix**



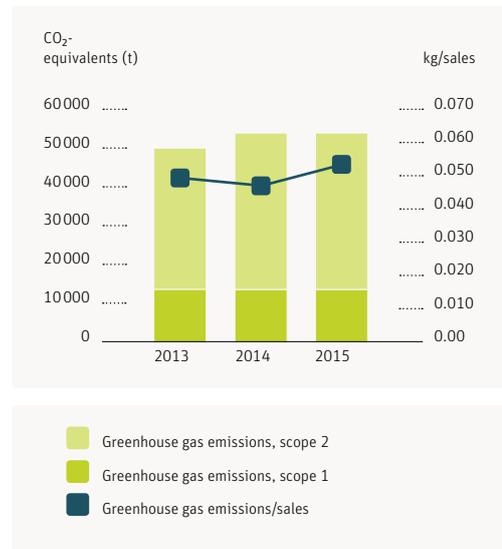
**Greenhouse gas emissions and acidification**

Greenhouse gas emissions, reported in metric tons of CO<sub>2</sub> 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 2015 absolute CO<sub>2</sub> emission figures and emissions relative to corporate output (sales) were at the same level as in the previous years.

**Acidification (SOX equivalents)**

Absolute SOX emissions in 2015 were at the same level as the prior years. SOX emissions relative to sales increased slightly to 0.012+ kg/CHF 1000 in comparison to 2014.

**Greenhouse gas emissions**



**Acidification**



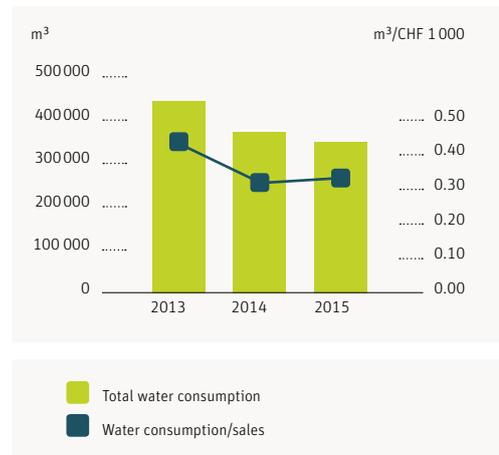
**Water consumption**

Water is used mainly for cooling or for sanitation and cleaning purposes. Wherever possible, closed-loop systems are used in order to reduce water consumption.

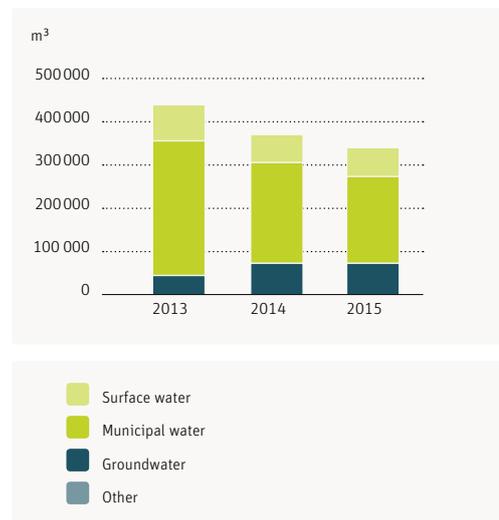
Absolute water consumption in 2015 amounted to about 349 000 m<sup>3</sup>, a 7% decline in comparison to 2014. Water consumption per employee decreased by just under 8%, whereas water consumption relative to sales increased by about 4% in 2015. The reduction in water consumption in 2015 was due to the considerably more efficient use of water along with various other measures.

Most of the water used in 2015 was taken from municipal supplies (around 60%); the combined surface and groundwater amounted to 40% in 2015.

**Water consumption**



**Water consumption by source**



**Waste and recycling**

The volume of waste relative to sales decreased by 7.2% to 10.49 kg/CHF 1000. Also, the volume of waste generated by the Rieter locations fell by 16+%. Again, most of the waste was recycled externally in 2015 (85%).

**Waste and recycling**



## Examples of sustainable projects in 2015

### Centralized gas supply:

#### Lower costs with greater safety and higher productivity

The replacement of a gas cylinder system with a centralized gas supply station in Changzhou (China) brings several benefits: increased safety for employees, complete elimination of the working time required to replace empty cylinders and reduced cost expenditure for gas.

In Changzhou gases such as argon, carbon dioxide, oxygen, nitrogen, etc. are required for laser and welding processes used in sheet-metal forming. Until 2014, these gases were stored in gas cylinders. The gas cylinders were directly adjacent to the respective workstations on the shop floor. Gas cylinders are pressure vessels and a source of high safety risks: explosion through impact or falling, gas leakage with a defective cylinder valve or improper storage. The safety requirements for the use of gas cylinders are consequently high and their implementation complex.

#### Utilization of a centralized gas supply system

Rieter consequently acquired a central gas supply station from a professional gas supplier in 2015. The new unit has a high-security system that comprises a discharge valve, a rupture

disk and an alarm system that can communicate to the supplier. Additionally, the new unit allows the online monitoring of the gas reserves, so that the supplier can provide extra gas “just in time”. The safety risks associated with gas cylinders on the shop floor can thus be completely eliminated.

#### Advantages of the new unit

With the old gas supply system, the average time required for each cylinder change was around ten minutes. Due to the pipe connections at the new gas station, replacement of gas cylinders is no longer necessary, resulting in a saving of 500 person hours per year. Compared to the expenditure for gas cylinders, operation of the central gas supply station costs around 25% less per year.

Overall, the utilization of the central gas supply station has not only led to cost savings – it has also led to a substantial improvement in productivity and safety at the sheet-metal forming installation in Changzhou.



## Examples of sustainable projects in 2015

### Optimization of wastewater treatment lowering costs by more than 75 percent

The powder coating facility at the Changzhou plant was set up in 2013 as part of Rieter China's "extension phase II". An advanced treatment system took over the evaporation and treatment processes for the phosphoric wastewater at the powder coating facility.

The concentrated liquid qualifies as hazardous waste and was disposed of by a third-party waste management company. The total annual disposal costs amounted to CNY 640 000 (CHF 95 120) – and with a total annual concentrated liquid mass of 80 tonnes this corresponds to CNY 8 000 (CHF 1189) per tonne. In order to improve the utilization of the system, reduce the waste liquid quantity and lower the disposal costs, the wastewater treatment process at the powder coating facility in Changzhou was transformed.

Previously four containers with their own intake and discharge pipes were used, whereby large amounts of wastewater were conveyed to a tank. The amount of concentrated liquid was extremely large and likewise the amount of waste for disposal. In 2014 the conversion of the water-treatment cleaning loop was completed with the connection of the four container lines. The fresh water, which is fed in the passivation system section, is now conveyed from here to the first three containers at regular intervals. Considerably smaller quantities of wastewater are conveyed from the second flushing-water container to the tank, resulting in smaller amounts of concentrated liquid.



Following the conversion, the monthly amount of concentrated liquid decreased from six to around four tonnes, which in turn led to annual disposal costs being reduced by nearly CNY 200 000 (CHF 29 725). Based on this successful conversion, the Changzhou plant implemented further optimization measures for the treatment system in 2015:

1. Precise setting of the parameters:  
The optimal operating durations for the treatment system were set according to results from experimentation.
2. Installation of flowmeters in the tank and for the production sequence. Consequently, the inflow and discharge of concentrated liquid can be monitored.
3. Installation of an automatic water-replenishment device at the six water-treatment containers for the purpose of avoiding wastewater that is produced with an excessive supply of water.

Thanks to these measures, it has been possible to reduce the monthly amount of concentrated waste liquid at the Changzhou plant to two tonnes, which in turn has led to a drop in annual disposal costs to CNY 150 000 (CHF 22 294).

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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Rieter Holding Ltd., Winterthur, Switzerland

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Rieter Management Ltd.

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MetaDesign, Zurich, Switzerland

Photography:  
Katharina Hesse, Beijing, China

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**Rieter Holding AG**  
CH-8406 Winterthur  
T +41 52 208 71 71  
F +41 52 208 70 60

**Corporate Communications**  
T +41 52 208 70 32  
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